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111

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PROCEEDINGS AND DEBATES

OF THE

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OF

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Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

WEDNESDAY, MAY 18, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Fess	Keyes	Steiwer
Barbour	Frazier	La Follette	Stephens
Bingham	George	Logan	Thomas, Idaho
Borah	Glass	McGill	Thomas, Okla.
Broussard	Goldsborough	McNary	Trammell
Bulow	Hale	Metcalf	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hatfield	Oddie	Wagner
Cohen	Hawes	Patterson	Walsh, Mass.
Connally	Hayden	Reed	Walsh, Mont.
Coolidge	Hebert	Robinson, Ark.	Watson
Cutting	Hull	Robinson, Ind.	Wheeler
Davis	Jones	Sheppard	White
Dickinson	Kean	Smith	
Dill	Kendrick	Smoot	

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. McKELLAR] is unavoidably detained from the Senate on account of illness.

Mr. FESS. I wish to announce that the following Senators are detained in a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Connecticut [Mr. WALCOTT], the Senator from Delaware [Mr. TOWNSEND], the Senator from Iowa [Mr. BROOKHART], the Senator from Florida [Mr. FLETCHER], the Senator from Michigan [Mr. COUZENS], the Senator from Wisconsin [Mr. BLAINE], the Senator from Colorado [Mr. COSTIGAN], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Wyoming [Mr. CAREY].

I also desire to announce that the Senator from California [Mr. SHORTRIDGE], the Senator from Vermont [Mr. AUSTIN], the Senator from New Hampshire [Mr. MOSES], the Senator from Delaware [Mr. HASTINGS], the Senator from Utah [Mr. KING], and the Senator from New Mexico [Mr. BRATTON] are detained in a meeting of the Committee on Privileges and Elections.

Mr. WAGNER. I wish to announce that my colleague the senior Senator from New York [Mr. COPELAND] is detained from the Senate on official business.

The VICE PRESIDENT. Fifty-eight Senators have answered to their names. A quorum is present.

ADDITIONAL DISTRICT JUDGE FOR NEW JERSEY

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1335) to provide for the appointment of an additional district judge for the district of New Jersey.

Mr. HEBERT. Mr. President, I move that the Senate concur in the amendment of the House.

Mr. ROBINSON of Arkansas. What is the amendment?

Mr. HEBERT. The bill provides for the appointment of an additional district judge.

Mr. ROBINSON of Arkansas. Yes, I understand; but the amendment of the House has not been read.

The VICE PRESIDENT. Let the amendment be read.

The legislative clerk read as follows:

Strike out all after the enacting clause and insert:

"That the President of the United States be, and he is hereby, authorized and directed, by and with the advice and consent of the Senate, to appoint a judge to fill a vacancy in the District Court of the United States for the District of New Jersey, occasioned by the death of Hon. William A. Runyon, who was appointed as additional judge in said district under the provisions of the act of Congress entitled 'An act for the appointment of an additional circuit judge for the fourth judicial circuit, for the appointment of additional district judges for certain districts, providing for an annual conference of certain judges, and for other purposes,' approved September 14, 1922 (U. S. C., title 28, sec. 3). A vacancy occurring at any time in the office of district judge referred to in this act is authorized to be filled," and to amend the title so as to read: "A bill to remove the limitation upon the filling of vacancy of district judge for the district of New Jersey."

Mr. HEBERT. The House substitute is a change in verbiage only. The effect of it is the same as was the bill as passed by the Senate.

Mr. ROBINSON of Arkansas. May I ask the Senator why it was necessary to authorize the President to fill a vacancy caused by the death of a judge?

Mr. HEBERT. When Judge Runyon was appointed in 1922 it was a temporary appointment. Since that time there have been no additional judges provided.

Mr. NORRIS. I would like to say to the Senator from Arkansas that this was a case where the original law provided that in case of death, removal, or resignation no successor should be appointed. It was thought when we enacted the law that the business would not keep up as it was then apparently doing. The judge appointed has died, and under the law the President has no authority to fill the office; in other words, the office expired with the death of the judge. The Judiciary Committee, after quite a full investigation, reached the conclusion that the position is necessary, and in effect reported a bill, which we passed, making that judgeship permanent instead of temporary. That is the object of the bill.

Mr. ROBINSON of Arkansas. I assume from the Senator's statement that the evidence before the committee showed such a change in conditions in the district, with respect to the amount of litigation, that it is apparent there is necessity for a permanent judge?

Mr. NORRIS. That is correct.

Mr. ROBINSON of Arkansas. I have no objection.

The VICE PRESIDENT. Without objection, the Senate concurs in the amendments of the House of Representatives.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram in the nature of a memorial from Max M. and Louis Levand, publishers of the Wichita (Kans.) Beacon, remonstrating against the imposition of taxes on the motor industry, which was ordered to lie on the table.

He also laid before the Senate telegrams in the nature of memorials from W. J. Spencer, president of the Farmers' Union Mutual Insurance Co., of Salina; Homer J. Ferguson, secretary Kansas Association Mutual Insurance Cos., of McPherson, and the Farmers' Alliance Insurance Co., by I. F. Talbott, president, of McPherson, in the State of Kansas, remonstrating against the imposition of taxes pertaining to mutual insurance companies in the pending revenue bill, which were ordered to lie on the table.

He also laid before the Senate a letter from Robert J. Cottrell, secretary of the Citizens' Joint Committee on Fiscal Relations between the United States and the District of Columbia, inclosing printed matter relative to the fiscal relations between the United States and the District of Columbia, particularly the so-called Federal lump-sum appropriation and cuts in the pending District of Columbia appropriation bill, which, with the accompanying data, was referred to the Committee on Appropriations.

Mr. ASHURST presented a memorial of sundry citizens of Globe (Ariz.) R. F. D. No. 1, remonstrating against changing the Rural Free Delivery Service to a contract or wholesale delivery basis, which was referred to the Committee on Post Offices and Post Roads.

He also presented a telegram in the nature of a petition from Howard S. Reed, secretary Arizona Society, Sons of American Revolution, Phoenix, Ariz., praying for the passage of the bill (H. R. 10138) to exempt from taxation certain property of the National Society of the Sons of the American Revolution in Washington, D. C., which was ordered to lie on the table.

Mr. KENDRICK presented telegrams in the nature of petitions from sundry citizens of Laramie, Wyo., praying for the passage of the so-called Goldsborough bill, being the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, which were referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the Board of County Commissioners of Albany County, Wyo., relative to proposed legislation authorizing the transfer of the unappropriated public lands to the several States, and favoring the amendment of such legislation by providing for a review of the recommendations of the commission established thereunder either by the Congress or the President upon recommendation of the Secretary of Agriculture, in charge of the national forests, which were referred to the Committee on Public Lands and Surveys.

RELIEF SITUATION IN KING COUNTY, WASH.

Mr. JONES. Mr. President, I have a copy of a resolution adopted by the county commissioners of King County, Wash., which very vividly sets out the condition of affairs there. I ask that the resolution may be read at the desk and appropriately referred.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The Chief Clerk read as follows:

Resolution No. 4700

Whereas private charity and the local governments, city and county, are rapidly approaching the end of their available resources in providing food for unemployed, and more than 17,000 families in Seattle alone, aggregating more than 53,000 individuals, have been provided with food during the winter from city and county funds, augmented by private donations, and more than 2,500 homeless men are being given one meal daily; and

Whereas the city of Seattle now has funds available to continue this program for not more than two weeks and the board of county commissioners has reached the limit of funds which may be appropriated by direct vote of the board, and it is impossible under State laws to submit an additional bond issue to voters until the general election of November 8; and

Whereas the plight of the unemployed is not due to local causes but is attributable entirely to the nation-wide depression; and

Whereas our people are not asking charity but work, and the local governmental units are fast approaching and in some instances have already reached the limit of their abilities to provide work; and

Whereas the board of county commissioners believe that action on a national program of unemployment relief, primarily in the form of providing work, is urgently necessary and that it would be little short of disastrous for Congress to adjourn without making provision for such a program: Now, therefore, be it

Resolved, That the Board of County Commissioners of King County, Wash., does urge the consideration and passage of one of the pending bills providing a $5,000,000,000 issue of prosperity bonds for the purpose of initiating a nation-wide public-works program, believing that such a program would not only provide employment for a large part of the unemployed but would encourage general industry and provide the impetus that would lead America out of the depression; and be it further

Resolved, That the board especially urges that either in the $5,000,000,000 bill or by amendment of the Reconstruction Finance Corporation act, or both, provision be made for purchase by the National Government or some agency under it of bonds that may be issued by municipalities and other local governmental units for local public-works programs or relief of unemployment.

Passed this 10th day of May, 1932.

DON. H. EVANS,
W. B. BRINTON,
J. A. EARLEY,
Board of County Commissioners, King County, Wash.

Attest:

GEORGE A. GRANT,
Clerk of Board.
By C. F. GAGE, *Deputy.*

The VICE PRESIDENT. The resolution will be referred to the Committee on Finance.

Mr. JONES. Mr. President, also I have received a telegram that has been sent to the President from the city of Seattle, Wash., from Henry Lochow, exalted ruler, No. 92, Benevolent Protective Order of Elks, which is addressed to His Excellency President Hoover, Washington, D. C., and reads as follows:

SEATTLE, *May 13, 1932.*

His Excellency President HOOVER,
Washington, D. C.:

There are now 58,000 dependents in Seattle. County and city funds are running low. Persons fed here are from all over the country. Not fair to unload entire burden on us. The situation affects every fraternal organization and the people as well. Something should be done before Congress adjourns.

HENRY LOCHOW,
Exalted Ruler, No. 92, B. P. O. Elks.

BALANCING THE BUDGET

Mr. METCALF. Mr. President, I have received a petition signed by Mrs. C. M. Smith, of Providence, and 1,600 other citizens of Rhode Island, which reads as follows:

The undersigned Rhode Island citizens urge you to work vigorously and promptly for restoration of confidence through the immediate balancing of the Federal Budget, this to be accomplished by—

First. Substantial lowering of Government expenses, including a reduction of Government salaries and wages in proportion to similar cuts suffered by the great mass of citizens not in Government employ.

Second. Passage of an equitable tax bill.

Third. Refusal of expensive favors to selfish organized minorities.

I ask that the petition be received and referred to the Committee on Appropriations.

The VICE PRESIDENT. It will be so ordered.

REGULAR OFFICERS DETAILED TO TRAIN NATIONAL GUARD

Mr. SMITH presented a telegram from the Governor of South Carolina, which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

COLUMBIA, S. C., *May 17, 1932.*

Senator E. D. SMITH,
Washington, D. C.:

Federal inspections of South Carolina National Guard reveal that it has reached a higher state of efficiency than ever in its history. This pleasing condition has resulted from the spirit of the guardsmen themselves, but primarily from the tactful guidance of Regular personnel detailed to assist in operating our national defense act. To eliminate Regular officers available for this duty will deny the guardsmen the training essential to meet their great responsibility as first-line troops in the next emergency, and it will potentially result in deaths of citizens and in more homes throughout this country thrown into bereavement and mourning through lack of essential peace training.

IBRA C. BLACKWOOD, *Governor.*

PROPOSED REDUCTION IN GOVERNMENTAL EXPENSES

Mr. CAPPER. Mr. President, I ask unanimous consent to print in the RECORD the following telegrams and letters from chambers of commerce and similar organizations in Kansas, urging reductions in governmental expenditures.

I might add, Mr. President, that these are only typical of many other resolutions, letters, messages, and demands received from the people of Kansas. Kansas people feel that the first place to start in balancing the Budget should be through drastic reductions in Federal expenditures.

I wish to say further that the people are right in those demands. The taxpayers expect, and have a right to expect, that Congress make an earnest and successful effort to reduce governmental expenditures. Every business man,

every taxpayer, practically, in the entire country has been obliged to cut down outgo to meet income. When he sees the Federal Government trying to strike a balance by increasing its income—by picking the pockets of the taxpayers—to meet outgo he feels outraged and indignant.

I have supported and voted for every move this session of Congress to reduce expenditures by the Federal Government. I repeat, we should have started by cutting the salaries of Senators and Congressmen. It is not a question of what we would like to do; it is a plain duty of this Congress to cut expenditures, to reduce appropriations, to balance the Budget by economies in government before increasing tax levies and adding to the sources of taxation.

I have here messages from the Chambers of Commerce of Abilene, Topeka, Girard, Iola, Coffeyville, and Lyndon that tell the story. The people of this country are demanding that Congress actually cut expenditures and reduce taxes instead of increasing them. I send these messages to the desk with the request they be printed in the RECORD and appropriately referred.

There being no objection, the telegrams and letters were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

ABILENE, KANS., *May 10, 1932.*

Senator ARTHUR CAPPER:

The Abilene Chamber of Commerce, representing the sentiment of this community, urges you to use your influence and bend every effort toward getting the National Budget balanced and Federal expenditures, including salaries, reduced.

THE ABILENE CHAMBER OF COMMERCE,
T. H. EASTER, *President.*
M. B. MCCLESKEY, *Secretary.*

THE CHAMBER OF COMMERCE,
Topeka, Kans., May 9, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

MY DEAR SENATOR: You are viewing the situation from a close point and we are viewing it from a long distance. We are confident that you would appreciate knowing the views of a good many representative people in Topeka.

Some 200 people were assembled to-day, and I was directed by that group to convey a message to you that we believe you are interested in hearing.

Briefly, the thought is this: The Budget must be balanced, and there are only two ways it can be accomplished—either collect more money or spend less money.

Not only the group assembled but the people generally that we come in contact with indicate that they are following closely the action of Congress with regard to present and future expenditures. People generally are disturbed and nervous for fear that you gentlemen will not do what might be expected of you. Those of us who know you personally are relying on your good judgment and your ability to sense the rumblings of the taxpayers and voters of this community. People are cognizant of the growing unrest that is prevalent to-day.

The dilemma in which we find ourselves to-day can not be attributed to something that happened last week or last month. It has been steadily growing and is rapidly growing to a head.

We shall appreciate very much your sincere and hearty cooperation in accomplishing what we believe to be important legislation regarding the contemplated revision of expenditures by the Federal Government.

Very truly yours,

M. DREHMER, *Secretary.*

THE CHAMBER OF COMMERCE,
Topeka, Kans., May 9, 1932.

Senator ARTHUR CAPPER,
Washington, D. C.

MY DEAR SENATOR: I was very happy to read in Saturday's and yesterday's papers of the organized effort in Washington to reduce expenses in order that the Budget might be balanced.

It is certainly the feeling of every business man and property owner in the city of Topeka that the time has come when its expenses throughout the Government must be reduced to balance the Budget, and that taxes must not be increased. It is also the feeling of representative people in Topeka that official Washington must act if this Government is to stand.

Everyone on Kansas Avenue is strong for cutting the overhead to meet the Budget and have it done quickly.

With my kind personal regards, I am sincerely,

M. W. JENCKS.

GIRARD, KANS., *May 12, 1932.*

United States Senator ARTHUR CAPPER,
Washington, D. C.:

The people of Girard and community request definite congressional action in balancing National Budget without regard to selfish interest of any group or organization. Believe that governmental expenditures can and should be reduced. Request that entire Kansas delegation take immediate steps toward bringing these things about.

GIRARD CHAMBER OF COMMERCE,
M. G. SLAWSON, *President.*

IOLA, KANS., *May 11, 1932.*

Hon. ARTHUR CAPPER,
United States Senate Chamber, Washington:

Speaking for business and professional interests of Iola and trade territory, this organization decidedly opposes increase in first-class postage, bank-check tax, and other nuisance taxes until such time as a sincere effort to balance Budget by reduction in Federal salaries, closing of duplicating and unnecessary bureaus and commissions, and other national economies has failed to secure desired result. City, county, and State expenditures have been materially reduced in Kansas, and we suggest same course for our Government. Your hearty cooperation in such an effort is urged and expected. Above is result of special meeting held to-day and resolution in accord adopted.

IOLA CHAMBER OF COMMERCE,
C. A. DORSEY, *Secretary.*

IOLA CHAMBER OF COMMERCE,
Iola, Kans., May 11, 1932.

Hon. ARTHUR CAPPER,
Senate Chamber, Washington, D. C.

DEAR SENATOR: In accord with a resolution adopted at a special meeting of this chamber to-day, a night letter is going forward which is self-explanatory and which will be in your hands before this confirmation arrives.

With a radical reduction in all lines of merchandising there has been a corresponding shading of incomes and salaries, and it strikes us as entirely consistent that Federal expenditures should follow the same logical procedure, instead of insisting upon burdensome and entirely avoidable nuisance taxes in order that Federal expenditures be kept at practically war-time figures and an already overtaxed people be further loaded to carry this unnecessary cost.

The ultimate consumer always—and properly—pays these added taxes, and you are quite aware that farmer, merchant, and manufacturer have steadily diminishing incomes which will not be helped in the least by present tax program. We are heartily in favor of a speedy balancing of our National Budget, but believe that sufficient economies can be made in present overhead to make many of the proposed taxes entirely unnecessary.

We solicit your best effort in making this sort of a program effective, for it is in line with what we as individuals have found practical and necessary.

Yours truly,

C. A. DORSEY, *Secretary.*

COFFEYVILLE, KANS., *May 11, 1932.*

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.

DEAR SIR: I am asked to send you the sentiment of the Coffeyville business men with reference to important present-day conditions.

On May 7 the following telegram was sent to President Herbert Hoover. Similar telegrams were sent by the two banks, the bankers' association, the mayor, the Business and Professional Women's Club, and the Coffeyville Merchants' Association: "The business of this country is in a most critical condition, and the illogical and wavering action of Congress is producing economic ruin. We heartily approve your course in calling for prompt action. We urge and demand a sound and economical balancing of the Budget." The telegram speaks for itself.

Every group of business men that gets together officially or unofficially is voicing a demand that immediate steps be taken for greater economy in the United States Government. The outcry for a balanced and economical Budget is growing stronger, and business men are insisting that the Congress of the United States should take prompt and drastic action.

Very truly yours,

COFFEYVILLE CHAMBER OF COMMERCE,
JAMES A. GIBSON, *Manager.*

FROM THE LYNDON CLUB

We demand of the Congress as our representatives to act as business men and not as politicians to immediately take a position of leadership toward balancing the Budget.

We feel that this is a critical time in the affairs of our Government and that prosperity will only return when the cost of government is in harmony with other business conditions.

We demand that you work, act, and vote for measures which will balance the Budget by the reductions and eliminations of Government expenditures instead of the creation of new means of raising revenues through additional tax, either direct or indirect.

W. B. BANNING,
OLIVER GREEN,
GUIL CALKINS.
(And others).

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, I present two petitions from South Dakota, one of them from Hyde County and the other from Charles Mix County, signed by something like 200 persons, who are in favor of bimetallism.

I wish to state at this time that I have received various petitions signed by farmers throughout the Middle West and the West to the extent of 100,000 favoring my bill, Senate bill 2487.

I ask that the body of one of the petitions be printed in the RECORD without the signatures, and that the petitions be referred to the Committee on Finance.

There being no objection, the petitions were referred to the Committee on Finance and the body of one of them was ordered to be printed in the RECORD, as follows:

Resolution and petition to Congress urging passage of Wheeler bill, S. 2487

Whereas a medium of exchange so limited in quantity as to make its use prohibitive in world commerce, either in direct coinage service or as a basis for currency issue (even when not cornered, but given the freest possible circulation); and

Whereas silver as a precious metal is admirably adapted, both as a direct and indirect medium of exchange, for world commerce, same being already in use in most of the nations of the world; and

Whereas the remonetization of silver will not only be an essential step toward dethroning a despotic, usurping tyrant—that is, heading man "back to the cave"—but also toward such issuance and control of money as provided for in the Constitution; and

Whereas the conquests of science and invention have brought the world to our door, making ox-cart isolation very impractical, expensive, and inconvenient, if not tragical; and

Whereas the last stand of the "gold standard" battling to retain world supremacy has so paralyzed world commerce as to place recovery in question or doubt:

Therefore, as loyal American citizens looking toward the welfare and perpetuity of our Nation, we herewith petition you, our representatives in Congress, to lend all possible support to the Wheeler bill, S. 2487, as an initial step toward "honest money" and credit, and toward that end we herewith subscribe our names.

Respectfully submitted for your cooperation.

MESSAGE FROM THE HOUSE—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had signed the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

REPORTS OF COMMITTEES

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the bill (S. 3243) to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards, reported it with an amendment and submitted a report (No. 701) thereon.

Mr. THOMAS of Idaho, from the Committee on Indian Affairs, to which was referred the bill (S. 4510) to authorize exchange of small tribal acreage on the Fort Hall Indian school reserve in Idaho for adjoining land, reported it without amendment and submitted a report (No. 702) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 4390) authorizing the exchange of certain patented lands, reported it with amendments and submitted a report (No. 707) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3817. An act to provide funds for cooperation with the school board at Wolf Point, Mont., in the extension of the public-school building to be available to Indian children of the Fort Peck Indian Reservation (Rept. No. 708); and

S. 4391. An act to authorize appropriations for the completion of the public high school at Frazer, Mont. (Rept. No. 709).

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (S. 4339) repealing certain provisions of the act of June 21, 1906, as amended, relating to the sale and encumbrance of lands of Kickapoo and affiliated Indians of Oklahoma, reported it with an amendment and submitted a report (No. 710) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 772. An act to authorize the Secretary of Agriculture to sell the Morton Nursery site, in the county of Cherry, State of Nebraska (Rept. No. 703); and

S. 4261. An act to facilitate execution of and economy in field season contracts of the Forest Service (Rept. No. 704).

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 4574) to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes, reported it without amendment and submitted a report (No. 705) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (H. R. 11246) authorizing the Boca Chica Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at Boca Chica, Tex., reported it without amendment and submitted a report (No. 706) thereon.

AMENDMENT OF NATURALIZATION LAWS—CONFERENCE REPORT

Mr. KING submitted a report, which was ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same.

H. D. HATFIELD,
HIRAM W. JOHNSON,
WILLIAM H. KING,
Managers on the part of the Senate.

SAMUEL DICKSTEIN,
JNO. W. MOORE,
ALBERT JOHNSON,
Managers on the part of the House.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, May 18, 1932, that committee presented to the President of the United States the following enrolled bills and joint resolution:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital;

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate credit banks, and for other purposes;

S. 2955. An act to amend the World War veterans' act, 1924, as amended;

S. 4148. An act to permit the United States to be made a party defendant in certain cases;

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes;

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.); and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FRAZIER:

A bill (S. 4684) repealing certain sections of the Revised Statutes relating to the Indians; to the Committee on Indian Affairs.

(By request) A bill (S. 4685) to authorize the use of Minnesota Chippewa tribal funds to purchase certain land as a wild-rice harvesting camp site, and for other purposes; to the Committee on Indian Affairs.

By Mr. THOMAS of Idaho:

A bill (S. 4686) for the relief of Delora Freeland; to the Committee on Claims.

By Mr. GOLDSBOROUGH:

A bill (S. 4687) for the relief of Lloyd Kolbe; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 4688) granting an increase of pension to Mary F. Reynolds; to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4689) to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; to the Committee on the District of Columbia.

By Mr. NORBECK:

A bill (S. 4690) providing old-age pensions for Indian citizens of the United States; to the Committee on Indian Affairs.

By Mr. CUTTING:

A bill (S. 4691) to amend the organic act of Puerto Rico, approved March 2, 1917, providing for equal protection to voters on all election boards; to the Committee on Territories and Insular Affairs.

By Mr. WHEELER:

A bill (S. 4692) extending trust periods with respect to lands within Flathead Indian Reservation; to the Committee on Indian Affairs.

By Mr. STEIWER:

A bill (S. 4693) authorizing the President to establish the hours of labor for laborers and mechanics on Government works in periods of economic stress; to the Committee on Education and Labor.

By Mr. PATTERSON:

A bill (S. 4694) to amend section 812 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. SHEPPARD:

A bill (S. 4695) to amend the Judicial Code; to the Committee on the Judiciary.

CHANGE OF REFERENCE

On motion of Mr. WHEELER, the Committee on Claims was discharged from the further consideration of the bill (S. 2941) for the relief of the Holy Family Hospital, St. Ignatius, Mont., and it was referred to the Committee on Indian Affairs.

REVENUE AND TAXATION—AMENDMENT

Mr. REED submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

At the proper place in the bill insert:

"SEC. —. There shall be levied, collected, and paid upon all articles, except such as are of a class or kind not mined, produced, manufactured, or grown in the United States, when imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam), directly or indirectly, from any foreign country, the value of whose currency, on date of exportation of such articles, as measured by the buying rate in the New York market at noon, as determined by the Federal Reserve Bank of New York, is more than 5 per cent below the standard value of such currency as proclaimed by the Secretary of the Treasury, an excise tax of 1 per cent of the value of such articles for customs duties, for each 1 per cent that the value of such currency as determined under existing law by the said Federal Reserve Bank of New York, is less than the standard value of such currency as proclaimed under existing law by the Secretary of the Treasury."

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries.

WELFARE-WORK EXPENDITURES IN MASSACHUSETTS

Mr. WALSH of Massachusetts. Mr. President, in connection with the statement just read at the desk, presented by the Senator from Washington [Mr. JONES], I wish to have printed in the RECORD—I will not ask that it be read at the desk—a news article published in the Boston Herald of May 14 of this year setting forth the great burden upon the municipalities in the State of Massachusetts due to extra demands for appropriations for welfare work. The headlines of these news articles are as follows:

Massachusetts is staggering under $50,000,000 "dole" for year. Per capita expenditure of $15 a person. Boston expects to spend $14,000,000, or six times the total for 1928.

I ask that this article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Herald, May 14, 1932]

MASSACHUSETTS IS STAGGERING UNDER FIFTY-MILLION "DOLE" FOR YEAR—PER CAPITA EXPENDITURE OF $15 A PERSON—BOSTON EXPECTS TO SPEND $14,000,000, OR SIX TIMES THE TOTAL FOR 1928

By Edward Allen

Massachusetts this year is staggering under the burden of a $50,000,000 "dole."

This sum does not include the cost of running expensive State, municipal, county, and Federal hospitals and institutions. It does not represent money paid out by the State for public welfare or cash expended by the Federal Government for veterans' compensation and pensions.

It includes merely the cost of operating welfare agencies in the cities and towns for the immediate relief of the unemployed or extraordinary suffering caused by the death or incapacity of the family provider.

It amounts to a per capita expenditure of about $15 a person. Each taxpayer has to bear many times that amount.

In Boston the "dole," public and private, is expected to exceed $14,000,000 this year.

The overseers of the public welfare alone are distributing more than $1,000,000 every month.

The $3,000,000 raised in the united Boston unemployment campaign was barely sufficient to maintain the institutions for which it was collected for 10 weeks.

Soldiers' relief, due to the discharge of veterans employed on the Kenmore Square subway-extension project, is mounting rapidly. In April, 1931, the department spent $26,142. Last month it distributed $105,014.

Since then 103 veterans have been laid off, with the expectancy that the figure would reach 500 within a few days. The rest have been placed on part time.

At the present rate soldiers' relief will cost the city more than $1,125,000 this year. The cost for the first four months of 1932 was $275,956, as compared with $170,000 in 1931.

In addition private charities received from the privately collected unemployment fund a third of the $3,000,000 which was successfully raised. Their share does not include the income from large gifts, endowments, and other regular sources.

In March, 1932, the Family Welfare Society of Boston distributed $49,148.12, as compared with $20,333.06 a year ago. The expenditures of other private charitable organizations increased proportionately.

The Worcester "dole" is now in excess of that paid by Boston in 1928 in spite of the fact that Boston is more than four times as large as the central Massachusetts city.

The Worcester public welfare department spent $444,182 in 1928. Last year it expended $1,239,033.39. So far this year it has distributed $680,026. In addition, the city raised $628,404 for its private charities in the annual community-fund campaign.

Boston's overseers of the public welfare spent only $2,200,000 in 1928—a sixth of what they will expend this year if present conditions continue.

Newton, with its admirable system of coordinating private and public charity, is able to account for every penny expended on the unemployed.

In the first four months this year Newton distributed for various forms of charity $96,010.15, or more than the entire 1928 expenditure of $85,703.35. The 1931 figure was $204,358.

Because of the multiplicity of systems employed in the various municipalities and because of the overlapping between payment for labor and the "dole" for involuntary idleness, comparison of the cost of relief in the various cities and towns is virtually impossible.

The Newton figures include soldiers' relief, mothers' aid, old-age pensions, the mayor's welfare committee, which spent $36,000 of private funds for labor last year, and the welfare bureau, another organization dispensing private funds.

The Cambridge public-welfare role will cost more than $1,000,000 this year. In nine months last year the figure was $477,000. In 12 months of 1928 it was only $194,000.

The Brookline welfare list for the first four months of 1932 cost $75,629, more than twice the entire 1928 figure of $37,211. The 1931 expenditures were only $110,801.

BIG BELMONT GAIN

In Belmont welfare relief cost $8,733 in 1928, $17,505.86 during the first four months this year.

Concord welfare department has shown a decrease. The expense for the first four months this year was $3,700. Last year it was $4,600. The total last year was $1,000 less than 1928, when the figure stood at $13,000.

Haverhill's expenditures for the same department during the first four months this year were $129,461—in excess of the entire 1928 figure. The 1931 total was $294,183.67.

Lexington in three months this year outstripped its entire 1928 expenditure of $7,226. Its 1931 total was $16,413.

In Lawrence, exclusive of mothers' aid, the welfare cost in April was $46,585. The expense for the first four months was $174,916 as compared with $281,268 for 12 months last year.

In Watertown the expenditure was $53,699 in 1928, $204,564 in 1931, $111,596 so far this year.

In Waltham the city paid $124,093.22 in 1928, $314,714 last year, $86,689 so far this year.

Needham spent $15,915 in 1928, $40,686 last year, $4,716 in April.

Milton spent $1,500 from public funds and $3,200 from the Cunningham fund in April. In 1928 its entire relief costs were only $12,297.

The smaller cities and towns are keeping pace with Boston in the increase of expenditures for soldiers' relief. Wakefield spent $6,000 for this item in 1928, $19,210 in 1931, $12,356 so far this year.

Reading spent $6,599 in 1928, $10,962 last year, $3,157 in three months this year.

Fall River spent for welfare relief, mothers' aid, and soldiers' relief in 1928, $449,328; in 1931, $750,425; so far this year, $292,021.

Chelsea spent more than $410,000 for general and soldiers' aid in 1931 and has spent nearly $190,000 already in 1932.

Revere spent for welfare relief in 1931, $155,177, and, exclusive of administration expenses, has spent $73,110 this year.

Winthrop spent $28,180.40 for welfare and soldiers' relief in 1931. The figures so far this year are not available.

Natick's welfare and soldiers' aid expenses in 1928 were nearly $35,000. In 1931 they had mounted to $119,000. In addition, $9,931 has been spent in recent months from a privately collected fund.

WELLESLEY SPENDS $750 A WEEK

Wellesley's relief list in 1928 cost $12,000. Last year showed a slight increase—to $15,743. However, an additional $35,000 was spent for "made" work for the jobless in 1931 and the present expenditure is $750 a week.

Somerville spent for welfare and soldiers' relief in 1928, $220,526; last year, $509,578.54; estimated for 1932, $839,600.

Melrose spent more than $57,000 for soldiers' relief and public welfare in 1931. So far this year it has spent more than $27,000.

Medford spent $158,490 in 1931 for the same items; this year it has spent nearly $86,000 in four months.

Everett spent $490,000 in 1931 for soldiers' and public welfare; this year it spent $250,000 in four months and estimates the cost of relief alone for the year at $625,000.

LIBERTY, DEATH, AND THE SOLDIER—ADDRESS BY JOHN M. COFFEE

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by John M. Coffee before the joint meeting of all Spanish War Veterans' camps at Tacoma, April 19, 1932, entitled "Liberty, Death, and the Soldier."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

To-night, fellow citizens, we are met to commemorate muster day, a date dear to the hearts of all Spanish War veterans. While it should properly fall on April 21, I am informed that this is the meeting night of your organizations occurring nearest to that date.

It is peculiarly fitting that we should discuss patriotic events and give utterance to patriotic sentiments, on the night of April 19, for it was on this date in 1775 that our forefathers had their first sanguinary combat for liberty with those who would deprive them of that precious possession. Who does not remember the poet's lines:

"'Twas the 18th of April in '75,
And hardly a man is now alive
Who remembers that famous day and year
Of the midnight ride of Paul Revere. * * *"

That romantic nocturnal ride through the Massachusetts countryside is carved indelibly in the hearts of all liberty-loving Americans, for it presaged the successful initial battle at Lexington on the next day. To students of American history, this day, the anniversary of the Battle of Lexington, has a definite sentimental attachment. If any of you have visited that sylvan scene, as have I, and have watched the placid river as it flows under that old wooden bridge, unruffled in its calm on its way to meet the sea, you must thrill with me in golden memory of a spot never to be forgotten. 'Twas Ralph Waldo Emerson who said, in dedication of the Concord monument, those immortal noble lines:

"By the rude bridge that arched the flood,
Their flag to April's breeze unfurled,
Here once the embattled farmers stood
And fired the shot heard 'round the world.

* * * * *

"On this green bank, by this soft stream,
We set to-day a votive stone
That memory may their deed redeem
When, like our sires, our sons are gone.

"Spirit that made those heroes dare
To die, or leave their children free,
Bid time and nature gently spare
The shaft we raise to them and thee."

My friends, enshrined forever in the hearts of their succeeding countrymen will be the glory of that April day. What a significance has April in the struggle of liberty up from its primitive beginnings to its fruition in modern times, especially in American history! April saw the commencement of the Revolution; April saw the inauguration of George Washington as our first President in 1789; April witnessed James Knox Polk's fiery declaration of war with Mexico; in April came the firing on Fort Sumter and its gallant defense for three long days and nights by Major Anderson, and with it the start-off of a 4-year fratricidal war that nearly tore this Nation asunder; April saw America again marching to the rescue of the oppressed and downtrodden subject peoples under the thralldom of Spain. Again in April America went to war against Germany and her allies inspired by Woodrow Wilson's ideal of self-determination of nations, freedom of the seas, and liberty for subjugated nationalities. In April was born and died, in 1564 and 1616, respectively, the greatest man of letters who ever lived at any time and any place in the history of the world. He infused the breath of life into literature and climaxed the Renaissance at the end of the Dark Ages. The inspiration of his writings shall never perish. His name was William Shakespeare. To him the cause of liberty owes an unrequitable debt of gratitude.

Throughout all history the progress of civilization has been marked by the bloody struggles of people for liberty. My friends, stray back with me along the shadowy labyrinthine corridors of time. Envision with me the lessons which history teaches us.

We speak of liberty as one thing and of virtue, wealth, knowledge, invention, national strength, and national independence as other things. But of all these liberty is the source, the mother, the necessary condition. She is to virtue what light is to color, to wealth what sunshine is to grain, to knowledge what eyes are to sight. She is a genius of invention, the brawn of national strength, the spirit of national independence. Where liberty rises there virtue grows, wealth increases, knowledge expands, invention multiplies human powers, and in strength and spirit the freer nation rises among her neighbors as Saul amid his brethren—taller and fairer. Where liberty sinks there virtue fades, wealth diminishes, knowledge is forgotten, invention ceases, and empires once mighty in arms and arts become a helpless prey to barbarians.

Only in broken gleams and partial light has the sun of liberty beamed among men, but all progress has she evoked. Like the poet, let us ever charge ourselves to "follow the gleam."

Liberty came to a race of slaves crouching under Egyptian whips and brought them forth from the house of bondage. She calloused them in the desert and metamorphosed them into a race of conquerors. The spirit of the Mosaic law lifted their thinkers up to the sunlit heights where they beheld the unity of God, and inspired their poets with strains that yet phrase the noblest sublimities of thought. Liberty dawned on the Phœnician coast and ships passed the Pillars of Hercules to plow the uncharted sea. After the darkness of slavery the arrival of liberty came like the effusion of Shakespeare, "Night's candles are burned out, and jocund dawn stands tiptoe on the misty mountain tops." Liberty shed a partial light on Greece, and marble grew to shapes

of ideal beauty, words became the flaming instruments of subtlest thoughts, and against the scanty soldiery of free cities the innumerable caravan of the great King of Persia broke like surges of ocean breakers against a rock-bound coast. She cast her ray on the small farms of Italian husbandmen, and born of her strength a power came forth that conquered the world. They glinted from shields of German warriors, and Augustus wept for his legions.

Out of the night that followed her eclipse, Liberty's slanting rays fell again on free cities, and modern civilization began. A new world was unveiled, and lost learning found again. Alike as liberty grew, so grew wealth, art, knowledge, power, and refinement. Every nation's history has enscrolled on its pages the same truth. The strength born of the Magna Charta won Crecy and Agincourt. It was the rebirth of freedom from the despotism of the Tudors that glorified the Elizabethan Age. It was the renaissance of liberty from the tyranny of the Stuarts which brought on the golden era of Victorian culture. It was the spirit that brought a crowned tyrant to the block—Charles II—that planted here the seed of a mighty tree. Ancient freedom, the moment that its energy had gained unity for its devotees, made Spain the mightiest power of the world, only to fall to the lowest depth of darkness when tyranny succeeded liberty. All French intellectual vigor died under the absolutism of the seventeenth century, only to revive in splendor as Liberty awoke in the eighteenth and on the enfranchisement of the peasantry in the great Revolution, culminating in the power that in our times has defied defeat.

Shall we not trust her? To-day, as in times before, creep on the insidious forces that destroy liberty by producing inequality. Liberty calls to us again. Her clarion voice points a warning finger at the horizon, where the clouds are beginning to lower. She calls to us again to follow her further; to trust her fully. We must unstintedly accept her or she will not linger in our midst. It is not enough that man should vote nor that he be theoretically equal with his fellow before the law. Liberty must lead us on to avail ourselves of the opportunities of life. Men must stand on equal terms in relation to the bounty of nature. Otherwise Liberty withdraws her light. Either this or darkness approaches and progress vanishes in the murk of the night. This is the law of the universe. This is the lesson of the centuries. Unless founded upon justice and liberty the social structure can not stand.

We know that Babylon, Persia, Syria, and Egypt all fell and their enlightenment was destroyed when the modicum of liberty their rulers allowed them was taken away. Phœnicia became a great shipping nation because it threw off the chains which encompassed its liberty of contract. The glory that was Greece attained full flower under the Republic, and the most magnificent utterances of its orators, dramatists, and poets were made in praise of liberty. So up from the darkness and gloom of slavery struggled the ancient people. Rome flourished under the Republic when liberty inspired the people; but with the coming of the Empire, at the time of the birth of Christ, the sappers and the miners dug caves under Freedom's superstructure, and the beauty and learning of Rome under the lashings of enslavement and the decadence and moral disintegration of the emperors faded away. From 476, when Rome fell, until 732, the Battle of Tours, liberty was under a cloud and all but disappeared from the earth's surface. But at Tours the dark forces of the Moslem were turned back from northern Europe and the future civilization saved. Spain was obscure and unknown until it drove the Moors out of the country in 1491. After Tours, and thenceforward until 1215, our European forbears, in direst ignorance and woeful servitude, continued their bloody struggle. One thousand two hundred and fifteen is one of the outstanding dates of history, for in that year the medievalism gave way to a form of representative government. King John, on the field of Runnymede, signed the Magna Charta, the first great palladium of liberty vouchsafed the common people in the Christian era, and thereafter came the Renaissance. England has had many a struggle for liberty—the Wars of Roses, the driving out of the Stuarts in 1649 and 1688, the struggles in Parliament culminating in England's Bill of Rights. Italy united and drove out the enemy in 1870. France stormed the Bastile in 1789, and after years of the bloody Directory and Robespierre, became a republic. Napoleon, intoxicated by his military successes, temporarily held back liberty from the French, but in 1871, after the Franco-Prussian War, a third republic was formed, and under the broad freedom enjoyed thereunder France has become one of the three great powers of the world.

No lover of liberty may neglect to pay a tribute to Rousseau, Voltaire (who thundered at the emperors, "I may not agree with a single word you say, but I will defend to the death your right to say it"), and Montesquieu. Frederick the Great encouraged freedom in Prussia and after the Revolution of 1848 we see a new Germany emerging, but it remained for the defeat of Germany in the World War to launch a new and greater nation. No military dictator such as the Kaiser and no despot resembling the Iron Chancellor, Bismarck, ever exalted a nation into the do-or-die spirit. Spain in 1931 threw out the Bourbons and begat a republic. Watch Spain from now on. The Turks tried to overrun Europe with their religion of despair and their bloody absolute forms of government but were stopped at the gates of Vienna three centuries ago by little Poland, which up to the World War was dismembered and almost forgotten. Out of the chaos of that conflict, when the tumult and the shouting died, sprang forth a rejuvenated Poland, a free and independent nation with a corridor to the sea. The scattered legions of Napoleon after Jena overwhelmed Europe and almost turned back five centuries of political progress, but this arrogant despot couldn't surmount the forces of nature, and the retreat from Moscow in 1812 was the beginning of the end. The opponents of Napoleon were filled with an unquenchable thirst for liberty, and they united under Blücher and Wellington, and the Battle of Leipzig was followed by Napoleon's more disastrous defeat at Waterloo and his banishment to St. Helena. The world breathed more easily, but at Vienna in 1815, led by the arch tyrant Metternich, the few remaining emperors tried to parcel up the booty among themselves. There and then they set the long fuse to the powder magazine that became the World War a century later. Once given a taste of liberty, the common people will not surrender the prize. Beating with deathless pulsations in human breasts is the yearning for a free home, a free speech, a free press, and freedom of religion.

Thomas Jefferson, America's greatest protagonist of liberty, was born in this month of April. He it was who wrote those immortal words from the Declaration of Independence, "We hold these truths to be self-evident, that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness." Notice, my friends, how Jefferson stresses the word "liberty." The French have as their motto on their national coat-of-arms, "Liberte, egalite, fraternite." Patrick Henry cried out amid the agony of those early days: "I care not what others may say, but as for me, give me liberty or give me death." The Revolution was fought to bring to us freedom from an oppressive mother country and liberty to rule ourselves for ourselves.

The War of 1812 was fought to prevent England depriving American seamen of their right of citizenship and to destroy England's interference with our freedom of trade. We helped Texas remove itself from the iron heel of oppression in 1836, and we fought with Mexico to bring political freedom to the inhabitants of the southwestern part of the United States. We waged the Civil War to determine once and for all the right of our "fellow countryman in chains," the negro, to be captain of his fate and master of his own soul. "No more shall the war cry sever or the winding river run red" after that bloody holocaust. In April, General Lee surrendered at Appomattox and Johnson surrendered in the same month to Sherman in North Carolina. The tortured Nation was again rewelded.

In 1868 began the noble battle of the Cuban peasants for independence from the Spanish overlords. Sporadically they were helped by American sympathizers, but in 1895 Spain determined upon the inauguration of a butchering and starvation policy, and the world was horrified. The Spanish governor, Weyler, corralled the Cuban farmer in prison camps and impoverished and starved the country. These camps were called "reconcentrados," and no food or sustenance could be obtained outside their walls. But Cuban patriots fought on for independence, for the precious freedom denied to them. The Queen Regent, finding the reign of terror of Weyler unavailing, essayed a policy of conciliation and named Blanco to succeed Weyler, but it was too late. The die had been cast, and "the Rubicon was crossed."

Intrepid Cuban General Garcia rerallied his scattered and tattered troops crying, "On, on to victory." Had he not had the examples of the great negro patriot, Toussaint L'Ouverture, who in a magnificent campaign drove the French out of Haiti a few decades before? Were not the Cuban patriots fired with zeal to emulate Miranda, who drove the Spanish tyrant out of Central America, and Bolivar, the George Washington of the Southern Cross, who drove the Spaniards into the sea and gave South America back to the common people?

Naturally, the United States was sympathetic. We had fought the same fight in the Revolution. We sent the battleship *Maine* to Habana Harbor to show our regard, but alas, some sinister force in the dead of night planted a terrible explosive, and the beautiful ship was sent to the bottom in a cataclysm that electrified the world. Two hundred and sixty-six brave boys were sent to their eternal abode by that dastardly blow. America was horrified. With difficulty McKinley held in leash the dogs of war, but no people could stomach for long such a brazen affront to their dignity and honor. War was declared April 21, and the militiamen and regulars leaped to arms. Thereafter was fought the only American war in 100 years in which only volunteers exclusively participated. The boys moved on Tampa, Chickamauga, Cuba, Puerto Rico, and the Philippines. Who can not remember the names of some of the brave commanders, Miles, Shafter, Merritt, Lawton, Wheeler, Wood, Roosevelt, and Funston, and on the sea, Schley, Sampson, and Robley D. Evans?

Retreat is a word not found within the lexicon of the American soldier or sailor. There was no retreat at Lexington, Ticonderoga, Saratoga, Trenton, Monmouth, or Yorktown in the Revolutionary War. There was no retreat when the *Constitution* shattered the *Guerriere*, or at Forts Henry and Donelson, or at Lundys Lane, Chippewa, or New Orleans in the War of 1812. There was no retreat at Monterey, at Chepultepec, at Cerro Gordo, at Buena Vista in the war with Mexico. There was no retreat at Gettysburg, Chickamauga, Shiloh, Antietam, Fredericksburg, Petersburg, and Vicksburg in the Civil War. Retreat was out of the question at El Caney, San Juan Hill, Manila Bay, Santiago, and the fights with Aguinaldo in the Spanish War. Retreat was the missing link from the chain forged by our troops in the World War at Soissons, at Belleau Wood, the Argonne, and Chateau Thierry.

The Spanish War was fought by brave men, all volunteers. They were imbued by a love of liberty and a desire to sever the chains binding their Cuban and Philippine brothers to the yoke

of the Spanish tyrant. They came, not to enslave but to free—not to destroy but to save. Theirs was an inspired mission. They plowed through fever-infested swamps. They ran the gantlet of the malaria mosquito, they hazarded their lives in the torrid jungles of the Tropics, beset by snakes, filth, insects, impure water, decayed food, and embalmed beef. Theirs was no golden road of romance or a marching to battle between lines of waving, cheering multitudes; theirs was no glitter and pomp; they were not endowed with the privileges of free postage, Y. M. C. A. camps, Salvation Army lassies, publicly maintained recreation camps. No hostess houses arranged for beauteous ladies to beguile their idle hours; no Sam Browne belts added to the pulchritude of their appearance; no French maidens administered to their playful whims; theirs was a grim business—to drive the Spanish devil out of the thicket. Nights they slept in the open—"no roof but the vault of heaven, no floor but the beaten sod." The bravery of the 1st of May at Manila Bay is unparalleled in our naval annals. The matchless fortitude of Naval Constructor R. P. Hobson, Ensign Blue, who carried the message to García, and of the sailors that sunny Sunday morning of July 3, 1898, when our fleet drove the last vestige of Spain's navy from the surface of the ocean in a battle marked by heroism on both sides, baffles comparison. Thus was Spain eclipsed and Cuba, Puerto Rico, Guam, and the Philippines divorced from their unloving spouse. Alike in all these battles has the American soldier and sailor fought for liberty under that beautiful flag [pointing]:

"The flag whose red is her heroes' blood
That laved its infancy;
Whose white is her undying fame
Of stainless purity;
Whose blue her field of azure is
Where, gleaming from afar,
We see a star for every State,
A State for every star * * *."

The soldiers of the American Revolution received no pension for many years, and then only in the most niggardly amounts. It was nearly 20 years after Lincoln's assassination before the Civil War veterans received reluctant pension recognition from Congress. The Spanish War veterans received no pensions until years after the World War, and then with the help of World War veterans.

Liberty for the oppressed peoples has been fought for by our soldiers in every war. Our intervention in Cuba was an idealistic act. To them we kept the faith. We found Cuba a skeleton of unrelated, unshaped visions and dreams; we clothed it in flesh and blood, and there emerged the island republic of to-day, a gem of the Carribean. The independence of the Philippines must come if we are to keep our faith with those who paid "their last full measure of devotion."

And speaking of the soldiers who are gone, those whom we honor on Memorial Day, let me say that no sweeter honey of its kind has dripped from the hive of genius than the immortal words of the poet:

"On fame's eternal camping ground
Their silent tents are spread. * * *"

In a few short years the last survivor of ninety-eight will have bivouacked on the fields of the beyond. Let us dedicate these words on their monument: "He who saves his country saves all things, and all things saved bless him." For he died to make men happy and he died to make men free. Nor shall we permit hostile forces to-day, from within or without, to prevent our carrying into effect the words of Lincoln, when he said: "* * * From these honored dead we take increased devotion to that cause for which they gave their last full measure of devotion." The challenge is here: "Let us here highly resolve that these dead shall not have died in vain." The reign of the gangster must be destroyed. People's homes and children must be made safe. Let us not mock our heritage. We must exercise our vote and not merely give a votary gesture before party fetishes.

Let us refuse to send into office puppet mediocrities who dance on strings pulled by the manipulating machines controlled by the racketeer. Let us not drown out America's acclaim in this bicentennial year of the fame of Washington 200 years after his birth with the rattle of the gangster's machine gun and the agonized screams of men shot in the back in the land of the free and the home of the brave. Let us not permit the loyalty of our citizenry to our institutions to be eradicated by the gnawing aches of hunger in a land of plenty. Let us give our people economic freedom as well as political freedom.

Soldiers of high and low degree have no social distinctions in death; no gaudy tinsels or gilded trappings can create invidious distinctions at the sepulcher's dread mouth. How well did the great poet Gray phrase it when he wrote:

"The boast of heraldry, the pomp of power,
And all that beauty, all that wealth e'er gave
Await alike the inevitable hour;
The paths of glory lead but to the grave."

It is a mournful, somber truth that all men when crossing the bar must shed the onus of their griefs and honors; that man takes with him only that which he has freely given away, but we do know this—that even death may not despoil the soldier of the riches of his patriotic service and self-sacrifice. The soldier takes with him to his bier a legacy so rare that even envy is compelled to pay the tribute of admiration. Many of these men "matched mountains" in their bravery and "compelled the stars to turn aside to conquer" them.

The time has come again, my friends who fought the good fight 34 years ago, when the drums should beat and the lights gleam from the church tower to rouse us to our danger. Let us gird on our armor anew and go out to give guage of battle. Emerson said of our country: "It is God's best effort in behalf of the human race." I say to you in God's name, let us allow no force to annihilate that which our fathers builded. We have too many laws which maketh no respect for law and too many laws mean loss of freedom. You may ask me why I am so excited, but I reply to you, as did William Lloyd Garrison, the great abolitionist, the man whom malignity searched with candles to destroy:

"Brother, I have need to be all on fire
For I have mountains of ice about me to melt."

In closing I pay this tribute to the deceased Spanish War veteran:

"Erect with shining head
The great Republic claims her dead;
Nor in that day when every stripe and star
Proclaims the reign of peace
Shall honor to them cease,
Nor fame their laurel mar;
Though no battle peal awake them,
Time upon its scroll shall make them
Among earth's heroes dead,
Whose deeds that golden day more swiftly sped."

SURVEY OF INDIAN CONDITIONS—EXPENSES

Mr. FRAZIER. Mr. President, I ask unanimous consent to proceed to the consideration of Senate Resolution 193 on the calendar, providing for an appropriation for the subcommittee on Indian Affairs. It was promised a few days ago that there would be a calendar day within a day or two. That was last week, and it has not come. The committee is in need of the money proposed to be appropriated by the resolution. I do not think its consideration and passage will require any discussion at all.

Mr. SMOOT. If the resolution should lead to any discussion, I must object.

The VICE PRESIDENT. Let the resolution be reported for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 193) submitted by Mr. FRAZIER on April 5, 1932, which had been reported with an amendment, in line 5, to strike out "$12,000" and to insert "$6,000," so as to read:

Resolved, That the Committee on Indian Affairs, authorized by Senate Resolution No. 79, Seventieth Congress, agreed to February 1, 1928, to make a general survey of Indian conditions, hereby is authorized to expend in furtherance of the purposes of said resolution $6,000 in excess of the amount heretofore authorized.

There being no objection, the Senate proceeded to consider the resolution.

The VICE PRESIDENT. Without objection, the amendment will be agreed to.

Mr. BORAH. May I ask the Senator from North Dakota to what kind of a survey the resolution has reference?

Mr. FRAZIER. A general survey of the condition of the Indians. The money proposed to be appropriated by the resolution is largely to continue the work already done and to get out the reports of the investigations which the committee has already made.

Mr. BORAH. It is to complete what the committee has already undertaken?

Mr. FRAZIER. Yes, sir.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution, as amended, was agreed to.

"FINISH AND ADJOURN"—EDITORIAL FROM WASHINGTON POST

Mr. HEBERT. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Washington Post of this morning entitled "Finish and Adjourn."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

FINISH AND ADJOURN

Reports from Capitol Hill that a summer session is contemplated are a severe blow to the whole country. Business and industry are counting on an adjournment about June 10. Legislative uncertainty has been a handicap to recovery for several months. It was hoped that that handicap would be removed before the holding of the national conventions, and business interests have been gathering strength for a fresh assault upon the depression as soon as Congress gives them a chance. If prospects

of settled conditions during the summer fade out of the picture, a fresh pall of gloom will settle over the entire country.

Congress has more than three weeks in which to dispose of its unfinished business. Speaker GARNER gives assurance that the House will be ready to adjourn by June 4, which means that the adjournment is dependent entirely upon the Senate. That body is making good progress with the tax bill. It has shown a disposition to cling to the recommendations of its Finance Committee. A strong nonpartisan group of Republicans and Democrats are supporting the committee bill. Indications are that they will be able to put the bill through the Senate in substantially its present form. If so, the Senate could finish up its work on the tax bill this week.

Appropriation bills have been given careful consideration by committees of both Houses. They should not require extensive debate on the floor of the Senate. The economy bill is being whipped into shape, and since the issues that it will involve are already well understood it should not be a major source of delay. Nonpartisan efforts are being made to shape a relief measure. It would not be impossible to rush this project through before June 10 if politics could be left in the background. Congress can move with remarkable speed when it is so inclined. Even failure of the relief project would be less disturbing than a summer session of Congress.

At present the two major parties are cooperating with a view to balancing the Budget. The Senate is disposing of its business with a minimum of political influence. That attitude may be expected to prevail until the adjournment for the political conventions. If the business of Congress has been wound up by that time, the political volcanoes can erupt without disturbing the movement toward economic recovery. But if the Budget remains unbalanced and the fate of other legislation remains in doubt, another raid on confidence and further deflation may be expected.

After the conventions nonpartisan action would be impossible. Every measure before Congress would be thrown into the seething caldron of politics. Congressmen would use the floors of the House and Senate for political speeches and legislation would soon reach a stalemate. The country has already witnessed two stampedes in the House. What could be expected when the political campaigns were in full swing? Passage of the bonus inflation bill by that body would be almost a certainty. Radical measures of all varieties would be pressed forward to cure the depression.

Every sober-minded Congressman must dread the prospects of such an orgy, yet not one of them will have power enough to prevent it if Congress returns to Washington for a postconvention session. Every possible effort should be directed toward the completion of all essential measures before June 10. Members of Congress are working long hours and under a terrific strain, but the energy required to bring about an adjournment within the next three weeks is inconsequential in comparison with the energy that would be wasted in futile wrangling during a summer session.

Adjournment before the conventions is the only reasonable course that Congress can take. Let the leaders of the Senate map out a course for the disposition of each essential bill and hold rigidly to that schedule until its business is completed.

NATIONAL PROBLEMS—ADDRESS BY FORMER GOV. ALFRED E. SMITH

Mr. WALSH of Massachusetts. Mr. President, in view of the wide interest manifested by the public and Members of the Congress I ask to have printed in the CONGRESSIONAL RECORD a speech on national problems delivered over the National Broadcasting network on Monday, May 16, by former Gov. Alfred E. Smith.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

In the crisis now confronting our country the Government itself, like every other human line of endeavor, is in trouble. At the beginning of the present session of Congress, on advice of the Secretary of the Treasury, the President certified to Congress a shortage of $1,200,000,000 between the estimated receipts and the estimated expenditures for the year 1933. It became therefore the duty of Congress, acting upon the advice of the President, to devise ways and means, either by increase of existing forms of taxation or the establishment of new forms, to insure sufficient revenue to meet the estimated cost.

The first duty of the Congress, exercising ordinary, good business judgment, is to use every means at its command to reduce the cost of the Government. I believe it to be the duty of every Member of Congress, without fear or favor, to go to the extreme limit in slashing from the appropriation bills all unnecessary appropriations of the public money. Every item not absolutely essential to the proper conduct of governmental business should be eliminated.

ACTION BY CONGRESS UNSATISFACTORY

So far the action taken by Congress with respect to reorganization of the Federal Government is not, to my mind, satisfactory. Congress can not give this matter the study and thought to which it is entitled. Under present conditions reorganization must be an executive and not a legislative function, and I am therefore in favor of giving to the President the full responsibility and power which he has asked in the immediate consolidation of Government activities and bureaus and in other ways to reduce the cost of Government. The compromises so far offered by Congress are inadequate. They will not produce either economy or reorganization, and will lead to endless wrangles as to the responsibility for failure.

One of the most important fields of economy in which the general public is just beginning to take a lively interest is the revision of the laws relating to veterans. While I bow to no one in my reverence for and devotion to the men who in the hour of national peril offered themselves to the country, I nevertheless hold, and I believe that a majority of the veterans themselves hold with me, that we should call a halt to veteran legislation and check up before we go any farther. No group of patriots can properly ask that their care shall become a national burden greater than the people of the country can carry in times of trouble.

Let us go back to the principles of the wise and far-sighted plans set forth by President Wilson in his program for payments to soldiers. He was a student of history. He sought above all things to avoid the evils of soldiers' pensions which followed the Civil War.

He began by obtaining a scale of pay for men in the service higher than any scale ever paid before in this or any other country. He established as a further part of this program the principles of full and complete care of those wounded or disabled during the war, or whose disabilities are traceable to the war; full care and protection for widows and orphans of soldiers who lost their lives in the war; and a system of insurance and deferred compensation for all veterans on a sound actuarial basis with contributions by the Government and the veterans.

This program was entirely acceptable to veterans and to the people generally, and was regarded everywhere as the most generous plan ever offered of governmental cooperation in the compensation and care of soldiers and their dependents in this or in any other country.

WHAT HAS HAPPENED SINCE

What has happened since Wilson's retirement as President? Not only have Federal and State bonuses been provided but the Wilson principles have practically been destroyed by numerous amendments to veterans' laws, all of which have for their purpose the payment of hundreds of millions of dollars to hundreds of thousands of veterans and their dependents, whose disabilities and other problems are not remotely connected with the war. Much of this huge sum is being paid, in fact, to men who never saw active service and to dependents who have no legitimate claim on the Government.

The country simply can not afford to appropriate these huge sums in a time of crisis for a favored class. As a matter of fact, by gradual changes in these laws, we are now paying large sums every year to over 300,000 veterans whose disabilities resulted from other than military or naval service. I take these figures from a document recently issued by a group of veterans themselves.

I therefore suggest that Congress appoint a special committee to report back at the next session a list of all special acts, amendments, and appropriations which in any way compromise the original Wilson principles with a view to the repeal of such legislation. In the meantime, no more burdens for veteran relief should be added by Congress at this session.

Holding this view, it seems unnecessary for me to say that I believe nothing should be done with regard to revision of the bonus bill at this session of Congress. The plan to pay immediately compensation not due for a number of years is made more obnoxious when accompanied by the suggestion that it be paid by the issuance of fiat money. I am sure that upon consideration the great majority of veterans will approve this and will manifest their willingness to bear their share of the national burden.

PRESENT TASK BEFORE CONGRESS

After Congress has boned the appropriation bills to the irreducible minimum there remains the question of seeking sufficient revenue by taxation to meet the estimated cost of operating the Government during 1933. At the time of the convening of the present Congress estimates of the Treasury Department indicated a shortage of $1,200,000,000. Since then Congress has added to the appropriations, and falling receipts indicate that the actual difference will be in excess of $1,500,000,000, and there is no assurance that it will not exceed that amount. Let us face the facts. The burden rests upon Congress to find new means of revenue which will positively produce at least $1,500,000,000.

It is important in the imposition of new and additional taxes required to balance the Budget that no greater strain be put upon industry or business than is absolutely necessary, and in any event that no strain be imposed which will operate to retard the return of prosperity. Moreover, any strain which is imposed should be fairly and evenly distributed over all business, all industry, and all occupations and callings. That is good, sound American principle. In other words, the desirable thing to do at the present moment is to broaden the base of taxation so that the whole country will bear its full and just share of the burden.

This leads me to the frank and honest statement that I believe in the general manufacturers' sales tax to meet the emergency. I think it was a mistake for Congress to turn it down. I think it should be reconsidered, and I hazard the guess that a clear majority in Congress in their hearts believe in a temporary general manufacturers' sales tax at this time.

HOW THE TAX WOULD WORK

Much has been said about the manufacturers' sales tax, but I am a little afraid that it is not thoroughly understood by the man on the street. For that reason I believe it will be helpful to

cite some figures. Take, for example, the man who spends $1,000 a year; that is, $83 a month. I would take that to be the expenditure of probably the average family head among the working classes of this country. Studies indicate that $700 of that $1,000 is for shelter, food, clothing, and other things, which, under the provision of the manufacturers' sales tax bill, are not taxable, leaving only $300 of his $1,000 expenditure to be subject to sales taxation.

A sales tax such as had been proposed would have required him to pay less than $8 a year, and I deny emphatically that there is such a lack of patriotism and devotion to this country at a time like this that any considerable number of men in position to expend $1,000 a year are unwilling to contribute $8 of it to the support of the Federal Government.

Aside from every other consideration it would be a healthy thing at a time like this, because it would encourage a great many thousands, if not millions, of people to study the financial operation of their Government, which they would surely do if they were direct contributors to its support.

All during my life and public career I have stood by the ordinary citizen of limited means and limited earning power. I shall never change that attitude. I came from this class, and I shall never forget it, and for this reason I can not give my approval to the false friend who leads the workingman to believe that his condition in life can be bettered by the slogan attributed by the press to those who opposed the manufacturers' sales tax: "In order to make up the deficit—soak the rich."

That means soak capital, and you can not soak capital without soaking labor at the same time. They are bound together. One is essential to the other. The success of one means the success of the other. The destruction of one means the destruction of the other. It is a false friend who leads the poor man to believe that capital can be unreasonably taxed or soaked without injury to him. In prosperous times labor does not receive the largest share of the profits of industry; therefore in a depression like the present it is right enough that capital should bear a larger share of the burden. Of course, capital must bear the main burden of taxation, but it should never be an unfair burden.

A HOMELY EXAMPLE

Let me give you a homely example: Mr. Railroad needs $50,000,000 to electrify his main line. He must go to Mr. Capital for the money, and Mr. Capital will say to Mr. Railroad, "What will you give me for the loan of this money?" And Mr. Railroad will say, "Five per cent gilt-edge first-mortgage bonds of our system." If the false friend of the poor man who suggests that we soak capital has his way about it, Mr. Capital will be compelled to say to Mr. Railroad:

"No. I can not lend you the money. While you promise me 5 per cent, there is a third party to the transaction known as Mr. Government, and he is going to take from me a large part of what I earn. If, on the other hand, instead of lending to you, Mr. Railroad, I lend to Mr. Government, Mr. Government will not tax me. I can put my money into State, municipal, or Federal Government securities and can be left undisturbed in the enjoyment of the full income growing therefrom. Instead of going into partnership with you, I propose to go in with Mr. Government."

Thereupon Mr. Capital deserts Mr. Railroad, and Mr. Railroad, in turn, is compelled to turn his back on the thousands of men who would be required in mine, shop, mill, and factory to produce, fabricate, and transport the equipment necessary for the electrification, plus the thousands of men now out of employment who would be engaged in its installation.

This same story can be recited all along the line. Soak capital and you soak labor. Confiscatory taxation of capital prevents the flow of money into industry. The greater and freer the flow of capital, the quicker industry will revive, and the quicker widespread unemployment will cease. The demagogue won't agree to that, but it's true just the same.

As a result of the attempt of Congress to impose taxes upon a few industries and forms of business, the representatives of these industries and business groups are fighting to be relieved of tax burdens. The only way I know of to discourage the operation of the special groups which infest the lobbies of Congress seeking either special favor or immunity is to impose temporarily a manufacturers' sales tax. It may not be good politics in the view of some people, to say this, but it is good patriotism, and that in the end is the only kind of politics which the people of this country will stand for in a time of emergency.

THE PEOPLE AGAINST PROHIBITION

Throughout the length and breadth of the land to-day there emanates from all classes of our people an insistent demand that something be done about the present laws, both constitutional and statutory, with respect to prohibition. The people have awakened to the fact that prohibition is not workable, that it does not prohibit, and that liquor and malted beverages are flowing throughout the country in as great a volume as they did prior to the enactment of the eighteenth amendment.

Pending action by the party conventions determining party policy with respect to modification or repeal of the eighteenth amendment, it is within the power of Congress to put a more liberal interpretation by statute on what constitutes an intoxicant. The immediate passage of an amendment to the so-called Volstead Act, legalizing light wines and beer and providing for their taxation, will produce a revenue of hundreds of millions of dollars and at the same time tax something that the Government always taxed and which is to-day escaping all forms of taxation and pursuing its business with as much vigor as it did at any time during the history of the country. Aside from the revenue-producing features, it would help materially to relieve the unemployment situation.

For several months I have spoken and written repeatedly of the necessity for a bond issue to progress productive national and local public works in order to cure unemployment, stimulate business generally, increase purchasing power, and restore our national morale.

More and more people are coming to this point of view. Men who can hardly be called visionaries—sound business men—have recently taken the same position. Talk will not solve unemployment. Immediate help is what is needed. We have already waited so long that if we do not take action quickly I doubt whether relief can come in time to be of use in the months that lie just ahead.

Millions of dollars of public money have already been expended on employment relief of little value. Certainly the so-called "made work," which consists of employing men on the basis of their family needs on all kinds of odd jobs without proper plans, material, or supervision, is a disguised dole and a waste of public funds. I have seen hundreds of men pulling up weeds and fixing shoulders of roads which three months from now will look just as they did before the men began working. This kind of labor produces nothing of permanent value. We have had enough of it.

Everything which has come to my attention on the subject of unemployment since I suggested a relief bond issue confirms my opinion that unemployment and relief of the distress it has caused can not be solved by merely throwing them back on the States and municipalities.

PUBLIC WORKS BOND PLAN

My original recommendations contemplated that the Federal Government would issue public works bonds for four purposes:

1. For an expanded program of Federal improvements.
2. For additional Federal highway aid to the States.
3. To advance money to limited dividend housing corporations for construction of low-cost housing.
4. For the purchase by the Federal Government of bonds of States and municipalities issued by these local governments for local public-works projects of long life and permanent value. Only public improvements, for which plans were completed or under way or for which plans could be quickly prepared, were to be financed in this way.

I further suggested that the President be empowered to appoint a public-works administrator, clothed with the power to progress public improvements of all kinds without reference to the many regulatory statutes which now contribute to the red tape and delay incident to Government work. There are numerous Federal public buildings and works throughout the country which have been authorized by Congress but for which no appropriations have actually been made. These could be put under way promptly. In addition there is at least $500,000,000 in the 1933 Budget for Federal public improvements which could be built from the proceeds of the sale of bonds and thus relieve the overburdened taxpayer.

Why should we not have a Federal-aid highway program at least as great as last year's, instead of one only one-fourth as great? New York for example, has the smallest highway program this year since the war. Last year it had the largest.

Some time ago the President recommended that Congress provide by legislation for substantial Federal aid for low-cost housing. The President has not referred to the subject again, although all other legislation recommended at that time has long since been disposed of.

NEW FEDERAL RELIEF PROGRAM

Within the last week the leaders at Washington have suddenly concluded that something must be done to speed the relief program.

After an informal conference with the leaders of both parties in Congress, the President has issued a statement proposing a 3-point Federal relief program for unemployment, in which he proposed:

1. That authority be granted the Reconstruction Finance Corporation to assist States by underwriting State bonds or by loaning directly to them for relief purposes to an amount not exceeding a total of $300,000,000.
2. That the Reconstruction Finance Corporation underwrite or make loans upon proper security for income-producing and self-sustaining enterprises which will increase employment, whether undertaken by public or private enterprise, provided also that these enterprises furnish part of the capital and promise early and substantial employment.
3. That the borrowing power of the Reconstruction Finance Corporation be increased to $3,000,000,000.

The President pointed out that he distinguished sharply between the use of capital for these enterprises on the one hand and unproductive public works on the other, and that the projects he proposed to aid were of a self-liquidating character not constituting a charge against the taxpayers or public funds. He stated further that he was opposed to increasing Federal construction work beyond the amounts already appropriated.

I presume that the President's statement is merely a starting point for discussion. The President says he does not propose to issue Federal bonds. Of course, that does not mean anything, because by increasing the capital of the Reconstruction Finance Corporation, he would authorize that corporation either to sell its securities, which are backed by the full credit of the United States Government, to the public, or to sell them to the United States Treasury and the Federal reserve banks or to borrow from these, which is precisely the same thing under another name.

I am also unable to follow the President's reasoning as to additional Federal improvements because the President himself has signed bills in which he authorized numerous improvements not included in the 1933 Budget. Are we to assume that all authorized improvements, many of which are being designed, including post offices, Federal buildings, and other projects, are wasteful? If they are needed, why not have them now?

ROAD CONSTRUCTION ADVANTAGES

I know of no field of public improvements in which results can be obtained so quickly and on which so many men can be employed promptly as on road construction. The entire huge budget for Federal highway aid to the States last year was actually expended in the time contemplated by the various States to which the money was advanced. If this could be done in the past year, why can it not be done again?

Of course, if the aid to be extended by the Reconstruction Finance Corporation is limited to revenue-producing improvements, then all such projects as highways and practically all State and municipal improvements will be excluded. Many of these improvements are truly productive even if they do not produce revenue. It is absurd to measure the productiveness of an improvement by the amount of revenue it brings in directly.

As for the financing of private revenue-producing enterprises under the guise of remedying unemployment, I am radically opposed to this, and I think most of the people of the country will be. It will lead to all kinds of logrolling and favoritism, and there are plenty of worth-while public improvements ready to go ahead which should receive Federal aid before private business is subsidized.

Personally I doubt very much whether the Reconstruction Finance Corporation is the right agency to which to entrust the public works and unemployment problems. The confusion in the President's mind is due to his attempt to use an agency created to bolster up private credit as an administrative body to progress public works. If the President wants to stimulate employment by public works, he must make his plan conform to the facts and not attempt to create overnight an entirely new body of State and municipal law based upon theories applicable to private and not to public business.

The notion that municipalities throughout the country may, under existing law, furnish part of the capital for a self-supporting improvement and then borrow the rest from the Reconstruction Finance Corporation is directly contrary to the constitutions, statutes, and practices of almost every State and municipality throughout the country. Only specially created instrumentalities like the Port of New York Authority can follow that procedure.

OFFER OF LOANS TO STATES

Even the offer to lend money to States will be entirely ineffective. New York State, for example, under its constitution may contract a debt only in anticipation of taxes, to repel invasion, suppress insurrection, or defend the State in time of war, and to fight forest fires. Otherwise all debts can only be created by legislative action plus popular referendum. Most of the States of the Union have such constitutional restrictions, and the same limitations apply to most cities, counties, towns, and villages.

The fact remains that the States and municipalities simply can not borrow from the Federal Government, no matter how much it might wish to lend. The most the Federal Government can do is to buy their securities after investigation as to their soundness and thus create a market almost wholly lacking under present conditions. This policy I have long advocated.

Rather than limit unemployment relief in the way suggested by the President, I would strongly recommend that the President be given a free hand to provide Federal aid for productive public works of States and municipalities, as well as for additional Federal projects, which will bring about the early employment of the largest possible number of men. The broader and more flexible the power given the President to accomplish these things at this time, the better it will be. It is not a mistake during times of stress and crisis to clothe the President with this plenary power to equip him to fight the war against unemployment and all the other evils which follow in its wake.

The proceeds of the sales and beer taxes will not only provide for the existing deficiencies but will undoubtedly produce revenue sufficient to pay the interest and amortize any public-works bonds which may be issued by the President during the next fiscal year.

ACTION ON WAR DEBTS URGED

On the 13th of April in Washington I suggested a plan to liquidate the war debts owed to this country by foreign governments. I earnestly believe that it will be a mistake for Congress to adjourn and leave this matter hanging in the air. The 1-year general debt and reparation moratorium negotiated by President Hoover last year expires in a few weeks, and while it is true that payments are not due until December, the world at large will be in a state of doubt, uncertainty, and apprehension during that period unless some one is authorized to speak for us.

Here again, temporarily and to meet the emergency, I believe Congress should empower the President to meet the situation as he once did without congressional authorization, and, if necessary, to prolong that moratorium until a real solution can be reached.

Certainly, the rider attached by Congress to the act approving the moratorium should be repealed, because it constitutes a threat to the President not to take any similar action in the matter without the consent of Congress until 1933. It leaves the country without a spokesman at a critical time. And, incidentally, let me say here that this spokesman may be called upon to overlook payment of our foreign debts for the simple reason that they are not going to be paid, the foreign governments having made no provision for them in their own budgets. It is senseless to count chickens which will never be hatched.

APPEAL TO CONGRESS MEMBERS

In conclusion, I believe that it is the patriotic duty of every Member of Congress from now until adjournment to discourage and avoid in every possible way all blocs, cabals, insurgencies, and mugwump tactics, by whatever name they may be called, which bedevil legislation, increase the depression, unsettle business, and endanger our credit at home and abroad.

Let every Member of Congress think of what is best for the country at large, even though it may not seem at the moment to be popular with the boys back home. The time has come for us to pull together like one great united people, to put our financial house in order. The prompt enactment of a complete and honest financial program and the balancing of our Budget are subjects above politics and sectionalism.

There are plenty of subjects to be discussed during the summer by conventions and candidates. Let us cooperate now and argue afterwards.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Maryland [Mr. TYDINGS].

Mr. WALSH of Massachusetts. Mr. President, let me enumerate the proposals contained in the amendment presented by the Senator from Maryland.

First. The amendment proposes a modification of the Volstead Act by fixing the alcoholic content of beverages containing alcohol at 2.75 per cent instead of one-half of 1 per cent, which is the present law.

Second. The amendment proposes to levy a tax of 24 cents per gallon upon beverage of the alcoholic content named.

Third. The income derived from the beverage of the alcoholic content mentioned, known as beer, is to be collected and deposited in a special Treasury fund.

Fourth. It is estimated that from $400,000,000 to $500,000,000 can be raised annually from this tax and placed in the special Treasury fund.

Fifth. The amendment provides for a bond issue of $1,500,000,000, the proceeds of which are to be used to construct public works which the Congress has already authorized and which will be built in any event within the next 10 or 15 years. In addition to the amount authorized by Congress for construction of public works, the amendment provides an additional $400,000,000 for good roads, river and harbor projects, and for flood-control work. This makes a total of $1,300,000,000.

Sixth. The remaining $200,000,000 of the bond issue is to be disposed of as follows: The sum of $150,000,000 is to be set aside to make annual payments upon the bond issue covering a period of 15 years, and the sum of $50,000,000 is to be set aside to meet the annual interest requirement, which sum is to be taken from this tax as it is deposited in the Treasury fund.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH of Massachusetts. I yield.

Mr. BORAH. May I ask the Senator if the amendment now pending is to take the place of the proposal outlined by the Senator from Arkansas [Mr. ROBINSON] a few days ago?

Mr. WALSH of Massachusetts. I will ask the proponent of the amendment, the Senator from Maryland [Mr. TYDINGS], to answer the question of the Senator from Idaho.

Mr. TYDINGS. The Senator has a copy of the amendment in his hand, I take it.

Mr. BORAH. Yes.

Mr. TYDINGS. If he will look at the date he will find that it was presented on April 19, which was, I think, long before either the Senator from Arkansas or President Hoover had taken any position along the lines the Senator indicates. The amendment was presented at that time with the thought that no other program, perhaps, would be presented.

Mr. BORAH. Then, may I ask, in case this amendment should be adopted and become a part of the law it would not be necessary to deal with the unemployment question further?

Mr. TYDINGS. I would not say that the amendment would provide an absolute cure; but I would say that it is in line with the general program advanced for that purpose.

Mr. BORAH. We certainly would not want to issue bonds to the extent of $1,500,000,000 and then issue bonds under the proposal of the Senator from Arkansas to the amount of $2,000,000,000.

Mr. TYDINGS. I think that is sound. I may say to the Senator from Idaho that I thought the virtue of the amendment which the Senator has in his hand, presented by me, is that it provides a sure way to amortize the bond issue, whereas some of the other proposals are more or less speculative as to how the money is to be obtained to pay for the bond issue suggested.

Mr. BORAH. What I am anxious to know is whether we are now discussing what is to be the ultimate plan with reference to taking care of unemployment.

Mr. TYDINGS. I should think, if the amendment is adopted, that, so far as the construction program is concerned, it would be the ultimate plan.

Mr. BORAH. Then the other suggestions about issuing bonds to the extent of $2,000,000,000 would likely be obviated.

Mr. TYDINGS. I think so.

Mr. WALSH of Massachusetts. Mr. President, I understand that no bill has been presented as yet outlining the proposals contained in the speech recently made by the Senator from Arkansas.

Mr. BORAH. No; but I understand that such a bill is being formulated and prepared for introduction by a committee.

Mr. WALSH of Massachusetts. I think that is correct.

Mr. President, the amendment proposed by the Senator from Maryland raises, first of all, the question of just what the Senate desires to do in the way of modifying the Volstead Act. If there has been any apparent change in public sentiment upon any public question during recent months, it seems to me it is most noticeable in the case of the expanding movement throughout the country for a modification of the Volstead Act.

I have been surprised at the extent to which correspondents have appealed to me for some action in the direction proposed by the amendment of the Senator from Maryland. Groups of constituents who never before appeared to be interested in this subject have very strongly urged that action be taken by the Congress toward the modification of the Volstead law. It may be propaganda; but the fact remains, nevertheless, that citizens who heretofore were disinterested in this subject, who refrained from taking sides or from making recommendations on this subject to the Congress, are doing so to-day in larger numbers than ever before.

Mr. President, the sentiment in favor of changing the Volstead Act is growing at a tremendous pace; and I find that this sentiment comes from industrial leaders as well as the masses of the people, who have long been favorable, especially in the industrial centers, to legislation providing for legalizing beer with small alcoholic content.

Practically every letter that comes to me outlining a new economic program to lift the country out of the depression includes action in favor of the modification of the Volstead Act. I need not comment upon recent elections in this country and the evidence they furnish of a very marked change in the former attitude of the general public toward this question.

This amendment presents an opportunity for those Members of the Senate who believe that the time has come for a modification of the Volstead law to register their position.

The Senator from Maryland [Mr. TYDINGS] in his speech of yesterday presented overwhelming testimony to the effect that this alcoholic content would not be construed by the courts to be intoxicating. It was pointed out, also, that the statutes of the several States prior to the enactment of the national prohibition amendment provided that beverages with an alcoholic content of less than 3 per cent were not intoxicating.

So we have, first of all, the straight issue of whether or not the Senate desires to record itself in favor of a modification of the Volstead law. Indeed, the Senator's amendment proposes to place a tax upon and give legal character to a practice that is widespread in this country to-day; namely, that of manufacturing, transporting, and selling a beverage of the alcoholic content named in the amendment without paying any taxes. There is no need of arguing that proposition at length. The Senator from Maryland went into the matter most extensively in his able speech of last night.

If this amendment is adopted, the Federal Treasury will receive a tremendous sum of money by taxing a beverage that was taxed before prohibition, that is now escaping taxation, and it is a tax that has been during many years recognized as a less burdensome tax than many of the others imposed or proposed to be imposed. Indeed, it is a tax that has been levied in connection with the taxes upon tobacco, and has been looked upon by all our people as a legitimate and reasonable way of receiving large revenue for the Public Treasury.

Those Members of this body who have reached the conclusion that the time is here to register the sentiment of the country in favor of a modification of the Volstead Act can do so by voting for this amendment, and in addition provide for turning into the Public Treasury a very substantial increase in revenue, and permitting that revenue to be used for a very praiseworthy and commendable object, namely, that designated in the amendment.

The second feature of the amendment is the provision for using the money collected under this tax for the relief of unemployment. It provides for a bond issue that is self-liquidating. It provides for a bond issue that will not disturb the present bond market, as it would be disturbed by placing upon the market Federal bonds which were not self-liquidating, and which it is generally conceded would be likely to have a very detrimental effect upon the value of the outstanding bonds owned by our people and financial institutions throughout the country.

Practically every one who has considered the question of a bond issue for the relief of unemployment has agreed that the most desirable—indeed, the most necessary—course for us to pursue is to provide for the liquidating of the bond issue in the law authorizing a bond issue. This measure does that. This measure defines the way and provides the means for paying off the bond issue within the life of the bonds that are proposed.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Maryland?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. TYDINGS. I should like to point out to the Senator that on the 10th of June, which is not very far away, it is quite likely that Congress will at least take a recess over the period of the conventions, and that the amount of business now pending before the Congress is such that it would be very difficult to get consideration of any other measure to take care of the emergency which now exists prior to the 10th of June. We can consider this one proposition now, because it is in order; but if it is defeated, it means that no other emergency measure looking to starting our construction program can pass Congress and be put into effect until, perhaps, August. That being so, it would be next winter, in my judgment, before the construction program got under way. It seems to me that the present amendment has the virtue, if adopted, of permitting the construction program to be started in the very, very near future.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. BORAH. Does the Senator from Maryland believe that Congress will adjourn or take a recess until some plan for caring for the unemployment situation is provided for?

Mr. TYDINGS. No. I said that on the 10th of June we would likely take a recess——

Mr. BORAH. Does the Senator believe we will take a recess until we have passed a bill of that nature?

Mr. TYDINGS. Let me finish. I do not think we will adjourn until we have passed a bill of that nature; no. I thought, however, that if we did not pass the bill until July or August it would be next fall or winter before we could get a construction program under way; whereas if it is adopted now, the wheels could be put in motion within a month, so that long before next fall and winter descend upon us we would have this construction program under way.

Mr. BORAH. Mr. President, this is not an argument against the Senator's amendment.

Mr. TYDINGS. I understand.

Mr. BORAH. But it is to say that I can not conceive of Congress adjourning or recessing until they have passed upon this question. It would be an act of poltroonery and betrayal of the public interest that could hardly be measured in language.

Mr. TYDINGS. I will say to the Senator from Idaho that what I rose to point out was simply that if something can be done now it will take a couple of months or three months to get any construction program under way; and if we do not take action upon some other program until July or August, it will be September or October before we get the thing operating.

Mr. BORAH. Yes; but just imagine the situation: Here are the two old parties—really, the only two parties in existence in the United States—having absolute control of the Congress of the United States, going to Chicago and asking for the confidence of the American people, asking the American people to intrust either of them with power for the next four years, and going there without any program to take care of the situation that now confronts the country; not only unemployment but other questions. If anything would call into existence a third party, or a political revolution, that would.

Mr. WALSH of Massachusetts. Mr. President, I want to say that I am in entire accord and agreement with the sentiments expressed by the Senator from Idaho. It is inconceivable that Congress will adjourn without providing some means of taking care of the present situation, and which would include some means of supporting the burdens of the States which are taking care of those in want and those in need in their borders.

Mr. WATSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. WALSH of Massachusetts. I yield.

Mr. WATSON. I know of no effort being made on the part of anybody to adjourn Congress until after the passage of appropriate legislation along the lines suggested. I am not certain, however, that that means the legislation proposed by the Senator from Maryland. Some legislation along that line must be passed, and I think everybody concurs in that sentiment.

Mr. BORAH. Then it is understood that there is to be no effort to adjourn Congress or to take a recess until we shall have passed a measure dealing with the subject of unemployment?

Mr. WATSON. So far as I am concerned, that is the situation.

Mr. BORAH. This talk about the 10th of June is dependent entirely upon whether or not we get through with our program of legislation?

Mr. WATSON. Yes; the program of passing the tax bill, and the economy plan, and unemployment legislation, and all the appropriation bills.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WHEELER. May I ask the Senator from Indiana whether or not any of the economy plans he has suggested include giving any more money to the Reconstruction Finance Corporation for the purpose of helping some of the industries of the country, such as the Willys-Overland Automobile Co., or some of those concerns?

Mr. WATSON. I will say to the Senator from Montana that that plan has not yet been worked out.

Mr. WHEELER. I hope it will not be worked out, because if there is going to be any more money given there is one thing that ought to be done, and that is there ought to be some money to help to refinance the farmers who have mortgages upon their land who can not possibly pay them; and they will have to repudiate their indebtedness unless this Congress acts. We should act to help the farmers before any more appropriations are taken out of the Treasury of the United States either for any banking group or for any other business organizations in this country.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. GLASS. May I inquire of the Senator from Indiana where the Government is to get the money to do these things?

Mr. WATSON. The Senator from Maryland is now proposing a plan by which we can get some money.

Mr. GLASS. I apprehended that the Senator's answer would be that we would get it by taxation; and who is to be taxed?

Mr. WATSON. How else are we to get it except by taxation?

Mr. GLASS. Exactly; by taxing the people of 48 States and bringing the money here and impounding it in the Federal Treasury, and then doling it out to them. Why not let the States levy their own taxes and take care of their own unemployed?

Mr. WATSON. Mr. President, it is not up to me to answer that now, because it involves very much of argument and disputation. Of course, I do believe that it is up to the General Government to enact some form of unemployment relief. I can not go into that now. The plan has not yet been formulated, but will be, I am told, shortly. I understand that the Senator's party, or certain individuals representing it, are working out some sort of a plan which they can support.

Mr. GLASS. I am not talking about any party plan now.

Mr. WATSON. I am talking about a plan we can all support.

Mr. GLASS. I want to satisfy my own mind about these matters; and I will say, incidentally, that I would rather trust the people of Virginia to levy their own taxes and take care of their own unemployed than to have them taxed and their money brought here to Washington and doled back to them for political purposes.

Mr. BORAH. Mr. President, I agree with the Senator when he adds the last clause, "for political purposes." I agree with that entirely. I know perfectly well that some of the States have reached the limit, and some of the cities have reached the limit, and it is simply a question of whether the National Government will aid and cooperate with them to such an extent as to prevent actual suffering and starvation.

Mr. GLASS. I will say to the Senator that taxes are to be put upon the citizens of those States which have reached the limit.

Mr. WATSON. I understand there are some six or seven States which have reached the limit of statutory indebtedness, and while they are not in a position to issue bonds some device will be formulated or some plan entered into which will enable them to do so.

Mr. GLASS. Yes; and the Federal Government will levy taxes on their citizens and take their money away from them and bring it here to Washington, and then appoint some Federal minion to dole it back to them as they may, from whim or judgment, mostly whim, and a political whim at that.

Mr. BORAH. Most of the taxation in the States is now falling upon property, and it is falling upon property regardless of whether that property returns an income or not; and they have reached the limit upon that proposition.

We have not reached the limit in the United States, and I am in favor of reaching the limit with reference to the National Government and the State governments before people shall be permitted to starve to death.

Mr. GLASS. Yes; and I am in favor of taking the money from the other 47 States and bringing it here to Washington, if anybody wants to do that; but I am opposed to taking the money of the Virginia taxpayers for that purpose.

Mr. WALSH of Massachusetts. Mr. President, I think all are agreed, in connection with this subject of relief, that the time has arrived for the Federal Government to render some assistance to those States which are unable to carry the burden which has fallen on them by reason of the tremendous increase in welfare expenditures.

The first thing we ought to do—and there ought to be no delay in doing it—is to carry out the suggestion of the Senator from Arkansas, which, I understand, meets the approval of the President, namely, the appropriation of $300,000,000 to be loaned to the several States, particularly to those States which furnish evidence that they are unable to raise sufficient funds to meet the requirements of those in need or in want.

Mr. President, I want my views about the manner in which that relief is to be extended made clear. I am opposed to the Federal Government having any dealings or connection or operations with municipalities as such. The cities and towns of this country are subdivisions of the several States. In my judgment, the Federal Government has no business dealing or negotiating with a municipality, any more than with a ward of a municipality. It seems to me the agencies of relief should begin and remain in the local communities, which know what citizens are in need, which know what they need, and which know best how to distribute the supplies which they may be required to have in order to sustain existence.

I do claim that the moment a municipality or community is unable to meet its obligations—and there are many that are not able to meet the increased burden—they should then turn to their State governments and ask their State governments to help share and meet those obligations. The Senator from Indiana said there are now six, or approximately six, State governments which are unable to raise the funds to meet the requirements, and in such case I think the Federal Government must act. It must raise the necessary money to prevent any suffering, any want, any starvation in any State where it exists. It seems to me that obligation can not be denied. But I insist that the Federal Government keep its agents and keep its activities out of the local communities. Let its program, let its contacts, let its cooperation, be always between the several States and the Federal Government. Let the States handle, direct, and supervise those subdivisions for which they are responsible, which are their creatures, which are their own wards. The State is the parent of each of these subdivisions.

That does not mean that the Federal Government has not a responsibility, a grave and a serious one, the moment a State says, "There are communities in this State which can not meet its obligations to those in need." Then the Federal Government must act by offering support to the States that find the burden crushing, but it must not do it by sending agents, sending inspectors, sending people who know nothing about the local situation and the local needs. The money must go from the Federal Treasury to the State treasury, and from the State treasury to the various municipalities.

It seems to me that the first step, upon which we all can agree, which we can now settle with practical unanimity of opinion here, is that the Federal Government should say to the States, "We are now ready to assist you in order that there may be no suffering or starving."

Why attach the relief proposition to any other proposal? Why not have such a bill separately presented to us, and let us not get it confused with the question of a bond issue, and whether the bond issue shall be self-liquidating or not?

I hope that the committee on this side of the Chamber who are drafting a bill will present that issue without any other, so that Congress can without delay say to the several States, "We are behind you. We understand the burden under which you are suffering. We appreciate it, and we are not going to interfere with your method of handling and distributing relief. That is your own problem. But if you say to us that you have not the financial resources necessary to meet these obligations, the Federal Government stands ready to lend you whatever may be needed." It seems to me that is a very simple way of disposing of the question of relief to the unemployed, who are in actual need and are suffering.

As to the question of a bond issue for public works, it is quite apparent that there is a very wide difference of opinion not only in this Chamber but between the executive branch and the Congress. So far as I am concerned, I would much prefer to see a bond issue authorized which would provide for its liquidation, such as is proposed by the Senator from Maryland. This method must be followed if at all possible. That is why I am supporting his amendment. But I want to say very frankly that if the situation arises where a bond issue is needed, in the interest of stabilizing our social problems, I propose to vote for a bond issue which will provide employment upon public works for as many of our citizens as it may be possible to take care of if public works can be undertaken that are not wasteful or in the nature of luxury undertakings.

Mr. President, I want to repeat that I am in favor of the pending amendment, because it is the first opportunity we have had in this Chamber to declare for a modification of the Volstead law within the provisions of the Constitution. I am frank to say to the Senator from Maryland and other Senators that, in my judgment, any attempt to fix an alcoholic content in excess of that named in this amendment would be of doubtful constitutionality. No serious question has been raised here about the constitutionality of the alcoholic content named in the Senator's amendment. It seems to me he has given very ample proof that it is not intoxicating, and the best proof of all is that this percentage of content was accepted almost unanimously by the people of the United States through the statutes of the several States that fixed an alcoholic content of less than 3 per cent as nonintoxicating. We have an opportunity now to declare for a modification of the Volstead law, to raise money for the Public Treasury at a time when the Public Treasury needs money, to raise it by making manufacture of beer legal, bring it out in the open, and make it possible to collect taxes from those who are making that beverage, instead of permitting them to escape, as they have been doing in these recent years or instead of taxing it surreptitiously as we are now doing by the excise tax on wort.

Next, we have an opportunity here to vote for a bond issue for the unemployed, in which is provided the means of paying off the bond issue by the taxes collected from the legalizing of beer.

I take special satisfaction in approving of the amendment, and I hope the Members of the Senate will consider the opportunity that is theirs to render what seem to me to be two distinct public services, to permit the manufacture of a beverage that is within the terms of the Constitution and only illegal now because the alcoholic content named in the Volstead law is one-half of 1 per cent instead of 2.75 per cent; and also to provide means for taking care of the unemployed with the least shock to the finances of the country and with the least burden to the taxpayers.

Mr. BROUSSARD. Mr. President, because of the press of important measures before the Senate and the limited time within which to give them consideration I had not expected to discuss the pending amendment, but yesterday evening the senior Senator from Texas [Mr. SHEPPARD] made a statement which I shall try to demonstrate is not a true one or based upon facts. The Senator stated that to support the Tydings amendment would be a violation of the oath that we take here and a violation of the Constitution. By reviewing the history of the legislation very briefly I shall make an effort to show that that is not based upon the actual historical facts connected with the Volstead law and any amendment thereto.

First I wish to invite attention to the fact that at the time the eighteenth amendment was submitted to the people of the United States it was during war time when it was legal to sell beers containing 2.75 per cent of alcoholic content. Those who framed the eighteenth amendment and those who supported it are the same people who wrote the Volstead law. They were acquainted with the objects and purposes of the limitations which they had in mind when they prepared and submitted the eighteenth amendment. We find that the Volstead law did not place any limitations on the alcoholic content of beer and wine.

At page 4334, volume 61, part 5, of the CONGRESSIONAL RECORD will be found a letter which I read into the RECORD on July 27, 1921, addressed by a Member of Congress to Mr. Roper, who was the Commissioner of Internal Revenue. This letter was written on January 21, 1920. I wish to read the letter at this time so that everyone here will be taken back to the time and into the atmosphere of those who proposed the law. The various Members of the House and Senate who submitted the eighteenth amendment and then the Volstead law understood the purpose and intent of the constitutional amendment. I now read the letter to which I have just referred:

HOUSE OF REPRESENTATIVES,
Washington, January 21, 1920.

Hon. DANIEL C. ROPER,
Commissioner of Internal Revenue,
Washington, D. C.

DEAR MR. ROPER: A constituent of mine has asked me for a ruling on the following matter, which does not seem to be covered clearly by the Volstead Act.

Is it possible to manufacture an ale containing perhaps 4 or 5 per cent of alcohol, this ale to be manufactured and placed on sale as a medicinal product? If so, what regulations would govern the manufacture and sale of this product?

Your attention is called to the Volstead Act, section 7, in which it is stated that only a physician holding a permit to prescribe liquor shall issue any prescription for liquor. The word "liquor" used here, I suppose, also means malt liquors. However, a little farther down in the same section it is stated:

"Not more than a pint of spirituous liquors to be taken internally shall be prescribed for use by the same person within any period of 10 days, and no prescription shall be filled more than once."

Malt liquors are, of course, not spirituous liquors. I shall appreciate greatly an immediate ruling on this matter.

Yours sincerely,

———— ————.

To which Mr. John F. Kramer, Prohibition Commissioner, replied on January 27, 1920. This letter, as I then stated, was addressed to a Member of Congress who was a member of the Ways and Means Committee and whose name I withheld at the time, but whose name I offered then to disclose if anybody cared to have it and which I can do now. The reply was as follows:

TREASURY DEPARTMENT,
BUREAU OF INTERNAL REVENUE,
OFFICE OF FEDERAL PROHIBITION COMMISSIONER,
Washington, January 27, 1920.

Hon. ———— ————
House of Representatives.

MY DEAR MR. ————: Replying to your communication of the 21st instant, you are advised that under the national prohibition act liquor may be prescribed by a physician when necessary, and the limit on such sales is not to exceed 1 pint for the same patient during a period of 10 days. Undoubtedly under said act it is legal to prescribe malt liquors, such as beer, ale, and porter, for medicinal purposes in such quantity as the physician who is in attendance upon the patient deems necessary for the patient's relief. The matter of fixing a limit as to the quantity of malt liquors and wine that may be prescribed is now under consideration, and it is expected that a decision will be reached at an early date, when the public will be fully advised in the premises.

Beer or wine should be prescribed by the physician, and the prescription filled by the pharmacist in the manner now provided by regulation No. 60 for spirituous (distilled) liquor, but it will be understood that the pint limitation is not applicable to the malt liquor and wine.

A copy of the Treasury Department decision in question is inclosed.

Sincerely yours,

JOHN F. KRAMER,
Prohibition Commissioner.

When this letter was written there had not been any opinion rendered by the Department of Justice on this question. The commissioner had, to quote from his letter, "now under consideration, and it is expected that a decision will be reached at an early date."

About 10 days before Attorney General Palmer went out of office he was asked for a ruling on the question. It was not expected that he would have time to submit an opinion before going out of office, but on the 3d of March, 1921, the day before he went out of office, he issued an opinion, which is recorded in volume 32 of the opinions of Attorneys General. It, therefore, became necessary for the friends of those who insisted that the eighteenth amendment should be made to apply and that the Volstead Act should be made to apply in all respects to the limitation of one-half of 1 per cent, to enact some additional legislation.

I had opposed the eighteenth amendment when it was submitted to the people of my State. In 1920 I offered for United States Senator and submitted to my people a modification plank, as we called it, relating to the Volstead law. I came here and found my friends here were trying to dissuade me from going into the question because it had never been brought up on the floor of the Senate or House after its adoption by the several States. But when the Campbell-Willis bill was brought out in 1921 I was confronted with the question of having to carry out my promise to my people and so I started a fight in this Chamber in the early part of 1921.

The Campbell-Willis bill was known as the antibeer bill finally because, although intended at first to limit prescriptions by physicians of wine and beer, it was later decided to eliminate beer altogether; and although it was claimed here that if we had a right to limit the right to prescribe whisky we could also deny or limit the right to prescribe any quantity of beer and wine. Therefore it was then sought to deprive the physician altogether of the right, and he was and still is deprived of the right to prescribe beer. The limitation was placed on wine at 1 quart per 10 days.

Mr. President, I am willing to make the contention and I do not believe anybody can controvert the fact that those who were here at the time in both Houses know more about the intent and the meaning of the eighteenth amendment and the Volstead law than do those who were not actually participating in the debates at that time. Soon thereafter I offered an amendment to the Campbell-Willis law, which will be found in the same volume of the CONGRESSIONAL RECORD to which I have referred a moment ago, at page 4741. Here is the amendment which was voted upon at that time:

That section 1 of title 2 of the national prohibition act is hereby amended by adding at the end of said section the following: "*Provided, however,* That the above construction of the word 'liquor' or the phrase 'intoxicating liquor,' so far as it relates to beer, ale, porter, and wine, shall not apply in those States which, through a referendum vote, shall adopt a different construction for the word 'liquor' or the phrase 'intoxicating liquor'; and any State may, through a referendum vote of the people, place such construction upon the word 'liquor' or the phrase 'intoxicating liquor,' as shall not include, within the operation of this act, beer, ale, and porter up to 5 per cent alcoholic content by volume, and wine up to 14 per cent; and the Federal Government hereby concurs in such construction, said referendum to be placed upon the ballot at any special election for that purpose called by the governor of any State, or of any State or national election whenever the governor of such State, in his discretion, may so direct, or whenever 15 per cent of the voters of such State shall so petition the secretary of state of such State at least 30 days before said election."

I wish to call the attention of Members of the Senate to the fact that my proposal then was for 5 per cent beer. I now wish to read into the RECORD a list of the Senators who voted for that amendment in 1921. I do not believe anyone will claim that those men were unpatriotic, that those men were trying to do something to evade a constitutional amendment which they themselves had participated in framing, or that they believed that the eighteenth amendment had anything to do at all with the one-half of 1 per cent which was sought afterwards as a limit.

Let me say further that the amendment proposed by the Senator from Maryland legalizes beer at 2.75 per cent alcoholic content, and beer of that description was in exist-

ence, being sold and revenues being collected from it, at the time the act was passed.

But to come back to the amendment which was offered by me which proposed 5 per cent beer, I want to read the names of Senators who voted for that amendment at the time it was presented. They were:

Ball, Brandegee, Broussard, Cameron, Gerry, Johnson, King, La Follette—

That is the senior La Follette—

Lodge, McLean, Moses, Penrose, Phipps, Pomerene, Ransdell, Shortridge, Stanley, Wadsworth, Warren, and Weller.

There were 37 Senators who did not vote. It is within the knowledge of those who were present at that time that there were five or six other Senators who were in favor of the amendment and who would not have violated in any way what they considered an obligation under the oath which they took when they became Senators. I merely wanted to call attention to the facts I have stated in order to review briefly the history of this measure.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. BROUSSARD. I yield.

Mr. TYDINGS. As I understand, the Senator from Louisiana in 1920 offered an amendment to legalize 5 per cent beer, and the very Senators who had passed upon the eighteenth amendment, some of whom had voted for the eighteenth amendment, voted for the Senator's proposal of 5 per cent beer, feeling that in doing so there was not involved an infraction of the intent, the spirit, and the letter of the eighteenth amendment.

Mr. BROUSSARD. That is correct.

Mr. TYDINGS. My amendment, as compared with the amendment at that time submitted by the Senator from Louisiana, provides for very slightly more than half the alcoholic content of that provided in the Senator's amendment.

Mr. BROUSSARD. Just about half. Not only that, Mr. President, but I do not know how those who framed the Volstead law as originally drawn, who were the same as those who voted to adopt the eighteenth amendment, could have overlooked what the Attorney General said, and should have included in the law something which the Attorney General said was never intended to be included, and why it was found necessary in 1921 to pass through both Houses of Congress, under whip and spur, the Willis-Campbell amendment to the Volstead law, which denied a physician altogether the right to prescribe beer and reduced his right to prescribe wine to 1 quart during 10 days. Up to that time I may say I have knowledge of the purchase of wine up to 5 gallons on doctors' prescriptions, sold by reputable drug stores and considered a legal transaction by the Commissioner of Internal Revenue.

Mr. President, I do not care to take very much more time. I am naturally opposed to the provisions of the Volstead law; I have been against its provisions and have advocated its modification all the time, and so it is not necessary for me to go into that phase of the subject.

I have discussed with a number of Members of the Senate, members of committees which would consider such proposals, the advisability of issuing $2,000,000,000 worth of bonds to afford relief to the unemployed in the country. I have opposed the issuance of $2,000,000,000 worth of bonds unless we could balance the Budget and find some means whereby we might raise the revenues necessary to retire such bond issues. I have thought, and I still believe, that the amendment proposed by the Senator from Maryland, coupled with an amendment to the Reconstruction Finance Corporation law, would afford all the relief that we need at this time.

It is my understanding that the Reconstruction Finance Corporation has used very little, probably not over one-fourth, of the amount which it is authorized to loan; in other words, I do not believe it has sold any bonds. I do not think that the Reconstruction Finance Corporation should be permitted to go along as it has been doing and loan money to large corporations when so many private citizens need assistance. I think that the demands of the large corporations have practically been met up to this time, and I think if we set aside, earmarked, probably $1,000,000,000 of the amount allocated to the Reconstruction Finance Corporation, and specify for what purpose it shall be expended, and then if Congress shall adopt the amendment proposed by the Senator from Maryland, thereby adding one and a half billion dollars which may be expended on public works in the effort to afford unemployment relief, we would have all the funds necessary to take care of the present situation permanently and to restore confidence in the country. Certainly it would be sufficient to carry us over until the next session of Congress.

Mr. President, I am through. My purpose was merely to call attention to the fact that, as disclosed by the CONGRESSIONAL RECORD, the amendment proposed by the Senator from Maryland is not in violation of the eighteenth amendment, but is, in my opinion, in direct accord with it.

Mr. SHEPPARD. Mr. President, when I addressed the Senate last night I made the statement that when the Volstead Act was adopted the Federal Government had already defined intoxicating liquor as liquor containing one-half of 1 per cent or more of alcohol, and I said that a majority of the States had either adopted that definition or had defined intoxicating liquor as liquor containing a smaller content than one-half of 1 per cent.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. SHEPPARD. I yield.

Mr. LONG. Is the Senator opposed to taxing beer?

Mr. SHEPPARD. Yes; I am.

Mr. LONG. How about the amendment which is contained in the revenue bill which we are told will yield the Government $97,000,000 a year from taxing the beer makers? I refer to the amendment which the Senator from Utah [Mr. SMOOT] has sponsored.

Mr. SHEPPARD. There is no taxation of beer in the pending bill.

Mr. LONG. The Senator from Utah says that if it was not for the beer the people are making the amendment referred to would not yield anything.

Mr. SHEPPARD. I am not responsible for what the Senator from Utah says.

Mr. LONG. Does the Senator think we ought to vote that kind of an amendment which taxes beer makers, knowing it is beer we are taxing when we are doing it?

Mr. SHEPPARD. I do not assume that anybody is going to violate the law.

Mr. President, it so happens that Justice Brandeis in delivering the decision in the case of Jacob Ruppert against Caffey in October, 1919, about the time the Volstead Act was adopted, reviewed the matter of liquor definition as follows:

A test often used to determine whether a beverage is to be deemed intoxicating within the meaning of the liquor law is whether it contains one-half of 1 per cent of alcohol by volume. A survey of the liquor laws of the States reveals that in 17 States the test is either a list of enumerated beverages, without regard to whether they contain any alcohol or the presence of any alcohol in a beverage, regardless of quantity; in 18 States it is the presence of as much as or more than one-half of 1 per cent of alcohol.

At that time, Mr. President, the prohibitory law of the State of Alabama prohibited in terms all liquors containing any alcohol.

The liquor laws of the State of Arizona prohibited ardent spirits, ale, beer, wine, or intoxicating liquor or liquors of whatever kind.

The liquor laws of Arkansas prohibited any alcoholic, vinous, malt, spirituous, or fermented liquors.

The liquor laws of the State of Colorado prohibited intoxicating liquors, no matter how small the percentage of alcohol they might contain.

In the State of Iowa the liquor law prohibited any intoxicating liquor, "which term shall be construed to mean alcohol, ale, wine, beer, spirituous, vinous, and malt liquor, and all intoxicating liquor whatever." The courts of Iowa held

that liquors containing any alcohol whatever were prohibited under that law.

The liquor laws of the State of Kansas prohibited any spirituous, malt, vinous, fermented, or other intoxicating liquors. The highest court of that State held that the mere presence of the liquors mentioned made the substance intoxicating for purposes of the prohibition statutes.

The liquor laws of the State of Maryland prohibited any spirituous, vinous, fermented, malt, or intoxicating liquors or any mixture thereof containing alcohol for beverage purposes.

The Maryland liquor laws of 1916 prohibited in a certain county any kindred preparation of beverage having the appearance and taste of lager beer, except those beverages that were labeled to the effect that the beverage was free of alcohol.

The liquor laws of the State of Michigan prohibited intoxicating liquors, including any vinous, malt, brewed, fermented, or spirituous liquors, and all liquids containing any alcohol capable of being used as a beverage.

The liquor laws of the State of Mississippi prohibited spirituous, vinous, malted, fermented, or other intoxicating liquors of any kind.

The liquor laws of the State of New Mexico prohibited ardent spirits, ale, beer, alcohol, wine, or liquor of any kind whatsoever containing alcohol.

The laws of the State of New York defined intoxicating liquor as "all distilled or rectified spirits, wine, fermented and malt liquors."

The laws of Ohio prohibited liquor or intoxicating liquors, including distilled, malt, spirituous, vinous, or alcoholic liquor, and also any alcoholic liquid capable of being used as a beverage.

The laws of South Dakota prohibited intoxicating liquors and stated that intoxicating liquors included whisky, alcohol, brandy, gin, rum, wine, ale, beer, absinthe, cordials, hard or fermented cider, and all distilled spirituous, vinous, malt, brewed, and fermented liquors, and every other liquid containing alcohol capable of being used as a beverage.

The liquor laws of the State of Washington were to the effect that intoxicating liquors included whisky, brandy, rum, wine, ale, beer, or any spirituous, vinous, fermented, malt, or any other liquor containing intoxicating properties. A later law in 1915 defined intoxicating liquors as including whisky and all liquids containing any alcohol capable of being used as a beverage.

The laws of the State of Connecticut defined intoxicating liquor as "all beer manufactured from hops and malt or from hops and barley, and all beer on the receptacle containing which the laws of the United States require a revenue stamp to be affixed, but shall not include beverages which contain no alcohol." Any trace of alcohol made liquor an intoxicating liquor in the State of Connecticut at the time the Volstead Act was adopted.

The laws of the State of Delaware defined intoxicating liquor as all liquid mixtures containing so much as one-half of 1 per cent of alcohol by volume.

The laws of the State of Florida defined intoxicating liquor as all beverages containing one-half of 1 per cent of alcohol, or more, by volume.

The laws of the State of Georgia defined "prohibited liquors" as beer, near beer, and beverages containing one-half of 1 per cent of alcohol, or more, by volume.

The laws of the State of Illinois define a dramshop as a place where spirituous, vinous, or malt liquors are retailed, and intoxicating liquors were deemed to include all such liquors.

The Illinois law of 1919 defined intoxicating liquors as including—

all distilled, spirituous, vinous, fermented, or malt liquors which contain more than one-half of 1 per cent by volume of alcohol.

In Indiana the liquor laws described intoxicating liquor as meaning—

all malt, vinous, or spirituous liquor containing so much as one-half of 1 per cent of alcohol by volume.

The laws of the State of Maine prohibited—

any beverage containing a percentage of alcohol which by Federal enactment or by decision of the Supreme Court of the United States * * * renders a beverage intoxicating.

Again, the laws of the State of Maryland of 1917 were to the effect that—

Malt liquors shall be construed to embrace porter, ale, beer, and all malt or brewed drinks * * * containing as much as one-half of 1 per cent of alcohol by volume; and that the words "intoxicating liquors" * * * shall * * * embrace both spirituous liquors and malt liquors and * * * all liquid mixtures * * * containing so much as one-half of 1 per cent of alcohol by volume.

The prohibitory law of the State of Minnesota had defined intoxicating liquor as including—

ethyl alcohol and any kind of distilled, fermented, spirituous, vinous, or malt liquor or liquid of any kind potable as a beverage, whenever any of said liquors or liquids contain one-half of 1 per cent or more of alcohol by volume.

The laws of the State of Missouri provided that—

The phrase "intoxicating liquor," * * * whenever used in this act shall be construed to mean and include any distilled, malt, spirituous, vinous, fermented, or alcoholic liquors, all alcoholic liquids * * * which contain one-half of 1 per cent of alcohol by volume.

The laws of the State of Nebraska defined intoxicating liquor as liquors—

capable of use as a beverage containing over one-half of 1 per cent of alcohol by volume.

The prohibitory laws in Nevada defined intoxicating liquor as—

all beverages containing so much as one-half of 1 per cent of alcohol by volume.

The laws of the State of Oklahoma defined intoxicating liquors as those containing—

as much as one-half of 1 per cent of alcohol by volume.

The laws of the State of Tennessee defined intoxicating liquor as—

liquor containing more than one-half of 1 per cent of alcohol.

The laws of the State of Utah defined intoxicating liquor as—

all beverages containing in excess of one-half of 1 per cent of alcohol by volume.

The laws of the State of Virginia described ardent spirits as embracing—

alcohol, brandy, whisky, rum, gin, wine, porter, ale, beer, all malt liquors, absinthe, and all compounds * * *; and all beverages containing more than one-half of 1 per cent of alcohol by volume.

The laws of West Virginia described intoxicating liquors as embracing—

all malt, vinous, or spirituous liquors, wine, porter, ale, beer, or any other intoxicating drink * * *; and all malt or brewed drinks, whether intoxicating or not, shall be deemed malt liquors * * * and all beverages containing so much as one-half of 1 per cent of alcohol by volume.

The laws of the State of New Hampshire described intoxicating liquors as those—

containing more than 1 per cent of alcohol by volume.

I mention these definitions in existence when the Volstead Act was passed to show that the standard of one-half of 1 per cent or more was by no means any new thing in the matter of defining intoxicating liquor, and that even a lower standard was by no means a new thing. There was ample precedent, therefore, for the clause in the Volstead Act defining intoxicating liquor as liquor containing a half of 1 per cent or more of alcohol. In fact, a strict construction of that clause might well support the view that the named liquors, such as whisky, beer, ale, or wine, are regarded by the Volstead Act as intoxicating, however small the alcoholic content.

Mr. President, I have only a few further comments to make.

In the days before prohibition, almost all intoxicating liquor was sold in saloons. Beer comprised 90 per cent of

that saloon liquor—beer ranging in alcoholic content from 1 to 7 per cent, the average being 3.8 per cent. The Tydings proposal to legalize the sale of beer with an alcoholic content of 2.75 per cent is an effort to bring back the old-time saloon beer in one of its recognized and substantial forms. This saloon beer was one of the most offensive, dangerous, and general forms of intoxicating drink abolished by the Constitution of the United States when the eighteenth amendment was adopted.

The Tydings amendment is an effort to nullify the Constitution by a statutory enactment—to destroy by statute what has been solemnly decreed by the Constitution itself. Every legislator who votes for it, in my judgment, violates his oath to support the American Constitution. I do not mean that any Senator would knowingly vote to violate the Constitution, but, in my judgment, that is the effect of his vote on this measure to-day. The adoption of the Tydings amendment would mean the destruction of prohibition.

Prohibition is in the Constitution; and it can be fairly and properly removed only by an amendment to the Constitution itself, not by a congressional statute.

The Tydings proposal would make beer the lawful form of alcoholic drink in the United States. In 1914, the last year before prohibitory and tax restrictions began seriously to be felt, the capital investment in lawful alcoholic drink amounted to $915,000,000. The consumption thereof amounted to 2,252,272,000 gallons per year. Expenditure by the masses therefor amounted to $1,743,577,000.

Beer ranging in alcoholic content from 1 to 7 per cent represented 90 per cent of that capital investment, of that consumption, and more than half of that expenditure.

We had in 1914 a population of 97,000,000 people, in round numbers, in continental United States. To-day we have a population of 124,000,000, an increase of more than 25 per cent.

It will be seen, therefore, how conservative is the statement that with one of the principal forms of alcoholic drink restored in 1932, capital invested, consumption, and expenditure for consumption would at least equal what these items were for all forms of such drink 18 years ago, when we had a population smaller by 25 per cent than the present population, especially when we recall that the restored form represented 90 per cent of capital investment and consumption in 1914, and more than half of the expenditure for consumption.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. TYDINGS. I should like to read a very short letter of six lines that I have just received, among others, from the Department of Chemistry, of the University of California, in Berkeley, which is, of course, a very justly celebrated State:

> MY DEAR SENATOR TYDINGS: Alcoholic intoxication depends not only upon the alcoholic content of the beverage, but also upon the quantity consumed, the rate of consumption, and the individual. I believe that 5 per cent beer, consumed at the rate of three bottles per hour, is nonintoxicating.
>
> Sincerely yours,
>
> WENDELL M. LATIMER,
> *Professor of Chemistry.*

I can duplicate that letter at any time from the scientists and members of the medical profession of the country. That is 5 per cent beer.

Mr. SHEPPARD. That is like a number of other statements the Senator has read in the Senate from time to time. The person making the statement does not say whether he is speaking of intoxication as meaning visible drunkenness or visible intoxication. As a matter of fact, a trace of alcohol produces a certain amount of poison in the delicate tissues of the body, especially the brain, and the deadly work of intoxication in the technical sense of poison begins at that time; and few, if any, of the authorities cited by the Senator contradict that proposition.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield to the Senator from California.

Mr. SHORTRIDGE. I am listening with great interest to the observations of the Senator. I note that he has read from the statutes of different States enacted at different times.

Mr. SHEPPARD. So I have. They are quoted in footnotes to the deciding opinion by Mr. Justice Brandeis in Ruppert *v.* Caffey (251 U. S. 264).

Mr. SHORTRIDGE. Precisely. I inquire in order that we may understand more definitely:

I note that in some instances reference is made to the percentage by weight, and in other instances to the percentage by volume. Will the Senator be good enough to make the difference clear? In looking over the RECORD of yesterday, in a colloquy that passed between two Senators, I find that it is said that 2.75 per cent beer by weight is equal to 3.1 per cent by volume. May we agree upon that?

Mr. TYDINGS. I think I can express, if the Senator will permit me——

Mr. SHEPPARD. The Senator from California asked me the question.

Mr. TYDINGS. I thought the Senator was engaged. Would the Senator mind if I should define the difference?

Mr. SHEPPARD. I want to have the honor of answering the question addressed to me. I say that with all due respect to my good friend the Senator from Maryland, for whom I have as complete an admiration, as he knows, as I have for any other Member of the Senate. It is my chief regret that a man in the very morning of his career, with every hope and promise of continuous and increasing success, should identify himself with a body of death like alcoholic liquor.

Mr. SHORTRIDGE. I should like the answer to my question to come from the Senator from Texas. I am merely seeking information; I am not asking in any controversial sense.

Mr. SHEPPARD. A percentage by weight means a percentage of beer per ounce, or some other weight unit, and a percentage by volume means a percentage per pint, or half-pint, or some other liquid measure.

Mr. SHORTRIDGE. Is the relation about as stated in the RECORD—namely, that 2.75 per cent beer by weight is substantially the same as 3.1 per cent by volume?

Mr. SHEPPARD. That is true.

Mr. TYDINGS. Mr. President, will the Senator yield for a question?

Mr. SHEPPARD. Certainly; I yield.

Mr. TYDINGS. I think we can clear up that point by laying down the proposition that a beer containing 2.75 per cent of alcohol by volume has less alcohol than a beer containing 2.75 per cent of alcohol by weight. The illustration the Senator from California just referred to is accurate; namely, that a beer containing 2.75 per cent of alcohol by weight is actually a beer of about 3.1 per cent of alcohol by volume. The difference, therefore, is somewhere in the neighborhood of 1 per cent. A beer having a certain alcoholic content by volume has 20 per cent less alcohol than a beer having the same content of alcohol by weight.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Texas yield to the Senator from Virginia?

Mr. SHEPPARD. I yield.

Mr. GLASS. I expect, of course, to vote against the Tydings amendment; therefore my question can not be misunderstood by the Senator from Texas. Getting back to his statement, however, that any Senator who should vote for the Tydings amendment would be violating his oath of office, suppose the Supreme Court should decide that the Tydings amendment was not in violation of the Constitution; would the Senator from Texas think that the members of the Supreme Court were violating their oaths of office?

Mr. SHEPPARD. I think that in such instance the court would be holding something that was not true in fact. The decision, however, would establish the meaning of the Constitution itself, would create the constitutional standard,

and could not be said to violate the Constitution. I would not say that a Senator would be violating his oath of office if he followed a decision of the Supreme Court of the United States establishing what the Constitution is.

Mr. GLASS. Has not a Senator as much liberty to form his own judgment upon a question of that sort as the Supreme Court has?

Mr. SHEPPARD. So he does.

Mr. GLASS. I do not exactly see how the Senator can reach the conclusion, except in his opinion alone, that a Senator who votes for a certain alcoholic content as making a beverage intoxicating thereby violates his oath of office.

Mr. SHEPPARD. All I said was that such was my opinion. I would not think of charging that any Senator would intentionally vote to violate the Constitution.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. SHEPPARD. I yield.

Mr. TYDINGS. According to the philosophy which has been so ably presented by the Senator from Texas, does he not think that we should prohibit any alcoholic content at all, for certainly if 1 per cent or three-fourths of 1 per cent immediately sets up this poisoning process within the body of a man, why should we not eliminate it entirely? Why let this fraction of one-half of 1 per cent start its nefarious work when we have the power to wipe it all out?

Mr. SHEPPARD. That point has never been decided, so far as the Volstead Act is concerned. It is my judgment that the definition of intoxicating liquor in the Volstead Act applies to liquors with any tangible trace of alcohol—that is, where such liquors are specifically named in the act.

Mr. TYDINGS. I respect the Senator's view, and I take it that he feels that even a content of one-half of 1 per cent of alcohol means a violation of the eighteenth amendment.

Mr. SHEPPARD. The Volstead Act itself says in effect that any liquid we know as beer, wine, whisky, ale, or porter is forbidden, regardless of alcoholic content, and applies the one-half of 1 per cent limitation to other liquids, such as certain soft drinks or other drinks which might be found to have a trace of alcohol in them but which trace would be neutralized by certain ingredients in the other liquids.

One sentence more, Mr. President, and I shall have concluded. Even on the conservative basis I have mentioned, the basis of the figures of 1914, the capital investment, the consumption, and the expenditures for consumption of 1914, the Tydings proposal would tax the American people in the neighborhood of more than a billion dollars for beer and the capital resources of the country eight or nine hundred million dollars for brewery equipment and construction in order to secure $350,000,000 a year for revenue. That is too dear a price to pay for the revenue in contemplation.

Mr. HAWES. Mr. President, I can not agree with the statement that a content of more than one-half of 1 per cent would constitute a violation of the constitutional inhibition. One-half of 1 per cent was placed in the Volstead Act to draw a distinction between a beverage called malt extract and beverages of a similar character, which were sold for food and for medicinal purposes. The limitation of one-half of 1 per cent was in the revenue law prior to the adoption of the eighteenth amendment, and prior to the enactment of the Volstead Act, and was retained because departments of the Government were familiar with that limitation. That is how that fiction came into existence.

We are all familiar with the fact that during the year which followed the war, for the conservation of food and for other purposes, beer was permitted to be made with an alcoholic content of 2.75 per cent. We are also familiar with the fact that prior to that time beer made in the United States had had a very high content, 3½, 4½, and 5 per cent. In fact, all the beers made in America were of a much higher alcoholic content than those made in Europe. None of the beers in England or in Germany go much higher than 3 per cent.

If the Congress of the United States, in exercising its judgment, fixes one-half of 1 per cent as the point of intoxication, and that exercise of judgment is sustained by the Supreme Court, certainly, if the Congress should change its definition and change its opinion, and do it within reasonable limits, the Supreme Court would sustain the opinion of the Congress.

The 2.75 per cent, as well as the one-half of 1 per cent, was a measurement which was accepted during the war. Of course I agree that if the Congress should fix a limitation so high that it would be absurd, so high that the beer would clearly be intoxicating, and that there would be no question about it, the Supreme Court would check the opinion of the Congress. But if Congress exercises its judgment in a reasonable and proper way, and follows the decisions of physicians and doctors and scientists, and does not engage in a high and arbitrary limitation, there is no doubt in my mind but that the Supreme Court would sustain the opinion of the Congress. So that this matter does not involve a violation of the Constitution.

The amendment of the Senator from Maryland [Mr. TYDINGS] has in it various elements which commend it to my approval. First, there is the situation of lawlessness all through the United States brought about, I believe, by this intemperate limitation in the Volstead Act. That is one of the things the adoption of this amendment would help. It would not only help in the matter of stopping the sale of bootlegger beer, it would not only put into the coffers of our Treasury money derived from the sale of beer, but it would stop the diversion of large sums of money to this illegal business.

There is the other element, of unemployment, for which no practical remedy has yet been proposed; the third element of continuing works of a public character. So the amendment is properly brought before the Senate in this revenue bill.

All of us hear complaints about different forms of taxes, taxes on manufactures, taxes on products of all kinds, and general complaint is made against the levying of these taxes. But this amendment would produce a revenue which would be voluntarily assumed by any man who bought a glass of beer. He could evade the payment of the tax if he so desired, or pay them if he so decided. It is my opinion that the revenue would come quickly; it would come cheerfully; it would be, in many of our States, a most agreeable way of paying part of the cost of government.

The Senator from Texas discussed various State statutes, all of which have been approved by the Supreme Court. He might have added one more, for the State of Alabama passed a statute providing that anything that tasted like beer or looked like beer or smelled like beer was prohibited in that State. That decision was upheld by the Supreme Court. So the law has been very carefully defined as giving to each State the power to decide what it wants done in this particular matter.

A majority of the States of the Union to-day have State statutes prohibiting the sale of beer, so if this amendment should be agreed to they would be protected against even 2.75 per cent or any form of beer, or, as in one State to which I have called attention, the sale of anything that looks or smells or tastes like beer. It would afford no embarrassment to any State which did not permit the sale of this beer, but it would restore to those States which want to grant the right to sell beer the power to do so.

Our penitentiaries are full to overflowing with prisoners. We are now building additions to the Federal penitentiaries. The question of how to take care of the increasing number of prisoners is pressing all the time.

I am under the impression that this amendment will help in the matter of law enforcement. It will help in the matter of revenue. It will help in the matter of employment. It is definite. It is certain. There is no other measure now before the Congress which proposes a plan and a method of financing a plan as does this amendment of the Senator from Maryland.

Mr. SHEPPARD. Mr. President, so much has been said about drinking since prohibition, demoralized conditions,

and so forth, that I desire to submit some testimony along that line.

I desire to present to the Senate a letter from Dr. Charles E. Barker, of Grand Rapids, Mich., who has been speaking in the schools of the United States for 18 years. Knowing that this work had given him an exceptional opportunity to note conditions in our schools and elsewhere, I asked him for a statement as to the effect of prohibition from the standpoint of his own personal observation. Doctor Barker is one of the ablest and most interesting speakers and one of the keenest observers in the United States. His reply was as follows:

GRAND RAPIDS, MICH.

Hon. MORRIS SHEPPARD,
United States Senate, Washington, D. C.

MY DEAR SENATOR SHEPPARD: I have just returned home from my lecture trip in the East and hasten to answer your letter of January 30.

As you suggest in your letter, I suppose that my testimony in regard to the effects of prohibition upon the youth of our country might have some weight in view of the fact that for the past 18 years I have spent 8 months of the year speaking almost every day before the students of our high schools and colleges, and this work takes me each year into nearly every State of the country.

In a few high schools in some of our large cities, located in what might be termed "wealthy residential sections," the principals have told me that they have had more or less trouble with some of their students drinking at their school functions. With these few exceptions, however, the testimony of practically all other principals is universally the same, viz, that drinking among their pupils is practically nil, and that the eighteenth amendment has proven of immense benefit to the youth of the country. In this connection may I call your attention to the action of some 3,000 school superintendents in Detroit last year, when a resolution was offered by a New Jersey superintendent calling for the repeal of the eighteenth amendment. Only 2 delegates supported the resolution, and the balance—some 2,800—voted against it.

Before the passage of the eighteenth amendment it was the common, everyday affair to see people intoxicated, either on the streets, in hotels, or on trains. Since I left my home last October I have been in over 20 States, and during this time I have not seen but four or five persons intoxicated, or, using the more common expression, drunk.

Very sincerely yours,

CHAS. E. BARKER.

Let me refer at this point to the subject of drinking among newspapermen.

Mr. TYDINGS. Mr. President, before the Senator leaves the subject to which he was just referring, may I interrupt him?

Mr. SHEPPARD. Certainly.

Mr. TYDINGS. I was very much interested in listening to the opinion of the lecturer who had gone all around the country. I was just wondering how his opinion could be held when here in the city of Washington the police records show that five times as many persons under 21 years of age have been arrested each year for drunkenness as during the period prior to the adoption of national prohibition

Mr. SHEPPARD. An increase in arrests does not necessarily mean an increase in drunkenness.

Now to get back to the newspapermen. I present a statement by Mr. O. O. McIntyre, a noted commentator on current affairs, made in New York on March 9 last. It is as follows:

The hard-drinking reporter has been beglamoured by fiction, the stage, and screen—a reputed symbol of a sentimentality toward drinking in the newspaper shops. A standard dose from this pharmacopœia of romance is that the drunken writer turns out the most brilliant copy while in his cups.

With rare exceptions this has never been true. Henry L. Mencken, a robust defender of wassail, recently admitted: "As a city editor my views of the traditional drinking genius soon changed. I was to discover that the best copy was turned out by sober men."

In my somewhat varied and migratory experiences in print shops I do not recall a single boozer who beat boozing. Some rose to momentary pinnacles, but dropped like plummets. Final chapters were a record of suicides, strait-jackets in psychopathic wards, and wooden crosses in potter's fields."

While there are still irrationalisms from drinking in editorial rooms, they have been generally ironed out. Newspaper publishers have learned no matter how brilliant the reporter, he is a dangerous experiment in emergencies if drinking.

I know drinking members of the guild fairly well, having years ago been one of them. Many of the ink-stained sots were unpurchasable, but were also unreliable. And unless they cut away from drinking they rarely amounted to much at the finish line. Their fervor was false.

Reporters graduating to high editorial posts, to playwrighting, or authoring best-selling novels may have had flings, but they tapered off before they went to responsible posts. I can count 11 whose inebriety brought professional oblivion.

Twenty years ago the sober reporter was in the minority on staffs of newspapers. On one paper in the middle West was only one teetotaler and he was regarded a trifle effeminate. To-day the picture is reversed. I do not know a single forthright reporter who is a souse.

Mr. President, returning to the subject of drinking among young people, I want to read a quotation from the Practitioner, a medical journal of London, England, in reference to conditions in antiprohibition England.

The most unwelcome sign of the time is the great increase in alcoholic abuse among undergraduates * * * who demonstrate their disregard for college rules and common decency in appearing disgracefully intoxicated in public.

I desire to give another quotation from an English authority in reference to drinking by the young people of wet England, Dr. J. Risien Russell, who, speaking before the Institute of Hygiene in London, said:

Girls not out of school are to be seen drinking cocktails, champagne, and liquors. * * * It has become a serious national question that young women should be living on excitement and keeping themselves going by drugs and alcohol.

If we did not know that this comment referred to another country, we would think this was a characteristic wet speech in the United States.

Judge D. S. McKinlay, of Chicago, quotes an English writer as saying:

The drink habit is steadily displacing the voluntary teetotalism that every girl was formerly wont to observe, and young people are indulging in fiery illicit whisky.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. SHEPPARD. I yield.

Mr. ROBINSON of Arkansas. Do the statements last quoted apply to conditions in England or in the United States?

Mr. SHEPPARD. In wet England. I am glad the Senator emphasizes that point.

Among the welfare workers of this country, Miss Jane Addams, of Hull House, Chicago; Commander Evangeline Booth, of the Salvation Army; Dr. Elliot, of Hudson Guild, on the west side of Manhattan; and Miss Lillian D. Wald, of the Henry Street Settlement, on the east side of Manhattan, all tell us that conditions are substantially better among the people with whom they work than before prohibition. The National Teachers' Association, composed of 220,000 teachers, and the National Parent-Teachers Association tell us that prohibition is a success.

Col. George H. Davis, of the Salvation Army, Chicago, had the following to say recently:

Among more than a million poor and unemployed with whom we have come in direct contact in the past 16 months, in the Chicago district alone, we find that under prohibition the evidence of drink as a factor has been reduced almost to the vanishing point. * * * Information from our women's homes shows that compared with the large number who once came to our doors begging admittance because of their having been ruined through strong drink the number that now comes from this cause is less than 1 per cent. In fact, it is practically nil.

Miss Lillian D. Wald, of the Henry Street Settlement, on the east side of Manhattan, recently said:

I have no hesitation whatsoever in asserting that prohibition, despite its weakness, has worked untold good to the greater portion of our population, and that to repeal or modify the amendment would be a grave mistake—one that might be fraught with serious social and economic consequences. * * *

Nothing can ever equal the brazen way in which the saloons flaunted their power throughout the years of their privilege, of their farcical evasion of the numerous efforts to regulate and control them by legislative enactment and by moral pressure. On Saturday nights their influence was most obvious and most sinister. The trucks gathered around the curb while the men went inside with their pay envelopes.

That scene has disappeared from one end of the country to the other, and with it have gone the Sunday brawls, the tragic Monday mornings when in factory and workshop tearful women came to beg for advances on their husbands' wages because Mike or Jim or Tony had left the contents of his pay envelope at the corner saloon. * * *

The one ray of light in the gloom is that no longer do we see the hideous alcoholic wrecks—the "old soaks"—who a few years ago patronized the bread lines. The majority of unemployed men along the Bowery and at the municipal lodging houses to-day give no token that it is drink that has brought them to the waiting line. An even more significant change is reflected by the statistics of the family welfare organizations.

I submit these citations to show that the statements by defenders of the Tydings amendment in reference to alleged conditions in the United States since the advent of prohibition are without foundation.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Maryland.

Mr. TYDINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Costigan	Jones	Robinson, Ind.
Barbour	Davis	Kean	Sheppard
Barkley	Dill	Kendrick	Shipstead
Bingham	Fess	Keyes	Smoot
Blaine	Frazier	King	Steiwer
Bratton	George	Lewis	Stephens
Broussard	Glass	Logan	Thomas, Idaho
Bulow	Goldsborough	McGill	Thomas, Okla.
Capper	Hale	McNary	Townsend
Caraway	Harrison	Metcalf	Tydings
Carey	Hastings	Nye	Vandenberg
Cohen	Hatfield	Oddie	Walcott
Connally	Hawes	Patterson	Walsh, Mont.
Coolidge	Hayden	Reed	Wheeler
Copeland	Hebert	Robinson, Ark.	

The PRESIDING OFFICER. Fifty-nine Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS].

Mr. TYDINGS. Mr. President, I think the Senate is ready to vote, and I shall consume only about three minutes in a very brief statement.

Succeeding the vote on this proposition we shall immediately vote on whether or not we shall tax wort. Wort is nothing more nor less than barley with water which has been boiled. In this form it is unfermented beer. All one need do to make beer from wort is to put water in it and beer is the immediate result. So I imagine, while the amendment which is now pending may not be successful, we shall immediately show our great courage, our great honesty, our great love for the Constitution, our unswerving sense of righteousness, our candor, and our consistency by voting a tax on wort, which is used to make beer. The Senate will probably vote against a harmless and not unconstitutional amendment which would tax 2.75 per cent beer; but, because under the disguise of this so-called thing called wort, all of us can vote overwhelmingly for a tax on it without the slightest twinge of conscience of dragging the Constitution through the mire of lawlessness.

I want to say just a word in conclusion. Between five and ten million people with their dependents are out of employment. This measure is sound; it is honest; it does not transgress the eighteenth amendment. If adopted, it would provide a means of liquidating a bond issue and leave $300,000,000 over each year for general Treasury purposes. The issue is, Shall we relieve the taxpayer of another burden, provide for unemployment, and help to recover our lost prosperity, or shall we keep on with this senseless definition of one-half of 1 per cent alcoholic content for beer, which no scientist of note in the country claims to be the line of demarkation between a nonintoxicating and an intoxicating beverage.

Mr. President, I feel it would be futile to consume more time. I realize the situation is not yet grave enough to force us to vote as we shall perhaps vote within a year in this very body. I therefore, Mr. President, ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. McNARY. Mr. President, I understand the Senator from Wisconsin [Mr. LA FOLLETTE] is desirous of speaking briefly on the pending amendment. He is not in the Chamber.

Mr. SMOOT. The Senator from Rhode Island [Mr. METCALF] desires to proceed.

Mr. McNARY. Has the Senator from Rhode Island the floor?

Mr. METCALF. I should like to proceed for about five minutes.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. METCALF. Mr. President, I appreciate the attitude of those good people who still believe that the prohibition law is bringing temperance; I realize the sincerity of their efforts in trying to bring about a Utopia which they would like to see attained; but the awful conditions that the prohibition law has brought upon this country makes every thinking man realize what a great mistake was the enactment of this law. To-day we live in probably the most criminal country in the world. Have you, Mr. President, or I ever seen such racketeering and kidnaping as are now going on in our beloved country? I hope, yes, I pray, that the time has come when we shall bring about a change in this devastating law that has worked such havoc to our people.

Mr. President, many years ago, when I was young, whoever thought the time would come when young men and young women in this country would go to parties with flasks of hard liquor on their hips? Whoever thought they would go to parties and dance at respectable houses and drink cocktails and hard liquor? Ah, Mr. President, times have changed since you and I were young.

Mr. President, I would vote to retain the prohibition law on the statute books were I assured that it would bring temperance and morality to our country; but what has been the result? Our prisons are full; more appropriations are asked to build more prisons; criminals lurk on almost every street corner; graft is present in many of the prohibition offices. I believe that by passing some measure which would legalize the sale of light wine and beer, such a measure as the one the Senator from Maryland has proposed, we would go a long way in stopping the wicked trade that is now being carried on.

It is not affecting the rich any more than it is the poor. I spoke the other day to a man who has worked in the factory where I once worked for many years. I asked him, "Is liquor just as plentiful as ever?" He replied, "Yes." I asked him, "Do the young people drink it?" He said, "Oh, yes; but if we could only have some decent beer instead of this horrible stuff which they drink, there would not be the drunkenness and the crime and immorality that are now prevalent."

Mr. President, I read this morning a short article from the Baltimore Sun, entitled "Let Bingham Bing." I should like to read the article at this point.

LET BINGHAM BING

Things being as they are, there is little chance that Senator BINGHAM will be able to do anything with his proposal for a tax on beer at this session of Congress. The thing is too intelligent, too direct, too easily understood by the ordinary citizen to make much impression on a Congress still in mortal terror of the Anti-Saloon League.

But although the Senator may not get his tax on beer, that is not to say that he is not doing a real service to the taxpaying John Smith. For John, when he begins to pay the nuisance taxes which the Senate bill imposes on him, will understand very clearly, thanks to Senator BINGHAM, exactly how he is being mulcted.

Every time John pays 3 cents for a 2-cent stamp he will know it is because Congress was afraid to put a tax on beer. Every time he pays 55 cents for a 50-cent movie ticket he will remember that it is because Congress was afraid to put a tax on beer. Every time he pays a tax on his telephone, his occasional telegraph message, his radio, his automobile, his lubricating oil, he will know that it was because Congress was afraid to put a tax on beer.

And every time he pays a 4 per cent income tax for a 2 per cent Government he will know, thanks to BINGHAM, that it is because he has a Congress which follows the sort of people who insist it is a crime the equal of manslaughter to sell a workingman a cold bottle of beer on a hot summer night.

Mr. President, I hold in my hand a letter which I have just received in which the writer claims that if a proper tax

were put upon a barrel of beer the National Government would receive $1,213,299,360 a year revenue.

I certainly believe that the time has come to change this iniquitous law. I am reminded of a little poem which, it is said, was written by an English divine:

O God Almighty, Lord divine,
Who once turned water into wine;
Forgive the wicked acts of men,
Who try to turn it back again.

Mr. WALCOTT. Mr. President, I should like to clear up my own mind, if possible, on two or three points with reference to this amendment. Therefore, I request the attention of the Senator from Maryland to two or three questions I should like to ask him.

In the first place, I think there is some misunderstanding as to which is the higher alcoholic content in certain figures, whether by volume or by specific gravity, known as weight.

As I understand it, 2.75 per cent alcoholic content by volume has less alcohol than 2.75 alcoholic content by weight. Is that correct?

Mr. TYDINGS. That is correct.

Mr. WALCOTT. The second question:

It has been claimed by several opponents of this measure that it in some way breaks one's oath of office to vote for this amendment. I should like to ask this question:

Does the amendment in any sense abrogate or set aside the authority vested in the Supreme Court by defying that court and prejudging the matter, leaving the authority with Congress to say whether this 2.75 beer is or is not intoxicating in fact?

Mr. TYDINGS. I shall be glad to answer the Senator's question, and I should like to answer it by pointing out briefly three different phases of the answer.

First of all, the eighteenth amendment prohibits the sale of intoxicating liquors. It uses specifically the word "liquors." The court never has passed upon the fact as to whether or not the word "liquors" embraces beer or wine. In the old revenue cases, when one tax was levied on beer and another on wine, and another on liquor, the Supreme Court did draw the distinction between liquors, beers, and wines. So we have that fact.

The second fact is that in a case which went up to the Supreme Court from Baltimore City, where the indictment set forth a percentage of alcohol and a demurrer was filed against the indictment, the court held that the beverage was not a violation of the law unless it was intoxicating in fact.

Third. The Supreme Court has never said what the mark is which divides nonintoxicating from intoxicating beverages; and in previous opinions it has been indirectly, if not directly, stated that Congress could use its discretion to define an alcoholic beverage, so long as it did not transgress the field of the eighteenth amendment.

Fourth. By eminent testimony adduced from such sources as the professors of medicine and chemistry at the Universities of Pennsylvania, California, Yale, and other places which I quoted last night the overwhelming testimony—in fact all, without an exception—was that a beverage containing 2.75 per cent of alcohol by volume was not an intoxicating liquor, and therefore did not conflict with the eighteenth amendment.

Does that answer the Senator?

Mr. WALCOTT. Yes.

My third question is this: Referring to the financial side of this amendment, the amendment offered by the Senator from Maryland sets up a certain schedule of allocations. It allocates by large amounts the proceeds of a bond issue, up to a billion and a half dollars, to certain departments of the Government. Am I correct in assuming that those allotments have been made according to a preconceived plan authorized by the Congress and in conjunction with the Director of the Budget?

Mr. TYDINGS. I will say to the Senator that a short while ago Congress passed an act creating what was called the Stabilization Board, which was then set up and is in existence to-day. That board has gone through all the acts of Congress in reference to authorizations for public improvements, and has made a report which the Senator from New York has put in the RECORD at some place. I can not just recall where it is; but, at any rate, the allocation made is made in accordance with the authorizations heretofore made by Congress.

For example, if the amendment says that $252,000,000 shall be allocated to the Department of Agriculture, that means that heretofore acts have passed both branches of Congress and been signed by the President authorizing construction projects to that extent, but for which no appropriation has been made.

Does that answer the Senator's question?

Mr. WALCOTT. Yes.

My last question is this: With these large sums allocated, is it the intent of this amendment not to spend these large amounts, thereby increasing the deficit, until or unless the revenues from the tax on beer have become available?

Mr. TYDINGS. I can answer that question, of course, only by comparison.

In the years 1917 and 1918 Congress fixed the alcoholic content of beer at 2.75 per cent by volume, the same as this amendment does. That was under war-time prohibition; and 55,000,000 barrels were sold that year, as against 60,000,000 barrels, the normal consumption in years when the alcoholic content was higher than 2.75 per cent. So that notwithstanding the reduced alcoholic content practically as much of this kind of beer was consumed in 1918 as was consumed in the years when the alcoholic content was higher.

I think that is a factual illustration which augurs well for the fact that practically as much of this beer would be consumed to-day, with an increase in population, as was consumed 14 years ago.

More than that, it would only require 40 per cent of the normal consumption of beer to raise enough money to provide for the sinking fund and the interest annually. So that if we consumed now only half as much beer as we did in 1918, sufficient money would come into the Treasury to pay the sinking-fund requirements, to pay the interest, and leave a substantial sum over for other purposes.

Does that answer the Senator's question?

Mr. WALCOTT. It does.

Mr. LONG. Mr. President, I want just a minute to put in the RECORD an explanation of my vote on this amendment.

I shall vote for this amendment as a matter of enforcing the prohibition law of this country. I think this amendment, giving this country 2.75 per cent beer, is an enforcement agency to prohibition. We know now, despite the remarks of the Senator from Texas [Mr. SHEPPARD] that experience has shown us that we are not enforcing the prohibition law as it is. I sincerely believe that a legitimate 2.75 per cent beer will enable us really to have some measure of prohibition enforcement in the United States.

Second. I have discussed this matter with the leading lawyers of the Senate, many of whom are not voting as I am voting, who believe that we are within the Constitution in allowing 2.75 per cent beer. Congress manifestly can not give an interpretation to intoxicating liquor that is unreasonable, but it certainly can give a reasonable interpretation. Even though it might miss it by a point or two either way, too little or too much, as it did in the case of one-half of 1 per cent, unless it is clearly an unreasonable interpretation it would be sustained by the Supreme Court.

Third. The revenue that the Senator from Texas [Mr. SHEPPARD] mentioned as now being spent for intoxicating liquor is being spent anyway. The people are spending more money to-day for intoxicants in this country than would be spent on any 2.75 beer.

Fourth. If we are ever going to have any enforcement of prohibition, we people who have supported prohibition—and I yield to no man in the support which I have given to prohibition in such short political lifetime as I have had—but if we are going to have prohibition enforcement in the United States we are going to have to meet the facts as they are. If we want to see prohibition we are going to have to

be reasonable in our interpretations of what is an intoxicant, because certainly we have tried with the present interpretation without very good success.

Fifth. This will give revenue that is now going into illegitimate traffic. It will give revenue that is being absorbed by the gangsters, and thereby make it possible, with a reasonable interpretation, for the people of this country not to make themselves law violators.

Mr. LA FOLLETTE. Mr. President, I shall not consume any time in discussing the portion of this amendment which provides for a modification of the Volstead Act. I understand that the Senator from Maryland [Mr. TYDINGS] wishes to close the debate, which seems reasonable; and, there being so little time, I shall not take any more than necessary to explain my reasons for supporting the portion of the amendment which relates to the acceleration of Federal public works.

I merely wish to state that in my judgment the program embodied in this amendment is totally inadequate if the objective which Congress seeks to achieve is a stimulation of business activity in the United States. As one of those who have subscribed, since the beginning of this cataclysmic depression, to the application of the public-works theory as a means of checking the downward spiral of deflation and turning it in the opposite direction, I am convinced as a result of the study I have made of this question for the past 18 months that $1,500,000,000 of public works, particularly of the type provided for in this amendment, will not achieve a reversal of the deflation spiral. I believe I can demonstrate that by referring to some of the testimony taken by the Senate Committee on Education and Labor on the five and a half billion dollar public-works program which I introduced at the beginning of this session.

The testimony seems to indicate without serious question that the curtailment of the public-works activities of the municipalities, counties, and States this year, 1932, as compared with 1931, will amount to in excess of $1,500,000,000. This has been brought about more largely by the pressure of the banks upon the municipalities. They have insisted upon the curtailment by municipalities of their normal construction programs; and in order to secure the necessary financing or refinancing from the banks, the municipalities have been forced to curtail most drastically their public-works programs as compared even with 1931.

I shall support this amendment, however, not because I regard it as an adequate program with which to meet the existing emergency, but because I believe it is a step in the right direction, and because I believe, once committed to the theory of employing public works as a means of stemming the disastrous tide of this deflation, that the Congress will be forced by the logic of the situation to go forward and adopt additional provisions for the expansion of public works until it has authorized a program commensurate to deal with this catastrophic problem that confronts us.

Mr. BINGHAM. Mr. President, I desire to offer an amendment to the pending amendment.

On page 4, in lines 14, 21, and 24, I move to substitute "4" for "2.75."

Mr. President, the effect of this amendment is to substitute for the beer which is provided for in this amendment, 2.75 per cent alcohol by volume, beer which is 4 per cent alcohol by volume. The reason for this is that in the hearings which were held very extensively by the Committee on Manufactures, relating to this general subject, there was abundant testimony, from physiologists of world-wide distinction, from physicians, and others, that 4 per cent beer could be manufactured and sold without contravening the Constitution.

The first point that was raised in those hearings was whether 4 per cent beer was intoxicating in fact. A witness was brought before the committee by the so-called "wet" forces who was originally scheduled to appear at the request of the so-called "dry" forces, because he was a research professor who had been connected with the Carnegie Institute, and had some years ago made an investigation in connection with the effect of alcohol on the human system.

In the course of his testimony, although he stated that a small amount of alcohol would produce certain slight reactions in the eye and certain slight reactions in the hands, the amount contained in 4 per cent beer, consumed in such quantities as could be taken by the ordinary person, would not produce intoxication in the sense in which that word is used in the Constitution.

The committee made an effort to discover what the line might be whereby a fermented beverage—cider, for instance—could be manufactured under the Constitution. Distinguished scientists of national and international reputation testified that in Germany, the country where beer is most commonly used, there were persons—for instance, bakers—in the city of Munich who drank Munich beer, which is of an alcoholic content greater than 4 per cent, who on the average consumed 10 quarts each day without producing intoxication, but that on account of the large volume of water which they drank, it did produce what was known as a beer heart. I know that it is amusing to the average person to know that one can drink too much water.

As a matter of fact, many of the physiologists insisted that 4 per cent beer was not intoxicating in the sense in which that word is used in the Constitution.

The statement was made on the floor yesterday by the distinguished Senator from Texas [Mr. SHEPPARD], the author of the eighteenth amendment, that there was no question but that Congress had done wisely in declaring that one-half of 1 per cent alcohol was intoxicating. Everybody knows that good buttermilk contains one-half of 1 per cent of alcohol. [Laughter.] Merely because the Congress stated that one-half of 1 per cent of alcohol in a beverage is intoxicating does not make buttermilk intoxicating. Merely because the Congress adopted a regulation of the Treasury Department, which was not designed to determine the intoxicating nature of a beverage, but merely to draw a line at which taxes could be levied; merely because the Congress stated that that line defined the region of intoxication and nonintoxication, is no reason why we should continue that ridiculous statement in our prohibition laws, which has done more than any other one thing to bring discredit upon those laws.

There is no one in the United States who can state without a smile that ginger ale containing one-half of 1 per cent of alcohol, as old-fashioned ginger ale did contain, is intoxicating. There is no one who can state without a smile that buttermilk containing as much as three-fourths of 1 per cent of alcohol is intoxicating. The object of that one-half of 1 per cent provision, as originally put into the Treasury regulations, was merely to provide a measure of defining where the revenue began. We inquired of the Treasury Department, and were informed that there was nothing connected with the intoxicating quality of the beverage considered when that regulation was adopted.

The committee made very earnest investigation and study of the question to see whether it could fairly be stated that 4 per cent beer was intoxicating. There is a difference of opinion. There are undoubtedly physicians who would testify that it was intoxicating, although the persons who so testified before the committee admitted they did not know anything about it from personal experience. But there were many distinguished scientists who appeared before the committee and who testified that it was not intoxicating.

Mr. President, when the question came before the Supreme Court as to whether the Congress had the right to declare that one-half of 1 per cent was intoxicating, when as a matter of fact no scientist could possibly get up in a court and, under oath, testify that it was intoxicating, the Supreme Court decided that it was the right of the Congress to determine whatever it thought in this matter, provided it was a reasonable interpretation. I submit that in view of the fact that many distinguished physiologists and physicians have testified that 4 per cent beer is not intoxicating, that it takes an enormous quantity of it to produce intoxication, the matter is open to decision by the Congress. I offer this amendment because I believe that it would produce far more

revenue than the amendment suggested by the Senator from Maryland.

As a matter of fact, good Pilsener beer, obtained normally in Germany, and sold as Pilsener, contains slightly less than 4 per cent alcohol. Beer containing 2.75 per cent alcohol by volume is not considered very palatable.

Mr. TYDINGS. Mr. President, in order that we may get the facts before the Senate, may I say that a beer containing 4 per cent of alcohol by volume would contain about 3.6 per cent alcohol by weight?

Mr. BINGHAM. If I may correct the Senator, it is 3.2 per cent.

Mr. TYDINGS. That is correct.

Mr. BINGHAM. The testimony before the committee was that 3.2 per cent by weight is equivalent to 4 per cent by volume.

I submit this amendment, Mr. President, honestly believing that the Supreme Court, if the question were brought before it for decision, would say that in this ground of some doubt, with distinguished experts testifying on both sides, the Congress would be entirely within its proper jurisdiction in determining the alcoholic content of beer which might be sold legally.

I submit that if there were any justification whatsoever for the Congress of the United States going so far as to say that buttermilk and ginger ale containing one-half of 1 per cent of alcohol was intoxicating, there is equal justification for the Congress saying that in the face of the doubt expressed by various scientists, and the honest opinion expressed by most distinguished scientists, the Congress has a right to say that 4 per cent beer is not intoxicating in fact, and may be manufactured and sold legally under the Constitution.

Mr. GLASS. Mr. President, I intend to vote against both of these propositions, and I am inclined to think that I shall vote against all propositions which would tamper with the Volstead Act, unless and until there shall be some authoritative declaration as to what is the proper alcoholic content of an intoxicating beverage.

I regret very much to state again that I was the unfortunate author of the resolution under which the so-called Wickersham Commission got its existence. One of the purposes, if not the primary purpose, of the appropriation of $500,000 of the taxpayers' money for that commission was that we might reach a conclusion on this controverted point. In other words, I had confidently supposed that the Wickersham Commission, authorized by Congress and under an appropriation of Congress, would first of all consider that very proposition, and arrive at some approximately scientific conclusion as to the alcoholic content of an intoxicating beverage. For months and months it sidestepped the whole question, and the chairman of the commission himself, in an address in the State of Connecticut, the home of the distinguished Senator who has just spoken, ridiculed the idea that the commission would deal seriously with the prohibition problem; and they did not deal with it until the murmurings and the threats that were made on the floor of the Senate compelled them to do so.

I think the Wickersham Commission was morally derelict in not then determining, as nearly as may be determined, what is a scientific and proper alcoholic content in an intoxicating beverage.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. BINGHAM. Does the Senator remember that in the appendix of the Wickersham report there were individual expressions of opinion from more than half of the members of that commission, to the effect that the eighteenth amendment ought to be repealed or altered?

Mr. GLASS. Yes; but there was no determination of what might be done under the existing constitutional amendment, the repeal of which is beset with almost insuperable obstacles, and it was plainly the duty of that commission to reach such a determination, so that those of us in Congress who have never had any experience in getting intoxicated might learn what is really an intoxicating beverage.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. GLENN. Having in mind the statement of the Senator from Virginia with regard to seeking some definite judgment or opinion relative to what really constitutes intoxicating liquor, would not the proper way, almost the only way, to get a definite decision upon that point be for Congress to fix the amount of alcoholic content which, in its judgment, is the correct content, and have a case submitted to the Supreme Court for final decision on that point?

Mr. GLASS. My response to that would be that Congress is not prepared to exercise any accurate judgment on the question. Congress has already fixed the content at one-half of 1 per cent, and most people say that that is a ridiculous standard. Congress is not prepared to express any judgment on that point, and it ought to be done by an authoritative commission appointed by Congress, and should have been done by the Wickersham Commission, which sidestepped the whole issue.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, further debate is out of order. The question is on the amendment of the Senator from Connecticut [Mr. BINGHAM] to the amendment of the Senator from Maryland [Mr. TYDINGS].

Mr. BINGHAM and Mr. TYDINGS asked for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. I transfer that pair to my colleague the senior Senator from Alabama [Mr. BLACK] and vote "nay."

Mr. CAREY (when his name was called). I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay." The Senior Senator from Colorado, if present, would vote "nay."

Mr. HEBERT (when his name was called). On this vote I have a pair with the Senator from Virginia [Mr. SWANSON]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SCHALL (when his name was called). I have a general pair with the junior Senator from South Carolina [Mr. BYRNES]. In his absence I withhold my vote.

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the junior Senator from Oklahoma [Mr. GORE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate on account of illness. If the senior Senator from Tennessee were present, he would vote as I shall vote, and therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the Senator from Nevada [Mr. PITTMAN] and the Senator from North Carolina [Mr. BAILEY] are detained on official business.

I desire also to announce that the senior Senator from Virginia [Mr. SWANSON], the junior Senator from South Carolina [Mr. BYRNES], and the senior Senator from Alabama [Mr. BLACK] are necessarily out of the city.

Mr. TYDINGS. I desire to announce that the Senator from Ohio [Mr. BULKLEY] is necessarily absent from the city. If present, he would vote "yea."

Mr. HULL. I wish to announce that my colleague the senior Senator from Tennessee is necessarily detained from the Senate by illness.

The result was announced—yeas 23, nays 60, as follows:

YEAS—23

Barbour	Copeland	Lewis	Tydings
Bingham	Davis	Long	Wagner
Blaine	Glenn	Metcalf	Walcott
Broussard	Hawes	Moses	Walsh, Mass.
Bulow	Kean	Oddie	Wheeler
Coolidge	La Follette	Reed	

NAYS—60

Ashurst	Dickinson	Johnson	Robinson, Ind.
Austin	Dill	Jones	Sheppard
Bankhead	Fess	Kendrick	Shortridge
Barkley	Fletcher	Keyes	Smith
Borah	Frazier	King	Smoot
Bratton	George	Logan	Steiwer
Brookhart	Glass	McGill	Stephens
Capper	Goldsborough	McNary	Thomas, Idaho
Caraway	Hale	Morrison	Thomas, Okla.
Carey	Harrison	Neely	Townsend
Cohen	Hastings	Norbeck	Trammell
Connally	Hatfield	Norris	Vandenberg
Costigan	Hayden	Nye	Walsh, Mont.
Couzens	Howell	Patterson	Watson
Cutting	Hull	Robinson, Ark.	White

NOT VOTING—13

Bailey	Dale	Pittman	Waterman
Black	Gore	Schall	
Bulkley	Hebert	Shipstead	
Byrnes	McKellar	Swanson	

So Mr. BINGHAM'S amendment to the amendment was rejected.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Maryland, on which the yeas and nays have been ordered.

Mr. TRAMMELL. Mr. President, I desire to offer the following amendment to the amendment of the Senator from Maryland.

The VICE PRESIDENT. Let it be stated.

The CHIEF CLERK. On page 5, line 8, after the word "gallon," insert:

And a tax of $1,000 per annum for wholesale manufacturers and dealers and $100 per annum for retail dealers in said beer and other similar fermented liquor.

The VICE PRESIDENT. The question is on the amendment of the Senator from Florida to the amendment of the Senator from Maryland.

The amendment to the amendment was rejected.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. TYDINGS. As I understand it the vote now comes on the amendment providing for 2.75 per cent of alcohol by volume, the original amendment which I introduced?

The VICE PRESIDENT. That is the vote. The yeas and nays have been ordered.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Debate is out of order.

Mr. SHORTRIDGE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SHORTRIDGE. I was not in the Chamber when the stipulation was entered into to vote at this hour. Of course, I am bound by that stipulation nevertheless. I had hoped to have an opportunity to express my views in respect of this measure.

The VICE PRESIDENT. Debate is out of order.

Mr. SHORTRIDGE. I reserve that right.

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. CAREY (when his name was called). As previously announced, I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay." If the senior Senator from Colorado were present, he would vote "nay."

Mr. HEBERT (when his name was called). Making the same announcement as on the previous vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SCHALL (when his name was called). I withhold my vote on account of my pair with the junior Senator from South Carolina [Mr. BYRNES].

Mr. SHIPSTEAD (when his name was called). I have a pair with the junior Senator from Oklahoma [Mr. GORE]. Not knowing how he would vote, I withhold my vote. If permitted to vote on this amendment, I should vote "yea."

Mr. TOWNSEND (when his name was called). Making the same announcement regarding my pair and its transfer as on the previous vote, I vote "nay."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the senior Senator from Virginia [Mr. SWANSON], the junior Senator from South Carolina [Mr. BYRNES], and the senior Senator from Alabama [Mr. BLACK] are necessarily out of the city.

Mr. TYDINGS. I desire to announce that the Senator from Ohio [Mr. BULKLEY] is necessarily absent from the city. If present, he would vote "yea."

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. MCKELLAR] is necessarily detained from the Senate by illness.

The result was announced—yeas 24, nays 61, as follows:

YEAS—24

Barbour	Copeland	La Follette	Shortridge
Bingham	Cutting	Lewis	Tydings
Blaine	Davis	Long	Wagner
Broussard	Glenn	Metcalf	Walcott
Bulow	Hawes	Oddie	Walsh, Mass.
Coolidge	Kean	Pittman	Wheeler

NAYS—61

Ashurst	Dill	Kendrick	Sheppard
Austin	Fess	Keyes	Smith
Bailey	Fletcher	King	Smoot
Bankhead	Frazier	Logan	Steiwer
Barkley	George	McGill	Stephens
Borah	Glass	McNary	Thomas, Idaho
Bratton	Goldsborough	Morrison	Thomas, Okla.
Brookhart	Hale	Moses	Townsend
Capper	Harrison	Neely	Trammell
Caraway	Hastings	Norbeck	Vandenberg
Carey	Hatfield	Norris	Walsh, Mont.
Cohen	Hayden	Nye	Watson
Connally	Howell	Patterson	White
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	
Dickinson	Jones	Robinson, Ind.	

NOT VOTING—11

Black	Dale	McKellar	Swanson
Bulkley	Gore	Schall	Waterman
Byrnes	Hebert	Shipstead	

So the amendment of Mr. TYDINGS was rejected.

The VICE PRESIDENT. The Secretary will report the next amendment.

The CHIEF CLERK. On page 241, after line 11, it is proposed to strike out:

(2) Brewer's wort, liquid malt, malt sirup, and malt extract, fluid, solid, or condensed (unless sold to a baker for use in baking or to a manufacturer of malted milk or medicinal products for use in the manufacture of such products), if containing less than 15 per cent of solids by weight, 5 cents a gallon; if containing 15 per cent or more of solids by weight, 35 cents a gallon.

And in lieu thereof to insert:

(2) Brewer's wort, 15 cents a gallon. Liquid malt, malt sirup, and malt extract, fluid, solid, or condensed, made from malted cereal grains in whole or in part, unless sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture or production of such products, 3 cents a pound. For the purposes of this paragraph liquid malt containing less than 15 per cent of solids by weight shall be taxable as brewer's wort.

Mr. SMOOT. Mr. President, at the close of the session yesterday the question of the tax upon brewer's wort was under discussion. I was asked by the Senator from New York to inquire of the commissioner of industrial alcohol, Dr. J. M. Doran, as to certain phases of the proposed tax on wort and its relationship to malt. I have now a letter from Doctor Doran which I should like to read. It is as follows:

TREASURY DEPARTMENT,
BUREAU OF INDUSTRIAL ALCOHOL,
Washington, May 18, 1932.

Memorandum for Senator SMOOT.

Complying with your request for views on certain phases of the wort and malt sirup tax schedule in the pending revenue bill, I would advise as follows:

It requires approximately 1 bushel of malted barley to produce 1 barrel of wort. Should a tax be imposed on malt it would mean the equivalent of $4.65 per bushel of barley to bring it in line with the present proposed tax of 15 cents per gallon on wort. Furthermore, it has been common practice for many years to use unmalted corn grits and corn sugar in the manufacture of beer wort and malt sirup, and as the practice is not uniform and is regarded as more or less in the nature of a trade secret it is believed that a tax on barley malt or any other malted cereal would

not meet the revenue requirements in this section of the pending bill, and such a provision would be very difficult of administration.

Malting operations can not very well be carried out on a small scale, and inasmuch as several days are required for malting operations it is not believed that a commercial wort plant could defeat the revenue by malting their own barley or other grains. On the other hand, the brewing of wort in substantial quantities by a commercial plant is of such character as to make the operation difficult of concealment and should render the collection of revenue much less difficult than would be the case if levies were made on the malted grains themselves without any account being taken of the subsequent use of corn grits and corn sugar, which are articles of wide commercial use. It seems to me that it would be quite difficult to administratively take care of the exemptions for the good and medicinal uses of malt sirups if the sole tax were to be levied on malted barley or other grains.

With respect to the question of possible conversion of malt sirup into wort by dilution with water, in the proportion of 1 part of malt sirup to 5 parts of water, it is my opinion that such a possible dilution would not affect the collection of the proposed tax on wort. The reason is that the first manufacturing cost of sirup is higher than wort, due to the necessary evaporation costs, and, furthermore, a diluted malt sirup will not produce as satisfactory a beverage as a straight brewer's wort. This observation is based somewhat on knowledge of changes that take place during evaporation of sugar solutions and on the practical experience that the use of diluted malt sirup for the manufacture of a beverage has been replaced in large part, at least commercially, by the manufacture of wort and its use direct without any intermediate evaporation process. I feel, therefore, there is little probability of evasion of the proposed wort tax through the medium of diluted malt sirup with water to wort consistency.

Of the total quantity of malt sirup manufactured approximately 25 per cent goes to unquestioned and identified food, medicinal, and technical processes, and the proposed section makes ample provision for tax exemption of these particular uses.

Commercial malt sugar at present sells for about 15 cents per pound on the best information available at this time. I do not believe the use of malt sugar would be a means of evasion of tax, as the malt sugar alone would not produce a satisfactory beverage, and the cost appears to be quite high.

J. M. DORAN,
Commissioner of Industrial Alcohol.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Florida?

Mr. SMOOT. I yield.

Mr. FLETCHER. Does the letter deal with the provision in the bill as it came from the House, or with the amendment reported by the Senate committee?

Mr. SMOOT. It deals with the provision reported by the Senate committee.

Mr. SHORTRIDGE. Does Doctor Doran favor it?

Mr. SMOOT. Yes; he favors the Senate committee amendment.

Mr. President, before the Senator from New York begins, I should like to say one further word. The Senator expressed the view that the estimate of $97,000,000 as the revenue to be derived, as stated by me, must be a mistake. He had an estimate of $46,000,000. The estimate of $46,000,000 is correct if made upon the basis of the provision of the House bill, but if the Senate committee amendment shall be adopted it will produce, according to the estimate made by Doctor Doran, $97,000,000.

Mr. COPELAND. Mr. President, I send to the desk an amendment in the nature of a substitute for the amendment reported by the committee. I also hand a copy of the proposed amendment of the Senator from Utah.

The VICE PRESIDENT. Let the amendment in the nature of a substitute proposed by the Senator from New York be read.

The CHIEF CLERK. In lieu of the amendment proposed by the committee it is proposed to insert:

(2) Malt, $1.10 per bushel, provided that there shall be allowed to the manufacturer of malt products sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture of such products, a refund of the amount of tax paid on the malt used in the manufacture of such malt products.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New York to the amendment reported by the committee.

Mr. SMOOT. Before the vote is taken, I should like to say that the amendment offered by the Senator from New York would bring about the difficulties mentioned by Doctor Doran. Not only that, but the amendment provides for a refund of the tax collected on such portions of the product as go into foods, cereal beverages, medicinal products, and so forth. No one can tell what effect that would have without breaking the whole amendment down and finding exactly how much each one of the items named would affect the revenue. I sincerely hope that the amendment will not be agreed to.

Mr. COPELAND. Mr. President, we have before us a revenue bill. It is the desire of every Member of this body to balance the Budget. In order to do so, there must be large sums of money raised by taxation.

If I believed that the amendment offered by the committee would raise the sum of $97,000,000 I would sit down and let the Senate vote, ending any activity of my own to change it.

But it is only right that the Senate should be put in the possession of the facts. Against the statement of the Senator from Utah, who says that this tax will raise $97,000,000 as written, I want to make the statement that it will not raise to exceed $9,000,000. This positive statement having been made, and I believe it to be true, I think we have a right to inquire from the chairman of the committee how the Treasury or anybody else figures that the revenue will be $97,000,000.

May I ask the Senator from Utah how we are going to get $97,000,000 out of this proposal?

Mr. SMOOT. Mr. President, in answer to the Senator I will say that the amount of $97,000,000 is based upon what the department knows to be the known production of wort in the United States. The tax provided for upon the production of wort in the United States will bring $97,000,000. If the Senator says nine-tenths of all of it will not be taxed, then the amount of revenue suggested by him may be correct, but the department knows the amount of wort that is produced in the United States. There is not any guesswork at all about it; and with a tax imposed of 15 cents per gallon, the amount that was produced last year will bring $97,000,000.

Mr. COPELAND. Mr. President, I pray that the Finance Committee is better informed about the other items in this tax bill than the Senator from Utah is informed regarding the possibility of receipts from this item. This item, as written and presented by the committee, will not bring in revenue to exceed $9,000,000.

This morning I talked with Doctor Doran. His letter was just read by the Senator from Utah. Doctor Doran told me that we manufacture in this country annually between 400,000,000 and 500,000,000 pounds of malt extract or malt sirup. Twenty-five per cent of this goes to the bakers and the textile makers and the legitimate users of malt; so we have left 300,000,000 pounds of malt sirup. At 3 cents a pound that would bring in $9,000,000.

The only argument the Senator from Utah can make is that malt sirup or extract will not be used in making beer, but that the beer will be made from wort. That is what the Senator said. He has no more proof of it than he has regarding the inhabitants of the planet Mars. If all the beer were made from wort, the revenue would not be $97.000,000.

There is a sure way to determine how much beer is being made in the United States. This whole subject is distasteful to me because, as I said yesterday, beer is not a favorite beverage. I am not interested in this item except because I want revenue to operate the Government.

My State pays one-third of the taxes of this country. There are no Senators having greater interest in this matter of balancing the Budget than my colleague [Mr. WAGNER] and myself. There can be no other Senators with greater interest. We want revenue, but it can not be had from this absurd amendment offered by the Finance Committee.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CUTTING in the chair). Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. SMOOT. The amendment that is in the bill, offered by the Committee on Finance of the Senate, was prepared in Doctor Doran's office. While I am perfectly willing to admit what the Senator says, that I do not know a single, solitary thing about it, I have not quoted my knowledge, but I think I know as much about it as the Senator does.

Mr. COPELAND. Perhaps the Senator would not be bragging in saying that.

Mr. SMOOT. I know it; and I am not bragging, because I say I do not know very much about it. The Government, however, is to receive the revenue. The officials and the experts of the department say that we will receive this amount of money, and the Government itself is more interested than any one individual Senator could possibly be in receiving the money to carry on the Government activities.

Mr. COPELAND. I shall try to demonstrate the truth of what I have said. The Senator says he does not know anything about the matter, anyhow, so I suppose I might as well sit down and call it a day. At least, I have studied the question, which he admits he has not done. He has blindly accepted what somebody told him, and I never knew him to do that before.

Mr. SMOOT. I have not done it this time.

Mr. COPELAND. I have looked upon the Senator as a wise man who has conscientiously tried to present to the Senate and the country the needs of the Treasury; and in every other instance save this, perhaps, he has done his full duty. I will give him that tribute, but in this matter he has blindly followed the blind.

There is a sure way to find out how much beer is made in America. Doctor Doran told me this, so I assume it is correct. He says that the amount of hops raised in America—and hopvines can not be hidden, I think the Senator from Utah and I will agree about that—the amount of hops raised in America indicates that 20,000,000 barrels of beer made in the United States are consumed here. I do not know how much may be consumed that comes from other countries, but that is not under consideration. With 20,000,000 barrels of beer, at 31 gallons to a barrel, we have, in round numbers, 600,000,000 gallons of beer. That is the amount that we consume in the United States—600,000,000 gallons of beer.

Of this amount, it is estimated that one-third will go into illicit beer. That amount of hops will be used in an illegitimate way. One-ninth of the hops production will go into the making of cereal beverage. Upon the illicit beer and upon the cereal beverage there can be no tax. So that leaves one-half of the total production of hops to be used in malt products which might be brought under the tax proposed.

Mr. SMOOT. The Senator knows that all of the wort that goes into the illicit beer is taxed just as well as that which goes into the beer that is called legitimate. It all pays its tax, whether it is illegitimate beer or whether it is legitimate beer.

Mr. COPELAND. That is, under the proposed bill.

Mr. SMOOT. Yes; and upon the Senator's own statement of 600,000,000 gallons at 15 cents a gallon, that is $90,000,000 right there.

Mr. COPELAND. All right. If the Senator is consoled by that, I am very happy.

Mr. SMOOT. I am only quoting the figures that the Senator quoted.

Mr. COPELAND. All right; but I want to say to the Senator that the beer will not be made of wort. It will be made of malt extract. Of course, Doctor Doran doubts this in his letter. I heard his letter. He says the flavor of malt-extract beer is not so good. He is better informed on that subject than I am. He says that the flavor of beer made from wort is better than the flavor of beer made from malt extract.

Mr. SMOOT. But we tax malt extract.

Mr. COPELAND. I know. If the Senator will only be patient, you tax malt extract at 3 cents a pound. Is that right?

Mr. SMOOT. That is right; and very, very little of it has been used for making beer. Not only that, but there never will be much used as long as they can get wort.

Mr. COPELAND. I am surprised at what the Senator says, because he has just quoted from Doctor Doran, who told me that between four and five hundred million pounds of malt extract are made in this country.

Mr. SMOOT. It is not made into beer.

Mr. COPELAND. What is it made into? That is a fair question. The Senator says it is not made into beer. What is it made into?

Mr. SMOOT. I can not tell the Senator all the products.

Mr. COPELAND. I can.

Mr. SMOOT. I say, however, that over a fourth of it, nearly a third, goes into other products. So the testimony showed; and I could turn to the testimony and tell the Senator what it went into.

Mr. COPELAND. The Senator does not have to go to the testimony. He can take his own bill.

Mr. SMOOT. About one-third of it goes into those other products. The bill does not say where it goes.

Mr. COPELAND. It says what the exemptions are; and, of course, the Senator is talking about legitimate uses now.

Mr. SMOOT. Yes.

Mr. COPELAND. All right. He has said what it goes into. If the Senator will turn to page 241, he will find that it goes into baking, malted milk, medicinal products, foods, cereal beverages, and textiles. That is where 25 per cent of it goes. One-fourth of this malt extract goes into these legitimate purposes which the Senator did not know about but which I found in his bill.

Mr. SMOOT. I did not know where all of it went. The Senator from New York asked me what it went into, and I could not tell him as to all of it; but the bill itself says that most of it goes into these products.

Mr. COPELAND. That is where it goes.

Mr. SMOOT. There are only 30,000,000 gallons of malt sirup made in the United States, as against 600,000,000 gallons of wort. If they could make beer as the Senator suggests, they would have done it in the past the same as they would in the future. Anyone who is going to make beer is not going to use malt sirup to make it when he can get wort.

Mr. COPELAND. Mr. President, I wish I had some power to induce the Senator from Utah to listen to the argument. If he will do that, when I get through, if he says it is not any good, I will be content, and probably say that he knows more about the matter than I do. It is ridiculous for a man who has said he does not know anything about it to rise here and say that all the malt extract we make is put into these products the Senator is talking about, these legitimate products.

Mr. SMOOT. One-fourth of it.

Mr. COPELAND. Very well, one-fourth of it. Then what happens to the other 300,000,000 pounds of malt extract? Where does that go?

Mr. SMOOT. At the request of the Senator, I will wait until he gets through and will not interrupt him.

Mr. COPELAND. I do not blame the Senator, because he has not the answer.

Mr. TYDINGS. Mr. President, did I understand the Senator to say that about one-fourth of this product goes into beer only?

Mr. COPELAND. No; the Senator did not say that.

Mr. TYDINGS. As I understand it, wort is nothing more nor less than beer, without the yeast added.

Mr. SMOOT. There are 30,000,000 gallons of malt sirup. We were talking of malt sirup.

Mr. TYDINGS. We are certainly not going to tax this thing now, after the vote we have just had, going into the back door, when nobody is looking, with a cloak thrown over our heads, and thereby get revenue which we would not get honestly. I hope we will not be that two-faced and say that we will not get the revenue from a tax on beer, when everybody knows that product is going into beer. Are we going to be so cowardly, if I may use that word without

any offense, as to refuse to place a tax on beer and then, when nobody is looking, disguise ourselves and, as tax collectors, go in and get the tax indirectly?

Mr. BLAINE. Mr. President, will the Senator from New York yield to me?

Mr. COPELAND. I yield.

Mr. BLAINE. If I may have the attention of the Senator from Maryland in connection with the same proposition, as I recall, a district court of the United States has declared wort to be contraband under the Volstead Act. All this provision in the bill proposes to do indirectly, and by implication, is to legalize wort for beverage purposes, I assume. I am not familiar with just what are the secret processes of the chairman's mind, but by imposing a tax, at least by implication, we will make wort a legalized product and take it from under the prohibition of the Volstead Act. I assume that may be the purpose.

Mr. TYDINGS. Mr. President, will the Senator from New York yield?

Mr. COPELAND. In just a moment I will yield. I do not want this argument to deteriorate into a passage at arms over the question of prohibition. Everybody who knows anything about the question and about this bill knows that the intention of this provision of the bill is indirectly to tax illicit beer. That is what it is for. We all know that.

Mr. TYDINGS. Will the Senator yield now?

Mr. COPELAND. I yield.

Mr. TYDINGS. I just want to get over the point, having made some little investigation recently, that wort is nothing more than beer. That is all it is. A barrel of wort is a barrel of beer. The Senator from Wisconsin is exactly right when he says that the purpose is to legalize an illegal product. It is on all fours with the action of Congress in lending about $20,000,000 to the concentrate industry to make wine. We never got a cent of tax from that, but we let them have $20,000,000, most of which now we will not get back. So that what we will not do openly, as men standing out in the sunlight, where we can be observed, we are asked to do surreptitiously, throwing the glamor of a disguise over our actions, and thereby making it appear that we have not deserted the Anti-Saloon League.

Mr. COPELAND. Mr. President, after these diverting remarks, I want to go back to my argument with the Senator from Utah. He is a reasonable man, and I know that when he gets the real facts before him he is going to join me in my effort to so shape the pending bill as to get revenue out of it, instead of having it prove to be the greatest disappointment in the revenue bill. I want to go back to what I was saying when we were diverted.

Doctor Doran states what the statistical departments of the Government verify, that we make about 400,000,000 pounds of malt extract or malt sirup. One-fourth of that amount, as the Senator from Utah has said, and said correctly, goes into legitimate uses, in the bakery and textile and malted-milk industries, into medicines, and so forth. That leaves 300,000,000 pounds of malt extract. What becomes of that? A large part of it goes into the making of illicit beer.

Mr. KING. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. KING. I have heard it stated that there is a large amount of home-brew manufactured throughout the United States. What is the home-brew, made in the cellar or in the kitchen by the frugal housewife or the frugal husband, made from?

Mr. COPELAND. I am informed, having no practical knowledge, that it is made from malt extract.

Mr. KING. Not from wort?

Mr. COPELAND. Not from wort. The illegal wort is used largely by the alley brewers, the bootleggers. That is where the wort goes. But the household uses the malt extract. It is not so bulky, it comes in small tins, and is more readily used.

Three hundred million pounds of malt extract are employed beyond legitimate uses. That much will go into the making of illicit beer, and that the Senator would tax at 3 cents a pound, and out of it we will get $9,000,000, and that is all we will get.

The only difference between malt extract or malt sirup and wort lies in the fact that the water of the wort has been evaporated and there is a concentration of the product, making malt extract. Bear that in mind. The malt extract is simply the concentrated, condensed wort. You can take milk powder and the right proportion of butterfat and add water and homogenize it, and you have reconstituted milk. To make wort, all you have to do is to take the malt extract, add water, and you have wort. Nobody is going to use wort, which would bear a tax of 15 cents a gallon, when he can get malt extract with a tax of 3 cents a pound.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. BLAINE. I am very anxious to know whether or not the Senator is absolutely correct in his definition of malt sirup. Malt sirup, when it contains hops, then is the concentrated form of wort made from malt and hops.

Mr. COPELAND. It may be hopped; yes. Hops may be added.

Mr. BLAINE. But when the malt sirup is nonhopped, then the process for making beer is to pour hot water on the hops—the same as you pour hot water on tea leaves to make tea—in order to get the hop flavor, and in that is mixed the malt sirup. I have never had any personal experience, I want to assure the Senator, but that is my information, which comes from the same sources from which we obtain general information on many processing projects. So that malt sirup, together with a small pinch of hops, in the right proportions, when properly mixed with liquid, becomes exactly the same as wort.

Mr. COPELAND. Just the same, exactly. Let us go a little further, though, so as to be scientifically accurate.

The Senator from Wisconsin will remember that the germinated grain is crushed, put into a cylinder, water is added, and it is heated to the right temperature to permit the conversion of the starch into sugar. It is malt sugar when that happens. Then pretty soon the husks settle down to the bottom of the vessel, shaped like an inverted cone, and the fluid is strained through the husks into a kettle, into a receptacle, and that is wort, but not yet hopped, no hops having been added. That is wort. Then the wort may be submitted to evaporation or condensation, making it into sirup, and then you have malt sirup. If you go far enough with your evaporation, you may actually have a malt powder, but the hops have not yet been added.

In making beer, of course, the hops are added, with some beet sugar or cane sugar to promote the fermentation.

The iniquities of the bill are shown by the fact that the rate on malt extract is utterly out of proportion to the tax on wort. One bushel of malt will make 27 pounds of malt sirup. One bushel of malt will make 30 gallons of wort. The tax on wort, at 15 cents a gallon, would be $4.50. One bushel of malt will make 27 pounds of malt sirup or malt extract, which at 3 cents a pound would amount to 81 cents.

Is there any doubt as to what the bootlegger is going to do? Is there any doubt about what the householder is going to do? Of course, they will use malt extract. There is no question about that, because with the malt extract bearing a tax of less than a dollar, they can make as much beer as they would out of wort, on which they would pay a tax of $4.50. That is plain enough, is it not? That is not the way to collect revenue, because this tax bill will drive all of the bootleggers and householders into the making of illicit beer out of malt extract, upon which we will realize $9,000,000 of revenue, and that is all. I do not care how many letters are produced or how many experts are called in to testify, the fact remains that the beer of the future will be produced out of malt extract and this downtrodden and tax-ridden country will have no revenue from it.

I do not suppose I have changed the opinion of my friend across the aisle one bit, but that is the truth. When he tells the country that in balancing the Budget he has found

a way to get $97,000,000, I tell the country that it is not a fact. To make up that loss we have got to find $88,000,000 from some other source.

My friend from Utah knows that a case contains 12 cans of malt extract. Sixty gallons of beer can be made out of 12 cans of malt extract. One can contains 3 pounds. There are 36 pounds in a case of malt extract at 3 cents a pound will be a tax of $1.08, while to make 60 gallons of beer out of wort would take 60 gallons of wort at 15 cents a gallon or $9. Is there any doubt about how the beer will be made? The beer will be made from the malt extract and the Government will receive $1.08 instead of receiving $9 on the 60 gallons of beer. After the amendment of the committee is accepted and the bill is put into operation it will give me joy next year to say, "I told you so"; and I am going to be just mean enough to do it.

What is my proposal? My proposal is that we tax malt $1.10 a bushel. Malt is the basic substance. In a sense it is the raw material. It does not make any difference whether we are making malt sugar or wort or malt extract, it all comes from malt, from the germinated grain. I propose that we tax it $1.10 a bushel. The reason why I chose that rate is that it is the old rate we used to place upon whisky—$1.10 a gallon. I have another reason for doing it. I want to be sure that the Government will get $20,000,000 instead of $9,000,000.

I want to make this very clear, and if I seem to be elementary in this statement I hope Senators will forgive me: To make wort or to make malt extract, we take grain, usually barley. It is first soaked or steeped in water and then put on the floor of the malt house and the temperature kept high enough so it germinates. Senators know how it is when they go down the cellar in the springtime and find a lot of potatoes struggling to live, putting forth green sprouts. That is what the grain does. The barley is kept at the right temperature and it germinates, and when it germinates in that way it is called malt. That is the basic substance. From malt by these different stages we make wort and malt extract.

We first take raw malt, the germinated malt, and shake it up so as to break off the little green sprouts. We crush the grain, add water, and heat the mixture enough so that the sugar fermentation takes place. As a result the starch of the grain is converted into sugar, invert sugar, very valuable sugar for health. It is given to babies. Doctor Kellogg, at the Battle Creek Sanitarium, makes great use of malt sugar. He has an aversion to other sugar and feeds his patients on malt sugar. Then it is strained, the fluid taken off, which is the wort, and the wort is condensed and evaporated and the extract made.

The trouble with the bill is that instead of going to the top and beginning with the basic material, it skips the malt, it skips the malt sugar, and then begins to apply when it gets to wort, and the next tax after that is on the malt extract. The malt extract, being so much cheaper by reason of these low taxes than the wort, will lead to its use. Because of that fact and the fact that it is used now to the extent of 300,000,000 pounds for this purpose, it means that the revenue which the Government will get will be 3 cents a pound or a total revenue of $9,000,000.

My purpose is to put a tax of $1.10 on the malt. I have said malt, because sometimes we malt corn or rye or wheat. We will get an increased revenue estimated at about $250,000 if these other malted substances are included in the tax. Let us put a tax of $1.10 on malt and each bushel of the barley or corn makes a bushel of malt. Multiply 20,000,000 bushels, the minimum—the estimate runs all the way from 20,000,000 to 40,000,000, but nobody denies it is at least 20,000,000—by $1.10 and we get $22,200,000. Taking off the 6 per cent which is now used for bakery purposes and for which my amendment provides, will leave net more than $20,000,000.

I want to say to the public, more interested in the matter of balancing the Budget than perhaps Senators are, that this will net the United States Government more than $20,000,000 as against $9,000,000 as proposed by the committee.

I do not know that there is anything more that can be said. It would be very easy to talk a long time about it because, in spite of what the Senator from Utah said, I do know about this subject. As I said yesterday, I happened to take a course in organic chemistry when I was a student, a course which appealed to me, and I learned something about these things then. I have never been in a brewery. I am not interested in that side of the question, but I know that the processes which I have described are scientifically accurate and that the Senate has it within its power to put into the Treasury of the United States by this simple method, a system which can not be evaded, over $20,000,000 as against $9,000,000 as proposed by the committee.

The committee has left loopholes through which a horse and wagon can be driven. There is no reason at all why the person who wants to make cheap beer can not use barley malt. There is no reason why the alley brewer can not buy malt sugar, the next process beyond the malting. He can strain it himself and make beer from it.

When I say that the bill as presented offers $9,000,000 income, I say it offers that much provided there are no evasions. My amendment offers a simple means of collection. The Senator from Utah has presented an amendment which provides for a tax of 3 cents a pound on malt extract. Anybody can buy wort and make it himself. He is not likely to do it because of the difference in price. My amendment means that only 25 concerns in the United States will be involved. There are only 25 malt concerns in the country, great concerns, each of them occupying acres of ground. Uncle Sam will go to 25 places in the United States and collect his revenue and will put into the coffers of the country over $20,000,000 net.

I appeal to the Senator from Utah, in charge of the bill, to accept advice on this matter and to permit a modification of the bill in such a way as not to reduce income, and in such manner as to double the receipts of the Government from this particular tax. I do not want to discuss the prohibition aspects of the case or the other matters which have been brought in by the heels. I am thinking of this merely as a revenue measure. I have offered my country to-day more than $10,000,000 of revenue if my amendment shall be accepted. It should be accepted, because all the scientific facts are on the side of the argument which I have presented. In the name of the country and of the need of the Treasury to be replenished, I ask the Senator to accept the amendment.

Mr. SMOOT. Mr. President, I am not prepared to take out of the bill $97,000,000. That is about what the Senator's amendment would mean. The department which enforces the law ought to know as much about it as any one individual who buys or uses the wort. The department of our Government says it will get $97,000,000 out of this amendment. It has said it not only once, but it has been checked up two or three times.

I care nothing at all about what the Senator from New York has said in relation to myself. I may know nothing about wort—it is true that I may not. However, his amendment is not in the interest of the Government of the United States. It is not in behalf of the Treasury of the United States. Therefore, I can not accept the amendment. Let the Senator offer the amendment and we will vote on it.

Mr. COPELAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bulow	Davis	Harrison
Austin	Capper	Dickinson	Hastings
Bailey	Caraway	Dill	Hatfield
Bankhead	Carey	Fess	Hawes
Barbour	Cohen	Fletcher	Hayden
Barkley	Connally	Frazier	Hebert
Bingham	Coolidge	George	Howell
Blaine	Copeland	Glass	Hull
Borah	Costigan	Glenn	Johnson
Bratton	Couzens	Goldsborough	Jones
Brookhart	Cutting	Hale	Kean

Kendrick	Moses	Shipstead	Vandenberg
Keyes	Neely	Shortridge	Wagner
King	Norbeck	Smith	Walcott
La Follette	Norris	Smoot	Walsh, Mass.
Lewis	Nye	Steiwer	Walsh, Mont.
Long	Oddie	Thomas, Idaho	Watson
McGill	Reed	Thomas, Okla.	Wheeler
McNary	Robinson, Ark.	Townsend	White
Metcalf	Robinson, Ind.	Trammell	
Morrison	Sheppard	Tydings	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The question is on the amendment proposed by the Senator from New York.

Mr. COPELAND. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Let the amendment be stated, Mr. President.

The VICE PRESIDENT. The amendment will be again reported.

The CHIEF CLERK. In lieu of the committee amendment on page 241, it is proposed to insert the following:

(2) Malt, $1.10 per bushel, provided that there shall be allowed to the manufacturer of malt products sold to a baker for use in baking or to a manufacturer or producer of malted milk, medicinal products, foods, cereal beverages, or textiles, for use in the manufacture of such products, a refund of the amount of tax paid on the malt used in the manufacture of such malt products.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I find, however, that I can transfer my pair with that Senator to the Senator from Colorado [Mr. WATERMAN]. I make that transfer and will vote. I vote "nay."

Mr. FESS (when Mr. MCNARY's name was called). I desire to announce that the Senator from Oregon [Mr. MCNARY] is unavoidably detained from the Senate. He has a general pair with the Senator from Alabama [Mr. BLACK].

Mr. SHIPSTEAD (when his name was called). Making the same announcement as before with regard to my pair, I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Chamber on account of illness. Not knowing how he would vote on this question, I withhold my vote.

The roll call was concluded.

Mr. BANKHEAD. I have a pair with the senior Senator from Vermont [Mr. DALE], and therefore withhold my vote. If permitted to vote, I should vote "nay."

Mr. CAREY (after having voted in the negative). I understand the junior Senator from Ohio [Mr. BULKLEY] has not voted. As I have a pair with that Senator, I withdraw my vote.

Mr. WAGNER (after having voted in the affirmative). May I inquire if the junior Senator from Missouri [Mr. PATTERSON] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. WAGNER. I am paired with the junior Senator from Missouri. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN] and will permit my vote to stand.

Mr. FESS. I wish to announce that the Senator from Minnesota [Mr. SCHALL] has a general pair with the Senator from South Carolina [Mr. BYRNES].

Mr. SHEPPARD. I desire to state that the Senator from Louisiana [Mr. BROUSSARD], the Senator from Mississippi [Mr. STEPHENS], and the Senator from Nevada [Mr. PITTMAN] are detained from the Chamber on official business.

I also desire to state that the Senator from Ohio [Mr. BULKLEY] is necessarily absent. If present, he would vote "yea."

The result was announced—yeas 7, nays 68, as follows:

YEAS—7

Barbour	Coolidge	Kean	Wagner
Blaine	Copeland	Lewis	

NAYS—68

Ashurst	Barkley	Bratton	Capper
Austin	Bingham	Brookhart	Caraway
Bailey	Borah	Bulow	Cohen
Connally	Hale	McGill	Smith
Costigan	Harrison	Metcalf	Smoot
Couzens	Hastings	Morrison	Steiwer
Cutting	Hatfield	Moses	Thomas, Idaho
Davis	Hawes	Neely	Thomas, Okla.
Dickinson	Hayden	Norbeck	Trammell
Dill	Hebert	Norris	Tydings
Fess	Howell	Nye	Vandenberg
Fletcher	Hull	Oddie	Walcott
Frazier	Jones	Reed	Walsh, Mass.
George	Kendrick	Robinson, Ark.	Walsh, Mont.
Glass	Keyes	Robinson, Ind.	Watson
Glenn	King	Sheppard	Wheeler
Goldsborough	La Follette	Shortridge	White

NOT VOTING—21

Bankhead	Dale	McNary	Swanson
Black	Gore	Patterson	Townsend
Broussard	Johnson	Pittman	Waterman
Bulkley	Logan	Schall	
Byrnes	Long	Shipstead	
Carey	McKellar	Stephens	

So Mr. COPELAND's amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment on page 241, line 12.

The amendment was agreed to.

The VICE PRESIDENT. The Secretary will state the next amendment.

The next amendment was, on page 242, after line 5, to strike out:

(3) Grape syrup, grape concentrate, and evaporated grape juice, if containing more than 35 per cent of sugars by weight and not containing preservative sufficient to prevent fermentation when diluted, 40 per cent of the price for which sold, or in the case of such articles imported into the United States, 40 per cent ad valorem.

And in lieu thereof to insert:

(3) Grape concentrate, evaporated grape juice, and grape syrup (other than finished or fountain syrup), if containing more than 35 per cent of sugars by weight, 20 cents a gallon. No tax shall be imposed under this paragraph (A) upon any article which contains preservative sufficient to prevent fermentation when diluted, or (B) upon any article sold to a manufacturer or producer of food products or soft drinks for use in the manufacture or production of such products.

The amendment was agreed to.

The next amendment was, on page 242, after line 22, to strike out:

(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, 1 cent a gallon; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

And in lieu thereof to insert:

(4) Crude petroleum, one-half cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, one-half cent per gallon; gasoline or other motor fuel, 2½ cents per gallon; lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound; natural asphalt and asphalt and bitumen derived from petroleum, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Jones	Robinson Ark.
Austin	Dickinson	Kean	Robinson, Ind.
Bailey	Dill	Kendrick	Sheppard
Barbour	Fess	Keyes	Shortridge
Bingham	Fletcher	King	Smith
Blaine	Frazier	La Follette	Smoot
Bratton	George	Logan	Steiwer
Bulow	Glass	Long	Stephens
Capper	Glenn	McGill	Thomas, Idaho
Caraway	Goldsborough	McNary	Thomas, Okla.
Cohen	Hale	Morrison	Tydings
Connally	Harrison	Moses	Vandenberg
Coolidge	Hatfield	Norris	Walcott
Copeland	Hawes	Nye	Walsh, Mont.
Costigan	Hayden	Oddie	Watson
Couzens	Hull	Pittman	Wheeler
Cutting	Johnson	Reed	White

The VICE PRESIDENT. Sixty-eight Senators have answered to their names. There is a quorum present.

Mr. HARRISON. Mr. President, we have reached that part of the bill which pertains to some tariff items. I had hoped that we might get a unanimous-consent agreement

to defer the consideration of the four tariff items until we had completed the other provisions in the bill; but on conferring with some of the Senators who are interested in these items, I find that they are very much opposed to that procedure and desire that we shall go on as the items are reached in the bill. That being their viewpoint, I recognize that it would be impossible to follow any other course.

In the House a certain rate was placed on crude petroleum. The Senate committee struck that rate out and inserted another provision. I ask unanimous consent that a motion may be in order to strike both the House and the Senate committee provisions from the bill. I make this request in order that we may get rid of the subject in one motion.

The VICE PRESIDENT. Is there objection?

Several Senators rose.

Mr. HARRISON. The bill as it passed the House carried one rate, and the Senate committee fixed another rate. The Senate committee rate is lower than the rate fixed in the House. Some of us are against both provisions, both the Senate committee provision and the House provision; and if a motion to strike them both out is carried, it will eliminate both. Otherwise those who are opposed to both provisions would have to vote first for the rate of half a cent a gallon on crude oil that is found in the Senate committee amendment.

Mr. LONG. Mr. President, I understood the Senator from Mississippi to state in his address yesterday that the committee was trying to have the bill stand as it came from the committee. Was not that the Senator's contention yesterday?

Mr. HARRISON. I am sure that if the Senator got that idea he is the only Senator here who did, because I have voted and I have spoken against tariff items being injected into the consideration of this bill. I think the country understands my position on that question. I am very anxious that the other provisions except the tariff items remain as the committee recommended them. Of course, I am opposed to the tariff items.

Mr. LONG. Did not the Senator say yesterday that if we started tearing up the bill, we would find ourselves in endless confusion?

Mr. HARRISON. Mr. President, I think the Senate understands my position with reference to the tariff items. I have submitted this unanimous-consent request in order to save time and expedite the consideration of the bill. If there is any objection to it, of course we will proceed with the Senate committee amendment.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. HARRISON. I yield.

Mr. CONNALLY. I ask the Senator to yield merely in order that I may explain why I am going to object.

Mr. HARRISON. If the Senator objects, that disposes of the request.

Mr. CONNALLY. I think that if I am going to object, I have a right to say why. I do not see any reason why, with all the zeal of the Senator from Mississippi, this particular item should be treated in any different way from the way in which we are treating all other revenue items in the bill. So I shall object to lumping the whole item into one vote.

The VICE PRESIDENT. The Senator from Texas objects.

Mr. ASHURST. Mr. President, I am very glad the Senator from Texas has objected. It is proposed here to raise $15,000,000 or $20,000,000 a year from a tariff on copper. I fail to perceive why in a revenue bill an item that will raise fifteen or twenty million dollars a year should be put over until the last. I am very glad the Senator objected. Let us proceed with the bill as the items appear. There is no reason I can perceive why one item should be postponed until another shall have been considered. Let each one stand on its own merits and be considered when the Senate reaches it. I, too, object.

Mr. HARRISON. Mr. President, I was not requesting that anything be put over at all. We have reached the item now. I was just asking unanimous consent that I might enter a motion to strike out both the House text and the Senate committee provision with reference to crude oil. That is all. If that is objected to, of course the question comes on the adoption of the Senate committee amendment to the House text.

Mr. NORRIS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. If the Senate committee amendment now pending should be agreed to, would it then be in order to strike out the House provision as amended?

The VICE PRESIDENT. The Chair holds that if the Senate committee amendment is agreed to, then it would not be in order to move to strike out the House provision.

Mr. NORRIS. That is the point I wanted to call to the attention of the Senator from Mississippi.

Mr. HARRISON. Yes; I appreciate that fact.

Mr. NORRIS. In order to reach the point of striking both out, the Senator must make his motion to strike out the House provision before we vote on the Senate committee amendment.

Mr. HARRISON. I was trying to strike them both out.

Mr. NORRIS. But the Senator can not do that, because objection is made. I do not want the parliamentary situation to become such that the Senator would be out of order when he undertook to strike out the House provision as amended.

Mr. HARRISON. If I should make a motion to strike out the House provision and the Senate committee amendment, then it is amendable by a motion to strike out and insert the Senate committee amendment.

Mr. NORRIS. If Senators will observe the ruling of the Chair, those of us who are opposed, as the Senator from Mississippi is, to any tariff being levied on this product, will get ourselves into difficulty if we go on and vote for the Senate committee amendment. If it is agreed to, we shall then be bound by that action.

Mr. HARRISON. Under the ruling of the Chair, and objection having been made, the only procedure for those who are opposed to any tax on oil is to vote first against the Senate committee amendment, and then the question recurs on the House provision, and we shall have to vote against that.

Mr. NORRIS. That is all true; but suppose the Senate committee amendment is agreed to and the Senator is in favor of not having any tariff. He would be denied the privilege of even making a motion to that effect.

Mr. HARRISON. Yes; we are up against it then.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LA FOLLETTE. Would it not be in order to secure a division upon the proposal? It is a proposal to strike out and insert. May we not ask for a division of the question and have a vote on the proposal to strike out?

The VICE PRESIDENT. Under Rule XVIII a motion to strike out and insert is not divisible.

Mr. NORRIS. Mr. President, another parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. Would it be in order, while the committee amendment is pending, to move to strike out the House text?

The VICE PRESIDENT. The committee amendment does that.

Mr. NORRIS. The committee amendment now pending would strike out and insert. Would it be in order now to make a motion to strike out the House provision?

Mr. HARRISON. That is already stricken out.

The VICE PRESIDENT. That is the object of the committee amendment, to strike out the House provision.

Mr. NORRIS. Yes; but the Chair by his ruling is going to get us in a position where we will not be able to make a motion to strike out the House provision which would eliminate any tariff on this product.

Mr. ROBINSON of Arkansas. Mr. President, does not the question first come on the committee amendment to the House text, and does not the question then recur on the committee amendment as amended?

Mr. NORRIS. But it is not an amendment as amended. It is the House text.

Mr. SMOOT. Mr. President, unanimous consent was given to consider all Senate committee amendments first.

Mr. LA FOLLETTE. I beg to differ with the Senator from Utah. I do not think that unanimous consent has been given.

Mr. NORRIS. Irrespective of whether it was given or not, the Chair must not get the Senate in a position so that those Members of the Senate who are opposed to any tariff on oil will be precluded from having a vote on that question.

The VICE PRESIDENT. The only remedy under the rule is to vote down the committee amendment.

Mr. CONNALLY. Mr. President, let me suggest to the Senator from Nebraska that those who are opposed to any tariff can defeat the Senate committee amendment. When that is done, they can then make a motion to amend the House text by striking it all out.

Mr. NORRIS. I understand that.

Mr. CONNALLY. What more does the Senator from Nebraska want?

Mr. NORRIS. Let me explain. The House text provides for a tax of 1 cent, and the Senate committee amendment provides for a tax of one-half cent. A perfectly logical position for Senators to take who are opposed to any tariff would be to get as low a tariff as possible if they can not prevent any tariff. Hence it would be to their interest, believing that way, to vote for the committee amendment cutting the tax down to one-half a cent, but by doing that under the ruling of the Chair they are prohibited from ever having an opportunity to vote to have the entire tariff on oil eliminated from the bill.

Mr. LA FOLLETTE. Mr. President, may I suggest to the Senator from Mississippi that perhaps one way out of the difficulty would be to offer, as a substitute for the committee amendment, an amendment to the House text striking out the numeral "1," in line 24, and inserting "one-half"?

Mr. HARRISON. I was about to make the motion, and I will now make the motion, to strike out everything on page 242, beginning with line 23, and on page 243 down to, and including, line 13. That would strike out the House text and the Senate committee amendment.

Mr. JOHNSON. Mr. President, a point of order.

Mr. NORRIS. I would like to make a suggestion to the Chair. I think it is perfectly plain that if we follow the two rulings of the Chair a Senator will have to vote against his own convictions on the first question in order ever to stand any chance of getting an opportunity to vote his real convictions on the second question. I want to ask the Chair why this rule does not apply. A motion to strike out and amend is subject to a motion that would amend or perfect the text before the question is voted on. In other words, in order to do that why is it not in order now to move to strike out of the bill the House text so there would be no tariff? Then every Senator would have an opportunity to vote his convictions on all the matters involved.

Mr. ASHURST. Mr. President, with other Senators, I am anxious to secure relief for the copper-mining industry, but we scorn and reject a victory obtained by any parliamentary trick. Every Senator has a right to vote on each question fairly and squarely without any subterfuge. So, on behalf of a number of Senators who are trying to secure proper and needed tariffs, we wish it understood that we would not accept a victory predicated upon or arising from any parliamentary sharp practice. Therefore, so far as the ground in a parliamentary sense may be cleared, we wish it to be cleared, and we wish to have a fair and square vote.

I perceive no difficulty in the situation. There is to me no complexity about the question. The question is presented as it has been presented all through the bill and will be after these tariff items shall have been concluded. The question is on the Senate committee amendment. If it be adopted, then the question recurs on the committee amendment as amended by the Senate. What else does the Senator from Nebraska want? What else is there?

Mr. NORRIS. The Senator said the question would be on the amendment as amended. There is no such thing. It is the House text.

Mr. ASHURST. The Senate makes the amendment. If that be adopted by the Senate, then the question recurs——

Mr. NORRIS. Oh, no; there is where the Senator is in error.

Mr. ASHURST. Then I have fallen into a deep sea, parliamentarily.

Mr. NORRIS. I want to submit this to the Chair as well as to the Senator from Arizona. Suppose the Senate committee amendment is agreed to. Under the ruling of the Chair, as I understand it, that ends the matter. It is not subject to another amendment, but that ends it, and there is no possibility of another vote on the question.

The Senator from Arizona, I think, is laboring under a misapprehension that if the Senate committee amendment is agreed to, then we have to vote on the amendment as amended; but that is not true. The Senate committee amendment is an amendment of the text of the bill, and when that is amended then the text of the bill is changed. Under the ruling of the Chair there is no way to change it.

Mr. REED. Mr. President, may I make this suggestion to the Chair? In the way the bill has come to us from the Printing Office it looks as though the whole paragraph of the House text has been stricken out and replaced by committee language. That is not the fact, however, in essence, for if the Chair will look at the bill he will see that the first two words of the House paragraph are not changed. Consequently we have this situation: The paragraph that comes from the House is not entirely stricken out by the Senate committee amendment but is only modified by the committee amendment after the first two words. That being so, and assuming that the Senate votes for the committee amendment, a motion would then be in order to strike from the bill the entire paragraph as amended. I submit to the Chair that that is necessarily so.

Mr. BARKLEY. Mr. President, I am afraid the Senator from Pennsylvania is mistaken, because the language of the House provision puts a tax of 1 cent per gallon on crude petroleum, and so forth, whereas the Senate committee amendment puts an entirely different rate of tax upon those items. It puts a tariff of one-half cent on oil. The language is transposed so that it is entirely different. It is really a striking out of the entire language of the House text and a substitution of new language provided by the Senate committee.

Mr. REED. That is the way the Printing Office has sent it to us; but the first two words of the paragraph and the last sentence of the paragraph remain the same.

Mr. BARKLEY. But the first two words, if left to themselves, make no sense at all.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. My inquiry is, if subsection (4) is stricken out and a new subsection (4) is inserted by the Senate, is the Chair treating subsection (4) as involved in the amendment to strike out and insert?

The VICE PRESIDENT. That is the position of the Chair. The House text can be amended and an amendment to it is in order first, or the Senate committee amendment may be amended if there is no motion made to amend the House provision. That is the purpose of the rule.

Mr. FESS. Being in the order of striking out and inserting, it can not be divided; otherwise, it would be an easy matter to take care of it. If the Senate votes affirmatively to strike out and insert, it would be the Senate committee provision that would be adopted. If it votes negatively, that would mean both have failed and the part that is reserved would be the House provision. Then it would be in order to move to strike out the House provision.

Mr. HARRISON. Mr. President, does the Chair then hold that the motion I made is not in order?

The VICE PRESIDENT. It is not.

Mr. WALSH of Montana. Mr. President, let me suggest that by unanimous consent the motion to strike out and insert may be divided. That could be done by unanimous consent.

The VICE PRESIDENT. It can be done by unanimous consent, of course.

Mr. WALSH of Montana. Then we would vote on the motion to insert first and on the motion to strike out afterwards.

Mr. CONNALLY. I do not understand that the request was made.

Mr. NORRIS. Mr. President, I should like to submit a request for unanimous consent.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. It seems to me that all Senators want to be fair about this matter and want to give each Senator an opportunity to vote his sentiments, both as to the rate and as to whether there should be any tax at all. Therefore I ask unanimous consent that after the vote is taken upon the amendment it shall be in order to move to strike out paragraph (4), regardless of whether the committee amendment is agreed to or not.

The VICE PRESIDENT. Is there objection?

Mr. ASHURST. Mr. President, only yesterday I announced that he was a poor sportsman who changed the rules in the middle of the game. Let the rules of the Senate apply in this case now as they have uniformly for a score or more of years. Now all of a sudden an effort is made to secure unanimous consent to alter the rules of the Senate, although the proponents of the tariff proposal are not to blame and have done nothing to bring about the parliamentary tangle, if there be one. All we ask is that the Senate proceed under its well-known and usually applied rules.

Why is it necessary now by unanimous consent to have a new rule, in order that Senators, forsooth, may obtain what they believe is an advantage? We, I say, scorn a parliamentary victory obtained by a trick, but we should be lashed from the temple of justice if we should consent that the rules shall be changed to our harm in the middle of the game. I object.

The VICE PRESIDENT. Objection is made. The question is on the amendment offered by the Senator from Mississippi.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Texas?

Mr. HARRISON. I yield.

Mr. CONNALLY. I wish to offer an amendment.

Mr. NORRIS. Mr. President, I desire to submit a motion. I understand the Senator from Arizona objected to my request for unanimous consent?

The VICE PRESIDENT. The Senator from Arizona objected to the request for unanimous consent.

Mr. ASHURST. Respectfully, I objected.

Mr. NORRIS. I move to amend the committee amendment by striking out "one-half cent" and inserting in lieu thereof "one-twentieth of 1 cent."

The VICE PRESIDENT. The question is on the amendment of the Senator from Nebraska to the amendment reported by the committee.

Mr. REED. That is in line 3, on page 243, is it not?

Mr. NORRIS. It is in line 3, on page 243.

Mr. CONNALLY. Mr. President, I do not desire to interrupt the Senator from Mississippi. I am perfectly willing that he should proceed.

Mr. HARRISON. No; I will follow the Senator from Texas.

The VICE PRESIDENT. The question now is on the amendment of the Senator from Nebraska to the amendment reported by the committee. All in favor of the amendment——

Mr. LONG. Mr. President——

Mr. TYDINGS. I ask for the yeas and nays.

Mr. LONG. Mr. President, I was trying to get recognition before the vote.

The VICE PRESIDENT. The Chair recognizes the Senator from Louisiana.

Mr. LONG. Mr. President, we might just as well take this question up now on the amendment of the Senator from Nebraska as to do it later, because what the Senator from Nebraska has moved to do is to strike out any relief for the oil fraternity of the United States; that is what the amendment amounts to. In other words, the Senator, with a very thorough knowledge of the rules of the Senate, has brought to a head the issue whether or not we are going to disregard all relief that is proposed by the bill as reported by the committee.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Nebraska?

Mr. LONG. I yield.

Mr. NORRIS. I want to say to the Senator frankly that I am opposed to any tariff on oil, and the Senator has correctly stated my position when he says the object of the amendment offered by me is to prevent any tariff on oil. I frankly concede that that is what I have in view, and under the ruling of the Chair it is going to be, as I see it, the only opportunity to test that question.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield.

Mr. TYDINGS. Mr. President, a parliamentary inquiry. Would it be in order to offer a substitute for the amendment offered by the Senator from Nebraska?

Mr. LONG. Not while I have the floor. [Laughter.]

Mr. TYDINGS. I would only do it with the Senator's permission; I am not trying to take him off the floor.

The VICE PRESIDENT. Under the rules the amendment proposed by the Senator from Nebraska may be amended.

Mr. TYDINGS. Will the Senator from Louisiana yield to me long enough to enable me to make such a motion, which will not change the situation?

Mr. LONG. Very well, I yield.

Mr. TYDINGS. I should like to offer a substitute by inserting in place of one-twentieth of 1 cent which would be 4 mills or 5 mills——

Mr. LONG. It would be one-half a mill.

Mr. TYDINGS. Yes; my mathematics was inaccurate for the moment. That is a little lower than the rate I had in mind.

Mr. NORRIS. Mr. President, in order to make it perfectly clear, will the Senator yield to me for the purpose of changing my amendment?

Mr. LONG. I yield.

Mr. NORRIS. I will change it and move to strike out "one-half cent" and insert in lieu thereof "one-fourth mill."

Mr. CONNALLY. Mr. President, I make the point of order that the amendment of the Senator from Nebraska is frivolous, and is not made in good faith.

Mr. NORRIS. It is not frivolous, and it is made in good faith.

Mr. CONNALLY. The Senator has said that he does not believe in any kind of a tariff on oil.

Mr. NORRIS. That is right.

Mr. CONNALLY. Yet he is pretending before the Senate to be in favor of a tariff of a quarter of a mill.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield.

Mr. LEWIS. I should like to ask the Senator from Nebraska if this is an effort to strike one Mills out of this whole bill. [Laughter.]

The VICE PRESIDENT. The amendment to the amendment is in order, and the Senator from Louisiana has been recognized.

Mr. LONG. Mr. President, as ridiculous as the amendment may appear, it is, nevertheless, a very frank and honest effort on the part of the Senator from Nebraska to have no tariff on oil.

Mr. NORRIS. That is right.

Mr. LONG. There are Senators who might have objected to that characterization of the amendment, but I am glad it does not offend my friend from Nebraska.

I had gone to the office of the Senator from Nebraska the other day to discuss a number of topics with him, and I had intended to discuss with him this matter; but I believed that it probably might be more effective to have an open, frank discussion here in the Senate on this oil tax than to undertake to discuss it at a time when there would be no one else present to advance, if there are any, arguments to the contrary.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Texas?

Mr. LONG. Yes, sir.

Mr. CONNALLY. Will the Senator yield for a moment that I may make a parliamentary inquiry?

Mr. LONG. I yield.

The VICE PRESIDENT. The Senator from Texas will state his parliamentary inquiry.

Mr. CONNALLY. Would not a substitute for the amendment offered by the Senator from Nebraska be in order?

The VICE PRESIDENT. A substitute would be in order.

Mr. CONNALLY. I offer the following as a substitute.

The VICE PRESIDENT. The amendment proposed by the Senator from Texas in the nature of a substitute for the amendment offered by the Senator from Nebraska will be stated.

The CHIEF CLERK. In lieu of the amendment offered by the Senator from Nebraska it is proposed to strike out "one-half cent" and insert "1 cent," and in line 6, page 243 of the bill, it is proposed to strike out "one-half cent" and insert "1 cent"; in line 7, to strike out "2½" and insert "3"; and in line 8 to strike out "4" and insert "2."

Mr. NORRIS. Mr. President, I make the point of order against the amendment that it is not a substitute for the pending amendment.

The VICE PRESIDENT. Except for the first rate named, it is not a substitute for the pending amendment, and the point of order is sustained.

Mr. CONNALLY. I offer as a substitute to strike out "one-half" and insert "one."

The VICE PRESIDENT. That is in order. The question is on the amendment of the Senator from Texas in the nature of a substitute to the amendment offered by the Senator from Nebraska.

Mr. LONG. Mr. President, I understand the Senator from Nebraska has changed his proposed amendment providing a rate of one-twentieth of a cent to one-fourth of a mill, so that the Senator from Texas can amend his substitute so as to cover that point. So now we are debating the substitute offered by the Senator from Texas to determine whether we will amend the amendment that the Senator from Nebraska has offered to the pending amendment of the Senate Finance Committee amending the House bill.

Mr. President, perhaps the Senator from Texas would like to discuss his amendment first, if he thinks that is necessary, because that is now the question we are fixing to discuss. So I will be glad to yield the floor to him in order that he may discuss his amendment, if he prefers, in that order, because it is now his amendment which we are discussing.

Mr. CONNALLY. I will say to the Senator I expect to discuss it briefly.

Mr. LONG. The Senator can take his time; he does not need to be in any hurry so far as I am concerned. I yield the floor to the Senator from Texas.

Mr. CONNALLY. Mr. President and Senators, this is a bill to raise revenue. The House of Representatives under the Constitution is charged with the duty of originating revenue measures. In the performance of that duty, the House has sent to us a bill which carries an excise tax on imports of petroleum and petroleum products at the rate of 1 cent per gallon, or 42 cents per barrel. The Senate committee, in passing upon the matter, modified the rate and provided for an import tax of one-half cent per gallon on crude petroleum, one-half cent on fuel oil, 2½ cents per gallon on gasoline, and 4 cents on lubricating oil.

Mr. President, it will be urged that this is not a revenue-producing tax. I want to submit briefly the facts. In 1930 we imported into the United States 105,618,000 barrels of crude petroleum or petroleum products. In 1931 in the oil-producing sections of the country there was such a large production of oil that by law various States of the Union had to limit production in order to prevent waste of these great natural resources, and because of that program the States of Oklahoma and Texas put their oil fields under martial law in order to control and to reduce production. However, in face of that fact, in 1931, there were imported into the United States 86,000,000 barrels of oil or oil products, chiefly from Central and South America.

Mr. President, I want Senators who are so sensitive about the mention of the word "tariff" to listen to me. This matter has been exhaustively considered by the Tariff Commission, and the Tariff Commission reports that there is a differential of $1.03 per barrel between the production cost of mid-continent oil and foreign oil when delivered on the Atlantic seaboard.

So, Mr. President, let me remind those who are talking about this item being a tariff item that the full 1-cent rate would be only 42 cents a barrel excise duty at the customhouse, against $1.03 difference in cost of production. Therefore, there is no reason on earth why every barrel of oil that these producers desire to bring into the United States should not be still brought into the United States; and, if that be true, this particular item will produce from thirty to forty million dollars revenue for the Treasury.

Oh, but some gentlemen say, the Department of Commerce has estimated that the revenue would be only $5,000,000. The Treasury Department is not for this tax. The Treasury Department would make no estimates on this tax. They told the Finance Committee that they took the figures from the Department of Commerce. No; the Department of the Treasury is not for this tax, because Mr. Mellon's Gulf Oil Co. is one of the largest importers of foreign oil; and Mr. Mellon and all of his immediate group have fought an excise tax on imported crude petroleum and its products for years.

It is said that this item will produce only $5,000,000. If it produces $5,000,000, that is proof of the fact that some oil will come in. If some oil will come in, why will not more oil come in? If it will admit a single barrel of oil, why should it not admit two barrels, or three barrels, or many millions of barrels?

Mr. President, the estimates in this case have not been fairly made, and they do not reflect the facts.

Let me suggest to Members of the Senate that our domestic petroleum product already bears a heavy domestic tax, while imported petroleum comes in without paying a single cent toward the support of the Government of the United States.

In my State, and in other States where oil is produced, the moment the oil reaches the surface of the earth the State takes a production tax from it. It taxes the gross production of the well. That tax goes into the State's income. Foreign oil comes into the United States without paying a cent of that production tax; and unless we levy an excise tax on foreign oil at the customhouse, we are not only not helping the domestic oil producer but we are penalizing him, because we are permitting the foreigner to bring in his oil and sell it in our markets while we are taxing the domestic producer for the privilege of bringing the oil from the bowels of the earth to its surface.

Let me call attention, Mr. President, that this bill carries a tax on pipe lines. This bill provides that any shipper of oil who transports it through a pipe line must pay a certain percentage of the cost of transportation to the Federal Gov-

ernment. That is a Federal tax, not on the great oil company but on the privilege of transporting the oil, a tax to be paid by the producer of oil.

This bill taxes an oil producer for the mere privilege of sending his oil through a pipe line. That is a Federal tax; and unless we adopt an excise tax on imports, we are permitting the man yonder in Central and South America to bring his oil here in a tanker and sell it to our citizens without contributing one cent to the Federal income. Without an excise tax on crude petroleum and its products in this bill, the policy of our States and our Government is to penalize the domestic oil producer and to give a premium to the foreign producer of oil.

Who are these foreign producers of oil? In the case of ordinary imports it might be said that any merchant could be an importer. Any one could buy from foreign manufacturers. There might be thousands of such importers throughout the United States. When it comes to the importation of oil and petroleum products, however, who are the importers? There are only four. Of course there might be some isolated additional instances; but, generally speaking, there are only four. Who are they?

The Standard Oil Co. of Indiana owns the Pan-American Petroleum Co. The Pan-American Petroleum Co. was the one great oil company that came before the Ways and Means Committee of the House and before the Finance Committee of the Senate and opposed the levy of any sort of an excise tax on foreign oil. The Pan-American Petroleum Co., a branch of the Standard Oil Co. of Indiana, is fighting this tax tooth and nail.

Who are the others?

The Standard Oil Co. of New Jersey is another importer. It is opposing this tax.

Who are the others?

The third is the Dutch Shell Oil Corporation.

The fourth is the Gulf Petroleum Co., Mr. Mellon's company.

So there are four reasons, among others, against this tax. The first is the Standard Oil Co. of New Jersey. The second is the Standard Oil Co. of Indiana. The third is the Dutch Shell Co. The fourth is the Mellon group, known as the Gulf Oil Co.

Mr. President, it may be said, and no doubt will be said, that this is a tariff item, and that Senators on this side of the aisle can not consistently vote for anything in the way of a tax on anything at the customhouse.

Mr. President, the Democratic view of the tariff from the earliest times has been that the chief object of levying duties at the customhouse was to secure revenue and that protection was incidental. On the other hand, the Republican doctrine has been that the primary purpose of levying duties at the customhouse was to secure protection, and that the revenue was incidental. This is a revenue bill. It is avowed that we want to search out all of the available sources of revenue in order that we may balance the Budget. I offer Members of the Senate a source of revenue which I confidently believe would produce $30,000,000 annually; and I want to suggest to Senators that the real question here is whether that $30,000,000 shall go into the Treasury of the United States or whether it shall go into the treasuries of the great oil companies that are importing their own oil.

If this tax is levied its result will be simply to decrease the profits of the four great oil corporations. It will not shut out the oil, because we are levying a tax of only 42 cents, whereas the Tariff Commission says that the average difference in cost of production is $1.03. The great bulk of that oil will still come into the United States and be refined here. The only difference will be that the Standard Oil Co. of New Jersey, the Standard Oil Co. of Indiana, the Mellon group, and the Dutch Shell will receive about $30,000,000 less profit than they have been receiving.

Let us see whether or not that is a fair statement.

Let me remind Senators that all of the other oil producers in the United States except these four great companies have to produce domestic oil, and with that domestic oil they compete with the very four companies which I am describing. The fact that these foreign companies can bring in their oil tax free when domestic companies are being taxed by State, county, and Nation gives these four great monopolistic concerns the power to break the market of domestic oil and ruin the independent producer and the small producer whenever they may desire. That was illustrated last year. In 1931, when Texas had troops in the oil fields to control production, when Oklahoma had the militia in the oil fields to shut down production, when my State was appropriating hundreds of thousands of dollars out of the State treasury to regulate production and to shut down the wells so that they would not drown us in oil, the four great companies owning foreign oil brought in tremendous supplies of tax-free foreign oil and added to our distress and added to the burdens which our States were bearing.

Is it fair? Is it fair to the Texas Co., is it fair to any other great oil company, to force it to compete here in America for our markets and give a premium to these four domestic corporations? The other companies have to use domestic oil. They have to pay State, county, municipal, and Federal taxes on their property. The only difference will be that every dollar that will go into the Treasury under this bill will go into the profits of these four great oil companies unless the bill includes an excise tax of this kind.

Mr. President, I know that Senators are anxious to proceed with the bill. I could consume the rest of the afternoon if I should undertake to quote to the Senate statistics and data with reference to imports and with reference to domestic conditions in the oil fields. Let me remind, Senators, however, that to-day, even as we are sitting here, in my State our citizens, under the lash of the law, have had their oil wells choked down until, though you may have an oil well capable of producing 10,000 barrels a day, under our law you can produce only 67 barrels from an individual well. Sixty-seven barrels a day is all that my State will allow you to produce, though you may have a potential production of thousands. Our citizens are forced to take that action not because they wish it but because the law forces them to take it; and yet has the Federal Government no sympathy with our people? Is it unwilling to aid? On the other hand, is the Federal Government going to insist that to our difficulties shall be added this flood of foreign oil from Venezuela and Central and South America, brought here not for the purpose of giving our domestic consumers lower prices—no—brought here for the purpose of enriching these four corporations; brought here for the purpose of affording them a club whereby they can beat down the small independent producer; and, once securing an absolute monopoly of the oil business, they will then fix their prices on gasoline and other products at such a figure as may satisfy their greed.

Mr. VANDENBERG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. When the question of rates upon oil was pending in connection with the Smoot-Hawley bill, many of us opposed the proposed rates on the theory that there was such insufficient regulation and proration at home that the net value would be negligible, if anything. I want to ask the Senator whether it is not a fact that in the interim that phase of oil-production regulation has been drastic in the United States and that that objection now has substantially disappeared?

Mr. CONNALLY. Let me say to the Senator from Michigan that he is quite correct. Conditions have wholly changed in the matter of production since those items were before the Senate in the last Congress.

Mr. President, I make bold to state that measures which have been adopted in Oklahoma and Texas with reference to the control of oil would not have been tolerated by any free people with regard to any other right which they possessed. If the strong arm of the military had been employed to suppress free speech, the people would have rebelled. If it had been employed to take their private property away from them, they would have risen up in riot. But they submitted because of the dire necessities of the case. It

was either submit or absolutely perish and be drowned in a flood of domestic oil.

Yet, with our States in these conditions of distress, with the oil-producing States going through these terrible times, oppressed and distressed, the United States Government, instead of expressing sympathy for them, instead of lending its aid, has been refusing to place a single dollar of tax upon the importers, and their flood of foreign oil has increased our misery and subtracted from our wealth and from the orderly production of our oil.

Mr. President, the Senator from Michigan also brought out very clearly the fact that two years ago many Senators would not vote for the rates which were then proposed because they thought that they would shut out imports. Let me remind the Senator that we are not now asking in this bill 2 cents per gallon. That would be, in effect, with some grades of oil, probably prohibitive; the oil might not be brought in. But with a tax of only 42 cents a barrel, and with the report of the Tariff Commission of a differential of $1.03 per barrel, I submit that this is not a protective tax; I submit that it is a revenue tax.

Do Senators suppose that the great Gulf Oil Co. will cease to bring its own oil to its own refineries here in the United States when it can do so $1.03 a barrel more cheaply than it can buy domestic oil, because of the payment of a tax of 42 cents? Do Senators suppose that the Standard Oil Co. of New Jersey and the Standard Oil Co. of Indiana will forego their opportunity to make 61 cents a barrel by bringing their own oil into our markets?

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. Is there any estimate as to how much revenue we would collect by reason of this proposed rate on oil?

Mr. CONNALLY. The only estimate I know anything about, except private estimates, is that of the Secretary of the Treasury, who, when before the Finance Committee, said that the Treasury had made no estimate, but that it had taken an estimate which had been made some time before by the Department of Commerce, and that the estimate was that it would produce $5,000,000.

Mr. BORAH. Was any estimate made with reference to copper?

Mr. CONNALLY. I do not recall that. I do not know what that estimate was. Probably the Senator from Michigan can answer that.

Mr. VANDENBERG. Mr. President, the Treasury has never made an estimate in connection with copper. Those statisticians upon whom we have been relying for information, which has proven itself to be accurate, have estimated an ultimate $10,000,000 a year from the copper rate. But let me repeat that that is ultimate, because of the existing stock on hand, and I suppose it would be safer to say that the current revenue would probably not exceed $5,000,000.

Mr. SMOOT. Mr. President, I have in my hand figures as to importation of crude oil during the years 1929, 1930, and 1931, prepared by the Tariff Commission in a supplementary report. Based on these figures, the importations of crude oil on the average for the years 1929, 1930, and 1931 were 2,636,367,888 gallons, which at half a cent would yield $13,181,839.

Mr. BORAH. Thirteen million?

Mr. SMOOT. Thirteen million.

Mr. BORAH. Is that from the Treasury?

Mr. SMOOT. It is based on the Tariff Commission supplementary report. Then, as to fuel and gas oil, the estimate is 5,013,671,000 gallons.

Mr. CONNALLY. What is the total from all petroleum products?

Mr. SMOOT. The estimate is $31,979,245.

Mr. CONNALLY. That is from the Tariff Commission?

Mr. SMOOT. That is the Tariff Commission's estimate.

Mr. CONNALLY. I am glad to have that. It is a supplementary report, I will say to the Senator from Idaho, only recently sent up.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. THOMAS of Oklahoma. I want to ask the Senator from Utah a question. I understand that he just stated that the yield would be $21,000,000 on a rate of half a cent per gallon. I want to know whether that is correct.

Mr. SMOOT. As to fuel and gas oil?

Mr. THOMAS of Oklahoma. All sorts of imports—crude, fuel oil, and gasoline—at half a cent per gallon, would yield $21,000,000?

Mr. SMOOT. That is on the imports. The report says:

Imports of petroleum, based on the average for three years, 1929, 1930, and 1931, taken from the United States Tarfiff Commission's supplementary report.

Crude oil, 2,636,367,888 gallons, at a half a cent, $13,181,839. Then for fuel and gas oil, 1,002,734,334 gallons, at a half a cent, $5,013,671. Then as to gasoline and other like products, 551,349,414 gallons, at 2½ cents, $13,783,785.

Mr. BORAH. That is based on the assumption that the same amount of oil will come in after this tariff is levied.

Mr. SMOOT. That is true.

Mr. BORAH. That is a very unsatisfactory estimate, in my judgment.

Mr. CONNALLY. Mr. President, the figures which have now been presented justify the statements which I made earlier in my remarks, that the Treasury and its supposed estimates were unfriendly, and that they did not reflect the real facts.

Mr. SHEPPARD. Mr. President——

The PRESIDENT pro tempore. Does the junior Senator from Texas yield to his colleague?

Mr. CONNALLY. I yield to my colleague.

Mr. SHEPPARD. In reference to the remark of the Senator from Idaho that we could not expect imports to be as large after the tariff is levied as they were before, let me suggest that even if the imports should fall off 50 per cent, under this estimate we would have collected about $15,000,000 in revenue during the 3-year period 1929, 1930, and 1931.

Mr. CONNALLY. I thank the Senator. As was well suggested by my colleague, if imports should decline 50 per cent, we would still receive $15,000,000 additional revenue.

I agree with the Senator from Idaho that any considerable import tax, of course, has a tendency to decrease imports. But the facts still are that at least three of these great companies have their refining establishments in the United States, their home offices in the United States, and it is to their interest and their profit to bring the oil here and refine it here, rather than build and establish new refineries in Central and South America.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. CONNALLY. I am glad to yield.

Mr. REED. I am disturbed by the Senator's amendment, because the immediate effect of it would be to make the tax on crude oil 1 cent, and the tax on fuel oil would remain at half a cent.

Mr. CONNALLY. I offered it all the way along.

Mr. REED. I know the Senator did.

Mr. CONNALLY. I shall say to the Senator that for the present I shall withdraw my amendment.

Mr. REED. I am very glad of that, because I do not want to get us put into the position of voting against a tariff in which we believe, merely because it is out of line with the other tariffs.

Mr. CONNALLY. Let me say to the Senator from Pennsylvania that when I offered the amendment I intended it as a substitute entirely for the amendment of the Senator from Nebraska, but the Chair held that it was only in part a substitute and ruled out the remainder.

Mr. REED. I heard that ruling. I knew the Senator meant it quite in accordance with our understanding.

Mr. CONNALLY. I think that at the conclusion of my remarks I shall withdraw my amendment.

Mr. REED. I thank the Senator.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. There are two propositions which naturally one considers in regard to a matter like this. The first is the question of revenue and the second is the question of protection.

Mr. CONNALLY. That is right.

Mr. BORAH. I understand that some statistician, some expert, testified before the committee that the revenue from the tariff on oil and coal and copper and lumber, all combined, would amount to about six or seven million dollars.

Mr. CONNALLY. No; there was no expert before the committee except the Secretary of the Treasury, as I recall it. Most of those on the committee and others opposed to these duties poke fun at the idea of their bringing in any revenue, but there was never presented any real estimate until the Senator from Utah produced the one from the Tariff Commission.

Mr. REED. Mr. President, the report of the committee shows that the oil tariff is estimated by the Treasury to yield $5,000,000 a year; the coal tariff, $500,000; the lumber tariff, $1,000,000. There is no estimate as to copper.

Mr. BORAH. There is no copper coming in, is there?

Mr. REED. Oh, yes; there is a lot of copper coming in from Canada. Some 30,000,000 tons, as I recall it, came in last year.

Mr. CONNALLY. Mr. President, I do not want the Senator from Pennsylvania to contradict what I said by quoting the report of the committee. I said the Secretary of the Treasury appeared before our committee and stated the Treasury itself had made no estimate but had borrowed the $5,000,000 estimate from the Department of Commerce. Is not that correct?

Mr. REED. I think that is correct.

Mr. CONNALLY. So the only real estimate, I shall say to the Senator from Idaho, that has been made at the request of the Finance Committee is the estimate which the Senator from Utah has exhibited.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. I do not want one observation made by the Senator from Idaho to stand without correction. He intimated by his inquiry that he thought no copper was coming into the United States at the present time, and I want to call his attention to the fact that, at the rate of importation during the last three months, the total importations for this year will be 428,000 tons, which will be the largest figure in the history of copper importations.

Mr. BORAH. Mr. President, I am pleased to have that information.

Mr. CONNALLY. Mr. President, the estimates made by the Tariff Commission are certainly entitled to weight and consideration. The Tariff Commission is better equipped than even the Treasury Department with reference to estimates on imports and exports. So I am glad that the Senator from Utah has submitted the estimates made by the Tariff Commission.

Now, Mr. President, I desire to sum up what I have undertaken to point out to the Senate.

In the first place, this is a revenue bill; and the excise tax on petroleum is a revenue producer and will bring in quite a number of millions of dollars.

In the second place, the domestic petroleum producers are heavily taxed in the States. They are taxed in this bill on the transportation of oil; and unless we levy a tax on imports for the purpose of equalizing competition in some degree, we are going to do the domestic-oil producer a great injustice and visit upon him a great wrong.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. BARKLEY. My information is that in most of the States, if not in all of them, there is what is called a production tax, called in some States a severance tax; but whatever it is called it is levied on the production of crude oil, and the same applies to gas and sulphur and coal, and in many States to other mineral products.

Mr. CONNALLY. That is correct.

Mr. BARKLEY. What is the average tax levied by the States which produce oil, by whatever name it may be known?

Mr. CONNALLY. The rates vary from 2 to 2½ and 3 per cent in some of the States.

Mr. BARKLEY. The Senator would not be able to say, then, on the average what this production tax may be, but in the States it is a percentage based on the sale value of the product when it comes out of the ground.

Mr. CONNALLY. That is correct. It is based on the value of the oil at the moment it reaches the surface of the earth. In many of the States it is either 2 or 2½ per cent. I believe it is 3 per cent in Oklahoma.

Mr. BARKLEY. I think it is 1½ per cent in my State. I believe the general average would be about 2 per cent.

Mr. CONNALLY. I would judge so.

Mr. BARKLEY. That is a State tax, and the revenue goes to the payment of the expenses of State government, but it is a contribution made by this product to government in one form or another.

Mr. CONNALLY. That is true.

Mr. BARKLEY. If I understand the Senator's position, it is that oil brought into this country does not pay that tax.

Mr. CONNALLY. It does not.

Mr. BARKLEY. And in that respect has a decided advantage over domestic oil?

Mr. CONNALLY. That is true. In addition, this very bill which we are now considering taxes the oil producer on his right to transport oil through a pipe line. That tax must be paid by the producer for the privilege of shipping.

Mr. BARKLEY. Of course, that would apply to the imported oil as well as the domestic oil.

Mr. CONNALLY. But the imported oils are not shipped by pipe line. They are unloaded along the Atlantic coast and are consumed there. Of course, if they should be transported by pipe lines, foreign oils would pay that tax as well; but as a matter of fact, the foreign oils are not transported by pipe line. They are landed at Atlantic ports and refined and consumed in those very areas.

Mr. LONG. Mr. President, will the Senator yield now?

Mr. CONNALLY. I yield.

Mr. LONG. The answer the Senator made a moment ago is not exactly correct. I have an analysis of that matter. In some States the tax is as high as 11 cents per barrel on the high grades. At this time some of that oil is selling for less than 75 cents a barrel and paying 11 cents severance tax in some States, so it goes away above the figure stated. In some instances it is as high as 16⅔ per cent at this time.

Mr. CONNALLY. I thank the Senator. I undertook to say it varied in the various States. I did not undertake to cover the whole field accurately and in detail.

Irrespective of the rate, the point I am undertaking to make is that the domestic oil and the domestic producers of oil are heavily taxed in all of the States, while the foreign producers of oil are not. I have statistics available, which I shall not bring to the attention of the Senate at this time, showing the proportion of ad valorem taxes, the ad valorem taxes which the oil producers in America pay toward the State governments, ad valorem taxes on their land, on their oil wells, on their refineries, on their pipe lines, and on every other character of personal and real property which those concerns own. It is a very substantial sum in every State in which there is oil development. The four importing oil corporations pay negligible taxes and negligible burdens in the South American countries where they produce the oil.

Mr. President, let me remind the Senate again that the United States Tariff Commission, set up by this Government for the purpose of ascertaining the differences in domestic and foreign costs, has issued valuable information on those questions. I hold in my hand a supplemental report under date of September 1, 1931. Here is what the Tariff Commission then said:

In contrast with the situation for the Nation as a whole, the State of Texas produced some 331,700,000 barrels in 1931, or 39 per cent of the national total. That is to say, about 35,000,000 barrels more than the State produced in 1929 and over 41,000,000 barrels more than in 1930. The production of the fields of east Texas in 1931, practically all of which was new production, was nearly 108,000,000 barrels. This increase is significant when compared with the total imports of crude and refined oil from foreign sources, which aggregated some 86,000,000 barrels of foreign oil.

In other words, wherever we have an increase in domestic production in our State or in any other State of the Nation it is offset immediately by the foreign oil which those producers bring into the United States and sell in competition. The report of the Tariff Commission also sets forth the difference in the cost of production as being in most grades $1.09.

Mr. President, it is not my desire to discuss the matter at great length. I submit it with these three propositions:

The excise tax is a revenue measure. The official estimates of the Tariff Commission show that we will get $30,000,000. Is that correct, may I ask the Senator from Utah?

Mr. SMOOT. We would have gotten that much in 1929, 1930, and 1931 for the three years.

Mr. CONNALLY. Is that an insignificant sum? Is that a sum which Senators consider of no consequence?

Mr. SHEPPARD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to his colleague?

Mr. CONNALLY. Certainly.

Mr. SHEPPARD. That estimate was based on a rate of one-half cent. If the rate had been 1 cent, the revenue for the three years would have been $50,000,000 on crude petroleum and its products.

Mr. CONNALLY. I thank my colleague. The estimate which the Tariff Commission submits is on the basis of one-half cent a gallon. On the basis of 1 cent a gallon the revenue for three years would be an average of $30,000,000. Is $30,000,000 annually insignificant? It will not be a prohibitory tariff. It will be a revenue duty. It will help fill the deficit in the Treasury. The refusal of the Senate to vote for an excise tax on foreign oil will benefit only four concerns—the two Standard Oil companies, the Royal Dutch Shell, and Mr. Mellon. Mr. Mellon may not need the money, but it will benefit those four companies, and I do not believe it will benefit anybody else.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Maryland?

Mr. CONNALLY. Certainly.

Mr. TYDINGS. To what extent will it benefit the consumer of oil?

Mr. CONNALLY. It will benefit the consumer by allowing to live the independent oil companies, the independent producers, who are the real competitors of these gigantic oil corporations. Unless these independents do live, unless the competitors of these four great concerns are allowed to live, God help the consumer when the independents have been smothered and strangled, because we shall then be at the mercy of the great oil companies and they will fix the price they desire for gasoline. I am told that in the Republic of Colombia, where oil is produced, they pay for gasoline three times as much as we pay in the United States, because it is controlled there by a monopoly.

Mr. TYDINGS. The Senator is going to be frank enough, of course, as he has been in the past, to admit that this tariff on imported oil is going to raise the price of oil. That is true, is it not?

Mr. CONNALLY. I will answer when the Senator concludes.

Mr. TYDINGS. If we can get that settled I would like to ask the Senator another question. Is that true?

Mr. CONNALLY. I do not want to be catechised back and forth. I would like to have the Senator ask his question and let me answer it.

Mr. TYDINGS. I ask the Senator that question.

Mr. CONNALLY. Then I shall answer the Senator. Of course, it will have a tendency to increase the price of crude oil for the reason that these companies, if they pay 42 cents in the form of a tax to bring the oil in here, will not want to lose any money. But that does not mean that the consumer will pay more for gasoline, for the simple reason that the competitor, the Texas Co., for illustration, which to-day buys domestic oil, manufactures that oil into gasoline, and competes with Mr. Mellon's Gulf Oil Co., sells its gasoline at exactly the same price. But the difference is that Mr. Mellon's oil company, because it can bring in free oil makes more profit on the oil than the Texas Co. does. The only difference will be that instead of the money going into the treasury of Mellon and the Standard Oil Co., a portion of it will go into the Treasury of the United States, and we shall have a more fair competition because the companies will all be more nearly on the same basis, and their raw products will come more nearly costing each one of them the same.

Does that answer the Senator?

Mr. TYDINGS. I think the Senator handled it pretty well from his viewpoint; but if he will permit me, I think that putting a tariff on the product tends to raise the price.

Mr. CONNALLY. I said so.

Mr. TYDINGS. That being so, whatever the independent oil companies will profit will, of course, come out of the pockets of those who consume the oil. In addition to that, three-quarters of one year's supply of the Nation's oil is already in the pipe lines of the big oil companies, so they will overnight add about 2 cents a gallon on every gallon of oil they have stored.

Mr. CONNALLY. Oh, the Senator seems to know what they are doing. I do not know, but let me ask the Senator a question. In Maryland had he rather buy oil from Oklahoma or buy it from Venezuela if it cost the same price?

Mr. TYDINGS. Of course we would rather buy it from Oklahoma.

Mr. CONNALLY. All right; let us see if you had. Down in Oklahoma right now there is plenty of oil which the owners want to produce. They want to bring it out of the ground. They want to sell it to the consumers in the Senator's State and mine, but the law will not let them sell it because, it is said, they are going to overproduce and it is going to be wasted. As a result, instead of buying identical oil from Oklahoma the Senator buys from South and Central America, whereas if we had a reasonable tax on the right to import that foreign oil, so as to make the foreign company pay a part of the burden of government, he could then buy the oil from Oklahoma, in the form of gasoline, without it costing him one cent more.

Mr. TYDINGS. The Senator said a moment ago that the tariff would tend to increase the price of the oil.

Mr. CONNALLY. Of the crude oil; yes.

Mr. TYDINGS. Therefore may I say to the Senator that the people of my State would have to pay more for their oil than we pay now.

Mr. CONNALLY. Do the Senator's people consume crude oil?

Mr. TYDINGS. We take it into Maryland and convert it into gasoline.

Mr. CONNALLY. Who does that?

Mr. TYDINGS. The oil companies.

Mr. CONNALLY. The big oil companies?

Mr. TYDINGS. The Pan-American Oil Co.; yes.

Mr. CONNALLY. The Standard Oil Co. of Indiana does that.

Mr. TYDINGS. Regardless of who does it, the Senator has admitted that we get it more cheaply.

Mr. CONNALLY. No; I have not.

Mr. TYDINGS. The Senator said the duty would increase the price.

Mr. CONNALLY. I said it would tend to increase the price of crude oil which is brought here, which it would.

Mr. TYDINGS. It would actually increase the cost of gasoline if it is made from more expensive crude oil.

Mr. CONNALLY. Not necessarily. Let me ask the Senator if he believes in a tariff for revenue?

Mr. TYDINGS. Mr. President, I have 500 tariff amendments here; if the Senator wants to raise more revenue he can vote for them.

Mr. CONNALLY. But does the Senator favor a tariff law?

Mr. TYDINGS. If the Senator will let me answer his question, I will say—and I think the Senator will agree to the statement—that the tariff as now written penalizes the people of his State, and I have 500 amendments to reduce the tariff so that we can put his State on an equality with the rest of the country.

Mr. SHORTRIDGE. Mr. President, will the Senator from Texas permit me to propound a question to the Senator from Maryland?

Mr. CONNALLY. Let me answer the Senator, and then I shall yield. Let me say to the Senator from Maryland, for whom I have a very high personal regard——

Mr. TYDINGS. And that feeling is reciprocated.

Mr. CONNALLY. That he believes in a tariff for revenue on other commodities, but he does not believe in a tariff on oil, because there are no oil wells in Maryland, but there are oil companies in Maryland.

Mr. TYDINGS. Will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Maryland?

Mr. CONNALLY. I yield.

Mr. TYDINGS. Let me say to the Senator from Texas that I do not think this tariff proposal has any place in this internal revenue bill.

Mr. CONNALLY. If it did have a place here, would the Senator be for it?

Mr. TYDINGS. If the Senator will bring before us a tariff bill I will be very glad, in my individual capacity, to debate it with him and discuss it from every angle, and, if he can make out a case, to support it; but I do not think that we want to go into it now. To prove my statement, let me say that there are advocates here of a tariff on wood pulp, on phosphate, on manganese, on steel, on copper and its translated products, and on a variety of other commodities. Obviously, I do not think that oil ought to have any special privilege. If we are going to take up the whole tariff law and give any of these commodities a run for their money, that is one thing; but I do not think that it is right to pick out two or three, no matter how aggravated the situation affecting them may be, and give them special consideration.

Mr. BROUSSARD, Mr. SHORTRIDGE, and Mr. ASHURST addressed the Chair.

The PRESIDENT pro tempore. Does the Senator yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Louisiana.

Mr. BROUSSARD. Mr. President, I wish to make this observation: Conceding the situation to be such as it is in the oil industry, with the four largest companies in the world operating here, and with filling stations at almost every corner, is it reasonable to assume that the companies that buy oil more cheaply in foreign countries will cut down their prices when their only competitors are independent corporations that must get out of the business by way of profit sufficient to justify them to remain in it? The result is that the Treasury loses that money and the consumer does not save a copper cent.

Mr. COUZENS. And the four oil companies gain it in the form of profits.

Mr. BROUSSARD. The four oil companies just scoop it up and are in better position to crush any competition that comes up. The result is that in every town one visits, small or large, he will find when one of the independent companies establishes a filling station that the large corporations go there and establish one across the street, until we have such stations at almost every corner.

Mr. CONNALLY. That is right.

Mr. BROUSSARD. And the company that can get imported oil $1.03 cheaper is not giving that benefit to the people at all but is taking it itself.

Mr. CONNALLY. That is right.

Mr. BROUSSARD. And it may reduce the price sufficiently to put the other fellow out of business sometimes.

Mr. CONNALLY. I thank the Senator from Louisiana because he has made a very substantial contribution to this debate. The four companies that are importers of oil, when they can bring it here for $1.03 a barrel less than the cost to their domestic competitors, are not going to give the consumer the value of that $1.03, because if they should do so they would be on a level with their competitors; and, as suggested by the Senator from Louisiana, with four or five other great competitors selling gasoline, who must sell it at a level in order to stay in the business, that fact enables the four great companies to put the particular money that they save in their pockets as profit. The only difference will be that under this amendment a part of it will go into the Treasury of the United States instead of into the treasuries of the four oil companies.

Now, I should like to reply to the Senator from Maryland for a moment. The Senator from Maryland says that he has ready 500 amendments proposing to lower tariff duties. Well, if we lower a duty it means that we are still going to retain a duty; if we lower a duty it means we are still going to levy some kind of a tariff. So the Senator from Maryland is in favor of levying a tariff on at least 500 items, but is not in favor of levying a single cent of excise tax on oil. Why should we discriminate against oil?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I went to some little trouble to point out to the Senator that, in my judgment, this is not a tariff bill and that it ought not to have tariff items in it. I only suggested that if we are going to take up the tariff we ought to take up the whole tariff so as to treat each product with the same amount of consideration.

Mr. CONNALLY. Oh!

Mr. TYDINGS. Now the Senator's plan is to take only four products, when others may be equally deserving of additional duties or lower duties, as the case may be, and exclude them entirely, so that the products of his community are the only ones that are to receive consideration, except in one or two other instances, in the whole tariff matter. Yet this is a revenue bill.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator from Maryland a question?

Mr. CONNALLY. I would be glad to yield to the Senator from California.

Mr. SHORTRIDGE. Mr. President, this is a revenue-raising measure, is it not?

Mr. TYDINGS. I thought the Senator was a protectionist; I did not know he was an advocate of a tariff for revenue only.

Mr. SHORTRIDGE. I am for protection also.

Mr. TYDINGS. I knew the Senator was.

Mr. SHORTRIDGE. So was George Washington.

Mr. TYDINGS. I have no quarrel with the Senator; he is perfectly within his rights.

Mr. SHORTRIDGE. George Washington signed the first protective tariff bill on July 4, 1789, as a patriotic act.

Mr. TYDINGS. But this is not a tariff bill, I want to say to the Senator; and, while I respect his view, when I see him for these tariff items I know that it is just another protective tariff measure.

Mr. SHORTRIDGE. Mr. President, will the Senator from Texas permit me further?

Mr. CONNALLY. I yield.

Mr. SHORTRIDGE. I do not wish to enter into a discussion of the tariff at this point, but, with great candor, and not to embarrass anybody here or elsewhere, it is not improper for me to recall that when this revenue-raising measure—not a tariff measure, but a revenue-raising measure—was under consideration by the Committee on Finance, I there again and again remarked that no Democratic Member would be embarrassed in the slightest in considering that some revenue could be derived on imports of oil or coal or copper or lumber, for they could stand and would be standing upon the true historic Democratic doctrine of

a tariff for revenue only. Whether this bill be called a revenue bill or a tariff bill, the placing of some duty on oil, for example, will yield much-needed revenue to the Government; and no thoughtful, sincere, and regular Democratic Member should be in the slightest embarrassed when he takes the stand which has been taken, and now is held by the Senator from Texas, or as will be taken and held by the Senator from Arizona and by other upstanding, thoroughgoing and patriotic members of the Democratic Party. But I wish to emphasize the thought at this juncture that this is a revenue-raising measure and that we can get additional revenue by increasing income taxes or estate taxes or by placing a duty on certain imports.

The amendment offered by the Senator from Maryland this afternoon, for which I voted, would have yielded revenue.

Mr. TYDINGS. I thank the Senator.

Mr. SHORTRIDGE. We are not confined to any given quarter for the raising of revenue. This is not a tariff bill—not at all—it is a revenue-raising measure. I beg pardon for detaining the Senate. I merely wish to add that I support these items—these so-called tariff items—first, because they are revenue-raising items; and, moreover, I am hopeful that they will afford some protection to American industry, whether it be on the farm, in the mine, or in the shop. I am for America and for American industries first, last, and all the time.

Mr. TYDINGS. Later on, in my own time, I think I can convince the Senator that the provision pending is a revenue-raising measure; but it will raise revenue from the consumers of oil and put the revenue in the pockets of the large oil companies, because they dominate the oil fields; and what is now being asked is that they may be put in a position to exact further toll from the consumers of oil all over the country. I think I can almost prove that with the facts I have if I have any audience to listen to me.

Mr. SHORTRIDGE. I beg pardon of the Senator from Texas for having taken so much of his time.

Mr. CONNALLY. Mr. President, let me observe here, in reply to the Senator from Maryland, and in connection with what the Senator from California has said, that until we adopted the internal-revenue income tax in 1913 all our tariff bills were revenue bills, because that was how we raised the revenue for the Government. Every tariff bill was a revenue bill designed to get the money with which to run this Government. Because in 1913 we adopted the income tax as a further means of raising revenue it did not change the fact at all that every tariff bill that is brought into this Chamber is brought in as a revenue producer. The only authority which Congress possesses to levy any tariff duties at all is because of the constitutional grant to Congress which provides that Congress shall have the power to raise revenue, and the tariff is incidental to the raising of revenue. If we did not raise revenue in a tariff bill, we would have no constitutional warrant whatever for passing that kind of a bill.

Mr. SMOOT and Mr. SHORTRIDGE addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I must yield first to the chairman of the committee.

Mr. SMOOT. I should like to call the attention of the Senate to the fact that in tariff bills we have at different times included strictly revenue-raising provisions, and vice versa. For instance, the corporation tax was first imposed by section 38 of the tariff act of 1909; the corporation tax was placed in that bill. Then, in the act of 1913, an income tax was first imposed by section 2 of the tariff act of 1913.

Mr. CONNALLY. Why, certainly. Let me say to the Senator that the first income tax bill we have had since the war was passed in 1894, and was held unconstitutional by the Supreme Court. It was contained in the Democratic tariff act of 1894. Let me say to the Senator from Maryland that that was a tariff act in which a distinguished Senator from his own State, Senator Gorman, had a very important and a very potent part; and that is the authority I now give to the Senator from Maryland—the fact that Senator Gorman's tariff bill of 1894 carried an income-tax provision. I have it here before me.

Mr. SMOOT. And the Democratic tariff act of 1913.

Mr. CONNALLY. And the Democratic tariff act of 1913, with which the Senator from Tennessee [Mr. HULL] is fully familiar, because I understand that he had a large part in drafting the income tax of 1913, which is carried in the Underwood Tariff Act of that year. Why was it so carried? It was carried because it was a revenue producer, and it was put in a revenue bill.

Mr. HULL. Mr. President——

Mr. CONNALLY. I yield to the Senator from Tennessee.

Mr. HULL. The Treasury was willing to back up those acts as real, substantial, revenue-producing acts, whereas in this instance neither the Senator from Tennessee nor his colleagues were willing to report out this bill over their signatures with an estimate of but $500,000 for coal and a trivial amount for oil. That is the difference between a substantial, tangible, permanent, revenue-producing proposition, such as the 2 per cent tax on all income of corporations and individuals in the act of 1894, and the 1 per cent excise on corporations to supplement the tariff revenues of the tariff act of 1909, and the graduated rates on individuals and the substantial rates on corporations, which were part and parcel of the almost purely revenue-producing act of 1913.

Since the Senator has personally mentioned me, I want to contrast the good faith that attached to the conduct of the Congress when those really revenue-producing acts were enacted and this pure burlesque and travesty on a revenue measure which the Senator is undertaking to dignify as belonging to the same class.

Mr. CONNALLY. I beg the Senator's pardon for mentioning his name in the discussion. I did so in a complimentary manner. I said that the Senator from Tennessee had a very large part in framing that act.

Mr. HULL. I certainly would not want an income tax that raised $15,000,000 during the war to be placed in the same class with this oil tariff which is called a tax.

Mr. CONNALLY. The Senator from Tennessee suggests that the estimates for the oil revenue are trifling. The Senator from Utah holds in his hands estimates from the Tariff Commission which say that over a period of three years it will produce approximately $60,000,000 at 1 cent a gallon instead of half a cent a gallon. Does the Senator from Tennessee regard $60,000,000 as a trifling item?

Mr. HULL. I want to make up the record.

Mr. GEORGE. Mr. President, may I ask the Senator a question?

Mr. CONNALLY. I yield to the Senator from Georgia.

Mr. GEORGE. I presume the Senator from Utah has such faith in those estimates that he will be quite willing to strike out some of the excise taxes, which, on the basis of that estimate, I think I shall be impelled to propose later on in the bill.

Mr. SMOOT. I simply called the attention of the Senate to the fact that that is what happened.

Mr. GEORGE. I know; but I assume that the Senator from Utah has such faith in the revenue-producing quality and character of the oil tax and the other taxes imposed here that he will be quite willing to strike out some of the special excise taxes that are particularly burdensome upon other lines of business.

Mr. SMOOT. The Senator from Utah thinks that if this bill were passed just as it is it would not raise enough revenue to meet the deficit of our Government.

Mr. GEORGE. But the Senator knows that when we were considering the bill we estimated the revenue from this particular tariff at around $5,000,000.

Mr. CONNALLY. We did not do that. The Treasury did.

Mr. GEORGE. The Treasury did. So that if we were then mistaken, and we are going to get a much larger sum of money, I am happy to learn it, because we will be able to remove some excise taxes from the bill.

Mr. CONNALLY. I shall answer the Senator from Georgia. If the Senator from Georgia will join in and help

us to secure the revenue of about $31,000,000 from this item, I am sure a number of us shall be glad to help him take out some of the excise taxes; but I do not think the Senator has any intention of doing that.

Mr. GEORGE. I am happy to learn, though, that we shall be able to do it; and I observe that the distinguished Senator from Utah is particularly gratified that the income from these tariffs is going to be very much greater than he first was informed.

Mr. SMOOT. The Senator is wrong on that. I said that they would not be as great as they were estimated to be.

Mr. HULL. Why did not the Senator insert that estimate in his report if he had faith in it?

Mr. CONNALLY. He did not have the estimate then.

Mr. SMOOT. I have not any objection to the Senator referring to the committee report.

Mr. HULL. Why did the estimates stay at the Senator's desk instead of his inserting them in this report if they mean anything?

Mr. CONNALLY. Mr. President, I do not think the estimates from the Tariff Commission were available when the Senator from Utah made his report.

Mr. GEORGE. That was the thing that made me so very happy—because now they are available, and the distinguished Senator from Utah has brought them upon the floor; and I am gratified to know that we are going to be able to eliminate some excise taxes.

Mr. CONNALLY. I shall say to the Senator that both the Senator from Georgia and the Senator from Tennessee are members of the Finance Committee. They know that we had no estimates from the Tariff Commission at the time the bill was reported. I hold in my hand now the estimates from the Tariff Commission, which were furnished the Senator from Utah. On the basis of these estimates it appears that a very substantial amount of revenue will be produced.

The Senator from Tennessee smiles. I do not know whether he means to impugn my sincerity or to draw some unfavorable inference as to these estimates. I do not know where they came from. The Senator from Utah says they came from the Tariff Commission.

Mr. SMOOT. The estimate states plainly where it came from.

Mr. CONNALLY. Why, certainly.

Mr. SMOOT. The figures are for the years 1929, 1930, and 1931, and they came from the Tariff Commission.

Mr. HULL. There is considerable doubt about where they did come from. I think we should have the Tariff Commission brought up here before the committee, and let us run these figures down, and see where they come from.

Mr. SMOOT. There is no question about where they come from.

Mr. CONNALLY. They sent them to the chairman of the committee. The Senator from Tennessee does the Senator from Utah an injustice, I am sure, in suggesting that there is doubt as to where they come from. The Senator from Utah has had custody of them. He turned them over to me a moment ago. If the Senator from Tennessee is doubtful as to the accuracy of them, he may very easily step into the cloakroom and call the Tariff Commission and check up on both the Senator from Utah and the Senator from Texas.

Mr. GEORGE. Has the Senator from Texas the estimated revenue from the other tariff items in the bill?

Mr. CONNALLY. I have not.

Mr. GEORGE. Only as to oil?

Mr. CONNALLY. That is all I have.

Mr. GEORGE. I should be delighted to have the estimates as to all of them.

Mr. SMOOT. This estimate is not based upon what the revenue will be. They do not say how much oil will come into the United States if the tariff is imposed. These figures show what oil came into the country in the years stated; and if the same amount came into the country hereafter, and this rate was imposed, it would raise that amount of money. The Tariff Commission does not express any opinion as to what oil will come in if the rate is imposed.

Mr. GEORGE. I know that; but we have been assured that these are not embargo tariffs; that they are tariffs for revenue. If that is so the imports are still coming in; and I am delighted to know that the revenue is going to be greatly increased, so that it will enable us, for example, to relieve the automobile people to some extent.

Mr. BROUSSARD. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield to the Senator from Louisiana.

Mr. BROUSSARD. May I ask the Senator from Texas what difference it makes whether the provision brings $500,000 or $500,000,000 into the Treasury? Is it not a question of principle?

Mr. CONNALLY. Certainly.

Mr. BROUSSARD. If we admit the principle that we can tax oil for $500,000, why can we not tax it for any amount that our judgment prompts us to put on it?

Mr. CONNALLY. Even the Department of Commerce made just a rough estimate; and it told the Finance Committee that according to their guess the provision would produce $5,000,000 a year. Five million dollars a year is a considerable revenue, even for the Federal Government.

Now, I want to say something with reference to the Senator from Tennessee [Mr. HULL].

I made a reference to the Senator from Tennessee by name, but I meant no improper reference. The Senator from Utah suggested that the income-tax provision of 1913 was carried in the Underwood Tariff Act. I then turned, the Senator from Tennessee being here, and said that the Senator from Tennessee had a large part in framing the income-tax provision of 1913. I hope the Senator did not conclude from that that I made any unkind reference; but he replied with some heat, apparently because I had mentioned his name.

Mr. HULL. Mr. President, if the Senator will permit me, I came in just as the Senator from Utah and the Senator from Texas were attempting to build up some precedent in support of the insertion of tariff items in a purely internal-revenue bill here upon the theory that they would be substantial revenue-yielding items. I felt that it was entirely unfair to those former acts, the revenue-producing qualities of which were large, and nobody questioned it, to use them to bolster up a proposal here which the Treasury itself refuses to get behind in any sense whatever; and the Secretary, when he was pressed before our committee as to the importance of this item as a revenue producer, said that he was not interested in car fare. That was the answer of the Secretary.

Mr. CONNALLY. I know what the Secretary said.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SMOOT. I will say to the Senator from Tennessee that the Senator from Utah gave no estimate as to what revenue would be derived if these rates were put into the bill. All that the Senator from Utah did was this: He had here the estimates for the three years from the Tariff Commission. I never intended to bring up the matter at all, but the question arose; and as the Senator was speaking of it, I had the figures and I gave them to him.

Mr. HULL. Mr. President, I have no disposition to debate this matter except to the extent that it is urged as a reason why these tariff items should be brought into this emergency internal-revenue bill.

Mr. SMOOT. That was not my idea at all. I merely stated the facts in the case. The Senate is to decide whether or not the provision shall go in.

Mr. CONNALLY. Mr. President, the Senator from Tennessee said that when he entered the Chamber the Senator from Utah and I were trying to build up some precedent for combining a tariff bill and an income tax bill in the same measure. I shall say to the Senator from Utah that if anybody built up that precedent it was the Senator from Tennessee and not the Senators from Texas and Utah. I was not undertaking to build up any precedent. I was simply quoting the action of the Senator from Tennessee

himself in 1913 in regard to the income tax law, with which he had a great deal to do and for which he received a great deal of distinction and reputation, of which I am proud. I called attention to the fact that that income tax law, upon which his reputation is largely built, was included in the tariff act of 1913. It was sound legislation in 1913 to have an income tax in a tariff bill, or to have revenue tariff items in a revenue bill. It was sound in 1913 when the Senator from Tennessee was building that legislation as a member of the Ways and Means Committee—both building the tariff and building the revenue. It was sound to put them in the same measure then because the Senator was for both of them. Now, when the Senator is not for an item, it is a crime and a sin for a Democrat to stand on the floor and offer the Senator's own precedent in justification for what we are trying to do here now, namely, to put a revenue item in a revenue bill.

Mr. HULL. Does the Senator expect to discuss the emergency condition over at the Treasury which involves the credit of the Government during the coming weeks, facing as we do a deficit running at the rate of two and three-quarter million dollars? If so, does not the Senator think that some of us at least could, without being criticized, object to the insertion in a wholly emergency tax measure for the relief of the Treasury of an indefinite number of promiscuous tariff items which do not particularly relate to the revenue?

Mr. CONNALLY. The Senator says this is an emergency; that we had to have some money; that we had to have it quickly. When we show him how we can get somewhere from fifty to sixty million dollars in three years he says, "Oh, no; we will not have that, because that has something to do with the tariff." That is the Senator's attitude. The Senator will not even consider it, because he is afraid of the tariff phantom.

The question is whether or not it is a revenue producer. I hold in my hand the tariff act of 1913, a Democratic tariff act, for which the Senator from Tennessee voted. How many tariffs are there in it? This act levied tariff duties on hundreds of items, and it was not any crime for the Senator from Tennessee to vote for it because it was a revenue act. It was adopted for the purpose of raising revenue according to Democratic doctrine, and the Senator from Tennessee helped frame that act. And what does it provide? It is a tariff act, "An act to reduce tariff duties and to provide revenue for the Government."

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I think the Senator from Texas wants to be fair.

Mr. CONNALLY. I do want to be fair.

Mr. TYDINGS. I would like to point out, however, that there is this distinction between the so-called precedent set by the Senator from Tennessee and the one now before the Senate. In the other measure every tariff item received consideration, the whole gamut of tariff legislation was considered, whereas in this bill only four items are selected, and the other items are excluded.

Mr. CONNALLY. The Senator has a perfect right to offer any amendment to the revenue bill before us he cares to offer, if it will produce revenue.

Mr. TYDINGS. That is just the point. I have had very great pressure brought on me, and particularly in reference to wood pulp, but may I say to the Senator that if each of us offered such amendments, the Budget would never be balanced, the revenue would never come in, and the country would be gone before we could straighten it out.

Mr. CONNALLY. The Senator is getting in an awful hurry. The Senator from Maryland is in a terrible hurry now. He consumed nearly all day here debating an item proposed to be inserted in this bill which he knew had no chance whatever of being adopted. But when we get to the subject of oil, the Senator does not favor an excise tax on oil, and he gets in a terrible hurry, and we have to vote to save the Government. And the Senator from Tennessee is in a tremendous hurry, too. If this bill is delayed, it is because of those who want to sidestep this issue.

I have no objection, if gentlemen are against this duty, to their voting against it, but let them not try to flank us by such a pretense as, "Oh, well, this has no place in the bill." Face the issue, whether it has a place in the bill or not. Do not try to sidetrack it. If Senators are against it, let them vote against it, and say they are against it, but let them not say, "Well, I might be for it, but this is the wrong place to put it." That does not go. Nobody believes that sort of statement. Nobody believes that either one of these Senators would vote for an excise tax on oil, no matter what kind of a bill it was in, because they are perfectly willing not to tax what their people consume, but probably would be willing to levy duties on what their people produce.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I think the debate on the so-called beer proposition was very short. At least it had the merit of being debated in a very short space of time and fought to a conclusion. I certainly did nothing to prolong it. Already we have taken up one day, with no prospect of a vote, on one single part of the tariff on oil, and the Senator has at least five other amendments dealing with this paragraph. So that if we consumed the same amount of time on the remaining amendments we have consumed on this amendment, it will take at least a week to act on the tariff on oil alone.

Mr. CONNALLY. Let me say to the Senator from Maryland that I should have concluded long ago but for the interruptions of himself and other Senators who were not in favor of the excise tax on oil, of course, but were trying to argue with the Senator from Texas that the item ought not to be in this kind of a bill. Of course, if it were in any other kind of a bill they would still be against it.

When the amendment of the Senator from Maryland came up to-day, I did not rise and, with a lot of pretense, say, "Now, let me suggest to the Senator from Maryland that his beer amendment has no place in this taxation measure." No; I walked up and faced the question, and voted on it. I did not try to sidetrack the issue. I did not try to lead it down a blind alley and assassinate it for some other cause than the one I professed to entertain.

Mr. VANDENBERG. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. VANDENBERG. Before the Senator permits himself to be convicted by the Senator from Maryland of having exhausted the entire afternoon on one tariff item, may I suggest to him that I find by reference to the record at the desk that he began speaking about 4 o'clock, and has been speaking less than two hours on one tariff item.

Mr. CONNALLY. I thank the Senator, and I am going to conclude. Of course, the Senator from Maryland was talking in favor of an item that he was strongly for, and he was perfectly willing to consume as much time of the Senate as his audience would enjoy. Now that I am talking about an item he is not in favor of, of course he is for speed, he is for hurrying up; and I say that in all kindness to the Senator. I do not think the Senator from Texas has consumed as much time of the Senate during his entire service here as has the Senator from Maryland on the one subject of liquor. Just on that one subject alone I believe the Senator from Maryland has taken up more time of the Senate since the Senator from Texas has been here than the Senator from Texas has taken up on discussing food, drink, clothes, and everything else.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. TYDINGS. I think the country is equally considering using more time in considering the liquor problem than the tariff on oil. I think that will be very evident after the next election.

Mr. CONNALLY. That is evidently the reason for the Senator's enthusiasm, then, in opposing the tariff on oil and

being for a tax on beer. He thinks the country's inclinations are along that line, which probably explains some of his enthusiasm.

Mr. LEWIS. Mr. President, may I add that I think the difficulties and complications have arisen from the failure to realize that in the beer controversy there was a desire to get more strength, while in the oil matter things are a little slippery. [Laughter.]

Mr. CONNALLY. I thank the Senator from Illinois. He always contributes to the brilliance and interest of any debate in which he takes part.

Now, I want to say to the Senator from Tennessee that I hope I have manifested no unkindness and no ill will in any reference I have made to him, and I likewise want to assure the Senator from Maryland that I meant no unkindness toward him.

Mr. President, this particular matter was provoked by the fact that Senators have been filling the public prints with statements to the effect, "Oh, no; these tariff items," as they call them, "have no place in a revenue bill."

Practically every revenue bill the Congress ever passed up to 1913 was in effect a tariff bill, because that was the way we raised the revenue. The first income tax bill the Government ever adopted since the Civil War was in 1894, when the income tax was carried in the Democratic tariff bill of that year. In 1913, with all branches of the Government in control of the Democrats, the tariff act of 1913 carried the income tax, and probably other internal taxes, to raise revenue.

That was good Democratic doctrine in 1913, and when did it become heresy to put two things into a bill when both of them ought to be there? This is a revenue item. The Senator from Tennessee and others say that it will not produce revenue. The Treasury itself admits that it will produce $5,000,000 a year, and the facts will disclose that it will come nearer producing $30,000,000 a year. If Senators are sincere, if they want revenue, here is one item on which we can get it.

I ask, Mr. President, in conclusion, that Senators bear in mind that this duty will put money into the Treasury, and that unless that money goes into the Treasury it will go into the coffers of four great importing oil companies, the Standard Oil Co. of New Jersey, the Standard Oil Co. of Indiana, the Royal Dutch Shell, and the Mellon companies of Pennsylvania.

Let me say to Senators that the people of my State and of Oklahoma are being almost drowned in oil. Wells are shut down, and one of the reasons why we are not being able to produce oil is because the importers are bringing in a flood of foreign oil, paying not one cent to the Federal Treasury and paying not one cent to the States, except the gasoline tax.

In the interest of the American producers it is unfair and it is unjust. The other oil companies in this country have to produce domestic oil, and they compete with these four great companies. This tax is justified, this tax will raise revenue, and it will more nearly equalize the conditions of competition between these four great companies and the hundreds of small independent companies.

I submit the amendment to the Senate with the confident belief that it will produce revenue, and ought to be adopted.

Mr. CAPPER obtained the floor.

Mr. LEWIS. Mr. President, will the Senator from Kansas permit me to call for a quorum, if it will not disturb him?

Mr. CAPPER. I yield.

Mr. LEWIS. I make the suggestion of the absence of a quorum.

The PRESIDING OFFICER (Mr. AUSTIN in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Blaine	Carey	Cutting
Austin	Bratton	Cohen	Davis
Bankhead	Brookhart	Connally	Dickinson
Barbour	Broussard	Coolidge	Dill
Barkley	Bulow	Copeland	Fess
Bingham	Capper	Costigan	Fletcher
Frazier	Johnson	Norbeck	Smoot
George	Jones	Norris	Thomas, Idaho
Glass	Kean	Nye	Thomas, Okla.
Glenn	Keyes	Oddie	Townsend
Hale	King	Reed	Trammell
Harrison	La Follette	Robinson, Ark.	Tydings
Hatfield	Lewis	Robinson, Ind.	Vandenberg
Hayden	McGill	Sheppard	Wagner
Hebert	McNary	Shortridge	Watson
Howell	Moses	Smith	White

The VICE PRESIDENT. Sixty-four Senators have answered to their names. A quorum is present.

Mr. TYDINGS. Mr. President, I ask permission to have printed in the RECORD at this point, as bearing on the subject matter now before the Senate, a short article appearing in the Washington Daily News of to-day entitled "Oil Men Plan to Pass Tax Levy to Consumers."

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

OIL MEN PLAN TO PASS TAX LEVY TO CONSUMERS—CONSUMERS IN DISTRICT OF COLUMBIA WILL BEAR BURDEN IF TARIFF PASSES—NEW JERSEY STANDARD NOTIFIES CUSTOMERS PRICES WILL BE INCREASED TO CARE FOR LEVIES—AFFECTS OTHER DISTRICTS—NOTICE IS GIVEN IN CONNECTION WITH USE OF FUEL-PETROLEUM CONTRACTS FOR NEXT WINTER

By Leo R. Sack

Anticipating approval by Congress of an oil tariff in the new revenue bill, distributing companies serving the Washington territory already are indicating that the burden will be passed along to the consumer. It is understood that a similar increase will follow in all Atlantic seaboard communities.

In contracts being mailed to customers, old and anticipated, for their fuel-oil supplies for next winter—both residential, apartmental, and business—Standard Oil of New Jersey is attaching this proviso:

"It is agreed that the maximum prices quoted shall be increased by the amount of taxes, duties, and other charges Standard may be required by any governmental authority to collect or pay with respect to importation, manufacture, transportation, sale, delivery, and/or use of the fuel oil covered hereby."

FIX LEVY AT 21 CENTS

The proposed tariff, as reported to the Senate, is 21 cents a barrel. The tax bill as it passed the House authorized a 42-cent tax. Senate advocates of the tariff hope to restore the House rate. On a basis of 42 gallons to a barrel this means a 1-cent-a-gallon tax.

Most inside residential oil-storage tanks hold 275 gallons. This will be an increased cost of $2.75 every time the tank is filled.

The tariff proviso, in language identical with that used by Standard, is contained in oil contracts mailed to Washington consumers by other distributors.

In addition to the anticipated tariff increase new contracts also contain a flat price increase of three-fourths of a cent a gallon over the maximum price for last winter. This increase, it is explained, is traceable to the boost in mid-continent field prices, an increase which closely followed passage of the oil-tariff plan by the House.

NOT AIMED AT CONSUMER

Senator THOMAS of Oklahoma, chief Senate advocate of the oil tariff, said to-day that the plan never contemplated a boost in price for consumers, but was intended chiefly as a competitive measure in order to increase consumption of American production and decrease foreign consumption.

At local headquarters of Standard of New Jersey it was not known definitely whether the oil sold to Washington consumers was of American, South American, or Mexican origin. It was suggested that production from all fields is refined in Baltimore and Bayonne, N. J.

Other Washington distributors thought Texas and Oklahoma oil was being refined for furnace purposes at Baltimore, but they were not sure.

COVERS WIDE FIELD

Under terms of the Standard proviso the tariff, or other taxes to be levied, can automatically be added to the bill regardless of whether the crude is produced in Oklahoma or Venezuela, unless extreme care is employed to prevent unlawful charges.

Senator THOMAS announces that he will investigate to determine how consumers in Washington and other Atlantic seaboard cities will be affected.

Mr. CAPPER. Mr. President, it is not my intention to consume much of the time of the Senate in discussing the proposed excise taxes on petroleum imports. It is highly important that the Senate complete its work of writing the tax bill at an early date. Business all over the country is at a standstill, waiting to see what Congress is going to do about balancing the Budget.

The country, to put it mildly, is out of patience with Congress for not making better speed in balancing the

Budget. The country expects Congress to pass a tax bill, and do it at the earliest possible moment. I would urge upon Senators to accept the 1-cent-a-gallon tax provided in the bill as it came from the House, in the interest of the economic welfare of the country and in the interest of an early adjournment of Congress.

Mr. President, the imposition of this proposed excise tax is simply a matter of delayed justice to the third greatest industry in the United States. Petroleum should have been granted an adequate degree of tariff protection when the revenue act of 1930 was enacted.

I am not exaggerating in the least when I say that the domestic oil industry in facing ruin unless these importers of cheap foreign oil are made to pay their share of the cost of government and compete with the producers of domestic oil on comparatively equal terms.

The ruin of the independent oil industry, Mr. President, means business stagnation, lack of purchasing power, continued unemployment, and poverty for hundreds of thousands of people in the Southwestern and other oil States.

Unless Congress acts I fear that thousands of small wells in my own State of Kansas and in other States will be shut down. Four thousand are now shut down. These small wells on the pump, producing only a few barrels a day, are the backbone of the industry and truly conserve our oil supply. Once closed down, they can not be reopened. Salt water takes them, and we will have to depend upon flush fields, upon gambling, in other words, for petroleum for the people of the United States.

In Kansas to-day 12,000 oil workers are out of employment. Whole communities are practically idle, facing ruin, the citizens of these communities facing, many of them already enduring, actual poverty. And it is unnecessary. Enough of an excise tax to end the use of imports as a club to beat down the independent oil producers would restore the purchasing power of the oil States.

And while their own oil, produced by American labor from wells on which they took a chance when they drilled them, is unmarketable, these same oil communities, these oil States, this great oil section, see themselves ruined by sales of foreign oil, cheaply produced by underpaid foreign labor, run into the country without paying a cent to the cost of government.

The four big importers are not only selling foreign oil in most unfair competition with American labor and American capital, they also are selling out the people of the oil States of America. They are driving out of business the independent oil producers of the United States, the independents who are the only protection of 120,000,000 people from the exactions of a grasping oil monopoly. They are driving these independents into bankruptcy so they can buy the American oil reserves at bankrupt prices. Then the monopoly will be complete.

These importations are ruining the domestic producers, and the consumers are not getting any permanent benefit from that ruin. Gasoline prices are held up to the price justified by the American costs of production, but the prices paid for crude oil are held down to the cost of foreign production—foreign production with cheap labor and with practically no taxes to pay.

There is one other feature. When the oil reserves have been gobbled up by the big integrated companies the Government will be at the mercy of an oil monopoly in times of emergency, and again the people of the country must pay.

Adequate tariff protection for the oil industry should provide a tariff of at least $1 a barrel on crude and fuel oil.

I will say at this point that in my judgment a tax of 3 or 4 cents a gallon on gasoline would be justified even in a revenue measure if the American labor in American refineries along the Atlantic coast in the United States is to be protected against the products of cheap foreign labor employed in Venezuela. It seems to me, however, that the size of the excise tax on gasoline should be a matter of more direct concern to Senators from the seaboard States; that in the interest of American labor in their own States they should be lined up for the higher tax on imports of gasoline from abroad. But that is aside from the main question.

The point I desire to make in this connection is that the proposed rates of 1 cent a gallon on crude and fuel oil do not afford adequate tariff protection at all. If this were a tariff bill before us, we should be insisting upon a protective duty of at least $1 a barrel instead of 42 cents a barrel, the excise tax proposed to be levied in this bill.

In other words, the 1-cent-a-gallon excise tax—or 42 cents a barrel—is a tax for revenue, not entirely a tariff for protection.

The proposed excise tax of 1 cent a gallon, according to the estimates from the oil industry, will produce an annual revenue of around $43,000,000. I am aware there is a difference of opinion on this point. I have every confidence in those who have presented me with this estimate.

The independent oil producers also admit frankly that this measure, with the extremely low excise tax of 1 cent a gallon, or 42 cents a barrel, will probably not prevent the importation of one gallon of Venezuelan oil. It is not in the slightest degree an embargo.

The truth of this statement I believe is amply confirmed by the report of the Tariff Commission to Congress made last December. Without cumbering the RECORD with all the statistics and analyses of the Tariff Commission, I will simply refer to the statement made therein that the difference in cost of petroleum laid down at Atlantic seaboard ports was $1.03 a barrel. The cost of mid-continent oil at Atlantic ports, according to the Tariff Commission, is $1.90 a barrel; the cost of Venezuelan oil is 87 cents a barrel, a difference of $1.03 a barrel. In other words, a protective tariff duty on petroleum products would be $1.03 a barrel instead of 42 cents a barrel, if that duty were levied to cover the differences in cost of production.

It is a natural question, in view of this difference in production and delivery costs, to ask what benefit will the American producers of domestic petroleum get from an excise tax of 42 cents a barrel, if it is not a protective tariff, if it will not result in shutting off the flow of imports of cheaply produced foreign oil.

Mr. President, I believe I can show how the domestic oil producers, and, in the long run, the consumers of gasoline in the United States, will benefit by this excise tax, though not to the extent they would if we were in position to give the oil industry the tariff protection to which it is justly entitled by any reasonable theory of tariff protection.

Mr. President, this question of oil imports is considerably more than a battle between domestic producers and the importers of cheaply produced foreign oil. The real question is whether or not a few big integrated oil companies are to have a monopoly of the petroleum industry in these United States.

Mr. President, the oil industry is one of the major industries of the country. It represents a capitalization of some twelve thousand millions of dollars. Probably 20 large companies, of the thousands of oil companies in the United States, have 80 per cent of this capitalization. Ten Standard Oil groups' companies, plus 10 non-Standard companies, today have practically a nation-wide monopoly of all branches of the oil industry except the production of crude oil.

These 20 companies, I might say—and there are figures in the record of hearings before the House Interstate Commerce Committee on a proposed pipe-line regulation bill to substantiate this statement—produce a little less than half of the crude oil produced in the United States. They do not, as yet, control the oil reserves of the United States, nor the producing wells.

These 20 companies, however, own practically three-fourths of the refining capacity of the United States, more than 90 per cent of the cracking capacity, more than 90 per cent of the transportation pipe-line facilities, nearly 100 per cent of the storage facilities, and about 85 per cent of the distribution facilities.

All these few big integrated companies need in order to have a complete monopoly is to bankrupt the independent

oil producers, who still produce one-half the crude produced in the United States.

Mr. President, it is this threat, a threat that is almost a promise to-day, of a complete monopoly of the petroleum industry, that makes this excise tax we are considering of such vital interest to the entire country. We are not waging a fight here for the independent oil producers, nor for the oil States and their peoples alone. We are fighting right now to win the first in a series of battles to protect the people of the entire country from the grasp of this petroleum monopoly.

I want to say right now that when this monopoly is extended to the production of oil, to the control of the oil reserves, then the consumers of gasoline in this country, the industries that require fuel oil for power, will pay "through the nose" for petroleum products. In countries where the monopoly has been completed, gasoline prices are to-day twice as high, sometimes three times as high, as in the United States.

I say the only protection the public has against monopoly and the high retail prices that monopoly will bring are the independent producers of petroleum.

Congress can take a step toward preventing the destruction of these independent producers, and averting national economic slavery to an oil monopoly, by levying the proposed excise tax on imports of cheaply produced foreign petroleum and its products.

Mr. President, I would again call attention at this point to the fact that the independent oil producers, who are asking protection against the threatened oil monopoly through an excise tax on oil imports at this time and in this bill, now produce half the crude oil produced in the United States. As long as these independent producers can sell crude oil at a profit they can stay in business, and the oil monopoly can not become an accomplished fact. But, Mr. President, if the independent producers continue month after month, year after year, to do business at a loss, it is only a question of time—and not a very long time now—until they will be forced to sell their properties, dispose of their leases, take themselves clear out of the picture.

Who will take over the oil properties of the independents when they shall be forced to liquidate their holdings? The answer is self-evident, Mr. President. The big integrated companies, which already have a practical monopoly on refining, on transportation, on distribution of petroleum and its products, will then complete the link in the chain of oil monopoly, and control petroleum from the ground to the gasoline tank. The consumers of gasoline and the industries which depend upon petroleum for fuel will be helpless in the grasp of the oil monopoly.

Now, Mr. President, neither I nor any of those others making this fight for justice to the oil industry and for economic freedom for the people of the United States, so far as petroleum is concerned, claim that protection from the demoralizing effects of unrestricted importations of foreign oil alone will solve the problems of the domestic oil industry. We do not claim that this protection alone will prevent the threatened oil monopoly, but we do claim that without taxation of imports of foreign oil the monopolistic group of oil companies—and they own the companies which are engaged in importing foreign oil—these big companies can beat down the prices for crude oil, ruin the independents, take over the oil resources of the Nation nearly 100 per cent, and make their monopoly complete.

It has been claimed by those opposing the oil excise tax—and these are the same interests which are opposed to tariff protection for oil—that the foreign oil does not come into competition with that produced in the United States. Such a claim is preposterous, ridiculous, entirely at variance with the facts in the case.

The fact is—and I do not believe it can be successfully refuted—that every barrel of foreign oil actually displaces a barrel of domestic oil.

But, Mr. President, the damage to the domestic oil industry, the threat of monopoly contained in the untaxed importation of foreign oil, goes further than that. The competition of foreign oil goes further than actual displacement of domestic oil that otherwise would be used. The competition of this foreign oil reduces the price of domestic crude oil to the price at which foreign-produced crude oil can be delivered and sold in the United States, entirely regardless of the relatively small amount of such imports of foreign oil.

Here is what happens: Much of our domestic production is refined near the fields in which it is produced; some of it is pipe-lined long distances to other States to be refined. But in either case the marketing areas have their choice of using domestic products or using foreign products to supply local demand.

A great amount of oil is sold through brokers, and the fact that the independents still produce half the domestic production of petroleum creates a partially free market, in spite of the monopoly of refining, transportation, and distribution of refined products.

It is well understood to the oil trade that a very small amount of gasoline will break the market for all that is offered in that area for the same day.

Here is an example of how the thing works as explained to me by the independent oil producers: When gasoline is offered from Baltimore to the Great Lakes territory—or suppose we say from Russia, as Russian oil has been delivered within the last few months at Detroit at very low prices—then that gasoline comes into direct competition as a price-fixing element with all the other gasoline offered for the same trade area. The mid-continent producer must meet the Baltimore price—depending on Venezuelan oil costs—or the Russian price, depending upon we do not know exactly what kind of labor in Russia. The domestic producer, therefore, finds his market price determined, in the last analysis, very largely by the price at which Venezuelan or Russian oil can be offered, even though that foreign oil may not actually be delivered in the trade territory affected.

What I have just stated, Mr. President, is the reason why even the 42 cents a barrel import tax proposed, even though it did not shut out a single barrel of foreign oil from the Atlantic seaboard, would help the domestic producer of oil to keep out of bankruptcy and stave off the threatened complete oil monopoly.

There would be that 42 cents a barrel import tax, which would afford a cushion for the domestic crude market. This 42 cents a barrel excise tax, while it would not prevent the importation of foreign oil, while it would give the Federal Treasury the benefit of revenue, at the same time would protect the interior market from price-fixing competition of foreign oil.

What I have just shown, Mr. President, is that even the 42 cents a barrel tax on imports of foreign oil, while it will not shut out imports and therefore will be a revenue-producing measure for the Federal Government, still will afford a protection of 42 cents a barrel for the domestic producer in the interior marketing areas of the country.

I do not believe it necessary for me to argue the point that an increase in the price of crude oil means a corresponding increase in gasoline prices to the consumer. Certain industries along the Atlantic seaboard, notably in New England, may have to pay higher prices for fuel oil. But, Mr. President, it seems to those of us who come from the West and Southwest that it comes with poor grace for eastern manufacturing States to protest against a small amount of protection for an American industry. For 100 years New England has enjoyed the benefits of tariff protection.

The West and Southwest, Mr. President, have been good customers of New England. We have paid the prices for the benefits New England has derived from the policy of tariff protection. We have received little of its benefits. I say if this proposal were a protective-tariff measure in fact, if it would increase the cost of crude and fuel oil to New England industries 85 or 100 cents a barrel, still New England, in all fairness, should not object.

It is not only the principle involved, Mr. President, but as a matter of principle, of consistency, I would say that Rep-

resentatives from New England ought to be lined up solidly for tariff protection for oil. They ought to be willing to grant to the West and Southwest, when this industry is languishing, a small measure of the tariff protection which they praise so highly and from which they have derived the benefit. I say New England should be united for oil protection, even if the bill went to the extent of actually affording tariff protection by curtailing imports of oil, which this small excise tax of 1 cent a gallon will not do.

But, Mr. President, if New England is willing to abandon her principles if those principles affect her pocketbook, there still is a good pocket reason why the Atlantic seaboard should not oppose this excise tax on foreign oil. Most of the 20 oil-producing States, certainly those in the mid-continent field, are good customers of New England manufacturing industries. When we have purchasing power, we buy liberally, and, thanks in large part to tariff protection accorded New England during the last century, we buy largely of New England. But a customer without purchasing power is a poor customer to have, and that is the situation the oil States are in to-day. They do not have purchasing power. They can not buy as they would like to buy from New England.

If this excise tax would help the oil industry, Mr. President, it would help the entire territory in which the oil industry vies with agriculture in being the main source of community prosperity; and that would mean lessened unemployment, more business, more purchasing power, for nearly a score of States in the Union. As I stated before, most of these States are so situated that they can be good customers of New England's manufacturing industries. For that reason I say, Mr. President, that it is to the selfish interest of New England to support this oil excise tax; and I am glad to believe that a number of Senators from New England realize both the principle of equity and the principle of economics involved.

Mr. President, I could proceed for some time portraying the plight of the oil industry; but I do not believe there is any question in the minds of Senators—nor anywhere in the country—as to actual conditions. Opponents of this excise tax do not question the plight of the oil industry, nor its effect on the entire economic structure of the country. So I will not go into that phase of the situation at this time.

In closing, I want to appeal to the Senators to consider this question from the larger viewpoint of the national public interest. Here is a basic industry which can be assisted by this small tax. When the oil industry starts back on the road to prosperity it will bring prosperity and buying power to a large section of the country, for much of the oil territory can not have purchasing power until the oil industry gets back on a living basis.

I would repeat also that the levying of this tax will be of material assistance in preventing a complete oil monopoly

Those of us supporting this oil tax are perfectly well aware that protection alone will not cure the ills of the oil industry. The domestic industry has a big job ahead of it to control production and to put into effect a real conservation program. But all efforts to curtail production in this country will fail if something is not done to regulate importations. The independent producers are going to have to turn their properties over to the big integrated oil industries unless these big companies are prevented from using imports of foreign oil to bankrupt the independents. That comes back again to what I consider the most important object of this legislation, namely, to prevent a monopoly of the entire oil industry. As I see it, a vote for the oil excise tax is a vote against a threatened oil monopoly that will cost the people of this country thousands of millions of dollars within the next few years if it is not prevented. I sincerely trust that a majority of the Senate will take the same view that I do and vote for the oil excise tax of 1 cent a gallon on crude and fuel oil.

BUSINESS CONDITIONS AND LEGISLATION

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD an interview with Mr. Owen D. Young on the depression, written by Mr. John W. Owens, editor of the Baltimore Sun.

The VICE PRESIDENT. Without objection, it is so ordered.

The interview is as follows:

[From the Baltimore Sun, Wednesday, May 18, 1932]

RADICAL RELIEF PLAN URGENT, SAYS YOUNG; DELAY CALLED UNWISE—UNITED STATES MUST ACT TO SET WHEELS GOING AT ONCE—BUSINESS CONDITIONS CALL FOR EXTRAORDINARY EFFORTS, HE INSISTS—CREDIT OF UNION IS NOT INVOLVED—PORK-BARREL LEGISLATION NOT INTENDED IN PROGRAM

NEW YORK, May 17.—Owen D. Young to-day explained in detail the reasons for his support of the radical relief program offered by Senator ROBINSON, Democratic leader. The presentation of that plan, involving $2,000,000,000 of construction projects led almost instantly to one of similar outline from President Hoover.

Briefly, Mr. Young's position is as follows:

That it is possible to carry forward such a plan without its degenerating into an orgy of pork-barrel expenditures.

That it is not based on any philosophy of spending ourselves into prosperity or of getting rich through extravagance.

That it can be executed on economically sound lines and with fruitful results.

That it has the same justification as the Reconstruction Finance Corporation.

That it is, in fact, the affirmative, onward-moving, trade-producing complement of that institution, which was created to arrest decay of financial and industrial enterprises.

NOT SAFE TO DELAY LONGER

"It is a question of the facts and of one's judgment on the facts," said Mr. Young in summing up his position, "and the facts as I judge them are such that it is not wise and not safe longer to defer this action.

"I am willing to take my share of the responsibility for a course which may be called bold and may be called radical and which most of us would prefer to escape. It is necessary, and it can, with intelligence and good will, be successfully consummated."

FOLLOWS REFUSAL TO BE CANDIDATE

The statement to-day follows publication yesterday of Mr. Young's letter to the publisher of the Little Falls Times, printed in his home community, in which he said "definitely and finally" that he could not accept the Democratic nomination for President. His part in producing the Robinson plan and his public indorsement of it had immediately placed his name in the forefront of presidential politics.

To be fully effective in the public emergency, Mr. Young believed he had emphatically to reiterate his unwillingness and inability to be considered for the nomination.

MUST HELP MAN IN DISTRESS

"Let me say, in the first place," he said to-day, "that I often wonder what the man who has lost his job, the man on part time, the man whose home or farm is being taken under the mortgage, thinks when he hears people in authority talking about such impersonal things as balanced Budgets, protection of national credit, maintenance of financial institutions through organization of the Reconstruction Finance Corporation, and so on. I imagine that men in any such plight must feel that the discussion is all very far removed from them.

"All that is in the plan offered in Washington, all that I am about to say, means nothing if it does not help the man whose job is gone, the man on part time, the man now losing out in the struggle to keep his home or his farm. It means nothing if it will not serve to bring back jobs, or at least to start the process of bringing back jobs.

"It means nothing if it will not help to restore security to the obscure individual who has been overtaken by misfortune, to restore his family in the possession of the means of wholesome life, to restore peace of mind.

"What I am advocating is intended to accomplish those ends. If I seem to be talking about other things, about governmental policy, about great public and private enterprises, it is because we must work back through those institutions and instrumentalities to reach the individual.

HOLDS FOR BALANCED BUDGET

"Now about the proposals that have been made by Senator ROBINSON. Before all else I wish to say that it is absolutely essential that the Government's Budget shall be balanced. Preservation of the Nation's credit is, in this time of crisis, our sure bulwark. Under no circumstances must that bulwark be weakened.

"This calls for new taxes. They must be levied. It also calls for economies in the administration of the Government. They must be enforced. The relief plan does not invade the Government's credit, as I shall explain.

SPEAKS WORD FOR CONGRESS

"But here I want to stop and say a word for the Members of Congress. It doubtless is confusing to have many persons insisting that economies must be enforced and many persons, often the same persons, insisting that employment should be provided. It should not be surprising if, in the midst of the tumult, Members of Congress feel that in voting against economies they are saving

jobs and making the best of an extraordinarily tangled business. They may vote wrong in entire good faith.

"The point to be kept in mind is that we accomplish nothing by waste. We need to eliminate waste and to conserve all of our resources for employment in constructive effort. In one aspect of the matter, waste in the Government means reduction of resources out of which direct relief must be granted.

"It is not just to keep one man in a useless job when that may result in insufficient aid for many men who have no jobs at all and simply must be helped. In another aspect of the matter, waste in the Government means reduction of resources with which to carry on productive enterprises which will provide many jobs.

TIME TO STOP BORROWING

"We must get this Budget balanced, by new taxes and by economies, else our best efforts in other directions will go for naught. It is no use now to argue whether we should have balanced a year ago or two years ago, instead of borrowing. It is no use to argue that because we did borrow we may keep on borrowing.

"The time is plainly here to stop borrowing for current operations and current expenditures, and to make our national credit absolutely secure. We have need of it for vastly more important things than the ordinary operations of the Government.

"On the same principle we must turn our backs on all proposals to issue fiat money. The experience of the world shows that policies of that character lead to national bankruptcy. We do need more money to carry on the business of the country, and, of course, I do not mean merely currency.

"I also mean credit dollars and all the forms in which money is provided by our banking system in normal times. The terrific downward spiral of liquidation shortened the supply disastrously. But the increase of the supply can not be governed by political machinery. It must be governed by duly constituted financial authority.

MUST AID IN WORLD SITUATION

"Now, with that much said about our basic policy in Washington, I come to the relief plan. When I was asked down to Washington to talk with some of the leaders, I said to them that I believed we could, by courageous and consistent effort, increase our prosperity in a degree, which I shall call X, without regard to developments in other nations.

"I also said that I believed that to attain the full degree of prosperity to which our resources entitle us we should have to do our part in accommodating and composing the world situation. That further and full degree of prosperity I called Y.

SHOULD SEPARATE PROBLEMS

"I suggested that we cut straight through the tangle of problems and of possible remedies, putting everything that had to do with X on one side and everything that had to do with Y on the other. And I further suggested that we then concentrate on X.

"I make that proposal with clear realization that we may not hope to restore full prosperity until we settle the Y problems. But our form of government is such, our conditions are such, our present popular moods are such, and the state of international affairs is such, partly due to our own policies, that no instant relief is in sight in the world situation.

QUICK ACTION NECESSARY

"And we must have instant relief. I am convinced that in these months that are just ahead we must move quickly and firmly to utilize every resource that lies in our own hands, and I am convinced that one of our most effective resources is the power of the Government to stand as a temporary credit bridge between, on the one hand, the materials and the human labor that are idle and, on the other, numerous enterprises that are meritorious, that would be financed and pressed to completion without question in normal times and that to-day are helpless because investors have suffered so greatly that they have become terrified.

"You see, I am not thinking at all of pork-barrel construction. I am not trying to have the Government run up post-office buildings for which there is no real use, dredge creeks where a commercial vessel will never venture, build roads in places where the surrounding land is not worth as much as the modern roads.

PROJECTS MUST HAVE ACTUAL MERIT

"And I am not trying to have the Federal Government tempt the States into that kind of activity for activity's own sake, that kind of spending for spending's own sake.

"Public construction by Federal, State, and local governments that has actual merit; yes, but no more, and I want honesty and courage in drawing the line. Direct grants to the unemployed would be cheaper than spending on construction merely for the sake of construction; the same amount of money would take care of many more people and probably would result in wider purchases of commodities.

"Besides, construction merely for the sake of construction would give the country a great mass of white elephants, scattered all over the land, that would call for a heavy maintenance bill in the future.

WOULD INCLUDE PRIVATE ENTERPRISES

"I say, take the projects of the Federal Government, of the State governments, and of the local governments which, after investigation and study, have been found worthy and which would be built were credit conditions normal. Start on them. At the same time, go on to private construction enterprises which have been found worthy and which would be built were credit conditions normal. Start them. In the aggregate a very large program of construction could be put under way within a comparatively short time.

POWER TO EARN WAY AS BASIS

"Please note that all of the projects I have in mind, whether public or private, are to be based upon their power to earn their own way. It is possible, in some of the cities, to build new post offices that would save the Federal Government enough, in comparison with existing antiquated structures, to defray the cost of the new outlay.

"There is an immense difference between building a post office under those conditions and building a post office in some other place for no purpose other than to satisfy local pride, or, in such times as these, to serve the mistaken idea that any kind of activity at all is good.

THEN ONLY CONTINGENT LIABILITY

"Well, if these projects, whether public or private, are to earn their own way, if they are to be self-liquidating, then the provision of $2,000,000,000 of credit by the Government represents only a contingent liability. If we provide $2,000,000,000 for that purpose, we are not unbalancing our Budget. We are not in any sense falling into an error comparable to borrowing for current operations of the Government. We are getting a permanent, self-sustaining value which will carry the expenditure.

"If a mistake is made in embarking upon a given public enterprise, a loss may fall back on the Government. If a mistake is made in financing some industrial enterprise, a loss may fall back on the Government. But that is a contingent liability. It is not an absolute one.

"I think this difference was overlooked in the stock and bond markets here when they first reacted adversely to the proposal of a $2,000,000,000 program to be financed by the Government. It is overlooked by others.

WARNS OF TOO MUCH RED TAPE

"Now, there are several observations that are in order at this point. It is obvious, in the first place, that there must be machinery of some sort in the Government. Existing machinery may be found or new machinery may have to be created which can control this great expenditure freely, quickly, and directly.

"It is dangerous and probably futile to embark upon such an undertaking, and then to tie it in a maze of red tape. Responsibility must be concentrated and authority must be granted equal to the responsibility.

CAN RISE ABOVE FACTIONALISM

"I believe that if we look straight at this thing, if we look straight at the conditions and the measures that are available at the moment, we can rise above factionalism and above partisanship at Washington; we can agree to set up the right kind of machinery; we can agree on the right kind of men to run the machinery, and we can get the men. We can do that with clear understanding that some mistakes will be made, but we can also do it as men of backbone who prefer risking mistakes in action to yielding to the major, the perhaps fatal, mistake of inertia and inaction in a crisis.

ALLOCATION WILL REQUIRE CARE

"Another observation grows out of the first. It is that great care should be taken to guard against efforts to allocate the construction fund between the States upon any rigid basis. If we lean far in that direction, we may find ourselves making mistakes that otherwise could easily be avoided.

"There are some States in which there may be relatively little public work that could be economically done and relatively few private projects that lack deserved capital. There are others where one could quickly turn the wheels moving on a very large number of enterprises which would draw materials from all parts of the country.

EFFECT WILL BE WIDESPREAD

"We need to keep constantly in mind that it is the repercussions of an undertaking, not the undertaking itself, that matter chiefly when we come to measure values. A big piece of construction in a great industrial center can be far more fruitful to distant agricultural areas than unnecessary construction in those areas.

"When construction is started in the great industrial center it immediately begins to be felt in remote areas, which are called upon for raw materials to be used on the job itself. And the remote areas also benefit in the production of things that go to make the food and clothing of the men who work in all the links of the long chain of labor and transportation.

TIME FOR GOVERNMENT TO ACT

"Another point that we should be at pains to remember is that self-liquidating public enterprises, whether of the Federal, State, or local governments, may not quickly absorb the $2,000,000,000. In that event, I am not in favor of pressing the money on any governmental agency. I am in favor of turning to private projects that have merit and getting the money out to them.

"I distinctly want this money used for self-liquidating things. But I want to get it out. I want it used. I think the time has come when the Government must step in. And when it steps in, I want it to step in in no half-hearted manner. I do not want it to be scared to death at the thought of financing a private project.

"Finally, a brief comment is in order on the effect this $2,000,000,000 construction proposal will have on the supply of credit for private business. Intelligent people are bound to ask that question. My answer is that $2,000,000,000 put into self-liquidating projects wastes no credit and deprives private business of none of its usual resources.

PROPERLY PLACED CREDIT NOT WASTED

"Credit placed in meritorious public enterprises is not wasted. If the Government builds a modern and efficient post office in an important city, saves money in operation and serves the interests of business, the money used, the credit employed is no more wasted than is the credit employed in making a necessary utility extension. And, of course, to the extent that the $2,000,000,000 loan is used to finance meritorious private enterprises now held up for lack of capital the use of credit is identical with that which would occur in normal times. Only the conduit through which credit flows has been changed.

"In a word, we are not starting a new and sterile consumption of the Nation's credit supply. We are creating a new channel through which credit may move from the reservoirs to the industry and trade of the Nation, and we are compelled to create this new and temporary channel because the old and familiar ones of private enterprise have collapsed at vital points.

OTHER INDUSTRIES WILL REACT

"Now, if we conceive this thing boldly and resolutely; if we then move to carry it out by cutting through the red tape of officialdom; if we put the enterprise in the hands of capable men and give them the authority to act, what will follow?

"Some mistakes, of course; but if construction does start, mines and lumberyards and quarries and brickyards must start; if construction does start, railroads must increase their car loadings and bring out of idleness their workers; mechanics in the cities must put on their overalls and get down their tools. If construction does start, more groceries must be bought, more shoes, and more clothes.

ACTION REVIVES CONFIDENCE

"What then? We all say that revival of confidence is our greatest need, our greatest problem, and we tell the truth. But wnat is it that revives confidence? What save action? Give a man all the resources in the world, and if he broods and drools he is beaten. Give a man all the burdens in the world, and if he gets on his feet and faces front and starts on his way, courage and faith mount in his breast. I say, make the start!

"Do I like this idea of the Government making the start by setting up a credit bridge by which idle labor and idle material may pass over into new undertakings? Of course I do not. I have spent my life in private business and I have believed that private business could operate the great machine by which our labor and our materials are exchanged and converted into things of use for all of us.

CITES ACTION ON SECURITIES

"But I am not willing to sit idly by, my hands in my lap, when things crumble and crumble and crumble, and finally the point is reached where further crumbling may cause such disaster as this Nation has never known.

"If we are too confused and too terrified to act individually, then I say close up ranks and act as a body—which is what happens when the Government steps in. We did it when the collapse of security values ran beyond reason and the market prices lost all relation to intrinsic worth. We stepped in as a body, as a Government, and organized the Reconstruction Finance Corporation, and we make its capital, provided from public funds, a barrier and a brake against that unreasonable market situation.

"We organized our collective strength to withstand that strain, and bank failures have been reduced to a minimum. I say that the time has come to step in as a united body, as a Government, and take risks in starting business, in doing business, that individuals fear to bear.

EXPLAINS NEED OF SPECIAL TAX

"There are one or two subordinate features of this plan which seem to have led to some misunderstanding. One is the special tax. It is asked: Why a special tax if the projects are to be self-supporting? The explanation is that, as in nearly all enterprises, we may expect a period in which money will be going out and no returns coming it. We must take care of interest during construction. It seemed wise to me to have a special tax to sustain the loan in this respect. I suggested a special tax on corporations, since they will directly benefit from the program. The tax for this purpose would not be especially heavy.

"The recommendation of the 30-hour week also seems to have led to some misunderstanding. Of course, no one had in mind any measure which would attempt to tell all the business concerns in the country to go on a 30-hour week. What we had in mind was that, in this $2,000,000,000 construction program, the Government should require all contractors to operate on a 30-hour week in order to stagger employment and spread it out as far as possible.

TAKES UP AID TO STATES

"Now, a final word on these questions—these questions which relate to problems that are entirely within our borders. Precisely as it seemed wise to have a special tax which would cover interest during construction, it seemed wise to have some fund in the Federal Government which could be used to aid the States in giving out-of-hand relief until the construction program begins to be felt and to restore the confidence of private business.

"I know there are some States and cities which have been able to care for their own unemployed and are not disposed to ask the Federal Government to aid. I have nothing but admiration for that method. I wish it could be followed in every State, in every city. But my information is that in some of the States, especially the very populous States which have great industrial cities within their borders, the volume of unemployment has become so great and the complexities of local credit conditions have become so acute that it is extremely doubtful that local authorities will be able to cope with the situation.

FEARS SITUATION IS GROWING WORSE

"Again, it is a question of the facts. If people are hungry, and if their local authorities can not relieve them, I am in favor of the Federal Government lending the necessary money. And my information is that those conditions are likely to be reached very soon in a number of the most important centers.

"That's my story. We have reached the stage, I believe, where we are confronted with the choice between trusting that the crumbling process has reached its end (risking absolute national disaster if it has not) and turning around the emergency with emergency methods. For my part, I prefer to chance the making of mistakes in trying to pull myself out of this calamity rather than to chance the calamity's becoming complete. I want to move; I want to fight.

MUST TAKE UP TARIFF AND DEBTS

"Now, let me say a word in conclusion about those questions beyond our borders that must be settled before we can achieve the full measure of prosperity to which we are entitled. We must get hold of this tariff question, of this debts question, of this disarmament question. But it seems to me that we can not get hold of them until we establish a strong liberal leadership, which will see the foreign questions as a whole, which will educate the people of our country to an intelligent and generous attitude, and which will summon to our aid the intelligent and the generous in other nations.

"In the field of tariffs our enactment of the Smoot-Hawley law has been followed by reprisals and retaliations, or, if you prefer, imitations by all the other nations of the earth. Every nation has now got itself into a position which its more competent leaders know is a disaster, and yet all of the nations are so murderously armed in an economic sense that not one of them dares to turn back lest it be overwhelmed.

MAY BE ABLE TO START BALL MOVING

"That is a well-nigh hopeless situation, and yet its very hopelessness, its very erection of disasters common to all, does produce the possibility that if we can evolve strong, determined, liberal leadership we can start the ball rolling toward correction through reciprocal adjustments.

"And similarly we must have a sense of the interdependence of nations in the modern world, of the unity for good or for evil that is a condition of our times before we can establish reason in the treatment of the debts and of armaments. The latter is at once a grave economic burden and a potent cause of the political and economic tension that makes reason so difficult to follow in international affairs.

TAKES UP FARMERS' PLIGHT

"We must get on with these matters as soon as possible. For five years before the collapse I urged that we were not safe in this Nation so long as the immense farming population was selling in an open world market and being compelled to buy in a protected home market. The efforts to correct that condition by lending the farmer money from land banks, from intermediate-credit banks, from farm boards only served to disguise the true situation.

"The farmer borrowed and he bought automobiles and tractors and radios and what not, as the balance of the country was doing. And then one day he was forced to the realization that he had to begin paying something on his notes. So he stopped buying, being further impelled to that course by the swift decline in his prices.

"And very soon after he stopped buying, factories began to cut down production and workmen began to lose their jobs. Then started the downward spiral of ever-narrowing consumption. We have had it proved that industry can not live in one economic world and keep the farmer in another.

WOULD TEST EQUALIZATION FEE

"We must take hold of these matters of the tariff and debts and armaments. I have suggested that a test of the equalization fee be made in the case of wheat, not because I like the idea but because I felt that until we could get a grip on the fundamental evils which weaken and destroy the farmer we should do what we can to pull him up by any remedies that might be workable. So I think it would be worth while to experiment in one crop with the equalization fee—pending the day when we may attempt more far-reaching cures, aimed at the cause of the disease.

"My argument for the program offered in Washington is then, in brief, that we must revive that measure of prosperity, represented by X, which lies entirely within our own borders. Our condition is such, in my opinion, as to make that imperative.

TAKE UP OTHER PROBLEMS LATER

"When we are a little steadier and a little calmer, I hope we can go on to deal with the Y questions, whose solution is required before we can have all that we could have if we were intelligent

enough to make the best use of the men and the materials that nature has given us."

It is understood here that progress is being made in Washington in the negotiations on the Robinson plan and on the alternative which President Hoover announced on the day after Senator ROBINSON spoke. It appears to be possible that a substantial measure of agreement will be worked out between the leaders of the two parties.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, the farmers of this country for the past decade have scarcely been able to earn a wage equal to the lowest paid, the common laborer, leaving them with little or no return, and in many cases actually losses on their capital investment.

On May 16 the United States Department of Agriculture issued a statement showing that the price level of farm commodities is still going downward, having reached the low point of 59 per cent of the pre-war level. The prices paid by farmers for articles which they have to buy are still 117 per cent of the pre-war level.

The average effective income received per farm family in 1930 was $598. This is the total average for operator's capital, unpaid labor of the operator and his family, and management of the operator. If a salary of $15 a week is allowed for the farmer's labor, not counting the labor of his family, the income would not have been sufficient to have paid his wages, and the total operations would have shown a loss of $182, with no payment for interest on investment. Such an allowance for salary is obviously a mere pittance and is insufficient to provide an adequate standard of living for the family. The Department of Agriculture estimated that in 1930 farmers lost a total of $346,000,000. They actually lost that amount. Their farm operations cost them that much more than they received, and this after allowing for the labor of the operators and their families.

It ought to be clearly understood that the farm family is of tremendous importance as a labor factor on the farm, and their time to a certain degree has to be taken into consideration when we are considering the expenses of operating a farm.

Such was the estimated loss incurred by farmers in 1930. Since then the prices of farm commodities have declined very greatly. The average price of farm commodities in 1930 was 117 per cent of the pre-war level, whereas to-day it is 59 per cent of the pre-war level; therefore, the losses this year obviously are much heavier than they were in 1930, as such prices are far below present costs of production.

I ask unanimous consent to insert in the RECORD at this point a table showing the average income of farmers for the past seven years, as estimated by the United States Department of Agriculture.

The VICE PRESIDENT. Without objection, it is so ordered.

The table is as follows:

Reward per farm family for labor and management and farm wages per year, without board, 1924–1930 [1]

Year	Income available for operator's capital, unpaid labor, and management	Reward for labor and management per farm family [2]	Farm wages per year without board [3]
1924	$862	$668	$567
1925	903	707	574
1926	874	683	586
1927	880	685	584
1928	866	665	584
1929	887	685	589
1930	598	425	535

[1] Table 8, p. 399, Crops and Markets, September, 1931, vol. 8, No. 9, by U. S. Department of Agriculture.
[2] Column 1, less 4.5 per cent interest allowance on operator's net capital investment.
[3] Farm wages per month without board multiplied by 12.

Mr. HOWELL. Mr. President, agriculture represents more than a third—in fact, in the neighborhood of 44 per cent—of our total population. Is it any wonder that the buying power for the products of industry has dried up, when we consider these facts? For a decade the low prices of farm products and agriculture's disastrous condition have steadily reduced the buying power of nearly 44 per cent of the population of this country until it has reached a point where this great consuming group is unable to buy even the necessities of life, much less the large group of luxury and semiluxury products upon which many of our industries now depend.

How can this Congress adjourn without at least attempting to provide some real remedy for this distressing situation? How can Senators and Members of Congress face their rural constituents with the confession that they have done nothing to provide real relief for their distress?

Congress has the power to act. The events of the next few weeks will determine whether it has the will to act.

Mr. President, agriculture must be rescued.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. VANDENBERG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	Keyes	Shortridge
Bankhead	Dickinson	La Follette	Smith
Barbour	Fess	Lewis	Smoot
Barkley	Frazier	Long	Steiwer
Bingham	George	McNary	Thomas, Idaho
Blaine	Hale	Metcalf	Thomas, Okla.
Bratton	Harrison	Morrison	Townsend
Brookhart	Hatfield	Moses	Trammell
Bulkley	Hayden	Norbeck	Tydings
Bulow	Hebert	Norris	Vandenberg
Capper	Howell	Nye	Walcott
Carey	Hull	Oddie	Watson
Cohen	Johnson	Pittman	White
Connally	Jones	Reed	
Copeland	Kean	Robinson, Ind.	
Cutting	Kendrick	Sheppard	

The VICE PRESIDENT. Sixty-one Senators have answered to their names. A quorum is present.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of the day's business the Senate take a recess until 11 o'clock to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HARRISON. Mr. President, may I ask the Senator from Utah and other Senators who are interested in this provision if it is not possible for us to get a unanimous-consent agreement that the debate on the oil provision of the bill will close at some time to-morrow, say at 2 o'clock?

Mr. LONG. Mr. President, if the Senator will yield to me, I think we are going to be able to get through with this debate a whole lot quicker than that. I think we will be able to vote to-night on this item.

Mr. HARRISON. I will say to the Senator that I am informed that there is one Senator who is very much interested in this provision, who wants to vote for it, but who will not be here until 1 o'clock to-morrow.

Mr. LONG. Does the Senator refer to the junior Senator from Oklahoma [Mr. GORE]?

Mr. HARRISON. Yes.

Mr. LONG. We think we can probably have him paired.

Mr. HARRISON. We are perfectly willing to fix a time if that is agreeable to the Senators who are interested.

Mr. TRAMMELL. Mr. President, I would suggest an agreement to vote not later than 3 o'clock to-morrow. It is possible that some Senator might wish to offer an amendment to the amendment.

Mr. HARRISON. Oh, yes.

Mr. TRAMMELL. If we close the debate too quickly, some Senator may desire to offer an amendment to the amendment, which could only be offered, without an opportunity on the part of its author to address himself at all to his own amendment.

It is possible I may wish to propose an amendment to the amendment, and I would like to have 10 or 15 minutes at least. I would not want more than that length of time, if I desire to offer an amendment. The trouble with these unanimous-consent agreements so often is that two or three

Senators take all the time, and no other Senator gets an opportunity to say anything. I suggest the hour of 3 o'clock. I will not object to the request if the hour is made 3 o'clock.

Mr. TYDINGS. Mr. President, let me ask the Senator from Mississippi whether his contemplated agreement embraces only the pending amendment?

Mr. HARRISON. No; the request I had in contemplation was that debate close on the oil provision to-morrow at, say, 2 o'clock. I am not offering that suggestion now, in view of what the Senator from Florida has said. Then I would suggest that to-morrow Senators be recognized who are in favor of the proposition for half the time, and those opposing it for half the time. Of course, that would preclude anyone offering another amendment to the pending amendment or any other amendment after that, but the debate would close at 2 o'clock.

In view of what the Senator from Florida has said, I offer this unanimous-consent request, that general debate on the oil provision, the pending amendment or any other provision which may be offered, close at 2 o'clock, and that on any amendment which may be offered after that no one shall speak longer than 10 minutes.

Mr. LONG. Mr. President, it is not going to be necessary for the Senator to put any time limit in the agreement. In my opinion, if we do not vote on the amendment to-night we will vote on it at an early hour to-morrow, and I am anxious to have an early vote on it. I do not think there is going to be prolonged debate. I think the Senator will find that we will be ready to vote earlier than the hour he has suggested. It is not going to be necessary to limit debate on the amendment.

Mr. TYDINGS. Mr. President, I am very anxious to go along, if I possibly can, with the consent arrangement of the Senator from Mississippi, but I myself would like to speak about three-quarters of an hour or an hour.

The only reason why I want to speak on the question is because the people of my State are vitally interested in it and have asked that I speak on it. I want to accommodate myself in every way I can to facilitate matters, but I do not want to agree to something and be frozen out, so that I can not state what I think is the viewpoint of my people.

Mr. SMOOT. Would the Senator like to speak to-night?

Mr. TYDINGS. The Senator knows that I spoke for two hours last night, and that I spoke a little while to-day, and I would not like to go on to-night.

Mr. HARRISON. I ask the Senator this question: Could we get an agreement that no Senator shall speak longer on any amendment or on the provision itself than 30 minutes?

Mr. TYDINGS. I think that if the Senator would make his proposition in this form—to close the debate and have a vote, say, at 2 o'clock to-morrow, or at 3 o'clock, whatever time is satisfactory, and that each Senator who wants to speak not to speak over 30 minutes or three-quarters of an hour, or, if he does not want to fix the time, that he would say that no Senator shall speak over three-quarters of an hour on the proposition—that will give me a reasonable chance to present the viewpoint I want to express, and I certainly will do my utmost to cut my remarks to the bone in the interest of the economy of time.

Mr. HARRISON. Then, I ask unanimous consent that we vote at not later than 2 o'clock to-morrow on this amendment or on any other amendment which may be offered to the bill.

Mr. WATSON. What does the Senator propose that we do to-night?

Mr. HARRISON. I think we might go on, or if Senators want to adjourn, we might adjourn.

Mr. WATSON. In view of the conditions that confront us in this country, does the Senator think we ought to adjourn now? It seems to me we ought to go on.

Mr. HARRISON. May I say to the Senator from Indiana that it is stated by some of those who are in favor of this legislation that there can not be a vote taken to-night and that there will not be a vote taken before to-morrow, about 1.30 or 2 o'clock. It was merely to make the time of voting certain so that Senators might adjust themselves to the uncertainties of the situation that I offered the suggestion.

Mr. LONG. I will object to that.

The VICE PRESIDENT. Objection is made.

Mr. LONG. I would like to tell the Senate why I object. We are not going to lose any time if we go ahead with this proposition to-night. We have had two of these night sessions, and we might as well have a night session to-night, and to-morrow night, and the next night——

Mr. SMOOT. Until the bill passes.

Mr. LONG. And get through with these tariff items. Whether anyone wants to be here and listen to speeches or not, is all right. I came back last night and listened to the Senator from Maryland, and somebody else might come back to-night.

Mr. WATSON. Or not go away. [Laughter.]

Mr. LONG. Or not go away.

Mr. HARRISON. If we do not get unanimous consent, we shall have to go on to-night. I withdraw my request.

Mr. TYDINGS. Mr. President, I certainly want to go on to-night just as much as anybody does. However, I do want to point out that if we could agree—and, representing the opposition, I will do my utmost to agree—on some hour to-morrow, I say to my friend from Louisiana that, in my judgment, the advantage is all with him, and we will vote that much more quickly and have it over with. I want to do that, because he wants it done.

May I therefore propose this agreement, that the debate on this entire section dealing with oil close at 3 o'clock to-morrow afternoon, and that the time intervening between now and 3 o'clock to-morrow afternoon be divided equally between those for and against any of the amendments; that no Senator shall speak longer than a half hour or more than once upon the section; and that after 3 o'clock, if subsequent amendments thereto are offered, no Senator shall speak longer than 10 minutes on any amendment?

That is certainly fair to the Senator from Louisiana, and I am trying to make this agreement to favor him in every way I can.

Mr. LONG. Mr. President, the reason why I object to this, may I say, is this——

The VICE PRESIDENT. The Senator objects.

Mr. LONG. We are not going to gain any time by limiting debate and dividing the time up. I think we shall probably reach a vote on this matter earlier than the time suggested. I have not had a chance to confer with the Senator from Texas and the Senator from Oklahoma, but I think I can soon show them why we have no reason for waiting beyond to-night for a vote on this section.

Mr. BARKLEY. Mr. President, I want to propose a unanimous-consent request that from now on no Senator shall speak more than 30 minutes on the pending amendment, or on any amendment thereto.

Mr. LONG. I object to that, for the reason that some of the Senators have already made their two and three hour speeches, and it is not fair to cut out the others.

SEVERAL SENATORS. Regular order!

The VICE PRESIDENT. The regular order is a vote on the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. CONNALLY. Mr. President, I express the desire to withdraw that amendment.

The VICE PRESIDENT. The Senator withdraws his amendment. The question now is on the amendment proposed by the Senator from Nebraska [Mr. NORRIS] to the amendment of the committee.

Mr. THOMAS of Oklahoma rose.

Mr. HARRISON. I ask for the yeas and nays.

Mr. LONG. Mr. President, I want to discuss this matter. I thought the Senator from Oklahoma had risen to discuss it. I am perfectly willing to yield the floor to the Senator from Oklahoma.

The VICE PRESIDENT. The Senator from Oklahoma is recognized.

Mr. REED. Mr. President, will the Senator yield for a suggestion?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. It occurs to me that it would be of advantage to have the yeas and nays ordered on this amendment at this time. Would the Senator yield for that purpose?

Mr. THOMAS of Oklahoma. I ask that the pending amendment be stated.

The VICE PRESIDENT. The clerk will report the pending amendment.

The CHIEF CLERK. On page 243, line 3, in the committee amendment, the Senator from Nebraska moves to strike out "one-half cent" and to insert in lieu thereof "one-quarter mill," so as to read:

Crude pertoleum, one-quarter mill per gallon.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. All the Senator from Pennsylvania wants, as I understand it, is to have it agreed that when we vote on this amendment we shall have the yeas and nays—not to vote on it now. I hope I understand the Senator correctly.

Mr. REED. That is exactly it. Some of the Senators present might want to go downstairs for dinner, and they would do it with more assurance if they knew there was to be a roll call when the amendment was voted on.

Mr. THOMAS of Oklahoma. I yield for that purpose.

Mr. REED. I ask for the yeas and nays on the amendment to the amendment.

The yeas and nays were ordered.

Mr. REED. I thank the Senator from Oklahoma.

Mr. THOMAS of Oklahoma. Mr. President, this is a revenue bill; it is not a tariff bill. On former occasions some of us have taken time to discuss this item from a tariff standpoint. It is not now before this body as a tariff item. If it were, we certainly would not be discussing it from the standpoint of one-half a cent per gallon. We would not be discussing this item from the standpoint of even 1 cent per gallon. The record shows that there is a differential between the cost of producing oil in this country and abroad of more than a dollar per barrel. If we were discussing this matter from the standpoint of tariff, we would certainly ask a full consideration of the differential. That is the historic policy of the party to which I owe allegiance. The Democratic Party is not now and has not been a free-trade party.

In the early days the Democratic Party stood for a tariff for revenue only. To-day the party stands for a tariff to make up the difference between the cost of producing an article at home and the cost of producing similar articles abroad. The Houston convention so declared in 1928. Were this a tariff item, and, being a Democrat, were I presenting it from the Democratic standpoint, I certainly would present it on that basis, asking for the full differential of $1 per barrel.

Mr. President, I read from some of the pronouncements and platforms of the Democratic Party as a justification for asking for this revenue upon this meager basis of 1 cent per gallon.

I advised the Senate two years ago what would happen, in my judgment, if some protection was not given oil. My prophecy, unfortunately, has come true. In the last year oil has sold in the central part of the United States for as low as 5 cents a barrel. In some sections it has sold for 10 cents a barrel, and in my State much oil has been sold for as low as 18 cents a barrel. Yet when we drove to a filling station and asked for gasoline, we had to pay from 16 to 20 cents a gallon, when the oil was selling for even below that price per barrel.

The suggestion has been made that if we increased the price of oil gasoline would necessarily increase in price. The distinguished Senator from Nebraska knows that the price of bread does not come down when the price of wheat comes down. Only a few years ago wheat was selling at $1.50 a bushel, and bread was selling for something like 10 cents a loaf. Now wheat is selling at below 30 cents a bushel, and still bread is selling for 10 cents a loaf. There is just as much relation between the price of bread and the price of wheat as there is relation between the price of gasoline and the price of crude oil.

In 1876 the Democratic Party in its platform declared as follows:

We demand that all customhouse taxation shall be only for revenue.

In 1888 the Democratic Party in its platform declared as follows:

A fair and careful revision of our tax laws, with due allowance for the difference between the wages of American and foreign labor.

In 1896 the Democratic Party declared as follows:

We hold that tariff duties should be levied for purposes of revenue.

In 1920 the Democratic Party declared as follows:

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only.

At New York in 1924 and at Houston in 1928 the Democratic Party changed its platform declarations from a tariff-for-revenue-only to a competitive tariff, and now my party stands before the country for a tariff sufficiently high and sufficiently low to make up the difference in the cost of producing an article in the United States and a comparable article abroad. The platform declaration at Houston was as follows:

Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of the Government.

Mr. President, this bill is intended to be a revenue-producing measure. If it is not a revenue-producing measure it has no place in the Senate of the United States. Its sole purpose is to raise money to reimburse the Treasury, first, for the deficit that exists there; and, second, to help bear the burdens of the Government. Unfortunately we find ourselves in possession of a $4,000,000,000 Government with only a $2,000,000,000 income. The problem before the Congress is to balance these two figures. It can only be done by two forms of procedure: First, to reduce the expenses of government on the one hand; and, second, to increase the revenue on the other hand. Either of these proposals is hard to accomplish. It is difficult to reduce the expenses of government. Fixed charges are with us. We can not reduce the interest upon bonded indebtedness. We can not reduce the compensation due the soldiers. We can not reduce the amount due on pensions. There are only a few places where it is possible to reduce the expenses of national government. An honest effort is being made to find those places and to bring in an economy bill that will reduce materially the expenses of government.

On the other hand, we are trying to increase revenues. Whence will we get those revenues? Some might say we will get such revenues from income taxes, but under the law, without the individuals earn money and receive incomes, they are not legally liable to pay income taxes. The people of the country must have incomes before they can be taxed on those incomes. At the present time but relatively few people are making any incomes to speak of, and because they are not making incomes the income taxes are now exceedingly small. I prophesy that the income taxes next year will be much less than they are now. Income taxes have almost faded away. They will be less next year than they have been this year and much less than they were last year.

On the other hand, take corporations, for illustration. Unless corporations make money they are not obligated to pay corporation taxes. They are paying a certain percentage of tax upon their net incomes at the present time. Unless the people make money they are not going to pay income taxes. Unless the corporations make money they likewise will pay no corporation tax. At the present time the incomes of the people are practically nothing. At the present time the incomes of the corporations have dwindled. From those two great sources, income tax and corporation tax, I fear that next year our revenues will be exceedingly small.

The oil item in the bill is not predicated upon the theory of a protective tariff tax. It is predicated upon the theory

solely of revenue, and the item has been fixed so low as not to interfere with or prevent the continuing importation of oil.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. THOMAS of Oklahoma. Certainly.

Mr. CONNALLY. Would it be an interruption to the Senator, while talking about excise taxes, for me to call attention to the fact that all of the excise taxes levied in the bill are taxes on the privilege of doing something, for instance, on the sale of an article, on the privilege of attending a moving-picture show. Why is it not just as consistent to levy an excise tax on the privilege of selling in this country oil from other countries as it is to place a tax or excise tax on the other privileges which we are putting upon the backs of our own people?

Mr. THOMAS of Oklahoma. I agree with the statement of the Senator from Texas entirely. Unless the trend changes the bill will probably not raise very much revenue. I regret to know that times are not better to-day than they were last week. I regret to know that the business tendency and trend is downward. Instead of times getting better, times are getting worse. I exhibit to the Senate a chart taken from the New York Times. This chart shows a gradual downward tendency, a gradual downward trend. Times were worse last week than they were the week before. I hope the trend will turn this week, but until we see the figures we can not tell. So far as the record is concerned, times are getting worse, prices are falling lower, and that means that people are making less money and that likewise means that corporations are making less money.

I desire to read one or two statements from the New York Times of May 15. That is the most recent Sunday issue:

> The New York Times weekly business index is at a new low level.

Again said the Times:

> Bank failures were cut down very sharply in March, though there was an increase last month, in April.

The record is that during March bank failures for the time being were checked somewhat. That came about through the passage of the Reconstruction Finance Corporation act. But during the month of April bank failures started to increase again. I do not know whether bank failures are increasing now or not, but here is the record for the month of April.

Again said the Times:

> There is still complaint, however, that proper accommodation at the banks is still difficult to obtain. The reply of the bankers is that safe loans are scarce.

I am calling these facts to the attention of the Senate and, through the RECORD, to the attention of the country in an effort to show that next year corporation taxes are going to produce less than they did last year. Next year income taxes will produce less than they did last year. What does that mean? It means that Congress must find sources somewhere from which to raise money by taxation to support the Government. Here we have found a source for taxation which as yet has not been touched; we have 100,000,000 barrels of imported oil; oil produced in foreign lands by the cheapest labor in the world; oil produced from cheap leases and by cheap machinery purchased in foreign countries, on which no tariff was paid. This foreign oil is brought to the United States in tankers at a low cost of transportation and delivered to the Atlantic seaboard for $1 less in price than the oil can be produced in the United States. Yet when we see 100,000,000 barrels of this foreign oil coming from Venezuela, produced with cheap labor and material and delivered on the American coast for $1 less per barrel than it can be produced here, we find objections in the Senate to the taxing of such foreign oil.

When the tariff act was passed during the Seventy-first Congress the bill contained an item directing the Tariff Commission to make an investigation of the cost of producing oil in the mid-continent field and the cost of producing oil in Venezuela. I exhibit a copy of that report. It is Senate Document No. 267. I read from page 1 of this report, as follows:

> The average cost of production of crude petroleum at the well, for 1927, 1928, and 1929, in the States of Oklahoma, Texas, Arkansas, Kansas, Louisiana, and New Mexico, from which States is obtained the great bulk of the domestic oil refined along the Atlantic seaboard, was $1.10. The cost of transporting this oil to the Atlantic seaboard was 88 cents, including pipe-line charges to Gulf ports, a purchasing charge of 10 cents per barrel, and tanker charges from Gulf ports to the Atlantic seaboard. The total cost of the oil delivered at Atlantic seaboard was, therefore, $1.98 per barrel. This cost is computed on the basis of "company interest oil," i. e., royalty oil has not been included in total production, and includes interest at 6 per cent on the investment of the companies.
>
> The cost of production of oil in the Maracaibo Basin of Venezuela, in 1929 (section 332 (f) calls for "present" cost and 1929 is the latest year for which costs were available), was 56 cents at the point of transfer to ocean tankers. Transportation and other charges necessary to deliver the oil to the Atlantic seaboard were 23 cents, making a total of 79 cents, cost delivered at Atlantic seaboard refineries. This figure also is computed on the basis of company interest oil and includes interest at 6 per cent on the investment of the companies.

These are the figures given by the Tariff Commission in response to a requirement of law. It costs $1.98 a barrel to produce oil in the mid-continent field and transport it to the Atlantic seaboard. On the other hand, companies can produce oil in Venezuela, transport it to the Atlantic seaboard, and deliver it there at 79 cents per barrel. The differential on account of cost of production is more than $1 per barrel and the differential is in favor of the importing companies.

Mr. President, I now call attention to another report, a more recent one. During the closing days of the last Congress the House of Representatives adopted a resolution calling upon the Tariff Commission to make a second investigation and report. The resolution was adopted, and the Tariff Commission, in obedience to it, submitted a report, being House Document No. 195 of the Seventy-second Congress. I read just one or two paragraphs from that report as found on page 2:

> The average cost of the domestic crude petroleum, weighted by the method stated, for the four years 1927–1930, including delivery to Atlantic coast refineries, was $1.90 per barrel. The principal items in this total are $1.09 for costs of production at the well (including interest at 6 per cent on the investment of the companies and including depletion), a purchasing commission averaging $0.04 per barrel, pipe-line charges principally from the wells in the Mid-Continent-Gulf region to Gulf ports amounting to $0.49 per barrel, and tanker charges from Gulf ports to the Atlantic seaboard averaging $0.26½ per barrel. Domestic costs have been compared first with costs (a) for the Maracaibo Basin and (b) for all the foreign countries including the Maracaibo Basin.
>
> (a) The average cost of production in the Maracaibo Basin of Venezuela, including local pipe-line and lake transportation to the point of transfer to ocean tankers, for this same 4-year period, was $0.62 per barrel; tanker charges to the Atlantic seaboard of the United States averaged $0.25, making a total delivered cost of $0.87 per barrel.
>
> The excess of domestic cost over the cost of the Maracaibo Basin oil, unadjusted for difference in yields from the two crudes, was thus $1.03 per barrel.

In the first report the difference was placed at $1.01 per barrel, while in the second report the difference is given as $1.03 per barrel. So, to make it simple, we will say it is just $1 per barrel.

Hence, Mr. President, if the proponents of this legislation were asking for tariff protection, they certainly would ask for a rate representing the difference in the cost of producing oil in Venezuela and delivering it to the Atlantic seaboard and the cost of producing similar oil in the western part of the country, in the States I have just mentioned, and likewise delivering it to the Atlantic seaboard.

There has been some controversy as to how much oil comes into this country and whether or not the rate proposed would raise revenue. In the report submitted by the Tariff Commission, in response to the House resolution on page 112, I find the following figures: It gives the total of imported oil from all countries for the years 1927 to 1931, inclusive. There were imported from all countries in 1927 71,663,820 barrels; in the year 1928 there were imported from all countries 91,466,880 barrels; in 1929 there were imported from all countries 108,564,937 barrels; in 1930 there were imported from all countries 105,510,409 barrels,

and for the first seven months of 1931 there were imported 51,752,315 barrels. Later figures show that during 1931 there were imported more than 86,000,000 barrels of oil. The average imports of oil per year is something like 100,000,000 barrels.

If we should place an embargo upon the importation of oil of course we would stop this 100,000,000 barrels coming in, but this amendment does not seek to establish such an embargo. It seeks only to place the rate at such a figure that it will allow the oil to come in, but when it comes in, if this amendment shall prevail, the imported oil will have to pay a tariff of 42 cents per barrel; and if 100,000,000 barrels come in next year under this amendment, and the rate is fixed at 42 cents per barrel, a hundred million barrels will bring into the Treasury the sum of $42,000,000 in revenue.

The chairman of the committee stated that at half a cent per gallon the tax will bring into the Treasury something like $21,000,000. If we double that rate, and make it 1 cent per gallon, or 42 cents per barrel, it will bring something like $42,000,000. That tallies with the figures I have just given. So I think it can not be said accurately that this amendment will not produce revenue.

Of course, if we have a tax of only 42 cents a barrel on oil, the Atlantic seaboard can still get oil from Venezuela for something like 58 cents less than it can get it from the Kansas field or from the Louisiana field or from the Texas field, or from any other field in the Central West. So that my conviction, Mr. President, is that if this amendment should be adopted, increasing the tax on oil to 42 cents per barrel, or 1 cent per gallon, which is 42 cents per barrel, it will not interfere with and will not stop the importation of oil. It might do so to some slight extent; I am not prepared to say that it would not cut off some oil; but it certainly will not reduce the imports materially, and as 105,000,000 barrels came in in 1929 and over 100,000,000 barrels came in in 1930, if this amendment should be adopted there will still be imported into this country approximately 100,000,000 barrels per year. There is good reason for such imports, because the large oil companies can still get oil in Venezuela cheaper than it can be produced any place in the United States and delivered at the Atlantic seaboard. So 42 cents a barrel will not be an embargo; it will still permit the oil to come in; but when it comes in it will pay a tax of 42 cents per barrel. The figures of the distinguished chairman of the committee showing revenue amounting to $21,000,000 per year at the rate of one-half cent per gallon, which would mean $42,000,000 a year at the rate of 1 cent per gallon, are reasonable, and I confidently expect if this amendment shall be adopted that imports will still come in at approximately 100,000,000 barrels per year, bringing into the Treasury approximately $40,000,000 annually.

Mr. President, at this point in my remarks I desire to insert in the RECORD an article that appeared in the Commonweal. The magazine in which the article appears is dated May 4, 1932, and the article is entitled "Our Southwestern Problem." It is by Bishop Francis C. Kelley, of Oklahoma City. The article relates to the production of oil and the difficulties facing the oil industry, especially in Oklahoma.

Bishop Kelley is an honored and respected citizen and resident of Oklahoma City. He lives in the very shadow of not hundreds but of thousands of oil wells.

Few people—

Says Bishop Kelley—

living outside the Southwest and California realize the importance of the petroleum industry to these United States.

* * * * * * *

The buying power of the whole Southwest is wounded—butchered to make a London holiday. How bring back prosperity when a fifth of the country is unnecessarily hungry?

In justification of the publication of an article on an economic question Bishop Kelley says:

Of course it may seem a bit odd that a bishop should go out of his ecclesiastical track to write about a tariff on oil; but there is always a reason when any odd thing happens, and this time it is not one reason but many reasons that draw me out. Bishops have the care of the church on their souls and on their shoulders. It is never a light weight. To-day it is back-breaking everywhere but especially so in the Southwest. Following the drought came the oil problem. The drought hurt, but rain came again. For the oil problem there seems poor promise of relief. The eastern and northern manufacturers object to the Golden Rule. They want to be protected but not to extend protection. So my reasons for speaking out are hungry children, closed churches, overburdened congregations, penury, and want where they need not be.

I ask unanimous consent to print the article in the RECORD in full at this point in connection with my remarks.

The PRESIDING OFFICER (Mr. WALCOTT in the chair). Without objection, it is so ordered.

The article is as follows:

OUR SOUTHWESTERN PROBLEM

By Francis C. Kelley

Problems are like sheep. They follow the bellwether and there is no stopping them when the run begins. When the run of unemployment started in Europe it was a certainty that it would soon influence America. Now we have it, with the countless problems it has stampeded. The depression is not a single problem but a flock. It has to be studied according to the different kinds of sheep in it—steel and wool, furniture and railroads, textiles, shoes, wheat, oil, and the longtailed, etc. Prosperity will return when we manage to get most of the sheep into green pastures again.

Few people living outside the Southwest and California realize the importance of the petroleum industry to these United States. To most of them oil is just "liquid gold" flowing into the treasuries of a few millionaires. That oil has made millionaires is quite true; but it is also true that its profits have been the chief sources of those great private benefactions so peculiar to our Nation and so useful to a country that in less than two centuries had to cut its future out of a primeval forest. Not even gold has been so widely—but not wildly—generous in scattering its benefits. But that, while true enough, is not the point. Under normal conditions the petroleum industry employs approximately 2,000,000 persons, and not all—or even nearly all—where the "liquid gold" is found. Its benefits to labor go as far as the crossroads of every State in the Union, for the streams reach the streets of the cities, the country highways, and the byways even of the woods. One-fifth of the Nation's population—the oil-producing States west of the Mississippi with their 22,000,000 people—depend on oil for a goodly part of their prosperity.

The oil-producing States are not, as a rule, competitors of the manufacturing States. Though Oklahoma, for example, is a great cotton-growing State, it has but one small cotton mill. It makes no shoes and has no great steel plants. Its factories are few and quite unable to supply a hundredth part of the needs of its people in clothing, building materials, even foods, though the Southwest is rich in cattle, grain, lead, zinc, gypsum, marble, aluminum, etc. It is satisfied to live and let live, and its mineral wealth is still mostly in the ground. "Big business" with South America is keeping our zinc, lead, bauxite, and textiles there. Now our petroleum industry is threatened from the same quarter. The buying power of the whole Southwest is wounded—butchered to make a London holiday. How bring back prosperity when a fifth of the country is unnecessarily hungry?

The situation is all the more miserable when the fact is considered that the Southwest gets only a small part of even the profits of its oil industry. It receives the pay for labor at the well but not the dividends. The Southwest is a meal ticket for millions who never saw it and never will see it. Few of those who have got rich out of petroleum live "under the derrick." They profit at long distance. A steady stream of dividends has kept flowing to the North and East ever since oil was first found in the Southwest. But the bed of the profit stream is dry now, not because there is no more oil to wet it but because, in foreign ships, foreign petroleum is being dumped into the largest American petroleum market, that of the Atlantic coast. The tariff gates are wide open, for there is no duty on petroleum, crude or refined. It can be produced by South American or Russian labor cheaper than we, who bear the tax burdens of the producing States and pay American wages for American work, can produce and deliver it.

Americans who drive their cars into most of the gas stations east of the Alleghenies may be about 80 per cent certain that they are filling up on a petroleum product out of which no American except the station attendant and the owners of foreign oil lands have profited. The largest part of the largest petroleum market in the world (our country consumes 72 per cent of all the petroleum in the world) is now supplied by the foreign pools and by foreign labor working for American and British owned companies who exploit Venezuelan and Mexican fields.

The situation would be funny if it were not for the suffering it is causing—funny as an exhibition of gross stupidity and utter lack of reasoning. We are a Nation of protectionists. Every industry in the North and East is protected by a tariff. Why? To keep the prices at such a level as will enable us to hold up our standards of living. We of the Southwest pay others for the goods that we could make for ourselves and thus we do our share for the general good. The Republican Party has always been the

leader in advocating protection, often even in excess of requirements, yet that party had every opportunity to apply the logic of facts to the petroleum situation and did not. The American people are patriotic enough on feast days, but in this petroleum matter, which is a day-by-day misery, they are patriotic for Venezuela, Mexico, and, in a smaller but growing degree, for Russia. To make the grim humor of the situation more apparent, one of the great importing interests now informs its stockholders that for the present there will be no dividends so that there may be plenty of money to buy up the independent companies that this strange, illogical policy is sure to bring to ruin. Yet it was those same independents who took the greatest risks in discovering and drilling, and thus gave us the oil industry as we have it. Now foreign importers use the free list to break them. Once broken, the American fields will be shut in for the most part. The purchasing power of one-fifth of the population of the United States is already cut in half. That one-fifth, in desperation, may have to manufacture what it needs to take care of its home labor; and New York, New England, Wisconsin, Ohio, and Michigan will wonder what's the matter with the "rubes" who won't buy their goods. They don't buy them for the simple reason that they can't.

The troubles of the railroads are being handed around most generously to-day and to the rich and poor alike. (I have seen the tracks of some lines torn up and scrapped in Oklahoma.) Why? I can not give all the reasons but I can point out one at least—the petroleum situation. If the Southwest can not buy of the North and East, how are the railroads to make transportation pay? If the Southwest must give up its distant home markets, how—but fill the rest in yourself. Yet it was the railroads that made industrial America, a fact we have been ignobly forgetting. The difference between North and South America in the distribution of population is largely the difference between railroads and revolutions.

The independent American petroleum producers ask protection for an American industry supplying an American market by the imposition of an adequate duty on petroleum and its products, or an excise tax that would amount to about the same thing. Even that would not give the American producer equality in costs with foreign oil. It would help, however, and allow the American Government a revenue estimated at well over $50,000,000 a year when that revenue is sadly needed. The American producer is not asking equality. He only asks not to be discriminated against.

Of course, it may seem a bit odd that a bishop should go out of his ecclesiastical track to write about a tariff on oil; but there is always a reason when any odd thing happens, and this time it is not one reason but many reasons that draw me out. Bishops have the care of the church on their souls and on their shoulders. It is never a light weight. To-day it is back-breaking everywhere, but especially so in the Southwest. Following the drought came the oil problem. The drought hurt, but rain came again. For the oil problem there seems poor promise of relief. The eastern and northern manufactures object to the Golden Rule. They want to be protected but not to extend protection. So my reasons for speaking out are hungry children, closed churches, overburdened congregations, penury, and want where they need not be. We can take the inevitable with resignation to the inevitable; but no one in the Southwest, which has spread its wealth over the whole country in the form of dividends, interest, payments on purchases, and noble benefactions, can afford to keep silence on a wrong that good sense, good logic, and good will could so justly and so easily set right.

Mr. THOMAS of Oklahoma. Mr. President, when this question was before the Congress on a former occasion we did not have the information upon which we could predicate arguments that would satisfy and convince. Questions were asked to which no answers could be given that were convincing. Since that discussion took place in connection with the Smoot-Hawley tariff bill we have had two investigations made, and we now have the reports before this body of those investigations, the report submitted in answer to the Senate resolution, and likewise the report submitted in answer to the House resolution. No one questions the facts which have been assembled. They are now official; they are a part of the records of the Congress and of the Government. We know the quantity of oil that comes into the country; we know whence this oil comes; we know what it cost to produce it abroad; and the facts are all in favor of this small excise tax upon its importation.

The argument was made a few years ago that those who were producing oil had done little, if anything, to protect the production of oil. It is true that the oil fields were unregulated. We had oil wells in some of the fields producing 20,000 barrels per day; others producing 30,000, 40,000, and as high as 60,000 barrels a day. When an oil field is discovered the first production runs at those enormous figures, but ordinarily not for long. As soon as the surplus or the high-pressure oil is taken from the ground, as soon as the gas has a chance to escape, oil wells settle; very soon they have to be pumped; the more they are pumped, of course, the less they produce, and after a time the wells settle down to a very low production, sometimes as low as 1 barrel per day per well.

In my State we have what is known as proration laws. Those laws were passed many years ago, and they have served a good purpose. Under those laws the corporation commission has the power to go into a field and to establish rules and regulations and has the power to enforce such rules and regulations.

Only a few days ago the supreme court of my State sustained the proration law of Oklahoma. So, unless the decision of the supreme court is overturned, it is the law in Oklahoma that the corporation commission can enforce the proration law and can make rules and regulations governing the production of oil.

In the Oklahoma City field the oil producers are limited to something like 2 per cent of the possible production of oil. They produce all that they are allowed to produce. It is only 2 per cent of the amount they could produce. The same thing is true of the east Texas field. There is a limitation there now to 2 per cent of the possible production of that field. Yet those American citizens who have invested their money in those oil fields and those oil wells, and American laborers there, are limited to 2 per cent of their time, 2 per cent of their possible production, when every day when they read their newspapers they see records of a flood of cheap oil coming into America from Venezuela. If something could be done to give these oil producers the benefit of the American market, competition would take care of the price.

This amendment will produce revenue, and this is a revenue-raising bill. I can not understand why Senators would object to taxing a commodity, which is now untaxed, which will assuredly raise such a considerable revenue. Here is 100,000,000 barrels of oil coming in, with $1 differential. In other words, this 100,000,000 barrels of oil can be produced abroad for a dollar a barrel less than it could be produced in this country. The importers have that $1 to play on, and if we tax them 42 cents, they will still have 58 cents differential in favor of the foreign oil. So it is my contention that this amendment, if carried, will not materially limit the amount of oil coming in.

I am not a high-tariff man. I have never advocated high tariff rates, and, on the contrary, have consistently opposed excessive rates. Our Republican friends support the policy that the rates should be high, so as to afford real protection to the producers in this country. The Democratic position is for a tariff for revenue, or for a competitive tariff. While we have this tariff system with us, I am in favor of equalizing the burdens and benefits of the system. I am opposed to giving New England all the benefits, and then to force the burdens of such system upon the people who reside in my section of the country.

Mr. President, such a system can not become and remain the settled policy of this country.

Mr. LONG obtained the floor.

Mr. TYDINGS. I suggest the absence of a quorum.

Mr. LONG. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashhurst	Costigan	Lewis	Shortridge
Austin	Cutting	Logan	Smith
Bankhead	Davis	Long	Smoot
Barbour	Dill	McGill	Steiwer
Barkley	Fess	McNary	Stephens
Blaine	Fletcher	Metcalf	Thomas, Idaho
Borah	Frazier	Moses	Thomas, Okla.
Bratton	George	Neely	Townsend
Brookhart	Hale	Norbeck	Trammell
Broussard	Harrison	Norris	Tydings
Bulkley	Hatfield	Nye	Vandenberg
Bulow	Hayden	Oddie	Walsh, Mont.
Capper	Hebert	Pittman	Watson
Carey	Hull	Reed	Wheeler
Cohen	Johnson	Robinson, Ark.	White
Connally	Jones	Robinson, Ind.	
Coolidge	King	Sheppard	
Copeland	La Follette	Shipstead	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, there is a quorum present.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. I yield.

Mr. SMOOT. The Senate will meet at 11 o'clock to-morrow, and I desire to ask unanimous consent that at 2 o'clock a vote be taken upon all amendments which may be offered to the amendment under discussion, and the amendment itself without any further discussion.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I have not had an opportunity to talk to the Senator from West Virginia [Mr. HATFIELD] about this matter, and I yield to him now. I ask the Senator what his idea is about it?

Mr. HATFIELD. I have no particular suggestion to make.

Mr. JOHNSON. Mr. President, will the Senator yield to me?

Mr. LONG. I yield.

Mr. JOHNSON. The suggestion that is made by the Senator from Utah is one that is quite impossible, I think, in the present situation. I think it must be phrased otherwise in order to accomplish the result he desires, to which I personally have no objection.

At the present time pending is one amendment, that of the Senator from Nebraska. Immediately following action on that amendment, if it shall be defeated, will be the amendment of the Senator from Texas, revising all of the rates of the particular paragraph under discussion. That amendment is not yet before us. The Senator from Utah asks unanimous consent that at 2 o'clock to-morrow upon all the amendments pending and to be offered we shall vote and vote upon the particular provision itself.

Mr. SMOOT. Let me modify the unanimous-consent request. The Senate meeting at 11 to-morrow, I ask that between 12 and 2 o'clock, on all amendments that may be offered, the discussion be limited to not exceed 10 minutes on the part of any Senator, and that at 2 o'clock we vote upon the amendment pending.

Mr. JOHNSON. I think the Senator from Utah was not present when the Senator from Maryland made his statement some time since. I shall be delighted to hear the Senator from Maryland, and he wanted a considerable period of time in which to express his views.

At 2 o'clock, if that be satisfactory to the Senator from Maryland, who is anxious to be heard in this matter, we may vote upon the pending amendment. Thereafter amendments may be offered, of course, to the particular part of the bill that is under discussion. I suggest to the Senator, so far as I am personally concerned—and I do not presume to speak for anyone else—that we limit debate to 10 minutes thereafter upon such amendments as may be presented and then continue the voting until the matter shall be disposed of.

Mr. SMOOT. And limit speeches on amendments to 10 minutes after 2 o'clock.

Mr JOHNSON. Yes; upon other amendments.

Mr. SMOOT. Certainly; all amendments which may be offered.

Mr. TYDINGS. Mr. President, may I ask the Senator whether he would not be so kind as to incorporate in his request the statement that the time shall be equally divided between those who wish to speak for and against the proposition?

Mr. JOHNSON. I have no objection.

Mr. SMOOT. I have no objection to that.

Mr. JOHNSON. The difficulty with that, let me say to the Senator, is this: Who is to utilize the time first? Secondly, who is to parcel out the time? We would get into all kinds of difficulties with that sort of an arrangement.

Mr. LONG. Mr. President, may I yield to myself just a minute?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. I was going to make a suggestion, because I am speaking for several Senators who are in favor of this tariff item. We probably could make this arrangement: Let us go along on this matter until to-morrow morning, and I think that to-morrow morning we will be in a position to make an agreement.

Mr. SMOOT. At 11 o'clock, the Senator means?

Mr. LONG. I do not mean that we should take a recess now, but I mean that I think that to-morrow morning we will be in a position to agree to vote by, say, 2 o'clock.

The PRESIDING OFFICER. Let the Chair state the unanimous-consent request. The Senator from Utah asks unanimous consent that at not later than 2 o'clock to-morrow a vote be taken on the pending amendment, and that after 2 o'clock debate be limited on each amendment to not longer than 10 minutes. Is there objection?

Mr. REED. That is, for each Senator?

The PRESIDING OFFICER. Ten minutes for each Senator.

Mr. GEORGE. I shall have to object to that. I would not object to a limitation on debate, but I will object to an agreement to vote at 2 o'clock to-morrow.

The PRESIDING OFFICER. Objection is heard. The Senator from Louisiana has the floor.

UNDERTAKING TO REMAIN UNDER AN ADMIRED LEADERSHIP

Mr. LONG. Mr. President, at this time what we are debating is the amendment proposed by the Senator from Nebraska [Mr. NORRIS]. The Senator from Texas [Mr. CONNALLY] has withdrawn his amendment, and we are now debating the amendment which has been offered by the Senator from Nebraska which proposes in effect to wipe out what the committee has done and to substitute practically no tariff at all on oil. I am hoping that I shall be able to persuade the Senator from Nebraska to withdraw the amendment. I say that in a charitable spirit. I have undertaken since I came to this body to find myself a leader, because in all parliamentary service it is well known that for any man to be properly identified and accomplish results he must have a leader. After having traveled about in the Senate for some time and announced several leaders, I have at last landed and announced myself firmly affixed to the Senator from Nebraska as the leader of whatever faction I belong to, regardless of number. [Laughter.] I am hoping that I can convince and persuade the Senator from Nebraska to withdraw the amendment and not leave me leaderless by to-morrow again in this body.

I do not think the Senator from Nebraska is at all informed on some of the matters that are affected by the amendment which he has offered. I know that the Senator has not had the experience he would have had if he had mingled with the sections of the country with which I am familiar. I know that he has not such knowledge, or in my opinion he could not have entertained any such view as is suggested by the amendment which he has offered here this afternoon.

I do not know how many tariff items the Senator from Nebraska has voted for since he has been in Congress or whether he ever voted for a tariff on any article. I have been told by my friend the Senator from Texas [Mr. CONNALLY] in a caucus that he does not know of any man sitting in the Congress to-day who has not at one time or another voted for a tariff on something. He might have been mistaken about some of the gentlemen from some of the Western States, but in a Democratic caucus—I am sure the Senator will not feel I am revealing any confidential statement that has been made—I remember the Senator from Texas having stated that he would like to see any man in Congress who had not at one time or the other voted for some tariff on something.

As a result of that policy, we live in a tariff world. We have a tariff on the manufactured products from New England. We have a tariff on wool. We have a tariff on practically everything that is manufactured in America; and now we come down asking for a tariff on oil.

Here is a fact: This country has no shortage in its supply of oil!

Here are some other facts: This is the only country where oil is produced to amount to anything where the supply is not monopolized. America is the only oil-producing country where the oil supply is not practically a monopoly. We have hundreds of thousands of farmers in the country who are interested in the oil business. We have any number of ordinary business men who are interested in the oil business. I do not mean that they are merely interested as the result of their stock ownership, but I mean that there are many of them—and I have been one—who are interested in the production of oil in this country. There are thousands of them.

The Tariff Commission says that there is a difference of $1.03 in the cost of producing a barrel of oil in the South and Central American countries as compared with the cost of producing a barrel of oil in the United States. I believe that is the correct figure. That is the report of the Tariff Commission.

Now I am going to disagree to some extent with some of the statements that have been made, even by my friend the Senator from Texas [Mr. CONNALLY]. I do not think there is going to be anything like a reasonable restriction of foreign oil imported into this country as a result of the tariff that is proposed in his amendment. It is entirely too low. It is only 21 cents per barrel. It still allows discrimination in favor of foreign oil of 82 cents per barrel. They still can pay the tariff of 21 cents authorized under the Senate committee amendment and have 82 cents discrimination in the cost of producing a barrel of oil in the countries of Venezuela and Colombia as compared with the cost of producing that same barrel of oil in Louisiana, Oklahoma, Kansas, Kentucky, or other oil-producing States of this Nation.

That is only to show this fact. This is not a protective tariff at all in the practical sense of the word. My friend the Senator from California [Mr. SHORTRIDGE] this afternoon stated—and I am sorry some Senators who are here now did not hear what he said then—that no Democrat, such as the Senator from Nebraska [Mr. NORRIS] and the Senator from Wisconsin [Mr. BLAINE] [laughter], need hesitate a moment, need hesitate one iota, to vote for this tariff, because it is not a protective tariff at all. There never was a more practical revenue tariff on earth than this little sliver- ing 21 cents per barrel tariff on oil when it is produced $1.03 cheaper under the flag of the dictators of Central America than in this great land of the free. They have an advantage of 82 cents per barrel; and if there ever was a practical, sure-shot revenue tariff on earth that has not any semblance of real protection about it, it is this mere pittance of 21 cents a barrel on oil.

I want to call the attention of the Senator from Nebraska [Mr. NORRIS] and of my good friend from Wisconsin [Mr. BLAINE] to something. I want to know if they are willing to penalize the school children of the State of Louisiana and of Arkansas and of Arizona and of Texas and of California as they are doing to-day by promoting this slave traffic in oil in America? Let me explain the situation. In Louisiana, Mr. President, we have a severance tax on oil. The Mississippi River divides our State in the middle. Part of our State is on the east side of the Mississippi River and part of our State is on the west side of the Mississippi River. It is a navigable river for a number of miles. It comes up from the Gulf of Mexico and is navigable as far as Chicago. I believe it has been made navigable to the Great Lakes.

Mr. LEWIS. Not yet; but we are going to make it so.

Mr. LONG. If the Senator from Illinois says so, it will be so. [Laughter.]

Mr. LEWIS. That is why I said so.

Mr. LONG. But as a result of navigable waters flowing through the State of Louisiana a number of oil refineries have been located along the banks of the Mississippi River. Drive down through that great country of the State of Louisiana, on the east side or west side of the Mississippi River, and one will pass by oil refinery after oil refinery. In Baton Rouge will be found probably the biggest oil refinery to be found anywhere in the world. There are several more between there and New Orleans.

Here is the criminal feature that our people are up against: These oil refineries were placed down there to refine the oil of Oklahoma, Louisiana, Arkansas, Texas, and other States. The pipe lines have been run all the way through from the States in the Middle West leading down to the Mississippi River, feeding that oil to the refineries there on the banks of the Mississippi River, so that the navigable waters carry the crude oil to the Gulf and carry the refined products upon the navigable waters of the Mississippi River to Kansas City on the one hand and to Pittsburgh on the other. They have been refining our domestic oil.

But what happened? We needed money to support the schools of that State. We had an ad valorem tax on lands in Arkansas, Louisiana, and those States just as high as we could possibly make it. On the severing of oil from the soil we put a tax of 11 cents per barrel for the high-grade oil. What was the result?

The Oil Trust served notice on us, "We have a way to avoid this tax." We said, "The independent producers of oil are not making any objection at all to paying this oil tax." No, sir, Mr. President; some of the independent oil producers came before the Legislature of the State of Louisiana, and they did the same thing in some of the other States, and said, "We have no objection whatever to paying 3 or 4 or 5 or 6 or 7 or 8 or 9 or 10 or 11 cents a barrel tax to educate the school children of these States, if you will put that tax on the Standard Oil Co. and the Gulf Refining Co. and the Texas Co." They admitted that there is no industry on earth and especially not in America that can stand a fairer tax than this severance on severing oil from the surface.

But the Oil Trust said to us, "We have ways of beating the State out of this tax. Here is what we are going to do. The independent does not own any oil supply in Mexico. The independent does not own any oil supply in Venezuela or in Colombia. The independent does not own any tank fleet. The independent not only does not own, but if he did own he could not transport foreign oil into the United States. So here is what we will do," and here is what they did to us.

They brought their trust-controlled oil from Central America to the State of Louisiana because they could bring it there and avoid the tax of 11 cents a barrel. They not only kept the State of Louisiana from realizing a dime off the oil that was there in the State—and they did the same thing in Arkansas and Texas—they not only cheated us out of revenue of millions of dollars that ought to have gone to educate the children of those States, but they have served notice on us that they will see that there is no independent oil industry and no kind of reasonable oil industry in the States that have the severance tax, "because we will go down to South America and bring this oil up from there free of cost."

What has been the result with the independent? He could not compete. There are plenty of farmers who own oil wells in that country, plenty of them; do not think it is a rich man's game altogether; there are hundreds of them, thousands of them—indeed, I would hesitate to say how many thousands of them, but probably hundreds of thousands of them who draw the royalty off those wells. But those wells can not be opened up, because if the farmer of this country, the independent oil man of this country, opens up his oil well and produces oil he has got to pay a tax to the States and Government of the United States, whereas they can bring their oil in from Mexico and Venezuela tax free, and they do not have to do anything but come up the navigable waters, which have been made navigable at the expense of the State of Texas, the State of Louisiana, the State of Arkansas, and the United States Government. They can use our navigable waters and streams, use them for no other purpose whatever than to

keep the States from enjoying the taxes they need to operate the Government. Somebody will tell us that is all we have there to tax.

How fair is it? Whom is it helping? It is not helping anybody. I am sorry the Senator from Maryland [Mr. TYDINGS] has walked out, because I certainly wanted him to hear what I am about to say. If the Senator from Maryland thinks it is doing his State any good to have nothing but a monopolistic oil business in this country, he certainly is sailing far afield.

I will state what an oil tariff will do, and I defy any man to contradict a single word I shall say as to facts or figures. I was in the oil business in 1918, being interested in several oil companies in the Pine Island oil field of the State of Louisiana, and I will tell the Senate the conditions that developed there in 1918 and 1919. I not only was interested in a private capacity, but I was elected railroad and pipe-line commissioner of the State of Louisiana at the same time.

The oil industry of the State received a notice one day that the big companies would no longer take the oil from our oil fields. That has happened, too, in California. We were producing a 28-gravity oil. Oil is graded by gravity; the higher the gravity the better the oil and the better the price. That has been decided by the Supreme Court of the United States in a lawsuit which was brought against my administration. We were producing 28-gravity oil in the State of Louisiana, and we had been getting $1.55 per barrel for that 28-gravity oil for many months. Just over to the east of us was another oil field which was producing a slightly heavier gravity—or really a lighter gravity—oil, because as the oil gets lighter—that is, as the gasoline content increases—the higher the gravity goes. They were producing a 36-gravity oil, for which they were getting about $2.40 per barrel. We received a notice that they would not take another barrel of our 28-gravity Pine Island crude. The Gulf coast regions of Texas and south Louisiana received about the same notice. I defy any man to dispute one single fact that I am stating. They are startling facts; but I defy any man who will take the time to look up the matter to dispute a single fact that I will give.

We received notice that they would not take any more of our oil out of that field at any price. After negotiation we finally got them to agree to take one-fifth of the oil produced. That meant that four-fifths of it had to go down the branch. They agreed to take one-fifth of the oil produced at 60 cents a barrel. That meant that for every barrel we produced we really got 12 cents, because we could only sell them 20 per cent of the production.

I hope the Senator from Nebraska will bear these figures in mind, because I am going to give further figures. I have said that they gave us notice that they would pay us 60 cents a barrel for one-fifth of the output. That meant that four-fifths of it had to go down the creek, because oil is something that can not be kept unless the producer has large storage capacity, and so whatever is not taken above the storage capacity has to go down the stream, and as they would take but 20 barrels of oil out of every hundred, and there was not the storage capacity for all the remainder, much of it had to be lost.

At the same time when they were giving that 60 cents a barrel for 28-gravity oil and taking only one-fifth of it they were not freezing out California. They got to California a little later—one at a time. At the same time they were paying us one-fifth of 60 cents for 28-gravity oil, they were paying for 16-gravity oil in California $1.80 a barrel. Those are the facts; that is the outlandish condition that continued for many months.

We had a political campaign in that section of the country as a result of it. Finally they froze us out and got the oil field which we were operating; the leases that were in my name, or, rather, in names of concerns I was interested in, are now in the name of the Standard Oil Co. or some other big company. Then that oil went up to $2 and more and one time to $3.35 per barrel.

Then they hopped over to California and did to California what they had already done to us. How did they do it? They brought their cheap, untaxed, foreign crude and congested every tank and every refinery and every market on the Gulf coast with Mexican and Venezuelan and Colombian oil, and they brought it there so cheaply that there was not a chance on earth of our doing any business at all.

They did not have to pay the State any tax; they did not have to pay the Government any tax; they used the rivers the Government had improved; they sailed their ships under the protection of the flag of this Nation; they defied the State, broke up the independent oil business, and then deliberately raised the price of domestic oil up to $3.35 a barrel after they had put the independents out of business.

While they were paying us 60 cents a barrel for our oil we were paying 25 cents a gallon for gasoline; and when they had finally frozen us out and had raised the price of some of the crude up from $2 to $3.35 a barrel, the gasoline price dropped to 14 cents a gallon. That is how the thing was worked down in that section of the country. I wonder if anybody is so innocent as to think that such things happen as a matter of accident.

Then they went over to California. I want to say that I will give any man all the time he wants to corroborate these statements. I know the figures. The condition I am relating is what caused me to go back into the practice of the law. That is why I became a lawyer; that is why I am in the United States Senate to-day. That is one of the bad effects, perhaps, that resulted from this freeze out. I went to work. I remember the figures, because I know what put me back to work. [Laughter in the galleries.]

The PRESIDING OFFICER. The Chair must admonish the occupants of the galleries they must respect the rules of the Senate.

Mr. LONG. From California we did not get much help at that time in the direction of securing an oil tariff. At that time they were satisfied. They did not see any need for a tariff on oil.

Mr. SHORTRIDGE. Not I.

Mr. LONG. Then, I stand corrected.

Mr. SHORTRIDGE. I was not satisfied.

Mr. LONG. I stand corrected, but we did not hear any roar from California. The big oil companies had to hop on to California. I will say to the Senator from Texas that they had already done something of the kind in Texas. However, after they had been paying California producers $1.80 a barrel when they were paying us around 60 cents and taking only one-fifth of the production, they finally hopped over to California and brought in a Venezuelan oil supply to the coast of California, and despite all that California could do, or can do now, they have practically bankrupted the oil fraternity in the State of California.

Mr. SHORTRIDGE. Mr. President, will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from California?

Mr. LONG. Yes, sir; I yield to the Senator from California.

Mr. SHORTRIDGE. I rise to remind the Senate—I need not remind the Senator from Louisiana—that I have contended for years for a tariff duty on imported oil of at least $1 per barrel, and the third bill introduced in the Senate during this session was a bill introduced by me calling for a tariff rate of $1 a barrel on imported oil and 50 per cent ad valorem on the price of certain of its by-products. I fully agree with everything the Senator from Louisiana has said.

Mr. LONG. I will ask the Senator further if he thinks there is any industry on earth that is more entitled to protection, measured by the difference in the cost of production in this country and in foreign countries, than the oil industry of America?

Mr. SHORTRIDGE. There is no product in America, in my judgment, more entitled to adequate protection than oil. I fully agree with the Senator's thought.

Mr. LONG. As I was saying, they hopped on to California and they flattened out the oil fraternity—one at a time. "The mills of God grind slowly, but they grind exceeding small." So they hopped on to California. They hopped on to Texas. They gave Texas just a little taste of it down at Beaumont. They had not at that time started to operate full blast; they had not learned all the tricks of the trade; but they had given Texas a little taste of it at Beaumont. Texas had passed some kind of a regulatory law; but when they finally did get on to Texas, there was enough oil being produced in Texas to have supplied every man, woman, and child in the United States. The biggest oil wells in this country came in in the State of Texas and all over the State of Texas. What did they do when oil began to be discovered in Texas? Did they lessen their importations? No; they increased their importations of oil into the United States in some cases. The statistics will bear out the statement that they increased their importations in the territory where the oil fields were newly discovered until they had cornered those fields and driven the operators out of business.

The Senator from Nebraska, I presume, and also the Senator from Maryland, would say, "Well, it stands to reason that if we put a tariff on oil my people who consume oil are going to have to pay it." That would be the natural deduction to be drawn, that "If I vote for 21 cents a barrel for oil my people are going to have to pay the 21 cents." That would be true if we were talking about the manufactured products of New England; that would be true of many other commodities; but the fact is that it is not true of oil. The fact is, Mr. President, that so long as the independent oil industry continues in America the price of gasoline is always lower than when a monopoly is placed in the hands of the larger interests. The fact is that the price of crude oil has had but very little to do with the price of gasoline in the United States. And the fact is further—and I challenge anybody to dispute it, as I challenge anybody on the living face of the earth to dispute what I have said; I challenge anybody to dispute the statement that the supply of oil has had nothing to do in many periods with the price of gasoline.

If they get it from the independent refineries or from the independent oil companies as they have managed to get it lately, then the price of gasoline goes down, but when they put the independent refineries out of business, as is being done now, and as has practically been accomplished, then the price of gasoline goes back up, because the public can not use crude oil; the public can not use oil that is transported in tank cars or in pipe lines until it is refined; the public can not use the crude oil; and when they raise the price of crude here is what happens—and I hope I will have the attention of Senators a little while longer—they come in and freeze out the independent fields by congesting this country with Mexican crude and Venezuelan crude. We go to the banks, and we go to our brothers, and we go to our neighbors, and say, "We have got to put up a refinery." So we raise $250,000 and put up a refinery. I may say parenthetically, however, that that is not a drop in the bucket. It takes quite a good deal more money than that.

The cracking process has made it necessary to spend millions of dollars to build a refinery if the fullest gasoline content is to be obtained from the oil. Just as we are about to get the refinery up and to start business, they have succeeded in freezing out the independent oil fields, and they raise the price of the crude up to $3 and $4 a barrel, and then the refinery can not run. Then the independent refinery closes down, and down goes the price of crude oil again. We never have been able to catch them yet.

I will show you man after man—I will give you their names and I will give you their addresses—who owned as much as three or four thousand acres of land, upon whose land oil fields were found, producing immense quantities of oil, thousands and hundreds of thousands of barrels of oil, and those men have wound up penniless, notwithstanding the oil that was found on their lands. They froze them out, shut them down, and they wound up with absolutely nothing. I can show you man after man of whom that is true.

Consider the experience with one man. He had a lease on 10,000 acres of land. They opened up a field on certain land producing 10,000 barrels of oil a day. To-day that man is near bankruptcy but was here in Washington trying to get a refund on some income taxes to keep from having to sell his business. That is how the independent business has thrived under this system.

Now just a little more proof.

You think that if you keep 21 cents a barrel from being added on to the price of gasoline to perpetuate the oil monopoly in this country you are going to get the benefit of it. Have you gotten the benefit of it? In Venezuela, where they produce this cheap oil, in Colombia and in Mexico, where all this cheap oil is produced, and in the other foreign countries, they are, or were, paying twice as much for gasoline as you are to-day. Why is America buying its gasoline cheaper than Venezuela? Why are we buying gasoline in America cheaper than they are buying it in Mexico? They produce the oil in Mexico, and I think they refine some oil in those countries. Why is it that in America you pay less per gallon for gasoline than they do in those countries where they produce this cheap foreign oil? Because you have been able to keep alive an independent oil industry part of the time in America, and they have not had any independent oil industry in those foreign countries; and though they produce the cheap Venezuelan crude in Venezuela, when you pay 15 cents for a gallon of gasoline in the United States they pay maybe 30 cents a gallon or thereabouts for the same gallon of gasoline in Venezuela.

Does that mean anything? They have not any tariff in Venezuela. They have not any tax in Venezuela. They produce the oil in Venezuela. They pay no transportation cost in Venezuela; and yet, with the monopoly they have there and which they have here now unless we give that independent industry some relief, with a monopoly such as has been perfected down there, where they have been able to operate as freely as they are almost now operating in this country, the price of gasoline right at the place where it is produced and made is twice as much as it is here in this country.

We all know what keeps down the price of gasoline. One little refinery—and I hope Senators will listen to this—one little old two-by-four refinery operating up in El Dorado, Ark., has kept the price of gasoline at 13 cents in one town in Louisiana for about six years, to my certain knowledge. They have tried to put that little old refinery out of business in every way on earth, but they have not been able to do it. It has looked two or three times like the man who runs it was hanging by his eyelashes, but they have managed to get together and give him all the support they could.

I have seen gasoline selling in Baton Rouge, La., for about 25 cents a gallon when it was selling at Palmetto, La., for 13 cents; and we managed to keep that little old Palmetto price at 13 cents. They put one station on the north about three blocks away, and one station on the south about three blocks away, and one station on the left, and one station on the right, and one a mile away, and one this way, and one that way, and one the other way, and one every which way; but that station stayed right there and sold gasoline at 13 cents. As a result of the operation of that one little independent refinery, we have managed to keep the price of gasoline, including a tax of from 6 to 7 cents, down to 13 cents a gallon. They have managed to keep that little refinery running.

I do not know how long it will be able to continue to run. It can not run very much longer. It is the only one we have now to amount to anything. The independents and near independents have been practically put out of business.

How many oil-producing States have we in this country, I will ask the Senator from Texas?

Mr. SHEPPARD. Does the Senator refer to the principal oil-producing States? Some five or six.

Mr. LONG. We have more than that producing oil, have we not? The principal States are Louisiana, Oklahoma, Arkansas, Texas, and California. How many have we?

Mr. THOMAS of Oklahoma. Mr. President, there are about 20 States that produce oil—California, New Mexico, Kansas, Kentucky, West Virginia, Pennsylvania, some in New York, some in Indiana, some in Illinois.

Mr. SHORTRIDGE. At least a dozen.

Mr. THOMAS of Oklahoma. There are about 20 oil-producing States.

Mr. SHORTRIDGE. At least 12, I should say.

Mr. LONG. There is a small quantity produced in Ohio. There is some produced in Indiana. There is some produced in Kentucky. There are about 20 States altogether. There are six or seven major States. One State may be a major oil-producing State to-day, and its production may go down to-morrow, and the next year it may come up. It fluctuates in every State; but we have about 20 States in America left in this position: Whichever one of those States does not consent practically to eliminate the oil tax altogether has facing it the alternative of Venezueland and Mexican crude supplying that line of territory, and it being unable to collect any tax at all.

I will give you a little illustration of that.

We used to get in Louisiana about $1,000,000 a year from the severance tax on oil. We got about $1,000,000 a year from the severance tax on oil, and that money went to the school children of Louisiana. As I was saying—which I do not think everybody heard—we were getting, on our severance tax, about $1,000,000 a year in Louisiana. We were getting that on our severance tax on oil. That went to the school children of Louisiana. Every dime of it went to keep open the public schools and colleges of the State. We have a large rural population, where they have practically no property at all. Their farms are very much in jeopardy. So we voted taxes there, and we gave them to the poor sections of the State principally to keep those schools open in the farm sections where they did not have any property that could be taxed that they could pay.

So I wrote a law, which the legislature passed, imposing a tax that gave us about a million dollars a year on oil; and we ran our schools, and everybody was happy in Louisiana, because in the remotest part of that State we had been able to send them funds out of the State treasury, where they did not have funds of their own, to keep those schools going nine months out of the year.

But, lo and behold, the Standard Oil Co. and all of the big oil companies paid that tax about two years, and then they served notice on me—not they, but somebody; they could say they did not do it, but it came all right, and I could give the source of my information, and I do not think they will dispute it—they served notice on me that if we were not willing to reduce that severance tax down to about 3 cents a barrel they were not going to pay us any more taxes. "Well," I said, "I should like to know how you are going to do it."

In the meantime, they paid me the tax, because they went to the Supreme Court of the United States contesting it on the ground that it was unconstitutional. They had been keeping from paying us a tax for this reason: We had made the tax on a value basis. That meant 2 or 3 per cent of value. The Oil Trust regulated the price, and they found out that there was not any use paying us 2 cents on a barrel of oil. All they had to do was to reduce the price down to 40 cents, and pay us eight-tenths of 1 cent. So I said, "Well, we will get around this thing."

So I drew a law, the first one of its kind ever drawn in the United States, making the tax so much per barrel based upon gravity. That meant that the worth of oil is gaged by its gravity, so that they could not produce a 44-gravity oil that you know is worth $3 a barrel and post a price of 75 cents and pay us a tax of half a cent instead of paying us the tax that we were entitled to, of around 9 to 11 cents. So I wrote the law that way: On 16-gravity oil, 4 cents. (I am not being accurate on these figures, but they were about like this.) On 18 to 20 gravity oil, 5 cents. On 20 to 22 gravity oil, 5½ cents; and so on up until I got to the 45-gravity oil, 11 cents a barrel.

Well, they tied up our revenues, but I borrowed from the banks with notes signed by me as chairman of the Board of Liquidation of the State of Louisiana, and I operated those schools on borrowed money. When we won the lawsuit, after about a year and a half or two years' litigation, I got back the money that had been impounded in the Federal court, and paid the loans of the State; and the schools had been operating in the meantime.

When they lost the case in the United States Supreme Court, in a decision rendered by a unanimous court here—Chief Justice Hughes delivered the opinion of the court—they then served notice on me that they were not going to pay those severance taxes any more; that they were going to use our river that the farmers' taxes helped to keep in navigable condition.

The Government did not always maintain the levees and the navigability of the Mississippi River. Our State is bankrupt to-day; we have 16 levee districts that are to-day bankrupt because we kept that river navigable and kept it within its shores for many, many years before the Federal Government ever came to our relief. So they used the river that we had put in navigable condition with our money; they used our State; they used those refineries; and they brought the slave oil from Mexico and laid it down in the State of Louisiana and made it tariff free. Not only did they cheat us out of the oil that they would have produced but the independent oil man in Louisiana, where it was already costing him $1.03 more to produce a barrel of oil than it was costing in Venezuela, could not pay the State 11 cents to operate his oil wells when they were bringing it in there without paying a copper cent. That is the condition.

Mr. President, if the Senator from Nebraska half understood this thing, I do not believe he would stand for the kind of condition that we are having to stand for. We are big States. Texas is the biggest State in America. Louisiana, Kansas, and Kentucky are big States. We are a part of this Nation. This Nation does not owe any State as much as it owes the State of Louisiana, or, at least, no more. The State of Louisiana furnished some of the soldiers that whipped Santa Ana at San Jacinto. I do not know whether the Senator from Texas knows that or not; but it was the State of Louisiana that made up most of the six hundred and thirty and odd soldiers that Sam Houston had when he whipped Santa Ana at San Jacinto. He did not need 630 Louisianans. That was an army. [Laughter.]

If I may be permitted to digress just a moment—and I want the Senator from Indiana [Mr. WATSON] to hear me—I came here about four months ago, and they were repairing a street out there by my office window near the Senate Office Building. They were hammering "chug chug" and "blam blam" on that plagued street, and I said, "Well, they will be through with this thing next week."

When I came back about three weeks later they were still hammering on that street, and they have been hammering outside of my window trying to pave about 425 feet, or something like that for four months. If they would let me bring 2 or 4 or 6 city-hall bums out of New Orleans, I would fix that thing for them in less than two weeks' time, instead of having to take the balance of the year. [Laughter.]

As I said, 630 people from Louisiana would be an army. That is not all that this country owes Louisiana, Mr. President. I want to tell how the people in Nebraska are underneath the umbrella the State of Louisiana put up for them, and how they are treating us now, when they are taking away the taxes we need to keep our children in school. I want to tell what they owe us.

The United States Government did not make the Mississippi River navigable. Senators may think they did, but they did not do any such thing. The people of Louisiana made the Mississippi River navigable for the

United States. The people in Nebraska and California and Utah had nothing to do with it. Not only was the river found there, but the State of Louisiana gave this Nation the navigable Mississippi waters.

The proposition to make the Mississippi navigable was condemned by the Army engineers of the United States Government. They said the Mississippi River could not be made navigable, and the idea was given up. How did this Nation get that navigable river? Because one man in Louisiana by the name of Eads said, "I will undertake to make the thing navigable if I can get enough Louisianans who will work for me for near nothing, unless we succeed; I will go down there and devote my life to it and make that river navigable."

The Louisiana people contributed, and the brave, stalwart citizens of that State went down there, without getting a copper cent, not to be paid a dime unless they succeeded, and not knowing whether they would be paid a dime, whether they succeeded or not, and after months and years, with the United States Government saying it was childish folly, they gave the State of Nebraska the navigable Mississippi River, which makes it possible for them to ship their products by water down that river to-day.

With their taxes they made that river navigable; they made it possible for the people of Nebraska to ship what they raised down the river, and to bring back what they needed up the river. They made possible with their taxes the establishment of oil refineries on that river. They made it possible for this country to be developed, and it was Louisianans who did it, the money of Louisianans, and now, after we have done that, and are trying to educate the sons and daughters of those people by imposing a tax on oil, you come here and allow them to bring in the slave oil from foreign countries and penalize us, in spite of what we have done for the benefit of this country. You take out of the mouths of these children, who are going to school in that State to-day, 11 cents on every barrel of oil that was helping to educate those children, in order that they can bring foreign oil into this country and cheat that State, and the children of that State, out of the birthright which they have given to this country.

That is not all, Mr. President, the State of Louisiana gave. The State of Louisiana kept you a part of the American Union. I am going to tell you something else you do not know about Nebraska. [Laughter.] You in Nebraska would be living under the flag of England to-day if it had not been for Louisiana. There is a lot of history that has not been played up very much. We not only went over and helped to free Texas, we not only gave you your navigable river, but the State of Louisiana did more than that. The State of Louisiana is responsible for St. Louis being a part of the American Union. The State of Louisiana is responsible for that; and why? Because, Mr. President, when the War of 1812 had been fought and lost—that is what I say, when it had been fought and lost, and I will prove that it was fought and lost by the treaty of Ghent—when the War of 1812 had been fought, and the treaty had been made at Ghent, they left the land between the Mississippi River and the Rocky Mountains out of the peace treaty, and left it without the rule of the law of nations, so that when that treaty was signed the empire of Napoleon was not recognized by the English nation. That was so that when that treaty became effective whoever had possession would retain possession.

Why did Pakenham's army locate in New Orleans? Because they were going to sign the treaty of Ghent; and when that treaty was signed, Pakenham's army, the flower of the British Army, would be in charge of the Louisiana Purchase territory, and from that day on it would have belonged to the Empire of England.

Read the letters of Andrew Jackson and his analysis, and see how indisputable those facts are. But it was the forces of the State of Louisiana which won the memorable battle of January 8, 1815, throwing the British Army into disorder, and when the treaty of Ghent reached American soil, Jackson's army was in command of New Orleans, and Nebraska was thereby kept in America [laughter] with the forces of the State of Louisiana.

Those are the real facts. Nobody helped the Louisiana troops to win the war except one company or two companies of Tennessee mounted riflemen who kept the entire Louisiana Purchase.

Now, Mr. President, I have undertaken, representing my State, to look for a leader whom my State could recognize, and whom I could follow for the welfare of my State. To whom would I look? I tried out several. [Laughter.] I indicated my willingness to take most any of them. I finally concluded that I ought to look to the wide expanse that had profited so much from the navigability of the waters of the Mississippi, which the citizens of my State had made possible, which had owed its birthright and its participation in this American Government to the fight of the Louisianans when this Territory was made a part of the American Nation and kept there, and it was only natural, with his distinguished record, and all the facts blended, that I should have chosen as my leader the senior Senator from Nebraska [Mr. NORRIS].

I am not only fighting now for justice for my State, I am fighting to keep a leader, and not to lose him in this kind of a fight, with this kind of an amendment he has proposed here. I will be left leaderless if this amendment, offered by the Senator from Nebraska, should prevail. The fights of 125 years will have been lost.

Nothing is worse than a man without a leader. I am trying to understand, but I can not see how anybody can stand against allowing those people of Louisiana to tax the oil to enable them to educate their children with taxes on their own products. How could anyone? Perhaps my logic is impossible, I do not know, but I can not see how, from the standpoint of gratitude, of fairness, of right, you could take away a tax, that you could take away from the sons and daughters of those people the right to live off the land, and operate, and to share in the prosperity with the oil industry my country does give, when it is doing justice not only by this country, but it is doing justice by 19 other States, and is accommodating every man who is using gasoline and oil in this entire country.

You are doing for them what the facts will show results in giving them a reduced price on oil. You are giving them a reduction in the price of oil, because if they lived under the dominion of these foreign countries, where the oil is produced and refined on the ground, they would pay twice as much for gasoline as the citizen of the United States pays to-day, notwithstanding the fact that it costs $1.03 a barrel more to produce a barrel of oil in the United States than to produce a barrel of oil in Venezuela, Mexico, and Colombia. Notwithstanding that fact, you can buy gasoline in the United States to-day for half what you can buy it for in those foreign countries.

I appeal to my friend from Nebraska, who will have time to think this matter over and to check up my figures, to withdraw the amendment he has offered here to destroy what the Senate Finance Committee has in a chinchlike way decided to do for those people.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. SHORTRIDGE. I should be glad if the Senator in his speech would add that one member of the Finance Committee did not agree to the reduction made by the committee. I asked, indeed, for a higher rate than that accorded by the House.

Mr. LONG. And the Senator was perfectly right; he was positively right.

Mr. President, when Senators read in the RECORD and find that the people of Louisiana and Arkansas and Texas have to pay $1.03 more to produce oil than the man in Mexico and Venezuela and Colombia, they ought to be willing not only to give the State of Louisiana the benefit of a tax of $1.03 but they ought to be willing to say, "We are going to give them the best of it. They have been down there suffering from flood waters for many, many years. Their people have stood and fought as no set of people have ever fought. They

have been as loyal as any men and women on the shining face of God's earth, people of the land of Evangeline, the home of hospitality, with a climate second to none—except perhaps of California." [Laughter.]

Mr. SHORTRIDGE. Mr. President, if the Senator will permit me, I am willing to stipulate that Louisiana comes second in climate, California first.

Mr. LONG. That Louisiana is one of the two best. [Laughter.]

Mr. SHORTRIDGE. Yes.

Mr. LONG. Very well.

Mr. NEELY. Mr. President, may I inquire whether the stipulation between the able Senator from California and the eloquent Senator from Louisiana refers to the production of oil or of gas? [Laughter on the floor and in the galleries.]

Mr. LONG. Mr. President, I will answer that question. West Virginia produces very little oil, but plenty of gas yet. It is one of the leading gas-producing States.

Mr. NEELY. And the best gas in the world.

Mr. LONG. I agree to that.

Mr. SHORTRIDGE. If the Senator will permit me to add, West Virginia comes close in the production of gas.

Mr. LONG. It is ahead of us.

Mr. NEELY. But West Virginia's gas is under control. [Laughter.]

The VICE PRESIDENT. The Chair will announce that there must be order on the floor of the Senate and in the galleries. If there is not order in the galleries, the Chair will order the galleries cleared. This is a final statement from the Chair on this subject. The occupants of the galleries are present under the rules of the Senate and must obey them if they are to remain here.

Mr. LONG. Mr. President, in this particular case I am speaking not only to the Senate but I am addressing the President of the Senate at this time, and for the President's attention and for his consideration. I believe that enough Senators are not going to make a mistake in this matter to result in injury to the people of Louisiana. I hope not.

I believe if I might convince Senators to consider the facts that I have placed before them here this evening, not the source, but the facts which I have given—if they would consider the facts instead of the source of those facts—I do not see how and I can not see why we would be left in these oil-producing States in this tariff world to the mercy and imposition of slave trade when it does not mean anything except revenue to the Government, which it needs, and a fair deal for its people, with more than likely a reduction in charges on commodities.

The President of the Senate comes from the great State of Kansas. It is a part of this American Union. The President of the Senate, as no other man in this body, has an opportunity to look at this question from a national standpoint, from a standpoint that is national, that no doubt some of us probably can not see from as wide a viewpoint as we should.

The President of the Senate knows the need of the country in not letting one part enjoy a tariff on what it produces and another part being left without such a tariff. He is interested in seeing that the school children of the States of Texas and Louisiana and Arkansas are not defrauded out of the revenue which those States are entitled to have. He understands that the only way we can keep this American country floating in a fair way is not to force the farmers of Louisiana and Kansas and Texas and the oil men of those States to live as purchasers in a tariff world and outside of the tariff world as regards whatever they have to sell or produce.

I believe if enough Members of the Senate should make the mistake of developing a tie vote on this question, that the President of the Senate will give consideration to relieving this great territory and this great country from any such inequitable situation as exists for us in a life with no tariff while everyone else has a tariff on what he produces.

Mr. McGILL. Mr. President, I desire to consume but a few moments of the time of the Senate in discussing the question before us. I have observed from the addresses which have been made that those who have discussed the question have done so on the basis of fixing a rate of 1 cent per gallon, or 42 cents per barrel, on crude oil. While that is not the amendment immediately before us, it is likely to be, and in all probability will be the one on which we will finally be called upon to cast our votes.

I rise, Mr. President, in support of that proposition. The Senator from Oklahoma [Mr. THOMAS], in closing his remarks this evening, stated he was not an advocate of high tariffs, that he had not been educated to be an advocate of high tariffs, and like unto him I may say I am not a high-tariff advocate; but in this instance I feel that the rate in the proposed Connally amendment is wholly justified.

We are not living under conditions whereby the Government derives its revenue by virtue of a tariff for revenue only, but we are living under conditions whereby in most instances the manufactured products of the country are having the advantage of high tariff duties. This one raw commodity is about the only commodity produced in my State and in the mid-continent field which, in my judgment, could be benefited by a tariff duty. We have a tariff duty on one commodity produced in the West, namely, wheat, an agricultural product, but, in my judgment, the wheat growers are only indirectly and in a small way benefited by virtue of the tariff. The people residing in the mid-continent oil States would derive some benefit by virtue of a duty on oil and its by-products, and when we ask for a duty that would be only a revenue-producing duty, I feel, as a representative of the people whom I have the honor to represent here in part, I am wholly justified in casting a vote in favor of a duty of 1 cent per gallon on crude oil.

I assume in all probability the question will be raised before this discussion is closed, or rather the issue will be discussed that we are exporting from the United States more oil than is imported into the United States; that there is, in other words, apparently a trade balance in our favor—that our exports exceed our imports. I believe in recent years our exports have exceeded our imports, but let me explain, if I may in a brief way, that the imported oil comes from the South American countries to the Atlantic seaboard States, is sold, used, and consumed there in competition with domestic production. The oil exported is exported from the Pacific coast and is domestic-produced oil, refined in this country, and sold in Asiatic and oriental countries. The imported oil does affect the price of crude oil and the oil industry itself.

I happen to have had the privilege of observing for many years past the operations of the business of the independent oil producers. The independent oil producers of America, if you please, are the ones who have gone out and wildcatted and discovered the fields. They are the ones who have discovered the fields in Texas, Oklahoma, Kansas, and elsewhere. They are the ones who have purchased the leases from the farmers and developed the lands as oil-producing lands.

The question has been raised, in the committee at least, in what way will the farmer derive a benefit from this sort of a tax? Will it not raise the price of the refined products of oil he is forced to buy? I do not believe this duty will raise the price of the refined commodity to the consumer in this country. I do not believe it will affect materially the price of crude oil or any of its by-products to the consumer. On the other hand, I feel the farmer is directly benefited by virtue of the fact that we have the independent oil operators who have gone on his land, developed it, paid an acreage rental, paid him for the royalty oil, and things of that character. Every man in my State, and I think the same is true in other States, on whose land oil has been discovered receives under his lease a royalty of all of the oil produced from the land.

The farmers of my State have profited when the independent oil operator was permitted to prosper. Just a few years back virtually every acre of land in Kansas was leased for oil and gas purposes, and the landowner was receiving a yearly rental of $1 per acre. The farmer's taxes, if you

please, were being paid by virtue of the rental he received whether there had been production developed on his land or otherwise. That condition does not prevail to-day, and the reason for it is simple. It is due to the fact that the independent oil operator of this country is being crushed out of business due to the importations of oil made by the large oil-importing companies.

However others may look at the proposition, I feel the Senator from Louisiana [Mr. LONG] has developed here in the course of his argument the reason which prompts me, more than any other, to support the amendment. Ordinarily I feel high tariffs are calculated to encourage monopoly; that they are breeders of monopoly. In this instance, in my judgment, the proposed tax will work directly in the opposite direction.

The reason for this, I may say, is that the importing companies, the four named by the Senator from Texas [Mr. CONNALLY]—the Standard Oil Co. of Indiana, the Standard Oil Co. of New Jersey, the Gulf Oil & Refining Co., and the Royal Dutch Shell, a foreign concern—have been the beneficiaries of unfair competition with the independent producers. They have had an unfair trade advantage in that they are able to produce in the South American countries, due to labor and other conditions, oil more cheaply and import it into this country free of any tax. The independent operators, heavily taxed, who have developed the mid-continent and other fields of the United States, by reason of these facts have not had the benefit of fair competition.

It was suggested that this import tax will increase the price of the commodity to the consumer. There can be no question, I may say to my good friend the Senator from Maryland [Mr. TYDINGS], that a tax on a commodity tends to increase the price of that commodity, whether it be an import tax or whether it be some other kind of a tax. It will under ordinary circumstances and conditions tend to increase the price of a commodity. But, Mr. President, if the commodity we have under consideration here comes within the control of a monopoly by virtue of the fact that the importing companies are not taxed and the independent operators, who are their only competitors in the business, are driven from the fields of their endeavor, then I say to my good friend the Senator from Maryland and to the other Members of the Senate the price of this commodity and the price of gasoline and all the by-products of crude oil, in my judgment, will materially advance.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Maryland?

Mr. McGILL. Certainly.

Mr. TYDINGS. To whom do the independent operators sell their products?

Mr. McGILL. In most instances the products are taken by the pipe lines owned by the four companies I have named. I may say to the Senator, however, that they are not the only pipe-line companies which are taking oil from the mid-continent field, where I am mostly acquainted with conditions.

Mr. TYDINGS. Is it not a fact that the 20 large companies which are more or less in combination own 95 per cent of all the pipe lines in the country?

Mr. McGILL. I think that is approximately correct.

Mr. TYDINGS. Therefore the independent oil producer must sell his output to those 20 large companies?

Mr. McGILL. There can be no question but that the large companies have already gained a material advantage, but I am not willing that we should give them a further advantage so as to completely and finally monopolize the industry in this country.

Mr. TYDINGS. The point I was making is that, inasmuch as the large companies against which the Senator is inveighing, but many of which do not import oil but rely upon American production for their supply, are so firmly intrenched with refineries, pipe lines, and distributing stations it seems to me they can pay the independent producer what they wish. Whether the oil is imported or not imported, the independent producer has to sell to the agencies which already own the transportation facilities, and, therefore, an embargo against imports would in no sense inure to the benefit of the independent oil owner. Is not that correct?

Mr. McGILL. If the Senator will permit me, I am not arguing for an embargo on any product that comes into this country; but, in my judgment, even though it be a fact that the large companies, in the main, own the pipe lines, notwithstanding that fact, if they are required to pay a tax on the oil they import into this country, they will be placed on a more equal competitive basis with the independent operator. That is one of the reasons, I may say, why I am in favor of the proposed tax.

Mr. TYDINGS. Let me say to the Senator from Kansas, suppose that the tax would prevent all imports of oil; that no imports of oil came into the United States at all; that, for the sake of the example, the tax was, in effect, an embargo; what difference would it make to the independent oil-well owner? He would have to take the price offered him by the 20 large companies, because the independent operator has no pipe line; he has no transportation facilities; he has no refineries; he has no distributing stations. The only way he can market his product would be to acquire a tank wagon in Kansas, load it with oil, and sell his crude oil somewhere. So that, even if no oil were imported, would not the independent oil-well owner be at the mercy of the large company as to the price he would receive for his product?

Mr. McGILL. The Senator from Maryland is assuming a large number of facts in his questions many of which do not exist.

Mr. TYDINGS. What are those that do not exist?

Mr. McGILL. That the independent operators have no refineries, have no pipe lines, or anything of that character.

Mr. TYDINGS. What independent operators have such facilities for handling oil?

Mr. McGILL. There are a number of independent refineries in the different States.

Mr. TYDINGS. Will the Senator be good enough to name a few such independent refineries?

Mr. McGILL. I know a man in my own city, by the name of Derby, who owns and conducts a refinery in that city.

Mr. LONG. Mr. President——

Mr. McGILL. I am yielding just now to the Senator from Maryland.

Mr. TYDINGS. What independent companies own pipe lines to the Atlantic-seaboard market?

Mr. McGILL. I do not think there are any pipe lines to the Atlantic-seaboard market.

Mr. TYDINGS. What independent companies own distributing stations from Maine to Florida?

Mr. McGILL. It is possible that there are no independent operators who own gasoline stations and have distributing stations all the way across the continent; but I do not think, if the Senator will permit me to say so, that that is material to the argument I am making at this time. I am arguing against the advantage of the four large companies which oppose this tax; and may I say to the Senator that they are the only oil companies which have opposed a tariff on the importation of oil, and are the only companies that I know of in the world which are interested in the importation of oil into the United States.

Mr. TYDINGS. Now let us assume for the sake of the argument that these oil companies—a point which I do not concede—are opposing this tax; supposing—which I do not admit, and I think it is wrong—that the independent oil-well owner will get more for his oil, the Senator is certainly not so trustful as to believe that if the large companies, already wealthy, have to pay more for their product from the independent oil producers, they will not ask more for their products when they sell it to the consumer? I think the Senator will admit that.

Mr. McGILL. I have stated in the course of my remarks that a tax on a commodity, whether it be an import tax or any other tax, has a tendency to increase to the consumer the price of the commodity. That is true of every product the consumers of this country use.

Mr. TYDINGS. The Senator is more than fair. I am glad that he is meeting the debate in an honest, frank, and candid way. Therefore the large oil company if it paid more for its oil and sold it for more than it is selling it for now would make just as much profit under that situation as it makes now, but the independent oil operator would get more for his oil. That is correct, is it not?

Mr. McGILL. The independent operator, in my judgment, under the proposed amendment of the Senator from Texas providing an excise import tax of 1 cent per gallon will not get very much in addition to the present prices for his oil, but he will be placed in a more equal competitive basis by virtue of the fact that the importing companies will be required to pay taxes the same as the independent operators are now required to pay taxes.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. McGILL. Yes.

Mr. TYDINGS. The point I made was this: I will assume for the sake of the argument that the independent oil man gets more for his oil, then the big company as it sells that man's product will charge more for its oil. The Senator said that is true. Therefore the big company will make just as much profit out of the oil without a tariff as it will with a tariff. Is not that correct?

Mr. McGILL. I fail to understand it in that way. Otherwise, they would not have witnesses before the committees of Congress opposing this import duty.

Mr. TYDINGS. The Senator himself admits that the price will go up to the extent that the big companies have to pay additional prices to the small producers.

Mr. McGILL. No; I do not admit that. I do not admit that the price of the commodity would increase in equal proportion to the amount of the duty.

Mr. TYDINGS. The Senator, then, assumes that such large companies as the Standard Oil Co. and the Sinclair Oil Co. and the Mid-Continent Oil Co. and all the other oil companies are going to pay the producer more for his oil and not raise the price to the American consumer?

Mr. McGILL. I have not said that.

Mr. TYDINGS. Well, what is the Senator's position?

Mr. McGILL. If the Senator will not interrupt me so much, he will probably be able to ascertain what my position is.

Mr. TYDINGS. May I just ask the Senator one more question, and then I will not interrupt him further? Let that last question go, because I think it answers itself, and no other answer is necessary; but, at any rate, no matter what the increased cost is to the large oil companies, no matter how much the tax will tend to raise the price, whatever that increase in price may be, it is going to be paid by the consumers of oil, so that every farmer all over this country and every user of fuel oil and every man who drives an automobile is going to pay, in addition to his present taxes, just the amount of the increase.

Mr. McGILL. Ordinarily the Senator would be correct, were it not for the fact that without some legislation which will tend to create an equality between the consumer and producers of this commodity and prevent an absolute monopoly, there is nothing to keep prices down. If there is to be permitted to grow up in this country a monopoly of this industry, no man can foretell what prices the farmer or the ultimate consumers of this Nation are going to have to pay for gasoline, crude oil, or any other products of oil. As the Senator from Louisiana has stated, in one or two of the South American countries they are paying the equivalent of 30 cents a gallon for gasoline, although in those very countries they are able to produce oil and gasoline cheap, so cheap their oil is exported to this country at a price $1.03 less than it costs to produce the same commodity in the United States, and deliver it to the Atlantic seaboard. Now, I yield to the Senator from Louisiana.

Mr. LONG. The Senator has said nearly everything I wanted an opportunity to say in answer to the Senator from Maryland. However, the statement the Senator from Maryland makes indicates that he has failed to acquaint himself with many of the facts.

Mr. TYDINGS. The Senator will find out to-morrow that I am very well acquainted with all the facts.

Mr. LONG. The fact is, Mr. President, that in the year 1918, when Pine Island crude in Louisiana, and Gulf Coast crude in Texas, were selling for 60 cents a barrel, gasoline was selling for 26 cents a gallon. The fact is that a year later, when the monopoly had frozen us out and had taken our lands, the price of crude was $3.35, and the price of gasoline was 14 cents a gallon.

Mr. McGILL. Mr. President, I do not desire to yield for a debate between the Senator from Louisiana and the Senator from Maryland.

The VICE PRESIDENT. The Senator from Kansas declines to yield.

Mr. McGILL. I will yield to the Senator from Louisiana for a question. I wish to be entirely courteous.

Mr. TYDINGS. Will not the Senator yield just long enough for me to answer the question that was asked by the Senator from Louisiana?

Mr. LONG. I did not ask a question.

Mr. McGILL. Mr. President, the Senator from Maryland intends to take the floor to-morrow morning and occupy the floor probably from 12 o'clock to 2 o'clock. He will have ample time then to answer the question. However, for the present I will yield for the purpose of permitting the Senator from Maryland to answer the inquiry made of him by the Senator from Louisiana, provided he does not take too long.

Mr. TYDINGS. I thank the Senator and I will only take a moment. The very situation pictured by the Senator from Louisiana proves what I have been contending. Here was crude oil bringing a very small price and here was gasoline bringing a price with no relation to it, showing that the large companies could pay what they wanted for crude oil and sell it to the ultimate consumer regardless of its cost.

Mr. LONG. Mr. President, if the Senator from Kansas will permit me——

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Louisiana?

Mr. McGILL. In order to be courteous I will yield to the Senator from Louisiana, and then I will ask that I be not requested to yield again.

Mr. LONG. I merely want to say that the reason for that was that they brought the Mexican, Venezuelan, and Colombian crude in duty free and congested that area, whereas if we had a tariff they could not have done such a thing as that.

Mr. McGILL. Mr. President, since that portion of the argument has been properly disposed of, I will occupy only a few more moments.

We have pending before us several proposals with reference to unemployment conditions in this country. I do not wish to discuss that question at any length, but merely to call the attention of the Senate to the fact that the president of the American Federation of Labor not long since estimated that the unemployment existing in the States in the mid-continent oil field by reason of the depressed condition in the oil industry, due to permitting importing companies to depress the market and crush the small concerns out of business, has caused the unemployment of about 300,000 more men in those States than otherwise would be unemployed.

There is another proposition, to my mind, which may be raised by some who will discuss this amendment, and that is our oil supply in the country.

I feel no one can foretell what we will be using as a substitute for oil a few hundred years from now in the event that we do not care or are not able to use oil at that time. Testimony was given before the committees of the Senate during the last session of the Congress and at this session to this effect: That while it is true that several years back

the geologists of the United States estimated that there was only enough oil left to supply the demands of the market of the United States for a period of nine years, since that time there has been more oil produced and consumed by the American people than was estimated to exist at the time those geologists made their estimates.

During the last session of the Congress one of these same geologists was before a committee of the Senate, and in his testimony stated there are known oil reserves in the United States sufficient to guarantee that at the present rate of consumption we have enough oil in our own country to supply us for a period of over 500 years. That being true, there is no reason, to my mind, why we should not have the benefit of the American market for the American producer of this commodity.

Mr. President, for just a few moments in closing I desire to call attention to some of the facts relative to the proration and curtailment of the production of oil, as the attention of the Senate was directed to that proposition by the distinguished Senator from Oklahoma [Mr. THOMAS] in the course of his remarks.

In 1930 the domestic production of oil was reduced 109,000,000 barrels as compared with the year 1929. This was done by the independent operators of this country. It was reduced 109,000,000 barrels as compared with the year 1929. During the same period there were imported from these South American Republics by these four companies 105,000,000 barrels of oil. In other words, the importers nullified the curtailment made by the domestic producers. Virtually the same state of facts is true with reference to production and importation since that time.

I should like, however, to consider this measure from a revenue standpoint. It had been criticized as being a tariff measure in a revenue bill. It seems to me the distinguished Senator from Texas [Mr. CONNALLY] fully answered any arguments which may be made against the amendment and against this provision of the bill arising from the contention that this is tariff legislation in a revenue bill. This is a revenue tariff, and I desire to consider it from the standpoint of being a revenue-producing measure. We are here attempting to balance our Budget, and I feel any legitimate tax that can be imposed on a commodity which will produce revenue should appeal to us as representatives of this Government.

Attention has been called to the figures given out by the Tariff Commission—an estimate made, I believe, to the Senator from Utah [Mr. SMOOT]. When those figures were handed around to the Senators while the Senator from Texas was discussing this measure, it seemed to surprise some among us that the Tariff Commission had made so large an estimate of revenue which would be produced by virtue of the tax on crude oil and the by-products of crude oil, as provided in the amendment proposed by the Senator from Texas.

I fail to understand on what theory any representative of the Government could arrive at the conclusion that a tax such as this proposal would produce a revenue of only approximately $5,000,000 per annum. I know of no facts on which to base an estimate of that sort. I do not know whether any other Senators, members of the committee or others, know on what facts this estimate was made; but certainly it can not be based on any known facts with reference to the importation of oil.

The figures as disclosed by the Tariff Commission to the Senator from Utah are in the hearings of the Finance Committee. The same identical calculations were furnished to that committee by the Independent Oil Producers' Association of America. In other words, the Tariff Commission finds now, and this producers' association reported to the Finance Committee, that the average importation of oil per year, if we take the years 1929, 1930, and 1931 and strike an average, was 2,636,367,888 gallons of crude oil. If that were taxed at the rate of 1 cent per gallon, it would produce a revenue to the Government of $26,363,678. There was fuel and gas oil imported into the United States in the amount of 1,002,734,334 gallons. If that were taxed at a cent a gallon, we can estimate what the revenue would be.

There was imported gasoline, naphtha, and other finished light products to the extent of over 551,000,000 gallons; lubricating oil, 1,339,548 gallons; paraffin and petroleum-wax products, 46,928,711 pounds; natural asphalt, petroleum asphalt, and bitumen, 73,770 long tons.

If a tax were imposed as provided in the amendment of the Senator from Texas, and the importation were approximately the same as it has been on an average for the past three years, it would yield in revenue to the Government annually something over $50,000,000.

I feel there can not be any good reason for contending that a tax such as is proposed by the Senator from Texas would materially decrease the importation into this country of oil and the by-products of crude oil. It does not stand to reason that a tax of 42 cents a barrel is going to keep a product out of this country when the differential is $1.03 per barrel. Likewise all of the other products, in my judgment, will come into the United States in about the same proportions that they have entered the United States during the last three years. The importations of oil have been increasing largely within the last few months, as shown by Government reports.

So I feel that this measure is a revenue producer; and I am among those who are looking for some tax such as this from which we can derive revenue and strike out of this bill before its final enactment some of the proposed taxes we have not thus far reached. I refer, if you please, to taxes such as the 2-cent tax on every bank check to be issued in this country.

Out in my State and in the States of the Middle West—and I am sure this is true the country over—the farmers sell their dairy products and various products and receive small checks—checks of from $2 to $3, $5, or $10. Very seldom do they receive checks above $10. On each one of such checks they are, under the provisions of this bill, to be burdened by a tax of 2 cents, if that part of the bill becomes a law. I say to my friends who are opposing this oil-import tax because they feel it may be a burden to the consumer that a tax such as this bank-check tax will be a much greater burden than anything that has been proposed in this bill in the way of a tariff duty.

Mr. President, I feel I have taken all the time I should. I did not intend to discuss the measure for more than 15 or 20 minutes when I rose; but I felt I should like to state my position and my reasons for supporting the amendment proposed by the Senator from Texas.

Mr. TYDINGS obtained the floor.

Mr. SMOOT. Mr. President——

Mr. TYDINGS. I yield to the Senator from Utah.

Mr. SMOOT. It is hardly fair to the Senator from Maryland to ask him to speak for a few moments this evening, so I move that the Senate take a recess until 10 o'clock to-morrow.

Mr. TYDINGS. May I ask whether it is understood that I shall have the floor in the morning?

The VICE PRESIDENT. The Senator from Maryland is recognized and yields for the purpose of taking a recess.

ADDRESS BY SECRETARY WILBUR ON CHILD WELFARE

Mr. COSTIGAN. Mr. President, will the Senator withhold for a moment his motion for a recess?

Mr. SMOOT. I yield to the Senator from Colorado.

Mr. COSTIGAN. Mr. President, yesterday the Senator from Montana [Mr. WHEELER] placed in the RECORD an article dealing with an address by the Secretary of the Interior on child welfare, delivered before the National Social Work Conference in Philadelphia. This morning's Philadelphia Record contains an article on the same subject. I ask that portions of it also may be printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the Philadelphia Record, May 18, 1932]

SPEAKERS HIT WILBUR CLAIM—REVEALS EVILS BABIES SUFFER—SECRETARY'S STATEMENT DEPRESSION AIDS CHILDREN DECLARED UNTRUE—REPORT SHOWS WOE IN FAMILIES—SOCIAL SERVICE NEAR BREAKDOWN FROM ADDED BURDEN WORKERS WARNED

By Mac Parker

Every corner of Philadelphia's Convention Hall echoed yesterday with condemnation of the Monday night speech of Dr. Ray Lyman Wilbur, Secretary of the Interior.

Thousands of words were spoken to refute his assertions that the depression has been a good thing for the children of the Nation.

Rabbi Abba Hillel Silver, of Temple of Cleveland, addressing the 3,000 delegates to the National Social Work Conference, last night presented page after page of statistics and cases refuting the Wilbur claim.

TIMES ARE HARD

J. Prentice Murphy, of the Children's Bureau of Philadelphia, at a luncheon of the National Child Labor Committee, said in contradiction to Wilbur:

"Times are hard, and dangerously so for the children in all of our States. I am afraid the message which went out to the country from the national conference last night will not hearten our people."

Rabbi Silver said:

"Children especially are made to pay the cost out of their undernourished bodies and their hungry little hearts. They are underfed. They are sent hungry to school. They are poorly and scantily clad. They return to homes that are full of tension and strain. Children even more than adults do not live on bread alone. They thrive only in thriving homes. A home of peace and well-being will nurture their lives. A home depressed, shot through with bitterness and resentment, will blight their lives."

FAMILY HOME MORE

Doctor Wilbur said on Monday that children have never been fed more or better food than they have been getting through the depression. He said they no longer faced the perils of prosperity; that mothers and fathers in hard times stayed home more and gave their children more attention.

"Depressions are good for us, especially for the children," said Doctor Wilbur.

But Rabbi Silver replied last night:

"Families are being ground down into utter defenseless poverty. Should the present unemployment situation continue for another year we shall have completely pauperized at least a third of the working population of America. We shall have driven millions of our citizens into the class of dependents, while millions more will have their standard of living forced down to lower and still lower levels.

FORESEES JOBLESS INSURANCE

"We have until now misused the gifts of the mind-made machine, permitting the few to monopolize the wealth it has produced as well as the leisure and security. Put the machine in the hands of a truly social ideal and mankind will be launched on a career of social evolution such as no prophet has ever dreamed of.

"The State must compel industry to lay aside adequate reserves out of which benefits shall be paid to the worker whenever he is forced into involuntary unemployment. Those benefits shall be his as a matter of right and not of charity. Labor is not a commodity which may be purchased and disposed of at will. The worker is more than a partner in industry. Industry exists to provide a livelihood for the working masses of the world and to supply them with the necessities of life. Capital's share is secondary. First must come the adequate wage, security, protection against the disabilities of accident, sickness, old age, and unemployment, and then come the profits to investor and stockholder.

"The evils of prolonged unemployment are too apparent to require either catalogue or comment. The cost is paid to the last bitter farthing by men, women, and children in blasted hopes, thwarted ambitions, undermined health, lower morals, and embittered lives."

SOCIAL SERVICE WEAKENED

Social-service workers and their organizations, Rabbi Silver pointed out, have almost collapsed under the frightful burden of the depression.

"The overwhelming economic debacle of the past two and a half years," he said, "and the disastrous effects it has had on the whole structure of social service have left the social worker staggered and confused. In the face of an incredible economic collapse the social worker to-day stands helpless, his tools pathetically inadequate and all his garnered wisdom vain and futile.

"The cry for bread, the primitive hunger cry of the race, rising ominously from 20,000,000 throats to a terrifying crescendo, drowns out all other voices."

As against the picture painted by President Hoover's Cabinet officer, Rabbi Silver cited the findings of some of the agencies which come in close contact with the unfortunate.

DISABILITY IS PREDICTED

For instance:

The American Public Health Association reports that inadequate food, insufficient clothing, and overcrowded housing eventually will lead to an undermining of health and lowering of existence to such an extent that in years to come serious and permanent disabilities will result.

The American Hospital Association has been unable to keep up with the depression demands.

The National Organization for Public Health Nursing reports the abandonment of many necessary clinics.

The National Committee for Mental Hygiene finds increasing difficulties in maintaining accepted standards of care and treatment.

The National Recreational Association reports curtailment of activities which have been the greatest factor in decreasing juvenile delinquency.

GOES ON ENDLESSLY

The Child Welfare League of America report more children to care for than ever before and less money to provide the care.

The sad story goes on endlessly.

But the story of the material relief work which organized charity has been called upon to do is even sadder, in Rabbi Silver's opinion, for the social-service worker now has no adequate funds with which to distribute even the minimum of relief.

"The responsibility for the care of the unemployed," he said, "seems to be fixed nowhere, and governmental bodies vie with each other in passing this responsibility. The private agency turns to the municipality, the municipality to the county, the county to the State.

"In place of the $8.05 minimum weekly subsistence budget which the social agencies established in predepression days, many to-day are forced to distribute an average of $3.50 per week per family. This is not starvation. Neither is it relief. It is a hunger diet. And the social worker is compelled to spread his available relief funds thinner and thinner over a constantly increasing need.

IS INDUSTRY'S PROBLEM

"Unemployment is industry's problem and industry's burden, not charity's.

"Industry must not be permitted to lay its myriad casualties periodically at the door of philanthropy. This is a grotesque, not to say a criminal, procedure. The most highly developed industrial system in the world employs millions of men in the production of huge wealth which largely goes into the hands of the relatively few owners of industry, pays its men in normal times wages which fall short of the requirements of a decent standard of living, and as soon as the opportunities for profit making cease throws these men into the discard, advising them to go to the charitable agencies to which the workers themselves had previously been asked to contribute, to beg for famine rations for themselves and their families.

"Such is the cynicism and brutality of our economic order. It has even failed to give to its workers the security of servitude which feudalism once gave its serfs. So that a new terror has now come into the world. Every generation has its own overshadowing dread—pestilence, famine, invasion, the devil, or the end of the world, and the lives of that generation are darkened because of it. Into the twentieth century has come the dread terror of unemployment which hangs like a pall over the homes of the toiling masses."

CHURCH REPORT PRESENTED

Dr. Edward Devine, of New York, chairman of a committee of the Federal Council of Churches which has been engaged on a restatement of the social ideals of the church, presented a report on the committee's work at the annual dinner of the church conference of social work at the Benjamin Franklin.

"The text of this report," Doctor Devine said, "demands that the churches pledge their hearty support for a planned economic system in which maximum values shall be sought.

"The Christian ideal as we see it demands that cooperation shall supplant competition as the fundamental method. That is not a bolshevistic or a fascistic doctrine. It is wholly consistent for the most freedom for the individual and the utmost development of family life.

STRESS COOPERATIVE NEEDS

"We declare for industrial democracy. There are various ways of making progress toward it. Collective agreements between labor and capital, representation of workers in management, cooperative production in which capital is furnished by the workers themselves, and actual cooperation by the Government are all possible according to circumstances. It may turn out that certain larger common services, such as banking, power development, and distribution and transportation can best be managed collectively, leaving manufacturing, home building, agriculture, and the like to free individual initiative."

* * * * * * *

WORKER IS "DISAPPOINTED"

Secretary Wilbur's address brought criticism at the afternoon session of the social-service workers.

Clarence V. Williams, general secretary of the Illinois Home and Aid Society of Chicago, was franker in his criticism than most of the other delegates to the convention could permit themselves to be publicly.

"I was distinctly disappointed by Doctor Wilbur's speech, said Williams.

"Terrible things can come to thousands of children unless Congress takes some action. Children all over the Nation are in desperate circumstances. Some kind of relief must come. I think Doctor Wilbur was sounding a note of optimism to cheer us up. The note of the other speakers has been distinctly blue."

BENEFITS NOT SEEN

Karl de Schweinitz, secretary of the Committee on Unemployment Relief, declared:

"If anybody has benefited by the depression I, at least, have not noticed it."

Miss Jessie F. Binford, executive director of the Juvenile Protective Association of Chicago, declared, "Secretary Wilbur must not know what is happening all over the country.

"Homes are being broken up either by eviction or through the complete mental breakdown of parents who can not stand the strain.

"We know there is actual starvation existing in many sections, but apparently Mr. Wilbur is unaware of that."

PREDICTS "HEAVY PRICE"

Sherman C. Kingsley, executive secretary of the Philadelphia Welfare Federation, said:

"It is possible for everybody to make a blessing out of adversity if there isn't too much adversity, but it takes a large and hopeful philosophy to get much nourishment out of the predicament we are in now.

"The health and high morale of our people is the eighth wonder of the world. How long children can get anything out of foodless or near-foodless days remains to be seen, however.

"I think we shall pay a heavy price for years to come from the short rations and the worries and tragedies of the depression, which I think weigh especially heavily on the children."

ADDITIONAL PETITIONS AND MEMORIALS

Mr. TYDINGS presented resolutions adopted by Tacoma Park Post, No. 28, American Legion, of Tacoma Park, and General Joseph Haller Post, No. 95, American Legion, of Baltimore, both in the State of Maryland, favoring the passage of legislation to eliminate or reduce the interest rate on loans to World War veterans on adjusted-service certificates, which were referred to the Committee on Finance.

He also presented the memorial of W. A. Davis, jr. (amateur radio station W3BOE), and sundry other citizens of Baltimore, Md., remonstrating against the passage of legislation providing a fee system for amateur radio stations and operators, which was referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry citizens of the State of Maryland, remonstrating against the imposition of taxes on the automobile industry and favoring in lieu thereof the adoption of a general sales tax with necessary exemptions, which was ordered to lie on the table.

Mr. COPELAND presented a paper signed by architects and engineers from the State of New York, employed in the office of the Supervising Architect, Treasury Department, Washington, D. C., calling attention to an attached brief relative to certain provisions included in House bill 11267, the legislative appropriation bill, affecting their status in the proposed public works administration, which, with the accompanying brief, was referred to the Committee on Appropriations.

He also presented a resolution adopted by the mayor and trustees of the village of Pleasantville, Westchester County, N. Y., favoring retrenchment in governmental expenses and the balancing of the Budget, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Chamber of Commerce of Cooperstown, N. Y., favoring retrenchment in governmental expenditures and the balancing of the Budget, which was referred to the Committee on Appropriations.

He also presented resolutions adopted at a meeting of General Insulators and Asbestos Workers, Local No. 2, and Sign, Scene, and Pictorial Artists, Local No. 479, both of Pittsburgh, Pa., protesting against reductions in the compensation of Federal employees "under the guise of balancing the Budget," which were referred to the Committee on Appropriations.

He also presented a letter from George T. Seabury, secretary of the American Society of Civil Engineers, New York, N. Y., transmitting a resolution adopted by the executive committee of that society on May 9, 1932, and a memorandum, favoring the passage of legislation to extend loan facilities to solvent States, counties, and municipalities to enable them to carry out their normal programs of necessary and productive public works, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of the State of New York, praying for the prompt passage of the so-called Sparks-Capper "stop alien representation" amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by Leonard S. Morange Post, No. 464, American Legion, of Bronxville, N. Y., favoring the repeal of the eighteenth amendment to the Constitution and the making of necessary appropriations for the proper care of disabled World War veterans and needy families of deceased veterans, which were referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Cazenovia, N. Y., praying for the immediate consideration of measures to end national prohibition and levy taxes on the liquor traffic, which was referred to the Committee on the Judiciary.

He also presented a letter from the Cling-Surface Co., signed by William D. Young, its president, of Buffalo, N. Y., with an accompanying resolution adopted by members of supply and machinery associations at Cincinnati, Ohio, favoring a congressional investigation into the workings of all phases of the antitrust laws and the passage of such legislation as will permit cooperative agreements between sellers to such extent as may be necessary, etc., which, with the accompanying paper, was referred to the Committee on the Judiciary.

He also presented a paper signed by sundry citizens of the States of New York and New Jersey, indorsing the petition for a redress of grievances recently presented to the Congress by the national economy committee relative to retrenchment in Federal expenditures, etc., which was referred to the Committee on Finance.

He also presented resolutions adopted by the board of supervisors of Columbia County, and the board of directors of the Hudson Community Chest (Inc.), both of Hudson, N. Y., favoring the construction of an addition to the Hudson City post office starting not later than July 1, 1932, and the employment of all labor to be used in connection therewith be recruited from the ranks of the unemployed in the city of Hudson, etc., which, with the accompanying papers, were referred to the Committee on Public Buildings and Grounds.

He also presented a resolution adopted by the Passenger Steamboat Association, of New York City, N. Y., favoring the appointment of Supervising Inspector General D. N. Hoover as head of the Steamboat Inspection Service of the proposed merged Bureau of Navigation and Steamboat Inspection Service, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the board of directors of the Bankers & Shippers Insurance Co., of New York, New York City, favoring the retroactive repeal of the recapture clause of the interstate commerce law, affecting excess earnings of railroads, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Elmira, N. Y., being employees of the Pennsylvania Railroad, praying for the passage of legislation providing a pension system for railroad employees, which was referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry citizens of Jamestown, N. Y., remonstrating against the passage of legislation providing a fee system for amateur radio stations and operators, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by members of the Suffolk County (N. Y.) Bankers Association, protesting against the proposal in the so-called Glass banking bill, now pending, for the extension of branch banking in suburban districts, which was ordered to lie on the table.

He also presented a resolution unanimously adopted at a meeting of the Brooklyn branch of the League for Independent Political Action, Brooklyn, N. Y., favoring the passage of the so-called Wagner public works bill, and other measures for the relief of the unemployed, which was ordered to lie on the table.

He also presented a resolution adopted by the board of governors of the Yorkville Chamber of Commerce, New York City, N. Y., favoring a 50 per cent increase in second-class postage rates on newspapers and magazines and increased rates for the printing of corner cards of business concerns on stamped envelopes, which was ordered to lie on the table.

He also presented the memorial of members of Grange No. 1369, Patrons of Husbandry, of Springville, N. Y., remonstrating against the imposition of a tariff or other taxes on lumber, automobiles, trucks, crude rubber, lubricating oil, and gasoline, which was ordered to lie on the table.

He also presented resolutions adopted by Hamptonburgh Grange No. 950, of Campbell Hall, and Mountainville Grange No. 946, of Mountainville, both of the Patrons of Husbandry, in the State of New York, protesting against the imposition of a tariff or taxes on lumber, trucks, automobiles, accessories, lubricating oil, crude rubber, and gasoline, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Olean, Courdersport, and Allegany, in the State of New York, remonstrating against the imposition of taxes on the automobile industry, and favoring in lieu thereof a general sales tax with certain exceptions as to necessities, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of New York City, N. Y., remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, or other restrictive religious measures, which was ordered to lie on the table.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BINGHAM:

A bill (S. 4696) for the disposal of stock-raising areas in Alaska; to the Committee on Public Lands and Surveys.

A bill (S. 4697) granting an increase of pension to Julia T. Root (with accompanying papers); to the Committee on Pensions.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

LOANS TO FARMERS

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD a letter recently received by me from a man in my State who for many years has been engaged in making loans to farmers in behalf of the Prudential Insurance Co. of America.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., *May 10, 1932.*

Senator THOMAS D. SCHALL,
Washington, D. C.

DEAR SENATOR: A friend has handed me to-day a copy of your speech in the Senate March 16, 1932; subject, The Farmer.

I can not refrain from writing you this line. You covered the subject in a most forcible, concrete way, giving the actual facts as they are. If the supposed brains of the United States will not listen to this and act quickly, there will be a national calamity. The American farmer must be protected and given a chance to live, thrive, pay his debts, and be a full, free consumer of the production of the rest of us.

Yours very truly,

GEORGE E. TOWLE.

RECESS

Mr. SMOOT. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 9 o'clock and 45 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Thursday, May 19, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 18 (legislative day of May 9), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

George K. Donald, of Alabama, now a Foreign Service officer of class 3 and a consul general, to be also a secretary in the Diplomatic Service of the United States of America.

ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE PHILIPPINE ISLANDS

The following-named persons to be associate justices of the Supreme Court of the Philippine Islands:

Carlos A. Imperial, of the Philippine Islands, vice Norberto Romualdez, resigned.

George C. Butte, of Texas, vice E. Finley Johnson, resigned.

REGISTER OF THE LAND OFFICE

Arthur Wellington Doland, of Washington, to be register of the land office at Spokane, Wash. (Reappointment.)

PROMOTIONS IN THE NAVY

Lieut. Commander Eric L. Barr to be a commander in the Navy from the 17th day of November, 1931.

Lieut. Commander Howard H. Good to be a commander in the Navy from the 1st day of February, 1932.

Lieut. (Junior Grade) William A. Fly to be a lieutenant in the Navy from the 1st day of March, 1932.

Passed Asst. Surg. Frank L. Hubbard to be a surgeon in the Navy, with the rank of lieutenant commander, from the 4th day of June, 1931.

The following-named passed assistant surgeons to be surgeons in the Navy, with the rank of lieutenant commander, from the 30th day of June, 1931:

Robert F. Sledge.	Joseph J. Kaveney.
Elwin C. Taylor.	Edward H. Sparkman, jr.

The following-named passed assistant dental surgeons to be dental surgeons in the Navy, with the rank of lieutenant commander, from the 30th day of June, 1931:

Frank V. Davis.	George L. Reilly.
Walton C. Carroll.	Frederick W. Mitchell.
Charles L. Tompkins.	

The following-named lieutenants (junior grade) to be assistant naval constructors in the Navy, with the rank of lieutenant (junior grade), to rank from the dates stated opposite their names:

John H. Ellison, June 3, 1929.
Mario G. Vangeli, June 3, 1929.
William T. Jones, June 3, 1929.
Herbert C. Zitzewitz, June 2, 1930.
William H. Leahy, June 2, 1930.
Victor B. Cole, June 7, 1931.

The following-named ensigns to be assistant naval constructors in the Navy, with the rank of ensign, from the 6th day of June, 1929:

James M. Farrin, jr.	Herbert J. Hiemenz.
John H. Keatley.	Thomas E. Kent, jr.
William C. Allen.	

The following-named midshipmen to be ensigns in the Navy, revocable for two years, from June 2, 1932:

Ernest P. Abrahamson.	George W. Bailey.
Frank C. Acker.	Harold E. Baker.
Allen B. Adams, jr.	Robert L. Baker.
Richard D. Adams.	Jack I. Bandy.
Henry I. Allen, jr.	George R. Beardslee.
John D. Andrew.	Robert O. Beer.
Stephen M. Archer.	George L. Bellinger.
Lionel A. Arthur.	Richard H. Best.
Edwin C. Asman.	Frank J. Bigaouette.
Walter Asmuth, jr.	James C. Bigler.
Barry K. Atkins.	Ed B. Billingsley.
Burl L. Bailey.	Jack A. Binns.

Robert O. Bisson.
Richard H. Blair.
Norman E. Blaisdell.
Howard E. Born.
Thomas K. Bowers.
Alpha L. Bowser, jr.
Horace R. Brannon.
Cyrus Brewer.
Charles F. Brindupke.
Lawrence S. Brown.
Sheldon W. Brown.
William W. Brown.
Frank H. Brumby, jr.
Louis A. Bryan.
William I. Bull.
Peris G. Bunce.
Horace P. Bush, jr.
Arthur D. Caley.
Herbert J. Campbell.
Philip W. Cann.
Truman E. Carpenter.
Daniel L. Carroll, jr.
George N. Carroll.
William J. Catlett, jr.
Thomas E. Chambers.
Edgar G. Chase.
Irwin Chase, jr.
John L. Chittenden.
James M. Clement.
Burdette E. Close.
Clarence O. Cobb.
Herbert M. Coleman.
Walter D. Coleman.
James D. Collett.
Thomas J. Colley.
Fred Connaway.
Harry S. Cook.
Robert E. Coombs, jr.
Alfred L. Cope.
John Corry.
George Corson.
John L. Counihan, jr.
William R. Cox.
Alexander B. Coxe, jr.
James G. Craig, jr.
Richard S. Craighill.
Dennis S. Crowley.
Roland H. Dale.
Joseph B. Davis.
Henry C. DeLong.
Robert L. Denig, jr.
Mark E. Dennett.
John C. DeWitt, jr.
Hector de Zayas.
Nathaniel M. Dial.
Aquilla G. Dibrell, jr.
William J. Dimitrijevic.
William A. Dobbs.
Juan P. Domenech.
Francis M. Douglass.
Anthony H. Dropp.
Earl R. Eastwold.
Lynn T. Elliott.
Paul E. Emrick.
William K. Enright.
Sidney A. Ernst.
Robert L. Evans.
Charles H. Everett, jr.
John L. Everett, jr.
John S. Fahy.
John F. Fairbanks, jr.
Carl F. Faires, jr.
Marion A. Fawcett.
Emerson E. Fawkes.
Willard Feldschar.
Earl P. Finney, jr.
James A. Flenniken.
Francis D. Foley.
Joel C. Ford, jr.
Dale R. Frakes.
William R. Franklin.
Charles L. Frazer.
Bernard W. Freund.
Robert B. Fulton, 2d.
Malcolm E. Garrison.
Albert E. Gates, jr.
Scott K. Gibson.
Charles C. Gold.
Robert E. Goodgame, jr.
Arthur A. Goodhue.
Daniel C. Goodman.
Richard H. Gorsline.
Daniel S. Gothie.
Frederick M. Gramlich.
Richard O. Greene.
Archibald W. Greenlee.
Richard V. Gregory.
John M. Grider.
Paul H. Grouleff.
William H. Groverman, jr.
LeRoy B. Halsey.
Mason J. Hamilton.
Thomas G. Hardie.
Brooks J. Harral.
Paul H. Harrington.
Joseph L. Harwell.
Richard D. Harwood.
J. Harry Hayes.
Harvey H. Head.
Oscar A. Heinlein, jr.
Hugh L. Hendrick, jr.
George O. Hobbs.
Ernest D. Hodge.
Edward R. Hodgkins.
William M. Holmes.
John H. Hooper.
Thomas W. Hopkins.
John S. Horner.
Frederic N. Howe.
Wilbur G. Howle.
George E. Hughes.
Harry Hull
Ralph M. Humes.
Julian G. Humiston.
Harry C. Hummer.
James W. Humrichouse.
George C. Hunter.
Edwin W. Hurst.
Charles S. Hutchings.
George L. Hutchinson.
Earl T. Hydeman.
Walter D. Innis.
Joseph A. Jaap.
John F. Jacobs, jr.
George S. James, jr.
Garry W. Jewett, jr.
Clifford A. Johnson.
John H. S. Johnson.
Ralph C. Johnson.
Stanley H. Johnson.
William C. Jonson, jr.
Herbert L. Jukes.
Albert D. Kaplan.
Clarence E. Kasparek.
John H. Kaufman.
Cleo R. Keen.
Charles Keene, jr.
George W. Kehl.
William D. Kelly.
James L. Kemper.
William E. Kenna.
Robert H. Kerr.
Charles M. Keyes.
David F. Kinert.
Leon S. Kintberger.
Louis J. Kirn.
Henry T. Klinksiek.
Daniel C. Knock, jr.
Martin M. Koivisto.
Edmond G. Konrad.
Charles H. Kretz, jr.
Joseph H. Kuhl.
Samuel S. Labouisse.
John D. Lamade.
Richard H. Lambert.
Thomas D. F. Langen.
Theodore S. Lank.
Charles B. Lanman.
Earl A. Lapidus.
Jacob A. Lark.
Frank D. Latta.
Richard J. Lavery.
John R. Leeds.
Robert C. Leonard.
Kenneth P. Letts.
Travis R. Leverett.
John S. Lewis.
Porter Lewis.
Walter H. Lewis.
John M. Lietwiler.
Rex B. Little.
Harris C. Lockwood.
Joseph J. Loughlin, jr.
Thomas P. Lowndes.
Roland O. Lucier.
George R. Luker.
John P. Lunger.
Charles M. Lyons, jr.
William B. B. Lyons.
Albert S. Major, jr.
Charles K. Mallory, jr.
Richard S. Mandelkorn.
Louis W. Mang.
James G. Marshall.
Max C. Mather.
Alfred R. Matter.
Robert J. C. Maulsby.
Rollins H. Mayer.
Lloyd H. McAlpine.
Bruce McCandless.
Henry H. McCarley.
John J. McCormick.
Samuel A. McCornock.
Victor B. McCrea.
David H. McDonald.
Joseph A. McGoldrick.
DeWitt C. McIver, jr.
Donald K. McLeod.
William R. Miller.
Gilbert H. Mitchell.
Samuel P. Moncure.
Thomas J. Montgomery.
Harry G. Moore.
John A. Moore.
Robert B. Moore.
John H. Morse, jr.
Malcolm T. Munger.
John Munholland.
Henry G. Munson.
Charlton L. Murphy, jr.
Jerome E. Murphy, jr.
Ellsworth N. Murray.
Charles W. Musgrave.
Lloyd M. Mustin.
Jacob C. Myers.
Nicholas J. Nicholas.
Terrell A. Nisewaner.
Francis E. Nuessle.
Michael B. O'Connor.
Charles J. Odend'hal, jr.
Paul G. Osler.
George M. Ottinger.
William Outerson.
Allan A. Ovrom.
Hinton A. Owens.
Charles J. Palmer.
Alton E. Parker.
Frank M. Parker.
Lloyd W. Parrish.
Milton F. Pavlic.
Edwin K. Payne.
Charles E. Perkins.
William B. Perkins, jr.
Paul W. Pfingstag.
Everett L. Phares.
Charles E. Phillips.
George E. Pierce.
Ray M. Pitts.
George E. Porter, jr.
Robert R. Porter.
George W. Pressey.
Howard R. Prince.
Samuel F. Quarles.
Philip D. Quirk.
John W. Ramey.
George L. Raring.
William H. Raymond, jr.
James V. Reilly.
Harry L. Reiter, jr.
Norwood B. Rhoads, jr.
George F. Rice.
William L. Richards.
John P. Roach.
William C. F. Robards.
Robert D. Roblin.
George P. Rogers.
Jack Roudebush.
Edward A. Ruckner.
Fred L. Ruhlman.
Norman J. Sampson.
Harold L. Sargent.
Otto A. Scherini.
Maximilian G. Schmidt.
William P. Schroeder.
Floyd B. Schultz.
Isador J. Schwartz.
David D. Scott.
Reader C. Scott.
Harry W. Seely.
Spencer L. Shaw.
John D. Shea.
Howard E. Shelton, jr.
Allen M. Shinn.
William B. Short, jr.
Wallace C. Short, jr.
Paul J. Shovestul.
DeWitt W. Shumway.
Max Silverstein.
Clayton R. Simmers.
Robert T. Simpson.
Alvin W. Slayden.
Selden C. Small.
Clare B. Smiley.
Charles H. Smith.
Daniel F. Smith, jr.
John B. Smith.
James G. Smith.
Lawrence Smith.
Levering Smith.
Lewis O. Smith, jr.
Reynolds C. Smith.
Lawrence W. Smythe.
Ernest M. Snowden.
Harry Sosnoski.

Rufus A. Soule, 3d.
John G. Spangler.
John O. Speer.
John R. Spiers.
Wilford T. Stannard.
Marvin T. Starr.
Roland E. Stieler.
Howard F. Stoner.
Robert L. Strickler.
William A. Stuart.
Charles M. Sugarman.
Morton Sunderland.
John J. Sutton.
William L. Tagg.
Ennis W. Taylor.
John G. Tennent, 3d.
Donald I. Thomas.
James A. Thomas.
Forest C. Thompson.
Joseph Thompson.
William A. Thorn.
James C. Toft, jr.
Harry E. Townsend.
William E. Townsend.
Harvey C. Tschirgi.
Augustine J. Tucker, 2d.
Howard J. Turton.
Magruder H. Tuttle.
Gordon W. Underwood.
Robert D. Underwood.
Harmon T. Utter.
Robert E. Vandling.
John R. Van Evera.
Salem A. Van Every, jr.
William W. Vanous.
Francis A. Van Slyke.
Frederick O. Vaughan.
John Vaughan.
Arthur H. Vorpahl.
William T. Vrooman.
Lucien E. Wagnon.
Robert P. Walker.
Alfred G. Ward.
Thomas G. Warfield.
Odale D. Waters, jr.
Albert A. Wellings.
Robert H. Weeks.
Charles J. Weschler.
John T. West.
Wallace H. Weston.
Theodore H. White.
William J. Widhelm.
Frank E. Wigelius.
Adolphe Wildner.
Chauncey S. Willard.
Paul D. Williams.
Richard C. Williams, jr.
Lindsey Williamson.
Marcus W. Williamson.
Thomas F. Williamson.
George R. Wilson.
Ronald L. Wilson.
Ralph M. Wilson.
William R. Wilson.
William Winter, jr.
Jack W. Wintle.
Joseph F. Witherow, jr.
Frederick Wolsieffer.
Edwin C. Woodward.
Joseph C. Wylie, jr.
Melvin T. Young.
Robert C. Young.
William T. Zink, jr.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 18, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, let Thy light fall upon our waiting souls as we pray the words of our Redeemer. Judge us not in Thy displeasure, but look upon our infirmities and imperfections with pity, and help us to do better.

Our Father who art in Heaven, hallowed be Thy name. Thy kingdom come; Thy will be done in earth as it is in heaven. Give us this day our daily bread; and forgive us our trespasses, as we forgive them who trespass against us; and lead us not into temptation, but deliver us from evil; for Thine is the kingdom and the power and the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

TRANSFER OF JURISDICTION OVER PUBLIC LAND IN DISTRICT OF COLUMBIA

The SPEAKER. This is Calendar Wednesday, and the Clerk will call the committees.

The Clerk called the committees, and when the Committee on Public Buildings and Grounds was reached—

Mr. LANHAM. Mr. Speaker, by direction of the Committee on Public Lands, I call up the bill (S. 2498) to authorize the transfer of jurisdiction over public lands in the District of Columbia.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union.

The House accordingly resolved itself into the Committee of the Whole House on the state of the Union, with Mr. OLIVER of New York in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title to the bill.

Mr. LANHAM. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

There was no objection.

Mr. LANHAM. Mr. Chairman, this is a bill which I shall explain briefly, and it will be explained more in detail by the gentleman from Massachusetts [Mr. DALLINGER], who reported it.

It is a bill which passed the Senate on the 5th of February, 1932. It provides authority for the transfer of jurisdiction over public lands in the District of Columbia. The purpose of that transfer is twofold, at least. In the first place, without any undue delegation of authority from Congress, it will enable the Federal authorities and the authorities of the District of Columbia to make such transfers of land by mutual agreement between themselves for specific purposes, whereas otherwise new land would likely have to be purchased.

For instance, if it is contemplated by these authorities that a school building shall be erected and that a public park or playground shall be established, the District authorities desiring to build the school might have a suitable site for a playground, but no suitable site for the school building. The Federal authorities, on the contrary, desiring to build a playground might have a suitable site for a school, but not a suitable site for a playground.

By exchange of these lands, which would better facilitate the purposes of each, no additional land would have to be acquired by either the Government or the District, and the Government would be saved that expense.

Any conclusion which may be reached by the authorities must have the approval of the National Capital Park and Planning Commission. It has been customary for all of the items involved in a transfer of this kind to be referred to Congress and become the subject of legislation. Many of these things are almost perfunctory, many of them can be easily determined among these officers without taking up the time of Congress which could be devoted to more important legislation.

The acts to be performed, while they involve discretion, are largely ministerial, and the bill provides that a report of all such transfers shall be made to the Congress. It will make for the expedition of business.

In the consummation of these various projects it will save the time of Congress, which must now give a part of its time to legislation involved in transfers of this character, and in the judgment of the committee, this authority should be conferred.

As previously stated, the bill has passed the Senate and has been unanimously reported to the House by the Committee on Public Buildings and Grounds.

I see that my colleague on the committee, the gentleman from Massachusetts [Mr. DALLINGER], is present. He made the report on the bill, and has given the matter great study, and he will give a more detailed explanation of the purposes and provisions of this measure. I now yield 15 minutes to the gentleman from Massachusetts [Mr. DALLINGER].

Mr. DALLINGER. Mr. Chairman, in view of an objection, which was made to this bill when it appeared upon the Consent Calendar the other day, I wish to call the attention of the House to the fact that there is nothing providing for any transfer of title in this bill. It simply transfers jurisdiction, as anyone can see, by reading Senate bill 2498, which is now before the House.

Mr. UNDERHILL. Does it provide for, or require, extra guards or police, or employees?

Mr. DALLINGER. Absolutely not. The purpose of the bill, as has been explained by the chairman of our committee, is to give to the Federal and District authorities who have charge of public lands in the District of Columbia power to transfer jurisdiction over such property, either

in whole or in part, among or between themselves, whenever it appears to be in the best interest of administration and maintenance. At present, whenever such transfers are necessary or advisable, action by Congress is required in each instance. At each session of Congress a considerable number of special bills to transfer jurisdiction over particular parcels of land in the District of Columbia are introduced in Congress, and we all know how difficult it is to get any bill relating to the District of Columbia through both Houses of Congress. It is a sad commentary upon our procedure here that it has been a long time since the Committee on Public Buildings and Grounds, for instance, has had a Calendar Wednesday call, so that the only way that our committee, to which will be referred from time to time a number of these special bills, can get them before the Congress is on the Consent Calendar, and if one Member, through some fanciful notion, objects to the bill, it fails. If the bill is finally passed by the House and gets to the other body, if it is there objected to, it is passed over, and may not be enacted into law.

In view of the present comprehensive building program for the District of Columbia, the authorities expect the number of such special bills to greatly increase unless this bill is enacted.

To illustrate this point it may be said that at this time a number of exchanges have been proposed between the park office and the school board, as for instance, to provide better sites for a Northern High School and the Taft Junior High School in Brookland, and to avoid the purchase of additional land for a new building at the Keene School at Blair and Riggs Roads. For each of these exchanges separate special bills are now contemplated by the District commissioners, each of which will require separate action by congressional committees.

Furthermore, a number of exchanges of property are contemplated between two or more Federal and District agencies as that between the Soldiers' Home, War Department, and the District of Columbia for straightening the road south of the Soldiers' Home between Harvard Street and First Street NW. Another of the same nature is that for rounding out the property of the National Arboretum by transfer by the District of Columbia of areas of land to the Department of Agriculture in exchange for transfers from the arboretum for street purposes. A bill (S. 3547) has already been reported in the Senate for an exchange of properties between the park office, the District commissioners, and the War Department at Bolling Field.

The foregoing instances clearly show that the enactment of this bill is desirable as a means of obviating unnecessary legislation and thereby lessening the work of Congress.

Moreover, it can not be doubted but that the enactment of this bill would result in a substantial saving of public funds. In the first place it would make easier the most efficient use of land already owned by the Government and, secondly, it would avoid the purchase of additional lands when property now owned by the Government might be transferred to a desired use.

The bill can in no way be construed as an unwarranted delegation of the authority of Congress. The National Capital Park and Planning Commission, with representatives of a large number of Federal and District interests, including two Members of Congress, would in every case have to approve a transfer before it was consummated, and, besides this approval, the exchange would have to be agreeable to all the departments concerned.

In cases of land for streets and parks the District Commissioners and the Director of Public Buildings and Public Parks already have the power to transfer jurisdiction without recourse to Congress. This bill provides that in the future the National Capital Park and Planning Commission shall recommend all such transfers, and it also provides that all transfers shall be reported to Congress.

The bill meets with the approval of the District Commissioners, the National Capital Park and Planning Commission, and the Office of Public Buildings and Public Parks. The committee feels that the legislation is both desirable and necessary.

I will insert here as part of my remarks a letter from the executive and disbursing officer of the National Capital Park and Planning Commission requesting the introduction of this legislation and a letter from the president of the Board of Commissioners of the District of Columbia urging its enactment; also a letter from the Director of Public Buildings and Public Parks of the National Capital indorsing H. R. 425 and H. R. 5863, which are practically identical with S. 2498.

NATIONAL CAPITAL PARK AND PLANNING COMMISSION,
Washington, D. C., December 21, 1931.

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.

MY DEAR SENATOR CAPPER: Shortly before the last Congress adjourned this office took up with you the question of introducing a bill to authorize the transfer of jurisdiction over public lands in the District of Columbia. Such a bill had already been introduced in the House by Congressman ROBERT LUCE. You expressed your entire willingness to introduce such a measure but felt that the time was too short to accomplish anything and therefore it was mutually agreed to postpone introduction of this bill in the Senate until the Seventy-second session of Congress.

Inclosed you will find the bill modified and redrafted so as to be mutually satisfactory to the National Capital Park and Planning Commission, the Office of Public Buildings and Public Parks, and the Commissioners of the District of Columbia.

This bill gives the administrative authorities in the National Capital permission to reach agreements among themselves for the best use of land without the necessity for specific authority of Congress in such cases. Quite a number of such special bills are now acted upon at each session of Congress and it is expected that the number will increase as the public land is more and more crowded and the uses for it multiply.

This office feels very strongly the need for such legislation. In the specific case of land for streets and parks, the District Commissioners and the Director of Public Buildings and Public Parks already have such authority of law; that is, upon certification of the commissioners of the District that a certain edge of a park or triangle is needed for street purposes, the Director of Public Buildings and Public Parks may, under authority of the act of July 1, 1898 (30 Stat. 570), transfer jurisdiction over the required strip to the commissioners; similarly the commissioners may transfer to the Director of Public Buildings and Public Parks any land acquired for street purposes not immediately needed, with the assurance that the same land may be recovered by them for street purposes. The law has worked so satisfactorily and simplified procedure in so many cases in the public interest, without a case of abuse or unwise action having been taken under this authority, that I feel the method can be advantageously extended.

There are many cases in which such authority, if lodged in the administrative officers by Congress, would result in an economical saving to the Government.

Respectfully yours,

U. S. GRANT 3D,
Executive and Disbursing Officer.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, January 19, 1932.

Hon. ARTHUR CAPPER,
Chairman Committee on the District of Columbia,
United States Senate, Washington, D. C.

MY DEAR SENATOR CAPPER: The Commissioners of the District of Columbia recommend the enactment of Senate bill 2498, Seventy-second Congress, first session, entitled "A bill to authorize the transfer of jurisdiction over public land in the District of Columbia," which you referred to them for consideration and report.

The commissioners believe the proposed legislation is meritorious.

Very sincerely yours,
BOARD OF COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
L. H. REICHELDERFER, *President.*

PUBLIC BUILDINGS AND PUBLIC PARKS
OF THE NATIONAL CAPITAL,
Washington, D. C., January 26, 1932.

Hon. FRITZ G. LANHAM,
Chairman Committee on Public Buildings and Grounds,
House of Representatives, Washington, D. C.

MY DEAR MR. LANHAM: In reply to your inquiry of January 13, I wish to express my personal indorsement of H. R. 425 and H. R. 5863, and to advise you that this legislation is also strongly recommended by the National Capital Park and Planning Commission. Either measure will effect considerable economy for the District of Columbia, and relieve the committees of Congress of the burden of handling a very considerable number of individual special bills.

The two bills are alternatives, only one of which should be passed. H. R. 425 is the form in which the bill was originally written by Mr. LUCE, and the form in which it was recommended

by the National Capital Park and Planning Commission at the last session of Congress.

H. R. 5863 is a new draft, revised to comply with what is understood to be the wishes of the District Commissioners. It is perfectly satisfactory to the National Capital Park and Planning Commission and myself.

(In case you can arrange a hearing of either of these bills before your committee, I would appreciate an opportunity to present a full statement of the need for it and the advantages to be derived from it.)

Respectfully yours,

U. S. GRANT 3D, *Director.*

I ask unanimous consent to extend my remarks by giving a list of possible transfers of jurisdiction that are now pending and for which special bills have been introduced. There are eight of them.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

POSSIBLE TRANSFERS OF JURISDICTION UNDER H. R. 5863—S. 2498

First. Site for new Keene School: Transfer between District school authorities and Office of Public Buildings and Public Parks. Will save purchase of new site and provide improved location for proposed Fort Drive Parkway.

Second. Northern High School: Transfer between District school authorities and Office of Public Buildings and Public Parks. Will provide improved hilltop location for high school. More centrally located in area to be served as well as more economical development of play area for proposed recreation center.

Third. Bolling Field extension and Shepherd Parkway (S. 3547): Exchange between War Department, Office of Public Buildings and Public Parks, and District Commissioners. To rectify boundaries and provide for relocation of highways.

Fourth. Relocation of Michigan Avenue, south of Soldiers' Home: Involving the transfer of jurisdiction between United States Engineer Office, War Department, Soldiers' Home, and the District of Columbia. For straightening of highway and consolidation of properties.

Fifth. Arboretum boundaries: Transfer between school authorities, Department of Agriculture, and District Commissioners for highway purposes. To round out the property lines of the Arboretum in exchange for transfer to the District for highway purposes of equal area of ground.

Sixth. Taft Junior High School: Transfer between District school authorities and Office of Public Buildings and Public Parks. Will provide for adjustment of property line between school and recreation area for improved location of the school building.

Seventh. St. Elizabeths—Fort Drive: Transfer between Department of Interior and National Capital Park and Planning Commission, providing for utilization of strip at back edge of St. Elizabeths for the Fort Drive, saving purchase of similar area elsewhere for this parkway.

Eighth. National Training School—Fort Drive: Similar exchange to provide parkway connection between Fort Lincoln and the Anacostia Park, saving the cost of acquisition of an alternative route.

Separate bills are contemplated for each of these exchanges.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. DALLINGER. Yes.

Mr. STAFFORD. Will the gentleman kindly indicate specific instances in the District where this bill if put into effect would apply?

Mr. DALLINGER. I have just inserted in my remarks a list of such instances. First is the site for the new Keene School. This is a transfer between the District school authorities and the Office of Public Buildings and Public Parks. It will save the expense of the purchase of a new site and will provide an improved location for the proposed Fort Drive Parkway. This would do two things, obviate the necessity for buying land for school purposes and at the same time by exchange make it unnecessary to take land for a park. Then there is the case of the Northern High School. This is a transfer between the District school authorities and the Office of Public Buildings and Public Parks, the object being to provide an improved hilltop location for the proposed high school, more centrally located in the area to be served, as well as a more economical development of an area for a proposed recreation center. All of these things could be done without any expense whatever, because either the District of Columbia or the Federal Government owns the property.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. MAPES. There has been criticism by some of the proposal to authorize the President to reorganize the executive departments of the Government on the ground that it was an improper delegation of legislative authority, as the gentleman from Massachusetts well knows. Does the gentleman see any similarity between that proposal and this bill which in effect would authorize the National Capital Park and Planning Commission to transfer jurisdiction of land in the District of Columbia from the District authorities to the Federal authorities, and vice versa?

Mr. DALLINGER. The only similarity I see is that it will result in the saving of expense. In this case the saving of expense is apparent upon its face.

Mr. MAPES. Perfectly apparent, but if this can be done can not the President be authorized to reorganize the executive departments?

Mr. DALLINGER. I will say to the gentleman from Michigan that this is the third Congress in which I have introduced a bill giving the President absolute power to eliminate, consolidate, and reorganize the executive departments of the Government, something that he has asked for repeatedly; and I may add that a Democratic Member, Mr. Davey, of Ohio, well known as a tree man, introduced a similar bill when Mr. Coolidge, a Republican President, was in the White House.

I have always felt that Congress might well have given this power to the President and have saved all this wrangling about the economy bill that we have had. The President was willing to take the responsibility and make the saving, but Congress was so afraid to delegate even for a limited time some of its power that it refused to comply with the President's request; and, while my bill in form was incorporated in the economy bill, it was so emasculated that it will accomplish very little in the present emergency.

Mr. MAPES. I had no doubt of the gentleman's position, but I wanted to call attention to the question in the discussion of this bill.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. MAY. This is a very short bill, and I do not want to take unnecessarily the gentleman's time but to avoid the offering of an amendment; I notice that the bill authorizes the National Capital Park and Planning Commission and directs that they make reports of all these transfers to the Congress. Does not the gentleman think that, in line 2, on page 2, following the word "shall," it would be a good idea to insert the words "before being finally consummated," so that before they consummate any of these transfers they shall be reported to the Congress so that they could be investigated to see whether the transfer should be made or not?

Mr. DALLINGER. I do not think it is necessary. None of these transfers can be made by the authorities immediately in question without the consent and approval of this National Capital Park and Planning Commission. Perhaps the gentleman from Kentucky is not familiar with the make-up of the National Capital Park and Planning Commission. I would like, right at this point, for the information of the gentleman and for the information of the members of the committee, to read a list of the members of that commission. It is as follows:

Maj. Gen. Lytle Brown, Chief of Engineers, United States Army; Maj. John C. Gotwals, engineer commissioner, District of Columbia; Horace M. Albright, Director National Park Service; R. Y. Stuart, Chief, Forest Service; Hon. ARTHUR CAPPER, chairman Senate Committee on the District of Columbia; Hon. MARY T. NORTON, chairman House Committee on the District of Columbia; Frederick Law Olmsted,

Brookline, Mass., one of the leading landscape architects of the country; J. C. Nichols, Kansas City, Mo.; William A. Delano, New York City; Lieut. Col. U. S. Grant, 3d, United States Army, Director of Public Buildings and Public Parks of the National Capital, a man whom I think every Member of Congress has absolute confidence in.

I do not know of anyone connected with the executive branch of the Government who makes a finer appearance before our committees than Colonel Grant. Nothing can be done without the approval of this commission. It is a thoroughly representative body, on which the Senate and the House of Representatives have representation.

Mr. MAY. I would like to say that, with the explanation of the personnel of this commission, the amendment I suggest would not be necessary, but I had not studied the provisions of previous acts on the question, and I did not know whether there were any restrictions surrounding it or not and made the suggestion merely for that reason.

Mr. BLANTON. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. BLANTON. I am rather surprised to hear the distinguished gentleman from Massachusetts recommend the passage of and father such a bill as this. The gentleman knows that under just such relinquishment of power and authority we were compelled recently to take emergency steps to keep them from tearing down the Municipal Building, a splendid building, in splendid repair; to keep them from tearing down the Southern Railway Co. building, for which we paid an enormous sum and which is a splendid modern building, in fine repair; to keep them from tearing down the State, War, and Navy Building, one of the most picturesque buildings in Washington; and to keep them from tearing down the Post Office Department Building, than which there is no finer looking building in the city. If we are going to continue to relinquish the power and authority and control of Congress on such matters, I do not know where it will end. The gentleman has always been one of those who stood here and defended the right of Congress to pass upon these various matters, and I am surprised that the gentleman is changing.

Mr. DALLINGER. I will state that the gentleman is entirely wrong. Ever since I have been a Member of Congress I have taken the ground that it is ridiculous for Congress to try to deal with so many details. If the gentleman from Texas will study the English Government, he will find that Parliament does not try to deal with such trivial questions as the naming of streets or the transfer between two authorities of a little piece of land that would be for the benefit of both.

The English Parliament deals with great questions of policy. The trouble with our Congress is that we try to deal with every little petty detail. It is absolutely ridiculous for this great body of men, paid by the taxpayers of this country $10,000 a year, to act as a city council for the District of Columbia, and deal with such trifling things. [Applause.] We ought to deal with matters of importance to the country. [Applause.]

Mr. BLANTON. Will the gentleman yield further?

Mr. DALLINGER. Certainly.

Mr. BLANTON. We have done pretty well dealing with them for the past hundred years, have we not?

Mr. DALLINGER. No; I do not agree with the gentleman. In my opinion the fact that we have not passed a bill like this has cost the taxpayers millions of dollars in the District of Columbia.

Mr. BLANTON. But we protected the rights of the American people.

Mr. DALLINGER. The gentleman from Texas talks about tearing down these buildings. That has nothing whatever to do with this bill. There is absolutely nothing in this bill about tearing down buildings or constructing buildings, and there is no appropriation authorized or required. This bill simply provides for a mutual transfer of jurisdiction, so that for instance, the school department of the District of Columbia can have jurisdiction over a little piece of land adjoining a schoolhouse and use it for a playground, instead of requiring the Park Commission to still have jurisdiction over it, and the school department be unable to use it for a playground. That is what we are dealing with here.

Mr. BLANTON. If my friend will yield further.

Mr. DALLINGER. Certainly.

Mr. BLANTON. We have right now in Washington some little two-by-four bureau that is continually telling Congress how far it can go and where it must stop, and what the limitations on Congress itself are, because of the relinquishment of power we have made from time to time to such bureaus. I am getting tired of seeing bureaus control Congress. I want to see Congress control every bureau and every department of Government.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. LANHAM. Mr. Chairman, I yield 10 additional minutes to the gentleman from Massachusetts.

Mr. DALLINGER. Now, in response to the question originally asked by the gentleman from Wisconsin before we switched off on a little sidetrack, I wish to go on with the particular proposed transfers that are now pending. There is the Bolling Field extension and Shepherd Parkway. There it is desired to exchange some land between the War Department, the Office of Public Buildings and Public Parks, and the District Commissioners, in order to rectify boundaries and provide for the relocation of highways.

Then there is the proposed relocation of Michigan Avenue out in front of Soldiers' Home and near the Catholic University, involving a transfer of jurisdiction between the War Department, the Soldiers' Home, and the District of Columbia, for the purpose of straightening the highway in the interest of public safety. Now, it is that sort of little thing that requires a special act of Congress and perhaps takes years to get it through.

The next is the arboretum. As you know, Congress has authorized the acquiring of a lot of land for a great arboretum out in the northeast. There is desired a transfer of jurisdiction between the school authorities of the District of Columbia, the Department of Agriculture, and the District Commissioners, in order to round out the property lines of the arboretum, in exchange for a transfer to the District for school and highway purposes.

In other words, the Federal Government owns a big tract of land out there and the District of Columbia government has a school and a highway in the same locality. They simply want to exchange jurisdiction over a little land so as to make a better playground, a better highway, and round out the boundaries of the arboretum.

Next is the case of the Taft Junior High School, a transfer of jurisdiction between the District school authorities and the Office of Public Buildings and Public Parks. This will provide for the adjustment of the property line between the school and recreation area and for an improved location of the school building. Understand, gentlemen, all this property is owned either by the Federal Government or by the District of Columbia.

Then there is the St. Elizabeths Hospital-Fort Drive transfer between the Department of the Interior, which has control of St. Elizabeths Hospital, and the National Capital Park and Planning Commission. It simply provides for the utilization of a strip of land at the back edge of St. Elizabeths Hospital grounds for the Fort Drive, saving the purchase of similar area elsewhere for this parkway.

Finally, there is the National Training School-Fort Drive transfer—a similar exchange—to provide parkway connection between Fort Lincoln and the Anacostia Park, saving the cost of acquisition of an alternative route. In other words, they are making a beautiful drive to connect the old historic forts of the Civil War. They come to a point where there is a little piece of vacant land owned by some other department of the Government, and they come up against a dead end. Now, why make the National Capital Park and Planning Commission go to the expense of acquiring more land at the expense of the taxpayers when the Federal

Government can give a small slice off St. Elizabeths Hospital and thus make it unnecessary to go to any further expense?

Mr. Chairman, I have now taken up in detail eight proposed bills involving the question of transfer of jurisdiction. The chances are that none of these bills, in the jam we are in, will be enacted before Congress adjourns, which will result in all of these public improvements being held up, and probably sooner or later appropriations will have to be made for the purchase of property, which would be unnecessary if this bill is passed.

I trust, Mr. Chairman, that this bill will be speedily enacted into law. It is absolutely safeguarded, and there is no possible way in which the public can suffer or the taxpayers suffer; but, on the contrary, it will result from year to year in a constantly increasing saving to the taxpayers of the District of Columbia and the United States of America. [Applause.]

Mr. HAINES. Will the gentleman yield?

Mr. DALLINGER. Certainly.

Mr. HAINES. Do I understand that if it is desired to change the name of a street in the District of Columbia it is necessary to pass an act of Congress to do it?

Mr. DALLINGER. It is necessary.

Mr. HAINES. I have a letter from a very fine lady in my district who would like to have a street or avenue in the District named after Thomas Edison, and it would require an act of Congress to do so?

Mr. DALLINGER. It certainly would. We passed a bill at the last session changing the name of B Street to Constitution Avenue. It was one of the last measures in which our dear friend, Mr. Cooper, of Wisconsin, was interested, and it required an act of Congress to make the change. It requires acts of Congress to take care of all of these petty matters, and I say it is simply ridiculous. By and by the people of the country will awaken to the fact that their Congress is spending its time in caring for petty matters when it should be dealing with great matters of public policy.

Mr. BLANTON. Will the gentleman yield on that insignificant point?

Mr. DALLINGER. Yes.

Mr. BLANTON. Massachusetts Avenue is one of the most beautiful streets in the Nation's Capital. Everyone knows its boundaries. Does the gentleman want to give authority—and he intimates it has been done—to some little two-bit commission to change the name of Massachusetts Avenue to some little insignificant name?

Mr. DALLINGER. It all depends on the form of the statute.

Mr. BLANTON. I want these people to come to Congress whenever they want to change the name of Massachusetts Avenue. It may be unimportant to the gentleman from Massachusetts, but it is important to the rest of the country.

Mr. DALLINGER. I am perfectly willing to leave all of those petty details to a properly constituted body, feeling sure such a body would have sense and brains enough to know what to do in regard to the changing of the names of streets and avenues. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. STAFFORD. Mr. Chairman, I ask recognition in opposition to this bill.

The CHAIRMAN. Is any member of the committee opposed to the bill? If not, the gentleman from Wisconsin is recognized for one hour.

Mr. STAFFORD. Mr. Chairman, I am somewhat apprehensive about conferring uncontrolled authority as to the exchange of property upon a commission without review by the Congress. I think we should hesitate before conferring this vast authority, particularly as to any land over which the Congress has immediate control.

This bill has the indorsement of the eminent executive officer of the public buildings and public parks commissioner, Gen. U. S. Grant, 3d. It has been stated that he is desirous of having the Botanic Gardens—on which is erected the statue in memory of his grandfather—transferred to the jurisdiction of the commission over which he so efficiently presides. I cite that one instance to show the danger of lodging such authority in the hands of a commission without any control whatsoever by the Congress. I do not think such authority should be vested in any commission without the approval of Congress.

During the last Congress this same eminent executive officer asked for authority to vest in the Commissioners of the District the right to close all the alleys and streets in the District, a very absolute authority which I did not think should be lodged in any commission. I did not think an administrative board should be clothed with authority to close alleys in the heart of the city of Washington which might be of great moment to adjacent property owners, and allow a board to determine whether those alleys should be closed or not, when their value might run into hundreds of thousands of dollars, nor do I believe we should vest similar authority in a board to exchange property and transfer the control and use in different agencies. I am opposed to that, and the gentleman who is sponsoring this bill can not cite any case in a commission form of government where that great authority is lodged in any commissioners.

Because it is sometimes rather burdensome for the Congress to pass on these small matters, the argument is made we should surrender and delegate this control as to its use and jurisdiction.

The gentleman from Massachusetts [Mr. DALLINGER], the author of this bill, has cited some pending instances as warrant for the passage of the bill, and calls attention to the relocation of Michigan Avenue south of Soldiers' Home as one of the eight instances. The Congress, without much ado, upon a favorable report from the District of Columbia Committee, passed that measure through the House within a few minutes. It required very little consideration; but the question of the propriety of our taking land for a street went through the regular channels of the Congress, the District of Columbia Committee.

There are some other instances where they intend to authorize the transfer of property owned by the War Department upon the determination of these executive officers. The determination is legislative and not administrative, and in the Committee on Military Affairs we have been trying to safeguard the property owned by the Army, keeping it for Army purposes and not allowing it to be disposed of for other purposes.

Mr. GILBERT. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Kentucky, who has had so many years of experience on the District of Columbia Committee. I always value the opinions expressed by the distinguished gentleman from Kentucky.

Mr. GILBERT. The gentleman from Wisconsin and the gentleman from Massachusetts [Mr. DALLINGER] are discussing, in my opinion, a very interesting subject, one to which I have given years of thought; in fact, I have tried to draw a bill to relieve Congress of some of these minor duties; but it is an incident of ownership. You can not divest yourself of these small matters of control if the Congress is to control its own home city. I would simply remind the gentleman from Massachusetts that before Congress adopted this course the Congress of the United States was chased through the streets of Philadelphia by a mob.

Mr. STAFFORD. There is something more, as the gentleman has presaged in his remarks, than merely getting rid of some of the tedious work applying to little matters affecting the District, and we should hesitate before we surrender absolute control over all Federal property in the District which may be exchanged as these executive boards may determine, without any further approval by the Congress. My position is confirmed by the experience and judgment of the gentleman from Kentucky who has studied this question for years as a member of the District of Columbia Committee.

I have cited one concrete case of the Botanic Garden. I do not know whether that property should be turned over to the Public Buildings and Grounds Commission or not. When I see the shabby and neglected condition of that so-called Botanic Garden, as I do every day in walking

through it, I am in a quandary as to the proper authority for its care. A large tree there was blown down in the high wind storm of six weeks ago that is leaning against a live tree and causing it to be distorted in its upright position. Again there was an old salamander right in the plain view of Pennsylvania Avenue for months and months. There is no care or attention given to that Botanic Garden whatsoever. I sometimes feel inclined to take an ax and cut down the tree so it will not dislodge the other tree. The keeper, or whoever has charge, is so neglectful, but that is no reason we should surrender jurisdiction and control of the Botanic Garden, although it may be ill managed by the present supervisor.

Mr. MAY. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Kentucky.

Mr. MAY. Does not the gentleman from Wisconsin think that the suggestion which I made to the gentleman from Massachusetts, that we reserve some control over it by amending this bill so as to provide that this commission's report shall not become final until Congress has considered it, is a proper one?

Mr. STAFFORD. I was interested in the proposed amendment; but that amendment would merely stay all proceedings. It would only amount to the same practice that is now indulged in, and instead of having them referred to the District of Columbia Committee they would be referred to the Congress and the matter would be kept dangling in the air. The gentleman should make his amendment more pervasive, so that Congress would really control the disposition of all Federal property. The language of the bill is:

> That Federal and District authorities administering properties within the District of Columbia owned by the United States or by the said District are hereby authorized to transfer jurisdiction over parts or all of such properties among or between themselves for purposes of administration and maintenance, under such conditions as may be mutually agreed upon.

Never have we vested such authority in any administrative board, never have we surrendered full control of property which the National Government owns to administrative officials as this bill provides, and the only argument advanced by the distinguished gentleman from Massachusetts, who hails from the classic shades of Cambridge, is that it will relieve us of some tedium with minor legislation. That is no justification for surrendering a principle of law.

Mr. Chairman, I reserve the balance of my time and yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I will guarantee that if every Member here will invite a dozen of his constituents to Washington, and will take them down here, show them the Municipal Building, the Southern Railway Building, owned by the Government, the State, War, and Navy Building, and the Post Office Building, everyone of them will vote unanimously that it would be ridiculous to think of tearing those buildings down, and yet, because we gave power to some little commission, it sought to demolish all of these buildings, and this Congress not three months ago had to rush in an emergency provision in an appropriation bill to stop them from demolishing those buildings. Is not that ridiculous? The gentleman from Massachusetts does not want us to handle such little matters.

A few years ago there was a splendid woman who had been magnanimous to the District of Columbia, who had been generous with her money, who proposed to change the name of Sixteenth Street to the Avenue of the Presidents. She might have had influence with some little commission and caused it to have been done, if you granted the power to such commission; but she could not get it through committees in Congress. There was no necessity for it. Everyone knows where Sixteenth Street is, it has Fifteenth Street on one side and Seventeenth Street on the other, and to change it would have been disorganizing the entire map of the city. There was no necessity for it at all, but because her castle was on the hilltop she thought it would be nice to have it changed to the Avenue of the Presidents.

These are little things, but control over them has been vested in Congress, and I am not in favor of our relinquishing our authority over such matters.

I know that the gentleman from Wisconsin and myself nor no one else can stop the passage of a bill that comes on the floor with the unanimous consent of the committee. All I can do is to register my protest against such legislation.

When Congress gets through its work you always will find bills of this character brought in, because something has to be taken up. You will find these bills brought in that ought not to be passed.

Why, do you know, gentlemen, the House of Representatives is practically through with its work. There is no sane reason on God's earth why Congress should not adjourn early in June. [Applause.]

The people of the country want us to adjourn, for it would be in the interest of the American people for Congress to adjourn.

I have heard it stated that some politicians who are not Members of the House, who must this year campaign an entire State, would prefer to do their campaigning from Washington rather than to make speeches in hot summer weather, and do not want to meet the people at home and have them ask questions that can not be answered, and that they are the ones who are not going to allow Congress to adjourn June 10.

Mr. GOSS. Mr. Chairman, is not this Calendar Wednesday?

Mr. BLANTON. Mr. Chairman, I wonder why the gentleman from Connecticut always wants to hamstring me.

Mr. GOSS. I wanted the gentleman to give us some information.

Mr. BLANTON. I am giving the gentleman information; I am giving the information that this kind of a bill ought not to pass, and it would not be passed except when Congress has nothing else to do. I am speaking about the wise necessity for an early adjournment of Congress, and the statement that politicians have to campaign their whole States during the summer, where their constituents might ask them a lot of questions they do not want to answer, prefer to stay in the city of Washington, to keep Congress in session the entire summer.

I want to tell you what I am not afraid to say: If any politician from my State votes to hold this Congress in session this summer for a fool reason like that, he will never get my vote when he runs for reelection, and I shall let the people of the country know in the various States the reason that the Congress was kept in session.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COLE of Iowa. I rise to congratulate the gentleman on what he is saying. What he is saying now is more important to the whole country than 16 bills like the one under discussion.

Mr. BLANTON. Certainly. As I say, we will pass this Army bill, and I hope the Patman bill, and the deficiency appropriation bill, and then the labor of our friend from Illinois [Mr. RAINEY] and our friend from New York [Mr. SNELL] will have been completed, and what they ought to do is to serve notice on the country that we are going to be ready to adjourn and demand that this Congress adjourn early in June, and we will back them up 100 per cent in the House of Representatives. [Applause.]

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. SNELL. The gentleman and I sometimes agree, do we not?

Mr. BLANTON. Very frequently. The gentleman from New York has rare good judgment on occasions. [Laughter.]

Mr. SNELL. The gentleman from Texas is in entire harmony with the statement I gave out to the newspapers yesterday, that as far as I am concerned, and as I know the sentiment of this House, we feel that it is very important that we complete the business of the Congress and adjourn before we go away from here.

Mr. BLANTON. I am with the gentleman on that statement 100 per cent.

Mr. SNELL. And I hope the other Members of the House are.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield to me in order that I may ask a question of the gentleman from New York?

Mr. BLANTON. Certainly.

Mr. STAFFORD. Do I understand the position of the distinguished minority leader to be that the Congress should remain in session during the convention period if the Congress has not completed its work prior to June 10?

Mr. SNELL. As far as I am personally concerned, I think the first duty of Congress is to get the appropriation bills, the tax bill, and the economy bill out of the way. Further, as far as I am concerned personally, and as far as I know the membership of the House, the Members want to attend to these three things, first of all, and not let anything interfere with it.

Mr. STAFFORD. Not even the conventions?

Mr. SNELL. No.

Mr. STAFFORD. And have the Congress stay on its job until we pass the essential legislation, and throw the burden where it belongs—on the other body—if they do not do their work.

Mr. SNELL. And further, the Speaker and I gave out a joint statement to that effect to the newspapers this morning. [Applause.]

Mr. BLANTON. I am very glad to hear that. I hope the gentleman from New York [Mr. SNELL] and the gentleman from Illinois [Mr. RAINEY] and our distinguished Speaker will serve notice on the country that there is not going to be any recess, but that we are going to finish our business and adjourn, and that it will be a sine die adjournment. [Applause.]

Mr. SNELL. We did not serve any notice on anybody, but we took the position that that is the attitude of the House.

Mr. BLANTON. And our friend from New York has seen times when it looked as though it would take a month to pass an appropriation bill somewhere else, and all of a sudden a realization would come that it is necessary to pass bills quickly, and we have seen four appropriation bills passed in one night somewhere else. That is what ought to be done now. The business of the people ought to be attended to, and we ought to go home.

Mr. KARCH. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. KARCH. Is the gentleman in favor of adjourning without this House entertaining or passing some kind of unemployment relief?

Mr. BLANTON. Let me give the gentleman my view. All on earth that this Government owes an American citizen, a high-principled American citizen, one with self-respect and self-reliance, is an equal opportunity to find work. The Government does not owe a living without work to any person on God's earth; and, if I am here one month or a hundred years, I will never be in favor of giving a dole to an American citizen. [Applause.] Whenever you give a man money from the Government you make him lose his initiative and his self-respect, you make him lose his self-reliance, you make him lose his patriotism. I am in favor of passing the Patman bill before we adjourn.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LOZIER. Is it true that if this Congress is going to pass any unemployment legislation and other constructive remedial legislation it can do it between now and the 10th of June?

Mr. BLANTON. Of course, it can do it easily.

Mr. LAGUARDIA. As long as it does it.

Mr. BLANTON. I saw the biggest bill passed in this Congress in years, a $2,000,000,000 bill, in a little while on this floor. I voted against it. When you get ready to pass measures you can pass them, both here and somewhere else. It does not take days and weeks and months. Let us get busy and get through and go home and let the country have a rest. That is what the people want. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. HOLADAY].

Mr. HOLADAY. Mr. Chairman, I want to direct my remarks to the bill under consideration.

In my work on the Committee on Appropriations and on the subcommittee handling District affairs, the condition which exists here has been frequently brought to our attention. Under present conditions, before an exchange between two departments which might affect only the corner of a lot of little value, or before any arrangements for a permanent improvement can be definitely made, they must come to Congress and secure the passage of a special bill. Congress usually relies on the recommendation of the committee, and the committee relies on the recommendation of those departments that are especially interested. But we all know that the calendars become clogged, and frequently months and sometimes years elapse before the legislation can be secured.

This bill does not give additional power to the Capital Park and Planning Commission. It provides that two different departments may arrange for a transfer or a trade, but even when those two departments have agreed, that exchange must be O. K'd by the National Park and Planning Commission. The National Park and Planning Commission has not any authority in the first instance to bring about any exchange.

Some of the examples mentioned by the gentleman from Massachusetts [Mr. DALLINGER] I am personally acquainted with, and I know it will be of benefit to the schools and to the Park and Planning Commission if exchanges can be made.

My observation has been that all departments of the Government are very jealous about alienating their control over any property that may be within their jurisdiction, and I think this will safeguard the public. One department will not be trading with another department unless they feel they are receiving full value in exchange for what they are giving up.

Therefore, in order not only to save the time of Congress but to expedite the business of the Government and the District of Columbia, I believe this authority should be given, and I believe it will not only result in savings from time to time but it will result in the expedition of the public business.

In my personal experience I can recall instances where proposed improvements, the building of schoolhouses and other improvements, have been held up several months because it was necessary to come to Congress. The permission of Congress was usually received, but sometimes it takes weeks and months. Therefore I believe, in the interest of efficiency in our Government, it is wise for Congress to pass this bill.

Mr. LANHAM. Will the gentleman yield?

Mr. HOLADAY. I yield.

Mr. LANHAM. This bill, of course, provides only for the administration and maintenance of these properties, and it provides that there must be mutual agreement between the United States authorities and the District authorities before any transfer is even considered. Then, after that mutual agreement, it must be recommended by the National Park and Planning Commission, which is composed of various Federal officials, including two Members of Congress, one Member from the Senate and one from the House of Representatives. I think reports are made to Congress. Is that not a sufficient safeguard?

Mr. HOLADAY. I think it is sufficiently safeguarded to protect the public interest.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. HOLADAY] has expired.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, on day before yesterday I furnished the House with figures showing the expenses of Federal judges sitting in districts other than their own. I note two items in the press, one a dispatch from Denver containing a statement by Judge J. Foster Symes, of Denver, who stated that my statement was absolutely false. I want to state to the judge that when he made that satement he was deliberately, maliciously, and willfully making a mis-

statement of the facts that he then knew was not true, because my figures were taken from his own vouchers in the office of the Comptroller General, which is the accounting office of the United States Government.

I want to inform the House that while those judges move up to New York to sit, and charge their extra allowance, other judges move into their districts. For instance, in southern Alabama, Judge Borah, of eastern Louisiana, and Judge Kennamer, of middle Alabama, held court during the absence of Judge Ervin in New York.

In eastern Arkansas, Judge Youmans, of western Arkansas, was assigned during the absence of Judge Martineau.

In northern California, during the absence of Judge St. Sure, court was held in this district by Judge Miller, of North Dakota.

In southern California, during the absence of Judge McCormick, the following judges from other districts were assigned to this district: Judge Jacobs, of Arizona; Pollock, of Kansas; Norcross, of Nevada; Hazel, of western New York; Korrigan, of northern California; and Killits, of northern Ohio.

In Colorado, during the absence of Judge Symes, court was held in Denver by Judge Kennedy, of Wyoming.

In western New York, during the absence of Judge Alder, court was held by Judge Hazel, of the western district, and Judge Knox, of the southern district. In other words, one judge went north and another went south in New York.

In eastern New York, during the absence of Judge Galston in the southern district of New York—in the same city—Judge Sheppard, of northern Florida, was assigned to eastern New York. A judge in Brooklyn goes over to Manhattan and he charges for his five days, and they bring a judge from Florida all the way to Brooklyn to take his place.

In southern Texas Judge Estes, of the eastern district, was assigned to the southern district during a portion of the time that Judge Hitcheson was in New York.

Mr. GARBER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. GARBER. Is not the transfer of judges made necessary because of the disqualification of judges in their respective districts, and are they not assigned by the circuit court in different districts?

Mr. LAGUARDIA. No; not because of disqualification. Yes; they are assigned by the senior circuit judge.

Mr. GARBER. And they hold those courts in different districts, according to the assignment?

Mr. LAGUARDIA. Oh, they are district judges, and they go from one district to another. I have exposed a circuit judge assigning himself in his own district and drawing several thousand dollars extra.

But, let me say to the gentleman, I inquired just how this was done. The senior circuit judge, when he needs judges, asks other circuit judges, and then he assigns, and it is approved by the Chief Justice. But then, I asked, how does a judge from another district, assigned to hold court in the southern district, leave his temporary assignment? And this is the reply submitted by the Department of Justice to the Judiciary Committee of the House. Listen to this:

I do not know exactly how to answer this, but I presume he may leave at any time he desires, upon notice to the senior circuit judge.

Mr. GARBER. Who made the statement to which the gentleman is referring?

Mr. LAGUARDIA. This statement is submitted by the Department of Justice and is made by the General Agent and Chief Clerk of the Supreme Court in answer to my resolution directed to the Department of Justice.

I shall read the complete reply into the RECORD. It is astonishing.

Item 3 is "Who selected the judges so assigned" to the southern district of New York. I have no information as to who selected them, but the procedure is as follows: The senior circuit judge of the second circuit (in which New York is located) certifies as to the need for the assignment of a district judge from another circuit, and the senior circuit judge of the other circuit consents to the designation and assignment of a district judge (naming him in the certificate) to hold court in the southern district of New York for a certain period and for such further time as may be required to complete unfinished business. These certificates are forwarded to the Chief Justice of the United States, who formally designates and assigns the district judge named in the last-mentioned certificate. The papers are then sent to the Department of Justice for filing.

If, however, the judge assigned to the southern district of New York is from any other district in the second circuit the assignment is made by the senior circuit judge of that circuit and the consent of the senior judge of another circuit, and approval of the Chief Justice of the United States is, of course, unnecessary.

Item 4 of the resolution asks "how a judge from another district assigned to hold court in the southern district may leave his temporary assignment." I don't know exactly how to answer this, but I presume he may leave at any time he desires upon notice to the senior circuit judge. He could hardly be compelled to stay in New York if he wishes to leave.

Item 5 asks "to whom are the vouchers for expenses of judges sitting in districts other than their own submitted for approval." No "approval" is required. Such vouchers are paid on the certificate of the judge who incurred the expense by the United States marshal of the district to which the judge is assigned, in this instance the southern district of New York.

Another judge who had the audacity to endeavor to reply to the disclosure of his own voucher was Judge Kennedy, of Teapot Dome fame. Let Judge Kennedy say something about that disgraceful decision of his.

Now, Mr. Chairman, I want to say just a few words with reference to what was stated by the gentleman from Texas [Mr. BLANTON], concurred in so heartily by my colleague from New York [Mr. SNELL].

I do not concur in all this talk that Congress is to blame for present business conditions. Congress was not in session from the 3d of March, 1931, until December, 1931, and conditions were never worse in the history of this country. During that time business, industry, and the banks were begging and pleading for Congress to get in session in order to ratify the moratorium and to pass the Reconstruction Finance Corporation act. But now in circulars sent out by bankers and in advertisements and stockbrokers' confidential letters Congress is blamed for the misconduct of these same bankers and stockbrokers and confidence gold-brick men.

Of course, we should adjourn when our work is finished; but, Mr. Chairman, our work is not finished until we pass some constructive legislation that will prevent several million American citizens from starving to death during the coming winter. [Applause.] Why, the President of the United States, let me say to the gentleman from New York [Mr. SNELL], the minority leader, himself is concurring with Senator WAGNER, of New York, and other leaders of Congress, real leaders of Congress, on a bill providing loans for revenue-producing projects and providing loans to States and political subdivisions of States for public works in order to stimulate industry and create employment.

Can we adjourn, Mr. Chairman, with millions of industrial workers walking the streets, and hundreds of thousands—yes, millions—of farmers, with the sheriffs marching upon their homes with foreclosure papers? We provided for the Reconstruction Finance Corporation, and it is doing its work. How can we sit idly by and say that after we have passed the appropriation bills and the revenue bill we should close and go home? No real statesman with vision and any understanding of the country's condition would say such a thing.

It is just as much a part of the duty of Congress to provide aid to the farmers and the unemployed workers of the country as it was its duty to pass the Reconstruction Finance Corporation act; and if I know the temper of this House I will say it will not consent to adjourn until we do pass a constructive legislative program that will stimulate industry and provide employment that will bring relief so much needed by the farmers of the country.

We talk so much about balancing the Budget. The first thing we have to do is to balance the family budget; and not until the budgets of the American families are balanced will there be any hope of balancing the National Budget. I say that some of you gentlemen—and only a few I am glad to have noted—can sit here and applaud when the gentleman from New York [Mr. SNELL] suggests that we have completed our labors and that we have nothing else to do

except to pass the appropriation bills and then go home because some discredited stockbroker and broken banker are so saying the same thing in his circulars to his clients; but I say that we have a distinct and important duty yet to perform, and that is to face the situation. Wait until some of the few gentlemen who just applauded to-day the suggestion to adjourn go home to their districts and see the bread lines and hear of the public and semipublic charity funds depleted with no hope in sight for the coming winter; the gentleman from New York [Mr. SNELL] and the very few who applauded him may then learn a little about real economic conditions. Then they will realize the necessity of staying here, facing the facts, and doing something real and useful.

We can not improve conditions by saying these conditions do not exist. The distinguished Senator from the State of New York, Senator WAGNER, put into the RECORD yesterday some very illuminating information. At this time, with the great need that exists in this country, with unemployment increasing, not decreasing, I say we dare not adjourn Congress and go home without doing something constructive and something to bring relief to millions of American unemployed and to the needy American farmers. [Applause.]

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, inasmuch as upon the request of the Director of Public Buildings and Public Parks I sympathetically and gladly introduced the House bill, it devolves upon me to say a few words, at any rate, in support of this measure. The reasonableness of the proposal appears on its face and needs no discussion. So I would use this time to call attention to the fact that in legislation of this type we are beginning to pursue a course that now has been followed in Great Britain for 50 years, more or less, and that must be pursued here if the House is to free itself from the petty administrative detail which now takes so much time, to the exclusion of attention to more important matters.

In the course of this half century Parliament has gradually developed a system under which petty administrative detail is quickly handled. It may take one of three courses. A subject may be intrusted to an administrative board or officer, with power to act, and the provision that his action shall be laid before the House of Commons at the opening of the next session or while it is in session. This gives the House of Commons an opportunity to annul the action if it sees fit. It is the course proposed in this bill. We are to allow administrative boards to act, but we secure to Congress notice of the fact at the earliest practicable moment, thus calling it to the attention of Congress, which, of course, can annul the action if it deems the action unwise.

The second course that measures may take in Parliament is for the administrative official or board to act, the action to be final unless Parliament rejects it within a specified time after the convening of the House of Commons. The regulations thus issued are known as provisional orders, and the provisional order book laid before the House of Commons at every session is very much larger than the volume containing the enactments of that session.

The third course, that which is prescribed for the most important matters, is for the administrative board or official to prepare the legislation, which is to take effect if and when Parliament approves.

Mark you, for the smallest things the action of the administrative officer or board is final unless and until Parliament proceeds to disapprove. For the next larger matters the action is final if Parliament does not act within a specified time. Under the third course the act of the administrative officer or board is final when Parliament acts.

This system must be adopted in this country, both in Congress and the State legislatures, if we are to return our activities to matters of principle and policy. Eventually time will permit no more than that, and already time is so pressing that we with difficulty cope with the little matters that now encumber our machinery.

For that reason I welcomed the opportunity to introduce this particular bill. It is not of great importance in itself, but it is setting an example which the Congress must more and more follow in order to free itself from the minutiæ of administrative legislation.

[Here the gavel fell.]

Mr. LANHAM. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. FULMER] such time as he may desire.

Mr. FULMER. Mr. Chairman, I listened with a great deal of interest some days ago to a speech delivered by the gentleman from Pennsylvania [Mr. BECK]. He stated that the time has arrived when we should go back to the Constitution. I fully agree with him, but to do this we will first have to take the Government back to the people.

Under a Republican administration for the past 12 years the average business and the great masses of the people have not been considered in legislation and administrative policies. I charge that because of the type of Republican policy, largely controlled by special interests—big business—we have gotten the Government and the Congress in dutch with the people. There is too much secrecy in Government and in the administration of departmental affairs. I find—and you will find out this summer when you go back to the people, if you have not already done so—that the people who feed and clothe the world and pay the expenses of the greatest Government on the face of the earth are beginning to realize that there is something wrong and they are prying in on the inside workings of the Government. You have gone along creating bureaus, commissions, and adding thousands of employees to the Government pay rolls at good salaries at the expense of the taxpayer without the consent or any special knowledge of the great masses of the people. You have given special privileges and protection by legislation and otherwise to well-organized groups with the hope that these groups would shake a few crumbs from the table to those laboring in industry and those who have been sweating blood to feed and clothe the world.

You have passed major pieces of legislation and in so doing have talked loud and long about the benefits labor and agriculture would get out of same. However, when these pieces of legislation are signed by the President and pass into the hands of various departments, boards, and commissions whose duty it is to interpret and administer same, the people you talked about are eliminated from the picture. For instance, take the act creating the Interstate Commerce Commission, which is supposed to see that the public, agriculture, and labor get a square deal. Who is it that pays the highest freight rates that we have ever had with all competition on the part of railroads wiped out by this commission? Why those who were to get a square deal. Recently freight rates were increased at the expense of the public, whereas private and governmental agencies are reducing expenses. Let us take the Tariff Commission and the emergency tariff act for farmers. Everybody knows that industry is protected by the highest tariff rates to-day at the expense of business, labor, and agriculture that we have ever had.

In the meantime practically everybody knows that you can not make the tariff apply on practically any farm product, yet it was a "farmers' tariff bill." You are not even fair in dealing with the tariff policy. If you were you would put a tariff on jute that is flooding this country at the expense of the cotton farmer. Why just go back and take a look on the CONGRESSIONAL RECORD when the Farm Board marketing act was up for consideration. This bill was to be the last word in saving agriculture, and about all farmers have received is advice on the part of the board to plow up every third row of cotton.

Let us take the Reconstruction Finance Corporation act passed by the present Congress. It was especially created to make loans to banks so as to put them in a position to loan to agriculture. We find, however, that railroads have

gotten plenty and banks just enough to put them in a better position to take care of withdrawals of deposits, which is very good, but not enough to enable them to make additional loans. It was also expressly understood that it would loan to closed banks so as to enable them to pay off depositors, thereby placing millions in the hands of depositors which would be placed in the channels of business, and this is the main reason I voted for the bill. I have been trying to help a number of closed banks in my district, but without very much success. When an application is passed upon favorably the bank gets a very small loan compared with the amount of collateral pledged, which is usually about all of the good paper they have on hand.

During this session of Congress a bill was passed appropriating $125,000,000 for Federal land banks. It was stated by the proponents of the bill that it was to enable land banks to extend payments of farmers' mortgages and to make additional loans. What has happened? Thousands of farms are still going on the block and it has to be a No. 1 risk to get a new loan. A number of us tried to amend the bill so as to force the board to extend payments on loans, but it was voted down, and I voted against the bill. The Agricultural Committee reported and the Congress passed a $10,000,000 bill to be used by the Secretary of Agriculture to make loans to farmers to establish production credit corporations. I have not heard of even one being established in South Carolina. I refer to those various matters for the reason that the public, and especially my constituents, should know that in blaming Congress for everything on the face of the earth that they should give the individual Congressman credit for his efforts and actual record.

The average legitimate business, labor, and agriculture have stood for the things I have talked about because they have been satisfied with having an opportunity to make a living and keep going. In the meanwhile you have allowed these organized groups to use tariff rates, increased freight rates, or their monopolistic powers to control and fix prices, including the cost of production, overhead expenses, tariff rates, and a profit, all of which is passed on to labor and agriculture.

This has worked well until now we find millions unemployed, agriculture bled to death, and therefore unable to absorb these fixed charges, and it is beginning to paralyze the octopus that has about sucked their victims white. If farmers were able to-day to fix fair prices on their products like these organized corporations, you would not have to worry about unemployment, business, or revenue to run the Government.

The serious condition that exists to-day did not just happen, and I charge that it would not have happened if those in authority would have functioned in the interest of all the people. The thing I really want to speak to you about which is in line with what I have been saying is that the great masses of people, for which a few of us are laboring day in and out, have little chance to get a square deal under the present policy of government.

I want to give you a fair sample of what I have been trying to discuss with you. About 12 months ago the steel manufacturers and Barrett Co. requested the Secretary of the Treasury to make an investigation, charging that foreign countries were shipping sulphate of ammonia into the United States at a price below that for which the same product was being sold in foreign countries. I have been protesting during these months to the Secretary of the Treasury against the placing of a tax on this fertilizer, especially at a time when farmers are struggling for their very existence.

I called to the attention of the Secretary that it was unfair to make Government loans to farmers to buy fertilizer and then place a tax thereon taking back at least a part of the very money loaned them. The steel manufacturers are highly protected on steel with a tariff, but they are not satisfied with this protection. They want a bounty on sulphate of ammonia, which is manufactured by them as a by-product. These manufacturers claim that the price of imported sulphate of ammonia is so cheap that it is injuring their business. I asked the Secretary, in discussing this charge, if he would take into consideration the injury it would bring to 30,000,000 farmers who would have to pay this tax. I was told that they were not concerned about farmers and that the antidumping act did not refer to farmers.

I then requested the privilege of seeing the evidence submitted by the manufacturers, but was refused, as they had promised to hold all evidence in strict confidence. Now, this is the thing I am trying to get over to you. Here comes one of these highly tariff protected groups requesting an additional tax placed on the unorganized and unprotected groups. In the meantime this group of farmers and those of us who are interested in trying to protect an already bankrupt agriculture are frankly told, "Under our policy we keep those things a "secret" and have so promised these manufacturers." As stated, the people have withstood these unfair charges until they have been bled white. I want to warn Members and these officials high up in the Government here and now that unless the great masses of the people are considered as a part of the Government, which is due them under the Constitution, and are given an opportunity to sit in and pass upon these acts of the Government that are held in secret, whereby special interests are receiving special benefits at the expense of the people, it will not be long before these people will rise up and destroy those in authority.

What are the facts in the nitrate-of-soda combination case? For years we have had a hog-tied Nitrate of Soda Trust functioning right in the face of the Government and robbing the American farmers out of millions of dollars annually. As stated, farmers paid the price with a protest, but received no relief at the hands of their Government.

A similar monopoly existed in the sale of sulphate of ammonia until about 12 months ago, when it fell through. It is a known fact that after this happened the manufacturers here, through their sole agency, Barrett Co., tried to get the continuance of this monopoly, but Germany would not stand hitched.

Now, under a promise of "secrecy" by the Secretary of the Treasury to the Steel Trust and Barrett Co., they propose to bring about the same results that would accrue under a combination, but under a taxing scheme.

I want to quote at this point my letter addressed to Mr. A. A. Ballantine, Under Secretary of the Treasury, who conducted these hearings, and his reply thereto. In my letter you have my plea for farmers and a notice of the introduction of my resolution. In Mr. Ballantine's reply, paragraph 4, you will note his promise to the manufacturers that he would hold their evidence in confidence.

WASHINGTON, D. C., *April 28, 1392.*

MR. ARTHUR A. BALLANTINE,
Department of Treasury, Washington, D. C.

DEAR MR. BALLANTINE: You remember, in testifying before you some days ago opposing the placing of a duty on sulphate of ammonia, I requested the privilege of reviewing the finding of the investigation division of your department and the testimony given by the proponents of the proposition, but was refused. In this request I can assure you it was not a matter of reflecting on your judgment in passing upon this matter, but to be unable to review the evidence and testimony submitted by the proponents is absolutely ridiculous.

I note from Commissioner Eble that the proponents object to the Members of Congress and others interested in agriculture having the privilege of looking over these files. I have therefore introduced a resolution, which I hope to have passed by the House within the near future, calling for all testimony, evidence, and documents which will place you in the proper position to submit same, regardless of the views of the proponents. In the meantime I again want to call to your attention the serious agricultural situation and beg of you, regardless of the evidence submitted by the manufacturers of sulphate of ammonia in the United States, that you as promptly as possible make your decision against the placing of a tax burden on agriculture at this time.

Thanking you in advance for your courtesy in this matter, I am

Sincerely yours,

H. P. FULMER, M. C.

THE UNDER SECRETARY OF THE TREASURY,
Washington, May 10, 1932.

MY DEAR CONGRESSMAN: I am sorry that your letter of April 28 has gone unacknowledged owing to pressure of matters relating to the revenue bill. I have read the copy of the resolution which you have introduced in Congress, House Resolution 206, calling for all information, testimony, evidence, exhibits, documents, and records pertaining to the investigation which has been conducted in the

department on ammonium sulphate dumping questions under the antidumping act, 1921.

In passing the antidumping act Congress decided to provide that the initial decisions as to the existing of dumping should be made by the Treasury in accordance with administrative procedure. Under this procedure it is not the practice to have all parties present when evidence is taken or to submit the evidence from one side to the other unless in a particular case the interests involved agree to do this.

It has been the practice of the Customs Service, in acting under this statute, to treat all documents filed as confidential and not to disclose their contents unless the person filing them consents to such disclosures.

The representatives of the domestic producers of ammonium sulphate were advised of this practice, and made their statements with the understanding that the usual practice would be followed.

As I told you, the department will give the most careful and fair consideration to the evidence of both sides. I trust that you will understand why we do not feel free to comply with your request.

Very truly yours,

A. A. BALLANTINE,
Under Secretary of the Treasury.

Hon. H. P. FULMER,
House of Representatives.

When the German cartel or monopolistic agreement fell through as stated, sulphate was immediately placed on the market on an open competitive basis. For the first time, so far as I am concerned, for quite a while fertilizer-mixing plants and farmers were able to buy this much-needed material at a fair price. It was a godsend to both the fertilizer-mixing plants and farmers; especially on account of the serious economic situation. In fact, it was just too good to last long. It may be that the Nitrate of Soda Trust has something to do with this; however, we are unable to get the facts, because they are held in "secrecy."

The cheapness of sulphate since the breaking up of the German monopoly has interfered very much with the Nitrate of Soda Trust. In the year 1930, 144,000 tons of nitrate were shipped into the United States from Chile through the ports of Charleston, Savannah, and Wilmington, whereas up to date this year less than 30,000 tons have been shipped in. I realize that farmers, not being able to buy the usual quantity of fertilizer, have had something to do with this reduction in tonnage, but sulphate of ammonia has largely taken its place because of the low price. Mr. Lowman, Assistant Secretary of the Treasury, stated before the Ways and Means Committee while considering my resolution that sulphate of ammonia could be manufactured just as cheaply in America as in foreign countries, and I agree with him.

The following information is taken from Bulletin No. 129, issued by the Department of Agriculture, dated January, 1931:

It will be noted that the by-product ammonia is still the leading domestic source of nitrogen. This is produced at about 100 coke plants in 21 States. These plants produce about 97 per cent of the by-product ammonia, the remaining 3 per cent coming from gas works and bone-charring plants. The value of the products of the coke oven and therefore its price is not a determining factor in maintaining the prosperity of the by-product coke industry, and it is reasonable to expect that expansion will go on and production continue almost without regard to the price of this commodity.

On or about April 7 the proponents appeared before the Treasury officials in a "secret" meeting, and immediately thereafter sulphate advanced from $23 to $30 per ton at South Carolina points. My statement is absolutely borne out by a statement contained in a letter written by the agriculture commissioner of Georgia, E. C. Talmadge, as follows:

For some reason the price of sulphate of ammonia has suddenly advanced to more than $30 per ton; and I have reliable but not authenticated information that this sudden and radical advance in the price of sulphate of ammonia was due to the purchase of the supply by one large company.

It is my belief that the increased price was brought about either because it was understood on the part of these manufacturers that a tax would be placed on the importation of sulphate of ammonia, or Barrett Co. was able to corner the small amount of this product that was available at that time and thereby force this price on farmers.

Believing that there should be no "secret" dealings with a few of the people at the expense of a great majority of the people by the Government I introduced the following resolution on May 5:

Resolved, That the Secretary of the Treasury is hereby requested to submit to the House of Representatives as soon as practicable all the testimony, evidence, exhibits, documents, and records presented in or pertaining to the investigation conducted by the Secretary of the Treasury under authority of the antidumping act, 1921 (U. S. C., title 19, secs. 160–173), relating to the importation of ammonium sulphate.

I was given a hearing by the Ways and Means Committee with the Assistant Secretary, Mr. Lowman, and Commissioner Eble appearing and vigorously opposing favorable consideration thereto. Why? Because they said the Secretary of the Treasury had promised the steel corporations and Barret Co. that he would not let anybody "see" their evidence, records, and so forth. Why, Mr. Lowman said he would be breaking a promise. Farmers have been promised by President Hoover and the Republican Party that they would be placed on an equality with the Steel Trust and other industries, but they did not mind breaking that promise. Practically every Republican on the Ways and Means Committee protested against favorable consideration of my resolution.

As you probably know, practically the entire production of sulphate of ammonia in this country is sold through Barrett Co., of New York City. Practically all of the steel mills are under the control of the United States Steel Corporation and the Bethlehem Steel Co. However, the few independent steel mills, along with these two large corporations, have an agreement with Barrett Co. by which this company is their exclusive selling agent of this product.

I have been informed by good authority that recently a representative of the Barrett Co. has been traveling through Charleston, S. C., and Savannah, Ga., calling on fertilizer manufacturers—mixing plants—trying to secure the assistance of the fertilizer manufacturers in the support of a duty on sulphate, pointing out to these fertilizer manufacturers that the cheap price of sulphate was injuring their business. I can produce evidence to substantiate this statement if it is desired.

If Barrett Co. and the manufacturers of sulphate have proof of dumping, why call upon fertilizer manufacturers requesting their assistance and influence upon the Secretary of the Treasury to carry out their taxing scheme? If we are unable to "see" the real evidence submitted, how do we know but that the Secretary has been swamped with propaganda by this already-protected group that will cause him to tax farmers?

I am very glad that the Ways and Means Committee has seen fit to report my resolution and that the House has passed same. I hope that this will be a sufficient warning to the Secretary of the Treasury to stop and take notice that those of us interested in the people and that the people who have been discriminated against are demanding equal rights under the Constitution and that they be considered as a part of the Government. In closing I want to state some facts as I see them relative to the present economic situation and suggest an emergency relief plan. For the past 10 years agriculture has been growing worse financially. Unemployment is spreading, family reserves are gone, another winter is coming, all classes are helpless, confidence has departed, fear is rampant.

It is merciless, resistless, encircling unemployment—out of work, out of position, out of a job—that afflicts and decimates and rests like a curse all over the land. The cure is beyond the resources and control of States and municipalities. Many will break down under the burden. Some of the bills passed this session are very good, but they do not go deep enough nor to the seat of the trouble. The present situation is much worse than the one following the World War. Either the dollar will have to be deflated or fair prices will have to be fixed on agricultural products. Minimum prices were fixed and maintained by the Government after the war, so why not do it now as an emergency relief measure? [Applause.]

Mr. LANHAM. Mr. Chairman, I yield 20 minutes to the gentleman from Kentucky [Mr. GILBERT]. [Applause.]

Mr. GILBERT. Mr. Chairman, on May 6, just past, the gentleman from Massachusetts [Mr. TINKHAM] indulged himself, this House, and the country in an indefensible diatribe against an upright, able Christian gentleman from my district, one who disagrees with him upon the eighteenth amendment. His attack was also a veiled criticism against the Methodist Church. I refer to the Rev. Deets Pickett, an honored minister of my district.

After a citation of the testimony of Reverend Pickett before a Senate investigating committee, in which the Reverend Pickett testified, in substance, that neither he nor his organization had shipped any packages, the gentleman from Massachusetts produced a receipt, in which the consignor appeared to be the board of temperance, for 11 packages, which were trucked to Baltimore on or about the day the gentleman from Massachusetts held his investigation. Then the gentleman drew from that circumstantial evidence his own conclusions.

Can there be any other inference drawn from the removal of these packages the day upon which I asked the committee to subpœna the books of that organization than that the board hastened to remove and secrete incriminating documents?

Then he prefers this criminal charge:

In the light of this indisputable evidence I charge that Deets Pickett was guilty of perjury in his testimony before the Senate committee, and I call upon the Attorney General of the United States to prosecute him for this offense.

I notified the gentleman from Massachusetts by letter the other day that the very first opportunity I had to take the floor I would reply to these charges.

The Constitution of the United States, section 6, Article I, provides that for language spoken on this floor a Member shall not be charged to answer elsewhere.

This is a wise provision of the Constitution, otherwise truthful statements made in good faith would be used to annoy a Member so as to destroy his usefulness here; but I submit that the very existence of this great privilege would suggest to one who uses it, especially to criticize and disparage another, that the highest degree of care should be exercised. I know of nothing so cowardly as for a Member, clothed with that privilege, to take this floor to malign one who is thus rendered helpless to rectify it.

I have investigated these charges. It appears that there was a shipment of 11 packages on that day from the Methodist Building over here to Baltimore. It was a perfectly innocent shipment and was not made either by the organization referred to or by Reverend Pickett, its secretary.

Some years ago the Baltimore Methodist, a church publication, was transferred to Washington and became the Christian Advocate. It ceased publication some five or six years ago. Its property was stored in the basement of the Methodist Building, and as a coincidence merely, on the day referred to by the gentleman the owners of that property consigned it to Baltimore as the property of the Methodist Historical Society. It consisted merely of historical documents, picture of a bishop, and other property totally unrelated to the subject about which the gentleman was inquiring.

I read these telegrams received by me from eminent clergymen who know of the transactions:

Eleven packages, contents unknown to us, received at house 4104 North Charles Street from Washington April 10, 1930, and also picture of Bishop Waugh, which we were requested to store by Rev. Dr. Edward L. Watson, account of the Methodist Historical Society. The 11 packages are still intact and in same condition as when received, and can only be examined by the proper authorities.

RALPH J. TAYLOR.

When Christian Advocate closed up under Doctor Swartz he asked me if I wished to receive the remains as president of the Methodist Historical Society; that they consisted of bound volumes, cuts, etc. I asked a friend to receive them. They are at an address on Charles Street. Swartz knows what is in them. I have not yet had time to open them.

E. L. WATSON.

This is the Rev. E. L. Watson, now a pastor in Baltimore, former editor of Baltimore Methodist. I have received this telegram:

I was editor of Washington Christian Advocate, formerly the Baltimore Methodist, and had my office in the Methodist Building, Washington, D. C. The paper ceased publication the last of July, 1926. I vacated my office in Methodist Building October 1, 1926. The valuable papers and other material to be preserved were deposited in a storage room in the basement of the Methodist Building, where they remained several years. In the spring of 1930 the Board of Temperance, Prohibition, and Public Morals, from whom I had rented my office, wrote me to Sunbury, Pa., where I was then living, requesting that the material be removed. I came to Washington and spent two days collecting material for preservation. Since the Washington Christian Advocate had formerly been the Baltimore Methodist, it seemed fitting that these valuable documents and property should be placed in the custody of the Methodist Historical Society of Baltimore. I therefore shipped the files of the Baltimore Methodist and the Washington Christian Advocate, bound and unbound, historic papers, and valuable cuts to 4104 North Charles Street, Baltimore, which address was given me by Dr. E. L. Watson, president of the Methodist Historical Society, who said he would arrange for permanent care. The package composed one shipment by motor express that contained nothing that in any way pertained to any other organization or institution than the two papers mentioned above; that contained absolutely nothing that had anything to do with the Board of Temperance, Prohibition, and Public Morals. Doctor Watson has told me since coming here that these packages have never been opened.

This is from Reverend Doctor Swartz.

Mr. BLANTON. Will the gentleman yield?

Mr. GILBERT. Yes.

Mr. BLANTON. The gentleman from Kentucky has been here for years and has been quite active. Has the gentleman ever heard the gentleman from Massachusetts [Mr. TINKHAM] make a speech on this floor except when he was attacking Bishop Cannon or Dr. Clarence True Wilson or the Methodist Church?

Mr. GILBERT. Yes; in trying to reduce the representation of the white people of the South. His career has been distinguished by a seeming antipathy to them.

Mr. BLANTON. Outside of those matters, has the gentleman ever heard the gentleman from Massachusetts make a speech on any question on this floor?

Mr. GILBERT. No.

Mr. BLANTON. For the benefit of the new Members, who probably do not know him, will the gentleman from Kentucky mind describing the gentleman from Massachusetts [Mr. TINKHAM], so that the new Members may know something about him?

Mr. GOSS. Mr. Chairman, before the gentleman does that, would he not like to have a larger audience?

Mr. GILBERT. No, sir. As this matter has gone to the country from this floor, I merely feel we should have the truth follow it also from here.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. GILBERT. Briefly; yes.

Mr. MARTIN of Oregon. The gentleman has spoken about the gentleman from Massachusetts [Mr. TINKHAM]. I am one of the young Members whom the gentleman from Massachusetts [Mr. TINKHAM] has corrupted.

Mr. GILBERT. So the red fire of the gentleman from Massachusetts has burned down to fuss and feathers. Nothing so surely measures a man as his use and abuse of power. The press and the courts were open to the gentleman from Massachusetts; and if he had desired that the full facts of this circumstantial evidence should be given to the country, he should have first given it to the grand jury before broadcasting it through this public forum.

Mr. BLANTON. Will the gentleman yield on that? The gentleman from Massachusetts did cause a bishop to be haled before the grand jury and got him indicted, and then the chief justice of the Supreme Court of the District of Columbia held that the indictment did not charge any offense and dismissed it, quashed it, and it is now on appeal.

Mr. GILBERT. If the gentleman from Massachusetts had felt sure that Reverend Pickett had committed perjury, why did he select this forum, where he would be immune from the civil redress of Reverend Pickett?

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. GILBERT. I yield.

Mr. VINSON of Kentucky. There is no doubt but that the gentleman from Massachusetts thoroughly understands

his constitutional right of immunity, because I understand he exercised it in a libel suit against him.

Mr. GILBERT. If the gentleman from Massachusetts had continued his snooping through which he found out the existence of the shipment, he could have found out what it contained. If the gentleman from Massachusetts had continued his snooping, he could have found out that the gentleman whom he charged had nothing to do with the shipment, and he could have learned that he had the privilege, which he has now, of making a personal examination of these packages and learning what they contain. These packages are still intact and unopened.

Mr. LINTHICUM. Why did not the gentleman from Kentucky answer him at the time, and not do it now, when there are only perhaps 75 Members present and the gentleman from Massachusetts [Mr. TINKHAM] is not present to defend himself?

Mr. GILBERT. I notified him that I was going to make this speech. I was not present when the gentleman made his charges, and had I been I could not then have known their truth or falsity.

Mr. LINTHICUM. I should like to have heard what the gentleman from Massachusetts said about it, and there would have been more fun. [Laughter.]

Mr. GILBERT. The gentleman did not give Mr. Pickett notice, but I did give the gentleman notice. I can not state why the gentleman from Massachusetts is not here. It has been suggested that he does not appear here often.

Now, it happens that Deets Pickett is secretary of the Methodist board, and a militant advocate of prohibition, an organization that arouses the wrath of the gentleman from Massachusetts. That board has as much right to uphold the eighteenth amendment as the gentleman from Massachusetts has to tear it down. [Applause.]

Mr. Pickett is by birth, environment, and life work devoted to the prohibition cause. He and his people for generations have been fighting alcoholic indulgence and the human debasement and misery that we all know are its consequence.

His father was the nominee for President on the prohibition ticket, and devoted his life to the work his son is now carrying on. His mother is president of the Kentucky Woman's Christian Temperance Union and has devoted her life to the cause to which she is so devoted and in which she so sincerely believes.

It is poor sportsmanship and poor statesmanship for one to abuse and slander those who disagree with him. We may disagree as to the wisdom of the eighteenth amendment, but we can not disagree that its aims and purposes are most commendable and its supporters most sincere, nor can we fail to respect the motives of the godly men and women, the high ideals and noble sentiments of those who fought for 70 years to put it into the Constitution of the United States. It comes with poor grace for a Member to take this floor and slander one whom, in my opinion, he would not meet elsewhere. The long career of the gentleman from Massachusetts has been distinguished here for animus toward the white people of the South and for personal attacks against those who uphold the traditions and sentiments of that section.

The South is the section of the country from which the Reverend Pickett comes and where the sentiment for the eighteenth amendment is the strongest.

From the gentleman's career I am justified in the belief that had the gentleman from Massachusetts been here during the dark days that followed the Civil War he would have taken his place side by side with Charles Sumner, and Thaddeus Stevens and those others who sought to undermine and destroy the wise and kindly policies of Abraham Lincoln and Andrew Johnson.

But let me say in conclusion that if the gentleman from Massachusetts would devote his time and talents in an attempt to relieve the misery and distress that surrounds us, rather than to vindictively assault and recklessly slander those who differ with him, his services would be more valuable to this House, to his country, and to his God. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield there?

Mr. GILBERT Yes.

Mr. BLANTON. Has the gentleman read the bill introduced by the gentleman from Massachusetts [Mr. TINKHAM] against birth control, which he tried to withdraw the other day and which the gentleman from New York [Mr. LAGUARDIA] prevented him from withdrawing?

Mr. GILBERT. No; I have not.

Mr. BLANTON. He got that in here by mistake, I understand.

The CHAIRMAN. There being no further debate, the Clerk will read the bill for amendment under the 5-minute rule.

The Clerk read as follows:

Be it enacted, etc., That Federal and District authorities administering properties within the District of Columbia owned by the United States or by the said District are hereby authorized to transfer jurisdiction over parts or all of such properties among or between themselves for purposes of administration and maintenance under such conditions as may be mutually agreed upon: *Provided*, That prior to the consummation of any transfer hereunder such proposed transfer shall be recommended by the National Capital Park and Planning Commission: *Provided further*, That all such transfers and agreements shall be reported to Congress by the authorities concerned.

SEC. 2. Nothing in this act shall be construed to repeal the provisions of any existing law or laws authorizing the transfer of jurisdiction of certain lands between and among Federal and District authorities, but all such laws shall remain in full force and effect.

Mr. LANHAM. Mr. Chairman, I move that the committee do now rise and report the bill to the House with a favorable recommendation.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 2498, to authorize the transfer of jurisdiction over public lands in the District of Columbia, and had directed him to report the same back to the House with the recommendation that the bill do pass.

Mr. LANHAM. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mr. LANHAM, a motion to reconsider the vote by which the bill was passed was laid on the table.

A similar House bill was laid on the table.

VOCATIONAL REHABILITATION

The SPEAKER. The Clerk will call the committees.

The Clerk called the Committee on Education.

Mr. DOUGLASS of Massachusetts. Mr. Speaker, by direction of the Committee on Education I call up the bill H. R. 4743, to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended.

The SPEAKER. The gentleman from Massachusetts calls up the bill H. R. 4743. This bill is on the Union Calendar. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union and the gentleman from New York [Mr. OLIVER] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 4743, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, before I proceed with a discussion of the bill I would like to make

some arrangement in respect to time. I understand that two hours are to be used in discussion in general debate. I ask that one hour of that time be given to the ranking member on the committee on the Republican side, the gentleman from New York [Mr. REED].

The CHAIRMAN. The Chair will recognize any member of the committee opposed to the bill who seeks recognition.

Mr. STAFFORD. Mr. Chairman, I am not a member of the committee, but I ask for recognition in opposition to the bill.

The CHAIRMAN. Is any member of the committee opposed to the bill? The Chair hears no response. Therefore the Chair will recognize the gentleman from Wisconsin [Mr. STAFFORD] for one hour in opposition to the bill.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, this bill came before our committee on the presentation of the distinguished gentleman from Alabama [Mr. BANKHEAD]. The bill as it originally came before the committee asked for a continuing act with an appropriation of $1,500,000 a year and an increase of $20,000 in the administration fund. After long hearings, lasting three days, and upon mature consideration in executive session, the Committee on Education felt that it would be wise to amend the bill and cut out the provision for an increase of $500,000 in the appropriation. First, I shall review briefly the history of the legislation. On June 2, 1920, an act was passed establishing, in cooperation with the States, the service of vocational rehabilitation for all physically handicapped persons, and under the act of 1920 the work was to be continued for four years. The appropriation for the year 1921 was $750,000, and for the years 1922, 1923, and 1924 the appropriation was $1,000,000 annually. The work was found to be sucessful, and its continuation desirable. By act of June 5, 1924, the service was further continued for a period of six years, with the same appropriation of $1,000,000 annually, to June 30, 1930. By act of June 9, 1930, the service was further continued for three years, and that act ends on June 30, 1933. The last act contained the $1,000,000 annual appropriation. The present bill, as reported by our committee, provides for a continuation of the work for four years from the expiration of the next fiscal year. In other words, beginning on July 1, 1934, the successful work for the rehabilitation of those disabled in industry or otherwise and their return to civil life would continue with an appropriation of $1,000,000 annually for four years more.

That briefly is what your committee reports. I do not understand that there is to be any serious substantial objection to the passage of this bill. Let me say very frankly as the chairman of the Committee on Education that I am not one of those who are strong believers in the 50-50 appropriations. I believe that in education, or in any other field, where the work can be done by the States, it should be done by the States, and I am always among the last to appropriate Federal money for any State purpose. Although that is my state of mind, and I know it to be the state of mind of many on the committee, yet I feel, and I feel strongly, that this service is so exceptional that we can well continue it.

What are we trying to do under this rehabilitation act? We are trying to save men—human beings. We are trying to return to the community to be useful and productive citizens those who have had the misfortune by disease, by accident in industry, or even upon the streets from automobiles, to be so disabled that their usefulness as citizens is greatly diminished, and their productiveness as citizens is greatly diminished, and they are likely to become public charges.

My strong support for this bill comes from the fact that I am impressed by this: Last year the average cost of rehabilitation, per case, was $221.83. The figures from the various States show that it costs from $300 to $500 annually to maintain, in idleness, at State expense, in poorhouses and other institutions, such persons as are disabled and need rehabilitation, but do not receive it, but become burdens upon the communities. In other words, this bill is purely an economic measure at the bottom.

If we do not save and rehabilitate those injured and disabled citizens of ours (most of them, as a matter of fact, seem to be heads of families with many dependents), and if we do not meet that low expense of $221 for the care and rehabilitation of such men, then the States will pay a sum varying from $300 to $500 to take care of those same persons in poorhouses. Now, that is the whole story.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. JOHNSON of Texas. The amount authorized in this bill is the same amount that has been heretofore authorized to be expended annually, is it not?

Mr. DOUGLASS of Massachusetts. Exactly. The committee felt, and I think rightly, that no matter what might be the argument for an increase of the amount, this was hardly the time to grant an increase. Knowing, as we did, the sentiment of the House in the matter of economy, we did not feel justified in going farther than the present law.

Mr. ALMON. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. ALMON. Does the law not provide for the care and treatment of those who are injured on the farms as well as those injured in the cities?

Mr. DOUGLASS of Massachusetts. Absolutely. It takes care of any person who is injured or who suffers from disease, those injured in industry, those injured upon the farms, and those injured upon the streets. It is most humane, and it is not merely charitable, because it is an economy bill.

Mr. SIROVICH. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. SIROVICH. About how many men and women are being rehabilitated?

Mr. DOUGLASS of Massachusetts. According to the figures at my disposal we have already rehabilitated surely 50,000 in years past. May I give that in detail a little later?

Mr. SIROVICH. Also which State has the largest number and which State the smallest number rehabilitated?

Mr. DOUGLASS of Massachusetts. I think I can get those figures for the gentleman's information very shortly. Naturally we would find the largest number of rehabilitations in the States having the largest population. New York, for example.

I would state for the information of the committee that 44 of the 48 States have come under the provisions and benefits of this act. Only four States have remained out, and that in itself is proof of the successful working of this service.

Mr. PALMISANO. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. PALMISANO. Is it not a fact that the State of Missouri has abandoned this practice after a trial of three or four years?

Mr. DOUGLASS of Massachusetts. I will not be sure of that, but if they have I do not know their reasons, but I think they have made a mistake.

Mr. PALMISANO. Have not some of the States, particularly those engaged in farming, abandoned that practice?

Mr. DOUGLASS of Massachusetts. Perhaps they have. I am not informed particularly on that point. I do know that at present 44 States take advantage of the rehabilitation act.

Mr. BANKHEAD. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. BANKHEAD. Has the gentleman's own State of Maryland not taken advantage of this act and accomplished great results?

Mr. PALMISANO. To be frank, it cost, according to a letter received from the director, of Maryland, $760 a year from 1929 down to 1931.

Mr. DOUGLASS of Massachusetts. The answer to that is that in other States the cost is not so high. The State of Maryland is not getting the benefit of the investigation it should make of the cost of the act.

Mr. ALMON. Will the gentleman yield farther?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. ALMON. Does not the history of this work under this legislation show that a great many States are now giv-

ing their attention to this by reason of getting Federal aid, which had been neglecting it for years before?

Mr. DOUGLASS of Massachusetts. I am glad the gentleman asked that question. I am satisfied from my study of this subject, that while I am opposed to Federal aid as a rule, the fact that the Federal Government has taken over this economic and useful work has caused the States to take up the work themselves, and they have seen the profit to their citizens.

The reason we ask this legislation at this time, one year in advance, is that, as the system works, the State itself first determines the number of cases to be rehabilitated. The State then goes ahead with the work, and that work is approved by the Federal Rehabilitation Board, and after they are satisfied that the work is progressing properly, then the Federal allotment is made to the State in question. So that the States are really one year ahead of the Federal board. Therefore this act must be approved at this time in order to take care of the fiscal year 1934.

In answer to the question asked by the gentleman from New York [Mr. SIROVICH], may I point out this: Since its inception in 1920 you will find from the report of the committee, which is based upon the report of the Vocational Training Board itself, that over 50,000 disabled persons have been rehabilitated and rendered self-supporting. At present 25,000 are being served. In the past year 5,192 persons were rehabilitated and placed in employment; 2,455 have been trained, but at the close of the year were awaiting employment, and 869 persons have been trained, but were under observation.

Thus during the year 8,516 people were rehabilitated and fitted for employment.

Mr. STAFFORD. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. STAFFORD. Does the testimony before the committee show the amount of funds that have been distributed to the States in the various years under the respective appropriations?

Mr. DOUGLASS of Massachusetts. That may not be found in the report of the committee, but it is to be found in the report of the Federal Vocational Board itself. I can furnish those figures a little later.

Mr. STAFFORD. The author of the bill, the gentleman from Alabama [Mr. BANKHEAD], has favored me with a copy of the hearings, which shows these amounts, and I am grateful to the gentleman from Alabama and also to the gentleman from Massachusetts.

Mr. REED of New York. In the State of Wisconsin the Federal-aid and State funds available for vocational rehabilitation for the year ending June 30, 1921, were $115,446.26, of which $51,325 was from Federal funds, and $64,121.26 from local funds.

Mr. STAFFORD. I have before me, through the courtesy of my friend the gentleman from Alabama, the author of the bill, a statement showing that Wisconsin received for the biennial period 1930–31, $51,325.

Mr. DOUGLASS of Massachusetts. I will say for the benefit of the gentleman from Wisconsin that Wisconsin is one of the leaders in this movement.

Mr. STAFFORD. The gentleman does not need to acquaint me with that fact. Not only the whole country, but the whole world knows Wisconsin is the leader in all progressive legislation of this character.

I want to get the total cost for Wisconsin; that is, how much the State of Wisconsin appropriated and how much it received from the National Government. I notice from the statistics just furnished me that outside of Illinois, New York, New Jersey, Ohio, and Oregon, Wisconsin shows the largest amount expended for this special service.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. GOSS. Will the gentleman tell us why, on page 2, line 23, the committee changed the amount carried in the original bill from $65,000 to $97,000 and raised that amount, which is a limitation on the $1,000,000?

Mr. DOUGLASS of Massachusetts. That is to take care of the minimum allotments. The bill appropriates over $1,000,000. Under the bill each State must receive as a minimum $10,000. The $1,000,000 is appropriated proportionately to the population of the States according to the last census. Under that apportionment some States would not receive the full amount of $10,000. So the extra $97,000 in this case is to provide for the difference between the apportionment allotment and the $10,000 contained in the minimum allotment provision.

Mr. GOSS. How is the money allotted to the States?

Mr. DOUGLASS of Massachusetts. It is apportioned according to population.

Mr. GOSS. I understand that, but I mean under this provision?

Mr. DOUGLASS of Massachusetts. There must be a minimum allotment of $10,000.

Mr. GOSS. That is what I am asking about; how is that minimum allotment apportioned?

Mr. DOUGLASS of Massachusetts. By the law. Each State must receive $10,000. Under the proportional population allotment a number of them would not receive that much. The $97,000 takes care of that situation.

Mr. GOSS. So it appears that certain States were not able to take up their full allotment to the extent of $32,000; is that right?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. GOSS. What States were those?

Mr. DOUGLASS of Massachusetts. I will give the gentleman that information. To be sure to have that information for the House I requested the Chief of the Federal Board for Vocational Education to write me a letter on the subject, which I ask unanimous consent to insert in the RECORD in its entirety. This letter was received in reply to a request for information on that very point, and this will be the best answer I can give. The letter is addressed to me as chairman of the committee:

FEDERAL BOARD FOR VOCATIONAL EDUCATION,
Washington, March 2, 1932.

Hon. JOHN J. DOUGLASS,
House of Representatives, Washington, D. C.

MY DEAR MR. DOUGLASS: In response to your request, I am submitting herein an explanation of the operation of that provision in our present rehabilitation act guaranteeing to the States a minimum allotment of $10,000 per annum.

The present act authorizes the distribution of $1,000,000 annually to the States to be allotted on the basis of their respective populations. On this basis, 17 States, inclusive of Hawaii, receive as their portions of the $1,000,000 sums in each case less than $10,000. For illustration, Arizona's share is $3,174.23, while Colorado's share is $8,925.64.

There is, however, a further provision in the act that no State shall receive less than $10,000 in any year as its allotment. Hence in the case of these 17 States, a supplementary appropriation is provided in the amount of $97,000 per annum. Of this amount, the State of Arizona, for example, receives $6,825.76, and the State of Colorado, $1,074.36. These amounts are the differences between their population allotments and the $10,000 minimum.

I am inclosing a table of the allotments for the "minimum" States, which illustrates the points in question. The allotments are given on the two bases, namely, $1,000,000 and $1,500,000.

In conclusion, it should be noted that had your committee reported the bill with an authorization of $1,500,000 per year instead of $1,000,000 per year, the population allotments of the several States would have been increased 50 per cent. This would have resulted in several of the 17 States mentioned above receiving a population allotment in excess of $10,000 and brought the others nearer to that sum. Hence the total amount of the supplementary appropriation needed would have been approximately 50 per cent less than that now provided in the present act, which allots $1,000,000 to the States on the basis of population and $97,000 for supplementary appropriations guaranteeing the $10,000 minimum.

Very truly yours,

JOHN J. KRATZ,
Chief Vocational Rehabilitation.

States	On basis of $1,000,000	Special allotment to guarantee, $10,000	On basis of $1,500,000	Special allotment to guarantee, $10,000
Arizona	$3,174.23	$6,825.76	$4,761.35	$5,238.65
Colorado	8,925.64	1,074.36	13,388.46	3,388.46
Delaware	2,118.33	7,881.67	3,177.50	6,822.50

States	On basis of $1,000,000	Special allotment to guarantee, $10,000	On basis of $1,500,000	Special allotment to guarantee, $10,000
Florida	$9,199.60	$800.40	$13,799.40	$3,799.40
Idaho	4,102.34	5,897.66	6,153.51	3,846.49
Maine	7,295.45	2,704.55	10,943.18	943.18
Montana	5,213.96	4,786.04	7,820.94	2,179.06
Nevada	735.30	9,264.70	1,102.95	8,897.05
New Hampshire	4,208.89	5,791.11	6,313.34	3,686.66
New Mexico	3,423.00	6,577.00	5,134.50	4,865.50
North Dakota	6,144.71	3,855.29	9,217.07	782.93
Oregon	7,441.50	2,558.50	11,162.25	1,162.25
Rhode Island	5,741.23	4,258.77	8,611.85	1,388.15
South Dakota	6,046.63	3,953.37	9,069.95	930.05
Utah	4,268.86	5,731.14	6,403.29	3,596.71
Vermont	3,347.75	6,652.25	5,021.63	4,978.37
Wyoming	1,846.64	8,153.36	2,769.96	7,230.04
Hawaii	10,000.00	10,000.00	10,000.00	10,000.00
Total		96,765.93		73,735.45

Mr. GOSS. So that really the population in the States that can not draw $10,000 would get a much greater allotment than the other States.

Mr. DOUGLASS of Massachusetts. They do in a sense.

Mr. GOSS. Has the gentleman a list of those States which do not come within that class?

Mr. DOUGLASS of Massachusetts. I have the list right here.

Mr. GOSS. Will the gentleman put that in the RECORD?

Mr. DOUGLASS of Massachusetts. I will.

Mr. GOSS. How many States do not qualify for the $10,000?

Mr. DOUGLASS of Massachusetts. There are 17, I think.

Mr. PALMISANO. Is Maryland among them?

Mr. DOUGLASS of Massachusetts. No; Maryland is not among them.

Mr. PALMISANO. How much has Maryland received from this fund? Does it exceed $5,000?

Mr. DOUGLASS of Massachusetts. If the gentleman will give me a little time, I will give him that information. I do not want to take up too much of the time of the House.

Mr. STAFFORD. If the gentleman is pressed for time, I will be glad to yield the gentleman some of the time at my disposal.

Mr. DOUGLASS of Massachusetts. That is all right. I thank the gentleman from Wisconsin.

Mr. GOSS. To further pursue the matter, it will be noticed the State of Arizona by population is entitled to $3,000 under the bill.

Mr. DOUGLASS of Massachusetts. Yes; therefore, under the law we would have to supply to Arizona the difference between $3,174.23 and the guaranty of $10,000, which is $6,825.76.

Mr. GOSS. So that in all previous laws there has not been a minimum of $10,000?

Mr. DOUGLASS of Massachusetts. There has been a minimum all the time.

Mr. GOSS. That is a new feature in this bill?

Mr. DOUGLASS of Massachusetts. No; that has been the provision at all times. There is a change in the bill as introduced by the gentleman from Alabama [Mr. BANKHEAD] and the bill as amended by the committee. The bill as introduced calls for $65,000 for minimum allotments. Of course, if the bill calling for $1,500,000 went through—which it will not—then $65,000 would be enough to take care of those 17 States' minimum allotments, because the board would have $1,500,000 each year to allot, but under this bill the board only gets $1,000,000 a year to allot.

Mr. GOSS. So there has been no change in practice in this bill over what has happened in the past?

Mr. DOUGLASS of Massachusetts. The bill makes no change in the present practice. We are following in this bill what has been the law for 12 years.

Mr. GOSS. Does anyone inquire as to whether Arizona needs the extra money or is it just simply handed to Arizona and these other 17 States regardless of their needs?

Mr. DOUGLASS of Massachusetts. Not regardless of their needs, because the whole matter is supervised by the Federal Board for Vocational Rehabilitation, and the gentleman may be sure that board does not make an allotment unless it knows it is being properly expended.

Mr. ALMON. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. ALMON. Is it not a fact that less than $10,000 would not be sufficient to maintain an organization in any State?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. WELSH of Pennsylvania. Is it not a fact that it has to be matched by the State?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. STAFFORD. Can the gentleman give us any information as to why in some States there are so many more subjects who are entitled to this rehabilitation than in other States?

Mr. DOUGLASS of Massachusetts. In a populous State, where you would have thousands of automobiles running over the roads, for example, there would be many more chances of automobile accidents, and people who are injured in such accidents would come under the purview of this act.

Mr. STAFFORD. According to the table on page 13 of the hearings Alabama has 1,259 on the live roll and Michigan—which certainly is a great automobile State—has 1,246.

Mr. DOUGLASS of Massachusetts. From the very fact that this service covers accidents I can not guarantee or determine the figures in any State. There might be a thousand accidents in one State to-night and 2,000 in another State the next day.

Mr. STAFFORD. There does not seem to be any harmony as to population or any other standard.

Mr. DOUGLASS of Massachusetts. The greater the population and the larger the number of industries in a given State the greater is the need for this act, because more people in that State would be likely to be injured.

Mr. STAFFORD. This table does not confirm that statement. It shows that in agricultural States they have as many cases for rehabilitation as in manufacturing States.

Mr. DOUGLASS of Massachusetts. Men can be hurt on the farm with tractors; they can fall off a load of hay, and then become subject to the provisions of this act. There is no discrimination between injuries received on the farm and injuries received in the cities and no discrimination even as to those who are disabled from disease. The intent of the act is to cover all classes. It is a general law, having a general, good, honest, charitable, humane, and economical purpose. [Applause.]

Mr. STAFFORD. I am trying to get some light. May I inquire whether the explanation may not be that it is dependent upon the amount of money appropriated by those States to match the appropriations of the National Government and that that determines the number on the live roll?

Mr. DOUGLASS of Massachusetts. I would not want to agree to that suggestion. I assume the law is properly and honestly carried out, and I can also see and know where some States have taken fuller advantage of this act than others.

Mr. GLOVER. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. GLOVER. I had the privilege of serving on this committee for two years. My experience is that most of these cases come from among railroad employees, men engaged on public works, and things of that kind, and that is the reason why population does not always govern.

Mr. DOUGLASS of Massachusetts. I might suggest in passing that this law takes in and gives the benefits to all Federal civilian employees.

Mr. PALMISANO. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. PALMISANO. Is it not true that the head of this vocational-education committee and others contend that we are not now taking care of one-tenth of the people who should be rehabilitated?

Mr. DOUGLASS of Massachusetts. Yes; and that is why we need the law. That was one of the reasons why they asked for an increased appropriation. I think they honestly asked for it, but we did not give them the money. They asked for an increased appropriation because it was shown to the committee that only 1 out of 3 cases that should be brought under that act and should be rehabilitated could under the appropriation be attended to. So there is vast room for the use and the administration of this act. In other words, there are more people disabled daily than we have funds to provide for, but under the appropriation of $1,000,000, which we have been granting annually, the board has been doing the very best it can, and I think they should be helped, not by being perpetuated but by the continuation of their work for four years more. [Applause.]

Mr. WILLIAMSON. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. WILLIAMSON. Before the Economy Committee some time ago, when we were considering the matter of abolishing or discontinuing vocational education, we had a witness who stated that a number of cases of this kind had occurred. A disabled person had been trained, for instance, as a cigarmaker and then had lost his job or had become tired of his work, and the board proceeded to train him as a shoemaker, and that there were instances where one man had been trained for two or three different kinds of occupations. Was any testimony of that kind presented to the gentleman's committee?

Mr. DOUGLASS of Massachusetts. I do not think that particular case was brought before our committee, but I know that many very sad cases were brought to our attention and they would far outweigh the case that the gentleman has cited. I could draw tears to your eyes if I wanted to indulge in dramatics by rehearsing to you the stories of the many unfortunates who had been rescued almost from death's door and made self-sustaining, valuable citizens under the operation of this act.

Mr. ALMON. Can the gentleman give us the names of the four States that are not taking advantage of this Federal aid?

Mr. DOUGLASS of Massachusetts. I think I can name them from memory. The four States which have not taken advantage of the act are Delaware, Kansas, Vermont, and the State of Washington. However, we are hopeful they will come under the operation of this act within a short time.

Mr. ARENTZ. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield to the gentleman from Nevada.

Mr. ARENTZ. All that the gentleman has stated about the wonderful manner in which this work is carried on under the provisions of the act is true, but does not the gentleman believe we should curb in every way possible the amount of money we are appropriating for travel and for supervision and administration in the District of Columbia? I notice at the end of the bill there is provided $80,000, which was cut from $100,000, for such expenses.

Mr. DOUGLASS of Massachusetts. No; $80,000 is the present law. The new bill asked for $100,000, but we did not grant the increase, holding the amount to $80,000.

Mr. ARENTZ. I think, however, my argument applies to the $80,000. I believe if we are going to make these 50-50 appropriations for the States, we should guard most carefully the so-called bureaucratic rule which is almost bound to prevail, and every dollar we spend in the District of Columbia is adding to that very thing.

Mr. DOUGLASS of Massachusetts. This bill does not affect the District of Columbia particularly because the District of Columbia has a continuing act and is not considered under this bill. In further answer to the gentleman I may say that I quite agree there should be proper supervision of the administration, but in the absence of any evidence before our committee that there was not proper administration of this act——

Mr. ARENTZ. I do not say there is not proper administration, but I say there is overadministration, and in every one of these bureaus I maintain there is too much money spent on that particular phase of the work.

Mr. DOUGLASS of Massachusetts. I can not speak as to other bureaus, but I can speak as to this bureau from the evidence before the committee, and $80,000 for the administration work of this bureau, whose administrators travel throughout the country in the disposition of a fund of $1,000,000 distributed among 44 States is not too high in our estimation.

Mr. ARENTZ. The gentleman from Pennsylvania [Mr. WELSH] says that the gentleman from Massachusetts [Mr. DOUGLASS] is perfectly right. The gentleman from Pennsylvania is a member of the committee. Nevertheless, this is one of the things we have to guard against, because the complaint that we have coming to us from the country every day is about the amount of money that is spent here in Washington to take care of work that is being done in the States. I have no complaint about the work being carried on in the States if we are not spending too much money in overhead.

Mr. DOUGLASS of Massachusetts. I will say to the gentleman quite frankly that upon investigation and after conducting the hearings, I do not believe $80,000, which has been allowed during the last 12 years, and which is proposed to be allowed for 4 years more under this bill, is an unfair or an unreasonable allowance. I think the $80,000 will be properly spent and that good results in the supervision of this work will accrue to the Government.

Mr. KENNEDY. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield to the gentleman from New York.

Mr. KENNEDY. Is it not a fact that after 12 years the work has developed to such a point that it is necessary to allow more money to carry on properly the work of this bureau? It is not simply a matter of adding employees but of developing the service. We are dealing with a human problem and not a commercial problem.

Mr. DOUGLASS of Massachusetts. I think the gentleman states the problem correctly, and I am pleased that he has brought out the fact that we are dealing with a human problem. Under the terms of this bill we are not trying, as we do in some other bills, to develop better or bigger pigs or cows; we are trying to keep men sound and in the full use of their faculties for the benefit of the States and of the Nation. [Applause.]

I reserve the balance of my time, Mr. Chairman.

Mr. STAFFORD. Mr. Chairman, I ask recognition to control the time in opposition.

The CHAIRMAN. The gentleman from Wisconsin is recognized for one hour.

Mr. STAFFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. PATTERSON].

Mr. PATTERSON. Mr. Chairman, our distinguished chairman, the gentleman from Massachusetts [Mr. DOUGLASS], has made a very fair and comprehensive statement of the reasons for reporting this bill out of the committee, carrying $1,000,000 instead of $1,500,000, as introduced by my distinguished colleague from Alabama [Mr. BANKHEAD]. Some of us wish to increase the amount and report it out as introduced by the gentleman from Alabama [Mr. BANKHEAD]; but the committee, after carefully studying and taking into consideration the economic conditions and situation of the Treasury, decided to continue this appropriation just as it now is. So the $1,000,000 authorization carried in this bill for four years does not increase the appropriation one dime but carries it just as it is at present.

Mr. BRIGGS. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. BRIGGS. The only change, as I understand, is respecting the allocation in reference to the distribution. You have raised the distribution a little higher, but in the aggregate it does not increase the authorization one dollar.

Mr. PATTERSON. The gentleman from Texas is correct. It just raises the minimum allotment to States that do not receive that now.

Now, there are a few facts I want to bring out briefly, for I feel there is no material opposition to the bill, and we want to get along. I feel it important to bring these out.

I think the work has justified itself from two points, which is important to the Nation. One is I feel it has justified itself economically, and I want to give you these figures. In spite of the fact that it cost only about $221 last year for each case of rehabilitation of one of these persons.

Mr. PALMISANO. If the gentleman will yield, does not the report state it is $291?

Mr. PATTERSON. I am talking about the average.

Mr. PALMISANO. But the report states $291 is the average.

Mr. PATTERSON. The report shows that the chief of the rehabilitation service states that last year, 1931, it cost $221.83, and then it goes over the whole cost from 1924 to 1931, out of 44,829 rehabilitated, the average cost was $241.85. That is in the report of the chief of the vocational service.

We find further that the earnings of the group rehabilitated was $332,132 per year before rehabilitation.

Then, in 1927, the group had an earning capacity of $1,243,301 a year. The earning capacity of the group had increased practically as much per year as the entire cost of the Federal Government in rehabilitating these people.

So it is justified economically.

Not only can we show these figures, but the fact is that a great many States appropriated more money for carrying on the work from a local source than was appropriated by the Federal Government.

Mr. BRIGGS. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. BRIGGS. Is it not far better for the States to assume rehabilitation of these men that are injured, and make them self-sustaining, rather than have them thrown on the various communities and have them become subject to charity? Is it not more economical for the Government generally to rehabilitate them and make them self-sustaining?

Mr. PATTERSON. There is no question about that. Now, secondly, it has justified itself socially. I believe the facts will justify the statement that a State composed of people who can maintain themselves and produce and keep from leaning on charity elevates that people. The distinguished chairman of the committee pointed out in his argument where it cost more to provide charity for one person in an institution for one year than it does to rehabilitate one of these individuals.

A lot of these people who had no hope but to look to some charitable organization or to their families are not able to go forth and be self-respecting citizens and to rear families.

I want to come to some cases that I know of personally. Having been a superintendent of schools myself and having worked in the educational field for some years, I had opportunity to come in touch not only with this kind of work but other vocational work. I have been an ardent supporter of vocational education of all kinds, because I believe it is one sort of education that our system, both National, State, and municipal, does not provide as it should. For instance, since the day of apprenticeship has been more or less done away with, we find lots of young men and women coming to maturity with very little, if any, knowledge of any vocation or training. I had that brought to me very forcibly once. As a young man I went out looking for a position, for something to do. I struck a man and told him I wanted a job. He asked me what trade or profession I was master of. It happened that I was just grown up and I was not master of anything except farming. The greatest thing in our Nation to-day to increase its productive capacity and stability is the training of young men and women in some vocation.

To get back to those who are incapacitated for some reason or another, it seems to me that nothing can show more clearly and forcibly the good in this work than to show, as the gentleman from Massachusetts [Mr. DOUGLASS] did a while ago when he pointed out the large cost of charitable care and the cost of rehabilitation of one of those unfortunates.

I remember once I had a young man in school under me, who was about 19 years of age. He came in a wheel chair. He had no trade or profession. He had a rather bright mind; he could learn his books; but, of course, with the ordinary kind of school that I was teaching that did not prepare him for any trade or profession except perhaps to teach school. Later on, when this work came into my State, these vocational-rehabilitation people contacted this young man and they taught him the trade of a jeweler, which he could continue in his wheel chair and go to his office. This he did, and he built up a very fine business and is now one of the respectable citizens in one of the towns in my district.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. PATTERSON. Yes.

Mr. ARENTZ. I know the gentleman has given considerable thought to this idea. Graduating from high and grammar schools in June of this year will be some 500,000 young people. Last year an equal number graduated, and very few of those young men who graduated last year have been able to find work.

Mr. PATTERSON. That is correct.

Mr. ARENTZ. These young men who graduate in June will have nothing but idleness to face. Go throughout this Nation and talk with the chief of police anywhere and he will tell you that his problem to-day is the young man floating around with nothing to do, having no vocation, no trade. I think something must be done by the different organizations throughout our country, by the fraternal organizations and the chambers of commerce and any other organization that we have, to act as a sort of father to these young men.

Mr. PATTERSON. Vocational education will do that. In spite of the depression, we find the earning capacity of all those who have been rehabilitated has not decreased as much as that of the average citizen, and their positions have been more secure than those of the average citizen of our country, so I hope this bill will pass. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Mississippi [Mr. ELLZEY].

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield an additional five minutes to the gentleman from Mississippi.

Mr. ELLZEY. Mr. Chairman, it seems to me that this is one of the most meritorious bills this Congress has considered. In the first place, I consider this legislation economic, and I certainly favor rigid economy. In my humble judgment, any time that you relieve society of a responsibility by taking a man who belongs to the underprivileged class and making him self-supporting it is an economic factor worthy of most careful consideration. I hold before me the picture of a man who is helpless, dependent, with a dim vision of life's opportunities. After having received vocational training the opposite picture presents the same man as a self-respecting and self-supporting citizen. The fact remains that society has been relieved of that burden. This is a very meritorious measure, and one of the most worthy causes, in my judgment, that we have before the Congress.

In the second place, the dependent and unfortunate man in life, who is so well portrayed in this picture I hold before you, of necessity diminishes the producing ability of the man who is self-supporting and independent. Surely some one has to take care of the dependent. Society must support him. Therefore he helps to decrease the productive ability of the strong citizen. For that reason, certainly I favor this legislation.

My third reason is because there has never been a time in the history of this Nation when there was a more urgent need for this type of legislation. I am advised that the State of Nebraska has now, on an average, 41 accidents per month. That State has a population of 1,340,000. I repeat, there has never been a time in our history when we had more casualties, more than we had during the World War. Just think of it—41 accidents per month in a population of 1,340,000.

Then, the fourth reason is because of the justice to the underprivileged class. Imagine yourself being in the condition of the man shown in this picture. He is helpless, and naturally despondent. He is pessimistic. On the other hand,

when he has had this training, at a most reasonable cost to the Government and to the State, he has a new vision of life. He is inspired with a desire to render a real service to mankind. He has his self-respect, and is independent as he goes down the pathway of life. Gentlemen, this is a most worthy cause.

With your permission, I want to place in the RECORD some reports showing what has actually been accomplished in several States along this line.

This young man whose picture you observe hails from the State of Ohio:

Age: 21 years—married.
Education: Sixth grade.
A. P.: Suffered a double leg amputation in a railroad accident. He had been counterman in a restaurant, and an elevator operator. After his accident he was selling pencils on a street corner.
His friends said: "He is young, in excellent health, not bad looking, and we want to give him a chance."
Artificial limbs were bought, and he was placed at a sedentary job painting valves at $15 per week.

I have another case here. This picture shows a young man from North Carolina. One picture shows him in his helpless condition. In the other you observe him as the producer. Society has been relieved of a responsibility.

Billy used a wheel chair and crutches in moving from place to place, and made rather poor progress even with these aids. After three months' stay in the hospital under a competent orthopedic surgeon, Billy began to walk some.
Almost at once he requested that the rehabilitation department furnish him training in radio repairing. Arrangements were made with Auten's, the leading radio shop in a North Carolina city, for Billy to get some practical training and experience in repairing radios, and this was supplemented by a correspondence course.
From the very start Billy made good. His quiet demeanor, sunny disposition, and native ability, coupled with the desire to do, won him a place in the heart of everyone connected with the establishment.
Now, something over three years later, we find Billy carrying on as head mechanic in the same shop where he received his training. He is earning a good living and is happy in his work.

Next, allow me to present the case of a more mature man. This gentleman hails from the State of Illinois. You will observe that his hands and feet are gone. In the opposite picture he is shown as the producer. This is a splendid example of society being relieved of a great obligation and the man becoming a self-producer and independent in the race of life:

Jack W. was a caretaker of estates on the north shore. His hands and feet became frostbitten, necessitating amputation. Hooks and artificial feet were furnished by the rehabilitation department. He had very little education. At present he is selling men's furnishings at an average wage of $20 per week.

I have one more case from my own State of Mississippi. One picture shows this man as a pitiable object and the other as a self-supporting citizen:

Physical restoration and vocational training have paid big dividends in the life of W. S., of Wilkinson County, Miss.
At the age of 6 William became a helpless cripple from infantile paralysis. From that time to the age of 27 he made his way over the ground on his hands and knees. He lived too far from the schoolhouse to attend regularly and when he was grown he had completed only the fourth grade.
The spirit of the boy remained unbroken through all the years of hardship, and he never ceased to hope that some day something would be done for him that would enable him to walk and to become an independent citizen, able to make a living for himself and his widowed mother.
William applied to the Department of Civilian Rehabilitation and was at once visited by the supervisor, who advised him to have an operation. Under the supervision of the Department of Rehabilitation, William was given four operations and spent nine months in the hospital. For the first time in 20 years William stood erect and was able to walk with crutches. He was given a course in shoe repairing and in six months completed the course and began work in a small shop for himself.
William has been at work eight years. He has enlarged his shop and fitted it with electric machinery. He has trained two crippled people for the Department of Rehabilitation.
The total cost of this case was $332.50.

I remind you of this fact, that the cost of this training is kept reasonably low. I say to you it is very meritorious and is my conception of true economy.

Now, I shall be glad to yield to the gentleman's question.

Mr. McDUFFIE. Will the gentleman yield?

Mr. ELLZEY. I yield.

Mr. McDUFFIE. The gentleman has made a very interesting statement and has cited several illustrations or examples as to the work that has been done in rehabilitation. Does the gentleman not think that if the States themselves had done this work the same results would have been obtained?

Mr. ELLZEY. In answer to this question, I think your same argument would apply to Federal appropriations for highways and other causes. In other words, I think it is just as reasonable, if you please, to help this type of humanity, which is a burden on the Federal Government, as much as on the individual State. It is reasonable and is just as legal and legitimate as it is for the Federal Government to appropriate Federal highway funds for the States. [Applause.]

Mr. McDUFFIE. The gentleman answers very well with reference to the highways. Of course, the question of use in interstate commerce might enter into that, and, of course, the constitutional right to build post roads, but if the gentleman's position is correct or logical, why should not the Federal Government go farther and take care of every individual who becomes ill in this country and furnish a doctor and medicine to restore or rehabilitate him?

Mr. ELLZEY. I shall answer with a question. Would the gentleman favor a withdrawal of all national appropriations from the States?

Mr. McDUFFIE. I am not sure I would favor such a step.

Mr. ELLZEY. Would not the same argument hold true of other Federal appropriations?

Mr. McDUFFIE. I have some doubt as to whether this is a Federal function. I would favor the withdrawal of these particular funds. I do not believe the framers of the Constitution or the makers of the Government ever intended to have such burdens placed upon the Treasury of the Federal Government.

Mr. ELLZEY. Would the gentleman from Alabama favor the withdrawal of Federal funds for highway construction?

Mr. McDUFFIE. As I say, I do not think that is on all fours with this case at all, for the State has a great highway that enters into interstate commerce and is used as post roads.

Mr. ELLZEY. Is the State of Alabama able to build her own highways?

Mr. McDUFFIE. No; but the State of Alabama is able to take care of her crippled and will do it even if this bill fails.

Mr. ELLZEY. Does the State of Alabama participate freely now in the Federal funds for vocational rehabilitation?

[Here the gavel fell.]

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. PALMISANO. Mr. Chairman, will the gentleman yield?

Mr. ELLZEY. I yield.

Mr. PALMISANO. Do the exhibits the gentleman used have reference to cases coming within his personal knowledge or were they sent to him?

Mr. ELLZEY. I requested them. One case presented is from my own State, and it was my own thought to procure them.

Mr. ALMON. Mr. Chairman, will the gentleman yield?

Mr. ELLZEY. I yield.

Mr. ALMON. I concur in the statement of my colleague the gentleman from Alabama [Mr. McDUFFIE] that Alabama is able to take care of her cripples, but the State did not do it until Federal aid was provided. Federal aid encouraged the people of Alabama to take an interest in it, and they are now caring for them as they never did before. I am heartily in favor of this measure.

Mr. ELLZEY. May I ask the gentleman from Alabama [Mr. ALMON] whether or not before Federal aid was given these unfortunate children they were a responsibility on your State?

Mr. ALMON. Certainly they were.

Mr. ELLZEY. And is it not further true that many of them now are self-sustaining?

Mr. ALMON. That is a fact. The people of Alabama are unanimously in favor of this legislation, so far as I am advised.

Mr. STAFFORD. Mr. Chairman, I yield 15 minutes to the gentleman from Maryland [Mr. PALMISANO].

Mr. PALMISANO. Mr. Chairman, I have never before heard of Member of Congress on the floor of the House indict his own State as did the gentleman from Alabama. He admitted that his (their) State had a duty to perform which it neglected until the Federal Government encroached upon that State function.

Mr. PATTERSON. Mr. Chairman, the gentleman is not referring to me.

Mr. PALMISANO. No; I am speaking of the gentleman from Alabama who made the admission. There are other gentlemen from Alabama besides the gentleman who has just spoken.

As I stated, they have admitted that the State of Alabama had a duty to perform, and that had not the Federal Government encroached upon that duty and forced them to do something it would have neglected—what they have an obligation to do—to educate and take care of their citizens.

Mr. ALMON. The gentleman will not claim this was forced on the people of Alabama. They had the right to accept Federal aid and took advantage of it.

Mr. PALMISANO. That was the gentleman's statement.

Mr. ALMON. I did not say it was forced on the people.

Mr. PALMISANO. In substance that is what the gentleman meant.

Mr. ALMON. I did not say it was forced on the people of Alabama.

Mr. PALMISANO. No; but I am correct, for in substance the gentleman said that until the Federal Government took up this function the State of Alabama refused——

Mr. ALMON. No; had neglected these cripples. Other States neglected highway construction until they got Federal aid.

Mr. PALMISANO. I do not yield to the gentleman.

Mr. Chairman, one of the greatest evils of the country to-day is centralization. In the last 15 or 20 years many public buildings have been built in the District of Columbia and many bureaus have been created encroaching upon State rights, and this is one of those bureaus. The Economy Committee and many Members of the House the other day voted to do away with certain Federal functions. Among other things under consideration was the consolidation of the Army and Navy, a purely Federal Government affair, but now we are asked to vote for a proposition of this kind which is really a matter for the States to take care of.

I have been fair with the people of my State; I have received many letters on this proposition from the people of my State and have replied to all who have written me. Mr. Blackburn, the head of the vocational-education system in Maryland has written to me. I replied as follows:

JANUARY 19, 1932.

Mr. J. D. BLACKWELL,
Director Department of Education,
Lexington Building, Baltimore, Md.

DEAR SIR: I wish to acknowledge receipt of your letter of the 16th instant, in which you request my support for the rehabilitation bill No. 4743. In reply, I wish to state that I have always felt that this appropriation for civilian rehabilitation should be abated. I can not understand in these days of depression, when able-bodied men are unable to obtain employment, how rehabilitation will benefit the more unfortunate by way of obtaining positions. I therefore request you to give me a list of persons, together with their respective ages (not including veterans), who have been rehabilitated during the civilian rehabilitation act.

Very truly yours,

VINCENT L. PALMISANO.

He replied to me and gave me a list of the men and boys that he had rehabilitated, and he gives me 11 in Baltimore City, running from 18 to 47. Just think of it, only 11 in the city of Baltimore from October 1, 1929, to June 30, 1931. In the 23 counties of the State he gave me 12, not 1 in each and every county. Just think of it. From October 1, 1929, until June 30, 1931, they were able to get one individual in each of 11 counties, and the cost for the 21 months has been an average of $760 for each individual. The board of education claims it cost only $221 per individual.

STATE OF MARYLAND,
DEPARTMENT OF EDUCATION,
Baltimore, January 28, 1932.

Hon. VINCENT L. PALMISANO,
House of Representatives, Washington, D. C.

MY DEAR MR. PALMISANO: Our delay in replying to your letter of January 19 concerning the rehabilitation program in Maryland has been due to the absence from the city of our State supervisor, Mr. R. C. Thompson. Immediately upon his return to the office to-day a list of the rehabilitated cases in our State was prepared, and it is being inclosed. We are also sending to you a copy of the Maryland School Bulletin, Volume XII, March, 1931, which explains the nature of the work we are doing and contains a summary of the rehabilitation program for the first 15 months after it was inaugurated. But $5,000 from Federal and $5,000 from State funds were available during the first year of the rehabilitation program in Maryland.

Our department feels that vocational-rehabilitation service is necessary to a well-rounded State program of education, and we further feel that the service should be jointly supported by the Federal Government and the State for reasons which have been advanced before your Committee on Education. It is our sincere hope that you will sponsor the bill now before Congress, since the benefits to be derived by the citizens of Maryland from the appropriation asked for will be far greater than we can estimate.

We shall be glad to give you any additional information that you may desire.

Very truly yours,

J. D. BLACKWELL,
Director of Vocational Education.

Rehabilitated cases in Maryland from the beginning of the program on October 1, 1929, to June 30, 1931, the time of our last annual report

Name and address	
Baltimore city:	
Thomas Baldwin, 5931 Belair Road	18
Alice Bambach, 800 West Baltimore Street	21
Fred Bowers, 627 McKenzie Street	23
Meyer Chapnick, 1830 Walbrook Avenue	17
Charles F. Cook, 515 North Patterson Park Avenue	16
Morris Gibson, 6115 Ridgeview Avenue	18
Harry Hodges, 1650 Ashburton Street	22
Clarence Seidenstricker, 1010 North Washington Street	47
Hal Sherotzsky, 2424 Greenmount Avenue	21
Barrett Smith, 2744 Baker Street	20
Harry Tomlinson, 524 North Brice Street	20
Ida Weinert, 227 East Churchill Street	17
Maryland counties:	
Ted Barnsley, Rockville	21
Hilton Bradley, Salisbury	18
Mary Brown, Lorely	20
Gladys Christy, route No. 1, Golt	24
Herbert Fooks, Preston	23
John B. Gordy, Pocomoke	19
Almeda Kunkleman, Hagerstown	22
Peter Lohr, Accident	18
Alfred Lorenz, Catonsville	23
Carl Van Ausdale, La Vale	32
Albert Winters, Cressaptown	50

Our live roll on January 25, 1932, is 87 cases in Baltimore City and 126 in the counties. Of this number, at least 25 will be rehabilitated before June 30, 1932.

Furthermore, the Baltimore Association of Commerce has also written to me on this subject, the business people of Baltimore, and I replied and gave them my views. The educational board had reported favorably on this bill, but on a vote taken by the members of that association they voted against this bill.

Before this bill was passed by the members of the Education Committee I furnished the committee with some information. I knew at the time I could do nothing before that committee, and I do not expect that my views will be taken here to-day. But I am calling this to your attention, and I called it to the attention of the members of the committee, for the sole purpose of hoping that some day in the near future they will make a thorough investigation of this educational system and ascertain how many men who have been unfortunate enough to require this civilian rehabilitation have been able to obtain positions after being rehabilitated.

Gentlemen, to give you an idea of what they have in mind under this civilian rehabilitation let me say that the chairman of this board contends we are only taking care of one-tenth. A gentleman by the name of O'Grady, of New York, in 1929 came before the committee and said, "Why,

you have not started this civilian rehabilitation. Bear this in mind you have not started." Now, just to inform you what he wants to do. He said, "What are you going to do with the actors in the city of New York who have lost their positions due to the introduction of the moving pictures? What are you going to do with the musicians in the country who are losing their positions due to the radio?"

Well, if you are going to take that into consideration, you will in the next two or three Congresses appropriate $15,000,000 or $20,000,000 more in order to take care of this education. I say, if it is education that is deserved—and I am not condemning it—it is an education that the States should perform. It is an insult to say to the State of Maryland and to the other States where they are spending millions and millions of dollars in education yearly that if the Federal Government does not give us the $5,000 they have been giving since October, 1929, that we would refuse to appropriate the additional $5,000 or $10,000 in order to take care of these unfortunates.

Mr. BANKHEAD. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. BANKHEAD. It seems to me the gentleman's indictment is against the Legislature of the State of Maryland, which has by official act availed itself of the benefits of this law.

Mr. PALMISANO. No. The State of Maryland has stood by State rights.

Mr. BANKHEAD. The gentleman does not dispute the fact that the Legislature of the State of Maryland by statute has accepted the benefits of this act?

Mr. PALMISANO. Yes. The answer to that is this, that the bureaus created here in Washington are collecting funds from the people of the State of Maryland for the purpose of taking care of this education, and unless it participates in this fund the people of the State will be paying a tax from which it will derive no benefit.

Mr. WELSH of Pennsylvania. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. WELSH of Pennsylvania. Will the gentleman tell me what the State of Maryland does with the funds appropriated by the State and by the Federal Government for this work if they are not rehabilitating people?

Mr. PALMISANO. I gave you the answer of the gentleman who has charge of this educational work. He said that in 21 months they had rehabilitated 23 people, most of whom were young boys, 18 and 19 years of age, 11 in 23 counties, only one in each of 11 counties, but in 12 other counties they were unable to find an individual case for rehabilitation.

Mr. KVALE. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. KVALE. But the gentleman's State used $10,000 more of Federal funds last year than in the year preceding, so there must be use for that work.

Mr. PALMISANO. The State of Maryland just participated in this fund in October, 1929.

Mr. ELLZEY. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. ELLZEY. Did the State of Maryland feel insulted or fail to accept all other Federal appropriations for that State?

Mr. PALMISANO. I do not know, but I will say this, that as a member of the Maryland Legislature in 1914 I, for one, always voted against any appropriation by the Federal Government whereby the Federal Government would encroach upon State rights.

I think the quicker you do it and the quicker you get the Federal Government to stop encroaching upon State affairs, the better it will be and the sooner the expenditures of the Government will be reduced to the point where they ought to be.

Mr. ELLZEY. Then, the gentleman's attitude is that the State of Maryland should not accept any money by way of Federal-aid appropriations?

Mr. PALMISANO. That is my position, and that applies also to roads. So far as the roads are concerned, unless the Federal Government regulates interstate commerce in reference to trucks and such transportation that makes use of State roads, the States should not participate in Federal aid of roads.

Mr. SIROVICH. Will the gentleman yield?

Mr. PALMISANO. Yes.

Mr. SIROVICH. From the hearings that have been held before the gentleman's committee, I notice there are about 25,000 men and women who are being rehabilitated throughout the United States.

Mr. PALMISANO. According to the educators of the country; yes.

Mr. SIROVICH. There has been appropriated the sum of $1,000,000 from the Government of the United States toward the rehabilitation of these 25,000 people every year.

Mr. PALMISANO. Twelve million dollars, or $1,000,000 a year.

Mr. SIROVICH. Therefore if you divide the 25,000 people who are receiving the benefit of this rehabilitation work into the sum of $1,000,000, that means that each person is receiving $40 a year as the amount being spent for rehabilitation; and if the State contributes an equal amount, it means that both the State and the Federal Government are spending $80 a year to take care of each one of these persons for rehabilitation purposes.

I wish to state that the pamphlet sent out by John J. Lee, legislative committeeman of the National Rehabilitation Association, contradicts itself regarding the costs per capita for rehabilitation. For instance, he states on page 4 of his pamphlet the costs to be $291 per case and on page 2 the number of persons rehabilitated in 1930 to be 4,589 and in 1931, 5,192, and the money appropriated by the Federal and State Governments in 1930 to be $1,690,344.01, which makes the approximate cost $370, and in 1931 the appropriation by the State and Federal Governments was $2,019,651.74, which shows the per capita cost to be $388. So you will note that after 10 years' experience the per capita cost begins to increase instead of decreasing.

[Here the gavel fell.]

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. KENNEDY].

Mr. KENNEDY. Mr. Chairman, as a member of the Committee on Education, it is my purpose to speak in favor of this bill, known as H. R. 4743, the vocational rehabilitation bill. This bill provides for the continuation of the work which was started in 1920 in pursuance to "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment." There is one thought I would like to bring to your mind, namely, that the bill should be enacted into law not on the theory of economy but from a humanitarian viewpoint.

In my State of New York we have acquired leadership in helping the handicapped and disabled. Our workman's compensation law, our widow's pension law, and our other social welfare laws are as good as, if not better than, those of any other State in the Union. When these laws were passed our legislators always took into consideration in their passage that they were not problems of economy but that they were problems involving human welfare. Likewise, I appeal to you to-day to pass this bill, giving emphasis to its humanitarian aspects and not simply regarding it as another economy measure. In my State we have made wonderful strides in this welfare and humanitarian direction. The splendid results of our rehabilitation work justify the enthusiastic support of this bill by the entire delegation from New York.

If this bill becomes a law, we are not only helping the handicapped man but we are benefiting his family. We all know the disappointment and sorrow that comes to a home when one of its members is rendered disabled by disease or accident. If by the appropriations of this bill States can render help to such disabled victims, benefit not only accrues to these individuals but also to their families, to their communities, and to the Nation at large.

I hope this bill will pass unanimously, and in its passage I hope that you will be actuated by a desire to help a dis-

abled citizen to become once more self-supporting rather than by a notion of promoting economy. I would like the RECORD to show that it is the intention and spirit of the House that we are enacting this legislation to help these disabled men in their return to civil employment and that we are not passing merely another economy measure.

Mr. McDUFFIE. May I interrupt the gentleman to ask a question about the bill?

Mr. KENNEDY. Certainly.

Mr. McDUFFIE. Does the bill enlarge upon the act which is expiring or does the bill propose to add anything to the provisions of the old law?

Mr. DOUGLASS of Massachusetts. Will the gentleman allow me to answer that question?

Mr. KENNEDY. I will be delighted to permit the chairman of the committee to answer the question.

Mr. DOUGLASS of Massachusetts. No; this bill essentially continues the old law at the same appropriation with the same allowance of $97,000 to take care of the minimum allowance. There is no increase. The original bill did ask for an increase of $500,000 and the committee rejected that and reported the bill carrying an extension of four years on the old basis.

Mr. McDUFFIE. So far as the conditions precedent are concerned before the receipt of help from the Federal Treasury, there is no change in the bill?

Mr. DOUGLASS of Massachusetts. This bill is really a continuation of the present act with the same appropriation and everything. It is not a permanent act but continues the work for four years with the same appropriation.

Mr. McDUFFIE. To what extent does the disability have to exist before one may have the benefit of this legislation?

Mr. DOUGLASS of Massachusetts. That is determined by the State authority, upon examination, subject to the approval of the Federal Government.

Mr. KENNEDY. There has been some opposition offered to the bill on the ground that it is unconstitutional. These objections have been met by many decisions of the Supreme Court involving similar propositions, and I submit the following cases for your attention: Gibbons *v.* Ogden (9 Wheat. 1, 199); United States *v.* Realty Co. (163 U. S. 427, 440); United States *v.* Gettysburg Electric Railway Co. (160 U. S. 668, 681); Field *v.* Clark (143 U. S. 649, 695).

Of all the money appropriated by the Federal Government to the States there is none spent that brings greater returns to the individuals, to the community, and the State than the money that has been spent in vocational rehabilitation and vocational guidance.

There is nothing more tragic than men, women, and children who have been stricken with disease or stricken down by accident, and who, as a result thereof, are partially or wholly physically handicapped. Because of these disabilities they can not find a place where their services are needed, so they have staring them in the face the humiliation of being objects of charity, which is naturally dreaded, knowing that they are doomed to an existence that will be on the border line of perpetual poverty. For years this was the lot of such physically handicapped men, women, and children, as well as boys and girls of working age. They were literally thrown upon the human junk heap.

The American Federation of Labor, composed of millions of working men and women in every part of the 48 States of our Union, know of the despair of these working men and women. They come in contact with them daily. The story of despair and dread of the future is heart-rending. A quarter of a century ago they advocated vocational rehabilitation for all physically handicapped persons.

They now maintain that vocational rehabilitation is just as necessary as workmen's compensation. Vocational rehabilitation and vocational guidance start where compensation leaves off. For 12 years we have had this law, and the services it has rendered not only to unfortunate civilians but to our disabled veterans as well have been notable in their successes.

It has brought hope into the hearts of our physically handicapped, and the blessings of this legislation are immeasurable.

The record made of placing these rehabilitated workers in employment in 1931 deserves the greatest commendation. They placed more than 6,000 people back in industry. In addition to this they trained and have ready for placement approximately 2,500 more. That there is a very definite need for this service to be continued and that there is a great appreciation of the service already rendered are evidenced by the fact that in the 27 States the rehabilitation appropriations have been increased over those of the preceding biennium; 11 States continued their usual appropriation.

And now, with respect to adequate appropriations, I place it in the hands of the House to decide whether or not we will carry on in terms of social need to completion.

I want to call attention to the fact that this is the only service which is established to train and place handicapped people in employment. That is an absolute fact from the standpoint of any organized program covering other than very local situations.

We appropriate large sums of money for material rehabilitation. Certainly, it would seem that when the welfare of at least 75,000 people depends upon the rehabilitation of citizens, the request I make for a million dollars is the least that a Federal Government could do as its share. And I say that knowing that the States are in a position to meet their share of the responsibility from their own standpoint.

Finally, it appeals to me to indicate the effect so far as the psychology of the handicapped person is concerned when it comes to rehabilitation. I would have you note the philosophy of life which a crippled person follows. The creed of the cripple is this:

> Once more to be useful. To see pity in the eyes of my friends replaced by commendation. To work, to produce, to provide; seeking no favors and giving none; a man among men in spite of my physical handicap.

Mr. Chairman, ladies, and gentlemen, I appreciate the attention you have given me during my talk on this important measure. I hope that when the roll is called all the Members will join with me in my effort to secure the passage of this bill.

Mr. STAFFORD. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. REED].

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield two minutes to the gentleman from New York.

Mr. REED of New York. Mr. Chairman, it is a great pleasure for me, as a member of the Committee on Education, to lend my whole-hearted support to this measure.

The first time I ever came in contact with rehabilitation work was late in the fall of 1917 in France. I was invited by a dear old professor to go out to an ancient agricultural university to see what they were doing for crippled soldiers. There I found at this university hundreds and hundreds of crippled men being taught a suitable vocation so that they might go back to their own communities and become self-supporting.

The legless and armless and blind were there. They had invited blind men and cripples to the university and were having them talk with these men, assuring them that they could still be happy and useful and telling them how they could be trained and again face the world and enjoy life.

Soon after I entered Congress, the rehabilitation bill was enacted. Since that time 50,000 hopeless, discouraged cripples have been placed in gainful occupations. The average wage of these 50,000 persons since their rehabilitation has been about $27 a week. Based upon their life expectancy, these people will earn approximately $2,200,000,000. So much for the economic side.

The question has been raised why the States should not look out for their own. I know of nothing more sad, except death, than to have a loved one crippled and forced to face the world hopelessly handicapped. I want to say to you that there were some States prior to this legislation that failed

in their responsibility to those crippled in industry. As a result of this act, which we now seek to continue, 44 States are now participating in this very humane work.

Let us see what the effect would be if you were to destroy this act. Some of the States would continue it. My State would continue it, and so would the great States of New Jersey, Illinois, Michigan, and many Western States, but there are some States that would ignore this work.

What would happen if those States should fail, as they did prior to the enactment of this legislation? It would mean that every family that had a crippled member would sacrifice every dollar, every local attachment, to move to a State that was carrying on the work. You would have the crippled coming from those States that failed to train them to the States where they could be trained and placed in a gainful occupation. It is far better for the cripple to have the work done in his own home atmosphere, in his own community, where he would have the sympathy of his own people.

Mr. BALDRIGE. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. BALDRIGE. What is the difference between this vocational education and the other vocational education act?

Mr. REED of New York. This relates to vocational education of those who are crippled and unable to gain a livelihood, to teach them some trade to carry on. The other has nothing to do with this, but they cooperate where they can.

Mr. BALDRIGE. How much of this million dollars goes for the administration expense?

Mr. REED of New York. About $80,000. Some question has been raised about that.

[Here the gavel fell.]

Mr. STAFFORD. I yield the gentleman one minute more.

Mr. REED of New York. Since the World War more has been learned about taking care of cripples than ever before in the history of the world. That information has been obtained, not only in this country, but from abroad; it has been brought into one central spot where, through the Board for Vocational Education, it has been made available to all of the States. Every State can utilize the information with the result that people who are supposed to be hopelessly and forever classed as cripples and unable to earn a livelihood, now have facilities available so that they may be trained and placed in a gainful occupation. [Applause.]

Mr. STAFFORD. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I do not think there is a man or woman in this House who is not in favor of the rehabilitation of people who are disabled in industry. The question is, however, as to whether it is a duty that properly belongs to the Federal Government. I have repeatedly upon this floor opposed measures which provided for Federal aid. I have stated that it is my opinion that the Federal Government should take care of its rivers and harbors, that the Federal Government very properly provides for Federal aid to the States in connection with roads, but that aside from that, unless it be an emergency, it is my opinion it is the duty of the States and not the Federal Government to take care of the people within the boundaries of the States. That statement applies to people who are injured in industry. Who is not in favor of helping a poor individual who suffers some disability by reason of an accident while employed in industry? Why, of course, all favor helping those injured. The gentleman from New York [Mr. REED] has just told us that 44 States in the Union have taken advantage of this law. I venture the opinion that out of those 44 States there are 20 among them that are to-day taking from the Federal Treasury in the way of Federal aid more money than they actually pay into the Treasury of the United States. The Congress of the United States has run wild upon the subject of Federal aid. During the hearings on the economy bill, the attention of the committee was called to the fact that we have six or seven hundred agricultural experiment stations in this country. The Secretary of Agriculture sat with the committee and said to give them to the States, that they are duplicating the work of the States and that if the States do not want them, to close them up. The Secretary of Agriculture made that suggestion. We have in this country over 6,000 extension agents in connection with agriculture, part of their pay paid by the Federal Government. There are only a few over 4,000 counties in the country, and we have one county or extension agent for each county and then 2,000 besides. A map was laid out before the committee, and in some counties in South Carolina, where I happen to have been myself, and where I could not see a chicken or a hog or cattle of any kind, there were as many as seven county agents, the Federal Government paying its portion of their salaries.

I am willing to stand whatever tax the State of Missouri may place on me to take care of people who are injured in industry and try to teach them some vocation whereby they might make a living, but I do oppose this continuation of Federal aid which is simply nothing more than taking money from the pockets of the people of the States, money in the form of taxes, and letting the money be handled here in Washington and in part turned back to the States. [Applause.]

The President of the United States recommended to the Economy Committee that it might be advisable to discontinue agriculture vocational education for one year. He was willing that the Government should continue to rehabilitate those injured in industry. It became known that the Economy Committee was considering the suggestion and I venture the assertion, without fear of contradiction, that there never was such a storm of protest from the four corners of the United States as that received in opposition. The opposition, in my opinion, was justified to a certain extent. The law had been on the statute books for a number of years, placed there to stimulate action by the States in this direction. To stop the aid overnight, without any notice to the States, would have been unfair. As legislatures of the various States did not meet until next year there would have been no way for the States to have provided for the necessary appropriation. The schools would be closed. To me it appears that it is just as much the duty of the States to teach agriculture in the rural sections as it is to teach grammar in the city schools.

When the Economy Committee brought in the bill to cut the appropriations made by the Federal Government gradually year by year, so as to give the States an opportunity to adjust themselves to the situation, the House disapproved and struck the section from the bill.

If you will give the States fair notice that you are going to discontinue this aid after a certain period there will not be a State in the Union now teaching vocational education that will not provide by State funds for its continuance. I say it should be continued, but by the States, and again I say that I am willing to stand any tax that my State places upon me to see that it is continued.

The principle of Federal aid is unsound, unless it be an emergency. I can not subscribe to it, although I know, as my friend the gentleman from Alabama [Mr. OLIVER] told me several years ago, my view is an unpopular one.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STAFFORD. Mr. Chairman, I yield 15 minutes to the gentleman from Alabama [Mr. MCDUFFIE].

Mr. McDUFFIE. Mr. Chairman, I find myself this afternoon in a rather unfortunate or an unhappy position, driven to it, if you please, by my own convictions, whether those convictions are right or wrong. I am in an unhappy and almost embarrassing position from several points of view. First, this bill is sponsored by my warm friend, for whom I have a most affectionate regard, the distinguished gentleman from Alabama [Mr. BANKHEAD]. Alabamians and others all about me differ with me as to the position I shall assume on this measure. I hope no one feels I am assuming to be a profound constitutional lawyer or that my judgment is

superior to that of Mr. BANKHEAD or any member of the Committee on Education, or this committee, on this subject. Certainly I have no personal feelings in the matter, and I am sure that they have none at all. I am sure they accord me the right to express my opinion in respect to this important bill. In this forum we are all supposed to express our opinion in matters of this kind whenever the opportunity is afforded, and one feels impelled to do so.

I regret that I can not agree, first, that this is one of the constitutional functions of the Government. We build post roads, of course, under the Constitution, and we develop rivers and harbors, and we do many things under the general-welfare clause of the Constitution, but it occurs to me that if this be a proper function of the Federal Government it is also a proper function of the Federal Government to send for a doctor for every citizen when he is sick or to provide him with an artificial limb if one of his limbs happens to be amputated. There is no escape from that conclusion. Follow the reasoning of this bill and you can not escape the logic of that conclusion. How far should our judgment go in legislation of this character? That is the question.

As the gentleman from Missouri said, Where is the man—he is not in this hall of course, or in this country, I am sure—who would not give all the funds he could spare from his own exchequer to take care of the halt, the lame, and the blind, and all unfortunates? Where is the State which has not now an institution or agencies of its own for that purpose? I want some gentleman to rise in his place and name one. Civic clubs, charitable institutions are now functioning in every State aside from State activities furnished by the taxpayers of those States. To hear some of these gentlemen, one would think our States have all failed in this great social problem. I deny it, and I deny that the failure of this measure will stop the fine work of this kind now carried on by the States.

Is it contended that if the Federal Government does not contribute to the State of Alabama $25,000 the State of Alabama will neglect her unfortunates, her halt, her lame, and her blind? How many industries are carrying insurance to take care of those hurt in accidents? Practically all of them. Oh, we want to relieve all people disabled from the human scrap heap, and take them from the status of the "living dead," as some clever witness said before your committee. Everybody wishes to do that, but the question is: "Is this a proper function of the Federal Government?" Who is urging the measure? I can not but be moved by the fine impulses and the good judgment of the gentleman from Alabama [Mr. BANKHEAD], and the members of this committee, on which there is another distinguished Alabaman [Mr. PATTERSON].

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. McDUFFIE. I would rather finish my statement, please. The gentleman from Alabama [Mr. BANKHEAD] knows how greatly I respect his judgment. We differ, it so happens, on this particular proposition. If we look over the hearings, we find that those who have urged this legislation, other than the sponsor of the bill, are 90 per cent, I venture to say—and if I am incorrect, I want the chairman to correct me—those who are already drawing some kind of salary from the Government or some local government engaged in this or similar work. Characteristic of all bureaus, this one is clamoring for more and more authority and more and more expansion. This, gentlemen, in my opinion, is one more step, if you please, to that day when Congress will be called upon to create a new department, a department of education, with its head a member of the Cabinet. One step nearer that day when some bureau in Washington will dictate to you in Arkansas or you in New York or Massachusetts or Tennessee as to how your child shall be educated, under what conditions that child shall be educated, what schoolhouse he shall sit in, and the hours of his attendance. Remember, gentlemen, the Federal Government always lays its hand where it puts its money, and properly so. It dictates the expenditure of these funds. The people by taxes raise the funds.

Let me pause here to deny even any intimation that the State of Alabama will refuse or neglect to take care of its halt and its lame or to perform its social duty, because the Federal Government does not give to that great sovereign State the paltry sum of $25,000. [Applause.] Such an indictment can not be made in my presence without protest.

Mr. KVALE. Will the gentleman yield?

Mr. McDUFFIE. I would prefer to finish. I am sorry.

We talk about economies in the Federal Government. Economy! Here is an extra charge upon the Federal Government of $4,000,000. This act has been in operation since 1920, and the Federal Government has expended about $14,000,000, all told, caring for a very small percentage of our cripples. This work is plainly the duty of the States, and most of it is done by the States. Have the States failed in this responsibility? No. They are already engaged in this work, and, of course, the States will continue it.

Some gentleman asked, "Would not your State accept it?" I answer with the question, Where did you ever see a State that would not accept it? Only 4 of the 48 have not accepted this small aid. "Here is something coming from the Federal Treasury," the legislator says. "It comes easy. Let us match it." It is not often that consideration is given to how money gets into the Federal Treasury. They match it, of course, and will continue to do so. For 12 years this act has been in effect. You have a roll to-day of 23,000 people aided and eligible for employment. Do you mean to tell me those 23,000 people would have had no attention from the local governments simply because Uncle Sam had not extended his strong right arm? It is all well enough to talk about crippled humanity. God knows my heart and your heart goes out to anyone who is suffering from a handicap. The question is, after all, Is this the function of the Federal Government? I do not believe, by any logical reasoning, any man can bring his mind to the conclusion that it is the duty of the Federal Government to further carry on this work. There are no limitations if this is a function of the Federal Government. No one knows where Congress will stop, nor what the future may bring forth to our form of government.

Incidentally let me call to your attention the fact that there are very few taxpayers who appeared here in support of this bill. Only about a dozen employers appeared or approved it by letter, and, as I said, the rest of the indorsers were those serving with some kind of an organization similar to this bureau, and they may be classed as propagandists. It is fair to assume that most of them are drawing some kind of pay from somebody. Most of those indorsing this bill belong to a nation-wide organization, ready at all times to propagandize this Congress to enlarge its activities or appropriations, demanding, if you please, more bureaucratic power and more money from the Federal Treasury.

There is a vast deal of difference between this proposal and the building of post roads. There is a vast deal of difference between this kind of an appropriation and an appropriation that comes from the Federal Government for rivers and harbors. This question has never been settled by our Supreme Court, and the Supreme Court said in the case of the maternity act, if I am not mistaken, that the State did not have to take these funds, and on some ground of that kind dismissed the case. The constitutionality of this sort of legislation, as I understand it, has not been passed on by our courts.

When are we going to stop the hand of Uncle Sam or the Federal Government from mixing into the private affairs of the people of this Nation?

Mr. SCHAFER. Will the gentleman yield?

Mr. McDUFFIE. Not right now, if you please.

We created a bureau to teach women how to bring children into this world and care for them, and now another bill is introduced proposing to teach them how to avoid it. Where are we going to stop? There is a bill now for birth control before this Congress. To what extent is the Federal Gov-

ernment going? Let me read to you what Thomas Jefferson said, if I may, in that regard:

> It is not by consolidation or concentration of powers, but by their distribution that good Government is effected. Were not this country already divided into States, that distribution must be made, that each might have the benefit of what concerns himself directly, and what it can so much better do than an outside authority. Were we directed from Washington when to sow and when to reap we should soon want bread.

Have we not almost reached that point in our progress? Oh, gentlemen, it is not here a question of cripples but a question of the perpetuity of this Nation and its form of government, which we would all preserve for our children's children.

We are being directed from Washington to-day when to sow, what to sow, what the weather will be, what the harvest will be, and how to reap the harvest.

Jefferson continued, and we should listen to his wise advice to-day:

> It is by this partition of care descending in gradation from general to particular that the mass of human affairs may be best managed for the good and prosperity of all.

Mr. Chairman, I do not contend this work is not necessary. I do not contend against the view of the gentleman from Alabama [Mr. BANKHEAD], who will tell you this appropriation is the best-invested money this Government ever expended. I do not deny that. The question is, if you please, a fundamental, basic question. When will you stop extending the hand of Uncle Sam into the affairs of the States and localities and stop assuming the responsibilities of the citizen? Such a policy breaks down individual initiative and enterprise. It destroys that spirit which was in your father and mine, who, when stricken down under panics and distressed economic conditions, half-soled their shoes, patched their trousers, carried on, and climbed up again. To-day the first thought is to turn to Uncle Sam for help and sustenance.

How long, Mr. Chairman, must we continue; how long can this Government be perpetuated, if you please, if we are to continue to make the Federal Government the wet nurse of all the citizens of this Republic? [Applause.]

It is time for us to stop and think. I know I am on the unpopular side of this question. I know my own colleagues differ with me. They have been most gracious and kind to me; they know I am sincere in this matter. In an humble way, and in a respectful way, I again submit to the committee and to my colleagues from Alabama that the time has come when we can at least eliminate this activity which for 12 years has gone on and in which the States themselves now have been thoroughly educated. In this time of stress and strain we can well afford to do without adding $4,000,000 more to the cost of the Federal Government. I thank the gentleman from Wisconsin, my friend Mr. STAFFORD, who gave me this time. [Applause.]

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. KVALE. The gentleman said with reference to those who had indorsed this legislation that 90 per cent of them were job holders.

Mr. McDUFFIE. I said I might be mistaken in that. I said there were about a dozen employers, and looking over the list one would naturally infer that most of the indorsers were those who are on some sort of pay roll now.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, may I inquire whether the gentleman used 15 minutes or whether I have any more time at my disposal?

The CHAIRMAN. The gentleman from Wisconsin has four minutes left.

Mr. STAFFORD. I yield four minutes to the gentleman from Alabama.

Mr. McDUFFIE. If the gentleman will yield me two minutes, I shall be glad to answer the question.

Mr. STAFFORD. I yield the gentleman as much of the four minutes as he desires.

Mr. KVALE. I want to make the observation that in a statement I introduced six indorsements from Minnesota citizens into the RECORD. One was from the governor. The next was from the secretary of the State federation of labor. The next was from the chairman of the Minnesota Committee on Social Legislation. The next was from the secretary-treasurer of the Association for Crippled Children. The next was from the executive secretary of the Minnesota Public Health Association. None of them is a Federal job holder. I think these job holders, though, are among the most consecrated of public servants.

Mr. McDUFFIE. I do not doubt that.

Mr. KVALE. None of these is a Federal job holder, and they undoubtedly are indorsing the bill because they believe it is of some value and will be satisfactory. They are supporting it on its merits, Mr. Chairman.

Mr. McDUFFIE. There should be no limit in helping crippled people; nobody doubts that. Probably in the gentleman's State they feel it is the province of the Federal Government to do it, and to go even further than this.

The gentleman is entitled to his opinion. I am not differing with him in a personal way. I am simply trying to state my own view as to the powers of the Government and the propriety of the Government continuing in this kind of activity; it matters not how humane and appealing the work may be.

Mr. KVALE. I only want to add that I think the author of the measure will attempt to demonstrate that it is not only the financial assistance, but it is the guiding, directing, and coordinating work which the Federal Government does that is of such great value.

Mr. McDUFFIE. And that takes a great deal of this fund, I fear.

Mr. SCHAFER. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. SCHAFER. The gentleman made a bitter attack upon the Federal Government as being a wet nurse for the States and sends out a clarion call. Would the gentleman be willing to rally his colleagues from Alabama in preventing the Federal Government from continuing to be a dry nurse and telling the people what they should drink?

Mr. McDUFFIE. I think the gentleman is facetious in that question.

Mr. ELLZEY. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. ELLZEY. Does the gentleman favor the withdrawal of help by the Federal Government for the disabled veterans of the World War?

Mr. McDUFFIE. No.

Mr. ELLZEY. Is not the gentleman inconsistent?

Mr. McDUFFIE. That is an entirely different proposition.

Mr. ELLZEY. Did the gentleman vote for the $2,000,000,000 appropriation to aid State banks in the various States?

Mr. McDUFFIE. I did not, I am glad to inform the gentleman.

Mr. ELLZEY. I was misinformed.

Mr. McDUFFIE. The gentleman was misinformed.

Mr. BEAM. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. BEAM. Is it not a fact that in practically every State of the Union the workmen's compensation law is in effect, and one of the sponsors of the measure stated that such a great number, and probably a majority, of the men injured and seeking this rehabilitating training were railroad men injured in interstate commerce?

Mr. McDUFFIE. I do not know; but that may have been stated.

Mr. BEAM. Therefore, does not the gentleman feel that is an obligation which the Government ought to assume?

Mr. McDUFFIE. I am not ready to agree that the Government should continue in this activity. If we continue in this work, the field is wide open. We may look for State medicine and a department of education. If these come, what next?

Now, gentlemen, I suggest that you find out how many people this great bureau has really rehabilitated. You can not put a value on a human life; I know that; but I sug-

gest that you find out what each State gets under this authorization and then determine for yourselves whether it is proper for the Federal Government to continue this fund and this Federal bureau. [Applause.]

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield two minutes to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. Mr. Chairman, I am always delighted to hear the distinguished gentleman from Alabama [Mr. MCDUFFIE] speak on any subject, and usually I agree with him. I have listened with unusual interest to the very forceful argument made by him to-day. Let me say that I agree with many of the principles enunciated by the gentleman. I am a firm believer in State rights. I agree further that the Federal Government has gradually encroached upon the rights of the States until we have become a strongly centralized Government.

I am unable, however, to agree that those great democratic and fundamental principles of Government have any place in this argument. If the gentleman is so fundamentally opposed to the Federal Government participating in matters of this kind, it just occurs to me that he has raised the issue several years too late. As he very well knows, the pending measure is not a new proposal but merely would make the regular appropriation as has been made in years past; and although I have searched the record, I have not found where my distinguished and beloved friend, whose only objection to the bill is his feeling that this is not a function of the Federal Government, has in the past raised any serious protest against these annual appropriations.

Both the gentleman from Alabama and the gentleman from Missouri [Mr. COCHRAN] have stressed the point that it is the function of the Federal Government to appropriate money from the Treasury to take care of flood control as well as for rivers and harbors. To this policy we all agree, and yet it is significant that both gentlemen live on the banks of the great Mississippi. For my part I would much prefer to cut the appropriation for rivers and harbors, flood control, roads, and highways, or delay the building of some of these monuments of brick and stone in the city of Washington than to eliminate Federal funds for the rehabilitation of the crippled throughout the land who are unable to help themselves. [Applause.]

Let me say that I agree with what the gentleman from Alabama had to say concerning the necessity for this Congress economizing and drastically cutting appropriations. I voted with the gentleman on his House economy bill, as well as on many other measures to cut governmental expenses, but I can not find it in my heart to turn my back on the helpless and crippled humanity who will benefit so materially by this legislation.

During the hearings on this bill I appeared before the Committee on Education and urged favorable consideration of the measure. I call your attention to the fact that the committee has already cut the appropriation more than $500,000 below the amount asked for.

My interest in this legislation dates back several years. As I recall, the vocational rehabilitation bill was originally passed by Congress in June, 1920, but Oklahoma did not accept the act until 1925. I was a member of the Oklahoma State Senate at that time and chairman of the committee on education of that body. I wrote the acceptance act for Oklahoma, introduced it in the State senate, and was vigorous and enthusiastic in my efforts to put it through the legislature that year.

I am glad to say the Oklahoma Legislature passed the acceptance act in the year 1925, and has more than matched the Federal aid, so I am advised, every year since that time.

As the gentleman from Alabama referred to my State of Oklahoma, let me say that since the passage of the acceptance act more than 500 disabled persons in our State have been rehabilitated and placed on jobs representing some 70 different vocations. This has enabled some 500 disabled citizens of Oklahoma to earn an honest living, and I am reliably informed that they now earn annually an average of more than twice the amount it cost to train them. It has taken these cripples off of the streets and made breadearners of them.

I am advised by the state superintendent of education that the cost of training these 500 disabled people has averaged about $450 per person; that after such training the average individual earnings have been over $1,000 annually. I seriously doubt if any piece of national legislation passed in the last quarter of a century has brought greater returns and done more to alleviate unemployment to any class than has the vocational rehabilitation bill for the unfortunate, disabled people, not only in my State but throughout the entire country. It may be surprising to some when I say further I am officially advised that more than 48,000 such citizens have been trained under the rehabilitation act, and that some 24,000 people in the United States are now in training.

I am supporting the pending bill for the reason that I fear Oklahoma can not adequately carry on this splendid program without Federal aid, and I assume the same situation is true in many other States despite repeated statements to the contrary by the gentleman from Alabama. I said a moment ago that Oklahoma had more than matched Federal aid for this purpose. Our State now exceeds the Federal allotment by nearly $7,000 per annum. The Federal allotment for Oklahoma last year was $19,340, and the State appropriated and spent $25,000 for the same year.

Not only has the State of Oklahoma more than 500 disabled in training, but right now I am reliably informed that my State alone has a waiting list of 750 deserving people who are eligible and pleading for an opportunity for self-improvement as contemplated under this act. Let us bear in mind that these unfortunates have been disabled through no fault of their own, but through disease, accident, birth, and war. Practically all of them can be, and as fast as possible are being, made assets rather than liabilities on society. If rehabilitated, they can be made earners, thereby becoming worthwhile citizens in every sense of the word, instead of being charges upon friends, relatives, and charitable institutions. It would be almost a tragedy to abandon this great work now, but it must be unless aid is continued on the part of the Federal Government.

In face of the fact that Congress has been overgenerous in its attitude toward foreign governments, has protected private bonds of international bankers, has financed and underwritten the powerful banking institutions and big railroads "in order to allay the fear of so-called big business," so we were told, I submit in all seriousness that it can not consistently turn a deaf ear to the thousands of unfortunate but deserving people who are looking to this Congress for relief that can not be obtained from any other source.

In closing let me say that when this bill was before the committee I received a letter from Hon. John Vaughan, State superintendent of public instruction of Oklahoma, together with some statistics relative to the work done in Oklahoma in connection with rehabilitation since the act was adopted in the year 1925. I believe this information will be of especial interest to many teachers and others who have written me in connection with the Bankhead bill.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein the statement by Hon. John Vaughan, superintendent of public instruction and director of vocational education in Oklahoma.

STATE OF OKLAHOMA,
DEPARTMENT OF PUBLIC INSTRUCTION,
Oklahoma City, January 27, 1932.

Hon. JED JOHNSON,
House of Representatives, Washington, D. C.

DEAR MR. JOHNSON: House Resolution No. 4743, by Mr. BANKHEAD, dealing with civilian rehabilitation has been presented to the Committee on Education.

For your information I am inclosing an accumulative record of rehabilitation in Oklahoma since the act was accepted in 1925. I know of no type of service that has yielded larger returns than the rehabilitation work in Oklahoma. The report will show how effectively this work has given training and employment to a number of people who otherwise would have been dependents on their family or society.

I appreciate your interest in this matter, because I remember how effectively you worked for the cause of rehabilitation when you were in the Oklahoma State Senate.

Respectfully,

JOHN VAUGHAN, *State Superintendent.*

Summarized statistical and financial report of rehabilitation service in Oklahoma from July 1, 1925, to June 30, 1931, showing case load, number of cases in training, number cases rehabilitated, average per capita cost of training, average annual income of each person rehabilitated, and total amounts expended for the 6-year period ending June 30, 1931

Year	Eligible cases	Cases in training	Cases rehabilitated [1]	Total expended from all funds
1925–26	236	33	8	$13,848.09
1926–27	445	292	18	23,690.71
1927–28	718	381	59	38,963.99
1928–29	867	296	78	34,258.07
1929–30	874	410	110	42,959.28
1930–31	840	453	181	52,309.42
				206,029.56

[1]Average per capita cost of rehabilitated cases: Only an average of $453.85 per capita for completed cases. These were at end of year 453 cases in training upon whom several thousand dollars have been spent. Average annual per capita income: Over $1,000 per year after training.

This year (1931–32) Oklahoma has 560 persons in training and 750 determined as eligible.

Respectfully,

JOHN VAUGHAN,
Director Vocational Education.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I yield the balance of my time to the distinguished author of the bill [Mr. BANKHEAD]. [Applause.]

Mr. BANKHEAD. Mr. Chairman, I have, of course, listened with a great deal of interest and admiration to the speeches that have been made against the pending proposal, based upon the proposition that legislation of this character is an invasion of the rights of Congress to legislate upon matters which should be essentially performed by the people of the States themselves.

It is not my purpose in undertaking to close this debate to engage in any character of controversy—though I shall make brief answer to some of the suggestions that have been made—that will tend to get this situation into a technical attitude. Of course, I respect the high order of courage and fine clarity of statement made in opposition to this bill by my colleague from Alabama [Mr. MCDUFFIE]. It is merely one of those questions of legislation that come up in the Halls of Congress upon which men, even though they are closely and affectionately associated, sometimes differ.

If I may be pardoned for a moment, gentlemen, I want to give you very briefly the study that first interested me as the original author and sponsor of this bill in 1918 and the justification for the Federal Government undertaking to do something for that vast multitude of citizens of America who have become broken, maimed, hopeless, and disabled. In the first instance, there was the humanitarian appeal involved in it. I first began the study of this question when I was on the Committee on Education and that committee was preparing the bill for the rehabilitation of our disabled American soldiers.

I was absolutely astounded and amazed to learn in an investigation of this sociological problem that at that time no State in this Union, if I remember correctly, had ever undertaken by State action to set up a system for the rehabilitation of the maimed citizens of the respective States.

I realize there is probably a legitimate field, a legitimate deadline, if I may call it that, beyond which under a proper construction of the Federal Constitution, Congress ought not to go by way of interference with the local affairs of the people of the States; but in these investigations, when I saw the thousands and tens of thousands of people in this country maimed in industry, on the farms, on the railroads, in the quarries, and in the workshops, citizens of America, for whom no intelligent thought had ever given opportunity through the States themselves or the Federal Government, or any combination of both, to undertake to rebuild these men and women, undertaking to rehabilitate them in some character of employment by which they could again become useful citizens of this Republic and be taken off the human scrap heap, it occurred to me, from a broad, national aspect, although we might differ as to these academic constructions of the Constitution, out there in front of me, as I saw it, and in front of the Committee on Education, where my friend here then served, as I thought the enlightened public sentiment of this country would see it, surely, there was some legitimate field of operation for the Federal Government to undertake the rôle of stimulation and leadership on this question involving this multitude of our people.

This was the thought behind this bill. This was the thought behind the Committee on Education that first reported it, and it was passed by practically a unanimous vote of both branches of the Congress and has now been in operation for 10 years.

I would not be here asking for this bill to extend the authorizations for the appropriation of $1,000,000 a year for four years longer unless I was convinced, after an intelligent study of the facts under its present operation, that the legislation itself is thoroughly justified.

The appeal for the continuation of this authorization, I want to say in all candor to my friend from Alabama, does not come from those who are specifically interested as salary holders under this proposition.

Mr. MCDUFFIE. Will the gentleman permit an interruption there?

Mr. BANKHEAD. Yes; I will be pleased to yield.

Mr. MCDUFFIE. May I ask the gentleman if he can inform the House how much of this money goes to pay salaries? Of the $25,000 going to Alabama, for instance, how much of it goes for salaries?

Mr. BANKHEAD. I could not answer that question offhand. It has all appeared in the hearings before the committee. But be that as it may, even if some substantial portion of the appropriation is paid by way of salary to the administrators and to the vocational teachers, and that is added to the amount that would remain for the establishment of vocational facilities, if the expenditure, however it may be made, operates to the ultimate advantage of American society and to the rebuilding of our people, under the provisions of this bill, I do not think we ought to quibble about the division of the expenditure, I will say very candidly to my friend from Alabama.

Mr. RANKIN. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. RANKIN. I want to suggest that it is reliably stated here that of the $1,000,000 appropriated, only $80,000, or less than 10 per cent goes for salaries.

Mr. BANKHEAD. I have no doubt that is approximately a correct statement.

Here is the proposition and it is not an involved one. Of course, I can understand the mental attitude of those gentlemen, and they have expressed their views upon the floor this afternoon about the extent the Federal Government should go, but we are not embarking here upon any new enterprise.

We are not exploiting any new field of Federal activity with respect to our people, but we are coming here and asking the Congress, in view of the demonstrated value of this small expenditure over a period of 10 years, to simply reauthorize this appropriation for four years longer at the same amount carried in the law, without the addition of a single dollar. We are not asking for any new interpretation of the powers of these vocational boards. We are simply resting this upon the merits of the record established by a period of 10 years of experimentation as to the value of this law and the use of this money, and I want to repeat the quotation made by my friend from Alabama, that in my deliberate opinion, looking at it from the standpoint of real benefit to those who most need it in this country, this appropriation

for rehabilitation of industrial cripples is the best money paid out of the Treasury of the United States. [Applause.]

I do not want to submit any further argument upon the facts in this case. You will pardon me for a personal reference. I am afraid there is some impropriety in it, and yet I feel justified in making it.

There may be a little sentiment in this, but in the long run sentiment is a pretty good thing to help us keep going in this old, unhappy world of ours. I have been in Congress nearly 16 years. I have tried to do my duty here as I have seen it from day to day upon these questions of economic and fiscal policy and expenditure and programs and legislation, and sometimes in meditating with myself I try to find something I have really done of value to humanity and to my country in this rather long stretch of service. As I look back upon my service and view the efforts I have made—and you have made the same sort of effort here—I have tried to analyze the sum total of this service; and when I close my eyes, as it were, and look out there and see the more than 50,000 American citizens, crippled and maimed and disheartened and discouraged, who under the beneficent provisions and operation of this bill have been placed back in gainful employment in a self-respecting way, earning livlihood, taken off the human scrap heap and placed in positions where the great industrialists themselves have testified before the committee that they made more valuable employees than men in normal physical condition—when I review this picture I feel that at least there is some little compensation in the fact that while I may have failed in most of the other things I have undertaken to do here, I have had the honor of sponsoring a humanitarian proposition that I believe has resulted in real benefit and happiness and economic value to the people of America. [Applause.]

The CHAIRMAN. All time has expired, and the Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the first section of the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended (U. S. C., title 29, secs. 31 and 32), is hereby amended to read as follows:

"That in order to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their placement in employment, there is hereby authorized to be appropriated for the use of the States, subject to the provisions of this act, for the fiscal year ending June 30, 1933, and annually thereafter, the sum of $1,500,000. Said sums shall be allotted to the States in the proportion which their populations bear to the total population in the United States, not including Territories, outlying possessions, and the District of Columbia, according to the last preceding United States census: *Provided*, That the allotments of funds to any State shall not be less than a minimum of $10,000 for any fiscal year: *Provided further*, That such portions of the sums allotted that will not be used in any fiscal year may be allotted in that year proportionately to the States which are prepared through available State funds to use the additional Federal funds. And there is hereby authorized to be appropriated annually for each fiscal year the sum of $65,000, or so much thereof as may be needed, which shall be used for the purpose of providing the minimum allotments to the States provided for in this section.

"All money expended under the provisions of this act from appropriations authorized by section 1 shall be upon the condition (1) that for each dollar of Federal money expended there shall be expended in the State under the supervision and control of the State board at least an equal amount for the same purpose: *Provided*, That no portion of the appropriations authorized by this act shall be used by any institution for handicapped persons except for vocational rehabilitation of such individuals entitled to the benefits of this act as shall be determined by the Federal board; (2) that the State board shall annually submit to the Federal board for approval plans showing (a) the plan of administration and supervision of the work; (b) the qualifications of directors, supervisors, and other employees; and (c) the policies and methods of carrying on the work; (3) that the State board shall make an annual report to the Federal board on or before September 1 of each year on the work done in the State and on the receipts and expenditures of money under the provisions of this act; (4) that no portion of any money authorized to be appropriated by this act for the benefit of the States shall be applied, directly or indirectly, to the purchase, preservation, erection, or repair of any building or buildings or equipment, or for the purchase or rental of any lands; (5) that all vocational rehabilitation service given under the supervision and control of the State board shall be available, under such rules and regulations as the Federal board shall prescribe, to any civil employee of the United States disabled while in the performance of his duty."

The following committee amendments were read:

Page 2, line 5, after the word "ending," strike out down through "$1,500,000" and insert in lieu thereof the following: "June 30, 1934, the sum of $1,000,000; for the fiscal year ending June 30, 1935, the sum of $1,000,000; for the fiscal year ending June 30, 1936, the sum of $1,000,000; and for the fiscal year ending June 30, 1937, the sum of $1,000,000."

Page 2, line 18, after the word "appropriated," strike out down through "$65,000," and insert in lieu thereof the following: "for each of the fiscal years ending June 30, 1934, June 30, 1935, June 30, 1936, and June 30, 1937, the sum of $97,000."

The committee amendments were agreed to.

Mr. HOLADAY. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, as amended, line 7, strike out "$1,000,000" and insert "$900,000." Line 8, strike out "$1,000,000" and insert "$800,000." Line 9, strike out "$1,000,000" and insert "$700,000." Line 10, strike out "$1,000,000" and insert "$600,000."

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I make a point of order on the amendment, that the committee amendments have already been adopted.

Mr. HOLADAY. Will the gentleman withhold his point of order?

Mr. DOUGLASS of Massachusetts. I will.

Mr. HOLADAY. Mr. Chairman, the purpose of offering this amendment is to present to the House a question that may go a little further than this particular bill.

For the purpose of this discussion I am willing to admit that the work so far done under these appropriations for previous years has been desirable and beneficial.

But, gentlemen, here is the question that I would like to call to your attention. There is a feeling throughout the country and throughout this House that the Federal Government has gone too far in appropriating Federal funds and forcing the Federal Government into various lines of activity. I am not discussing the question of State rights—that does not worry me especially.

We have gone, and are going year by year, into new and different fields, and as a result of that general policy the country is astounded to discover the amount of Federal expenses.

Admitting that the Government is doing commendable work in the various States, my amendment proposes to cut down the amount $100,000 per year for each of the next four years, looking forward to the day when the Federal Government will be able to retire entirely from this activity.

As far as I know, the money has been well expended. I am not questioning that proposition, but I am calling your attention to the broad general proposition as to whether or not the Government should not commence the policy of retrenchment and gradually withdraw from many fields of activity for which we are now appropriating money. [Applause.]

The CHAIRMAN. The point of order is sustained.

Mr. JONES. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. JONES: Page 3, line 14, after the word "board," strike out the words "for approval."

Mr. JONES. Mr. Chairman, my purpose in offering this amendment is not in any way to interfere with the general purposes of the bill, but to make it possible for each State to gage its program to suit the particular needs of that State. The reason I have offered it is because I have observed in the workings under the Smith-Hughes Act and the Smith-Lever Act, as well as the other matching programs, a tendency to put the whole country in a strait-jacket. I say this not in criticism of any program or activity. It is a human tendency. Given a power there is a tendency to use that power. And there is no power like the control of the purse strings. In many of these other activities the State officials are required to report, signing a great long questionnaire giving information; and if they do not carry on their program just exactly

as the Federal board requires, they can not get the money. In other words, the Federal board dictates the method, plans, and policies throughout the country. Industry is a little different in many of the States from what it is in other States. The State officials of the particular States should be allowed to map out their program in accordance with the needs of their particular States.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. BANKHEAD. In reference to the administration of this fund, has the gentleman any knowledge of any conflict, any instance between the direction of the State fund and the Federal board?

Mr. JONES. I have not. I have not had occasion to investigate. I hope it does not exist. But if not, I can see no need in adopting the limitations and thus avoiding any possibility of such a situation arising. But I do know that in each activity that I have investigated I find they are frequently handicapped because in the particular locality they want them to carry on some form of education, some form of training, that is not especially suited to the immediate locality.

My amendment would leave the board free to submit their plans, to make such suggestions as they want to to the States, and the States would still be compelled to use the funds in accordance with the general purposes of the bill. The Federal board could no longer require as a condition to the allocation of the funds that the States must comply with the literal circumstances, terms, and dictation of the Federal board. This is the only change I have offered. I do not see why that would not be a better form of administration. It may be that the training provided in the State of New York is a little different in its needs and characteristics to suit the industries of that State to that which might be best for Texas or Utah or California. I believe that the authorities of the States in the West and the North and the Northwest are better suited to arrange their plans to suit their needs than is one person in Washington who may be inclined to turn down a program of the State that he had never seen, and with the industries of which he was not familiar.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. JONES. Yes.

Mr. HART. In my State under the Smith-Hughes Act they even dictate the personnel in the schools.

Mr. JONES. I took occasion last summer on complaint to make some investigation, and I found in some instances they have three or four pages of questionnaires, some of them perfectly ludicrous, so far as Texas is concerned. They may be appropriate in some other States. Some of the questions were very proper and pertinent. No doubt all of them were pertinent to some State, some in one and some in another. But I doubt whether all of them were pertinent to any one State. They would be fine as suggestions, but they are poor as dictation. The adoption of this amendment will not interfere in any way with the carrying out of the program. It will simply make the program more flexible, more suited to the needs of the people who would be affected.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I rise in opposition to the amendment and ask unanimous consent that it be again reported.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection; and the Clerk again reported the Jones amendment.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, in the first place, I think the amendment is not at all necessary. That question was briefly discussed before the committee, and we were assured by those in charge of the administration of this act that particular regard was had to the special interests of each State and that the Federal board in Washington, far from trying to antagonize the State authority, was always in cooperation.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. JONES. I wish to state in that connection and for the gentleman's comment, that in the particular cases I investigated they had a form outlined and a form system of questionnaires which they have sent throughout the Nation.

Mr. DOUGLASS of Massachusetts. I assume the gentleman is talking about vocational education in a general way?

Mr. JONES. That is correct.

Mr. DOUGLASS of Massachusetts. The House should bear that in mind. All the gentleman has been saying has been in regard to the general vocational education bill. That is a more elaborate structure than this vocational rehabilitation under discussion and has a more extended purpose, but in the work of the vocational rehabilitation, which, after all, is a very simple work and easily understood, there has not been, on the evidence presented before the committee, any contest or controversy whatsoever between the State and the Federal authorities. Therefore, the amendment itself would be the birth of controversy and contention and should not be inserted in this measure. I hope the amendment will not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The Clerk read as follows:

Committee amendment: On page 4, after line 6, insert the following:

"SEC. 2. Section 3 of such act of June 2, 1920, as amended (U. S. C., title 29, sec. 34), is amended to read as follows:

"'SEC. 3. That in order to secure the benefits of the appropriations authorized by section 1 any State shall, through the legislative authority thereof, (1) accept the provisions of this act; (2) empower and direct the board designated or created as the State board for vocational education to cooperate in the administration of the provisions of the vocational education act, approved February 23, 1917 (U. S. C., title 20, ch. 2), to cooperate as herein provided with the Federal Board for Vocational Education in the administration of the provisions of this act; (3) in those States where a State workmen's compensation board, or other State board, department, or agency exists, charged with the administration of the State workmen's compensation or liability laws, the legislature shall provide that a plan of cooperation be formulated between such State board, department, or agency and the State board charged with the administration of this act, such plan to be effective when approved by the governor of the State; (4) provide for the supervision and support of the program of vocational rehabilitation to be provided by the State board in carrying out the provisions of this act; (5) appoint as custodian for said appropriations its State treasurer, who shall receive and provide for the proper custody and disbursement of all money paid to the State from said appropriations: *Provided*, That any State which, prior to June 30, 1933, has accepted and otherwise complied with the provisions of the act of June 2, 1920, as amended June 5, 1924, as amended June 9, 1930, shall be deemed to have accepted and complied with the provisions of this amendment to said act.'"

Mr. DOUGLASS of Massachusetts. Mr. Chairman, in explanation I will state that this amendment is merely for the purpose of allowing those four States which have not yet come under the provisions of the act to come under it if they so desire. The essential part of the committee amendment is the last sentence, "That any State which, prior to June 30, 1933," which will be the beginning of the operation of the new act if it is adopted, "has accepted and otherwise complied with the provisions of the act of June 2, 1920, as amended June 5, 1924, as amended June 9, 1930, shall be deemed to have accepted and complied with the provisions of this amendment to said act."

That is the section.

Mr. STAFFORD. Will the gentleman yield?

Mr. DOUGLASS of Massachusetts. I yield.

Mr. STAFFORD. Can the gentleman inform the House what four States have declined to come within the purview of the former acts?

Mr. DOUGLASS of Massachusetts. Kansas, Vermont, Washington, and Delaware.

Mr. CONDON. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. CONDON to the committee amendment: On page 5, in line 13, after the word "act," strike out the period and insert a colon and the words: *"Provided, however,* That no State shall be entitled to the benefits of this act if children under the age of 16 years are permitted to be employed in industry in said State."

Mr. BANKHEAD. Mr. Chairman, I make a point of order against the amendment that it is not germane.

The CHAIRMAN. Does the gentleman desire to be heard upon the point of order?

Mr. BANKHEAD. I do not care to argue it. I do not think it is germane to the section of the bill to which it is offered or to the purposes of the bill. I do not think it is a limitation on the authority contained in the section.

Mr. CONDON. Mr. Chairman, in answer to the contention made by the gentleman from Alabama that it is not germane to the purposes of the bill——

Mr. BANKHEAD. And to the section to which it is offered.

Mr. CONDON. I would like to address myself to the contention that it is not germane to the purpose of the bill. The first section of the bill provides—

To provide for the promotion of rehabilitation of persons disabled in industry.

It seems to me that if children of tender years are permitted to be employed in industry there is far more likelihood of their disablement in industry by reason of their tender years than if a limitation such as is proposed in this amendment were included in the bill.

With reference to the contention that it is not germane to the section, the section itself expressly sets out the manner and procedure by which individual States shall get the benefits of this Federal enactment. If there is any part of the act that would be a proper place for the amendment, it seems to me it would be in section 3, where the procedure to be followed by the States in order to get the benefits of the act is distinctly set out in the committee amendment. [Applause.]

The CHAIRMAN (Mr. OLIVER of New York). The Chair sustains the point of order.

The question is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 2. Section 5 of such act of June 2, 1920, as amended (U. S. C., title 29, sec. 34), is amended to read as follows:

"SEC. 5. That the Secretary of the Treasury, upon the certification of the Federal board as provided in this act, shall pay in equal semiannual payments, on the 1st day of July and January of each year, to the custodian of each State appointed as herein provided the moneys to which it is entitled under the provisions of this act. The money so received by the custodian for any State shall be paid out on the requisition of the State board as reimbursement for services already rendered or expenditures already incurred and approved by said State board. The Federal Board for Vocational Education shall make an annual report to the Congress on or before December 1 on the administration of this act and shall include in such report the reports made by the State boards on the administration of this act by each State and the expenditure of the money allotted to each State."

With the following committee amendment:

In line 14, on page 5, strike out the figure "2" and insert in lieu thereof the figure "3."

Mr. JONES. Mr. Chairman, I have an amendment at the end of section 2. I do not want to lose my right to offer the amendment.

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. How far did the Clerk read before the gentleman from Texas proposed his amendment?

The CHAIRMAN. The Clerk has read down to and including line 6 on page 6.

Mr. BANKHEAD. The amendment is to be offered at what point?

The CHAIRMAN. The amendment is proposed at the end of line 13 on page 5.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that the amendment would not be in order. It is too late.

The CHAIRMAN. The Chair would sustain the point of order.

Mr. JONES. Mr. Chairman, then I shall offer it as a separate paragraph, at the end of line 13.

The CHAIRMAN. Will the gentleman withhold his amendment until the committee amendment is acted upon?

Mr. PATTERSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATTERSON. I think the gentleman from Texas is still under a misapprehension. The Clerk has read on page 6 and has already passed the section to which the gentleman refers.

Mr. JONES. No; the Clerk just started to read that when I offered the amendment.

The CHAIRMAN. There is a committee amendment pending which the Clerk has reported.

Mr. STAFFORD. Mr. Chairman, regular order.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. JONES. Mr. Chairman, I offer the amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 5, line 13, after the word "act," insert a new paragraph to read as follows:

"The methods and management shall be within the control of the State authorities. The Federal board may make suggestions and furnish information, but the funds shall not be withheld from any State because of failure of the Federal board to approve the plans and method of such State, provided such State is using the funds herein provided in carrying out the general purpose of this act."

Mr. STAFFORD. Mr. Chairman, I make a point of order against the amendment. I believe the gentleman intends to offer it following line 6, page 6, but as reported it is to follow line 13, page 5. We have passed that section.

Mr. JONES. It properly belongs where I first offered it. I would like to have it there, but the gentleman from Alabama made the point of order it was too late to go back.

The CHAIRMAN. The Chair sustains the point of order against it being offered at that place.

Mr. JONES. Has the paragraph ending with line 13, on page 5, been read?

The CHAIRMAN. Yes.

Mr. JONES. I listened for it. I did not understand where the Clerk was reading.

I would like to offer the amendment, then, at the end of line 6, on page 6.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 6, line 6, after the word "State," insert a new paragraph to read as follows:

"The methods and management shall be within the control of the State authorities. The Federal board may make suggestions and furnish information, but the funds shall not be withheld from any State because of failure of the Federal board to approve the plans and method of such State, provided such State is using the funds herein provided in carrying out the general purpose of this act."

Mr. BANKHEAD. Mr. Chairman, I make the point of order the amendment is not germane to the section.

The CHAIRMAN. Does the gentleman from Texas desire to be heard?

Mr. JONES. Yes; I would like to be heard on the point of order, Mr. Chairman.

The last paragraph on page 5, ending on page 6, refers to the withholding of funds:

The Federal Board for Vocational Education shall make an annual report to the Congress on or before December 1 on the administration of this act, and shall include in such report the reports made by the State boards on the administration of this act.

You will note the report refers to the entire act—not merely to this paragraph. And the section further requires

a report and an accounting of the methods used, the moneys involved and accounted for, and a report—

By each State and the expenditure allotted to each State.

My amendment provides a change in the form of the service that must be rendered. In other words, this whole question of the method of handling, the method of administering, the method of reporting their conduct under, and the handling of the funds under this act are involved, and in this section are the provisions for making the annual report. Here is where they give an accounting of the funds, and here is where provision is made for an accounting as to the general purpose and scope of the act. Any change along the line suggested that covers the general purpose of the act would, it seems to me, be germane at the end of that particular section.

Mr. GREEN. And in that connection, if the gentleman will permit, the committee has just adopted an amendment offered by the committee which was a reinsertion or a reaffirmation of the old act. Therefore, the gentleman's amendment is in order, because we have just adopted one which repeats the old act.

Mr. JONES. I thank the gentleman, and I wish to call attention to the first part of section 5, on page 5:

That the Secretary of the Treasury, upon the certification of the Federal board as provided in this act, shall pay in equal semiannual payments, on the 1st day of July and January of each year, to the custodian of each State appointed as herein provided the moneys to which it is entitled under the provisions of this act.

There is the provision for the payment of the funds. I offer an amendment which will enable him to pay those funds under a little different circumstance. I liberalize the conditions on which those funds may be paid. It is directly germane to the question of whether the Secretary of the Treasury shall honor the requisition and pay the actual money. And I state in the amendment that the funds shall not be withheld because of the failure of the Federal board to approve any plans if the State has complied with the general purposes of the act. It seems to me it is clearly germane to both provisions of section 5.

Mr. BANKHEAD. Unless the Chair is prepared to rule, I would like to make a statement.

The CHAIRMAN. The Chair will be pleased to hear from the gentleman from Alabama.

Mr. BANKHEAD. If I understood the reading of the amendment proposed by the gentleman from Texas [Mr. JONES], the purpose of it, evidently, is to undertake to formulate a different provision from that set out in the bill with reference to the plans for the operation of this law; that is, probably, with reference to the curriculum, methods of training, and things of that sort.

There may have been a proper place, Mr. Chairman, for the gentleman to have offered his amendment, where it might have been germane. For instance, on page 3 of the bill, which we have now passed, are set out matters with reference to the planning of this fund, how the plans shall be made, and such matters; but the gentleman, either by inadvertence or otherwise, failed to offer the amendment at an appropriate place in the bill.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. I will yield in a moment. I ask that the Chair read section 5 of the bill. My point of order is based upon the proposition that the amendment is not germane to this section. The Chair, it seems to me, must inevitably come to the conclusion that the gravamen, the substance of section 5 of the bill has nothing whatever to do with the plans of operation under this bill, but only deals with the fiscal policy of making an accounting of the way in which the funds are expended.

By no possible elasticity of construction, it seems to me, could the Chair read into the proposed amendment germaneness to this section 5 because it says:

That the Secretary of the Treasury, upon the certification of the Federal board, as provided in this act, shall pay in equal semiannual payments, on the 1st day of July and January of each year, to the custodian of each State appointed as herein provided the moneys to which it is entitled under the provisions of this act. The money so received by the custodian for any State shall be paid out on the requisition of the State board as reimbursement for services already rendered or expenditures already incurred and approved by said State board.

It merely relates, of course, to a bookkeeping proposition. It does not go—and it can not go, it seems to me—to an elaboration of the plans with reference to how this fund should be expended or used by the different vocational boards.

The CHAIRMAN (Mr. OLIVER of New York). The Chair is prepared to rule. The point of order is sustained.

The Clerk read as follows:

SEC. 3. Section 6 of such act of June 2, 1920, as amended (U. S. C., title 29, sec. 39), is amended as follows:

"SEC. 6. That there is hereby authorized to be appropriated to the Federal Board for Vocational Education the sum of $100,000 annually, commencing July 1, 1932, for the purpose of making studies, investigations, and reports regarding the vocational rehabilitation of disabled persons and their placements in suitable or gainful occupations, and for the administrative expenses of said board incident to performing the duties imposed by this act, including salaries of such assistants, experts, clerks, and other employees, in the District of Columbia or elsewhere as the board may deem necessary, actual traveling and other necessary expenses incurred by the members of the board and by its employees, under its orders, including attendance at meetings of educational associations and other organizations, rent and equipment of offices in the District of Columbia and elsewhere, purchase of books of reference, law books, and periodicals, stationery, typewriters and exchange thereof, miscellaneous supplies, postage on foreign mail, printing and binding to be done at the Government Printing Office, and all other necessary expenses."

With the following committee amendment:

Page 6, line 7, strike out the figure "3" and insert in lieu thereof the figure "4."

The committee amendment was agreed to.

Page 6, line 11, strike out, after the word "of," the remainder of the line and insert in lieu thereof "$80,000 annually for a period of four years, commencing July 1, 1933."

Mr. McDUFFIE. Mr. Chairman, I move to strike out of the bill, on page 6, line 12, the figures "$80,000" and substitute the figures "$50,000."

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MCDUFFIE to the committee amendment: In line 12, page 6, strike out the sign and figures "$80,000" and insert in lieu thereof the sign and figures "$50,000."

Mr. McDUFFIE. Mr. Chairman, I hope no one thinks I am taking myself seriously enough to believe I am going to stop the passage of this bill, nor that I have gotten to be such an economist I can only see through those glasses. Let me say that I found in 10 minutes after I came here about 13 years ago that this Congress could run pretty well in my absence and for that matter it can get along without any one of us.

However, I want to call attention to this paragraph. It is true this is language carried in many paragraphs of similar nature in appropriation bills. Listen to this:

Actual traveling and other necessary expenses incurred by the members of the board and by its employees, under its orders, including attendance at meetings of educational associations and other organizations.

There is the opportunity to tie in to some other propagandizing firm or organization in the country.

Rent and equipment of offices in the District of Columbia and elsewhere, purchase of books of reference, law books and periodicals, stationery, typewriters and exchange thereof, miscellaneous supplies, postage—

And so forth.

Then they have the authority to hire—

Such assistants, experts, clerks, and other employees in the District of Columbia or elsewhere as the board may deem necessary.

It seems to me that while this would only be a saving of a few dollars it would not interfere with the proper functioning of those clothed with the authority to administer this act. It probably might do away with a nice visit of a member of the board to a distant State to contact or see some cripple in somebody's workshop where that cripple is learning how to half-sole shoes or being

educated in some trade. I respectfully submit a letter might serve the purpose just as well. The travel expenses of our bureaus is an enormous fund, running into many millions.

In the first place, I think this bill ought not to pass, but I think in the administration of this law, which has been in operation for 12 years, we can now restrict the funds allotted for its administration. Assuming we have taught the States—and certainly they have learned something in all of this period of 12 years—how to deal with cripples or handicapped persons, surely there is not the same demand for contact on the part of the Federal Government and for other expenses of administration that would justify the expenditure of $80,000. I submit that $50,000 should suffice.

Remember, these funds are only given to a State after the State complies with the rules and regulations laid down by the Federal Government. Uncle Sam dictates, and properly so, when we use his money.

Mr. ARENTZ. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. ARENTZ. The gentleman has made exactly the same statement I would like to have made when I interrupted the gentleman from Massachusetts [Mr. DOUGLASS] during the delivery of his speech. I am in accord with the gentleman's statement. I think that unless we curtail expenses of this kind we are going to ruin this type of governmental help to those who can not help themselves.

Mr. McDUFFIE. I wish I had the time to read to the committee a report made by a committee that was formed by Secretary Wilbur to study the Federal relations to education. It is quite an interesting volume, and in that report the committee assumes to say that by such proposals as this we have a Federal agency undertaking to dictate as to one particular phase of education or similar activity, and that it is detrimental to the cause of general education in every State. I think that is a fair statement of what that committee said, composed of 40 or 50 great educators of this country.

I call your attention to the possibilities under this language to spend money that is not absolutely essential in a time like this.

I submit to you that $50,000 is ample for the board here in the District of Columbia with which to adequately perform all their duties of supervision. This is a small reduction, it is true, but the principle involved makes it important. The actual work is done and supervised by the various States. The taxpayers of this Nation wish to cut down Government expenses. Let us set an example even in this small sum. I do not doubt the bill will pass as presented by the committee; and I may be wasting your time, yet I hope I may be pardoned for taking the time.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I am a little bit amazed at the attitude of the gentleman from Alabama, considering the fact that in his economy report he expressly precluded the abolition of this Board of Rehabilitation that he is now arguing against. I do not question his sincerity. I have always admired him, but I do not know why the gentleman did not do his work then instead of reserving it until this moment.

Mr. McDUFFIE. I will answer the gentleman. Because this law was to go out of existence, this activity was to cease, and we thought there was some hope of its ceasing. We did not know the gentleman's committee was going to bring it back here and put another $4,000,000 charge on the Federal Treasury.

Mr. DOUGLASS of Massachusetts. In answer to that I will say that if the Economy Committee had been attending to its business and if the Economy Committee had been functioning as it should have been functioning it would have known that the Committee on Education had this report in nearly two months ago. However, that is no answer to my question.

I am not wedded to the amount of $80,000. I must confess that I am taking the word of the Rehabilitation Board as expressed to the committee, and I am but voicing the sentiment of the committee that they were agreeable to what was reported to them by the Rehabilitation Board as the amount necessary to administer this law.

Of course, as the gentleman from Alabama has said, this is the usual authorization in every appropriation bill of this kind. Why did not the gentleman pick his flaws in the other appropriation bills? Why does the gentleman use his eloquence and his ability to attack this particular matter without giving any reason for his position? The gentleman simply makes the broad statement here that $50,000 will be enough, and gives no facts to prove that that amount would be sufficient. On the other hand, I am speaking for the committee, and I am taking the word of what I regard as an honest and efficient agency of this Government, which states that in its opinion it will require this amount for the supervision of the work throughout the 48 States of the Union, and the board has been working on this proposition, under your authority and under your legislation, for 12 years. It is their business, under the law, to supervise the work, to make personal investigations of how these cripples and disabled are making out, and when they say they need this much money, I believe they know the facts. I believe they are honest in their calculation, and I propose that we adopt their recommendation. [Applause.]

Mr. PATTERSON. Will the gentleman yield to me?

Mr. DOUGLASS of Massachusetts. Yes.

Mr. PATTERSON. We have already cut them $20,000 below what they asked for originally.

Mr. DOUGLASS of Massachusetts. That is the fact.

Mr. PATTERSON. And as my distinguished and beloved colleague from Alabama has pointed out, with respect to the item of travel, on this kind of work you can not dispense with travel in getting in contact with these people.

Mr. DOUGLASS of Massachusetts. That is quite true. I want to reinforce the statement that the original proposition was $100,000 and the Committee on Education, in its sincerity, figured it would not give them the $100,000 but would give the present amount of $80,000.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

I desire to insert in the RECORD copy of a letter and statement I have received from the director of vocational education in Texas, Mr. J. J. Brown, which explains the work that has been done in our State.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to revise and extend his remarks as indicated. Is there objection?

There was no objection.

Mr. PATMAN. I can not understand why there is so much said against a small appropriation for the benefit of crippled children. There is only a small amount involved, and if we are going to make a mistake, let us make the mistake in the interest of the crippled children.

I believe this is a great work. Much has been accomplished for poor people who could not be assisted in any other way.

Mr. McDUFFIE. Will the gentleman permit an interruption there?

Mr. PATMAN. Certainly.

Mr. McDUFFIE. The gentleman's State gets $20,000 of this money. Does the gentleman assume to say that the great State of Texas, of which the entire country is proud, would neglect its crippled, its halt, its lame, and its blind if it did not get this $20,000?

Mr. PATMAN. Possibly not.

Mr. McDUFFIE. Surely not.

Mr. PATMAN. But anything I can do by voting for a bill that will encourage Texas or any other State to conduct this work I shall be very glad to do it.

Mr. McDUFFIE. Texas does not need any encouragement along that line.

Mr. PATMAN. If Texas did continue the work, possibly others would not, and we want to encourage this work throughout the United States.

The gentleman desires to reduce this amount by $30,000. The Committee on Education has passed on this, and I am

willing to follow what the Committee on Education has done. How much is $30,000? There are many ocean mail contracts that have been let in recent years. There was one contract let last year to a steamship company to carry ocean mail and the contract price is $25,000 a trip, with 52 trips a year. How much mail do they carry? As low as 1 pound of mail, and they receive $25,000 a trip for carrying this mail.

Mr. BANKHEAD. Will the gentleman yield?

Mr. PATMAN. Yes; I shall be pleased to yield to the gentleman.

Mr. BANKHEAD. The committee, of course, will bear in mind that this is merely an authorization of this amount. The Committee on Appropriations, which is now giving all these appropriations very careful scrutiny, has the right, if it thinks proper to do so, to cut this appropriation when the time comes.

Mr. PATTERSON. Or even to dispense with it.

Mr. PATMAN. Under one of these contracts to carry ocean mail $25,000 a trip is spent for no good purpose in the world.

Mr. McDUFFIE. Will the gentleman yield?

Mr. PATMAN. Yes; certainly.

Mr. McDUFFIE. Of course, the gentleman does not mean to say the Government is paying $25,000 to carry one letter across the ocean.

Mr. PATMAN. One pound of letters, and I suspect as low as one letter.

Mr. McDUFFIE. That is not the basic purpose. The gentleman knows that when we found ourselves in the throes of a great world-wide conflagration we had no ships upon the sea, and this is a means, if you please, of establishing the American flag upon the seas. The gentleman is not quite as fair as he usually is in comparing this proposition to the ocean mail contracts.

Mr. PATMAN. I know what the gentleman is going to say. The gentleman would leave the impression that it is necessary to subsidize these steamship companies in order to have a merchant marine.

Mr. McDUFFIE. That is absolutely true.

Mr. PATMAN. Why subsidize steamship companies that own foreign ships under foreign flags and operate them over the same routes used by the subsidized lines? They are in that way using the subsidies of the Government of the United States to keep up steamship lines flying foreign flags.

Mr. McDUFFIE. I do not think the Congress has ever been in favor of doing that.

Mr. PATMAN. They are doing it.

Mr. McDUFFIE. I myself am certainly not in favor of subsidizing foreign ships.

Mr. PATMAN. They are certainly doing it indirectly.

Mr. McDUFFIE. It should not be done.

Mr. PATMAN. And they are subsidizing two steamship lines to carry mail to the same port. That should not be done either, but it is being done.

I merely mention these facts to show you the insignificance of this amount. If we are going to make a mistake, let us make a mistake in favor of the crippled children and, certainly, not reduce this amount below $80,000. [Applause.]

SUBSIDIZED STEAMSHIP LINES AND VETERANS' RELIEF

Mr. Archibald Roosevelt heads the self-styled national economy committee, which wants to reduce veterans' relief. In 1930 the Roosevelt Steamship Co., of which Mr. Roosevelt was part owner and a director, secured a 10-year contract from the Government to carry the mail from Baltimore to Hamburg. The distance is 4,077 miles. The contract price is $6 a mile for 52 trips a year, which amounts to $24,462 a trip or $1,272,014 a year. The service commenced July 1, 1931. To date the Government has actually paid by reason of that contract the sum of $807,246. Other steamship lines would have rendered the same service for not to exceed $28,246. Therefore, Mr. Roosevelt's company received a gift from the Government amounting to $779,004. The Roosevelts are jointly interested with J. P. Morgan in several steamship lines that have contracts to carry ocean mail. One of their vessels went from New York by Plymouth to London a short time ago. It carried 2 pounds of letters. The statutory price for such service is 80 cents a pound. The Roosevelts and Mr. Morgan received the contract price of $6 a mile, $20,214 for the trip, or a gift of more than $20,212. Another steamship company during the last fiscal year rendered service of the value of $95 but received from the Government for this service the sum of $607,792.50. Many other amazing illustrations could be given. I commenced a fight against these gifts January 18, 1930, as disclosed by the CONGRESSIONAL RECORD of that date. I have recently been waging a fight against international bankers for sandbagging the small banks and for selling the people worthless foreign securities.

The names of representatives of favored shipping interests and international banks appear on the list of Economy Committee members. This committee would like to distract attention of the people from ocean mail subsidies and Colombian bonds to veterans' relief.

EVERY SENSE OF DECENCY VIOLATED

It violates every sense of decency for a group of persons receiving such gifts from the Government to ask that insurance benefits, which the veterans paid for with their own money, and hospital benefits for service-connected disabled be cut off or reduced. These benefits would have to be eliminated in order to make the reduction requested by the so-called Economy Committee. Why not reduce Government costs by cutting off these outrageous gifts being handed out to Mr. Roosevelt, Mr. Morgan, and other members of the Economy Committee?

I expect to commence proceedings in the House within the next few days to prevent further payments on ocean mail contracts. If such a measure is enacted, the Government will be saved hundreds of millions of dollars in excess of the actual cost of mail transportation and without interfering with the service in any way.

Under leave to extend my remarks I insert the following:

Statement showing the weights of mails conveyed by contract steamers of the Baltimore Mail Steamship Co. (Roosevelt Steamship Co.) each month during the period from July 1, 1931, to April 30, 1932, the contract cost, and what the cost would have been at poundage rates

	United States mails			Cost, weight basis	Cost, contract rate
	Letters	Prints	Parcel post		
1931	*Pounds*	*Pounds*	*Pounds*		
July	31	608	347	$101.20	$24,462.00
August	47	14,664	25,161	3,223.60	48,924.00
September	46	540	27,568	2,285.44	48,924.00
October	144	2,212	36,984	3,257.98	97,848.00
November	222	2,233	38,461	3,433.12	73,386.00
December	2,066	9,998	67,797	7,876.40	122,310.00
1932					
January	409	6,066	21,426	2,426.56	97,848.00
February	103	2,565	18,675	1,781.60	97,848.00
March	110	3,518	23,473	2,247.28	122,310.00
April	70	1,967	17,499	1,613.28	73,386.00

VOCATIONAL REHABILITATION

AUSTIN, TEX., *February 2, 1932.*

Congressman WRIGHT PATMAN,
Washington, D. C.

MY DEAR MR. PATMAN: A rehabilitation bill which deals with our work is now in Congress. It was introduced by Hon. WILLIAM B. BANKHEAD, of Alabama, and is H. R. 4743. This bill provides for a continuance of Federal aid for our work.

On the attached list you will find a few salient facts concerning the work in this State, and I am sending this to you solely for the purpose of better acquainting you with our work and what we have been doing.

We have had 901 cases reported to this department. Out of the 901 cases, we have rehabilitated at the present time 118 and have 221 people in training. This means that 562 cases that have been reported have not been placed in training. Many of these cases have not been visited, quite a few have been found not eligible, and others are in a state of preparation for training. In other words, placed back in high schools or else placed in hospitals for further physical improvement.

The administration of the work in this State has been limited, since our staff consists of myself and one stenographer here in Austin, and an assistant supervisor located in the Chamber of commerce building in Dallas. The assistant was necessary since we had such a heavy load in the Dallas territory, perhaps largely due to the oil fields and industrial plants.

We have tried to place on the attached sheet such information as we thought you would want to have in your possession at the time the bill was brought before the house.

This office will be glad to answer any questions at any time that you may desire to ask of us, and we will be glad, indeed, to furnish you any information of any nature concerning our work.

As a member of the governor's committee for the relief of unemployment, it is our honest opinion that the rehabilitation department in our State has a greater opportunity for the permanent relief of unemployment than any other agency in our State.

We believe that rehabilitation for disabled people is sound to the very core from an economic standpoint, since it has been costing us only about $296 for each case rehabilitated and taken from a state of unemployment to that of making an honest livelihood.

We hope that Texas will receive your support for H. R. 4743, and, in behalf of the disabled people in our State, we appeal to you for your favorable consideration and your support in continuing this "right of citizenship" enjoyed by handicapped people for 13 years and more needed by them at this time than at any time since 1920.

Thanking you for your support and cooperation in helping these disabled people in our State to regain their earning power, in order to be able to work and support their families, we are,

Yours very truly,

J. J. BROWN,
Supervisor Vocational Rehabilitation.

A FEW SALIENT FACTS CONCERNING THE REHABILITATION PROGRAM IN TEXAS

1. Definition: Civilian vocational rehabilitation is a service of vocational counselling, guidance, training, and placement in employment for all disabled adults. It prepares them and helps them become established in occupations in which they can work successfully and support themselves and their dependents.

2. In 1920 the Federal Congress passed the first law providing for the vocational rehabilitation of disabled civilians in cooperation with the States. This service has been continued "as a right of citizenship" to all disabled persons by amendments to the original act in 1924 and 1929. The present act expires June 30, 1933.

3. Since 1920 the Federal Government has appropriated $1,000,000 annually, which has been allotted to the States according to population. Texas receives under the 1930-census allotment $47,631.06.

4. Our State does not match the Federal allotment, but appropriates $30,000, making a total of $60,000 available for rehabilitation each year. The next legislature will more than likely match the full amount since they have given a substantial increase each year to take care of the increase in work.

5. Since rehabilitation service was established in our State 901 people have applied for rehabilitation service.

6. We now have 339 people who have applied for rehabilitation and are being served by our department.

7. Rehabilitation in Texas is administered as a division of the department of public instruction under authority of the State board for vocational education. The personnel of the administrative staff for the State of Texas consists of:

	Salary
State supervisor, Austin	$3,500
Assistant supervisor	3,150
Secretary	1,500
Part-time bookkeeper	250

8. Total expenditures from State funds in our State since rehabilitation was established to January 1, $33,691.06.

9. We have a waiting list of 562 people wanting and needing the services of the rehabilitation department who will be served just as soon as we can get to their cases.

10. At the last session of our State legislature appropriations for rehabilitation were increased from $12,500 to $30,000.

11. During the last two years the number of persons applying for rehabilitation service has increased 477 per cent.

12. Forty-four States have accepted the benefits of the Federal act and are now carrying on rehabilitation programs.

The following information is being sent out by Mr. Brown to the interested people of Texas:

A CHANCE FOR DISABLED CIVILIANS

Service to those (1) injured in industry; (2) disabled through sickness or disease; (3) physically impaired from birth; (4) physically handicapped from public accident.

Division of vocational education, State department of education, Austin, Tex.

VOCATIONAL REHABILITATION

I. Its purpose

It is the purpose of vocational rehabilitation to render physically handicapped persons fit to engage in occupations which will make them self-supporting, thereby creating happiness and contentment among those individuals and families affected, reducing the number of those seeking charity, lowering county and State expenses for public charges, and checking social agitation and distress through proper social and economic methods.

II. Methods of work

Vocational rehabilitation consists of three phases—advisement, training, and placement. The disabled person is counseled in the selection of a desirable vocation, then given training for the occupation selected and agreed upon in such a manner that the trainee may later use the information gained to follow his chosen vocation; and upon the completion of his training every effort is made to place the rehabilitant in satisfactory employment. The placement in employment is followed up with careful, systematic, regard for the ultimate success of the rehabilitation program.

III. Who are eligible

To be eligible for rehabilitation one must:

1. Have a physical defect or infirmity, whether constitutional or acquired by accident, injury, or disease.

2. Be totally or partially incapacitated for remunerative occupation.

3. Reasonably be expected to be fit to engage in a remunerative occupation after completing a rehabilitation course.

4. Be 16 years of age or over. There is no upper age limit so long as rehabilitation is feasible.

5. Have been a bona fide resident of the State of Texas at the time the disability was incurred, or have lived in the State at least one year prior to time of making application for aid.

The disabled person may be male or female, and of any race.

IV. Not eligible

1. Aged or helpless persons requiring permanent custodial care.

2. Epileptic or feeble-minded persons, or any person who in the judgment of the State board of vocational education may not be susceptible of rehabilitation.

This work is for civilians and has no connection with the work being done by the Veterans' Bureau for disabled ex-service men.

V. How you can help

You can materially aid this great movement by reporting any disabled man or woman in your community on the attached post card. Action will be taken promptly upon receipt of your information.

EXPENSE OF TRAINING

Joint Federal and State funds are available for defraying instructional expenses. These expenses include tuition, which may include books, laboratory fees, and any necessary individual equipment not furnished by the institution or shop giving training.

NOT A CHARITY

In no sense of the word is vocational rehabilitation a charity. It is as definite a part of the plan of public education as are our grammar schools, high schools, colleges, and universities. For the highest development, State and Nation have recognized the necessity of offering special training to incapacitated workers in order that they may fulfill their duties of citizenship, just as they have observed the need of educating every child so that he may fulfill his obligation as a citizen.

(For further information, write J. J. Brown, supervisor of vocational rehabilitation, Capitol Station, Austin, Tex.)

Mr. BLACK. Mr. Chairman, I have been a member of this committee since I have been a Member of the House, and I have paid a great deal of attention to this particular proposition. In the hearings on this Bankhead bill I was very critical of the sum expended in the administration of the bill. I dislike very much to leave the committee at this juncture, but I feel that I must support the amendment of the gentleman from Alabama.

Eighty thousand dollars to take care of the salaries and traveling expenses of six workers on this board I think is entirely too much. We have all over Washington too many reports piled up, too many investigations, too many hearings, all of which are never read.

I think the administration of organized charity—and this is a governmental charity, if there is such a thing—has too much overhead for the amount expended in actual service to the cripples. This cut would be a fine example for organized private charities.

I would much rather see the money taken away from the salaries and traveling expenses and the reports and spread over the actual relief for the dependents. It would be a far better proposition to cut down the amount appropriated for administration. I think that is one of the places where we can economize. It is not a large amount proposed to be cut down. Let charity pay those that need it and cut down the overhead. [Applause.]

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I am surprised to find the distinguished chairman of the Claims Committee rising in behalf of the amendment offered by the distinguished economy expert in this House, the gentleman from Alabama.

A careful reading of the bill and committee report indicates that the whole administrative cost has already been reduced from $100,000 to $80,000; and yet in the name of economy, in the name of the taxpayers, the chairman of the Economy Committee, the gentleman from Alabama, proposes

to cut the appropriation still farther, to save a few thousand dollars for the Treasury of the United States.

It was not many weeks ago that the appropriation for prohibition enforcement under the Coast Guard and for the Prohibition Bureau and the Bureau of Industrial Alcohol was pending in the House, with a total annual appropriation for administration expenses of over $40,000,000. Where was the economy expert, the gentleman from Alabama, then?

Mr. McDUFFIE. I did not quite hear the gentleman's statement.

Mr. SCHAFER. A few months ago this House appropriated for the Bureau of Industrial Alcohol, the Prohibition Bureau, and the Coast Guard a total of over $40,000,000 for enforcing the prohibition laws. Where was the gentleman from Alabama, the head of the Economy Committee? Was he bleeding and dying on the floor of the House trying to effect an economy in the name of the taxpayers, the Budget, and the Treasury? No!

A few days ago, after the Economy Committee had supposedly saved $40,000,000 for the poor, battered Treasury, when the House passed the economy bill, after it had been emasculated, by a big majority. Two days later where was the gentleman from Alabama, the chairman of the Economy Committee, when a measure was brought before this House asking for the expenditure of $68,000,000 for Muscle Shoals? That expenditure was not opposed but demanded by the gentleman from Alabama, and the gentleman from Tennessee, who is also a member of the Economy Committee.

This Muscle Shoals appropriation is to be expended in Alabama and Tennessee, so it was deemed proper by the gentlemen from Alabama and Tennessee, members of the Economy Committee, to authorize almost double the estimated savings in the economy bill when it passed the House. And the gentleman from Tennessee is another alleged economy expert. Gentlemen, you are not consistent in your alleged fight for economy in the interest of the taxpayers. I sincerely hope that no Member of this House will follow the chairman of the alleged Economy Committee, the discredited committee of the House, in his bold attempt to make a gesture to show the people that he stands for economy.

The chairman of the Committee on Education properly indicated that the chairman of the Economy Committee did not know what that committee was considering in its drive for economy, because the Education Committee had reported this pending bill and it was on the calendar with a favorable, unanimous report before the Economy Committee was created. The failure of the Economy Committee must satisfy you Democrats. It was your creation and the responsibility is yours. When you voted to create the committee, as I said on the floor of this House in opposition to the creating resolution, you confessed the inability of the Democratic Party, which controls the House of Representatives, to function through the regular standing committees of the House, which are composed of a majority of Democratic Members. Then you are going to ask the people of the country to put the Democrats in power in the Senate and a Democrat in the White House, after you have fallen down so miserably in the control of the House. Oh, you talked about tariff iniquities during the campaign, but when you took control of the House of Representatives where tariff legislation must originate, you did not even attempt to reduce any of the tariff rates you vehemently denounced, not even the tariff on aluminum pants' buttons, but passed a bill to submit all tariff rates to a League of Nations in accordance with the well-established League of Nations policy to which President Wilson had committed the Democratic Party.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I move that all debate upon this paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. REED of New York. Mr. Chairman, when this bill was before the committee, it was proposed to increase the amount over what is now carried in the bill by $500,000. It was also proposed to increase the administrative cost to $100,000. The amount was reduced $500,000, notwithstanding the fact that for every cripple who is obtaining this much-needed service three are unable to obtain it. The committee has cut the administrative cost, and it is proposed now in the name of economy to take $20,000 more off that cost in a service that is dealing with people crippled in industry, and particularly crippled children. I call attention to the fact that a little over 10 years ago the question of rehabilitating children and grown people was almost a new study in this country, and as a result of the stimulation which has been carried on through Federal activity the States have become interested. Fraternal organizations have taken up part of that load, such as the Shrine, Rotary, and the Kiwanis, and they are much interested in looking after the crippled children. It is a new study. You can not put a lot of cripples together into a class under one teacher. It is a specialized work that requires infinite patience, research, and personal supervision.

Mr. HOLADAY. Mr. Chairman, will the gentleman yield? I think the gentleman made a misstatement. The committee has not cut the amount from the original $80,000.

Mr. REED of New York. We cut it in the bill from $100,000 to $80,000.

Mr. HOLADAY. The bureau raised it from $80,000 to $100,000, and this committee put it back to $80,000.

Mr. REED of New York. And it is now proposed to put it back to $60,000. This work requires a lot of research. A man will come in without arms. There was a time when he would be a hopeless derelict. To-day you find such men holding positions, rendering faithful service, helping support families. I know of a case where the child was withered from the hips down, crawling around on all fours, and when company came to the house the parents would put the child out of sight. This child has been educated and trained and is now holding a responsible position helping to support the family. You can take those illustrations by the hundred. It is a subject requiring study not only in this country but in the whole world, and study is being given to it. When I think of all the waste and the pork in some of the bills that go through Congress, the idea of trying to impair this service by a saving of $20,000 seems to me too ridiculous to be brought up before the American Congress. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. McDUFFIE) there were—ayes 41, noes 56.

So the amendment was rejected.

The CHAIRMAN. The question now is on the committee amendment.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 4. This act shall take effect on July 1, 1932.

With the following committee amendment:

Line 5, page 7, strike out the figure "4" and insert the figure "5."

The amendment was agreed to.

The Clerk read as follows:

Committee amendment: In line 5, strike out the figures "1932" and insert "1933."

Mr. CONDON. Mr. Chairman, I offer an amendment to the committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CONDON: Page 7, line 6, after the figures "1933," strike out the period and insert a comma and the following words: "but it is hereby expressly provided that upon the petition of the governors of at least 13 of the several States the Supreme Court of the United States is hereby invested with the original and exclusive jurisdiction to determine the constitutionality of this act, and said court shall prescribe the procedure in order to bring such petition before it for determination."

Mr. LaGUARDIA, Mr. BANKHEAD, and Mr. PATTERSON made a point of order on the amendment to the committee amendment.

The CHAIRMAN (Mr. OLIVER of New York). The Chair sustains the point of order.

The question is on the committee amendment.

The committee amendment was agreed to.

Mr. DOUGLASS of Massachusetts. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 4743, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

Mr. DOUGLASS of Massachusetts. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse.

The committee amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. HOLADAY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. HOLADAY. I am.

The SPEAKER. Is the gentleman a member of the committee?

Mr. HOLADAY. I am not.

The SPEAKER. Is there any member of the committee opposed to the bill who desires to offer a motion to recommit the bill? If not, the Clerk will report the motion of the gentleman from Illinois.

The Clerk read as follows:

Mr. HOLADAY moves to recommit H. R. 4743 to the Committee on Education with instructions to that committee to report the bill back forthwith with the following amendments: Page 2, line 7, strike out "$1,000,000" and insert "$900,000"; page 2, line 8, strike out "$1,000,000" and insert "$800,000"; page 2, line 9, strike out "$1,000,000" and insert "$700,000"; page 2, line 10, strike out "$1,000,000" and insert "$600,000."

Mr. DOUGLASS of Massachusetts. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. HOLADAY) there were—ayes 43, noes 69.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. DOUGLASS of Massachusetts, a motion to reconsider the vote by which the bill was passed was laid on the table.

THE TRADE VALUE OF ALASKA TO THE UNITED STATES

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the question of the value of Alaska to the United States.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, there are some powerful and responsible Members of the United States Congress who, having neglected to examine carefully into the intimate financial affairs between Alaska and the United States, declare that it is a mistake for the Government to give further aid toward the development of Alaska; that the great Territory is worthless, its natural resources exaggerated, the public funds spent there wasted; that the Alaska Railroad ought to be wrecked, its rails torn up, and the project abandoned; that the Territory is a burden upon and a loss to the people of the United States. These official criticisms are important, if true—but are they?

For the purpose of correcting these false impressions and presenting the trade value of Alaska in its true relation to the United States the following statement has been prepared from official sources. It will disclose the real value of the great Territory to the people of the United States who own it.

1. UNITED STATES TREASURY CASH ACCOUNT WITH ALASKA, 1867–1931

Following is a Treasury statement made by the Assistant Secretary giving the total receipts from and expenditures on account of Alaska from the date of the purchase from Russia on March 30, 1867, to December 31, 1931, inclusive:

TREASURY DEPARTMENT,
Washington, February 6, 1932.

DEAR MR. WICKERSHAM: Referring to your letter of December 24, 1931, and to conversations with your office since that date in regard to a statement showing the aggregate totals of the expenditures and receipts of the Government pertaining to the Territory of Alaska, the following is now submitted for your information:

Statement of the receipts and expenditures on account of Alaska for the fiscal years 1869 to 1931, inclusive

Fiscal years	Receipts	Expenditures
1869–1924	$28,476,960.23	$127,116,424.60
1925–1931	21,880,700.42	73,000,862.32
Total	50,357,660.65	200,117,286.92

The figures shown above include the Postal Service, but the expenditures are exclusive of the purchase price of $7,200,000 for Alaska. These figures, of course, do not include Territorial receipts that are not deposited in the Treasury of the United States nor the expenditures made by the Territorial government from such receipts.

* * * * * * *

Respectfully,

A. A. BALLANTINE,
Assistant Secretary of the Treasury.

A further statement from the Treasury Department gives the annual receipts and expenditures included in the above totals, as follows:

Statement of receipts and expenditures on account of Alaska by fiscal years from 1869 to 1931, inclusive (Group I, 1869 to 1924, based on Treasury statements; Group II, 1925 to 1931, based on Department of the Interior statements)

	Receipts	Expenditures
GROUP I		
1869	$18,879.26	$12,253.43
1870	17,653.04	96,700.41
1871	106,336.74	42,606.33
1872	325,684.06	34,441.46
1873	307,852.65	32,492.44
1874	365,318.96	16,444.55
1875	318,938.56	14,259.21
1876	317,950.48	11,742.73
1877	291,536.59	17,070.19
1878	259,336.13	35,251.71
1879	318,288.06	27,502.85
1880	320,187.06	45,268.93
1881	320,297.91	19,654.89
1882	318,674.30	39,798.76
1883	321,738.80	47,512.76
1884	253,439.93	49,148.14
1885	318,168.32	101,284.77
1886	320,809.66	79,520.39
1887	322,647.04	150,952.37
1888	321,565.94	133,572.86
1889	327,848.65	161,534.02
1890	291,000.70	206,331.01
1891	302,372.15	194,861.85
1892	60,526.85	292,001.02
1893	41,226.68	290,194.42
1894	124,259.38	249,854.82
1895	189,517.71	296,288.13
1896	175,991.60	366,349.19
1897	336,061.00	307,732.96
1898	284,038.36	1,056,331.64
1899	302,295.53	637,973.43
1900	494,937.22	671,721.42
1901	523,622.78	1,316,855.18
1902	474,325.09	1,325,086.21
1903	503,910.12	1,769,832.69
1904	525,393.45	2,007,798.05
1905	459,299.12	1,981,545.86
1906	533,561.85	1,778,107.66
1907	580,177.23	2,136,600.72
1908	579,705.95	2,242,034.35
1909	581,380.36	2,666,341.87
1910	734,601.10	2,804,670.19
1911	901,166.01	2,759,168.52
1912	855,539.93	2,755,017.94
1913	616,935.22	3,029,638.71

Statement of receipts and expenditures on account of Alaska by fiscal years from 1869 to 1931, inclusive (Group I, 1869 to 1924, based on Treasury statements; Group II, 1925 to 1931, based on Department of the Interior statements)—Continued

	Receipts	Expenditures
GROUP I—continued		
1914	$603,879.72	$2,783,783.37
1915	459,167.80	3,386,785.19
1916	676,172.21	7,006,801.62
1917	831,044.83	12,523,642.14
1918	1,097,678.30	14,550,558.70
1919	1,172,563.06	8,023,526.58
1920	2,330,875.79	9,312,499.61
1921	1,966,836.44	13,420,175.93
1922	1,022,190.35	7,178,865.29
1923	1,111,507.38	7,917,780.10
1924	940,046.79	6,700,655.07
Total, 1869 to 1924	28,476,960.23	127,116,424.60
GROUP II		
1925	2,566,478.58	10,473,173.42
1926	2,808,048.80	10,023,893.98
1927	3,143,612.31	9,679,951.74
1928	3,180,460.41	9,975,419.55
1929	4,187,603.28	10,211,318.32
1930	3,713,067.09	11,084,652.15
1931	2,280,829.95	11,552,453.16
Total, 1925 to 1931	21,880,700.42	73,000,862.32
Total, 1869 to 1931	50,357,660.65	200,117,286.92

These two official statements are quoted at length because they show the total cash account between the United States and Alaska from 1867 to 1931, the total cash receipts paid into the National Treasury by Alaska, and the total cash expenditures paid by the people of the United States out of the National Treasury for all national expenditures for or on account of Alaska for that period.

It is necessary, however, to add to the item of total expenditures given above the amount of the purchase price paid to Russia for Alaska to get the grand total, as follows:

Expenditures as above	$200,117,286
Add purchase price	7,200,000
Grand total expenditures	207,317,286

This grand total includes every dollar spent by the people of the United States out of the United States Treasury for the original purchase price of Alaska from Russia and for and on account of every other expenditure pertaining to Alaska from 1867 to December 31, 1931—a period of 64 years. It represents the total capital investment the people of the United States have made in that Territory through their National Treasury.

From this grand total of "expenditures" against her Alaska is entitled to a credit for cash "receipts" paid in the sum of $50,357,660—

Grand total expenditures by the United States	$207,317,286
Subtract "receipts" from Alaska	50,357,660
Net balance due the United States	156,959,626

This statement shows two important facts clearly: First, that the net investment on the part of the United States in Alaska amounts to $156,959,626 only; and second, that Alaska has repaid to the United States Treasury a sum equal to 25 per cent—one quarter—of the grand total of all rational expenditures charged against the Territory from 1867 to 1931. The Territory has repaid to the United States, in cash, one-quarter of the original purchase price paid to Russia for the Territory; one-quarter of the total cost of establishing and maintaining civil government there; one-quarter of the United States military and naval occupation, official salaries, court expenses, the collection of customs and internal revenue; one-quarter of the total cost of the Alaska Railroad, military roads, trails, and bridges—in short, one-quarter of all United States Government expenditures of every kind and character paid for or on account of Alaska by the United States from 1867 to December 31, 1931.

This Treasury cash account also shows the total net capital investment the United States have in Alaska at the close of the year 1931 amounts to $156,959,626!

2. ALASKA'S CREDIT ACCOUNT WITH THE UNITED STATES

Having ascertained the total and net amount of capital invested in Alaska by the United States, let us now find the total credit due to Alaska from the people of the United States, so these figures may have some meaning to persons interested in the problem. It will be interesting to begin this account with some consideration of the principal sources of natural wealth the Territory has produced, in comparison with the small investment which produced and translated them into American trade values.

ALASKAN FURS

Raw furs were the first of the natural resources of Russian America to be exploited by the Russian discoverers. In 1799 the Czar granted the first charter to the Russian America Co., and with it a monopoly of the fur trade in the colony and the supreme control of its civil government. For more than 100 years prior to 1867 the Russians confined their activities entirely to hunting the rich sea otter and fur seal along the coasts, though they purchased land furs from the interior natives. It is estimated that the Russians took out of Russian America between 1745 and 1867 furs to the value of $44,584,000 and left the region quite bare of its most valuable stock. Russia made no effort to colonize the country with free settlers or to develop its fisheries or other natural resources. Its company servants were generally convicts from Siberia, while its native hunters were impressed and poorly paid. When intensive hunting finally depleted the fur-bearing animals, the Russian Government concluded the country was otherwise worthless and sold it to the United States in 1867 for $7,200,000.

When the flag of the United States was raised at Sitka on October 18, 1867, a crowd of vigorous western Americans, filled with the ideas, genius, and energy of a free colonizing people came upon the scene. While the American and Russian military officials were engaged in arranging the formalities for the transfer, a shrewd Baltimore merchant, who had accompanied the American representative sent out to take possession of Alaska in the name of the United States, was closeted with the retiring governor of Russian America and before the ceremony of transfer had closed that day, he had purchased the fleet of Russian vessels formerly used in the Russian fur trade along the Alaska coast.

In 1870 the Alaska Commercial Co. secured the first United States lease of the fur-seal islands for a term of 20 years; in 1890 the second 20-year lease was signed. In 1910 the Government refused to grant another lease, but through its Department of Commerce entered into the control of this fur-seal business as a Government monopoly, which it has conducted ever since in connection with the international claims of Canada, Japan, and Russia.

The Treasury Department prepared a statement showing the total annual receipts obtained by the United States from the fur-seal islands from 1871 to 1931, of which the following is the official summary:

Summary showing receipts of the United States from the Alaska fur-seal islands, 1871–1931

Tax on sealskins	$8,451,711.67
Sale of sealskins	5,680,375.72
Sale of fox skins	916,018.35
Rent of islands for taking seals	990,000.00
Rent of islands for propagating foxes	9,900.00
Total	16,048,005.74

While this total sum is credited to Alaska in the cash-account "receipts" of $50,357,666, no part of it has ever been paid to or expended in any way for or on account of Alaska—it has gone into the United States Treasury.

THE TOTAL MARKET VALUE OF ALL ALASKA FURS

The above summary showing the receipts of the United States from the Alaska fur-seal islands from 1871–1931 does not include the market value of the seal-island furs nor any account of the market value of raw furs from Alaska generally. The market value of both the seal islands and all other Alaska furs is shown in the following official statement:

DEPARTMENT OF COMMERCE,
BUREAU OF FISHERIES,
Washington, April 4, 1932.

Subject: Value of fur products of Alaska, 1868–1931.

DEAR JUDGE WICKERSHAM: Referring to your recent oral request, I am pleased to transmit herewith a tabulation showing the production of raw furs by Alaska from 1868 to 1931, inclusive. In accordance with your wishes the value of the fur-seal skins has been separated from the value of other furs. The figures thus submitted have been compiled from the best-known sources for such material. The Bureau of Biological Survey has collaborated and cooperated in this undertaking in regard to figures for furs other than fur-seal skins.

Very truly yours,

HENRY O'MALLEY, *Commissioner.*

Value of raw furs from Alaska, 1868 to 1931, inclusive

Year	Value of fur-seal skins	Value of other furs	Total
1868	$708,734	$446,245	$1,154,979
1869	653,118	446,245	1,099,363
1870	188,126	446,245	634,371
1871	1,584,986	498,567	2,083,553
1872	1,231,580	719,393	1,950,973
1873	1,439,307	565,023	2,004,330
1874	1,498,176	566,704	2,064,880
1875	1,402,662	573,486	1,976,148
1876	857,203	627,058	1,484,261
1877	853,283	587,895	1,441,178
1878	1,110,145	586,949	1,697,094
1879	2,451,954	608,755	3,060,709
1880	2,465,539	638,206	3,103,745
1881	2,167,172	675,869	2,843,041
1882	1,436,906	652,157	2,089,063
1883	1,710,580	702,353	2,412,933
1884	1,454,650	792,735	2,247,385
1885	1,641,101	779,242	2,420,343
1886	1,987,793	789,159	2,776,952
1887	1,716,476	812,629	2,529,105
1888	2,298,204	755,210	3,053,414
1889	2,035,605	814,965	2,850,570
1890	1,673,757	817,587	2,491,344
1891	1,370,376	351,235	1,721,611
1892	1,018,184	372,993	1,391,177
1893	584,680	373,519	958,199
1894	859,259	469,250	1,328,509
1895	877,614	453,390	1,331,004
1896	872,454	313,657	1,186,111
1897	455,758	230,273	686,031
1898	474,340	167,577	641,917
1899	787,334	131,949	919,283
1900	1,282,096	233,858	1,515,954
1901	1,137,611	280,951	1,418,562
1902	1,160,306	277,756	1,438,062
1903	1,066,254	424,180	1,490,434
1904	620,940	164,996	785,936
1905	762,120	414,556	1,176,676
1906	787,006	151,690	938,696
1907	851,427	268,552	1,119,979
1908	822,970	358,658	1,181,623
1909	1,147,663	537,162	1,684,825
1910	472,261	445,364	917,625
1911	432,231	370,519	802,750
1912	141,290	652,866	794,156
1913	68,265	695,635	763,900
1914	87,230	677,051	764,281
1915	90,000	429,950	519,950
1916	200,828	931,771	1,132,599
1917	385,572	1,064,249	1,449,821
1918	2,489,470	1,363,330	3,852,800
1919	430,869	1,390,000	1,820,869
1920	374,428	1,148,723	1,523,151
1921	257,030	871,694	1,128,724
1922	312,042	1,800,003	2,112,045
1923	212,357	1,794,875	2,007,232
1924	368,661	1,707,834	2,076,495
1925	339,760	2,415,621	2,755,381
1926	405,116	2,388,240	2,793,356
1927	489,556	3,699,707	4,189,263
1928	373,155	4,298,637	4,671,792
1929	[1]288,242	4,513,863	4,802,105
1930	[1]297,925	2,141,290	2,439,215
1931	[1]346,752	1,770,324	2,117,076
Total	60,368,489	57,450,425	117,818,914

[1] Estimated.

TOTAL MINERAL PRODUCTION OF ALASKA, 1867–1931

Alaska gold production began in 1880 with the location of the first placer-gold mines in Silver Bow Basin at Juneau and the production of $6,000 in placer gold therefrom. About the same time the famous Treadwell-lode claims were located across the bay from Juneau, but this quartz find did not return a yield of gold until 1882. From those dates placer gravels and quartz veins in Alaska have produced steadily and promise a long and continuous golden harvest. Alaska, with her enormous coal fields and widespread gold, copper, and other mineral deposits, is the greatest and most promising mineral region in continental United States. The following statement shows the annual gold production in Alaska, from placer and lode mines separately, from 1880 to 1931, both inclusive:

DEPARTMENT OF THE INTERIOR,
GEOLOGICAL SURVEY,
Washington, March 21, 1932.

Hon. JAMES WICKERSHAM,
House of Representatives.

MY DEAR JUDGE WICKERSHAM: In accordance with your request, I have brought up to date the table regarding the production of gold from Alaska placer and lode mines, and have entered this information on page 177 of the copy of the article I prepared on the Gold Resources of Alaska, which is sent herewith.

I trust this will furnish you the information you desire.

Very sincerely,

PHILIP S. SMITH,
Chief Alaskan Geologist.

Value of gold produced in Alaska, 1880–1931, by sources

Year	Placer mines	Lode mines	Total
1880	$6,000	----------	$6,000
1881	15,000	----------	15,000
1882	20,000	$3,000	23,000
1883	51,000	5,000	56,000
1884	51,000	21,000	72,000
1885	125,000	300,000	425,000
1886	150,000	390,000	540,000
1887	130,000	527,000	657,000
1888	135,000	530,000	665,000
1889	140,000	700,000	840,000
1890	150,000	680,000	830,000
1891	220,000	780,000	1,000,000
1892	240,000	765,000	1,005,000
1893	250,000	840,000	1,090,000
1894	450,000	870,000	1,320,000
1895	809,000	1,725,000	2,534,000
1896	960,000	1,820,000	2,780,000
1897	665,000	1,770,000	2,435,000
1898	645,000	1,600,000	2,245,000
1899	3,480,000	1,835,000	5,315,000
1900	5,623,000	2,272,000	7,895,000
1901	4,980,000	2,220,000	7,200,000
1902	5,887,000	2,448,000	8,335,000
1903	6,010,000	2,738,000	8,748,000
1904	6,025,000	3,090,000	9,115,000
1905	12,340,000	3,506,000	15,846,000
1906	18,607,000	3,429,794	22,036,794
1907	16,491,000	2,858,743	19,349,743
1908	15,888,000	3,404,818	19,292,818
1909	16,252,638	4,159,078	20,411,716
1910	11,984,806	4,141,943	16,126,749
1911	12,540,000	4,313,256	16,853,256
1912	11,990,000	5,155,951	17,145,951
1913	10,680,000	4,946,813	15,626,813
1914	10,730,000	5,034,259	15,764,259
1915	10,480,000	6,222,144	16,702,144
1916	11,140,000	6,101,713	17,241,713
1917	9,810,000	4,847,353	14,657,353
1918	5,900,000	3,580,952	9,480,952
1919	4,970,000	4,456,032	9,426,032
1920	3,873,000	4,492,560	8,365,560
1921	4,226,000	3,847,540	8,073,540
1922	4,395,000	3,027,367	7,422,367
1923	3,608,500	2,376,814	5,985,314
1924	3,564,000	2,721,724	6,285,724
1925	3,223,000	3,137,281	6,360,281
1926	3,769,000	2,938,000	6,707,000
1927	2,982,000	2,945,000	5,927,000
1928	3,347,000	3,498,000	6,845,000
1929	4,117,000	3,644,000	7,761,000
1930	4,837,000	3,639,000	8,476,000
1931 (estimated)	4,706,000	4,636,000	9,342,000
Total	263,668,000	134,991,000	398,659,000

This table shows the Alaska placer-gold recovery was greatest from 1899 to 1916, and is twice that from the more permanent but slower-developing lode mines. In 1899 the rich placer deposits at Nome were opened, in 1903 those at Fairbanks, and later those at Iditarod. While the World War closed most of these placer mines, they are being reopened now, worked with huge dredges, and will continue indefinitely to yield large returns. In the meantime the widespread gold-quartz veins, whence the placer deposits were eroded by nature, are being rapidly developed by Alaska miners in a steadily increasing output.

TOTAL MINERAL PRODUCTION OF ALASKA

While gold has yielded the greatest value to date in Alaska, copper follows not far behind. Unlimited deposits of all grades of coal are found widely scattered over the Territory, particularly in the Bering mine field and along the line of the Alaska Railroad. These are not being worked for want of a ready market and because of too-strict laws in relation to their ownership and development. The coal-land leasing system has not proven to be successful, and

Alaska coal development must wait for more liberal congressional action in favor of capital.

The following table issued by the Director of the United States Geological Survey, Bulletin 836–A, 1931, shows the value of total mineral production of Alaska, by years, 1880–1931:

1880	$6,826
1881	15,000
1882	23,000
1883	67,146
1884	72,000
1885	425,000
1886	540,000
1887	657,000
1888	667,181
1889	847,490
1890	873,276
1891	1,014,211
1892	1,019,493
1893	1,104,982
1894	1,339,332
1895	2,568,832
1896	2,885,029
1897	2,539,294
1898	2,329,016
1899	5,425,262
1900	7,995,209
1901	7,306,381
1902	8,475,813
1903	9,088,564
1904	9,627,495
1905	16,490,720
1906	23,501,770
1907	20,840,571
1908	20,092,501
1909	21,140,810
1910	16,875,226
1911	20,720,480
1912	22,581,943
1913	19,547,292
1914	19,109,731
1915	32,790,344
1916	48,386,508
1917	40,694,804
1918	28,218,935
1919	19,626,824
1920	23,330,586
1921	16,994,302
1922	19,420,121
1923	20,330,643
1924	17,457,333
1925	18,220,692
1926	17,664,800
1927	14,404,000
1928	14,061,000
1929	16,066,000
1930	13,812,000
1931	12,010,000
Total	641,323,000

In the following table the value of the total mineral production from Alaska, from 1880 to 1931, both inclusive, is distributed among the metals and nonmetallic products. It will be seen that gold leads with a production of approximately 62 per cent; gold and copper together account for about 95 per cent of the total, while silver, coal, and lesser minerals trail along:

Total value of mineral production of Alaska, by substances, 1880–1931

Gold	$398,659,000
Copper	213,964,000
Silver	11,994,300
Coal	7,940,000
Tin	1,094,900
Lead	1,740,500
Marble, platinum, etc	5,930,300
Total	641,323,000

This total mineral production of Alaska from 1880 to 1931, for 52 years, has an average value of more than $12,000,000 per annum, a million dollars per month for 52 years. The gold output alone amounts to an annual average of $7,666,500 for the same period. The people of the United States paid Russia $7,200,000 for Alaska. Alaska gold miners have paid that sum, with interest, annually for half a century into the National Treasury and will, if encouraged in their labors by Congress, continue to do so for centuries to come. An ordinary landlord would consider a return of 100 per cent per annum in gold a good investment in real estate, especially when his tenants also pay 25 per cent of the owner's taxes in addition to the 100 per cent per annum on his investment, as Alaska does.

VALUE OF ALASKA FISHERIES

As large as the mineral production of Alaska has been, it does not equal the value of the Alaska fisheries. Immediately after the purchase of the Territory from Russia in 1867, salmon canners then engaged in packing at the Columbia River began to construct canneries in the far larger and richer shoals of salmon on the coasts of Alaska. Production grew steadily from 1868, and in 1888 the value of Alaska fisheries exceeded $1,000,000 per annum; in 1908 it had increased to more than $10,000,000; in 1918 the value reached $50,000,000 per annum; and in 1928 it rose to the peak of more than $54,000,000 in one year.

The following statement shows the total value of the Alaska fisheries production from 1868 to 1931, inclusive:

DEPARTMENT OF COMMERCE,
BUREAU OF FISHERIES,
Washington, February 10, 1932.

Subject: Value of Alaska fishery products.

Hon. JAMES WICKERSHAM,
House of Representatives, Washington, D. C.

DEAR JUDGE WICKERSHAM: Referring further to your request of to-day, there is forwarded to you herewith by special messenger a statement showing the annual value of salmon and other fishery products of Alaska for the years 1868 to 1931, inclusive, and the total value of such products for that period.

Very truly yours,

HENRY O'MALLEY, *Commissioner.*

Fishery products of Alaska from 1868 to 1931

Year	Salmon	All others	Total
1868	$16,000	$332,668	$348,668
1869	13,600	300,390	313,990
1870	14,400	291,278	305,678
1871	6,300	182,978	189,278
1872	9,000	175,080	184,080
1873	7,200	112,680	119,880
1874	11,200	123,662	134,862
1875	9,600	146,726	156,326
1876	14,400	221,471	235,871
1877	15,700	121,010	136,710
1878	41,272	157,160	198,432
1879	65,390	194,819	260,409
1880	52,517	150,033	202,550
1881	42,771	148,587	191,358
1882	118,245	162,216	280,461
1883	210,270	266,762	477,032
1884	249,612	269,213	518,825
1885	279,315	271,714	551,029
1886	469,944	294,922	764,866
1887	655,833	279,854	935,687
1888	1,321,845	144,313	1,466,158
1889	2,215,601	150,069	2,365,670
1890	2,210,124	183,938	2,394,062
1891	2,475,504	318,238	2,793,742
1892	1,565,019	260,491	1,825,510
1893	2,041,045	327,263	2,368,308
1894	2,235,380	301,472	2,536,852
1895	1,964,994	213,113	2,178,107
1896	2,996,519	213,325	3,179,844
1897	2,866,630	330,346	3,196,976
1898	3,182,457	315,072	3,497,529
1899	3,404,653	417,457	3,822,110
1900	4,917,065	463,229	5,380,294
1901	6,247,961	519,301	6,767,262
1902	7,851,534	544,770	8,396,304
1903	7,059,252	536,993	7,596,245
1904	5,967,577	586,008	6,553,585
1905	5,972,370	530,983	6,503,353
1906	8,166,373	488,272	8,654,645
1907	9,166,008	560,746	9,726,754
1908	10,671,651	768,664	11,440,315
1909	9,853,388	655,855	10,509,243
1910	11,501,105	1,173,485	12,674,590
1911	15,128,156	1,261,821	16,389,977
1912	17,144,672	1,732,808	18,877,480
1913	14,449,234	1,289,834	15,739,068
1914	19,558,529	1,684,446	21,242,975
1915	19,214,145	1,785,198	20,999,343
1916	24,054,838	2,101,721	26,156,559
1917	47,778,081	3,688,899	51,466,980
1918	53,514,812	5,630,047	59,144,859
1919	44,944,886	5,337,181	50,282,067
1920	36,641,836	4,850,288	41,492,124
1921	20,986,584	3,100,283	24,086,867
1922	31,566,257	4,604,691	36,170,948
1923	34,238,763	4,440,062	38,678,825
1924	34,793,504	5,495,769	40,289,273
1925	33,740,900	6,297,845	40,038,745
1926	48,178,995	6,490,887	54,669,882
1927	32,361,767	7,801,533	40,163,300
1928	47,487,763	7,057,825	54,545,588
1929	42,524,845	8,270,974	50,795,819
1930	31,532,488	6,146,561	37,679,049
1931	31,161,256	5,007,545	36,168,543
Total	799,129,135	108,282,842	907,411,721

The total value of Alaska fisheries imported into the United States markets by United States fishermen during the period from 1867 to the close of 1931 is $907,411,721—it will reach a billion dollars in 1935.

Alaska supplied 60 per cent of the world's total canned-salmon production for 1931. The following is a statement of the world pack for 1931—in cases, each case containing the equivalent of forty-eight 1-pound cans of salmon:

Alaska	5,432,535
Pacific coast States	1,347,057
British Columbia	636,524
Siberia	1,134,702
Japan	458,270
Total world pack, 1931	9,059,988

Alaska's average fishery production from 1867 to 1931 has been more than $15,000,000 per annum. Its waters yield the greatest and best poor man's food supply of any other in the world. Unless Congress can be induced to protect and conserve it from destruction on the spawning beds, and from monopoly and waste in manufacture, it may be depleted and finally destroyed, as has happened in most other civilized countries where these noble fish were once so abundant.

TOTAL VALUE OF ALASKA EXPORTS TO THE UNITED STATES, 1867–1931

While special attention has been given to furs, minerals, and fish in the foregoing tables of Alaska production it is not intended to suggest that they are the only valuable items of export to the United States, but only that they are those of the greatest value. Those items and a wide variety of other products of lesser value are combined and included in the following statement of Alaska exports, though none are particularly named. They will all be found specifically described in the Alaska customs exports.

Accurate information relating to the trade between Alaska and the United States is officially preserved in the customs reports as fully as if it were carried on between that Territory and a foreign country. Controlled by the same laws and dependent entirely upon capital drawn from the United States, Alaska's trade is a United States trade, both coming in and going out. Alaska's apparent gain in trade is really the Nation's gain; it has a double value in this way to the United States.

The following statement taken from Alaska Customs Reports shows the recent annual and the total amount of Alaska production exported from that Territory into the United States from 1867 to December 31, 1931—furs, fish, gold, copper, and all other items of Alaska export:

Exports from Alaska into the United States, 1867–1931

1867–1919	$939,365,741
1920	69,911,422
1921	45,745,338
1922	59,887,550
1923	62,775,307
1924	59,663,682
1925	61,321,892
1926	80,912,059
1927	57,077,968
1928	74,227,334
1929	71,454,721
1930	56,839,455
1931	52,534,752
Total Alaska exports	1,691,717,221

TOTAL VALUE OF ALASKA IMPORTS FROM THE UNITED STATES, 1867–1931

The foregoing statement of Alaska exports into the United States presents only one side of her trade benefit to the Nation. While gathering furs, mining gold and copper, canning fish, building trails, railroads, homes, schools, and cities, and establishing civil government in a pioneer country, her people have purchased merchandise, manufactured articles, and machinery, and all classes of supplies to carry on their work from United States merchants. The total amount of merchandise purchased in the United States and imported into Alaska from 1867 to December 31, 1931, is shown in the following statement:

Merchandise imported into Alaska from the United States, 1867–1931

1867–1919	$524,885,379
1920	36,876,855
1921	19,274,215
1922	$26,777,806
1923	30,781,206
1924	32,050,433
1925	32,352,530
1926	31,587,337
1927	35,604,008
1928	32,037,335
1929	33,219,565
1930	31,303,291
1931	22,483,601
Total Alaska imports	889,233,561

3. BALANCE OF ACCOUNTS, UNITED STATES WITH ALASKA

The foregoing official statistical abstracts enable us to cast a balance of account between the Territory of Alaska on the one hand with the United States on the other and fairly to determine whether Alaska is an asset or a liability to the people of the United States, as follows:

United States cash account with Alaska:	
Purchase price of Alaska	$7,200,000
Total "expenditures" by the United States in Alaska	200,117,286
Total cash account, United States against Alaska	207,317,286
Less total Treasury "receipts" from Alaska	50,357,660
United States cash balance against Alaska	156,959,626
Alaska's trade credit with United States:	
Merchandise purchased by Alaska	889,233,561
Alaska exports (gold, etc.) to United States	1,691,717,221
Total Alaska trade credits	2,580,950,782
Less balance United States "expenditures"	156,959,626
Balance trade credits due Alaska	2,423,991,156

On a net investment, then, of only $156,959,626 made by the people of the United States through their National Congress, the business interests of the Nation have created a trade from Alaska amounting to nearly two and a half billion dollars. That small investment amounts to no more than a 6 per cent charge against the new business thus created, though it has opened and established a trade which is both permanent and easily enlarged to almost unlimited proportions. Every time the business men of the United States have put 6 cents into this Alaska enterprise they have taken out 94 cents, or fifteen and two-thirds for one! Clearly, then, Alaska is a valuable and increasing asset belonging wholly to the people of the United States, and not a liability. No other Territorial investment heretofore made by this Nation has ever yielded such prompt and proportionately large returns and profits to the business interests of the United States at such a small cost as Alaska—excepting only California.

ALASKA HAS NO TERRITORIAL DEBT

Alaska is the only Commonwealth in or Territory belonging to the United States which has no public debt. It does not owe a dollar and conducts its Territorial government on a strictly cash basis. Its budget is always balanced. If it can not pay cash it does not buy. This exceptional and (just now) happy financial condition arises from the limitations against debt and high taxation in section 9 in its organic act of August 24, 1912 (the constitution of Alaska), which provides that neither the Territory nor any municipal corporation therein shall have any power or authority to create any for mof indebtedness beyond its annual income. The same section of the organic act limits the rate of taxation for all Territorial purposes upon the assessed valuation of property to 1 per cent per annum and limits incorporated towns to a 2 per cent rate. In these days of excessive National, State, county, city, and school-district taxes in the States, these low Alaska rates must look good to those outside of Alaska. Alaska has no public debt and the lowest tax rates of any place under the American flag.

Alaska is one-fifth as large as the whole United States, with a total population of less than 60,000 people, whites and Indians evenly divided, though there was an increase in its population in the last census decade of 7.7 per cent. It is a land of great undeveloped resources; it has produced more gold per annum since 1880 than the United States

paid Russia for it, and mining is yet scarcely begun; it has more edible fish in its waters than all other American fisheries combined; greater deposits of better coal than all the Pacific coast besides; better untouched pulp forests than any similar area in American territory; more available agricultural lands than Norway and Sweden; more active volcanoes than Japan; greater glaciers than Switzerland; the highest mountain and one of the greatest rivers in North America.

It has more government per capita, less liberty, and more harmful congressional limitations upon its material development than any other Territory under the American flag. It is almost wholly neglected by its national guardians, and, like Topsy, it has "just growed." Nobody seems to care a damn about what may become of it, but in spite of all these handicaps it is, proportionately, the most valuable asset the United States owns.

GOVERNMENT EXPENSES BETWEEN THE YEARS 1927 AND 1932, AND THE PRESENT EFFORT TOWARD ECONOMY

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of appropriations made by Congress.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Speaker, Members of Congress are being flooded with letters from their constituents protesting against the apparent enormous increase in governmental expenses in recent years and demanding economy in Government. Some of these letters have been inspired by more or less stereotyped circulars or form letters which have been widely broadcast by several of the large business concerns of the United States. Among the letters that have come to my attention is one from the Du Pont Co., of Delaware, from the Standard Oil Co., and from Armour & Co. In each of these circulars there is given in comparative form a statement of the expenses of government from 1927 to 1932.

The statement points out that there was expended for the major departments, commissions, and so forth, of the Government in 1927, $1,964,000,000 as against $3,195,100,000 for 1932, or an increase of $1,231,100,000. This within itself is a startling disclosure, unanalyzed and unexplained; it is an indictment of wanton extravagance in the operation of the Government. Some constituents in commenting on this showing very naturally point out the fact that the tax bill, which is now in the process of being framed to balance the Budget, calls for the collection of practically $1,250,000,000 in new revenue. They follow with the suggestion that Congress reduce the cost of government back to the 1927 level, and then it will be unnecessary to pass a tax bill. This comparison of appropriations is grossly unjust and manifestly unfair unless it is accompanied by a full explanation of the cause.

Mr. Speaker, I do not for one moment justify the enormous Budget of more than $4,000,000,000 for the Federal Government. It should and must be drastically curtailed. Since Congress convened in December I have repeatedly and consistently demanded a reduction in governmental expenses. As a member of the Appropriations Committee I have supported that committee consistently in its effort to reduce public expenses. In that regard I have advocated a temporary reduction in the Federal pay roll, including salaries of Members of Congress, and the elimination of useless bureaus and commissions, and consolidations and curtailments wherever it could be done without impairing efficiency in the Government service.

I make the above statement in order that my position may be clearly understood to be in keeping with the public demand for a reduction of the Federal Budget. I do desire, however, to point out some pertinent facts in connection with the apparent increase in the cost of government between 1927 and 1932. In this connection I desire to cite here a statement issued by the Director of the Budget under date of April 27, 1932, commenting on this increase in public expenses as set out in the letters to which I have alluded:

MEMORANDUM

APRIL 27, 1932.

In a recent printed circular letter issued from the executive offices of a prominent industrial corporation comparison is made between the Federal expenditures of the fiscal year 1927 and the estimated expenditures of the fiscal year 1932. The letter deducts from the total expenditures of each of the two years the interest on the public-debt and sinking-fund payments, together with certain miscellaneous items, and arrives at balances expended by the major departments and commissions, etc., of $1,964,000,000 for 1927, against $3,195,100,000 for 1932, an increase of $1,231,100,000.

It is to be noted that the comparison is made between a year in which expenditures were the lowest since 1917 and the estimated expenditures of a peak year, when unusual expenditures were being made during the emergency in the interest of agriculture and in aiding employment through an extensive enlargement of the public-works program, increased vessel and aircraft construction, and similar activities involving employment in various departments. For example, in 1927, the expenditures for public works were approximately $188,000,000; the estimated expenditures for that purpose in 1932 are $623,000,000, an increase of $435,000,000. This public-works item includes the Federal-aid highway system in the Department of Agriculture, the enlarged public-building program in the Treasury Department, as well as river and harbor and flood-control work and other nonmilitary construction activities in the War Department.

Other increases over 1927 are: Agricultural marketing fund, $155,000,000; postal deficiency, $167,000,000; vessel construction and alteration in the Navy and Shipping Board construction loans, $75,000,000; aircraft construction and aeronautical activities in the Army, Navy, and Department of Commerce, $47,000,000; care of veterans, including adjusted-service certificate fund, $246,000,000; settlement of war claims act, 1928, in the Treasury, $37,000,000. These increases account for substantially the whole of the increase of $1,231,100,000 referred to in the letter with the exception of about $69,000,000, which represents the net amount of increases and decreases scattered throughout the various departments and is largely for such purposes as aids to agriculture, strengthening the activities of the Department of Justice in the detection and prosecution of crimes, in providing better facilities at penal institutions, increased expenses of the Department of Commerce in completing the decennial census of 1930, immigration and naturalization activities in the Department of Labor, etc.

Because of these unusual activities in the fiscal year 1932 a fairer comparison with the 1927 figures is the estimated expenditures for 1932 as contained in the Budget submitted in December last. Using the same items as were used in the comparison of 1932 the increase would be approximately $772,000,000 as compared with $1,231,100,000. Looking into the causes of this increase, as is done above in 1932, the increase is accounted for by approximately $273,000,000 in public works; $15,000,000, agricultural marketing fund; $128,000,000, postal deficiency; $45,000,000, vessel construction and alterations in the Navy and Shipping Board construction loans; $36,000,000, aircraft construction and aeronautical activities in the Army, Navy, and Department of Commerce; and $243,000,000, care of veterans, including adjusted-service certificate fund, leaving an increase in 1933 of only $32,000,000, which represents net amount of small increases and decreases throughout the departments for purposes similar to those indicated in the miscellaneous increase of $69,000,000 referred to in the preceding paragraph for 1932.

In commenting on these same circular letters, Mr. David Lawrence, in a radio address delivered on May 1, 1932, and inserted in the CONGRESSIONAL RECORD under date of May 7, at page 9797, has the following to say:

I have examined the so-called 1932 Budget and compared it with the 1927 Budget to discover why it was we had an increase of $1,231,000,000 in expenses. Practically all of the increase was due to emergency appropriations in the interest of construction or agricultural relief or public roads or veterans' expenses.

After analyzing the comparative statement in detail, Mr. Lawrence makes this further statement:

Actually, if we eliminate only veterans' relief and public construction and roads and items having to do with creating labor for the unemployed, the proposed (1933) Budget, with the pending economies, is the lowest the Government of the United States will have operated on since pre-war days.

With respect to the action of Congress in trying to reduce expenses in the interest of balancing the Budget, let us look at a few facts:

When the estimates for appropriations for the fiscal year ending June 30, 1933, were sent to the Congress by the Bureau of the Budget, with the approval of the President, they were $369,000,000 less than the estimates for the present fiscal year. The administration has pointed to this fact with considerable pride, as an indication of economies. It is quite true that this is a reduction in expenditures, but as I shall undertake to point out, it does not represent any real economy in government. Let us examine some of the items that go to make up this item of $369,000,000. I quote from

a statement made by the chairman of the Appropriations Committee on the floor of the House on May 6, RECORD, page 9716:

The President stated that the Budget submitted in December last provided estimated expenditures for the fiscal year 1933 that were $369,000,000 less than the estimated expenditures for the current fiscal year. These figures are correct, but the $369,000,000 is largely made up by the reduction in construction work and other nonrecurring items which more than offset any increases that are made for 1933. In a statement which was issued from the Executive on December 14 last, showing estimated expenditures, it was shown that the Budget, as submitted in December, contained estimated expenditures for the fiscal year 1933 for construction works of $575,000,000 compared with $780,000,000 for construction works for 1932, a decrease for 1933 under 1932 of $205,000,000. This is a part of the decrease of $369,000,000, which the President referred to in comparing 1933 expenditures with 1932 expenditures. In addition to the construction works decreases there is a reduction in 1933 as compared to 1932 of $140,000,000 in the amounts estimated to be expended from the agricultural marketing fund under the control of the Federal Farm Board. There is a decrease of $37,000,000 in 1933 as compared to 1932 on account of payments of awards under the settlement of war claims act and $3,000,000 on account of subscription to capital stock of Federal intermediate-credit banks. There was an estimated decrease in the amount of the postal deficiency to be paid from the general fund of the Treasury of $40,000,000. Also a decrease of $26,000,000 in refund of internal-revenue taxes illegally collected. Also a decrease of $5,000,000 on account of completion of work on the last decennial census. These decreases more than account for the $369,000,000 of reduction.

The House has made further reductions in the bills passed by the House, including the War Department bill now under consideration, of $161,455,101.56. It should be stated here that the amount just quoted will probably be reduced by from ten to twelve million dollars because of the probable action of the House in putting back in the War Department bill the items for Reserve Officers' Training Corps and citizens' military training camps.

The following is a statement showing how these deductions were made:

First deficiency:	
Budget estimates	$139,330,162.75
As passed House	125,159,042.75
Under Budget estimates	14,171,120.00
Agriculture:	
Budget estimates	186,243,405.00
As passed House	175,408,814.00
Under Budget estimates	10,834,591.00
State, Justice, Commerce, and Labor:	
Budget estimates	129,784,136.89
As passed House	124,215,992.33
Under Budget estimates	5,568,144.56
Treasury and Post Office:	
Budget estimates	1,082,575,905.00
As passed House	1,059,778,163.00
Under Budget estimates	22,797,742.00
Independent offices:	
Budget estimates	1,041,395,041.00
As passed House	985,931,431.00
Under Budget estimates	55,463,610.00
Legislative:	
Budget estimates	22,517,842.00
As passed House	20,223,869.00
Under Budget estimates	2,293,973.00
District of Columbia:	
Budget estimates	44,086,919.00
As passed House	39,913,810.00
Under Budget estimates	4,173,109.00
Navy:	
Budget estimates	341,677,450.00
As passed House	326,353,459.00
Under Budget estimates	15,323,991.00
War:	
Budget estimates	$411,363,762.00
As reported to House	386,793,861.00
Under Budget estimates	24,569,901.00
Interior:	
Budget estimates	56,705,352.33
As passed House	50,446,432.33
Under Budget estimates	6,258,920.00
Total reduction under the Budget estimates	161,455,101.56

In addition to the reductions just shown in the appropriation bills, the House saved out of the wrecked economy bill items totaling about $40,000,000, making the total savings in appropriation bills and the economy bill more than $200,000,000.

Of course, in fairness, we must note that in the passage of the pension bill—for which I did not vote—we more than offset the savings in the economy bill.

The following is a statement showing the difference between the appropriations for the current fiscal year (1932) and the fiscal year 1933, for which we are now appropriating. This statement shows a total reduction of more than half a billion dollars.

There is every indication that still further reductions will be made in these items in the Senate:

Agriculture:	
Appropriations for 1932	$235,664,694.00
As passed House	175,408,814.00
Under 1932 appropriations	60,255,880.00
State, Justice, Commerce, and Labor:	
Appropriations for 1932	139,001,704.34
As passed House	124,215,992.33
Under 1932 appropriations	14,785,712.01
Treasury and Post Office:	
Appropriations for 1932	1,104,586,890.00
As passed House	1,059,778,163.00
Under 1932 appropriations	44,808,727.00
Independent offices:	
Appropriations for 1932	1,306,196,777.00
As passed House	985,931,431.00
Under 1932 appropriations	320,265,346.00
Legislative:	
Appropriations for 1932	28,127,386.94
As passed House	20,223,869.00
Under 1932 appropriations	7,903,517.94
District of Columbia:	
Appropriations for 1932	45,711,638.00
As passed House	39,913,810.00
Under 1932 appropriations	5,797,828.00
Interior:	
Appropriations for 1932	69,342,606.73
As passed House	50,446,432.33
Under 1932 appropriations	18,896,174.40
Navy:	
Appropriations for 1932	358,262,123.00
As passed House	326,353,459.00
Under 1932 appropriations	31,908,664.00
War:	
Appropriations for 1932	445,773,235.00
As passed House	386,793,861.00
Under 1932 appropriations	58,979,374.00
Total savings under 1932 appropriations	563,601,223.35

I hope I may say with pardonable pride that of the $161,455,101.56 saved in the 10 appropriation bills passed through the House so far, $54,948,535 of that amount was contributed by reductions in the independent offices appropriation bill. I have the honor to be chairman of the sub-

committee that reported that bill. The reductions as reported to the House were as follows:

Following is a summary statement of the committee's reductions below the Budget estimates:

Arlington Memorial Bridge	$160,000
Board of Mediation	17,730
Board of Tax Appeals	10,000
Civil Service Commission	82,000
Employees' Compensation Commission	32,900
Federal Farm Board	880,000
Federal Oil Conservation Board	5,000
George Washington Bicentennial Commission	152,230
Interstate Commerce Commission	1,533,231
National Advisory Committee for Aeronautics	30,000
Personnel Classification Board	50,000
Public Buildings and Public Parks, Office of	328,002
Smithsonian Institution	5,710
Supreme Court Building Commission	500,000
Veterans' Administration	51,161,732
Total	54,948,535

All of the above reductions were maintained in the passage of the bill by the House. A few additional reductions were made by the House.

Mr. Speaker, there may be some very just criticism of many of the increased expenditures made by Congress in its effort to bring about a revival of business and to furnish employment for the millions of American citizens who are begging for work. It should be understood, however, that ever since the present tragic condition descended upon us there has been a most persistent demand that Congress do something by legislative action to relieve the situation. I have no desire to absolve the House of Representatives from any of the criticism that it deserves. Undoubtedly the action of the House in repudiating its Economy Committee and in many times overruling economy reductions of its Appropriations Committee has made it justly liable to criticism.

It seems to me that out of the chaos of the present situation there are several facts that stand out and of which the American people may very properly take notice:

First. That it is an easy and simple matter to create bureaus and commissions and allow them to grow and expand and an extremely hard matter to ever get rid of them.

Second. That notwithstanding the fact that the Government has been and is a reliable and liberal employer and that its employees from the highest to the lowest have had steady employment, notwithstanding these facts in the present economic crisis, the employees of the Federal Government are unwilling to make any sacrifice whatever or to forego any temporary benefits to help bring the Treasury of the Government back to a sound economic condition. And let it be understood that the employees of the Government apparently have sufficient political strength to prevent any action whatever being taken by Congress that in any way touches their interests.

Third. That when it comes to the consolidation of bureaus and elimination of useless waste and expenses by coordination and cooperation that, so far as the Army and Navy are concerned, there must be a "hands-off policy." Practically every effort to put into effect any economies in either the Army or the Navy has been successfully resisted.

Mr. Speaker, the American taxpayers are long sufferers. In my judgment, a day of accounting is at hand. When we look back at our districts we find a condition that should impress every Member of this body. There is not a business or professional calling that has not felt the blighting hand of the present so-called depression.

The condition among our farmer constituents is deplorable. Doctors, lawyers, business and professional men, and merchants have all been brought suddenly face to face with financial problems. Our laboring people have been cut, not once but many times, and count themselves fortunate if they have any work at all to do. In spite of this condition, we find Members of the House of Representatives yielding to the importunities of this bloc or that bloc, or this group or that group and voting against economies and ofttimes in favor of increased expenditures, knowing full well that an additional tax burden is about to be laid on the backs of the American people.

This is not a partisan matter. Of course, it should be fairly stated that the unbalanced Federal Budget is not a new thing. For the fiscal years 1931 and 1932 there were staggering deficits, and it is not until the appropriations for 1933 are being considered that the demand for a balanced Budget is directed to the attention of the Nation. The Budget should and must be balanced to protect the credit of the Nation and the value of the American dollar, but when it comes to a reduction of public expenses, the wrecking of the economy program, and the refusal to cut salaries or to put into effect economies in the Army and Navy, the honors are equally divided between the two parties. Neither party has the right to place blame or undertake to take the credit.

Mr. Speaker, a few weeks remain until the adjournment of Congress. There is yet time for swift, definite, and effective action by Congress, and we may yet by determined and fearless action write a record we may be able to take back to our constituents as a constructive contribution in the present national crisis.

The House has about finished its work. There is little more of a constructive nature that can be accomplished with the membership in its present mood. There are really only four sources to which we can look for reduced expenditures beyond what we have done, namely, the Federal pay roll, which is nearly a third of the total Budget; the Army and Navy; and the veterans' relief. It has been pretty clearly demonstrated that a majority of the House are now unwilling to make any substantial cuts in these items. Perhaps, after we have gone back to our districts to give an account to our constituents, we will come back next December ready to do the job as it should and must be done.

Congress should adjourn before the political conventions. It is unthinkable to talk of taking a recess without definitely settling the tax problem and passing the appropriation bills. Let the House serve notice on the other body that there will be no recess until we finish. Let us get through and take for ourselves and give the country a much-needed rest.

EDUCATION

Mr. LARRABEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LARRABEE. Mr. Speaker, as a member of the Committee on Education, which has considered carefully and reported favorably on the bill, H. R. 4743, to amend the vocational rehabilitation act, to provide for rehabilitation of persons disabled in industry or otherwise, I desire to make it clear that I personally favored the measure as reported by our committee.

Under ordinary circumstances I do not approve or favor Federal encroachment into any field of endeavor or activity that should be cared for by the States, but the past work of the Vocational Rehabilitation Service has been so successful in securing favorable action in States that have failed heretofore to take steps to provide for those sorely in need of this aid that I feel this work must be carried on at least until every State in the Nation has been won over to the view that it must carry on this work.

This worthy work was first started under the act of June 2, 1920, in cooperation with the States, and was to be carried on for four years. The appropriation for 1921 was only $750,000, and for the three years following was $1,000,000 annually. Due to the success of the work it was continued by act of Congress for six years, with the same appropriation, and in 1930 another extension of three years was granted by Congress to end June 30, 1933. The last appropriation was $1,000,000. The present bill, which I favor, provides for the continuation of this work for four years.

My State—Indiana—has been most fortunate under the appropriation of this money, having in the past few years received the sum of $26,482.55 as its share. This is based

on the ratio of State population as shown by the Federal census.

This money has gone to rehabilitate through hospitalization, treatment, and education many hopeless cripples who otherwise would have continued permanently as public charges, dependent on charity alone. They are able, as the result of the rehabilitation work, to work at gainful occupations and earn their own living.

In addition to being noble and humanitarian in purpose, this program of vocational education and rehabilitation has proven a most successful economic enterprise. It is far ahead of the experimental stage and the savings to the public by removing the helplessly maimed and crippled from that category and putting them back into the ranks of self-supporting persons is enormous.

More than 50,000 persons who were public charges or dependent on others for support have been trained and put back to work or made ready for work since this program was begun. The average cost of rehabilitating one person has been reduced down to $221.83. This means that for the sum of $221.83 a person, formerly a public charge and destined to continue a public charge or depend on the support of relatives for life, has been removed from that category and made self-supporting at a cost less than the cost of maintaining one person in an institution of charity for one year.

I believe that tells the entire story.

It shows the economics of the program and removes all possibility of opposition to the program on the theory that it might be too costly.

I have been most deeply impressed by the statement of the distinguished chairman of the Committee on Education, Mr. DOUGLASS of Massachusetts, when he said in reply to a question:

> I am pleased that the fact has been brought out that we are dealing with a human problem. Under the terms of this bill we are not trying, as we do in some other bills, to develop better or bigger pigs or cows; we are trying to keep men sound and in full use of their faculties for the benefit of the States and of the Nation.

We have appropriated for many years vast sums to be used in the experimental work designed to improve the breeds of livestock and to improve the types of grain, fruit, and vegetables, but this is the only important step ever taken in the direction of improving the human element.

Conditions throughout the country are such that it is not timely to appropriate the funds that were requested by the author of the bill, who sought an appropriation of $1,500,000. The committee, desiring to aid in the general efforts toward economy, felt that it was wise at this time to cut this request, and in making its cut it took drastic action by cutting one-third, or $500,000, from the appropriation bill.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p. m.) the House adjourned until to-morrow, Thursday, May 19, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, May 19, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Hearings on birth control bill.

COMMITTEE ON MILITARY AFFAIRS

(10 a. m.)

National Guard.

COMMITTEE ON RIVERS AND HARBORS

(10.30 a. m.)

Weymouth-Fore River (Mass.) project.

COMMITTEE ON THE PUBLIC LANDS

(10.30 a. m.)

Hearings on grazing bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

581. A letter from the chairman of the United States Tariff Commission, transmitting a textual summary as supplemental to the report (mainly statistical) already submitted to the Senate on April 20, 1932, on the subject of wood pulp and pulpwood; to the Committee on Ways and Means.

582. A letter from the Secretary of War, transmitting a draft of a bill to authorize the transfer to the Department of Agriculture of all or portions of the Fort DeSoto Military Reservation, Fla.; to the Committee on Military Affairs.

583. A letter from the Secretary of War, transmitting a report dated May 16, 1932, from the Chief of Engineers, United States Army, on Devil Track River, Minn.; to the Committee on Rivers and Harbors.

584. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation for the Treasury Department for the fiscal year 1932, together with drafts of proposed provisions pertaining to existing appropriations (H. Doc. No. 340); to the Committee on Appropriations and ordered to be printed.

585. A communication from the President of the United States, transmitting for the consideration of Congress deficiency and supplemental estimates of appropriations for the District of Columbia for the fiscal year 1930 and prior years, and for the fiscal years 1931 and 1932, and a draft of a proposed provision pertaining to an existing appropriation (H. Doc. No. 341); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. RAMSPECK: Committee on Labor. H. R. 12097. A bill for the relief of distress due to unemployment, to create a committee for Federal, State, and local cooperation in placing qualified unemployed persons on unoccupied farms for the purpose of growing subsistence food crops during the continuance of the unemployment emergency; with amendment (Rept. No. 1359). Referred to the Committee of the Whole House on the state of the Union.

Mr. SIROVICH: Committee on Patents. H. R. 12094. A bill to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings; without amendment (Rept. No. 1361). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Indian Affairs. H. R. 6397. A bill to provide for the acceptance of a donation of land on the campus of the University of Oklahoma, and the construction thereon of suitable buildings and appurtenances for an institution for higher education of American Indians and their descendants, and for other purposes; with amendment (Rept. No. 1370). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 12045. A bill authorizing a per capita payment of $50 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; without amendment (Rept. No. 1371). Referred to the Committee of the Whole House on the state of the Union.

Mr. LEAVITT: Committee on Indian Affairs. S. 3675. An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects; with amendment (Rept. No. 1372). Re-

ferred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. S. 3864. An act authorizing expenditures from Colorado River tribal funds for reimbursable loans; without amendment (Rept. No. 1373). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. Senate Joint Resolution 125. A joint resolution authorizing the attorney general of Wisconsin to examine Government records in relation to claims of Wisconsin Indians; without amendment (Rept. No. 1374). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII.

Mr. EVANS of Montana: Committee on the Public Lands. S. 1040. An act authorizing the issuance to Margaret McCreanor of a patent for certain lands; without amendment (Rept. No. 1360). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 785. A bill to reimburse Earl V. Larkin for injuries sustained by the accidental discharge of a pistol in the hands of a soldier in the United States Army; with amendment (Rept. No. 1362). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 4328. A bill for the relief of Charles Edward Bailey; with amendment (Rept. No. 1363). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 5774. A bill for the relief of Martin-Walsh (Inc.); with amendment (Rept. No. 1364). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 7205. A bill for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; with amendment (Rept. No. 1365). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 11459. A bill for the relief of Harold W. Merrin; without amendment (Rept. No. 1366). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 11460. A bill to authorize credit in the disbursing account of Donna M. Davis; without amendment (Rept. No. 1367). Referred to the Committee of the Whole House.

Mr. FULLER: Committee on the Public Lands. S. 1624. An act providing for the issuance of patents upon certain conditions to lands and accretions thereto determined to be within the State of New Mexico in accordance with the decree of the Supreme Court of the United States entered April 9, 1928; with amendment (Rept. No. 1368). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. S. 466. An act for the relief of the Allegheny Forging Co.; without amendment (Rept. 1369). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAAS: A bill (H. R. 12140) to abolish the office of certain postmasters and create the office of post-office administrator, and for other purposes; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 12141) to grant the President of the United States authority to transfer Federal employees from one department to another temporarily and to create a central bureau; to the Committee on Expenditures in the Executive Departments.

By Mr. BRITTEN: A bill (H. R. 12142) amendatory of the laws relating to the Territory of Hawaii; to the Committee on the Territories.

By Mr. McSWAIN: A bill (H. R. 12143) to amend an act approved January 22, 1932, designated as Public No. 2, Seventy-second Congress, entitled "An act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes"; to the Committee on Banking and Currency.

By Mr. TIERNEY: A bill (H. R. 12144) to provide for the acquisition of a site for a Coast Guard station; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H. R. 12145) to fix the privilege of retirement in the Army in certain cases; to the Committee on Military Affairs.

By Mr. RAYBURN: A bill (H. R. 12146) to amend sections 15a and 19a of the interstate commerce act, as amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HART: Resolution (H. Res. 228) investigating all operations and proceedings of the Federal Farm Board and other organizations; to the Committee on Rules.

By Mr. MAAS: Joint resolution (H. J. Res. 389) to create a national revolving fund out of tax revenues; to the Committee on Rules.

Also, joint resolution (H. J. Res. 390) to appoint a joint committee to study the fiscal policy of the Federal Government; to the Committee on Rules.

By Mr. ROMJUE: Joint resolution (H. J. Res. 391) inviting the President to deliver by message to the Congress his views as to the best policy and method to adjust the prohibition question in the best interest of the American people; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the City Council of the City of Chicago, memorializing Congress to authorize immediately a Federal bond issue of sufficient amount to finance public improvements for the purpose of starting the wheels of industry and relieving unemployment; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 12147) granting an increase of pension to Jennie Wood; to the Committee on Invalid Pensions.

By Mr. BYRNS: A bill (H. R. 12148) for the relief of Frank J. Miller; to the Committee on Claims.

By Mr. CARY: A bill (H. R. 12149) granting a pension to Kenney Carroll; to the Committee on Invalid Pensions.

By Mr. COX: A bill (H. R. 12150) for the relief of C. J. Williams; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 12151) granting a pension to Mary Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12152) granting a pension to Ida E. Downey; to the Committee on Invalid Pensions.

By Mr. FOSS: A bill (H. R. 12153) for the relief of Hector J. Langelier; to the Committee on Military Affairs.

By Mr. GARNER: A bill (H. R. 12154) authorizing the Secretary of War to lease or to sell certain lands and buildings known as Camp Eagle Pass, Tex., to the city of Eagle Pass, Tex.; to the Committee on Military Affairs.

By Mr. GIBSON: A bill (H. R. 12155) for the relief of Charles Murphy; to the Committee on Military Affairs.

Also, a bill (H. R. 12156) granting an increase of pension to Harriet I. Dartt; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H. R. 12157) granting an increase of pension to Augusta Grove; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12158) granting an increase of pension to Amy J. Kirkpatrick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12159) granting an increase of pension to Emma Hanley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12160) granting an increase of pension to Sarah Seward; to the Committee on Invalid Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 12161) granting a pension to Unoca Ferguson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12162) granting an increase of pension to Caroline L. Foreman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12163) granting a pension to William Nichols; to the Committee on Invalid Pensions.

By. Mr. KENDALL: A bill (H. R. 12164) for the relief of Irene Dean; to the Committee on Claims.

By Mr. McMILLAN: A bill (H. R. 12165) for the relief of Charles Humphrey Scrughan; to the Committee on Claims.

By Mr. POLK: A bill (H. R. 12166) granting an increase of pension to Eliza J. Robbins; to the Committee on Invalid Pensions.

By Mr. SELVIG: A bill (H. R. 12167) for the relief of the Dalton Grain & Lumber Co.; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H. R. 12168) for the relief of Nathan Chandler; to the Committee on Pensions.

By Mr. WITHROW: A bill (H. R. 12169) granting a pension to Irene L. Davidson; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7800. By Mr. BOHN: Petition of Houghton (Mich.) Rotary Club, favoring the retention of the appropriation for Reserve Officers' Training Corps and citizens' military training camps in the Army appropriation bill; to the Committee on Appropriations.

7801. By Mr. CRAIL: Petition of Southern California Legion of Valor, petitioning Congress to immediately launch a public-improvement program to create work for citizens of the country by issuing bonds in any amount necessary to finance that work; to the Committee on Ways and Means.

7802. Also, petition of McGilvray Raymond Corporation, of San Francisco, Calif., urging the passage of the Bingham-Goss bill for the protection of subbidders and the restoration of the building industry; to the Committee on Public Buildings and Grounds.

7803. Also, petition of the Council of the City of Los Angeles, Calif., memorializing Congress to act with all possible speed to undertake a comprehensive program of public improvements through the issuance of a bond issue, not less than $5,000,000,000; to the Committee on Ways and Means.

7804. Also, petition of Board of Supervisors of the County of Los Angeles, Calif., memorializing the Senate and House of Representatives of the United States of America to authorize bond issue to finance public improvements; to the Committee on Ways and Means.

7805. By Mr. EVANS of Montana: Resolution of Bagdad Temple, Ancient Order Nobles of the Mystic Shrine, Butte, Mont., urging that "Stars and Stripes Forever" be designated as the authorized and adopted march of the United States; to the Committee on the Judiciary.

7806. By Mr. HADLEY: Petitions of residents of Mount Vernon and Bow, Wash., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7807. By Mr. MURPHY: Petition of A. L. Michael, president Michael Chevrolet Co., Barnesville, Ohio, and 19 other residents of that city, protesting against additional taxes on automotive products; to the Committee on Ways and Means.

7808. Also, petition of Clifford Reynolds, of Piedmont, Ohio, and 17 others, protesting against any additional taxes on automotive products; to the Committee on Ways and Means.

7809. Also, petition of Rev. J. C. Smith, of Leetonia, Ohio, and 20 other residents of that city, urging a reduction of Government costs; to the Committee on Ways and Means.

7810. By Mr. RUDD: Petition of H. W. Seaman, of Clinton, Iowa, referring to public works department and the United States Army engineers; to the Committee on Economy.

7811. Also, petition of New York Typographical Union, No. 6, New York City, opposing increase in second-class postage rates as proposed in the revenue bill; to the Committee on Ways and Means.

7812. Also, petition of Richey, Browne & Donald, Maspeth, Long Island, N. Y., favoring the balancing of the Budget; to the Committee on Appropriations.

7813. By Mr. SEGER: Resolution of the Sons of the American Revolution, opposing curtailment of national defense; to the Committee on Appropriations.

SENATE

THURSDAY, MAY 19, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of Monday, Tuesday, and Wednesday, May 16, 17, and 18.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dill	La Follette	Smoot
Bailey	Fess	Logan	Steiwer
Bankhead	Frazier	Long	Stephens
Barbour	George	McGill	Thomas, Idaho
Bingham	Glass	McNary	Thomas, Okla.
Blaine	Hale	Metcalf	Townsend
Borah	Harrison	Moses	Trammell
Bratton	Hayden	Neely	Tydings
Bulow	Hebert	Norris	Vandenberg
Capper	Howell	Nye	Wagner
Caraway	Hull	Oddie	Walcott
Cohen	Johnson	Reed	Walsh, Mass.
Connally	Jones	Robinson, Ark.	Walsh, Mont.
Coolidge	Kean	Robinson, Ind.	Watson
Copeland	Kendrick	Sheppard	
Costigan	Keyes	Shortridge	
Dickinson	King	Smith	

Mr. FESS. I desire to announce that the Senator from Delaware [Mr. HASTINGS] and the Senator from Vermont [Mr. AUSTIN] are detained in a committee meeting.

I desire also to announce that the following-named Senators are detained in a meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Michigan [Mr. COUZENS], the Senator from Wyoming [Mr. CAREY], the Senator from Iowa [Mr. BROOKHART], the Senator from Kentucky [Mr. BARKLEY], the Senator from Maryland [Mr. GOLDSBOROUGH], and the Senator from Florida [Mr. FLETCHER].

I also wish to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate on account of illness in his family.

I also wish to announce that the Senator from West Virginia [Mr. HATFIELD] and the Senator from Pennsylvania [Mr. DAVIS] are detained in a committee meeting.

Mr. SHEPPARD. I wish to announce that the junior Senator from South Carolina [Mr. BYRNES] is necessarily detained from the Senate by serious illness in his family.

The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present.

THE LINDBERGH TRAGEDY

The VICE PRESIDENT laid before the Senate a letter, embodying resolutions adopted by the American Veterans' Association, Los Angeles, Calif., relative to the Lindbergh case, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

LOS ANGELES, *May 13, 1932.*

Hon. CHARLES CURTIS,
Vice President of the United States, Washington, D. C.

DEAR SIR: We have the honor to place before you the following resolution which was presented at the regular meeting of the

American Veterans' Association on Thursday evening, May 12, 1932, which was unanimously adopted by the association.

"Whereas the people of this country have been intensely aroused during the past several months by the kidnaping of Charles Augustus Lindbergh, jr.; and

"Whereas the daily press of Los Angeles announced this afternoon that Charles Augustus Lindbergh, jr., has been found dead: Now, therefore, be it

"*Resolved*, That the American Veterans' Association request and urge that the Government of the United States exercise its full power to apprehend the responsible parties and punish to the full extent of the law one of the most dastardly of all crimes in American history; and be it further

"*Resolved*, That a copy of these resolutions be forwarded to the President of the United States and to the Senators and Congressmen representing the State of California and to the Governor of the State of California."

Yours very truly,

AMERICAN VETERANS' ASSOCIATION,
By H. CRANSTON JOHNSTONE, *Secretary*.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the board of directors of the American Water Works Association, at Memphis, Tenn., favoring the passage of the bill (S. 1234) to authorize an emergency appropriation for special study of and demonstration work in rural sanitation, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a letter from Richard B. Watrous, general secretary of the Providence (R. I.) Chamber of Commerce, inclosing copy of a letter mailed to the President of the United States and bearing the names of a large number of citizens of Rhode Island, favoring immediate retrenchment in governmental expenditures "coupled with the quickest possible enactment of a wise tax bill, so that there may be the certainty of a balanced Budget," which, with the accompanying paper, was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the City Council of Chicago, Ill., favoring the passage of legislation authorizing an immediate bond issue of sufficient amount to finance public improvements, for the purpose of starting the wheels of industry, and relieving unemployment, which was referred to the Committee on Finance.

Mr. TYDINGS presented a petition of sundry citizens of Baltimore, Md., praying for the adoption of the so-called Bingham plan to legalize the manufacture and sale of 4 per cent beer, and to levy taxes thereon, so as to avoid increased excise taxes, etc., which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Albany Realty Board (Inc.), of Albany, N. Y., protesting against the abolishment of customs facilities at the Port of Albany, which was referred to the Committee on Finance.

He also presented a resolution adopted at Cincinnati, Ohio, by 420 companies, members of supply and machinery manufacturers' associations, favoring an investigation of the workings of all phases of the antitrust laws, with a view to enacting legislation to permit cooperative agreements between sellers, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted at White Sulphur Springs, W. Va., by the board of governors of the Investment Bankers Association of America, favoring the retention of the right of member banks of the Federal reserve system to underwrite and merchandise securities, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted at New York City, N. Y., by members of the American Association for the Recognition of the Irish Republic, protesting against the entry of the United States into the World Court or the League of Nations, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Yonkers (N. Y.) Chamber of Commerce, favoring the balancing of the Budget by means of drastic retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented petitions of sundry citizens of the State of New York, favoring the imposition of an adequate duty on importations of oils, fats, and fish meals, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Riders Mills, N. Y., remonstrating against the imposition of a tariff or tax on lumber, gasoline, and automobiles, which was ordered to lie on the table.

He also presented numerous memorials of sundry citizens of the State of New York, remonstrating against the imposition of taxes on the automobile industry and its products, which were ordered to lie on the table.

Mr. WALCOTT presented a telegram in the nature of a memorial from the Riverside League of Women Voters, by Emma K. Perkins, secretary, Old Greenwich, Conn., remonstrating against the passage of proposed pension and bonus legislation for veterans, and favoring retrenchment in governmental expenditures and the adoption of a practical tax program, which was referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from sundry citizens of Avon, Berlin, Bethel, Bridgeport, Bristol, Brookfield, Cannondale, Clinton, Collinsville, Coscob, Danbury, Danielson, Darien, Derby, East Norwalk, Fairfield, Farmington, Glastonbury, Glenbrook, Greenwich, Guilford, Haddam, Hamden, Hartford, Hazardville, Jewett City, Litchfield, Meriden, Middle Haddam, Middletown, Moosup, Mystic, Naugatuck, New Britain, New Canaan, New Haven, Newington, New London, Niantic, Norfolk, Norwich, Oneco, Pomfret, Putnam, Redding Ridge, Ridgefield, Riverside, Rockville, Rowayton, Saugatuck, Sharon, Shelton, Somersville, Southington, South Norwalk, Southport, Springdale, Stafford Springs, Stamford, Sterling, Stonington, Stratford, Taftville, Thompsonville, Torrington, Unionville, Wallingford, Washington, Waterbury, Watertown, West Granby, West Hartford, West Haven, Westport, West Redding, Wethersfield, Willimantic, Winsted, and Woodbridge, all in the State of Connecticut, praying for the balancing of the Budget, the defeat of the cash bonus proposal, retrenchment in governmental expenditures, but the preservation of the national defense, etc., which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from sundry citizens of Allingtown, Branford, Botsford, Coscob, Canaan, Danielson, East Hartford, East Haven, East Norwalk, Guilford, Greenwich, Hawleyville, New Haven, New London, Plainville, South Norwalk, Stamford, West Haven, Wilson, Windsor Locks, West Mystic, and Willimantic, all in the State of Connecticut, praying for the passage of legislation to create a pension system for railroad employees, which were referred to the Committee on Interstate Commerce.

He also presented papers in the nature of petitions from sundry citizens of Bridgeport, Bristol, Coscob, Darien, Danielson, East Hartford, East Haven, Farmington, Fairfield, Greenwich, Glastonbury, Hartford, Hamden, Kent, Middletown, Milford, Meriden, Middlebury, Manchester, New Britain, New London, New Canaan, Norwalk, New Haven, Norwich, Riverside, Stamford, Torrington, Wethersfield, Willimantic, Waterford, West Hartford, Waterbury, Watertown, Westport, Woodbridge, and Wallingford, all in the State of Connecticut, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from sundry citizens of Bridgeport, Glastonbury, Hartford, Milford, New Britain, New Haven, Torrington, West Hartford, and Willimantic, all in the State of Connecticut, remonstrating against the modification of the Volstead Act or the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

AUTOMOBILE TAX

Mr. TYDINGS obtained the floor.

Mr. SMITH. Mr. President, I send to the desk an editorial from a newspaper called the State, published in my State, in reference to the automobile tax. It will not take

long to have it read. I should like to have it read at the desk.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. I yield.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the State, Columbia, S. C., May 18, 1932]

TO RAISE REVENUE BY CRIPPLING BUSINESS IS TO CONDEMN MILLIONS TO WANT AND SUFFERING

South Carolina, Southern States in general, and many of the other States lay an enormous tax on automobiles and derive an enormous income from their use when they place a tax of from 20 to 30 per cent on automobile fuel.

In addition some of these States collect as a license tax on each automobile an amount equal to the South Carolina State tax on real property, with assessed value from $1,500 up to $5,000. In South Carolina the license tax on one of the high-grade cars is more than the State tax on many a 10-horse farm.

That is all right. There is no kicking in South Carolina. But these facts must be borne in mind by southern Senators, especially when it is proposed by the Senate Finance Committee that the National Government put additional and paralyzing burdens upon the automobile industry.

We ask these makers of law to visualize the appearance of any town in any of their States with half the shops having to do with the sale of automobiles, tires, tubes, accessories, and for automobile repairs closed. What would happen to those dependent upon employment in those shops? Or to those dependent upon rent from those shops? And what would happen to the finances of those States so heavily depending upon revenue from the continued full use of cars?

Senators should think seriously about how their States would be affected should the automobile industry be seriously crippled by proposed Federal taxation on cars, trucks, lubricating oil, tires, tubes, and parts.

And the extraordinary fact is that the Senate Finance Committee plans this assault upon the one industry in the country which has demonstrated courage and faith at a time when most industries were afflicted with fear and pessimism; the one industry which has gone forward with a program requiring enormous outlays which would not only give employment to workingmen directly connected with the automobile industry, but by increasing demands for steel and many other products, act as an important bolster to business generally.

To raise revenue by crippling business is to condemn millions to unemployment, want, and suffering. Such measures are criminally stupid. The needed revenues can be raised without crippling business, and they would have been already provided but for the selfish demagogues.

REVENUE, ECONOMY, AND VETERANS' LEGISLATION

Mr. HEBERT. Mr. President, I present petitions of several hundred citizens of Rhode Island praying for the enactment of the general sales tax and legislation to balance the Budget. I ask that the body of the petition marked "No. 1" be made a part of the RECORD, and that the petitions themselves be referred to the appropriate committee.

The VICE PRESIDENT. Without objection, the petition praying for the adoption of the manufacturers' sales tax will lie on the table; the other petition dealing largely with veterans' affairs will be referred to the Finance Committee, and the body thereof will be printed in the RECORD.

The petition last above referred to, without the names, is as follows:

To the UNITED STATES SENATORS AND REPRESENTATIVES FROM RHODE ISLAND.

We, the undersigned citizens of Rhode Island, aroused by the deplorable action of Congress during the past few weeks with respect to revenue legislation, economy legislation, and legislation relating to veterans' compensation and relief, have joined in this petition for the purpose of enlisting your prompt and vigorous support of the measures hereinafter specified.

We heartily indorse President Hoover's message of May 5 and urge upon you the prompt enactment of legislation necessary to accomplish the purposes therein set forth.

We demand "the prompt enactment of a revenue bill adequate to produce the necessary revenue and so designed as to distribute the burdens equitably and not to impede economic recovery."

We demand the prompt enactment of an adequate economy measure along the lines recommended by President Hoover.

We demand (a) the elimination of all expenditures for veterans of the World War who did not in fact suffer disability in war service, (b) a return to the sound policy in which the World War veterans' legislation was first conceived—just and liberal compensation to the dependents of those who lost their lives in war service and to the veterans who in fact suffered some disability in the war, (c) the repeal of the later statutes which permit payments for veterans of the World War who, without suffering any physical detriment to themselves, did no more than perform their duty as citizens, (d) the repeal of the provisions of the Spanish-American pension statutes which permit payments to veterans for disabilities not connected with service in that war, and (e) the reduction of the Federal expenditures by not less than $450,000,000 annually which these reforms would effect.

It is estimated that of all hospital care and treatment for World War veterans over 50 per cent is already for veterans whose disabilities are not connected with war service. Furthermore, as of March 31, 1932, the Veterans' Administration had paid cash disability "allowances" for non-service-connected disabilities to 367,666 veterans of the World War; and it is estimated that by June 30, 1933, 561,000 World War veterans will be receiving disability allowances for non-service-connected disabilities, a prospective increase of 193,334, or 52 per cent in 15 months.

Thus there has insidiously grown up by legislative enactment—so gradually as not to be realized by the people at large—a system of war benefits for men who suffered no physical injury in war service already running into the hundreds of millions of dollars, a burden which will rapidly increase from year to year unless the present laws are repealed.

As testified by the Administrator of Veterans' Affairs before the Ways and Means Committee of the House of Representatives on April 26, 1932, the total amount expended by the Federal Government for veterans of the World War is already "about $6,000,000,000," and if continued "at the present rate without changes in law the Government will have spent $21,500,000,000 in 1945," a sum equal to the cost of the war itself, in addition to which State benefits to veterans of the World War have already amounted to $519,791,000.

The above recitals comprise a few—but a few only—of the facts demonstrating that an immense and growing legalized abuse has been fastened upon the people, which has reached a point which is beyond toleration and demands immediate abatement.

The constantly mounting cost of government has undoubtedly accentuated and is prolonging the present depression. It is estimated that the cost of operating Federal, State, and municipal governments at the present time is over $13,000,000,000 a year, an amount which must be raised by taxation. This is one-sixth of the total estimated annual income of the people of this country. This means that, on an average, each person is devoting one-sixth of his annual income to the support of the Federal, State, and municipal governments, or, expressed in other language, that the wages and other income which he receives for two months' work each year are being turned over to such governments for their support. By far the largest single item in governmental expenditures is that devoted to the payment of soldiers' bonuses and relief.

The fact that an individual pays no income or local tax, or only a small tax, does not mean that he is not contributing his share to the support of the Government. Every single article that he buys, whether it be food, clothing, or anything else, has included in the price that he pays for it a very substantial amount to cover taxes which have been paid by the manufacturers, transportation agencies, and merchants who have produced, transported, and sold the article and the materials that have been used in its manufacture.

When these facts have become known to the American taxpayer, we venture the prediction that such a storm of protest will be raised against reckless and unnecessary public expenditures that the Members of Congress and the other legislative bodies in this country will not dare to ignore it.

Words are inadequate to express our indignation at the way in which Congress has approached these questions. Assailed by the demands of organized minorities, it has weakly yielded to such demands, and by so doing has completely nullified the beneficial effects which would otherwise undoubtedly have resulted from the various constructive financial measures which have been adopted and are now being administered by various agencies, and has brought the country to the brink of economic ruin. It is time that the voice of the vast unorganized majority be heard. You may rest assured that the undersigned, with a host of other voters in the State of Rhode Island, are watching closely the votes of its Senators and Representatives and that a failure on their part to act courageously and in the interest of the public as a whole will be reflected in the vote at the coming election.

This is not a time for the display of partisan politics—the emergency is grave and must be met in a straightforward and statesmanlike manner.

MAY 9, 1932.

USE OF SILVER AS MONEY

Mr. THOMAS of Idaho. Much has recently been said regarding the use of silver as money and the attitude of foreign countries toward that problem. This morning's New York Times contains an article on the restoration of silver and the position of the next French Government toward an international bimetallic standard of currency, which I ask unanimous consent may be printed in the RECORD and referred to the Committee on Banking and Currency.

There being no objection, the article was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[From the New York Times, May 19, 1932]

SEES FRENCH MOVE TO RESTORE SILVER—RAYMOND PATENOTRE, WEALTHY DEPUTY, ASSERTS HERRIOT AND CAILLAUX BACK BIMETALISM—HOLDS HOOVER MAY HELP—HE ADVOCATES A RATIO OF 45 TO 1, WITH A MONETARY RESERVE OF 3 PER CENT IN SILVER—SEES CAPITALISM AT BRINK—DECLARES MEASURES MUST BE TAKEN IF IT IS TO SURVIVE—BRITAIN SEEN STEERING POUND

PARIS, May 18.—The next French Government will support a policy of international bimetallic standard of currency, Raymond Patenotre, deputy and one of the wealthiest men in the country, said in an interview with your correspondent to-day.

Patenotre accompanied former Premier Laval to Washington in an effort to win over President Hoover to his views and to induce the President to call a monetary conference. He failed at that time to convince either Mr. Hoover or even the French financial experts in the mission, he admits; but he now says the President seems willing at least to have a conference called, and, on the French side, M. Patenotre asserts he has completely won over Joseph Caillaux and Edouard Herriot to his point of view.

When it is remembered that M. Herriot is to be a most important figure in the new government and that M. Caillaux possibly will be Finance Minister, it will be realized that their support would go far toward swinging financial France into line.

BANK COULD BE OVERRULED

While it is true that Bank of France officials flatly oppose a change from the monometallic, or gold standard and that their influence is naturally very strong, their positions are political appointments, and when they are at odds with the Government they must either resign or change their attitude.

"The world's gold stocks are insufficient for the volume of transactions," M. Patenotre said, "and the production [of gold], far from increasing, is going to diminish after 1934. A return to bimetalism would permit a revival of international trade. It would give back their purchasing power to the Asiatic races. It would reduce hoarding and, in short, reverse the present deflationary trends and start the world back toward normalcy.

"If we don't do something, capitalism is doomed. I don't consider bimetalism the only way out, but monometalism must be abandoned, and it seems to me that a bimetallic standard is the best solution."

What M. Patenotre has in mind is setting a definite ratio of gold and silver at 1 to 45. This would be done at an international monetary conference at which the Banks of France and England and the Federal reserve system would at least agree to adopt bimetalism to the extent of making the currency reserve 3 per cent in silver and the rest of the reserve in gold. In the case of France, for instance, that would mean about $300,000,000 in silver.

M. Patenotre feels there are great objections to the bimetalism which the United States tried, in a limited way, by the compulsory purchase of silver during the nineteenth century. He holds that one country acting alone can not adopt the policy effectively. If an international agreement were reached, he says, the fluctuations in the value of silver and its ratio toward gold would be kept at such a minimum as to permit the ratio to stand for at least 5 to 10 years.

Needless to say, the adoption of the Patenotre plan would mean a reversal of France's traditional policy, which is firmly for the gold standard and for a slow and cautious return to normal conditions.

DAIRY AND CREAMERY INDUSTRY IN PENNSYLVANIA

Mr. DAVIS presented a letter from the Philadelphia Dairy Jobbers Association, signed by Joseph Buschel, its secretary, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Senator JAMES J. DAVIS,
3012 Massachusetts Avenue, Washington, D. C.

HONORABLE SENATOR DAVIS: The Philadelphia Dairy Jobbers Association, realizing the importance of proper representation on the various boards and committees to whom is intrusted the task of determining to what industries the Government should extend its aid, want to take this means of going on record regarding certain dealings with such representation.

The Philadelphia Dairy Jobbers Association comprises citizens of the United States and taxpayers of Philadelphia, the largest city in Pennsylvania and the second largest city in the eastern section of the United States. It is engaged in the selling and distribution of farm and dairy products for the farmers of Pennsylvania and surrounding States.

The Pennsylvania farmers and distributors are not in any manner recipients of Government aid, and under the circumstances are greatly handicapped by other Government-aided distributors and farmers from other States that have invaded Pennsylvania territory.

Under date of March 12, 1932, the following nominations of the Farm Board were approved by Senate:

Frank Evans, Samuel H. Thompson, and William F. Schilling.

We quote from the CONGRESSIONAL RECORD, page 5881, March 12, 1932, in substantiation of our contentions of existing discrimination in having to compete with the Government-aided distributors of other States, Senator MCNARY quoted:

"Thirty-nine years ago Mr. Schilling organized the first great creamery in the State of Minnesota, and he is to-day the leading spirit in the Land O'Lakes Creameries (Inc.)."

The true state of affairs is that the Land O'Lakes Creameries (Inc.), of which, according to Senator MCNARY, Mr. Schilling, of Minnesota, is the moving spirit, is the worst competitor in the State of Pennsylvania with which the Pennsylvania farmers and dairy distributors have to contend.

The actual practice of the Land O'Lakes Creameries (Inc.) is very much at variance with the intent and the purposes for which it was chartered. According to the purpose clause of Land O'Lakes Creameries (Inc.), under article 2, cooperative file No. 84, State of Minnesota, department of state, filed June 11, 1924—

"To market and sell on the cooperative plan the creamery, cheese, dairy, poultry, and agricultural products of its members."

Originally, therefore, it was intended to help out only those who could not help themselves in the marketing of their products and their scope limited to members only. In actual practice, however, it has been stated that the Land O'Lakes Creameries (Inc.) has been purchasing products from others than their members and bringing such products into Pennsylvania markets, thereby doing a general merchandising business in competition to private enterprises.

Under date of March 26, 1932, the Produce News quoted W. F. Jensen, secretary-manager of the American Association of Creamery Butter Manufacturers, as follows. Jensen says:

"Government aid alone enables them to rival private firms."

And in a number of other daily papers considerable light has been shed on the Government aid to such cooperatives with a detrimental effect on the private-business enterprises, and contributory to the piling up of losses.

Government advances to such cooperatives have contributed considerably to the present chaotic state of the dairy and creamery industry in Pennsylvania, and we take this means of petitioning you to use your good efforts to remedy this condition by withdrawing Government aid from the privileged organizations and thereby better the conditions of our industry in Pennsylvania.

Yours very truly,

[SEAL.] PHILADELPHIA DAIRY JOBBERS ASSOCIATION,
JOSEPH BUSCHEL, *Secretary.*

THE RELIEF SITUATION

Mr. TRAMMELL presented a letter from members of Local Union No. 177, International Brotherhood of Electrical Workers, of Jacksonville, Fla., which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
Jacksonville, Fla., May 6, 1932.

Hon. PARK TRAMMELL,
Senate Office Building, Washington, D. C.

DEAR SENATOR: We are appealing to you and the Congress of the United States to do something for the jobless, hungry workers of your State and everywhere, where suffering and acute distress exist. We have hoped that spring would bring relief in some form of seasonal employment—in vain. Instead of relief we are faced with more and more unemployment, at a season when industrial employment should show a seasonal gain.

Our people are losing their homes because they are unable to pay rent or taxes. Our relief appropriations are exhausted, and the source of further funds, a majority of which must come from other workers, is closed because of the retrenchment policy of the Federal Government. They can't help but feel insecure in the face of wage and salary reductions forced upon them by employers who follow the example set by Congress.

Such reductions not only affect pay rolls but subsequent retrenchment on the part of others and loss of confidence all the way down the line. Where is it going to end? Those people to whom we are all looking to inaugurate some definite relief program, are going to be faced with something more serious than the feeble protests of a determined populace—unless something is done to end this national tragedy.

This is an emergency if ever there was one—emergency measures should be adopted. Every dollar taken out of circulation only adds to the lengthening soup lines and causes the wheels of industry to slow down.

Now that the railroads and the poor bankers have had their slice of cake, isn't it about time that the policy of wage and salary reductions cease long enough to give the workers their crumb of bread? Are you going to use your influence and vote to give them relief—we want to know.

Yours truly,

MEMBERS OF LOCAL NO. 177,
E. C. VALENTINE, *President.*

PAY OF PRINTERS UNDER ECONOMY PLAN

Mr. SCHALL. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred a letter from Clyde M. Mills, president of the Columbia Typographical Union, No. 101, Washington, D. C.

There being no objection, the letter was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

COLUMBIA TYPOGRAPHICAL UNION, No. 101,
Washington, D. C., May 18, 1932.

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

MY DEAR SENATOR: We believe it the duty of this union to point out to Members of Congress some of the inequalities contained in the economy bill, H. R. 11267. Knowing your keen interest in this matter, we will attempt to explain our interpretation of the bill, that you may be able to vote with full knowledge of our position and the reasons therefor.

We will refer, of course, to the position of the printers employed in the Government Printing Office, but the expressions represent all the allied trades, pressmen, bookbinders, women bindery workers, electrotypers, photo-engravers, stereotypers, and machinists. There is very little difference in the wages paid the different trades and the working conditions are practically the same.

Employees of the Government Printing Office work under agreements having definite dates of expiration. The law setting forth the right of employees of the office to make agreements is found in the Kiess bill, H. R. 7996, Public, No. 276, entitled "An act to regulate and fix rates of pay for employees and officers of the Government Printing Office," enacted by Congress June 7, 1924. We quote one paragraph:

"* * * *Provided further*, That except as hereinbefore provided, the rates of wages, including compensation for night and overtime work, for more than 10 employees of the same occupation shall be determined by a conference between the Public Printer and a committee selected by the trades affected, and the rates and compensation so agreed upon shall become effective upon approval by the Joint Committee on Printing; if the Public Printer and the committee representing any trade fail to agree as to wages, salaries, and compensation, either party is hereby granted the right of appeal to the Joint Committee on Printing, and the decision of said committee shall be final; the wages, salaries, and compensation determined as provided herein shall not be subject to change oftener than once a year thereafter * * *."

Section 103, subsection (d) of the present bill, in the first part of the sentence, exempts all employees working under agreements reached under the above law or similar laws; but in the last part of the sentence such wage boards are directed to immediately effect a readjustment in conformity with prevailing local rates for similar work. But the inconsistency is found in section 207, Title II, which specifically provides that no employee shall receive a higher rate of pay for night work, for overtime work, or for work performed on Sundays or holidays; yet the act of Congress granting the power to wage boards to fix such rates is not repealed.

Section 207 referred to reads:

"During the fiscal year ending June 30, 1933, no employee or officer of the Government shall be allowed or paid a higher rate of compensation for overtime work, for night work, or for work on Sundays and holidays. In so far as practicable, overtime work and night work shall be performed by substitutes in lieu of persons who have performed a day's work during the day during which the overtime work or night work is to be performed, and work on Sundays and holidays shall be performed by substitutes in lieu of persons who have performed a week's work during the same week * * *."

The employment of substitutes either for overtime work or other work is not in effect in the Government Printing Office, neither can it be made to apply without drastic changes. There is very little overtime hours worked at the office. Night workers are not employed during any other hours of the day. They work eight hours at night.

There are now employed at night in the office 647 tradesmen. Of this number 501 are printers, 18 platemakers, 85 pressmen, 43 bookbinders. The scale of wages run from $1.15 per hour to $1 per hour. The largest number receive $1.10; this hourly rate multiplied by 8 hours per day totals $8.80. Wages are still based on 48 hours per week, making a total of $52.80 and a yearly total of 52 weeks, $2,745.60. To this is added 15 per cent for night work, $426.84, which will be taken away upon adoption of the existing section 207.

We can not believe there is a Member of Congress who sincerely believes that a printer earning $3,000 per year should be reduced in the amount contemplated in the adoption of section 207. That belief is based on the action of the House in exempting from any reduction earnings of $2,500 or less and letters from several Representatives who say they did not fully understand the full intent of the section.

Practically all work produced at night in the office is for Congress, such as the CONGRESSIONAL RECORD, which must be on the desks of Members of Congress early in the morning; new bills; reports of hearings; and other such items. There would be very little necessity for night work were it not for the requirements of Congress.

We can see no reasonable argument why any reduction larger than that directed to per annum and per diem employees working during the day should be directed to night workers.

We believe that a large number of Members of Congress are under the impression that employees of the Government Printing Office receive sick leave. These employees do not receive any sick leave.

The following tables have been compiled upon our interpretation of the two most-talked-of plans, the President's furlough plan and the direct pay cut. While the totals may vary slightly from Bureau of Efficiency figures, please consider that we are not trained in the matter of statistics, but we believe the figures are very nearly correct:

Comparative losses under the two plans

Hourly rate	$1.10
H. R. 11267:	
11 per cent	37.02
Loss night pay	426.84
Total	463.86
President's furlough plan:	
5-day week	249.60
Loss night pay	426.84
Leave	264.00
Total	940.40

Under the 11 per cent reduction in pay for Members of Congress you will be reduced $825. Under the same plan a printer will be reduced $463.84. Under the President's plan of 10 per cent reduction for Congress you would be reduced $1,000. A printer, under the same plan, will receive $940.40 less. And the printer's salary is $3,000 as against $10,000 for Members of Congress.

The principle of a higher rate of pay for night work and overtime has been established in industry, especially the printing trades, for more than 40 years. It is extremely unfair, in our opinion, for Congress, which should set a standard for all industry, to take from us that which we have gained through years of effort.

We wish to emphasize that night work in the office is not overtime. We also call attention to the fact that printers work 44 hours per week, and again that they do not receive sick leave.

We feel confident of your support in striking out section 207 after considering all these facts.

Thanking you for your past cooperation and support and assuring you of our sincere friendship, I am,

Yours very sincerely,

CLYDE M. MILLS, *President.*

REPORTS OF COMMITTEES

Mr. THOMAS of Idaho, from the Committee on Irrigation and Reclamation, to which was referred the joint resolution (S. J. Res. 148) to permit a compact or agreement between the States of Idaho and Wyoming respecting the disposition and apportionment of the waters of the Snake River and its tributaries, and for other purposes, reported it with an amendment and submitted a report (No. 711) thereon.

He also, from the same committee, to which was referred the bill (H. R. 7914) granting the consent of Congress to the States of Montana and Wyoming to negotiate and enter into a compact or agreement for division of the waters of the Yellowstone River, reported it without amendment and submitted a report (No. 712) thereon.

Mr. BINGHAM, from the Committee on Commerce, to which was referred the bill (S. 4565) to amend the railway labor act, reported it without amendment and submitted a report (No. 713) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 4680. An act to extend certain provisions of the river and harbor act of March 3, 1899, to the Virgin Islands (Rept. No. 714);

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes (Rept. No. 715); and

H. R. 3951. An act to provide a preliminary examination of the Edisto River and its branches, South and North Edisto, S. C., with a view to the control of its floods (Rept. No. 716).

Mr. VANDENBERG, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 4635. An act authorizing the Commonwealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Owensboro, and permitting the Commonwealth of Kentucky to act jointly with the State of Indiana in the construction, maintenance and operation of said bridge (Rept. No. 717); and

S. 4636. An act authorizing the Commonwealth of Kentucky, by and through the State Highway Commission of Kentucky, or the successors of said commission, to construct, maintain, and operate a toll bridge across the Ohio River at or near Cairo, Ill., and permitting the Common-

wealth of Kentucky to act jointly with the State of Illinois in the construction, maintenance, and operation of said bridge (Rept. No. 718).

Mr. ODDIE, from the Committee on Post Offices and Post Roads, submitted a report (No. 719) to accompany the bill (S. 36) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, heretofore reported by him from that committee with amendments.

Mr. WHITE, from the Committee on Claims, to which was referred the bill (H. R. 5242) for the relief of D. Emmett Hamilton, reported it with an amendment and submitted a report (No. 720) thereon.

Mr. BROOKHART, from the Committee on Claims, to which was referred the bill (S. 329) for the relief of Beatrice I. Manges, reported it with an amendment and submitted a report (No. 721) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of Col. Harley B. Ferguson, Corps of Engineers, United States Army, for appointment as member and president of the Mississippi River Commission, as provided by law, vice Brig. Gen. Thomas H. Jackson, relieved.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Arkansas:

A bill (S. 4698) to authorize the sale of a portion of the Fort Smith National Cemetery Reservation, Ark., and for other purposes; to the Committee on Military Affairs.

By Mr. SMOOT:

A bill (S. 4699) relating to publications for the blind; to the Committee on Education and Labor.

By Mr. NYE:

A bill (S. 4700) to allow credit to homestead settlers and entrymen for certain military service; to the Committee on Public Lands and Surveys.

By Mr. STEIWER:

A bill (S. 4701) for the relief of John Hampshire; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 4702) granting an increase of pension to Calista Lawson; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 4703) to authorize the free importation into the United States of goods bartered for farm products; to the Committee on Finance.

By Mr. BLAINE:

A bill (S. 4704) to amend section 25 of the healing arts practice act of the District of Columbia, approved February 27, 1929; to the Committee on the District of Columbia.

By Mr. HAWES:

A bill (S. 4705) granting a pension to Mary Cox (with accompanying papers); to the Committee on Pensions.

By Mr. WALSH of Massachusetts:

A bill (S. 4706) conferring jurisdiction on the Court of Claims to hear and determine the claim of George B. Gates; to the Committee on Claims.

By Mr. STEIWER:

A bill (S. 4707) for the relief of Norris R. Wentworth, Lloyd J. Wentworth, J. K. Wentworth, jr., and George Finley; to the Committee on Claims.

By Mr. HOWELL:

A bill (S. 4708) granting an increase of pension to Sarah M. Williams; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 4709) to amend section 60 of the Federal bankruptcy act; to the Committee on the Judiciary.

By Mr. COPELAND:

A joint resolution (S. J. Res. 161) to authorize the erection on public grounds in the District of Columbia of a stone marker designating the zero milestone of the Jefferson Davis National Highway; to the Committee on the Library.

CHANGE OF REFERENCE

On motion of Mr. HOWELL, the Committee on Claims was discharged from the further consideration of the bill (S. 4657) for the relief of Henry Charles O'Dell, and it was referred to the Committee on Finance.

COMPILATION OF LAWS RELATING TO VETERANS

Mr. NORRIS submitted the following concurrent resolution (S. Con. Res. 29), which was referred to the Committee on Printing:

Resolved by the Senate (the House of Representatives concurring), That the compilation of all Federal laws relating to the veterans of our various wars, transmitted by the Administrator of Veterans' Affairs to the Senate on May 9 (calendar day, May 12), 1932, in response to Senate Resolution No. 412, Seventy-first Congress, be printed as a Senate document with an illustration, and that ——— additional copies shall be printed, to be distributed by the Administrator of Veterans' Affairs; one copy, upon application, to each post of the Grand Army of the Republic, to each camp of the United Spanish War Veterans, to each post of the American Legion, and to each post of the Veterans of Foreign Wars.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 2498) to authorize the transfer of jurisdiction over public land in the District of Columbia.

The message also announced that the House had passed a bill (H. R. 4743) to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1335. An act to remove the limitation upon the filling of vacancy of district judge for the district of New Jersey; and

S. 2498. An act to authorize the transfer of jurisdiction over public land in the District of Columbia.

HOUSE BILL REFERRED

The bill (H. R. 4743) to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment," approved June 2, 1920, as amended, was read twice by its title and referred to the Committee on Education and Labor.

"THE FORGOTTEN MAN"—ADDRESS BY GOVERNOR ROOSEVELT

Mr. DILL. Mr. President, at Warm Springs, Ga., on yesterday Governor Roosevelt in an extemporaneous address to the Kiwanis Clubs made some references to the needs of the poor of this country that are so much in point I should like to have them included in the RECORD. I want to read one paragraph from the address.

No one wants government to assume more functions, but it is clear that government in this Nation can not let its people starve. The government in the United States must not allow its men, women, and children to suffer excessive privation.

Then in another part of the address Governor Roosevelt said:

I believe that some one has spoken of the forgotten man. But there is also the forgotten child. One of the great advances of current life is that it is becoming increasingly difficult to find a physically handicapped, forgotten child who requires help.

I think, coming from a man holding the position which the Governor of New York holds, that this address is of

special interest, and I ask that the report of the address as published in the New York Times may be printed in the RECORD as part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

[From the New York Times, May 19, 1932]

ROOSEVELT RENEWS "FORGOTTEN" PLEA—GOVERNMENT MUST NOT LET ITS PEOPLE STARVE, HE TELLS GEORGIA KIWANIANS—CITES JEFFERSON'S WORDS—"MASS OF MANKIND WAS NOT BORN WITH SADDLES," HE QUOTES, URGING A NEW OUTLOOK

WARM SPRINGS, GA., May 18.—Gov. Franklin D. Roosevelt, in an address before Georgia Kiwanians, made a demand for the "forgotten man" and assailed "privilege in the saddle."

Seizing on sentences from the last letter to Thomas Jefferson, which were sent to the governor by a correspondent who had been stirred by attacks on his previous views expressed on economic relief, Mr. Roosevelt declared that the National Government must take steps to prevent starvation among its men, women, and children. A proper outlook on government, he insisted, would bring this result.

The governor spoke extemporaneously, and while many of his statements were directed specifically toward cooperation in aiding the physically handicapped, they were broadened to include the entire economic picture, when the words of Thomas Jefferson were invoked.

Governor Roosevelt made it clear that he was applying the Jeffersonian formula to the whole social structure when he insisted that the words in which the "Sage of Monticello" attacked the idea of inherent servility of the masses were as sound to-day as in 1826, when they were written.

The governor even used the term "forgotten man" again, the words which, it is said, gave rise to the speech of former Governor Smith denouncing "demagogues."

The governor opened his address by praising the Kiwanis organization for the aid it had offered to the handicapped to obtain treatment.

Kiwanis, he said, had a great opportunity in making itself known as the "friend of the forgotten man."

Mr. Roosevelt continued:

"Only this morning I received a letter in the mail containing a quotation from the last letter of Thomas Jefferson. It was written by him two days before his death on July 4, 1826, and was in response to an invitation to go to the District of Columbia to attend the fiftieth anniversary of the Declaration of Independence.

"Jefferson wrote from Monticello that he was sorry his illness would prevent his attendance. It was a simple letter, and his sentence was written as death was guiding his hand:

"'The mass of mankind was not born with saddles on their backs, nor were a favored few born booted and spurred, ready to ride mankind, either legitimately or by the grace of God.'

"That was a clear, forceful expression, and I think it is as true to-day as it was in 1826. The mass of the people were not born with saddles on their backs. We know that many of them do have saddles on their backs nevertheless. But they can be removed by the right kind of outlook in government in this country.

"No one wants government to assume more functions, but it is clear that government in this Nation can not let its people starve. Government in the United States must not allow its men, women, and children to suffer excessive privation.

"In normal times we all hope that some way will be devised to avoid any increase in governmental functions, but in what you might call exceptional times like these certain functions must be maintained.

"I think these are times when we could well rely on the words of the Bible again—those in one of the commandments. I think that the country would work more readily, not back to great prosperity but to comparative prosperity, if we remember those words.

"We will come more easily to the day when food, clothing, and a roof will be guaranteed to the men, women, and children of the Nation if we appreciate genuinely and apply practically that commandment: 'Love thy neighbor as thyself.'"

The governor avowed earlier in the address that declaration of basic principles of this sort were more necessary now than ever before.

"I want to talk very briefly," he said, "about some of the confusing elements in modern life. We have fallen on evil times. The average man and woman is confused as to his or her rights and duties.

"There is confusion as to the place of private endeavor and government action. In these times we must clarify what the government can let go of and what it must continue to hold."

Governor Roosevelt asserted that government in this country had undoubtedly "overstepped itself in extravagance" in the past decade in city, State, and Nation, and declared that curtailment was necessary as far as possible. At the same time he repeated his demand that social welfare activities of government should not be "scrapped" in economy programs.

"Social welfare functions," he said, "can not be thrown aside in time of stress, for that would mean a regression in our civilization. We must continue them, unless we can find some private group to operate them more cheaply and efficiently."

"I believe that some one," the governor smiled, "has spoken of the forgotten man. But there is also the forgotten child. One of the great advances of current life is that it is becoming increasingly difficult to find a physically handicapped, forgotten child who requires help."

The governor urged the Kiwanians to recognize the economic efficiency of aiding the physically handicapped by expenditure of money for training them for useful occupations, on the ground that the earning power created would be far greater than the money spent for the training and aid."

Gov. Richard B. Russell, jr., of Georgia, was another speaker at the dinner. He said:

"We hear to-day the voice of America summoning this great part-time Georgian to the tremendous task of rehabilitating and rebuilding this Republic. A leader has arisen and is recognized by the people as the one to restore government to the people and reestablish a firm democracy.

"We can feel sure that under his leadership the clouds of depression will be lifted."

Governor Roosevelt received an ovation when Governor Russell concluded.

The governor took his usual exercises in the pool during the day and was guest later at the cottage of Mr. and Mrs. Linn Pierson, of Detroit.

ENCYCLICAL OF POPE PIUS XI

Mr. LONG. Mr. President, I shall send to the desk and ask to have printed in the RECORD a message delivered by Pope Pius XI. I merely want to read one paragraph from it.

The VICE PRESIDENT. Does the Senator from Maryland yield for that purpose?

Mr. TYDINGS. I am willing to do so, provided I do not lose the floor; but I ask the Senator from Louisiana if he will not be as brief as he can?

Mr. LONG. What I desire to be read embraces only seven or eight lines.

Mr. TYDINGS. Very well.

Mr. LONG. I merely desire to read these few lines from the message of Pope Pius XI:

From greed arises mutual distrust that casts a blight on all human dealings; from greed arises hateful envy which makes a man consider the advantages of another as losses to himself; from greed arises narrow individualism which orders and subordinates everything to its own advantage without taking account of others, on the contrary, cruelly trampling under foot all rights of others. Hence the disorder and inequality from which arises the accumulation of the wealth of nations in the hands of a small group of individuals who manipulate the market of the world at their own caprice, to the immense harm of the masses, as we showed last year in our encyclical letter, "Quadragesimo Anno."

Mr. TYDINGS. I thank the Senator from Louisiana for having placed in the RECORD one of the best arguments I have ever heard against the oil tariff.

Mr. LONG. Mr. President, I ask unanimous consent that the encyclical message of Pope Pius XI, issued yesterday, may be printed in the RECORD.

There being no objection, the encyclical referred to was ordered to be printed in the RECORD, as follows:

(VATICAN CITY, May 18.—Following is the full text of the encyclical of Pope Pius XI calling upon the world to unite in prayer for divine assistance in overcoming the prevailing universal distress:)

ENCYCLICAL LETTER

To the Patriarchs, Primates, Archbishops, Bishops, and other ordinaries in peace and communion with the Apostolic See, on offering prayer and expiation to the sacred heart of Jesus in the present distress of the human race:

Venerable brethren, health and apostolic benediction.

Urged by the charity of Christ, we have invited with the encyclical Nova Impendet of October 2 of last year, all members of the Catholic Church, indeed all men of good will, to unite in a holy crusade of love and succor, in order to alleviate in some measure the terrible consequences of the economic crisis under which the human race is struggling. And truly wonderful was the unanimous enthusiasm with which the generosity and activity of all answered our appeal. But distress has increased, the number of the unemployed has grown in practically all parts, and subversive elements are making use of the fact for their propaganda; hence public order is threatened more and more and the peril of terrorism and anarchy hangs over society ever more ominously.

Such being the case, the same charity of Christ moves us to turn once again to you, venerable brethren, to the faithful in your charge, to the whole world, and to exhort all to unite and to resist with all their might the evils that are crushing humanity and the still graver evils that are threatening.

Chapter I

UNIVERSALITY OF DISTRESS

If we pass in review the long and sorrowful sequence of woes that, as a sad heritage of sin, mark the stages of fallen man's

earthly pilgrimage from the flood on, it would be hard to find spiritual and material distress so deep, so universal, as that which we are now experiencing; even the greatest scourges that left indelible traces in the lives and memories of peoples struck only one nation at a time.

Now on the contrary the whole of humanity is held bound by the financial and economic crisis, so fast that the more it struggles the harder appears the task of loosening its bonds.

There is no people, there is no state, no society, or family which, in one way or another, directly or indirectly, to a greater or less extent, does not feel the repercussion. Even those, very few in number, who appear to have in their hands, together with enormous wealth, the destinies of the world, even those very few who with their speculations were and are in great part the cause of so much woe, are themselves quite often the first and most notorious victims, dragging down with themselves into the abyss the fortunes of countless others; thus verifying in a terrible manner and before the whole world what the Holy Ghost had already proclaimed for every sinner in particular: "By what things a man sinneth, by the same also he is tormented."

This deplorable state of things, venerable brethren, makes our paternal heart groan and makes us feel more and more deeply the need of adopting, in the measure of our insufficiency, the sublime sentiment of the sacred heart of Jesus: "I have compassion on the multitude."

But still more deplorable is the root from which springs this condition of affairs, for if what the Holy Ghost affirms, through the mouth of St. Paul, is ever true, much more it is true at present: "The desire of money is the root of all evils."

Is it not that lust of earthly goods that the pagan poet called with righteous scorn "the accursed hunger for gold"; is it not that sordid egoism which too often regulates the mutual relations of individuals and society; is it not, in fine, greed, whatever be its species and form, that has brought the world to a pass we all see and deplore?

From greed arises mutual distrust that casts a blight on all human dealings; from greed arises hateful envy which makes a man consider the advantages of another as losses to himself; from greed arises narrow individualism which orders and subordinates everything to its own advantage without taking account of others, on the contrary cruelly trampling under foot all rights of others. Hence the disorder and inequality from which arises the accumulation of the wealth of nations in the hands of a small group of individuals who manipulate the market of the world at their own caprice, to the immense harm of the masses, as we showed last year in our encyclical letter Quadragesimo Anno.

FINDS A FEW CONTROL WEALTH OF NATIONS

The right order of Christian charity does not disapprove of lawful love of country and a sentiment of justifiable nationalism; on the contrary, it controls, sanctifies, and enlivens them. If, however, egoism, abusing this love of country, and exaggerating this sentiment of nationalism insinuates itself into the relations between people and people, there is no excess that will not seem justified, and that which between individuals would be judged blameworthy by all is now considered lawful and praiseworthy if it is done in the name of this exaggerated nationalism.

Instead of the great law of love and human brotherhood, which embraces and holds in a single family all nations and peoples with one Father, who is in heaven, there enters hatred, driving all to destruction. In public life sacred principles, the guide of all social intercourse, are trampled upon; the solid foundations of right and honesty on which the state should rest are undermined.

Profiting by so much economic distress and so much moral disorder the enemies of all social order, be they called communists or any other name, boldly set about breaking through every restraint. This is the most dreadful evil of our times, for they destroy every bond of law, human and divine; they engage openly and in secret in a relentless struggle against religion and against God himself; they carry out the diabolical program of wresting from the hearts of all, even of children, all religious sentiment; for well they know that when once belief in God has been taken from the heart of mankind they will be entirely free to work out their will.

Thus we see to-day what was never before seen in history—the satanical banners of war against God and against religion brazenly unfurled to the winds in the midst of all peoples and in all parts of the earth. Polluted and closed are the sources of those ancient traditions which, based on faith in God and fidelity to His law, secured the true progress of nations.

There were never lacking impious men nor men who denied God; but they were relatively few, isolated and individual, and they did not care or did not think it opportune to reveal too openly their impious minds, as the inspired psalmist appears to suggest, when he exclaims, "The fool hath said in his heart, there is no God." The impious, the atheist, lost in the crowd, denies God, his creator, but in the secret of his heart.

ATHEISM SPREADING THROUGH MASSES

To-day, on the contrary, atheism has already spread through large masses of the people. Well organized, it works its way even into the common schools; it appears in theaters; in order to spread it makes use of its own cinema films, of the gramophone, and the radio; with its own printing presses it prints booklets in every language; it promotes special exhibitions and public parades; it has formed its own political parties and its own economic and military systems.

This organized and militant atheism works untiringly by means of its agitators, with conferences and projections, with every means of propaganda, secret and open; among all classes, in every street, in every hall; it secures for this nefarious activity the moral support of its own universities and holds fast the unwary with the mighty bonds of its organizing power.

At the sight of so much activity placed at the service of so wicked a cause there comes spontaneously to our mind and to our lips the mournful lament of Christ: "The children of this world are wiser in their generation than the children of light."

The leaders of this campaign of atheism, turning to account the present economic crisis, inquire with diabolic reasoning into the cause of this universal misery. The holy cross of our Lord, symbol of humility and poverty, is joined together with the symbols of modern imperialism, as though religion were allied with those dark powers which produce such evils among men.

Thus they strive, and not without effect, to combine war against God with men's struggle for their daily bread, with their desire to have land of their own, suitable wages, and decent dwellings—in fine, a condition of life befitting human beings.

ALL RECOGNIZING GOD ARE UNDER ATTACK

The most legitimate and necessary desires, just as the most brutal instincts, everything serves their antireligious program, as if the order established by God stood in contradiction with the welfare of mankind and were not, on the contrary, its only sure safeguard; as if human forces by means of modern mechanical power could combat the divine forces and introduce a new and better ordering of things.

Now it is a lamentable fact that millions of men, under the impression that they are struggling for existence, grasp at such theories, to the utter subversion of truth, and cry out against God and religion. Nor are these assaults directed only against the Catholic religion but against all who still recognize God as creator of heaven and earth and as absolute Lord of all things.

And the secret societies, always ready to support war against God and the church, no matter who wages it, do not fail to inflame ever more this insane hatred which can give neither peace nor happiness to any class of society but will certainly bring all nations to disaster.

Thus this new form of atheism, whilst unchaining man's most violent instincts, with cynical impudence proclaims that there will be neither peace nor welfare on earth until the last remnant of religion has been torn up and until its last representative has been crushed out of existence; as if in this way could be silenced the marvelous concert in which creation chants the glory of its Creator.

Chaper II

THE ADVANCE OF FAITH

We know very well, venerable brethren, that vain are all these efforts, and that in the hour He has established, God will arise and His enemies shall be scattered. We know that "the gates of hell shall not prevail." We know that our Divine Redeemer, as was foretold of Him, "shall strike the earth with the rod of His mouth and with the breath of His lips He shall slay the wicked," and for those unhappy beings terrible above all things will be the hour in which they fall "into the hands of the living God."

And this unshaken confidence in the final triumph of God and the Church is, through the infinite goodness of the Lord, strengthened for us every day by the consoling sight of the generous enthusiasm for God on the part of countless souls in every quarter of the world and in all classes of society.

It is indeed a powerful breathing of the Holy Spirit which is now passing over all the earth, drawing especially the souls of the young to the highest Christian ideals, raising them above all human respect, rendering them ready for every sacrifice, even the most heroic; a divine breath that stirs all hearts, even in spite of themselves, and causes them to feel an inward impulse, a real thirst for God, to be forgiven by those who dare not confess it.

It is also true that our invitation to the laity to take part in the apostolate of the hierarchy in the ranks of Catholic action has been everywhere received with docility and generosity. In the cities and in the country the number is continuously increasing of those who with all their strength devote themselves to the propagation of Christian principles and to their practical application in public life, while they themselves strive to confirm their words with the example of their upright lives.

But none the less, confronted with so much impiety, such destruction of all the holiest traditions, such slaughter of immortal souls, such offenses against the Divine Majesty, we can not, venerable brethren, refrain from pouring out the bitter grief of our soul; we can not refrain from raising our voice and, with all the energy of our apostolic heart, taking the defense of the downtrodden rights of God and of the most sacred sentiments of the human heart that has absolute need of God; and this all the more since these hostile forces, impelled by the spirit of evil, do not content themselves with mere clamor, but unite all their strength in order to carry out at the first opportunity their nefarious designs.

Woe to mankind if God, thus spurned by his creatures, allows in His justice free course to this devastating flood and uses it as a scourge to chastise the world! It is necessary, therefore, venerable brethren, that without faltering we "get up a wall for the house of Israel," that we likewise unite all our forces in one solid, compact line against the battalions of evil, enemies of God no less than of the human race.

For in this conflict there is really question of the fundamental problem of the universe and of the most important decision proposed to man's free will. For God or against God, this once more is the alternative that shall decide the destinies of all mankind. In politics, in finance, in morals, in the science and arts, in the state, in civil and domestic society, in the East and in the West, everywhere this question confronts us as the deciding factor because of the consequences that flow from it. Thus even the advocates of an altogether materialistic conception of the world always see rising before them the question of the existence of God that they thought had been ruled out once and for all and are ever constrained to take up again its discussion.

In the name of the Lord, therefore, we conjure individuals and nations, in the face of such problems and in the throes of a conflict of such vital interest for mankind, to put aside that narrow individualism and base egoism that blinds even the most clear-sighted, that withers up all noble initiative as soon as it is no longer confined to a limited circle of paltry and particular interests. Let them all unite together even at the cost of heavy sacrifices to save themselves and mankind.

In such a union of minds and forces they naturally ought to be the first who are proud of the Christian name, mindful of the glorious tradition of the apostolic time when "the multitude of believers had but one heart and one soul." But let all those also loyally and heartily concur who still believe in God and adore Him, in order to ward off from mankind the great danger that threatens all alike. For, in truth, belief in God is the unshaken foundation of all social order and of all responsible action on earth; and, therefore, all those who do not want anarchy and terrorism ought to bestir themselves with a will in order that the enemies of religion may not attain the goal they have so loudly proclaimed to the world.

ALL LAWFUL MEANS MUST BE USED

We are aware, venerable brethren, that in this battle for the defense of religion we must make use of all lawful means at our disposal. Therefore, following in the wise path of our predecessor, Leo XIII, of saintly memory, in our encyclical Quadragesimo Anno, we advocated so energetically a more equitable distribution of the goods of the earth and indicated the most efficacious means of restoring health and strength to the ailing social body, and tranquillity and peace to its suffering members.

For the unquenchable aspiration to reach a suitable state of happiness even on earth is planted in the heart of man by the creator of all things, and Christianity has always recognized and ardently promoted every just effort of true culture and sound progress for the perfecting and developing of mankind.

However, in the face of this satanic hatred of religion, which reminds us of the "mystery of iniquity," referred to by St. Paul, mere human means and expedients are not enough, and we should consider ourselves wanting in our apostolic ministry if we did not point out to mankind those wonderful mysteries of light that alone contain the hidden strength to subjugate the unchained powers of darkness.

When our Lord, coming down from the splendors of Thabor, had healed the boy tormented by the Devil, whom the disciples had not been able to cure, to their humble question, "Why could not we cast him out?" He made reply in the memorable words: "This kind is not cast out but by prayer and fasting."

It appears to us, venerable brethren, that these divine words find a peculiar application in the evils of our times, that can be averted only by means of prayer and penance.

Mindful, then, of our condition, that we are essentially limited and absolutely dependent on the Supreme Being, before everything else let us have recourse to prayer. We know through faith how great is the power of humble, trustful, persevering prayer; and to no other pious work have ever been attached such ample, such universal, such solemn promises as to prayer:

"Ask and it shall be given you, seek and you shall find, knock and it shall be opened to you. For every one that asketh, receiveth, and he that seeketh, findeth; and to him that knocketh it shall be opened. Amen, amen. I say to you if you ask the Father anything in my name He will give it to you."

ACT OF PRAYER UNITES MAN WITH GOD

And what object could be more worthy of our prayer and more in keeping with the adorable person of Him who is the only "mediator of God and men, the man Jesus Christ," that to beseech Him to preserve on earth faith in one God, living and true? Such prayer bears already in itself a part of its answer; for in the very act of prayer a man unites himself with God and, so to speak, keeps alive on earth the idea of God. The man who prays, merely by his humble posture professes before the world his faith in the Creator and Lord of all things; joined with others in prayer he recognizes that not only the individual but human society as a whole has over it a supreme and absolute Lord.

What a spectacle for heaven and earth is not the church in prayer! For centuries without interruption, from midnight to midnight, is repeated on earth the divine psalmody of the inspired canticles; there is no hour of the day that is not hallowed by its special liturgy; there is no stage of life, great or small, that has not its part in the thanksgiving, praise, supplication, and reparation of the common prayer of the mystical body of Christ, which is the church.

Thus prayer of itself assures the presence of God among men, according to the promise of the Divine Redeemer: "Where there are two or three gathered together in My name, there am I in the midst of them."

In addition, prayer will remove the fundamental cause of present-day difficulties which we have mentioned above; that is, the insatiable greed for earthly goods.

The man who prays looks above to the goods of heaven whereon he meditates and which he desires; his whole being is plunged in the contemplation of the marvelous order established by God, which knows not the frenzy of success and does not lose itself in futile competitions of ever-increasing speed; and thus automatically, as it were, will be reestablished that equilibrium between work and rest, whose entire absence from society to-day is responsible for grave dangers to life, physical, economic, and moral.

If, therefore, those who through the excessive production of manufactured articles have fallen into unemployment and poverty made up their minds to give the proper time to prayer, there is no doubt that work and production would soon return to reasonable limits and that the conflict which now divides humanity into two great camps struggling for transient interests would be changed into a noble and peaceful contest for goods heavenly and eternal.

In like manner will the way be opened to the peace we long for, as St. Paul beautifully remarks in the passage where he joins the precept of prayer to holy desires for the peace and salvation of all men:

"I desire, therefore, first of all, that supplications, prayers, intercessions and thanksgivings be made for all men; for kings and all that are in high station, that we may lead a quiet and peaceful life in all piety and chastity. For this is good and acceptable in the sight of God our Saviour, who will have all men to be saved and to come to the knowledge of truth."

ASKS PEACE FOR ALL BE IMPLORED

Let peace be implored for all men, but especially for those who in human society have the grave responsibilities of government; for how could they give peace to their peoples if they have it not themselves? And it is prayer precisely that, according to the apostle, will bring the gift of peace; prayer that is addressed to the Heavenly Father, who is the Father of all men; prayer that is the common expression of family feelings, of that great family which extends beyond the boundaries of any country and continent.

Men who in every nation pray to the same God for peace on earth can not be at the same time bearers of discord among peoples; men who turn in prayer to the Divine Majesty can not foment that nationalistic imperialism which of each people makes its own god; men who look to the "God of Peace and of Love," who turn to Him through the mediation of Christ, who is "our peace," will know no rest until finally that peace which the world can not give comes down from the Giver of every good gift on "men of good will."

"Peace be to you" was the Easter greeting of our Lord to His apostles and first disciples; and this blessed greeting from those first times until our day has never been absent from the sacred liturgy of the church, and to-day more than ever it should comfort and refresh aching and oppressed human hearts.

Chapter III

NEED FOR PENANCE

But to prayer we must also join penance, the spirit of penance, and the practice of Christian penance. Thus our Divine Master teaches us, whose first preaching was precisely penance: "Jesus began to preach and to say, do penance." The same is the teaching of all Christian tradition, of the whole history of the church.

In the great calamities, in the great tribulations of Christianity, when the need of God's help was most pressing, the faithful, either spontaneously or more often following the lead and exhortations of their holy pastors, have always taken in hand the two most mighty weapons of spiritual life—prayer and penance.

By that sacred instinct, by which, unconsciously as it were, the Christian people is guided when not led astray by the sowers of tares, and which is none other than that "mind of Christ" of which the apostle speaks, the faithful have always felt immediately in such cases the need of purifying their souls from sin with contrition of heart, with the sacrament of reconciliation, and of appeasing divine justice with external works of penance as well.

Certainly we know, and with you, venerable brethren, we deplore the fact that in our day the idea and the name of expiation and penance have with many lost in great part the power of rousing enthusiasm of heart and heroism of sacrifice.

In other times they were able to inspire such feelings, for they appeared in the eyes of men of faith as sealed with a divine mark in likeness of Christ and His saints. But nowadays there are some who would put aside external mortifications as things of the past without mentioning the modern "autonomous man," who despises penance as bearing the mark of servitude.

As a fact, the notion of the need of penance and expiation is lost in proportion as belief in God is weakened and the idea of an original sin and of a first rebellion of man against God becomes confused and disappears.

UPHOLDING IDEAS A DUTY OF PASTORAL OFFICE

But we, on the other hand, venerable brethren, have the duty of the pastoral office of bearing aloft these names and ideas and of preserving them in their true meaning, in their genuine dignity, and still more in their practical and necessary application to Christian life. To this we are urged by the very defense of God and religion, which we sustain, since penance is of its nature

a recognition and reestablishment of the moral order in the world that is founded on the eternal law that is of the living God.

He who makes satisfaction to God for sin recognizes thereby the sanctity of the highest principles of morality, their internal binding power, the need of a sanction against their violation.

Certainly one of the most dangerous errors of our age is the claim to separate morality from religion, thus removing all solid basis for any legislation. This intellectual error might, perhaps, have passed unnoticed and appeared less dangerous when it was confined to a few and belief in God was still the common heritage of mankind and was tacitly presumed even in the case of those who no longer professed it openly. But to-day, when atheism is spreading through the masses of the people, the practical consequences of such an error become dreadfully tangible, and realities of the saddest kind make their appearance in the world.

In place of moral laws which disappear together with the loss of faith in God, brute force is imposed, trampling on every right. The old-time fidelity and honesty of conduct and mutual intercourse extolled so much even by the orators and poets of paganism now give place to speculations in one's own affairs as in those of others without reference to conscience.

In fact, how can any contract be maintained and what value can any treaty have in which every guarantee of conscience is lacking? And how can there be talk of guarantees of conscience when all faith in God and all fear of God has vanished?

Take away this basis and with it all moral law falls and there is no remedy left to stop the gradual but inevitable destruction of peoples, families, the state—civilization itself.

Penance, then, is, as it were, a salutary weapon placed in the hands of the valiant soldiers of Christ who wish to fight for the defense and restoration of the moral order in the universe. It is a weapon that strikes right at the root of all evil, that is, at the dust of material wealth and the wanton pleasures of life.

By means of voluntary sacrifices, by means of practical and even painful acts of self-denial, by means of various works of penance, the noble-hearted Christian subdues the base passions that tend to make him violate the moral order. But if zeal for divine law and brotherly love are as great in him as they should be, then not only does he practice penance for himself and his own sins but he takes upon himself the expiation of the sins of whole generations, imitating even the Divine Redeemer, who became the Lamb of God "who taketh away the sins of the world."

Is there not, perchance, venerable brethren, in this spirit of penance also a sweet mystery of peace? "There is no peace to the wicked," says the Holy Spirit, because they live in continuous struggle and conflict with the order established by nature and by its creator.

DECLARES MORAL LAW MUST TRIUMPH

Only when this order is restored, when all peoples faithfully and spontaneously recognize and profess it, when the internal conditions of peoples and their outward relations with other nations are founded on this basis—then only will stable peace be possible on earth. But to create this atmosphere of lasting peace neither peace treaties nor the most solemn pacts nor international meetings nor conferences, not even the noblest and most disinterested efforts of any statesman, will be enough unless in the first place are recognized the sacred rights of natural and divine law. No leader in public economy, no power of organization, will even be able to bring social conditions to a peaceful solution unless first in the very field of economics there triumphs moral law based on God and conscience.

This is the underlying value of every value in the political life as well as in the economic life of nations; this is the soundest "rate of exchange." If it is kept steady, all the rest will be stable, being guaranteed by the immutable and eternal law of God.

And even for men individually penance is the foundation and bearer of true peace, detaching them from earthly and perishable goods, lifting them up to goods that are eternal, giving them, even in the midst of privations and adversity, a peace that the world with all its wealth and pleasures can not give.

One of the most pleasing and joyous songs ever heard in this vale of tears is without doubt the famous Canticle of the Sun, of St. Francis. Now, the man who composed it, who wrote and sang it, was one of the greatest penitents, the poor man of Assisi, who possessed absolutely nothing on earth and bore in his emaciated body the painful stigmata of his crucified Lord.

Prayer, then, and penance are the two potent inspirations sent to us at this time by God, that we may lead back to Him mankind that has gone astray and wanders about without a guide. They are the inspirations that will dispel and remedy the first and principal cause of every revolt and every revolution—the revolt of man against God.

But the peoples themselves are called upon to make up their minds to a definite choice: Either they intrust themselves to these benevolent and beneficent inspirations and are converted, humble and repentant, to the Lord and the Father of Mercies, or they abandon themselves and what little remains of happiness on earth to the mercy of the enemy of God, to the spirit of vengeance and destruction.

Nothing remains for us, therefore, save to invite this poor world that has shed so much blood, has dug so many graves, has destroyed so many works, has deprived so many men of bread and labor, nothing else remains for us, we say, but to invite it in the loving words of the sacred liturgy: "Be thou converted to the Lord thy God."

Chapter IV

PERIOD OF PENANCE

What more suitable occasion can we point out to you, venerable brethren, for such a union of prayer and reparation than the approaching Feast of the Sacred Heart of Jesus? The proper spirit of this solemnity, as we amply showed four years ago in our encyclical letter Miserentissimum, is the spirit of loving reparation and therefore it was our will that on that day every year in perpetuity there should be made in all the churches of the world a public act of reparation for all the offenses that wound that divine heart.

Let, therefore, this year, the Feast of the Sacred Heart be for the whole church one of holy rivalry of reparation and supplication. Let the faithful hasten in large numbers to the eucharistic board, hasten to the foot of the altar to adore the Redeemer of the world, under the veils of the sacrament, that you, venerable brethren, will have solemnly exposed that day in all the churches.

Let them pour out to that merciful heart that has known all the griefs of the human heart the fullness of their sorrow, the steadfastness of their faith, the trust of their hope, the ardor of their charity. Let them pray to Him, interposing likewise the powerful patronage of the Blessed Virgin Mary, mediatrix of all graces, for themselves and for their families, for their country, for the church. Let them pray to Him for the Vicar of Christ on earth and for all the other pastors who share with him the dread burden of the spiritual government of souls. Let them pray for their brethren who believe, for their brethren who err, for believers, for infidels, even for the enemies of God and the church, that they may be converted, and let them pray for the whole of poor mankind.

Let the spirit of prayer and reparation be maintained with keen earnestness and intensity by all the faithful during the entire octave, to which dignity we have determined to raise this feast; and during this octave, in the manner that each of you, venerable brethren, according to local circumstances, shall think opportune to prescribe or counsel, let there be public prayers and other devout exercises of piety for the intentions we have briefly touched on above, "that we may obtain mercy and find grace in seasonable aid."

May this be indeed for the whole Christian people an octave of reparation and of holy sadness; let these be days of mortification and of prayer. Let the faithful abstain at least from entertainments and amusements, however lawful; let those who are in easier circumstances deduct also something voluntarily, in the spirit of Christian austerity, from the moderate measure of their usual manner of life, bestowing rather on the poor the proceeds of this retrenchment, since almsgiving is also an excellent means of satisfying divine justice and drawing down divine mercies.

And let the poor, and all those who at this time are facing the hard trial of want of work and scarcity of food, let them in a like spirit of penance suffer with greater resignation the privations imposed on them by these hard times and the state of society, which Divine Providence in an inscrutable but ever-loving plan has assigned them. Let them accept with a humble and trustful heart from the hand of God the effects of poverty, rendered harder by the distress in which mankind is now struggling. Let them rise more generously even to the divine sublimity of the cross of Christ, reflecting on the fact that if work is among the greatest values of life, it was nevertheless love of a suffering God that saved the world. Let them take comfort in the certainty that their sacrifices and their troubles borne in a Christian spirit will concur efficaciously to hasten the hour of mercy and peace.

The divine heart of Jesus can not but be moved by the prayers and sacrifices of His church and He will finally say to His spouse, weeping at his feet under the weight of so many griefs and woes, "Great is thy faith; be it done to thee as thou wilt."

With this confidence, strengthened by the memory of the cross, sacred symbol and precious instrument of our holy redemption, the glorious invention of which we celebrate to-day, to you, venerable brethren, to your clergy and people, to the whole Catholic world, we impart with paternal love the apostolic benediction.

Given at Rome, at St. Peter's, on the Feast of the Invention of the Holy Cross, the 3d of May, in the year of 1932, the eleventh of our pontificate.

PIUS PP. XI.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. TYDINGS. Mr. President, I think it will be generally conceded by the Members of the Senate that I have not been one to delay the expeditious consideration of the pending tax bill. Even with an amendment which I thought would raise half as much as the tax bill itself is estimated to raise, less than a day was consumed. It is therefore with real reluctance that I am forced to take a part in the discussion of the tariff items which I had rather have seen eliminated from this bill, due to their highly controversial nature. But this is a democracy, and many people have appealed to me for tariffs. Only two days ago a group of men interested in wood pulp came to my office and begged me to aid them in securing a tariff on pulpwood. They stated that their busi-

ness would be ruined unless they could receive the consideration of Congress at this time. I attempted to explain, in my humble way, the dire necessity of balancing the Budget, not so much because, perhaps, it was needed, but because the country had been "sold" upon that idea, and if we did not do it a lack of confidence would ensue.

Mr. President, if we are going to impose tariff duties in this bill, why pick out oil, copper, coal, and lumber? There are thousands of men who are crying for tariff protection. Let us give them all an opportunity. If we are going to have a tariff bill, why not let each one of these men, poor and small though the industry in which he is engaged may be as compared with the giant oil companies, have his day in court? Why should we limit this legislation to tariffs on oil, copper, lumber, and coal? Therefore, in the interest of those who want some change in the tariff law, I have on my desk 500 amendments, which I will offer with the greatest reluctance. I will be glad to withdraw these amendments; I will be delighted not to present them for consideration if other Senators will meet me upon that plane; but if they insist upon having the kind of tariffs to fit their own needs, why should I withhold from the people of my State consideration for their needs?

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. I think the Senator's experience has been similar to mine and, I presume, similar to that of all other Senators. I have hundreds of letters asking either for a decrease or an increase in some specific tariff rate.

Mr. TYDINGS. May I ask the Senator a question?

Mr. NORRIS. Yes.

Mr. TYDINGS. Suppose that we enter upon the consideration of tariff schedules, would not the Senator feel in honor bound to his constituents, if others are to have tariff items in which they are interested considered, to bring those items in which his constituents are interested to the floor of the Senate?

Mr. NORRIS. Of course, I would. I have been writing my correspondents for months, ever since the question arose in the House, that I was not in favor of revising the tariff on this bill; that I did not think it was a proper thing to do; that, while technically it would be in order, I realized that if we started on a revision of the tariff we had months ahead of us; that I did not want to interfere with the procedure; and I declined to do it.

Mr. TYDINGS. May I ask the Senator, out of his riper experience, whether, if we should adopt some of these tariff items, as the vote very soon perhaps will show, he does not believe that many other Senators who have been quiescent on tariff matters will then arise and offer other amendments?

Mr. NORRIS. Certainly; and I think it would be their duty to do so, and there would not be 500 amendments but the number would run into the thousands. As I look at it, if we are going to revise the tariff, in justice to our own constituents and the country we ought to give every person or corporation affected by a tariff an opportunity to be heard.

Mr. TYDINGS. I think I express the thought in the minds of Senators who agree with the Senator from Nebraska when I say that we do not want these tariff matters considered now.

Mr. NORRIS. I do not.

Mr. TYDINGS. I do not want to introduce these amendments now; I do not want to ask for their consideration; but if other Senators say, "We are going into the tariff matters," I can not sit by while men come to my office with tears in their eyes and say they are facing bankruptcy unless, for example, we put a tariff on wood pulp. Gentlemen interested in paper mills at Elkton, Md., and groups of constituents from Charles County and St. Marys County, where the cutting of wood as an industry goes back for centuries, and is one of the most important industries of that section, came to my office the other day and went away discouraged and somewhat displeased with me because I told them that I could not offer the amendment they desired at this time; but if we are going to have tariff items to take care of certain sections of the country, let us have others to take care of the entire country.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Yes; I yield.

Mr. LONG. As I understand, the Senator is strongly against a tariff on oil at any time.

Mr. TYDINGS. I do not say what I would do if there were brought in a tariff bill so that the whole picture of the tariff might be before the Senate. I will not commit myself.

Mr. LONG. Did not the Senator vote against the oil tariff when it was up before the Senate a couple of years ago?

Mr. TYDINGS. I did.

Mr. NORRIS. Mr. President, will the Senator yield farther?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Yes.

Mr. NORRIS. I should like to call the attention of the Senate, in view of the suggestion made by the Senator from Louisiana, that when we had a tariff bill up we fought out the tariff on oil; we fought out the tariff on lumber and on coal. They all had their day in court. It was the same with a good many other commodities, some of which went in the tariff bill at rates that seemed to me to be outrageously high. Those interested in having lower rates can come in and say, with the same logic, it seems to me, "We were beaten in the tariff fight before; we did not want the tariff so high; but we insist that you make the fight now to reduce the tariff on this article as well as to raise it on other articles."

Mr. TYDINGS. Of course, I apprehend that some of the strongest advocates of the tariff on oil are going to welcome these amendments because many of them deal with reductions. Some of the tariff advocates for oil spoke very vehemently against the Smoot-Hawley tariff bill as taxing people unjustly, and, therefore, why should they not welcome an opportunity to take from the backs of their people this unfair and overwhelming burden? So long as we are going into tariff matters, I look for support from some of those who advocated a tariff on oil to get the tariff on other commodities reduced; for instance, the duty on aluminum. I will not call any names, but I could call the names of several who advocated a tariff on oil who are very much opposed to a tariff on aluminum. The first amendment I intend to offer is for a reduction of the aluminum tariff, because no aluminum is being imported; the Treasury is not getting any revenue from aluminum at all, but if Congress would reduce the tariff on aluminum slightly, the Treasury would get some revenue from it. This is a revenue measure. The duty on aluminum constitutes an embargo now and many of those who previously voted against the aluminum tariff I know would welcome an opportunity, notwithstanding they are for a tariff on oil, to help me get this amendment adopted.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Massachusetts?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. Do I understand the Senator's position to be that if any tariff items are incorporated in the Senate bill he proposes to press each of the amendments he has?

Mr. TYDINGS. That is right.

Mr. WALSH of Massachusetts. That he proposes to debate them and have roll calls on them?

Mr. TYDINGS. Yes. And does not the Senator think my position is fair, when I say that I am willing to withdraw all these tariff amendments if others will do likewise? I ask no more for myself than I am ready to concede to others, and I only ask from others what they ask for themselves.

Mr. WALSH of Massachusetts. I think the Senator ought to admit that in such circumstances there is a possibility

of no action being taken in the immediate future on the revenue bill.

Mr. TYDINGS. No one regrets that more sincerely than I do. I offered a resolution four or five weeks ago to instruct the Finance Committee to strike all tariff matters from the revenue bill, realizing that this very thing was going to happen.

Mr. WALSH of Massachusetts. Has the Senator conferred with the proponents of the tariff items in the hope of getting them to withdraw these amendments?

Mr. TYDINGS. No, I have not; but I have been hoping they would see the great need of withdrawing them and speeding the passage of the tax bill.

Mr. WALSH of Massachusetts. I hope the Senator will not press his amendments until we have had a vote in the Senate upon the items in the bill.

Mr. TYDINGS. I am rather inclined to press them, I will say to the Senator from Massachusetts, because I rather apprehend that Senators are going to fight for these tariff items, and I want the people of Maryland to have their day in court, too. I think my constituents who are interested in wood pulp are just as much entitled to a hearing here and to protection for the commodity they produce, if they can make out a case as they see it, as any other group or the entire country is entitled to.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield.

Mr. THOMAS of Oklahoma. I hope the Senator will permit me to make a suggestion in reply to the suggestion made by the distinguished Senator from Nebraska. His suggestion was that the question of a tariff on oil was fought out in connection with the so-called Smoot-Hawley bill. At that time we had no data upon which to base arguments that were acceptable. Every statement made was denied; and the denial came because of the fact that we had no official information upon which we could base a statement.

At this time we are in a different position. We have two reports from the Tariff Commission, and each report finds a differential between the cost of producing oil abroad and at home of more than $1 per barrel. If there is any virtue whatever in the scientific making of tariffs, we now have the groundwork upon which to apply a rate based upon science.

It is admitted now, and must be admitted, that the facts as set forth in these two reports are correct. The question is whether or not we desire to apply the scientific principles of tariff making to facts that are established; and, having these facts, we are only asserting that we are in good conscience entitled to have the consideration of the Congress.

Mr. TYDINGS. There is a great deal in what the Senator from Oklahoma says; and may I say that that argument applies to a great many other things that have not been offered for consideration.

Moreover, there is already going on before the Committee on Ways and Means a hearing for the purpose of looking over the whole tariff subject to find out what the depreciation in world currency has to do with imports and exports; and before we conclude this debate many facts will be brought out which will cause even other amendments to be offered.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Yes.

Mr. NORRIS. I think the Senate has passed a resolution right on that point, calling on the Tariff Commission for a report to ascertain what effect the going off of the gold standard of some of the leading nations of the world has had on our tariff schedules.

Mr. TYDINGS. That is right.

Mr. NORRIS. On that point I should like to call the attention of the Senator to an item that he has already mentioned.

The Senator from Oklahoma says we have information now that we formerly did not have. I think that is true; but take aluminum, which the Senator has mentioned. We have now had—I may be mistaken, but I think I am right—the experience of the operation for quite a while of the tariff on aluminum that is in the present law; and the effect of it has been to keep aluminum out of the country. It is a practical embargo, if I am correctly informed.

Mr. TYDINGS. It is not producing any revenue at all.

Mr. NORRIS. We did not know that when we passed the bill. We have passed it, however; and the operation of the bill has disclosed that, instead of raising revenue, instead of furnishing some competition for the Aluminum Trust in the United States, we have strengthened them in their stronghold. The same argument would apply now to taking up a tariff discussion on that question, and it is true of a lot of other things.

Mr. BARKLEY. Mr. President, will the Senator yield there?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I yield to the Senator.

Mr. BARKLEY. It is fair to say that the act of 1930 did not increase the tariff on aluminum. The fight that was made in the Senate was to reduce it. I offered an amendment to reduce the tariff on aluminum, and the Senator from Montana offered an amendment to reduce the tariff on another type of aluminum, which was carried on the floor of the Senate, but was defeated in conference. The rates on aluminum in the present law are the same rates that have been in effect since 1922, so that whatever has happened to aluminum can not be charged to the present act any more than to the act of 1922.

Mr. NORRIS. I would not say that; but it can be charged to existing law.

Mr. BARKLEY. That may be.

Mr. NORRIS. And what I think we ought to do, if we are going into the tariff subject, is to correct that tariff.

Mr. TYDINGS. For revenue purposes.

Mr. NORRIS. Yes.

Mr. TYDINGS. Well enough.

I hope those who may be listening will regard with some earnestness what I am now about to say.

I do not want to offer these amendments. I do not want to delay the passage of this bill. I am ready to vote to strike out every tariff item in the bill and pass it before the end of this week, if we can conclude on other matters; but if there is to be a tariff bill, the people of my State are going to have their say, the same as the people of every other State in the Union.

Mr. FESS. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. FESS. Has consideration ever been given to the feasibility of preparing an emergency tariff bill that might include these four items for a limited period of time, as we dealt with agriculture in 1921?

I am inclined to take the position the Senator from Maryland takes.

Mr. TYDINGS. I thought the Senator would.

Mr. FESS. I do not want to make a tariff bill out of a tax bill, and yet I have pronounced sympathy for what these people are trying to do. I voted for the tariff on oil, I think, five times. I think the copper situation is quite obvious, and I should like to be put in a position where I can give it such support as these people are asking. I think it is due them. It does seem to me, however, that we are really going into untried fields when we start out to protect an article under the head of raising revenue, and are opening up the tax bill to interminable debate.

In response to the applications of many different people in Ohio, including those engaged in producing matches, jute, crockery, and other things, I have said that we do not want to insert tariff items in the bill. If we do, it seems to me that I should have to take the same position that the Senator from Maryland does, and that I could not deny to these people their right to be heard upon the question.

Mr. TYDINGS. I am glad the Senator from Ohio has brought out that point. I do not want to deny these gentlemen the right to have a bill come in here dealing with the tariff, and to have their case considered. I do not say that that should not be done; but when we get into tariff matters in connection with this revenue bill, which ought to be passed soon, in my judgment, it is going to bring on a period of delay and debate and amendment, because everybody ought to have the same right to consideration, which will make the thing go away into the summer, with no hope of balancing the Budget.

Mr. FESS. I was wondering whether any thought had been given to the suggestion I made a while ago, that an emergency bill be introduced. I should like to vote for a measure like that.

Mr. TYDINGS. I think I should look with favor upon that plan.

Mr. ASHURST. Mr. President——

Mr. TYDINGS. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, I am pained and astonished. From the lamentations to which we have listened, which out-lament Jeremiah, one would suppose that the advocates of a tariff on oil, copper, lumber, and coal had adopted a censorious attitude and had gone about the Chamber demanding that nothing else be put into this tariff bill.

I respectfully defy the Senator from Maryland to point to a single Senator urging tariff items who has said, "You must not include in this bill anything but our items." Nobody is holding the Senator. He is a free man. He may offer all the amendments he desires. If the bill is bad as the Senator says, because, forsooth, it has tariffs, he is going to make it good by more tariffs. That is his logic. If it be bad because of tariff items, therefore it is to be made better by more tariff items.

If the bill be bad, forsooth, because of the tariff items therein, surely the Senator, unless he outrivals Beau Geste himself, is not going to make it better by doing more of that which he thinks is bad.

Mr. TYDINGS. Assuming that the Senator's logic is sound—and I can not find any fault with it—we can make the bill still better than it is now if the Senator will withdraw his copper amendment, taking his own argument.

Mr. ASHURST. Mr. President, I could not in fairness accuse the Senator from Maryland of being remiss in the performance of a duty, because he has a remarkable industry; and when industry coupled with a pungent intellect are found in the same person, that is a pretty good Senator, and that describes the Senator from Maryland. The proponents of these tariff items went to the Tariff Commission. The Senator from Maryland has not gone to the Tariff Commission to obtain the report of that body. Let the Senator go to the tribunal provided by law, viz, the Tariff Commission, and if he brings an item to this body regarding which the Tariff Commission asserts that there should be a tariff he will probably find me supporting him, and I shall not be censorious of his able efforts in trying to secure justice for his constituents.

The Senator from Michigan [Mr. VANDENBERG], the Senator from Montana [Mr. WHEELER], and the Senator from Arizona [Mr. HAYDEN] introduced the appropriate resolution in the last Congress, calling upon the Tariff Commission for a report respecting copper. How many resolutions has the Senator from Maryland passed through the Senate calling upon the Tariff Commission for a report?

Mr. TYDINGS. The Senator condemns me for what he admits is my own virtue. He first says that I did not offer these amendments to the committee; I did not ask that they be incorporated in the tariff bill. I have "sinned away my day of grace," showing, I thought, my good faith in my own position as taken now; and then he claims that it is a sin, and if I had done it, I would have sinned still more. So he has both sides of the argument on that question, and, of course, it is impossible.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. JOHNSON. Returning to the Senator's argument for a moment, as I understand it, his argument thus far presented is that this particular item in this kind of a bill is an inappropriate thing; and therefore, because it is a tariff item in a tax bill he opposes it.

Mr. TYDINGS. No; I do not contend that. The bill is here; and this proposition has as much right to be here, parliamentarily or otherwise, under the rules of this body, as any other measure has. I concede that. I am simply trying to bring out the point that many of us heretofore have withheld from the bill tariff proposals for which, under ordinary conditions, we would have been inclined to obtain consideration; and inasmuch as we have done that, and the committee has seen fit to put some tariff proposals in the bill, we should be permitted to put in our proposals.

Mr. JOHNSON. I think I follow the Senator, if he will pardon me.

Mr. TYDINGS. Yes; I will.

Mr. JOHNSON. All right. Now let me ask the Senator frankly one question:

If there stood before the Senate to-day a single item of the oil tariff, unconnected with either a tariff bill or the particular measure that we are now considering, with the same ability, the same pertinacity, the same perspicuity, the same emphasis, and exactly in the same manner the Senator from Maryland would oppose that item; would he not?

Mr. TYDINGS. Yes; and, on the other hand, the Senator from Maryland on many other items would join the Senator from California, so that both of us at some time or other would be in opposition.

Mr. JOHNSON. I am speaking of the one single item now, because I recall that when pending before the Commerce Committee were two bills, one relating to an embargo and the other relating to a tariff on oil, the Senator from Maryland appeared and in his usual emphatic and able fashion argued elaborately and emphatically against any such item under any circumstances.

Mr. TYDINGS. That is true.

Mr. JOHNSON. So that the Senator stands here to-day not fighting this particular measure or the other items which are referred to as tariff items because they are tariff items in a tax bill, but because he is against, under any circumstances, an oil tariff at all.

Mr. TYDINGS. Has the Senator finished?

Mr. JOHNSON. No. I am asking, is not that the fact?

Mr. TYDINGS. That is exactly true, with this additional statement; and will the Senator listen?

Mr. JOHNSON. Yes.

Mr. TYDINGS. As I have said over and over again, that is for the plain reason that if we incorporate in the bill this one tariff we are going to have before us a whole tariff bill, which will consume months of debate and call for numerous roll calls, while this tax bill to balance the Budget remains undisposed of.

Mr. JOHNSON. If the Senator will permit me, that does not follow at all; and what I am trying to make plain is that the Senator's attitude is one of fundamental opposition to this tariff item. I want to make plain, therefore, by implication, that the threat he makes of 500 tariff items is a threat that the Senator ought not to make under such circumstances.

Mr. TYDINGS. If the Senator will give me his attention a moment, as I stated a minute ago, several delegations from my State have been coming to see me for a number of months, and particularly in the last month, to ask me to support a tariff on wood pulp. They brought figures with them. One gentleman told me that if we did not put a tariff on that product he would go into bankruptcy. He brought Senator Mitchell, one of the outstanding Democrats of my State, along with him to support his position, and both of them asked me then to help them to get a tariff on wood pulp now because they needed it, or they would be ruined, as they thought.

Although I think no one will question it, I can produce correspondence which passed subsequent to this conversation, in which I said to these groups that I was opposed

to the insertion of any tariff matters in the revenue bill at this time, no matter how just they might be; that if the tariff on wood pulp came up before the Senate, I would give it every consideration, and perhaps might even go so far as to vote for it, but that, notwithstanding this gentleman's great need, the need of balancing the Budget was a higher and a greater need than that, and even though I should be in accord with him on the wood-pulp situation, I would not bring myself to ask the delay of this bill, unless the whole tariff matter was to be brought before the Senate. I concluded that letter with this statement:

> If, however, other tariff items are brought upon the floor for discussion and debate, I feel, as your representative, that I owe it to you to see that you have equal treatment for your particular business to that given to others.

Mr. JOHNSON. Mr. President, I will ask the Senator to pardon me, and then I will not continue the interruptions at all.

What the Senator may do rests entirely with him. But the Senator is to-day opposing this item, I want to make clear to the Senate, not upon any theory of this item being in a tax bill——

Mr. TYDINGS. I am opposed to the tariff on oil. I gladly admit that.

Mr. JOHNSON. The Senator is opposing it upon the fundamental idea that he does not want what we assert is this relief accorded at all. And so I think the Senator ought to dismiss from the argument, which doubtless will be sequential, logical, convincing, persuasive, and undoubtedly able—I think he ought to dismiss the idea of a threat of any number of tariff items in this bill. I do not think the Senator would desire to do that in any event, but if he did, that rests with himself. But his opposition here is because he does not want this tariff under any circumstances accorded the oil people.

Mr. TYDINGS. That is true, and, in addition to that, I do not want to see us pass a tariff bill now, because if we attempt to do that, I know that we will not balance the Budget before the end of the fiscal year.

I want to say just this before leaving this part of the discussion: As I recall my correspondence on the wood-pulp matter, it seems to me that I would be honor bound, although it may be defeated here on the floor, to ask for this constituent, who has made out a very good case, in a rough way, that his item also be considered, and that we have a vote on it, and insert it in the bill if possible.

If I feel that way, I know enough about the times to know that many Senators have received similar letters about other products, and therefore we will be in a debate entirely removed from the revenue bill. We will be writing a tariff bill. Excise taxes and admission taxes will be secondary, tariff will be primary, and the delay, which we can avert now, will last for months.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. WALSH of Massachusetts. In view of what the Senator from Arizona stated a few minutes ago, and, in addition, the criticism made that the amendments to be proposed by the Senator from Maryland have not been investigated by the United States Tariff Commission, it ought to be pointed out that an investigation was made by the United States Tariff Commission on the petition of lumber dealers for an increased tariff on lumber, and that in November, 1931, the Tariff Commission reported against the increase, and that in December, 1931, the President approved that report, and no increase was granted.

Mr. TYDINGS. And notwithstanding that, it is in this bill.

Mr. WALSH of Massachusetts. Yet the majority of the Finance Committee report an increased duty, from $1 to $3 per thousand feet, on lumber.

Mr. TYDINGS. There is an illustration. Here is a matter which the Tariff Commission reported against, but here it is in the bill, even though the President approved the report of the Tariff Commission.

Mr. JOHNSON. Is the Senator speaking of the oil tariff?

Mr. TYDINGS. The lumber tariff.

Mr. JOHNSON. I beg pardon.

Mr. WALSH of Massachusetts. Mr. President, in connection with what I have just said I call attention to the statement made by the chairman of the United States Tariff Commission yesterday before the Ways and Means Committee of the House. He stated that in his judgment it would be a great mistake to adjust tariff rates upward against nations with depreciated currencies.

Mr. NORRIS. Who said that?

Mr. WALSH of Massachusetts. The Chairman of the United States Tariff Commission, Mr. Robert L. O'Brien, before the Ways and Means Committee yesterday, and he discussed that very question. When I have the full statement, I desire to have it inserted in the RECORD.

Mr. TYDINGS. Now, Mr. President, I come to the subject of the tariff on oil, leaving the debate which we have just had to a later date.

I oppose the tariff on oil for several reasons. First of all, it will not help the independent producer; it will help the large companies. Secondly, it will increase the cost of gasoline and fuel oil and its by-products. Thirdly, it will throw a number of people out of work who are now employed; and in the last analysis, it will not yield the revenue.

Mr. BORAH. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. BORAH. As to the matter of employment, I wish the Senator would explain what he means by saying it will throw a number of people out of work?

Mr. TYDINGS. Assuming that the tariff is effective—and I think an embargo is desired by many who advocate the tariff—along the Atlantic seaboard there are a number of refineries. In the city of Baltimore between 400 and 1,000 people are employed in converting crude oil into various by-products, asphalt, and so on. Moreover, the ships which bring the oil from South America to Baltimore are owned by Americans, manned by American sailors, and buy products from American producers in Baltimore. So I might carry it on down to the refinery in South America I visualize, which is manned largely by American labor taken down there. So that what a tariff would be supposed to bring about in the way of employment in certain parts of the country, if it were effective, would result in putting the people to whom I have referred out of employment and making their huge investment—an American investment, by the way—valueless.

Let us first of all look at this proposition. The Treasury estimated that a 1-cent per gallon tax on the 16,500,000,000 gallons of gasoline used in the United States would return to the Government $165,000,000. That is a straight-out excise tax.

The Senator from Texas and the Senator from Kansas claim that this tariff would tend to increase the cost of the commodity. So that assuming that the increased cost of the commodity because of the tariff would be equivalent to the tariff, each cent per gallon on imported gasoline would drive up the domestic price of gasoline $165,000,000.

In this bill it is proposed to levy a tariff tax of 2½ cents a gallon. Therefore the additional amount of money which the consumer would pay would be $412,500,000. That is nearly half of all the taxes which we are levying in this tax bill. But the Government would not get this tax. It would go into the coffers of the oil companies. We are not proposing to raise this $412,500,000 for the Treasury. They would get only a mere pittance, a handout, a ham sandwich at a gorgeous banquet. The people who would get that would be the oil companies, who would take advantage of the increased cost of gasoline to take the domestic gasoline up to that point, and thereby to place taxation on the American people in the sum of $412,000,000.

Mr. BORAH. Mr. President, what relation has the increased price of crude oil to the gasoline price?

Mr. TYDINGS. Those who advocate the tariff on oil of a half a cent a gallon claim that 2½ cents a gallon on the gasoline is not the proper correlation, that it should be higher. The Senator from Texas made that statement yesterday in the course of his remarks. But I have only taken it at 2½ cents.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. CONNALLY. I beg the Senator's pardon. I did not say what the Senator has indicated I stated. I said that if crude bears 1 cent, then the gasoline ought to bear a heavier rate, so that we will force the companies to bring in crude and refine it here and get the benefit of employment here, rather than induce them to refine the oil in other fields.

Mr. BORAH. The price of gasoline does not necessarily rise and fall with the price of crude oil, does it?

Mr. CONNALLY. I will say to the Senator from Idaho that last summer in Texas when the crude oil was selling at 10 cents a barrel there was no appreciable change whatever in the price of gasoline to the consumer.

Mr. TYDINGS. I will come to that a little later.

Mr. CONNALLY. Gasoline was bringing the same price when crude oil was selling for from 80 cents to $1 a barrel.

Mr. BORAH. But it is also true, is it not, that a tariff would give them some power to control the price of gasoline?

Mr. TYDINGS. I think I can clear that up.

Mr. BORAH. It does not necessarily follow, but it would give them the power to bring it about.

Mr. TYDINGS. They own it all. I will finish the statement I was making and then take that matter up.

Not only is what I have said true, but in addition the gasoline consumer would pay, through the proposed increase of 21 cents, on the 348,630,000 barrels of fuel oil imported, $73,212,000, making a total of $586,000,000 which the oil companies would get out of this tariff, not the independent producers but the oil companies, the 20 largest companies, and why? Because the 20 major companies own 51 per cent of all the production in the United States. They own 73 per cent of all the refining capacity in the country. They own 95 per cent—and this is the apex of the triangle—of all the storage facilities in the country, where they can store up oil, create a demand, let it go; depress the price, refuse to buy. They own 90 per cent of all the pipe lines in the country, and they own 85 per cent of the retail distribution in the country.

They have two-thirds of one year's oil supply in the pipe lines at this hour. They can go along for eight months and not buy one single gallon of oil; and no one can deny that statement. They have two-thirds of a year's supply in the pipe lines. No one denies that. Therefore they can use that supply for eight months, and furnish the entire American market with oil, without buying a gallon of oil from any independent producer in the country.

Who is so naïve and simple, in the face of those facts, as to believe that Mr. Independent Producer is going to get a farthing out of this tariff? He has to sell his oil. He holds back as long as he can, but the pressure of his debts is great, and oil is coming out of the ground anyway. It is necessary to get the militia out to enforce curtailment of production. Men will not curtail production, even with the price almost nothing. It is necessary to get the militia out to force them not to produce oil. But even so, the oil company, when the price goes up, says, "Don't buy any for two or three weeks." One man gives way. He can not wait any longer. He starts to sell, but they say, "No; we will not buy." A month goes by, or two or three months go by, and he is unable to sell. The result is that in the end the poor independent oil producer has got to sell at the price these companies set or not sell at all.

If he does not sell to them, can he refine it in his own refinery? Most of the independent oil producers own no refinery. There is no refinery near many of them. They have to sell to the oil companies who store the oil in their own pipe lines. Further than that, if he does not want to sell to them, even if he owns a refinery, how can he distribute it when the big oil companies already own 85 per cent of the retail distribution?

Instead of this being a bill to help the independent producer, owing to the fact that two-thirds of one year's supply of oil is already owned by the large companies, there will be 2½ cents more per gallon of the inventory value added to the product of the big companies. They will be enriched by $1,000,000 just overnight.

Now, let us come to the poor fellow who gets abused so much and whom everybody loves, whom everybody wants to help, for whom Congress has appropriated $500,000,000 in the form of a Federal Farm Board, the fellow whom we think the backbone of the Nation and whom, particularly at election time, we fairly tear our shirts to save from going completely to the dogs—the poor downtrodden farmer. Let us see where he gets off in this era of 687,000 farms sold in two years under mortgage foreclosures and for delinquent taxes. Let us see where we help him. Here is how we help him.

The farming industry is among the foremost of the users of gasoline and oil and a tariff would add to this burden. The farmers in 1930 owned 4,134,675 automobiles, 900,385 motor trucks, 920,395 tractors, and 1,131,108 stationary engines. These figures are taken from the report of the United States Census Bureau. The total gasoline consumed on the farms amounted to 3,809,000,000 gallons, computed from the gasoline tax, 1930, United States Department of Agriculture. An increase of 2½ cents a gallon in the price would amount to more than $95,000,000 a year.

Mr. LONG rose.

Mr. TYDINGS. If the Senator will wait just a moment, I shall be glad to yield. I have gone to some little trouble to get experts to allocate this amount to each State so each Senator may know exactly how much of a burden he is passing on to the farmers of his State. Here is the way it works out.

In Alabama there were 58,130,856 gallons of gasoline consumed on the farms annually. The additional cost to the farmers of that State of an increase of 2.5 cents per gallon would mean $1,453,271. I think the Senators from Alabama would be very glad to help these large oil companies by extracting that amount from the pockets of the farmers of Alabama, who are already rich, who are rolling in wealth, with cotton soaring, with my good friend from Louisiana going all over the South asking them to plow under every third row. I am sure my good friend from Louisiana wants these poor downtrodden farmers of Alabama, who are already asked by him to plant one-third less cotton next year, to make this contribution of almost $1,500,000 to the 20 large oil companies.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TYDINGS. Let me finish with these figures and then I shall yield to the Senator as long as he wants.

Let us go to Arizona. I remember when the tariff bill was up there were all sorts of tropical things mentioned that are produced in that very beautiful State, so ably represented by the fiery, eloquent, persevering, and forceful senior Senator from Arizona [Mr. ASHURST], and his charming friend and companion and able fellow legislator [Mr. HAYDEN]. The farmers of Arizona had no better advocates than these two gentlemen. I know how they fought to be protected from Arabian dates so those poor devils in Arizona would not go to the dogs.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Montana?

Mr. TYDINGS. I would prefer not to yield now.

Mr. WHEELER. I want to get some information at this point.

Mr. TYDINGS. Very well; I yield.

Mr. WHEELER. In my State we, of course, produce some oil. The Standard Oil companies have been charging the farmers of my State in the neighborhood of 24 cents a gallon for gasoline, whereas it is being sold in California and other places for 9 cents and up to as high as 13 or 14 cents. They have no tariff upon it at all. They are getting

cheap oil in California and producing it in Montana, and refining it in Montana. I know as a matter of fact we have produced it and refined it in my State as low as 8 cents a gallon. Yet the Standard Oil Co. comes there and fixes the price of gasoline at 24 cents for the consuming public, which convinces me as a matter of fact that regardless of whether they have a tariff or do not have a tariff the Standard Oil companies of this country absolutely fix the price of gasoline at whatever they think they can get for it.

Mr. TYDINGS. That is not only unimpeachable proof of what I have been saying, but eloquent verification of the statement that the independent oil producers will not get a farthing out of this tax.

Mr. WHEELER. Regardless of whether or not we have a tariff the Standard Oil companies have such control of the price of gasoline in this country to-day that I do not agree with the Senator that they will necessarily have to raise the price of gasoline, because I do not think that enters into the question. They are actually fixing the price of gasoline in every community in this country and getting everything the traffic will bear.

Mr. TYDINGS. I think that is true.

Mr. WHEELER. About a year ago I introduced a resolution asking that the Department of Justice investigate the oil companies in my State to ascertain whether or not there was violation of the Sherman antitrust law. They came back after making a very cursory investigation and said there was no violation. I submit that as a matter of fact the Standard Oil companies of this country to-day are violating the Sherman antitrust law. They are doing it boldly and brazenly, and notwithstanding the fact they are doing it the Department of Justice does not act. I believe——

Mr. TYDINGS. Mr. President, will the Senator yield some of my own time to me? I appreciate everything he has said, and it has a great deal of merit, but I want to go on with my presentation and later on I want to yield to my friend from Louisiana. Only a moment ago I denied him the opportunity to ask me a question.

In Arizona there are 10,867,312 gallons of gasoline consumed annually on the farms. That only means that the State is small in population but great in wealth and great in possibilities. The farmers of Arizona pay to the oil companies a tribute of a mere quarter of a million dollars—$271,683 to be exact. I am sure that the Senators from Arizona, knowing the plight of the farmers and knowing they have to have this gasoline, knowing that if the tariff is effective, as it is conceded by the Senator from Texas [Mr. CONNALLY] and the Senator from Kansas [Mr. MCGILL], that it would be, it will tend to increase the price, are going to dislike very much to invite the farmers to make these extra dividends possible for the large oil companies.

In Arkansas the farmers annually consume on the farms 50,800,840 gallons of gasoline annually. The farmers of Arkansas would pay to the oil companies an additional cost of $1,270,021 annually.

Then, in the State of California, where the oil men in their greed want to add to their dividends that they may ride up on the crest of increased prices and pluck the fruits of this tariff legislation, there are 145,395,097 gallons of gasoline used by the farmers annually. It would cost the farmers of California an increase of $3,634,877 over their present bills.

I would like to say, if any Senator wants to know about his State, that if he will be patient I am coming to it. I am going to read the figures as to each of the States.

Mr. TRAMMELL. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Florida?

Mr. TYDINGS. I yield.

Mr. TRAMMELL. Do the Senator's data also give the total amount of consumption in each State as well as that which is consumed by the farmers?

Mr. TYDINGS. I put that information in the RECORD last year, but I shall be glad to get it again if the Senator is interested. I am just talking about this man whom we are all going to help, this good chap whom we call the farmer. I want to show how we go out and say, "I voted for the Federal Farm Board, which took $500,000,000 of the taxpayers' money; but I do not want you to know that while you were not looking, we reached out and took another $500,000,000 from you which we gave to these large oil companies." In other words, the total cost of this increase will take from the American people for the benefit of the large oil companies the same amount of money that we appropriated to help the farmer. Of course, the Government will not get that extra amount of money. The oil companies will get it.

Now, let us come to Colorado, rather much of a mountain State, but it uses 48,371,448 gallons of gasoline on its farms annually. That means the farmers of that State, by virtue of the levying of this tariff, will pay 1,209,286 more dollars than they would have paid.

Now, we come to Connecticut. We do not think of Connecticut as much of a farming State. We rather think of it as a manufacturing State. But the Department of Agriculture says that the farmers of that State consume 17,193,352 gallons of gasoline annually on the farms. That means that Connecticut farmers would pay $429,834 in additional tribute.

Then we go to little Delaware, rich in truck farming, a regular land of plenty, supplying the markets of New York, Philadelphia, Baltimore, and Trenton with strawberries, cantaloupes, and watermelons, trucking them all there, not sending them on the railroads. They have cooperatives over there. They ship lots of those products overnight by truck. The roads are regular beehives of industry. Are the Senators from Delaware [Mr. HASTINGS and Mr. TOWNSEND] going to go back on the good farmers who put them here? Delaware uses 8,890,640 gallons of gasoline a year on its farms, and this proposed tariff would cost the farmers of Delaware $222,266 additional each year.

That is the way the Senators can help the farmers if they really want to help them. Cut these extra expenses off of them. It will be very interesting to see the votes of those who represent the large agricultural communities. The farmers will then know that the men, whoever they may be, who represent the large farming States were not above making the oil companies rich and the masses of the farmers just that much poorer in an era when farm-mortgage foreclosures and delinquent-tax sales are running riot.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. LONG. I hope the Senator will yield, because I want to leave the Chamber.

Mr. TYDINGS. Very well.

Mr. LONG. The Senator seems to be a very rapid calculator and makes his questions and answers them as he goes along to suit himself. I am satisfied the statistics are not all made as the Senator progresses. But I was just wondering if he had a calculation to show how much more the farmers would be paying for gasoline in the respective States if they were paying as much for gasoline in the United States as is being paid in Venezuela, where they produce the oil at $1.03 per barrel less than here?

Mr. TYDINGS. I am going to take that up in due time, but right now I want to take care of that man we call the farmer, for whom Congress has so much love and esteem.

Mr. LONG. Just one more question, and I will promise not to interrupt for a considerable time.

Mr. TYDINGS. Will the Senator ask me questions pertaining to things to which I am addressing myself at the time, because many of the matters involved in his questions will be taken up by me in due time?

Mr. LONG. I was going to ask the Senator if he did not know these poor farmers down in my State have nothing to wear but straw hats?

Mr. TYDINGS. Yes; and if the Senator succeeds in securing a tariff tax on oil, they will not have anything on their heads but God's heaven. [Laughter.]

In the State of Florida the farmers use 32,476,270 gallons of gasoline annually. During the consideration of the tariff

bill the senior Senator from Florida [Mr. FLETCHER] and the junior Senator from Florida [Mr. TRAMMELL] labored here in the morning, in the afternoon, and in the evening for tariff duties on such things as avacados, as I remember, which I understand are alligator pears, and on nuts and dates; but if a tariff duty shall be placed on oil, the same farmers for whom they fought so valiantly will have an extra annual expense, in addition to what they now pay for their gasoline, of $811,907 annually.

Georgia, a large State, a great farm State, is ably represented here by its senior Senator [Mr. GEORGE] and his new compatriot, the junior Senator [Mr. COHEN]. The senior Senator from Georgia was one of the outspoken opponents of the tariff. Let me tell him that in his State the farmers use 74,311,338 gallons of gasoline annually; and if the tax on oil shall go through, the farmers of Georgia will have an increased expense over that now existing of $1,857,806 a year in the form of tribute to the 20 large oil companies.

Idaho uses annually 25,686,179 gallons of gasoline on its farms. The proposed tax on oil, if adopted, will mean that the farmers of Idaho will pay $642,154 more for their gasoline than they now pay. The junior Senator from Idaho [Mr. THOMAS] is a friend of the farmers; he has made several fights here in their behalf; and I can not imagine that at this time he is going to go back on his long train of effort and place a burden on the farmers of his State of $642,154 a year. Without knowing where the senior Senator from Idaho [Mr. BORAH] stands, I can not imagine him embracing any such philosophy as is contained in the pending tariff proposal.

In Illinois 210,842,996 gallons of gasoline are consumed annually on its farms. So, if this proposed tax shall go through, it will mean an increased cost to the farmers of Illinois of $5,271,075. Certainly the senior Senator from Illinois [Mr. GLENN], who is up for reelection this year, aside from the merit or demerit of the case, even if the proposed tariff is sound, would hesitate to go before the farmers of Illinois knowing that their expenses had been increased $5,000,000 a year. I would not want to do it.

Indiana is ably represented by the Republican leader, my good friend the senior Senator from that State [Mr. WATSON] and the junior Senator from Indiana [Mr. ROBINSON]. May I say to the Republican leader that in Indiana there are 135,587,870 gallons of gasoline consumed by the farmers alone each year. So, if this tariff of 2½ cents shall be imposed on oil, it will mean an extra cost on gasoline that the farmers in the State of the Republican leader of the United States Senate will be forced to pay of $3,389,697 a year. I believe that if a postal card addressed to the farmers of Indiana on this question could be sent to them all, there would be about 101 per cent of replies saying "We ask our senior Senator not to vote for this tariff tax"; and I do not believe the Senator will vote for it, because he knows these tariffs have no place here now and they are delaying the passage of the tax bill. However, I simply mention that in passing.

Iowa, in part, is represented by my friend the senior Senator from that State [Mr. BROOKHART], who has probably made more speeches in behalf of the farmers than most of the newer Senators, at any rate. The farmers of Iowa use each year 216,122,393 gallons of gasoline. The farmers of Iowa, of course, are prosperous; there has been no short price for crops there; there have been no mortgage foreclosures or tax sales. It has been stated that about 600 Iowa banks have failed, but, of course, that can not be blamed on the farmers. Anyway, if this new tariff bill goes through, as at present framed, the farmers of Iowa will contribute the huge sum of $5,403,060 more than they are now paying for the gasoline they use on their farms.

Kansas is ably represented by its senior Senator [Mr. CAPPER], who publishes numerous farm journals, and by the new junior Senator [Mr. MCGILL], both of whom are friends of the farmer. A farm relief bill can not be proposed that each of them will not go into panegyrics and ecstacies about what should be done. I can not imagine that these Senators, knowing that the farmers of Kansas use 166,521,226 gallons of gasoline annually, are going to place an additional tax of $4,163,031 on the farmers of that State.

Kentucky: The farmers of Kentucky use 54,993,000 gallons of gasoline annually. If a tariff shall be imposed on oil their increased bill for gasoline will be $1,374,839. I remember the eloquent remarks of the senior Senator from Kentucky [Mr. BARKLEY] against a tariff on oil, when the present tariff law was under consideration, and I commended the straightforward way in which he said that, notwithstanding there were oil interests in his State, he would not put this additional burden on the consumer. I can not imagine now that the other Senator from Kentucky [Mr. LOGAN], who has already demonstrated his great ability and his patriotism by many fine speeches he has made in the Senate, will feel inclined to vote this new burden upon the farmers of Kentucky.

Louisiana: The leader in the oil-tariff fight has the honor to represent the State of Louisiana.

Mr. LONG. Mr. President——

Mr. TYDINGS. I yield.

Mr. LONG. I did not know that the Senator from Maryland had the right to nominate and elect leaders.

Mr. TYDINGS. I am sure, whether the Senator from Louisiana is the titular head or the actual head, everybody here recognizes that he is the spearhead of this battle to obtain an oil tariff. I do not say that as any reflection on him. He is representing what he believes to be the best interest of his State.

However, in Louisiana 39,702,373 gallons of gasoline are used by the farmers every year, and if this tax should be adopted it will cost them nearly a million dollars extra each year. To be exact, it will cost them $992,559 more than they are paying now. The Government will not get the extra amount which they will be required to pay, but the large oil companies will take every cent of it.

Of course I think the Senator from Louisiana wants to represent both the oil interests and the farm interests, as I would want to do if I came from his State, but I am rather at a loss to know how he is going to carry oil on one shoulder and the farmer's empty grain sack on the other in a fight like this, because if he puts the burden of an oil tariff on one shoulder he will lessen the value of the grain sack on the other, for the operating and production expenses of the man who uses the grain sack will be increased.

In Maine the farmers use 26,152,216 gallons of gasoline annually. The figures include no one else but the farmers. So a tariff on oil will mean that the farmers of Maine will pay $653,805 more each year than they are paying now for their gasoline alone.

Maryland: Why pass over that little State? It uses on its farms 35,523,608 gallons of gasoline annually.

Mr. NORRIS. Mr. President, why does the Senator treat Maryland different from the way in which he treats the other States? Why does not the Senator, before he tells us about the gasoline used by the farmers of Maryland, deliver a eulogy on the Senators from Maryland?

Mr. TYDINGS. I was somewhat at a loss to do that, but I rather think that might be appropriate if I were immodest enough to do it, in view of the position I have taken against this outrageous proposition which is pending before the Senate.

The reason I refer to Maryland as a "little State" is because it is very difficult for a small State, no matter how meritorious the claim of one of its citizens might be in a larger sphere, to receive recognition, for the Presidency, for example—and I say this with no one particularly in mind—such as would be accorded to a citizen of Ohio or New York or Massachusetts or Illinois. The same statement applies to the citizens of Western States. A man who lives in New York or Ohio might readily be nominated for the Presidency, whereas, if the same man lived in Nebraska, it would be very difficult for him to secure the nomination. So that I referred to my State as I did, not by way of belittling it, but simply to show its unfair position in the scheme of things, political psychology being what it is.

However, the farmers of my State would pay $888,000 more for the gasoline they use on their farms than they are now paying.

In Massachusetts the farmers use 21,000,000 gallons of gasoline annually, and the adoption of this proposed tax on oil would cost the farmers of that State $545,000 additional a year.

Michigan is represented by the senior Senator from that State [Mr. COUZENS], who has had a very prominent part in the tax fight here, and by the junior Senator [Mr. VANDENBERG], who, with his colleague, is battling, standing here day after day, to keep the crushing excise tax off the automobile industry. I honor them and respect them for representing their State so well; but may I say to them that in that State the farmers use 148,455,000 gallons of gasoline annually, so that the tax on oil would mean that the farmers of Michigan would henceforth pay, in addition to the price they are now paying for their gasoline, the sum of $3,711,371 annually.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. VANDENBERG. Does the Senator reach his figures by multiplying the total consumption by the total proposed tariff? Is that the process by which he reaches his figures?

Mr. TYDINGS. I multiply the tariff rate by the number of gallons consumed.

Mr. VANDENBERG. May I say to the Senator I think his figures will not scare any Michigan farmer, because those farmers listened to precisely the same type of argument on the part of the distinguished Senator from Mississippi——

Mr. TYDINGS. They will not scare me, but they may scare the Senator.

Mr. VANDENBERG. They listened to the same kind of argument presented by the Senator from Mississippi [Mr. HARRISON] in connection with the sugar tariff; but instead of having the net result of adding the tariff to their price of sugar, they now find sugar selling at the lowest price in history.

Mr. TYDINGS. Yes. We find farm products selling at even a lower price than we have known for decades.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER (Mr. COHEN in the Chair). Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. Yes.

Mr. SMOOT. From what source did the Senator find the amount of gasoline that the farmers use?

Mr. TYDINGS. These figures are computed from the gasoline taxes of 1930 by the United States Department of Agriculture.

Mr. SMOOT. Is the gasoline used by the farmers separated from all other gasoline?

Mr. TYDINGS. Yes. The Senator may not know it, but practically every State in the Union exempts the farmer's gasoline from paying tax. Therefore it is not difficult to compute it.

Mr. SMOOT. I was not discussing the question of a tax at all. I simply wanted to know how the Senator arrived at these figures. I asked one of the officials of the Government here just a few moments ago and he does not know.

Mr. TYDINGS. Let me jump to Utah over these other States and see how it affects that State.

Mr. SMOOT. The Senator need not jump over to Utah. We know just exactly what this 2½ cents will amount to.

Mr. TYDINGS. In the State of Utah the farmers use 12,961,701 gallons of gasoline annually on their farms. That means that the farmers of the State of Utah would pay, in addition to the normal expenses which they are now paying, $324,000 a year, which would not come to the Government but which would go to the oil companies. I am sure the Senator from Utah can see no objection to taxing the farmers of his State three hundred or more thousand dollars a year for the benefit of these poor oil companies. As the Senator knows, Rockefeller needs this money, and the Senator's farmers do not need it; and he should take care of men like that, even though they live in New York. Under no circumstances should the farmers of Utah be prevented from contributing to the wealth of a poor man like John D. Rockefeller. [Laughter.]

Mr. SMOOT. Mr. President, again I ask the Senator how those figures can be justified, when in the State of Utah I have seen gasoline sell for 16 or 17 cents a gallon, and within a week it was selling at 9 cents?

Mr. TYDINGS. The record here of the Senator from Utah is so long and his service to his State has perhaps been so satisfactory that I doubt if any man could defeat him in Utah; but may I say, with all due respect, that if it were possible to assemble in the Senate Chamber every farmer in the State of Utah and explain this situation to them, the Senator would not have a ghost of a show for being reelected if he voted for this tariff. [Laughter.]

Mr. SMOOT. I am not at all worried about reelection, Mr. President. That is not what I am thinking about.

Mr. TYDINGS. I say that in spite of the hard work the Senator has done here and the esteem in which his colleagues hold him.

Mr. SMOOT. I am not thinking about reelection, and I do not vote with a view to reelection. I simply asked the question of the Senator. I am not saying what power regulates the price of gasoline, but I know that overnight, many times, there is a difference of almost 50 per cent in the price which the farmer pays for gasoline.

Mr. TYDINGS. That proves it exactly. That is what the large oil companies do.

Suppose the Senator from Utah raised apples, and I controlled the storage of 95 per cent of all the apples in the world, and I had three-quarters of a year's supply of apples in my apple-storage plant, and I owned 85 per cent of all the distributing centers at which apples were sold. I could tell the Senator, "If you do not want to sell your apples to me, sell them where you can." The Senator would own no distributing stations; he would have no storage facilities, and he would have to sell his apples in competition with mine at whatever price I fixed, or let his apples rot.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. THOMAS of Oklahoma. If this amendment will be of such vast benefit to Mr. Rockefeller and Mr. Mellon and the Dutch Shell Co., why are they fighting it so viciously?

Mr. TYDINGS. Why are they fighting it? I have not seen any of them fighting it. None of them have been to see me. I have not had a letter from them. All the fighting I have seen done here has been done by Mr. Wirt Franklin, Mr. Bascom Slemp, and Mr. Hitchcock, a former Postmaster General, who, in their usual affable manner, have gone among Senators, hanging up their hats in the Capitol here, buttonholing Senators as they appear through the doors. If those who have been talking about a "locust swarm of lobbyists" want to have some of the king-pin lobbyists taken out of that swarm, I have mentioned where those gentlemen can be found. They are out there now.

Is Rockefeller out there? Who is out there against an oil tariff? Nobody has seen me on the subject, but I tell you those gentlemen are there, and if we could get back to where their inspiration comes from I would not be surprised if the Standard Oil Co. should be seen approaching the Capitol through that liaison of three men.

Mr. LONG. Mr. President, does the Senator mean to say he is so innocent that he does not know that the Standard Oil Co. has fought this tariff for 20 years?

Mr. TYDINGS. Neither the Standard Oil Co. nor any of its representatives, so far as I know, have ever talked to me or have ever sent a communication to me.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. SMOOT. I should like to have the Senator explain to the Senate——

Mr. TYDINGS. I will yield to the Senator in a moment; but before I leave that subject let me get back to another phase of it.

Who are these three men?

Mr. SMOOT. Will the Senator yield?

Mr. TYDINGS. Yes; I am going to yield. I will not be discourteous, but I want to finish what I started to talk about.

Mr. Slemp was one of the managers of Mr. Hoover's campaign. He was sent over to Paris as a reward, and placed in charge of the Colonial Exposition there—a splendid lucrative, entertaining berth. He is one of the members of what Mr. Hoover called the "locust swarm of lobbyists." Mr. Slemp has been as busy as he can be, and he is the master mind in this oil-tariff fight.

Who else is in it? Mr. Hitchcock, a delightful gentleman. I do not wish to reflect on him. He has a perfect right to accept employment or to stand for anything he wishes to stand for. But Mr. Hitchcock is up here every day. He is up here lobbying. A Senator who is unattached can not walk out without being pulled to one side and entreated by Mr. Hitchcock to help get a tariff on oil.

Mr. Wirt Franklin, I am told, is likely to be, perhaps, a Republican candidate for United States Senator in Oklahoma.

All of these gentlemen have a right to be here. I do not say that they are doing anything wrong; but I might say in passing that the "locust swarm of lobbyists" are very, very close to the highest powers that be in this Government.

Mr. SMOOT. Now, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. SMOOT. I am not interested in lobbyists or anything else.

Mr. TYDINGS. I am, because I have had those boys to fight off before, and we can not get them in here to meet them face to face.

Mr. SMOOT. Now, let us get at this matter.

The price of crude oil on February 1, 1926, was $2.04 a barrel. The average gasoline price on the same day was 18.09 cents a gallon.

The price of crude oil on February 1, 1929, was $1.20 a barrel, nearly one-half less.

Mr. TYDINGS. I am very glad the Senator has asked me that question.

Mr. SMOOT. The average price of gasoline on February 1, 1929, was 18.39 cents.

In other words, when the price of crude oil was $1.20, the price of gasoline was 18.39 cents; and when the price of crude oil was $2.04, the average gasoline price was 18.09 cents.

Mr. TYDINGS. I thank the Senator from Utah, with words which fail to convey to him my gratitude, for proving so well what I have just been contending for, namely——

Mr. SMOOT. Mr. President——

Mr. TYDINGS. The Senator wants my answer. Let him listen for a moment, if he will.

He contends that the price of gasoline and the price of oil have nothing to do with the price paid to the independent oil operator.

Mr. SMOOT. Yes; but the price figured upon that chart——

Mr. TYDINGS. Just a moment; and the Senator said, "What is going to happen to this country if we destroy the remaining competition of these poor little independent oil-well owners?"

Mr. SMOOT. I never said that.

Mr. TYDINGS. Just a minute. The contention is that these big companies then will have a monopoly, when the Senator himself shows that it does not make any difference now what they pay for crude oil; they charge what they want to for gasoline. Further than that, if I may say so to the Senator, the competition which the Senator is complaining about is the competition which is lowering the price. That is the competition he wants to get rid of. What good is competition if it does not lower the price? Why have any competition? So the argument about the competition of the independent producers out here and the need to keep them alive so that they can compete with this monopoly has no substance at all to it. The Senator from Utah is trying to destroy the only competition there is in this country and to give this monopoly such an iron grip on the situation that it can take from the people any amount of money it desires.

Mr. SMOOT. The Senator may say that that is what the Senator from Utah desires, but the Senator from Utah has not said a word about competition. I have not said a word as to the matters now referred to by the Senator. They have no place at all in the argument. What I do say, however, is this:

The Senator takes certain figures here and says the Treasury estimates that a 1-cent tax per gallon on the 16,500,000,000 gallons of gasoline used in the United States would return to the Government $165,000,000; that under the proposed tariff of 2½ cents a gallon, using the Treasury estimate as the basis, the consumer would pay annually an increase of $412,500,000; and that, in addition to gasoline, the consumer would pay, on the proposed increase of 21 cents on 348,630,000 barrels of fuel oil, $73,212,000. That is what the Senator asserts; and that can only happen by reason of assuming some given price for the crude oil and some given price for the gasoline sold. I called the Senator's attention to the fact that the price of gasoline was within a fraction of a cent the same when the price of crude oil was $2.04 a barrel and when it was $1.20 a barrel.

Mr. TYDINGS. The Senator is asking me a question and answering it himself, so I see no need for me to make any further comment on it.

Mr. SMOOT. My statement was in answer to what the Senator said in relation to the position of the Senator from Utah.

Mr. TYDINGS. Of course I do not agree with the Senator. I have already answered that question; but let me go on.

We were at Michigan last. Now let us come to the big farming State of Minnesota.

Mr. NORRIS. Mr. President, if the Senator will permit me to interrupt him——

Mr. TYDINGS. With pleasure.

Mr. NORRIS. I can not resist interrupting here, because I am moved to do it by what it seemed to me the Senator from Utah was advocating. The figures he gave, as to a time when we had no tariff on oil, if they do anything, demonstrate that somebody has a monopoly, and that he is controlling the prices regardless of supply and demand.

Mr. TYDINGS. Why, of course.

Mr. NORRIS. How in the world are we going to remedy that situation if we put a tariff on oil, and thus give the fellows who now control the situation a greater leverage than they have now?

Mr. TYDINGS. Exactly.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. JOHNSON. And that is exactly the reason, is it not, why the "big four," who control the great oil output of the country, are fighting so vigorously and bitterly this particular tariff?

Mr. TYDINGS. I did not know I was a member of the "big four."

Mr. JOHNSON. No, no. I recognize——

Mr. TYDINGS. I knew the Senator did not mean that. I simply said it jestingly.

Mr. JOHNSON. That is the situation. Now, because they will profit so extraordinarily by this tariff, they are engaged in endeavoring to prevent its enactment! It is a species of altruism on the part of the Standard Oil Co., and the other great oil companies that we may commend, but which, of course, heretofore we have seldom seen.

Mr. TYDINGS. We were speaking of the State of Michigan last, and I now come to the State of Minnesota, where the farmers consume 183,783,628 gallons of gasoline annually. The additional tax of 2½ cents a gallon proposed to be levied by this bill would cost the farmers of Minnesota $4,594,591 a year in addition to that they now have to bear.

I wonder what the Senators from Minnesota [Mr. SHIPSTEAD and Mr. SCHALL] will do on this question which affects their people so vitally? I rather imagine the senior Senato from Minnesota [Mr. SHIPSTEAD], representing the

Farmer-Labor Party, which has the interest of the farmers at heart, will vote against the imposition of this additional tax upon his people, and I rather suspect that perhaps the other Senator from Minnesota [Mr. SCHALL] is not going to see the farmers of that vast agricultural State further burdened beneath the yoke of taxation, not for the benefit of the Government but for the benefit of the oil companies.

It must be very difficult on a man like Mr. Rockefeller. Think of a man who has invested hundreds of millions in securities of all kinds and during this depression sees them come down to a mere seventy-five or eighty or ninety million dollars from one hundred and seventy-five or two hundred million. Think of the loss, having only about $100,000,000 in liquid securities at this moment. Let the farmers not forget his plight, and let them shoulder willingly this burden and help him out of his financial mire.

Mississippi: The farmers of Mississippi consume 63,237,618 gallons of gasoline annually, meaning that the farmers of Mississippi, if the tariff is effective, will shoulder an addtional expense of $1,580,000 a year.

Missouri: The farmers of that State use 142,050,762 gallons of gasoline annually on the farms alone. That means that the farmers of Missouri, if this tariff is effective, will be put to a further annual expense of $3,551,269.

The senior Senator from Missouri [Mr. HAWES], a delightful friend, an able Senator, is not a candidate for reelection; so he is in the position where, when he votes, no one can question his motives. I would be the last man to question the motives of any Senator. But I say to the junior Senator from Missouri [Mr. PATTERSON] I can not think that, representing the great State of Missouri, with all its thousands of farm failures and bank failures, and its utter depression, when the farmers are looking here for relief, when we have loaned money to the railroads, to the insurance companies, and to the banks, and done nothing whatsoever for agriculture except to destroy the market for their goods, the world market for the surplus, to drive their prices down and down and down, below the cost of production—I can not imagine that the junior Senator from Missouri, in a time like this, will vote an extra burden upon his people, the farmers of Missouri, of $3,551,269 annually.

Montana: That State is ably represented by my good friend and colleague the junior Senator from Montana [Mr. WHEELER], who now presides over this body. I know that his regard for fairness and justice, and for the people out in his section, is too strong to permit him to be brought into this tariff matter, and to impose upon the people of Montana an additional burden of $1,043,000 annually, which the farmers of that State would have to pay over and above their expenses now if this tariff were effective.

The senior Senator from Montana [Mr. WALSH], more than any other man, has fought the crookedness of the oil game over and over again, and with signal success. I can not imagine the senior Senator from Montana voting to put this much money into the hands of the oil companies. My regard and respect for him, even if he did vote for it, would cause me to believe that somehow or other his reasoning must be sound, but for the life of me I would have difficulty, with my own poor mental talents, in finding how it was possible to be on the other side of this question.

Nevada: I will pass over that State, to save time.

New Hampshire: The farmers of New Hampshire alone use 10,940,000 gallons of gasoline annually, and therefore if this tariff is adopted the farmers of New Hampshire will pay $273,000 additional each year for the gasoline they use on their farms.

I can not imagine that the senior Senator from New Hampshire [Mr. MOSES] or the junior Senator from New Hampshire [Mr. KEYES], being such great friends of the farmers as they have been in the past, would impose this great burden upon the poor, struggling farmers of New Hampshire.

New Jersey: That is a State ably represented by that fine old gentleman—and I say it affectionately—the senior Senator from New Jersey [Mr. KEAN], and his new colleague, more of a contemporary of mine, the junior Senator from New Jersey [Mr. BARBOUR]. New Jersey is a trucking State. It has one of the biggest markets for farm products to be found in the Union—New York, Brooklyn, Jersey City, Newark, and a regular network of industrial centers. We find that in New Jersey the farmers use 33,000,000 gallons of gasoline a year, and that means that they will pay in additional annual expenses for the operation of their farms, due to this increased cost of gasoline, $827,000, nearly a million dollars. I feel, without knowing, that the intelligence and the patriotism and regard of these two Senators for the people of New Jersey, particularly those engaged in the farming industry, will actuate them to vote against this nefarious tariff.

New York: We might think of New York as just a lot of big cities, but we find that the farmers of New York use 179,000,000 gallons of gasoline annually upon their farms.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. WHEELER in the chair). Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. I yield.

Mr. COPELAND. I do not want the Senator to think that New York State is simply the city of New York. New York State is the second agricultural State of this Union, so that anything affecting the farmer is a matter of great concern to me.

Mr. TYDINGS. I was in New York once in my life, and I realize that what the Senator says is so.

The farmers of New York, may I say to the senior Senator from that State, would pay $4,482,000 more than they have to pay now to operate their farm machinery if this increased tax were put on gasoline.

North Carolina: I will insert the figures as to North Carolina in the RECORD later.

North Dakota: The farmers in that State alone use 78,000,000 gallons of gasoline annually, and their increased cost due to this tariff tax would be $1,959,000, which would go into the pockets of the 20 largest oil companies in the United States, and not into the coffers of the Government.

I can not imagine that either the able senior Senator from North Dakota [Mr. FRAZIER] or his colleague, the junior Senator [Mr. NYE], would place this heavy burden upon the already oppressed and failing and impoverished farmers of the Northwest.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. FRAZIER. If I should agree with the argument of the Senator from Maryland, I might change my idea in regard to this proposed tariff on oil, but I can not agree with his argument. The tariff does not always mean the difference in the price that one might think it would. For instance, I hold in my hand a clipping from a North Dakota paper, under date of May 14, 1932, which gives the local market prices of grain. No. 1 northern wheat, which is the hard spring wheat, the best grade wheat, is bringing 48 cents a bushel. The tariff is 42 cents a bushel, and that leaves only 6 cents difference between the tariff and the price of wheat. I do not know what the price would be if it were not for the tariff. I think the same thing would apply to oil.

Mr. TYDINGS. I do not think that is a comparable figure. I wish it were possible that a gallon of gasoline could be in solid rather than in liquid form, and that we could put a 2½-cent stamp on each gallon, so that when a farmer bought a gallon of gasoline he would know that the large oil companies, due to this tariff, would have placed in their pockets 2½ cents for every gallon of gasoline the farmer uses on his farm.

Did I pass the State of Nebraska? I mentioned it, did I not?

Mr. NORRIS. I have not heard the Senator mention it.

Mr. TYDINGS. I meant to. The farmers of Nebraska use 135,815,648 gallons of gasoline on the farms alone, and the cost to the farmers of Nebraska will be $3,395,391 more, if this tariff is effective, than they are now paying for their gasoline, which will not go into the coffers of the Government, but which will go into the coffers of the large oil

companies. I am glad to say that the State of Nebraska need not worry, because I rather imagine, without knowing too well, that both of its Senators will see that the farmers are protected from this outrageous rate upon their slender and remaining resources.

Ohio: That is the home of the chairman of the Republican National Committee, the affable Senator from Ohio [Mr. FESS], who always insists, in Republican conventions, that the farmer get what is coming to him, at least in the platform. He ought to have it somewhere. I want to read from the Republican Campaign Book of 1928, and I would like particularly the attention of the senior Senator from Nebraska, because it is short, and I think he will be interested in seeing how those men who criticize him sometimes for his independence have remained true to the great principles which they themselves criticize the Senator on occasions for adhering to, for it was said in the Republican Campaign Book of 1928:

The two outstanding features of the present tariff act (the Fordney-McCumber Act) from the standpoint of agriculture are that no previous American tariff ever approached this one either in the number and variety of agricultural products given protection—

We have just heard from the Senator from North Dakota [Mr. FRAZIER] how they have been protected—

or in the degree of protection afforded them; and, second, no previous American tariff ever excelled this one in the number and variety of commodities peculiarly essential to the pursuit of agriculture which are on the free list.

In 1928 these commodities, such as oil, which the farmer uses, "peculiarly essential to the pursuit of agriculture," were on the free list, but that was the year when we wanted to get elected, and, of course, we are going to say that all over again, even if we put this tariff in.

Mr. NORRIS. This is the time we want to get ready to raise money so that we can be elected next fall.

Mr. TYDINGS. The Senator his diagnosed the disease even better than I have.

I do not want to let my party off, either, because we made a similar declaration. The Democratic platform as long ago as 1920 said:

The Democratic Party recognizes the importance of the acquisition by Americans of additional sources of supply of petroleum and other minerals and declares that such acquisition at home and abroad should be fostered and encouraged.

In 1920 we said, "Go out and conserve our own oil supply. Go out and invest your money." Of course, no Democrat is going back on that. We will be found solid against this tariff. No man will waiver. Every Democrat will be true to the principles and the platform promises. I can not imagine that a platform like a street-car platform—made to get in on, but not to stand on. [Laughter.]

We had gotten down to Ohio, and I know my genial friend the senior Senator from Ohio [Mr. FESS] is not going to place a burden of $4,624,164 on the farmers of his State greater than they now have to pay, which would be the additional price they would have to pay for their gasoline, because on the farms of Ohio alone the farmers use 184,966,574 gallons of gasoline annually.

The Senator, I believe, was the keynoter at the last Republican convention. When he shows that these things so essential and necessary to agriculture are on the free list, I would imagine the Senator, already having stated his position that oil should be considered at least in a separate measure, would not condescend to go back on the printed word of his party, holding the high official position which he does, and propose to tax the farmers of his State at the same time over $4,000,000 at a time when he is leading his party forth again to what he hopes will be victory.

Even in Oklahoma, where we look and wonder at the great oil wells, we find the farmers alone using 105,000,000 gallons of gasoline annually, and that their increased cost will be $2,625,000 a year if this tariff is adopted and is effective as its proponents on this side of the Chamber, at least, say it will be in raising the price.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. Does the Senator know anyone advocating the amendment who does not advocate it for the sole and only purpose of increasing the price? Is not that the object of it?

Mr. TYDINGS. I think that is the only fair inference which any judicially minded person could draw.

Mr. NORRIS. If that be true, and if it is effective—and it is claimed that it will be effective, and there is no other excuse for advocating it—it seems to me that the figures stated by the Senator would naturally follow.

Mr. TYDINGS. I thank the Senator. I do not think any other conclusion can rightfully be drawn except that I do think special treatment ought to be accorded to such men as Mr. Slemp, who is high in the councils of one of our parties, and to Mr. Hitchcock, Mr. Franklin, and others in the other party, for their absolute detachment in this matter. These men are out to help the poor independent oil producers. They would not think of putting this tariff on to help the big companies. They are too patriotic for that.

In the State of Oregon the farmers use 48,000,000 gallons of gasoline annually. This tariff would mean, of course, an increased cost to the farmers of Oregon of $1,223,213 a year.

Mr. SHEPPARD. Mr. President, will the Senator from Maryland allow me to say to the Senator from Nebraska that it is the contention of those who favor the tax that there is no more relation between the price of gasoline and the price of crude oil than there is between the price of bread and the price of raw wheat.

Mr. NORRIS. Mr. President, if the Senator from Maryland will permit me——

Mr. TYDINGS. Certainly.

Mr. NORRIS. I agree with the statement of the Senator from Texas, but I understand the object in asking for a tariff on oil is to permit the oil producers of this country to get more money. What else is the object of it? Taking their own theory of it, the figures of the Senator from Maryland would follow.

Personally, I think that the price of crude oil and gasoline is in the control of an enormous monopoly, a trust which covers the entire United States. As the figures show, they own most of the production, storage facilities, pipe lines, and refining facilities. They have them now, and they fix the price of gasoline in every hamlet and in every city of the United States. For the life of me I can not understand how we are going to relieve the American people from the domination of that trust and that monopoly by putting a tariff on oil and thus taking away whatever possibility of competition might otherwise exist.

Mr. SHEPPARD. Mr. President, I shall not attempt to go into these matters at the present time because I do not want to disturb the continuity of the address of the Senator from Maryland, but our contention is that whatever increase in price there is will be absorbed by the monopoly, or the near monopoly.

Mr. TYDINGS. May I say to the Senator from Nebraska that everyone knows and the figures show that we are exporting a great deal more oil than we are importing.

Mr. NORRIS. And for that reason, for instance, the figures given by the Senator from North Dakota [Mr. FRAZIER] have no application, because he took a tariff on a product of which we have a great surplus.

Mr. TYDINGS. But it is claimed that this oil can be produced in South America more cheaply than it can be produced in the United States, and therefore if we stop it from coming to the United States, obviously, it will go to Europe or wherever we are selling it, because it can be sold there more successfully and it will take that market, so the net amount of oil that we will sell will be the same. We will not having foreign oil coming in here replacing our oil, but it will replace our export oil. Therefore if we do not sell any more oil in the world in the aggregate and if the tariff does

not increase the price, by their own argument that defeats both the ends which they seek to accomplish.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. I yield.

Mr. LONG. I do not think the Senator from Maryland is having any trouble to convince the Senator from Nebraska in this matter.

Mr. TYDINGS. No; because he is very intelligent. [Laughter.]

Mr. LONG. I want to amplify a little bit the point the Senator from Texas [Mr. SHEPPARD] made. Not only will this tariff be absorbed by the Oil Trust, but we know as a matter of fact that where there is an oil monopoly the price is a great deal higher. In other words, the Senator has stated that we export a great deal more oil than we import, thus showing very clearly that we do not need to import any oil to this country to take care of our needs here. But in the country where they are producing this oil at $1.03 per barrel less than it costs us here, what is the Senator's explanation as to why those people are paying twice as much for gasoline?

Mr. TYDINGS. I want to reply to the proposition of the Senator, but let us go along gradually and clear the way as we go.

Mr. LONG. The Senator is not going to answer my question, then?

Mr. TYDINGS. Yes; I am going to answer it; but the Senator has stated three or four propositions and we have got to get those cleared up before we can get a correct answer to the question. The Senator concedes that we are exporting more oil than we are importing. We have that point settled.

Mr. LONG. All right.

Mr. TYDINGS. The Senator said that we can produce this oil in South America more cheaply than we can produce oil in the United States.

Mr. LONG. Yes; $1.03 a barrel cheaper.

Mr. TYDINGS. We have that settled. If we stop that oil from coming into the United States, where will it go?

Mr. LONG. I do not know where it will go. What is the significance of that?

Mr. TYDINGS. If it can be produced more cheaply than the American oil and if the American oil is now being exported in greater quantities than it is being imported, and if we bar this foreign oil it will immediately go into the world market, where it will displace just so much American oil, because it can be produced, according to the Senator's statement, more cheaply than we can produce oil here, so that the total volume of American oil sold in the world will be exactly the same.

Mr. LONG. I am very glad the Senator has made that statement, because he has met himself coming back. The very interests that he points out on his map—I say "his" map. I assume he made the map or had it made under his direction.

Mr. TYDINGS. The map was made under my direction.

Mr. LONG. I have seen that same map many times.

Mr. TYDINGS. No; the Senator never saw that map, because it was made only five days ago and has been locked up in my office.

Mr. LONG. I can almost read it with my eyes closed. The Senator stated the major oil companies own 51 per cent of production.

Mr. TYDINGS. I want to answer the Senator's question, but let us get my proposition straightened out first.

Mr. LONG. I am straightening it out for the Senator.

Mr. TYDINGS. Does not the Senator know that if we produce a foreign oil more cheaply than American oil, and if we stop that foreign oil from coming into America, it will immediately enter into competition with our export oil? The Senator concedes that. We can not compete with that oil. That is the reason why it is here. They will take our foreign market. As we are already exporting more oil than we are importing, the net amount of American oil sold in the world remains constant.

Mr. LONG. The Senator would not let me answer his question nor will he answer my question. I will answer that question. The Senator has shown on the map which he has taken a long time to make up, although I have seen one just like it many times before, that 51 per cent of the oil produced in America is produced by the major oil companies. How and why are those major oil companies exporting and selling American oil in England, Wales, and Scandinavia that cost $1.03 more per barrel for them to make than the oil they have in Venezuela? Why are they to-day taking oil in America that cost $1.03 more a barrel to make and sending it to England and bringing into this country oil from Venezuela instead of sending the Venezuelan oil to England, except for this monopoly?

Now, one more question——

Mr. TYDINGS. Does the Senator want his questions answered as he asks them?

Mr. LONG. Answer that question, if the Senator can.

Mr. TYDINGS. I want to tell the Senator from Louisiana that I am delighted; I am absolutely delighted. Mr. President, I have 500 tariff amendments on my desk and the very first one that I take up and hold in my hand is to reduce the tariff on aluminum. No aluminum at all is imported into the United States, but the Aluminum Co. sells its aluminum abroad at a lower price than it sells it in the United States. So I know when this amendment comes up that the Senator from Louisiana, who is going to take care of his people, just in line with the argument he has just made, is going to give me his unqualified support, so that I have one of the oil proponents lined up for at least one of my new amendments to the tariff act.

Mr. LONG. The Senator is making his boast as well as some of his statistics on the matter. The question I have asked has not been answered.

Mr. TYDINGS. What was the question?

Mr. LONG. I asked why the Standard Oil Co. is exporting oil from America that cost $1.03 more to make here than a barrel of oil costs them in Venezuela, and then is bringing Venezuelan oil into America? Can the Senator explain how that is done?

Mr. TYDINGS. I do not understand the Senator's question. I wish he would ask it again. It seems to be so involved that I can not get at what he wants to know. If he will ask me again I will certainly try my best to answer it.

Mr. LONG. The ordinary Louisianan in the third reader would understand the question.

Mr. TYDINGS. I understand, then, why they vote in Louisiana the way they do. [Laughter.]

Mr. LONG. The question I am asking is this—and I am asking it of the leader of the interests undertaking to keep this tariff from going on oil: Why is it that the Standard Oil Co., which the Senator says owns 51 per cent of the domestic production of oil, is exporting American oil which costs it $1.03 more to produce in America than the oil which it owns in Venezuela, and is bringing the Venezuelan oil to America?

Mr. TYDINGS. What Standard Oil Co.?

Mr. LONG. All of them. Does the Senator know how many there are?

Mr. TYDINGS. No.

Mr. LONG. I will tell the Senator some of them.

Mr. TYDINGS. I know the Senator is familiar with the oil combine, but I have no acquaintance with it.

Mr. LONG. I am referring to the common family group known as the Oil Trust group in America.

Mr. TYDINGS. I do not know what it is.

Mr. LONG. The decision of the Supreme Court of the United States listed those subsidiaries a number of years ago. That is not on the Senator's map, but there is a list.

Mr. TYDINGS. Yes; here they are right here [indicating]—the major companies.

Mr. LONG. Now the Senator has not answered me, and I know the Senator is more intelligent than he would have

us infer. I know the Senator is intelligent enough to absorb this: Why are these major oil companies, whose position in this matter he is most masterfully and patriotically championing, sending oil out of America to-day which costs $1.03 a barrel more than the Venezuelan oil costs and bringing the Venezuelan oil to America, except to destroy the independent oil business of this country and perpetuate the monopoly?

Mr. TYDINGS. Let us be serious for a moment. The Senator claims that the men who own the local production also own the importing production.

Mr. LONG. No; not all of it.

Mr. TYDINGS. That was the Senator's question.

Mr. LONG. Let me answer the Senator.

Mr. TYDINGS. No; the Senator asked me why it was that these companies which now own 51 per cent of the local production send that oil abroad instead of the oil which comes from Venezuela. I ask the Senator if he owns two farms and it costs him 5 cents a dozen to raise eggs on one farm and 10 cents a dozen to raise eggs on the other farm whether it makes any difference which farm his eggs come from when he sells them to the public.

Mr. LONG. In answer let me say to the Senator that the Standard Oil Co. has taken one ship to send American oil to England and has taken another ship to send Venezuelan oil to America—two ships—when one ship would have carried the oil from Venezuela to England and it would not have been necessary to run two liners. I ask the Senator what excuse there was for the Standard Oil Co. paying two times the transportation cost in order to send oil out of America that was costing $1.03 more a barrel than the oil in Venezuela.

Mr. TYDINGS. It is perfectly obvious that that is a question of company management and not a question of tariff. I revert to the former illustration, that if the Senator owns two farms and is raising eggs on both farms and it costs him 5 cents to raise eggs on one farm and 10 cents to raise them on the other, it makes no difference from which farm he sells his eggs if he sells them in a market where he dictates the price.

Mr. LONG. I should like to settle the question with the Senator on the egg basis.

Mr. TYDINGS. I answered the Senator's question candidly and frankly and in such a way that he himself can not refute the answer, and I refuse to yield further at this time.

Mr. LONG. Will not the Senator yield for just one more question?

Mr. TYDINGS. Very well; go ahead.

Mr. LONG. If the Senator owned a farm in Nebraska on which he was raising eggs and owned a farm in Louisiana on which he was raising eggs, would he ship the eggs from the Nebraska farm to the Louisiana farm and ship those on the Louisiana farm to the Nebraska farm, or would he eat the eggs on the respective farms where they were raised?

Mr. TYDINGS. That is a fair question, and I will give the Senator a complete answer. If I had a farm manager on each one of those farms, and instead of having two farms, had seven, I would not know where the manager of each one of those farms was selling his eggs, even if he were Mr. Rockefeller. So there would be seven farm managers selling seven different sets of eggs in seven different markets.

Mr. LONG. The Senator thinks that the managers of a business do not know what the men under them are doing?

Mr. TYDINGS. I think—and the Senator has not denied it—that if we stop the importation of foreign oil into this country we will drive the imported oil into the world's market, where it will displace just so much American oil, so that the net amount of oil sold will be the same so far as American production is concerned.

Mr. LONG. All right.

Mr. LONG moved toward the door of the Chamber.

Mr. TYDINGS. If the Senator wants to give up his own fight so rapidly, I have no objection.

Mr. LONG. I understood the Senator did not want me to interrogate him further.

Mr. TYDINGS. The Senator only wants to ask questions; he does not want to get answers which he can not answer.

Mr. LONG. I will remain. I beg pardon. I thought the Senator was motioning me away from the floor.

Mr. TYDINGS. I wanted to conclude, because I thought the Senator was not interested in hearing the answers.

Mr. LONG. The Senator is mistaken. I beg pardon.

Mr. TYDINGS. Well, Mr. President, I may say that the tone of this debate, without any reflection on my friend—and I include my own contribution thereto in the last few minutes—has neither been uplifting nor enlightening, and I prefer now to follow the sequence of my remarks.

Mr. LONG. I confess my part of that.

Mr. TYDINGS. In Pennsylvania the farmers use 152,015,000 gallons of gasoline annually on their farms. The tax of 2½ cents a gallon on gasoline will mean that the farmers of Pennsylvania will pay $3,800,000 in additional expenses over what they now are forced to bear.

The farmers of Texas use 224,221,000 gallons of gasoline annually. If this tax shall be imposed, it will mean an increased cost of gasoline upon the farmers of Texas of $5,605,000 annually.

The farmers of Virginia use 72,000,000 gallons of gasoline annually. So if this new tax of 2½ cents a gallon shall be placed upon the consumption of gasoline by the farmers of Virginia, it will mean an extra burden and expense of $1,819,000 a year.

In the State of Washington the farmers alone use 53,934,802 gallons of gasoline annually. This tariff of 2½ cents a gallon will mean an extra tax burden to the farmers of Washington of $1,348,370 more than they now bear, which will not go into the Treasury of the United States but in the pockets of the 20 large oil companies.

Mr. President, at this point in my remarks I ask unanimous consent to have printed in the RECORD the entire table to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The table referred to is as follows:

State	Total gasoline consumed on farms yearly	Additional cost to farmers of increase of 2½ cents per gallon
	Gallons	
Alabama	58,130,856	$1,453,271
Arizona	10,867,312	271,683
Arkansas	50,800,840	1,270,021
California	145,395,097	3,634,877
Colorado	48,371,448	1,209,286
Connecticut	17,193,352	429,834
Delaware	8,890,640	222,266
Florida	32,476,270	811,907
Georgia	74,312,238	1,857,806
Idaho	25,686,179	642,154
Illinois	210,842,996	5,271,075
Indiana	135,587,870	3,389,697
Iowa	216,122,393	5,403,060
Kansas	166,521,226	4,163,031
Kentucky	54,993,576	1,374,839
Louisiana	39,702,373	992,559
Maine	26,152,216	653,805
Maryland	35,523,608	888,090
Massachusetts	21,836,940	545,924
Michigan	148,455,000	3,711,377
Minnesota	183,783,628	4,594,591
Mississippi	63,237,618	1,580,940
Missouri	142,050,762	3,551,269
Montana	41,737,035	1,043,426
Nebraska	135,815,648	3,395,391
Nevada	3,119,302	77,983
New Hampshire	10,940,808	273,520
New Jersey	33,109,608	827,740
New Mexico	15,962,881	399,072
New York	179,301,970	4,482,549
North Carolina	93,733,602	2,343,340
North Dakota	78,377,392	1,959,435
Ohio	184,966,574	4,624,164
Oklahoma	105,025,122	2,625,628
Oregon	48,928,515	1,223,213
Pennsylvania	152,015,620	3,800,391
Rhode Island	3,406,550	85,164
South Carolina	40,946,660	1,023,665
South Dakota	78,783,453	1,969,586
Tennessee	63,835,002	1,595,875

State	Total gasoline consumed on farms yearly	Additional cost to farmers of increase of 2½ cents per gallon
	Gallons	
Texas	224, 221, 440	$5, 605, 536
Utah	12, 961, 701	324, 043
Vermont	18, 927, 665	473, 192
Virginia	72, 788, 406	1, 819, 710
Washington	53, 934, 802	1, 348, 370
West Virginia	26, 018, 230	650, 456
Wisconsin	199, 734, 750	4, 993, 369
Wyoming	14, 202, 616	355, 065
District of Columbia	87, 810	2, 195
Total	3, 809, 817, 600	95, 245, 440

Mr. SMITH. Mr. President, may I ask the Senator from Maryland a question?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from South Carolina?

Mr. TYDINGS. I yield.

Mr. SMITH. I did not hear the Senator's statement as to my State. Did he put those figures in the RECORD?

Mr. TYDINGS. Those figures are in the RECORD, but I shall be glad to read them to the Senator. I skipped a few States in order to save time.

In the State of South Carolina the farmers use 40,946,600 gallons of gasoline annually. The imposition of the 2½-cent tax will mean that the farmers alone in the Senator's State will take up an extra burden of $1,023,665 over and above what they now bear, and that that will not go into the Federal Treasury but will go into the pockets of the large oil companies. The farmers of the Senator's State will be placed in the position of paying tribute to the large oil companies, and I know now, without even asking the Senator, viewing his long record here in the interest of the farmer, that the proposal to enact this tariff will have his unyielding opposition.

No man on the floor of the Senate ever made a more eloquent appeal against the tariff than the Senator from Arizona [Mr. ASHURST]. The Senator from Arizona, commenting on the Capper bill providing for an embargo on oil, on the floor on March 2, 1931, as will be found in the CONGRESSIONAL RECORD on pages 6722 and 6733, said:

> We are asked, in behalf of the Sinclairs and the Dohenys, to put an embargo on the importation of oil.
>
> Mr. President, there is a larger question here than the mere question of serving the oil interests and the Dohenys and Sinclairs of this country. Are we going to levy a tax, already too heavy, upon every person who uses an automobile, upon every farmer who has a motor upon his farm, in order to swell the profits, already great, of the oil industry?
>
> Mr. President, as a rule when we listen to the independents it is the voice of Jacob, but it is the hand of Esau.

We do not need any stronger attack on the oil tariff proposal than that splendid assertion of the fine Senator from Arizona.

Now, just a word about production and I shall finish. Here [indicating on chart] is shown the oil production of the entire world. The United States of America produces 63.69 per cent, about two-thirds, in round numbers, of all the oil produced in the entire world. The United States exports more oil than it imports. If the contention of the proponents of the oil tariff is sound, namely, that oil can be produced in Venezuela at a lower figure than it can be produced in America, obviously if we shut out this oil [indicating on the chart] from the American market, if that oil can be produced at a lower figure than oil can be produced in the United States, it immediately goes to the foreign market, where it displaces just that much United States oil. So, in the last analysis, the producer of American oil, if this proposed tariff shall be effective, will not sell one gill more of the total oil consumed in the world that he now sells. That is unanswerable. No one can dispute that. That is something that no proponent of this tariff, so far as I have heard, has successfully disputed. That being so, what difference does it make?

Who owns the Venezuelan oil? The same group that owns 51 per cent of all the American production. The independent oil operator is not going to get a sou, farthing, one-twentieth of a mill, more for a single gallon of oil he produces, and nothing more eloquent is needed to prove that assertion than the statement of the proponents of the oil tariff that quite often when crude oil is selling for almost nothing, gasoline is selling at an abnormally high price, showing that the large interests regulate the prices to suit themselves. But even if that were not so, with about two-thirds of one year's supply of oil now in the pipe lines of the 20 large companies, a sufficient quantity to supply the entire country for eight months without injecting one gallon of oil more in the pipe lines, they can refuse for eight months to buy a gill of oil from the independent oil companies.

More than that, they can refuse to buy for over a year, because, in addition to the eight months' supply they now have, they own half the production, so that when they place what they now have in the pipe lines, plus what they can put in the pipe lines from their own wells, they have one year and six months' oil supply, which is sufficient to meet every oil requirement in the United States for 18 months without injecting another gill in the pipe lines or taking another gill from the independent oil wells. What man is naïve, simple, asinine enough, with a monopoly of that magnitude, with a year and a half's supply on hand, to think that a few hundred thousand honest but unfortunate little independent oil-well owners can buck up against a year and a half's supply and a wealth of pipe lines and refineries? The suggestion is so absurd that no man who really contends for such a tariff as is proposed can, in my humble judgment, demonstrate by facts where the independent oil producer is going to get a single cent of benefit.

Mr. President, I have spoken long enough, and I will subside for the time being, but before I yield the floor I should like to put some tables into the RECORD with a preceding statement. I want to show who is responsible for the plight of the small oil owners. I ask that the table and statement, which I now send to the desk, may be inserted at this place in my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement and table are as follows:

SECTION 5—WHO IS RESPONSIBLE FOR THE PLIGHT OF THE SMALL WELL OWNER

Much has been written and much has been said of the plight of the farmer owners of the "stripper wells"; there are 22,000 of them in Kansas alone.

The owners of these wells need but look at the figures of the overproduction in Texas and Oklahoma and California to realize why it has been necessary for them to close these wells down from time to time. It is not the imports entering the Atlantic seaboard which affect their condition. It is the overproduction of their neighboring States.

The oft-repeated statements that these stripper wells are permanent losses is answered by the Bureau of Mines in a letter addressed to the chairman of the Senate Commerce Committee and published in the 1931 hearings on the subject of an oil embargo. It follows in part:

"Some proponents of restrictive oil legislation repeatedly have stressed and have given the unqualified inference that the production from some 300,000 wells in the United States will be irrevocably destroyed unless those wells are allowed to produce without interruption to the end of their normal lives. It is well recognized that a serious economic condition faces the individual owner of pumping wells.

"In these wells the lifting costs are frequently many times that of wells where the force for lifting the oil is supplied by the expansive energy of the originally contained or associated natural gas. Lifting costs usually determine the margin of profit for producing crude oil; and when the market is depressed because of an abundance of oil, either from flowing domestic wells or from other sources, the so-called "stripper" wells are usually the first to feel this depression. Because of the investment in these relatively small producers, and because their owners or lessees, in general, are an essential part of the American oil industry, it seems fundamentally sound that equitable relief should be given.

"However, in an honest and unprejudiced analysis of the present economic condition of the American oil industry, it should be recognized that the figures which have been used to designate the number of wells presumably needing relief are largely theoretical. Even assuming that 300,000 wells out of the total of 328,200 pro-

ducing wells in the United States (Bureau of Mines figures as of December 31, 1929) were to be 'shut in' for a period of time, present engineering knowledge shows it to be illogical to suppose that all of the production from these wells would be henceforth unrecoverable, thus defeating the true policy of oil conservation. Defective casing and other poor conditioning of wells will invite migration of water, and some oil will be trapped in the sands; but to suppose that all of those wells will be ruined if they are not operated is misinformation based upon lack of engineering knowledge regarding the flow of oil and water through sands and unfamiliarity with the experience in certain areas where water migration has been definitely controlled, and in still other areas where, after production was 'shut in' for a relatively long period, resumed production was at a higher rate than previous to the 'shutting in' of the wells."

The following chart, prepared by the Department of Commerce from statistics furnished by the Bureau of Mines and Bureau of Foreign and Domestic Commerce, shows graphically the production, importation, and exportation of oils in the American industry during the last 60 years:

Production, importation, and exportation of oils in the American industry for 60 years

Period	Crude oil						Exports of refined oils (excluding reexports)
	Production	Value	Exports	Imports	Net retained supply	Runs to stills	
	Barrels		*Barrels*	*Barrels*	*Barrels*	*Barrels*	*Barrels*
1871–1880	12,519,000	$19,678,000	528,000				6,026,000
1881–1890	29,249,000	23,381,000	1,719,000				12,084,000
1891–1895	51,095,000	35,708,000	2,606,000				16,751,000
1896–1900	59,498,000	56,836,000	2,907,000				20,240,000
1901–1905	102,083,000	83,524,000	3,029,000				22,317,000
1906–1910	172,769,000	119,572,000	3,686,000				30,521,000
1911–1915	247,739,000	185,793,000	4,134,000	12,080,000	255,685,000		44,475,000
1916–1920	362,661,000	735,698,000	5,413,000	49,531,000	406,779,000	336,717,000	58,896,000
1921–1925	647,961,000	999,186,000	13,559,000	94,857,000	729,259,000	581,789,000	76,455,000
1921	472,183,000	814,745,000	8,940,000	125,364,000	588,607,000	443,353,000	57,531,000
1922	557,531,000	895,111,000	10,163,000	127,308,000	674,676,000	500,706,000	59,592,000
1923	732,407,000	978,430,000	17,385,000	82,015,000	797,037,000	581,238,000	77,893,000
1924	713,940,000	1,022,683,000	17,973,000	77,775,000	773,742,000	643,719,000	93,413,000
1925	763,743,000	1,284,960,000	13,335,000	61,824,000	812,232,000	739,920,000	93,843,000
1926	770,874,000	1,447,760,000	15,407,000	60,382,000	815,849,000	779,264,000	108,398,000
1927	901,129,000	1,172,830,000	15,844,000	58,383,000	943,668,000	828,835,000	115,399,000
1928	901,474,000	1,054,880,000	18,962,000	79,767,000	962,279,000	913,295,000	126,159,000
1929	1,007,323,000	1,280,417,000	23,394,000	78,933,000	1,059,862,000	987,708,000	126,377,000
1930	896,265,000		23,704,000	62,129,000	934,690,000	927,447,000	122,167,000

Mr. TYDINGS. I also ask to insert in the RECORD the report of the Tariff Commission on cost of production at home and abroad, following the insertion just made.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

SECTION 6. TARIFF COMMISSION'S REPORT ON COSTS OF PRODUCTION AT HOME AND ABROAD

Last year before the Senate Committee on Commerce the remarkable argument was presented that there was not necessarily any relation between the price of crude and gasoline. This statement has been assiduously peddled by propagandists, circulated broadly through the press, and presented to Congress committees with the obvious intent of disarming the public mind in relation to the inevitable increase in the cost of gasoline.

The Federal Trade Commission, the American Petroleum Institute, and other competent and disinterested organizations have repeatedly shown its falsity.

Until their appearances this year before the Finance Committee and the Ways and Means Committee, Mr. Franklin and his associates have repeatedly argued that the price of fuel oil was too low and that the purpose of the bill was to increase the price at the well. These statements have now been discarded, and both the Finance Committee and the Ways and Means Committee this year were informed that the proposed tax would not affect the price of fuel oil to the consumer.

Last year crude oil was as low as 10 cents a barrel at the well; this year it is ranging around $1. A year ago Governor Murray, of Oklahoma, mobilized the militia to stop wasteful overproduction, and proclaimed to the world that his ambition was to compel curtailment of production in the hope that oil would again sell at the well for $1. Governor Murray has realized his ambition not through the barriers afforded by an embargo or a protective tariff but through the old-fashioned method of applying a little common sense to the end that the laws of supply and demand be respected.

Having completely failed to reverse the laws of trade by the remarkable premise that there is no connection between the price of crude and gasoline, the proponents of this measure are now attempting to use the recent report of the Tariff Commission to establish their contention that there is a differential in favor of imported oils of $1.05 per barrel.

Any literate person could not knowingly make such mistakes as they have done. There is no such differential in favor of the importers. There is none at all. This phase of the controversy was discussed in considerable detail before the Finance Committee. It will be found in the testimony of Paul H. Harwood, pages 457–471 of the Finance Committee hearings:

"The Tariff Commission, in its report for the years 1927–1930, reports not a difference in cost of $1.03 per barrel, as alleged by Mr. Franklin, but of 46 cents, on the basis of 'like or similar products' as required by the tariff act (p. 3), but calls attention to three disparities in its calculation to the disadvantage of the Venezuelan product, each of which would, when properly determined and taken into account, reduce this difference in cost.

"1. It admits that in figuration of cost to produce crude it has applied to the foreign oil the same rate of interest and depreciation as applied to the domestic crude. It admits (p. 59) an adjustment of interest charges would increase the cost of foreign crude 5 cents per barrel.

"Adjustment of depreciation, recognizing that foreign crude is produced in tropical climates where destruction is rapid, would add another 5 cents per barrel.

"These items, properly taken into account, would lower the difference of 46 cents per barrel to 36 cents per barrel.

"2. It calls attention (p. 2, last paragraph) to the fact that while actual bare cost of transportation has been used to calculate the cost of landing Venezuelan oil on Atlantic seaboard, 49 cents per barrel has been used in calculating cost of landing domestic crude oil here, this being an average, not of cost of pipe-line transport, but of actual published pipe-line charges. Interstate Commerce Commission's reports show that for 1930, the last year covered by this report, the ratio of operating expenses, taxes, and 6 per cent interest, to operating revenue, is 60 per cent.

"3. In its figuration of comparative values of yields from the two crudes the commission admits that the value of the gas and fuel oil yield out of Venezuelan crude is much below that of the higher-quality gas and fuel oil yields out of domestic crudes. (It admits value of foreign yield is only 2.55 cents per gallon while domestic yield is worth 2.93 cents per gallon, a difference of 0.38 cent per gallon.) But it states that nevertheless it applied the higher domestic value to both crudes in calculation of total value of yields of both oils. The report states (p. 54):

"The significance of any overvaluation of the gas and fuel oils from foreign crude is evident from the fact that these oils constitute considerably over 30 gallons of the product obtained from each barrel of crude (42 gallons) * * * there may be an overstatement of the value of the products from foreign crudes due to the method used amounting to 10 to 15 cents per barrel, or even more.

"The overvaluation of gas and fuel oil derivatives in each barrel of foreign crude might then amount to 15 cents per barrel, which, subtracted from the remaining 16.4 cents, practically wipes out the remaining apparent advantage for Venezuelan crude oil.

"Therefore the correct interpretation of the Tariff Commission's report for the year ending in 1930 is that there is no appreciable advantage in cost of Venezuelan crude, as compared with like or similar domestic products.

"The supplemental report of the commission to the Ways and Means Committee, covering year 1931, shows still lower domestic costs due to the development of the cheaper but highly valuable crude of east Texas; and that the average domestic delivered cost at Atlantic points, without adjustment for lowered pipe-line rates, has fallen 22 cents per barrel, or from $1.90, average for three years, to $1.68 per barrel.

"Therefore, on the face of the two Tariff Commission's reports, there is no advantage in foreign crude costs, but, on the contrary, domestic crudes are deliverable at Atlantic ports, value for value, at least 20 cents a barrel under the foreign costs."

Mr. TYDINGS. I want also to put into the RECORD the party platforms on the subject of oil. I think the Senator from Idaho [Mr. BORAH] would perhaps enjoy the humor of hearing both party platforms on this subject. I read

the Democratic platform first. This plank was adopted as long ago as 1920:

The Democratic Party recognizes the importance of the acquisition by Americans of additional sources of supply of petroleum and other minerals and declares that such acquisition, at home and abroad, should be fostered and encouraged.

The Republican platform in 1928 contained this astounding statement:

The two outstanding features of the present tariff—

That was the Fordney-McCumber Act—

The two outstanding features of the present tariff (Fordney-McCumber) standpoint of agriculture are: (1) No previous American tariff ever approached this one either in the number and variety of agricultural products given protection or in the degree of protection afforded them, and (2) no previous American tariff ever excelled this one in the number and variety of commodities peculiarly essential to the pursuit of agriculture which are on the free list.

Of course, oil is not peculiarly essential to the pursuit of agriculture.

Mr. BORAH. Has the Senator a copy of the platforms for this year?

Mr. TYDINGS. Whether we adopt this tariff amendment or not, both sides are going to try to surpass one another in finding ways in which we shall tell not only the farmer but all the people how everything will be all right if they will just let us take charge. [Laughter.]

Mr. SMITH. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. SMITH. I notice that in paragraph (4), which the Senator has been discussing from the standpoint of the 2½-cent tax on gasoline, there is also a tax of 4 cents a gallon on lubricating oil. Of course, lubricating oil is as essential to the life and efficiency of our motor vehicles as gasoline. In addition to that, I see that paraffine and other petroleum wax products are taxed at the rate of 1 cent per pound, and that natural asphalt and asphalt and bitumen derived from petroleum are taxed at the rate of 10 cents per hundred pounds. Does not the latter provision refer to the ingredient that is used in road construction?

Mr. TYDINGS. I am glad the Senator has asked me that question; and, as I have briefly referred to the increased cost of road construction which would result from the imposition of this tariff, I will take the liberty of reading a statement on that subject, if the Senator is interested.

Mr. SMITH. I am very much interested, because the specific gravity of this material is pretty great; and a tax of 10 cents per hundred pounds on this road-building material, it seems to me, would increase the cost of road construction incalculably. As the public is now largely dependent upon hard-surfaced roads or treated roads for the use of motor vehicles, this material is as essential as gasoline and oil.

Mr. TYDINGS. That is right; and here is the situation as it affects road building:

The bill before the Senate proposes a tariff of ½ cent per gallon or 21 cents per barrel on imported crude oil, and of 10 cents per hundredweight or $2 per ton on finished asphalt imported.

The result of both or either schedule would be to raise the price of asphalt over $2 a ton. It has sold this year at $8.50 a ton. The greater part of all paving asphalt is made from imported heavy crude oils in Atlantic coast refineries. There is simply not enough of the heavy asphaltic crude now produced domestically to supply the needs of American States, counties, and the Federal Government for road repair and building material.

Practically all asphalt manufactured now goes into road making. It is the prime product in present road-building programs. It is therefore the Federal Government, the States, and the counties that will pay the increased price. For the Federal Government, it may prove to be just a stand-off; the increased price paid may be equal to the duties on asphalt-bearing crude oil imported; but the resulting increase of 20 per cent in cost will be nation-wide, and will be an additional and unnecessary charge on States and other political subdivisions.

The tariff schedules in question have no reason for being. They will be paid manifold, not by the importer but by our sorely beset State and county treasuries or by the tax-paying country dweller, deprived of his road by the increased cost of road material.

The import tax on imported crude oil and asphalt is simply and only a charge on our local governments, and any resulting income will be paid back by the Federal Government in the resulting higher price.

Even assuming that we would get some revenue from this tax, we would pay it many times over by the increase of all the road appropriations which we make; and, of course, the States likewise would be penalized.

Later on I may have occasion to refer to other phases of this matter. For the present I have devoted myself almost entirely to the farmer's new burden in this connection. As the debate progresses, and when I have had a little lunch and have come back I shall be glad to talk about other phases of the matter.

Mr. HULL obtained the floor.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from South Carolina?

Mr. HULL. I do.

Mr. SMITH. Enormous increases of expenditure have been indicated here as a result of the use that the farmers make of gasoline. I wish the Senator or some one who has the time would find out what would be the additional burden on all the American people who use gasoline, calculated on the same basis.

Mr. TYDINGS. The burden that I just referred to and allocated to the various States was, in round numbers, $95,000,000 annually, which the farmers alone would pay if the price of their gasoline were increased 2½ cents a gallon. The total burden borne by all the people, including the farmers, would be $486,000,000, of which amount nearly $100,000,000 would be placed on agriculture, the remaining $386,000,000 on industry generally—the owner of the pleasure automobile, the factory, and so forth.

Now, Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Tennessee was recognized. Does the Senator yield for a quorum call?

Mr. HULL. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Jones	Robinson, Ind.
Austin	Costigan	Kean	Sheppard
Bailey	Couzens	Kendrick	Smith
Barbour	Cutting	Keyes	Smoot
Barkley	Davis	King	Steiwer
Bingham	Dickinson	La Follette	Thomas, Idaho
Blaine	Fess	Lewis	Thomas, Okla.
Borah	Fletcher	Logan	Townsend
Bratton	Frazier	Long	Trammell
Brookhart	George	McGill	Tydings
Broussard	Glass	McNary	Vandenberg
Bulkley	Goldsborough	Moses	Wagner
Bulow	Harrison	Neely	Walcott
Capper	Hastings	Norbeck	Walsh, Mont.
Caraway	Hatfield	Norris	Watson
Carey	Hayden	Nye	Wheeler
Cohen	Hebert	Oddie	White
Connally	Hull	Reed	
Coolidge	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Seventy-four Senators have answered to their names. A quorum is present.

Mr. HULL. Mr. President, the Nation and the world today face a critical industrial, financial, and general economic situation.

During the postwar period governments here and everywhere, and peoples here and everywhere, have been indulging in an orgy of fast living and overspending and other wild and riotous kinds of conduct, with the result that today all governmental agencies in all countries find themselves hopelessly overloaded with debt, overwhelmed with expenditures, and borne down with taxes.

At the same time we see an almost hopeless slump in prices of commodities and values of securities. They have reached a most amazing level, equal to that of common

bankruptcy. They have reached a level almost below the amount of the debts they are supposed to secure and lie behind. At the same time commerce has been correspondingly drying up, especially our international commerce. It is to-day below $20,000,000,000. It should be forty-eight and three-quarters billion dollars. The share of the United States should be three and one-third more billions in excess of what it is to-day.

Mr. President, the business of this Nation and of all nations is on an almost wholly artificial basis, due to every conceivable kind of restrictions and restraints and obstructions to commerce and to the most legitimate and profitable transfer of capital and goods and services across international boundaries. The amazing condition presents itself here to-day of our foreign trade being at a rate less than one-third of what it was before the panic broke in 1929 and is on a steadily diminishing basis.

We find, as a general result, unemployment on an unprecedented scale, unemployment of eight to ten million wage earners in this country, and of tens of millions in other countries, who, with their families, would aggregate between seventy-five and one hundred million human beings walking up and down this earth in idleness, without employment, without food, and with inadequate shelter. We find along with this general collapse of international credit, exchange, trade, and finance a general lowering of living standards among all peoples everywhere. We find the great agricultural population in most countries reduced almost to a state of peasantry, hopelessly overwhelmed with debt, with no possible market opportunities for their surpluses.

We find again, Mr. President, that during the past 8 to 12 years each nation, largely under American leadership, has undertaken very strictly to pursue what is well known and understood as the policy of living unto itself as nearly as may be humanly possible. This policy has had coupled with it the further policy of obstructing any and all economic relations with other countries which might be humanly possible to avoid. This at the same time has carried with it a domestic-tariff policy which has had as its primary purpose the artificial encouragement of the very maximum of production in every line of industry. This postwar policy under American initiative and American leadership was naturally followed by all the other important countries of the world, either through self-defense or through the example of influential American leadership.

There was no way, following the war, for America to avoid her responsibility as a leader, especially in the financial and economic affairs of the world. We were the most powerful and influential Nation with respect to the possession of gold and credit and natural resources and efficient productive plants, merchant marine, export trade, and a vast indebtedness due us from other governments. Nothing was more natural or more inevitable than that we occupied a more powerful and influential position of leadership in world economic affairs than any or all other countries combined, and there is no way by which we could or can shake off or evade that responsibility.

Mr. President, there were two courses we as a nation could have pursued. One was the course of urging every nation to live as nearly as possible unto itself. Notwithstanding the fact that we had become a great creditor and a great surplus-producing nation as a result of the war transition, we decided that we would pursue the policy of living strictly unto ourselves, or as nearly so as possible. That has meant, under the artificial stimulus of domestic industry, that our oil people, our coal people, and our copper people, and our zinc, our lead, our wheat, corn, oats, rye, and a long list of other surplus-producing industries, some with and some without tariffs, have equally accumulated vast undisposable surpluses. We find every important country, with industries of any consequence, laboring and groaning under enormous surpluses hopelessly dammed up by every conceivable sort of obstruction to commerce among nations. We find every important country hopelessly glutted with these vast surpluses.

Mr. President, that was not within itself the only disconcerting and disastrous phase of these unfortunate troubles which have overtaken this and other countries. The very moment the nations made it impossible to treat with each other, monetary instability began to appear. All the creditor nations having favorable trade balances demanded payment in gold, thereby draining debtor nations of their reserves, so that within a reasonable time our whole currency situation got out of balance; and it is still out of balance, with the result that in every country we see to-day every sort of artificial stimulants and nostrums proposed to deal with the currency and the credit and the deflated-commodity-price situation. The condition is indescribably chaotic as it relates to industrial, financial, and commercial affairs here and everywhere.

Mr. President, in the midst of all this serious situation, involving great fundamental problems, involving the task of this and other countries to analyze and ascertain the basic causes and prescribe basic remedies, with this tremendous task and responsibility pressing heavily upon us, we find some of our well-meaning friends, representing great international industries, industries whose commodities are bought and sold in all the markets of the world every day in the year, rushing down here to the Capitol and asking that all these real problems be shunted aside and placed in indefinite abeyance. They come here and ask us to suspend all business for an indefinite time, while they present themselves in the Capitol and ask for a tariff crutch or rolling chair, or some other imaginary assistance the need of which they have conjured up in their minds.

Here comes the giant oil industry, a great $12,000,000,000 business in this country, involving a natural resource which does not cost anybody a penny to create, a great industry which has had to its advantage during the past 10 years a favorable balance of exports in the huge amount of $3,600,000,000, coming here and complacently demanding that the peoples' representatives, the representatives of the American public, shall vote to this huge octopus—and I say that in no spirit of criticism—a special subsidy running up into the hundreds of millions of dollars, to be paid for largely by the 30,000,000 farm population, hopelessly prostrate, overwhelmed with debt, with commodity prices so low it does not pay to remove farm products from the farm; a demand also that the wage-earning population, which, with their families, aggregate sixty to seventy million, together with the agricultural population, shall bear the lion's share of this bald, unadulterated subsidy in the way of an increased price, under tariff shelter, above what the price to the farmer and wage earner would otherwise be.

The people's representatives, persons sworn to represent the American public, persons under oath to represent the American agricultural population and the average citizen, all citizens alike, with impartiality are asked to walk up here and vote this amazing special subsidy to the most powerful industry in the United States excepting the banking industry. In the name of God, Mr. President, I am wondering what the country is coming to if that is the highest level to which American statesmanship can rise in dealing with these vast fundamental panic conditions.

I want to glance back just a moment and see what really has occurred. This Nation had the opportunity during 10 years following the war, with the $17,000,000,000 which it was ready to loan abroad with which to pay for exports and develop new markets everywhere, with the $11,000,000,000 which had already been loaned to foreign nations during the war, with our tremendous surplus-producing capacity of $15,000,000,000 to $20,000,000,000 or $25,000,000,000, with by far the most efficient manufacturing plants in all the history of manufacturing, with a merchant marine, with every possible agency and equipment to arouse itself like a sleeping giant by labor and work everywhere, growing cotton, producing oil, producing automobiles ad libitum, and then as England did and as many other great commercial nations have done, as we have made these immense loans, as we have come in contact with other countries in

a thousand ways, when the fullest opportunity for establishing commercial contacts and developing unlimited markets, to the end that all our capital and our labor might be employed here at home in the most profitable manner.

Yet instead of taking that course, our leadership, not the leadership of any particular group, but a small segment of so-called business leadership, arrogating to itself the authority for speaking for all American business, elected to pursue that narrow and blind and selfish and utterly destructive course, for great creditor and surplus-reproducing nations, of neglecting or abandoning any real purpose to develop our international, commercial, and financial relations, with the result inevitably that we have fallen upon evil days.

When this panic broke, and it was a natural outcome whenever a country refuses to exchange surpluses with every other country, when every nation was indulging in futile and foolish attempts to create surpluses and push them out on other countries, but at the same time refusing to let any other country push its surplus back on it, even when it was mutually agreeable and profitable for it to be done—nothing was more inevitable that soon we would have a flood of production everywhere.

As soon as that occurred the manufacturers slowed down in their purchase of raw material. Then the price of raw materials began to fall. Then the purchasing power decreasing, the price of foodstuffs began to fall, and finally they experienced a decline of prices. That is what occurred during recent years.

The great speculative era in the stock markets in 1928 and 1929 was a symptom of this deep-seated disease which sooner or later would burst upon the world with all its devastating afflictions. The collapse in the stock market precipitated a world-wide dislocation of all prices and exchange and trade, and started the perpendicular fall of commodity prices.

Mr. President, just to indicate what had happened let me take another glance at some statistics. Here is a statement prepared by the Bureau of Economics, Department of Agriculture. It is headed "Foreign Tariffs and Other Restrictions of Imports of Agricultural Products." I wish to read a paragraph of it, and shall then ask permission to insert the balance in the RECORD:

> As the result of intensification of the spread of economic nationalism throughout the world since the war, there has been a great increase of trade barriers against imports of agriculture, as of other products.

Then they describe in some detail all the phases of high and still higher tariffs, of prohibitions of various kinds, of quotas, of government permits and licenses and pretended sanitary regulations, of enactments fixing minimum amounts that might be imported, and a long list of others, with the result that scarcely a more conclusive explanation of the tremendous slump in agricultural exports from this country could be offered than is set forth in this document.

Our friends who espouse the other and opposing economic course seem to have an idea that when we bring the agencies of Congress and other departments of Government into operation to shut out a few dollars of imports here and there which are trickling into the United States in the way of specialties or novelties or something of the sort, that we are accomplishing some sound and profitable economic purpose. And yet no economic truth is more patent than that whenever we to-day shut out one dollar of imports by these extreme obstructions which we are undertaking to erect from time to time we shut in at least $5 worth of automobiles and foodstuffs and machinery and other surpluses in all industrial and productive lines, including wheat and cotton.

What boots it if a few dollars' worth of oil comes in to some bay or some harbor or locally on the seaboard, if we are able in return to send out and sell five times that value in surplus cotton or wheat or automobiles or these other enormous surpluses which are binding down so heavily and almost hopelessly depressing our entire economic situation? Yet wherever and whenever on both oceans somebody finds where a few dollars of imports are trickling in, he catches the first train, or perhaps does not wait that long but gets on an airship, and comes through to Washington overnight in his haste to put up demands to the Federal Government by legislation to shut out these trivial imports.

What have we brought upon ourselves? I say to Senators that we may postpone the real causes of our panic trouble, we may attempt to shunt aside or push forward the basic cause that underlies a hopelessly chaotic condition, financially and commercially and industrially, that confronts this and other countries; but finally, tragic as it may be, enough additional millions of wage earners will be thrown into unemployment and enough additional farmers and business men will be driven into bankruptcy to finally compel politicians and statesmen everywhere to brush aside these minor, superficial, and temporary remedies with which we have been dealing for months and come down to a real consideration of the fundamentals of our industrial and economic situation as the postwar period has presented it.

It is little wonder that nothing substantial has been done thus far to relieve panic conditions. When the panic occurred in October, 1929, it was not recognized as a panic by the Hoover administration. It was treated as a gentle zephyr, a purely surface disturbance growing out of some speculation in the New York stock market that would soon blow over. The administration consumed a full year in diagnosing and in finally identifying the true nature and extent of this unprecedented panic. Naturally, in its devastating effects it had gone a long distance. But even then, Mr. President, there was no thought or purpose seriously to analyze the true cause and deal with it. The first step that was taken was the moratorium. That was to compose a little financial and business whirlwind that had started up in central and southeastern Europe, through fear that it might ultimately reach this country. That fear was well founded and illustrates one of five hundred methods by which this and other countries are hopelessly interdependent in an economic sense.

The moratorium was to compose the panic situation and remedy it, but instead it swept by with no tangible result except very momentarily. Following that was organized over here the bankers' pool, which was going to inspire confidence and deal adequately with this purely temporary and superficial business depression, as it was then called. The bankers' pool got nowhere. Then was started the railroad-corporation arrangement, and that got nowhere. Finally was taken up the Federal reconstruction finance remedy—not basically a remedy but a temporary first-aid proposition to restore confidence and keep some business concerns out of receiverships. That has not materially, in any general sense, affected the panic situation.

Then the Federal reserve system, finally, as a last effort to deal with the panic situation, entered upon a protracted period of open-market operations. So far that has not gotten anywhere in the way of affording tangible results of a widely beneficial nature.

Mr. President, we have been in the welter of this awful chaotic industrial and business panic for two and a half years. Not a semblance of the fundamentals of these conditions has been presented, and there is no plan or purpose or effort thus far, so far as I know, to present it; but, on the contrary, we sit here refusing the slightest international cooperation that would even be acceptable to the blindest isolationist who could be found in this country. We have kept entirely away upon the theory that we here by ourselves, by boot-strap methods alone, can lift this Nation up to that high level of commodity prices, to restored production, and to sound commercial and general business conditions that we have a right to expect of this great people, while all the other nations remain helpless and prostrate on a low plane of commodity prices and general business, and of collapsed exchanges, of unbalanced budgets, and crippled in every other financial and economic way, improvement in which is vital and indispensable to suitable recovery.

It is my judgment, Mr. President, that that is an impossibility. We can make some progress; we can make considerable progress in a temporary and more or less artificial manner, but nothing is more absurd than to say, "I can take my wheat over to the Chicago market and sell it to-

morrow morning without waiting until Liverpool is heard from," or "I can take my cotton to New Orleans and sell it without waiting until the market news is received from London."

Mr. President, commodity prices have been pulled down and held down to the world level in every instance where they are bought and sold in world markets and where they are produced on a surplus basis by any particular country. I desire to call attention to the facts, in order to illustrate where we have gotten after this long string of so-called remedies that have been set forth by the administration in charge of the Government. As an illustration for my friends who imagine that they can single out different surplus-producing industries and by the imposition of tariffs lift the prices up ad libitum, let me refer to wheat and sugar, on both of which tariff duties are imposed; to hides, having a tariff; to rubber, which has no tariff; to silk, which has no tariff; to cocoa, which has no tariff; to copper, which has no tariff; to zinc, which has a tariff; to silver and petroleum, which have no tariff protection. Those are 10 commodities of world use, many of which this country itself produces a surplus of. According to the index of wholesale prices, these 10 raw materials on May 16, 1932, had registered a new low all-time price level. Zinc, Mr. President, on which there has been a tariff from the time when the memory of man runneth not to the contrary, went to 2.38, an all-time low price. Whether we take hides or corn or wheat or oats or rye, zinc or lead, or any other products, of which a substantial surplus is produced and which are commodities of world use, no lesson has been more conclusively learned by intelligent fair-minded people everywhere than that such tariffs mean nothing, or practically nothing, but they do have this effect——

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. HULL. I yield.

Mr. LONG. As I understand—and I recognize the Senator from Tennessee as being one of our leading Democratic torchbearers——

Mr. HULL. I am not entitled to that distinction, I will say to the Senator.

Mr. LONG. I myself fought under the banner that the Senator carried for a number of years. I desire to ask is the Senator standing against all tariffs?

Mr. HULL. I want to say to the Senator that I am expecting to discuss at some length the President's veto message as I proceed and I will deal exactly with that phase of the subject.

Mr. LONG. Inasmuch as the Senator mentioned oil, I thought possibly he was including that in his remarks. Perhaps I am out of place if the Senator is not discussing particularly the oil tariff, so I will not ask the question I had in mind.

Mr. HULL. Mr. President, the interruption of the Senator was very timely because it reminded me of the terrifically destructive effect of useless tariffs and trade obstructions. When we run up our tariffs, whether they are effective or not, most of the other nations of the world immediately, either through retaliation or our leadership, proceed to run their tariffs up even higher, with the result that to-day the nations of the world are hopelessly bound up and tied down with every sort of restrictions and restraints upon trade and commerce, and with all kinds of retaliatory and reprisal agencies that it has been possible to conjure up and place in operation.

Mr. LONG. Mr. President, will the Senator yield to me just for a question?

Mr. HULL. Yes.

Mr. LONG. I am not disputing, for the sake of argument, at least, that perhaps it might not be advisable in some instances or in many instances to bring about reductions in tariffs, but the question I wish to ask is does the Senator believe that the few industries which have no tariff should have none at all while all other tariffs remain, or should the industries which now have no tariffs not have some?

Mr. HULL. If the Senator will wait until I reach the discussion of the pending bill, I will come to that. I am trying to deal with some general conditions and policies. In other words, Mr. President, as I stated at the outset I am, perhaps vainly, trying to attract the attention of some of my colleagues to the basic conditions which the panic presents, in the hope that I may then enlist their cooperation in working out basic remedies, instead of and in lieu of this long list of purely temporary and artificial and makeshift first-aid remedies which have been put in operation and which I have recited in some detail.

For instance, take the price of corn on which there is a tariff of 25 cents a bushel and which is a world-wide commodity. On the farms on April 15, 1932, it was selling for 31.4 cents a bushel. The price of wheat was 43.1 cents a bushel, with a tariff of 42 cents a bushel upon it. The price of eggs has gone down to 10.2 cents; the price of chickens has gone down to 12.6 cents; the price of butter, with 14 cents a pound tariff, has gone down to 20.1 cents, which is the lowest price for butter in 25 years. Hogs in Chicago are selling as low as 3.53 cents a pound which is the lowest price in 30 years. Hides are down to 5¾ cents, 56 per cent off from 1929, and oats just a few months ago were down to 11 cents on the farm.

I merely mention these commodities, Mr. President. I am not attempting to make a tariff argument here with respect to any particular commodity, but I am seeking to impress in the minds of my colleagues, to the extent of my small ability, the fact that in ninety-nine cases out of a hundred the commodities of world use that are produced on a substantial exporting basis by a nation, especially if it is a great creditor nation like ours, can not hope to secure any tangible or certain tariff benefits.

Mr. TYDINGS. Mr. President——

Mr. HULL. I yield to the Senator from Maryland.

Mr. TYDINGS. I do not want to interrupt the Senator——

Mr. HULL. It is no interruption.

Mr. TYDINGS. But something has just come into my hand in line with what the Senator has been saying, and I thought, if he is familiar with it, that he would welcome the interruption. It is only under the circumstances that I venture to interrupt his very logical and fine address. As the Senator knows, hearings are now being held by the Committee on Ways and Means of the House of Representatives, and on May 16 a communication was sent to the Committee on Ways and Means. Has the Senator mentioned that?

Mr. HULL. I have not done so as yet.

Mr. TYDINGS. Is the Senator going to do so?

Mr. HULL. I am expecting to mention it.

Mr. TYDINGS. If the Senator is going to deal with it, I will not inject it at this point.

Mr. HULL. I will be very glad if the Senator will read it when I get a little farther along in my address.

Mr. TYDINGS. I will be glad to do so.

Mr. COSTIGAN. Mr. President, will the Senator from Tennessee yield?

Mr. HULL. With pleasure.

Mr. COSTIGAN. It is true, is it not, that the tariff retaliation to which the able Senator from Tennessee has referred has been particularly pronounced since the enactment of the tariff act of 1930?

Mr. HULL. That is undoubtedly true. It has become more aggravated from month to month. The tariff act referred to has proven utterly disastrous to our trade as well as to our relationship with other countries. The truth is that American trade has almost been outlawed. Even our cousins across the water and our neighbors just to the north of us are soon assembling at Ottawa, with all the other great autonomous countries composing the British Empire, which have been such wonderful customers of this country, in a spirit of deep-seated feeling and resentment at the overt injury inflicted upon them by this country through wholly unnecessary economic policies.

Mr. COSTIGAN. We are, therefore, in a position in which any action we may take on the tariff should be con-

sidered with exceptional care if we are concerned over the agricultural, industrial, and commercial recovery of the United States.

Mr. HULL. There is not the slightest doubt about the accuracy and the timeliness of that view. I say, Mr. President, that it is tragical that the President of the United States saw fit to interpose his veto of the tariff bill passed by the two Houses of Congress during the present session. I am still more surprised to observe the so-called reasons on which the President rests his disapproval of that measure. In the first place, with all due respect to the high office he holds, he proceeds to indulge in utter sophistry by making a statement like this:

> My first objection to the bill is the misimpression and uncertainty it may convey as to its purpose. If the purpose of the proponents of this act is to secure lower tariffs on the 35 per cent of our imports which are not on the free list—

And so forth, and so forth. The idea conveyed is that our present tariff system lets into this country a great flood of imports that ordinarily would be extremely damaging and ordinarily would submerge almost all of our industries here at home but that we are able to resist them and that the wicked Democrats in Congress are disposed to let down the bars as to this little remnant of 35 per cent of imports that now are subject to duty.

Mr. President, that, of course, is not understood by the average layman; but the best answer that can be easily understood is that if the present skyscraping rates of tariffs had been made just a little bit higher on the 35 per cent of dutiable imports now coming in, even most of them would have been obstructed and shut out, with the result that instead of 65 per cent of free imports we would have to-day perhaps 99 per cent. In other words, it is just as easy to prescribe prohibitive tariff walls as to 99 per cent of the competitive imports, leaving all those we do not produce in this country free to come in, and call that an immense concession in tariff making, as it is to pursue the other policy; and there is the wholly misleading phase of the President's statement.

For instance, in 1928 the free crude materials brought in here were $1,220,000,000. The dutiable ones were $244,000,000. We brought in raw silk and rubber and hides and petroleum that were not dutiable, and we brought in some tobacco and some wool, of which we did not produce enough here at home, and some precious stones that we did not produce at all at home, and some oil seed that we did not produce in sufficient quantity, comprising most of the $244,000,000 of dutiable commodities, in contrast with the silk and rubber and other importations that are not produced at all in this country. Yet these figures are taken up and switched around in such a way as most unfairly and inaccurately to make it appear that there is some significance in the mere naked, unexplained statement that only 35 per cent of our imports are dutiable.

Of course, so long as we import a vast amount of rubber, silk, tin, coffee, tea, cocoa, and other commodities that we do not produce, and maintain virtual embargo tariffs on all commodities even remotely or speculatively competitive, it is inevitable that there would be 35 per cent or less of scattering and sporadic items filtering into this country. So that is an argument and a condition entirely the reverse of what the President was indicating.

I might follow this through in the case of free crude materials to the amount of $431,000,000, including bananas, coffee, tea, and these other commodities we do not produce, while there is only $118,000,000 dutiable, and it included things of which we do not produce enough as a rule; and so on through the list which I will not consume the time of the Senate to read.

The second point the President makes is as to tariff protection. He says:

> As a matter of fact there never has been a time in the history of the United States when tariff protection was more essential to the welfare of the American people than at present.

What in the world will be announced next from the White House? That sentence by itself was an impertinence in this sort of a state paper, which, I must say, contains more of sophistry and more of misstatement than any state paper since 1789. This sounds more like a fat-frying veto than a veto based on any sort of economic consideration. It sounds as if an election was approaching and an appeal to the pocketbooks of the chief tariff beneficiaries might be advisable.

Who is in more need of tariffs in this country than ever before? Is it the automobile people—one of the greatest industries in the Nation, shipping and selling their machines in every part of the world until world tariffs in retaliation shut them out and forced them back here at home, where the industry lies almost prostrate?

Is it the wheat industry? We have a duty of 42 cents a bushel on wheat, and we are selling our surplus abroad and taking our chances.

Is it the machinery industry, which had been accustomed to selling in 55 nations, until they were shut out by trade obstructions, largely in retaliation for our own conduct?

Is it the fountain-pen manufacturers?

Is it any of the adding-machine people?

Is it the great cotton textile industry, which is selling its fabrics in 60 nations of the world?

Is it the machine-tool industry, exporting everywhere, that is needing tariffs?

In other words, upon what possible theory did the President conjure up a notion that this country to-day was never in such need of tariffs? The truth is that we have to-day a wall that is higher by far than any known to the fiscal history of this Government. Nearly 80 per cent of the customs duties to-day are derived from tariff items that carry an average rate of at least 60 to 65 per cent at the customhouse.

Here is the flax and hemp schedule, which averages over 50 per cent.

Here is the cotton textile schedule, which averages 58 per cent.

Here is the silk schedule, which averages 70 per cent; the woolen schedule, which averages 71 per cent; and a long list of others, all of them up in those high ranges never before equaled in this country.

Why, you would think that a great, uncontrollable flood of imports of textiles, iron, steel, agricultural, and all other competitive products was pouring into this Nation and largely responsible for the awful conditions that afflict the American public. Yet I call attention to the fact that the imports for April, 1932, were only $127,000,000, or less than one-third of the imports for 1927 or 1928 or 1929.

Some one suggests, however, that there is a difference in values and not such a great difference in the quantity of these imports. That gives me the opportunity to impress upon Senators the fact that the American producer is interested in prices rather than quantities. It matters not to the American producer about quantities, as is so well illustrated by the present vast surplus on his hands. It is the price that interests the American producer, whether it be an import or an export, or any other phase of our economic situation that is involved.

Our exports, on the other hand, as I have indicated, are now running at the rate of $1,632,000,000 a year, compared with almost four times that amount in a number of former years.

The President insists that we should direct our attention to more tariffs, notwithstanding this situation; and, as the Senator from Maryland [Mr. TYDINGS] very timely suggested, the President is contradicted in his view by the report of the Tariff Commission on the effect of depreciated currencies abroad as they relate to imports into this country. They reported that no additional tariffs such as were being proposed over in the House were either necessary or advisable. So that pretext for blind and sweeping tariff increases on this account has been eliminated by the action of the Tariff Commission itself.

The President goes farther and refers to the retention of the flexible tariff clause. At the time this clause was enacted I called attention in a speech in the House to the significance

of this flexible-tariff policy and the effect of the proposed enactment of the present law in the following language:

I am unalterably opposed to section 315 of the tariff act and demand its speedy repeal. I strongly condemn the proposed course of the Republican Party, which contemplates the enlargement and retention of this provision with such additional authority to the President as would practically vest in him the supreme taxing power of the Nation, contrary to the plainest and most fundamental provisions of the Constitution—a vast and uncontrolled power, larger than had been surrendered by one great coordinate department of government to another since the British House of Commons wrenched the taxing power from an autocratic king.

Mr. President, unless and until the executive department can make permanent the policy of the present Tariff Commission law, with its flexible provision, Congress can lay claim to some semblance of its taxing power under the Constitution, but I deny the right of the executive department practically to assume, to arrogate to itself the chief power of tariff taxation in this country, while it ignores the great law-making body charged with that function and duty under the language of the Constitution.

The President dismisses this entire industrial and domestic trade situation, as it relates to tariffs, by the flippant remark that the Tariff Commission, through the operation of the flexible provision, will be amply able to raise or lower a tariff in response to all the sound needs and demands of industry and commerce in this country, both domestic and international.

There is an issue sharply presented as to whether this hand-picked high-tariff commission, under the domination of the President, who, at the same time, shows an amazing subserviency to the chief tariff beneficiaries of this country, shall be vested with the chief control of tariff making. I am opposed to it, and I believe that the sober second thought of the American people will repudiate this unprecedented and unusual and wholly unjustifiable arrogation of power and authority to the President.

He proceeds a little farther by the Smoot-Hawley Act; and I want to say that if I had my way, I would offer a bill to abolish the present rather partisan Tariff Commission and seek the installment of a broad, impartial, fact-finding organization. I would repeal the flexible provision and restore to the Congress its rightful authority in tariff making.

That would include a somewhat different or modified formula from that which our Republican friends have pretended to utilize for more than a generation. They have sought, and some of our Democratic friends have been more or less misled, by that limited and narrow and wholly inefficient formula called the difference in the costs of production at home and abroad.

The truth was that our Republican friends in charge of the Government did not permit any yardstick for tariff measurement until they were kicked and driven into it in 1904, and then they casually threw out this idea about the difference between the costs of production here and abroad. They used that with different variations, not in actual practice but merely for campaign purposes, for a number of years. They finally abandoned it for a time, but more recently they have fallen back to the pretended observance of that plan.

The truth is that the difference in costs of production here and abroad is just one factor of several vital, governing, controlling facts and factors in ascertaining the relative competitive strength of different countries. Not only that, but there is no earthly way, as a rule, to determine the facts as to the differences in production costs here and abroad. That has been tried out in vain, with a result that we see our Republican friends brushing aside tariff commissions and fact-finding agencies, as when they drafted and enacted the Fordney-McCumber tariff law. We see them brushing aside and ignoring so-called fact-finding agencies which would develop differences in production costs, as when they drafted and enacted the Smoot-Hawley law, and again when they insert one of the provisions of the pending bill.

The truth is, Mr. President, that we should have due regard for all pertinent facts and factors, and not depend upon the impossible proposition of ascertaining the costs of production here and abroad.

I notice in the report of the present Tariff Commission that in nearly every one of the last bunch of reports they made to the President recommending increases in several instances, they bluntly stated that it was not expedient or convenient to ascertain the foreign costs, so they availed themselves of this new provision of the Smoot-Hawley tariff law, to take the invoice prices here at home and infer foreign costs. The result is that they can hire a bunch of clerks to glance at the invoice prices of a thousand commodities in a week, and infer the foreign costs, and make recommendations to the President. That is the slipshod manner I fear in which this commission is largely functioning.

Mr. President, some people imagine that we can have really scientific tariff revision by merely installing a commission here and taking the tariff segment by segment, or schedule by schedule, and placing it on a high and scientific level of revision. But I say, Mr. President, that that is not the governing question in connection with the whole problem of dealing with tariffs and tariff making. The real question goes farther back than that. The question is whether a political party in charge of the Government receives substantial campaign contributions from the tariff beneficiaries. Whenever it is permitted to receive such contributions, those beneficiaries sweep down here on Washington, and brush aside, and kick aside, if necessary, all agencies or obstructions, and write their own embargo rates.

There will be no sound or wholesome tariff legislation in this country until a divorce is effected between politics and vested interests, and we have been sitting here all winter and all spring talking about the superficial and temporary palliatives, and about how the Tariff Commission might function, about scientific tariff revision, but this, the real seat of the trouble has scarcely been mentioned, if at all. That presents one of the real issues in connection with the President's veto message.

Some of our Democratic and Republican friends imagine we are living 50, 75, or 100 years ago, when the academic question of whether one stands for an ultra high tariff or for moderate tariff or for revenue tariff or for free-trade tariff would become pertinent and timely. The truth is that at this stage of development of our commerce and our tariff and our politics, the chief beneficiaries have a strangle hold on the dominant forces in the Republican Party, and they come here as stated and write their own prohibitive tariffs. The question and the task for those who favor moderate tariffs instead of high and still higher tariffs from year to year is to organize themselves together, whether they be moderate protectionists, or tariff-for-revenue advocates, or free-trade advocates, and make the common fight on this condition to which I have referred. Until they succeed in divorcing and separating the chief beneficiaries of this phase of special privilege and that branch of politics in control of the Government, no other step can be successfully taken. It is idle and futile to talk about any other step.

Mr. President, I was greatly surprised to see President Hoover take issue with our proposal for an international conference on the economic situation. I was also surprised to see him take issue on the plain and reasonable proposal for reciprocal commercial treaties based on mutual tariff concessions.

Mr. President, these three methods of approaching this complicated domestic and international tariff and trade situation have been thoroughly established and approved by all of the ablest and most disinterested economic authorities in every important country.

The President undertakes to make a wholly erroneous impression that the international conference proposed in the vetoed bill is intended to usurp some of the tariff-making power of this Nation. Nothing is more absurd than that

intimation. Nothing was farther from the minds of the Members of Congress in dealing with that matter.

I wish for just a moment to call attention to what was really in the minds of those who were in charge of that measure. Speaking of these three proposals embodied in the tariff bill which the President vetoed, in a recent speech I said this:

> The first proposal to this end is for legislation authorizing a permanent world economic conference called by the President, the action of which, more than any other first step, would restore confidence and credit, such conference having for its purposes the development of a spirit of simultaneous tariff revision downward, and liberal commercial policy, mutual agreements eliminating many discriminations in commerce, unshackling international finance, credit and exchange, and liberalizing the network of reprisals, prohibitions, embargoes, and other restraints which accompany the policy of superprotection.
>
> Second, legislation authorizing the President to negotiate trade agreements based upon mutual tariff concessions and the unconditional most-favored-nation doctrine.
>
> Third, that the American Congress, with the legislative bodies of other countries acting as nearly in concert as they will, should, according to their own separate and independent judgments, proceed with all necessary preliminary preparations, with the aid on the part of our Congress of an impartial fact-finding commission, for the careful and gradual readjustment downward of existing excessive tariffs with a level of moderate rates that will not permit conditions of domestic price monopoly, and a liberal, fair, and friendly commercial policy as the ultimate objectives. This broad policy would, in addition to impregnable home markets, insure wider and better foreign markets for our surplus, healthier domestic industry, and regular employment at suitable wages for all of our labor. I myself would reorganize the present tariff commission, repeal the flexible clause, and adopt a more modified formula for assembling all the facts and factors relating to competitive strength here and elsewhere.

There, Mr. President, is a frank statement of the purely innocent scope and purpose of the international conference proposed in this recent enactment.

All the nations of the world are afflicted with many conditions in common. All have experienced a common falling of commodity prices. All have experienced alike a collapse of credit and undue restrictions of the exchange situation, a hopelessly dislocated financial condition, with resulting monetary instability. All the nations are equally interested in restoring the structure of international trade, now prostrate. All are interested in bringing back to a higher level the commodity price situation. Yet, Mr. President, while every respectable business man and economic authority in the world to-day agrees that the controlling causes of this panic have now extended themselves to every important country, and that the necessity for some degree of cooperation is patent to every intelligent person, if we are to make satisfactory progress back to a stable and sound business recovery, the President flippantly and carelessly and recklessly vetoes this proposition, upon the absurd suggestion that the international economic conference would interfere with our domestic tariff policy.

Why, Mr. President, after all countries under our leadership have raised their tariffs to such heights that they have choked international trade down to its knees, some step to check this constant increase upward is necessary. No plan would be more practical than that of concerted action among all the countries of any importance to the end that they may, as nearly simultaneously as possible, through their domestic parliaments revise tariffs downward in the direction of a moderate level and to the end that the nations of the world may by mutual agreement eliminate many of the retaliatory and unfair trade methods and trade practices which are so conducive to trade strife and declarations of economic war. Of course, we could not get all of them to meet in a 40-acre lot to conduct negotiations to revise tariffs. Who would have thought of such a suggestion except some advisor of the President?

We propose bilateral treaties or treaties negotiated between two countries to revise tariffs downward in a spirit of mutual concession. If after a nation should negotiate half a dozen or more with other nations, they should all meet together and see fit to merge them into a multilateral treaty, and it was mutually acceptable in every way, they might do that. But that is as near as the President's sweeping condemnation of this provision comes to the truth. No American citizen could reasonably take exception upon the ground that it remotely interferes with the fullest prerogatives of the American Government and the American Congress.

Mr. President, I predict—and I call each Senator to witness this prediction, which is a thing I do not often indulge in—that the present indescribable conditions of panic which are causing such acute distress and suffering throughout the Nation and throughout the world will grow fundamentally worse and will be utterly impossible of successful treatment until the heads of the enlightened commercial nations of the world come together in an economic conference to consider these joint and irrevocably interrelated and intertwined credit and financial and exchange and trade conditions, which include the collapse of the commodity-price situation, which include the unstable monetary situation, and a number of other vitally complex and almost insoluble financial and economic problems which have the nations of the world chained down under the awful effect of this accumulation and culmination of unsound financial and economic practices and methods over recent years.

We may postpone the day by diverting our attention to these temporary palliatives, as I have said, by regaling ourselves with tariff proposals for every Tom, Dick, and Harry who feels himself aggrieved and hurries on to Washington for relief. We may regale ourselves by further temporary tonics, such as those which have been suggested as first-aid treatments in the past. But in the end this surplus-producing and creditor nation will be driven and kicked into the position of responding to the unerring economic law that applies to the postwar economic condtions which came to it, whether we would have them do so or not.

I am speaking as loudly to the American people as one humble individual in this body could undertake to speak when I warn the 30,000,000 farm population, when I warn the 28,000,000 wage earners and their families, when I warn every legitimate business man in the country that unless they kick and club politicians into a consideration of the basic problems and the basic remedies, we are doomed to flounder along from bad to worse.

Mr. President, another portion of this veto related to the timely and perfectly wholesome and innocent proposal for reciprocal commercial agreements based on mutual tariff concessions. We have had commercial treaties in the past, but the President brushes the entire matter aside with the suggestion that they have not been altogether successful. The truth is that the President makes a wholly one-sided construction of the proposal. He arbitrarily assumes that the bill proposes reciprocal commercial treaties based on the conditional instead of the unconditional favored-nation doctrine.

The truth is the matter was left entirely open. The Government to-day and since 1923 has been pretending to pursue the unconditional favored-nation doctrine in all its commercial relations and practices with other countries. So instead of raising any controversy, our bill simply inserted the authority to negotiate commercial treaties, leaving to the executive department the function of negotiating them on the unconditinal or the conditional favored-nation basis as it saw fit, but we assumed it would be upon the present policy of the Government which rests on the favored-nation doctrine in its unconditional form.

In the face of that fact the bill is sent back to us with a careless and what appears to me to be a reckless veto, with the wholly unfounded assumption that the bill only contemplated treaties based on the conditional favored-nation policy. That is about as accurate as the other objections and the other constructions placed upon the measure by our distinguished President.

Mr. President, this Nation is not in a position longer to pursue archaic and antiquated pre-war economic policies. The most fatal mistake of our leadership was in failing to interpret, as I said on a former occasion, the wholly transformed economic conditions which followed the World War, and apply sound and wholesome modernized policies to them.

Some of our friends discuss all these tariff policies as though we were still back in the pre-war period. I desire to reaffirm the statement that I might not heretofore have made as fully as I intended to the effect that the first issue which presents itself to-day is whether the forces opposed to this policy of skyscraping tariffs, constantly increased at the expense and under the direction of the beneficiaries themselves, shall be checked, and this Nation, leading all others, face back in the opposite direction. All opponents, regardless of their various tariff views, can with utmost consistency unite and wage this fight until the movement is checked and a reasonable revision is made back to a level of moderation. Then will be ample time for individuals of the opposition to get together and indulge in hairsplitting discussions as to their various shades of tariff notions. Then will be a still further change in our economic situation and ample time will be offered. But to-day, in my judgment, no person who believes in moderate protection or tariff for revenue or free trade or in any other shade of tariff economies than these impossibly high embargo levels can escape the responsibility to unite and let this fight be waged.

Mr. President, the present pending proposal, as I said a while ago, relates to more international commodities.

The projection of proposals at this time for tariffs on oil, which, of course, will increase prices so far as oil is concerned, if seriously intended by its proponents, I think is subject to genuine criticism. I have the greatest respect for every Senator on this floor and for his intellectual views, and never so long as I remain here would I intentionally impugn anyone's motives or question his fullest right and privilege to think and act and vote as his judgment might suggest. But, Mr. President, there has been a peculiar phase connected with this pending measure as it relates to its subject matter. I can not escape the suspicion that the Hoover administration is really as much or more concerned to bring about a disruption and a rift in the Democratic Party here in Congress than it is to secure what purports to be urgent relief for the Treasury; and yet that seems incredible, for the administration has seen develop the greatest deficit in the peace-time history of any nation. It has seen the credit of the Government strained almost to the breaking point, with bonds down as low as 86. So it does appear incredible, on the one hand, that the administration would not be placing the speedy enactment of this internal revenue bill as it relates to internal-revenue taxes proper before all other considerations and wish to see it pass through the Congress with the utmost dispatch in order to save the credit of the Government. Yet I see the administration suggest on the one hand that both public and private credit requires speedy passage of this internal-revenue measure, and then, upon the other hand, I see the administration sit still and remain mute while its spokesmen in this Congress, headed by the distinguished Senator from Utah [Mr. SMOOT], are swift to aid in projecting and in injecting these wholly outside, extraneous, trouble-breeding, controversial tariff items which are intended still further to obstruct international trade and thereby depress our business situation and our credit situation.

I am bewildered in my efforts to fathom the real state of mind and the real purpose of those who are cooperating behind my colleagues here in diverting attention from the passage of this internal-revenue measure, for a more or less indefinite time, while we enjoy the delectable spectacle of tariff trading, logrolling, trafficking, and wirepulling in a manner that would not do any particular credit to a county court or to the lowest branch of some local legislative body.

I am wondering, Mr. President, after the Democrats have given their full cooperation during this period of stress at the Treasury and in every part of the Nation, why those in charge of and responsible for this awful Treasury deficit condition are willing to undertake to project strife and division into the Democratic Party instead of expressing some appreciation of the cooperation we were giving in our efforts to help them speed through this urgent tax bill. I have never seen such far-fetched efforts to conceal the real nature of a tariff transaction. In the first place, these tariff items are called tax items. That is the first time I ever heard Republicans call a tariff a tax. We have gotten that much of a concession.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. Will the Senator from Tennessee yield to the Senator from Georgia?

Mr. HULL. I yield.

Mr. GEORGE. If I may be permitted to interrupt the Senator on that point, I desire to say that some of our Republican friends from the New England coast objected to this oil tax in the House of Representatives upon the novel ground that it would raise the price of the commodity as well as on the ground of its being called a tax.

Mr. HULL. We are rapidly being driven to a reexamination of tariff, trade, and other economic policies. If the Democratic Party does not organize itself behind a policy of moderation, one that will oppose the present policy of the extremist, and does not fight for it, I predict that our New England Republican friends and other Republican friends throughout the country will be driven to adopt the Democratic policy of moderation and liberal trade methods within the next five years.

We hear some of our good Democratic friends going about talking about the oil "excise tax." That, of course, is a misnomer, and everybody knows it is a misnomer. And the great Senator from Utah rose solemnly in his seat on yesterday to echo the phrase "an excise tax on oil," and fished out of his pocket some imaginary or real or some sort of cooked-up figures which purported to come from some unauthorized agency showing estimates of revenue to be derived. The Senator from Utah presided over the Committee on Finance, but at no time to my knowledge did he divulge these belated figures that some subordinate at the Tariff Commission must have prepared. None of the members of the committee, so far as I know, were made acquainted with the existence of any figures except what the Treasury itself O. K'd and those figures placed this collection of tariff items on a virtually embargo basis.

That is what I complain of, Mr. President. This is largely an embargo proposition. A 20 per cent tax on some commodities at the customhouse is just as much an embargo as a 200 per cent tax on certain other commodities. I object to having embargo tariff items placed in this emergency revenue bill. And when, after the Treasury had consulted the ablest expert on minerals in the Commerce Department and secured his estimate, which showed a possible revenue of $5,000,000—which is a mere nominal amount for oil imports—and the Treasury approved it and the Senator from Utah, as chairman of the committee, signed his name to the committee report approving it, I become suspicious of the political side of this situation. For some unexplained and unexplainable reason the distinguished Senator from Utah suddenly projected himself into the discussion here yesterday afternoon and amazed all of us who were in the dark about the matter by bringing out a mass of so-called estimates from some utterly unauthorized source.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. I yield.

Mr. SMOOT. The Senator has referred to some political side of this question and has also made reference to me. I am perfectly unfamiliar with any such thing, and do not know what he is driving at. I will wait until I see just what he has said before making any reply.

Mr. HULL. Mr. President, I ask permission to have printed in the RECORD certain documents which I have here relating to international trade restrictions and other phases of international commercial practices.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The documents referred to are as follows:

FOREIGN TARIFFS AND OTHER RESTRICTIONS ON IMPORTS OF AGRICULTURAL PRODUCTS

Foreign government restrictions on imports of agricultural products are so numerous and so varied in type that it is possible

in a memorandum on the subject only to indicate some of the main types and to give illustrations intended to convey some qualitative idea of their nature and extent. The most important forms of restrictions are: (1) Protective tariffs; (2) prohibitions, import contingents or quotas, and government permits or licenses; (3) government importing or trading monopolies which follow a protective purchasing policy; and (4) legal enactments fixing minimum percentages of home-produced material to be used in domestic manufacture. All of these measures are designed either directly or indirectly to raise the domestic price by restricting the imported supply available in the home market, and they may be employed either singly or in combination to that end. Moreover, there are many restrictions of an indirect character whose effect, if not purpose, is to afford economic protection to domestic industry. Rules and standards regarding the method of packing, character of containers, etc., can be so formulated as to hamper or prevent importation. Sanitary regulations and quarantines can be imposed partially with a view to conferring economic protection. Commercial laws can be so drawn as to make difficult the operations of foreign importing firms and their representatives within the country. These, however, are but a few of the many possible devices that can be employed to restrict imports.

As a result of the intensification of the spirit of economic nationalism throughout the world since the war, there has been a great increase of trade barriers against imports of agricultural, as of other products. The creation of new states in Europe, together with a desire on the part of the older countries to strengthen their domestic agriculture as a means of promoting economic self-sufficiency, had already led to the restoration of high trade barriers before the present world crisis in agriculture. Immediately after the war there had been a brief period during which the severe war-time restrictions on trade in agricultural products in Europe were abated somewhat by reason of the emergency requirements of countries which had not yet had time to reorganize their domestic economy in the light of the drastic changes wrought by the war. This period had later been followed by one of increased protection to agricultural producers; but until the present international crisis developed this protection had for the most part taken the form of tariff increases, which nevertheless did not raise agricultural tariff levels much above those which had prevailed prior to the war.

The collapse of world prices in 1929 gave a new impetus to restriction. Within the past two years a great variety of protective measures for the purpose of relieving agriculture have come into existence throughout the world. In nearly all countries there have been marked increases in the duties on agricultural products. In Germany, to take an outstanding example, the policy of agrarian protectionism had probably been carried farther than in any other European country. Several times since the summer of 1929 the German import duties on cereals, meats, and other farm products have been increased, the German Government even having gone so far as to renounce some of its commercial treaties in order to do so. At the present time (April, 1931) a Government bill for still further drastic increases in the German duties on agricultural products is pending. Germany has not stopped, however, with tariff duties. Along with many other countries, she has been employing more direct methods of restriction of imports, of which more will be said in a moment. What has happened in Germany is roughly typical of what has occurred in many other countries. France, Italy, Switzerland, Poland, the Danubian States, Spain, Portugal, Canada, Chile, and Mexico, not to mention the United States and a number of other countries (including even Cuba, which is now attempting to diversify her agriculture), have all been increasing their tariffs on agricultural products; and most of them have also been employing other restrictive measures as well.

Perhaps the best rough indication of the tariff trend is to be had by reference to a single commodity of wide production and consumption, such as wheat. Since January, 1930, the German duty on wheat has been increased six times, having risen from 48.62 cents to $1.62 a bushel. Since July, 1925, the Italian duty has been increased from 39.4 cents to 86.67 cents a bushel. In January, 1927, the French duty was 19.56 cents a bushel. By May, 1929, it had been increased to 53.34 cents; and in May, 1930, it was further increased to 85.35 cents. Between January, 1930, and January, 1931, Greece increased her rate on wheat from 40 cents to 60 cents a bushel; Canada, from 12 cents to 35 cents; and Mexico, from 66 cents to 90 cents. As regards other cereals the story has been similar.

Some countries, such as Czechoslovakia, Austria, Sweden, New Zealand, and Chile, have resorted to sliding-scale tariffs on grain, which are graduated according to the price level, the duty being highest when the price is lowest, and vice versa. One country, Bolivia, has adopted a system of graduation only in one direction, namely, upward. A recent Bolivian law provides that the amount of the duty shall be increased annually over a period of years, at the end of which time importation is prohibited. Another country, Mexico, has made much shorter shrift of the matter. In March, 1931, Mexico placed complete prohibitions on imports of wheat and corn as a quarantine measure against introduction of certain plant diseases into the country.

An outstanding feature of the recent outcropping of new restrictive measures on imports is the marked importance which they have assumed in comparison with the older and more familiar device of tariff duties. Among these newer expedients, one of the most important has been the prescribing of the minimum percentage of the domestic product which shall be used in domestic manufacture. This device has been applied for the most part in connection with cereals. Some 10 or a dozen countries have enacted legislation stipulating the minimum percentage of domestic wheat or rye to be mixed with the imported product in milling. In August, 1929, for example, Germany fixed the ratio of domestic wheat to be used at 30 per cent. By July, 1930, she had increased it to 80 per cent, at which point it remained until January, 1931. A recent decision reduces the ratio to 75 per cent for February and March, 1931; to 65 per cent for April and May; and to 50 per cent for June and July. Other countries employing this device, together with the ratios which were in effect for wheat and/or rye, as of the latest date available, follow: Sweden, 80 for wheat and 95 for rye (millers maintaining a minimum price level for domestic grain, however, need use only 70 and 85 per cent, respectively); Czechoslovakia, 75 for wheat and 95 for rye; Latvia, 50 for wheat and 80 for rye; France, 90 for wheat; Peru, 30 for wheat; Estonia, 50 for rye; Greece, 10 for wheat. In the Netherlands a wheat bill is apparently about to become a law which, among other things, require that no less than 25 per cent of the wheat milled shall be domestic. On the whole, these milling regulations, in combination with other restrictive measures, have been very effective in maintaining domestic prices above the world level.

In many countries direct price fixing is practiced. As a rule, where this is the case the government exercises a monopoly over the grain trade. Price fixing, of course, rests in part upon regulation of imports, and the devices employed to this end have included not only tariffs and milling regulations, as indicated above, but other measures as well, such as licensing systems, quotas, or other forms of direct restriction. Switzerland, for example, through a grain-control board, fixes each year the amount of the added price to be paid for domestic as compared with foreign wheat and meets this fiscal burden through a small tax on other imports into the country. The Government requires that millers grinding imported wheat must purchase a stipulated portion of domestic wheat. Importation of flour, except by the Government, is prohibited. In Norway all trade in grain is handled by Government monopoly. The Government guarantees fixed prices for all domestic grain and directly limits imports in such manner as to maintain the price guaranty. In Estonia and Latvia a substantially similar system of price fixing, supported by rigid Government control of imports, is in effect.

In Sweden a price-fixing régime accompanied by control of milling quotas and by other protective legislation has been in operation since June, 1930. For a time it was based on a voluntary cooperative arrangement between the Ministry of Agriculture and the millers, under which the latter agreed that 45 per cent of all wheat and 50 per cent of all rye milled should be Swedish and that guaranteed minimum prices should be paid to Swedish grain farmers. From September, 1930, by the action of the state cereals commission, this arrangement became compulsory, except, of course, that there were subsequent changes in the milling ratios. Under the new arrangement the millers were to maintain, up to August 1, 1931, a guaranteed minimum price for domestic grain, the price being graduated upward each succeeding month in order to discourage congested marketing of grain at harvest time. Under this guaranty, prices rose to a maximum, at the end of the period, of $1.51 a bushel for wheat, and $1.20 a bushel for rye.

In Spain admission of all wheat and flour of foreign origin is prohibited so long as the price of domestic wheat does not rise above 53 pesetas per 100 kilos (equivalent at current exchange rates as of April, 1931, to $1.59 a bushel) during the period of one month. Thereafter imports may be brought in only with the consent of the Council of Ministers, after a report by the Minister of National Economy. With this legislation as a support, the Government on June 20, 1930, fixed minimum prices of first-grade wheat at from 46 to 48 pesetas (equivalent, at present exchange rates, to from $1.38 to $1.44 a bushel) and the maximum price at 53 pesetas per 100 kilos ($1.59 a bushel at present exchange rates).

In South Africa there is a cooperative arrangement between the Government and the millers, by which the wheat growers are guaranteed a minimum price for their product. Under the wheat importation restriction act of March 11, 1930, the Minister of Finance was authorized to prohibit, control, or regulate the importation of any class of wheat into the Union of South Africa. Since that time wheat has been imported only under Government permit. In order to protect the flour millers of the Union, as well as domestic wheat growers, the Government announced that, as a result of the assurance given by the flour millers of the Union, that they would guarantee wheat growers a minimum price of $1.69 a bushel for No. 1 wheat and $1.64 for No. 2, it (the Government) would introduce legislation in the session of Parliament opening on January 30, 1931, to prevent wheat flour from being imported at less than a landed cost of $9 per bag of 200 pounds. Thus a system of price-fixing substantially similar to that of Sweden has been developing in South Africa.

In Portugal the government controls all trade in grain. Importation is permitted only after the government has estimated the country's needs in excess of domestic supplies. The amount of wheat to be imported by each mill, once the total amount of imports to be permitted is determined, is fixed by the government on the basis of the mill's producing capacity. Unlike the foregoing countries, Portugal does not seem to have directly fixed prices by legislation; but it is obvious that she controls imports in such a way as to maintain domestic prices on an artificial level.

What has been said above concerning import restrictions on wheat and other grain serves to illustrate the trend with reference to all agriculture. In general, the trend has been toward

increasing import restrictions for all agricultural products. On dairy products, meats, vegetables, fruits, as well as on cereals, duties have been increased until, in many countries, they are virtually prohibitive.

Take, for example, dairy products: On butter, Australia, Brazil, Canada, Cuba, Japan, Mexico, and Spain impose duties even higher than the United States duty of 14 cents a pound, the Brazilian duty of 25 cents a pound being the highest. On cheese, Australia, Brazil, Japan, Mexico, and Spain impose duties in excess of 10 cents a pound compared with the rate of 7 cents in the United States, Brazil again heading the list with a duty of 20 cents a pound. On condensed milk (in comparison with the duties of $1.80 to $2.75 per 100 pounds in the United States), Australia, Brazil, Chile, Costa Rica, Guatemala, Italy, and Turkey impose duties ranging from $5 to $10 per 100 pounds; Portugal, Rumania, Uruguay, and Venezuela, from $10 to $20 per 100 pounds; while in Spain, the duty is equivalent to $26 per 100 pounds, in Bulgaria to $48.63, and in Russia to $233 per 100 pounds (subject, however, to absolute control by the State trade monopoly).

Or again, take leaf tobacco. Australia, Colombia, Cuba, Egypt, Honduras, Irish Free State, Japan, Nicaragua, Russia, the United Kingdom, and Venezuela impose duties on leaf tobacco, ranging all the way from $1 to more than $5 a pound, as compared with the United States duty of 35 cents to 50 cents a pound. In addition, several important countries have state monopolies which either prohibit or greatly restrict the quantity of imports.

On meats the duties are similarly high. For example, on hams and shoulders, Turkey and Soviet Russia impose duties in excess of $70 per 100 pounds; Bulgaria, Chile, El Salvador, and Argentina, from $20 to $25 per 100 pounds; and Brazil, Yugoslavia, Uruguay, Norway, Mexico, Portugal, Rumania, and Czechoslovakia, from $10 to $20 per 100 pounds; whereas the United States duty is $3.25 per 100 pounds. On bacon, Turkey and Soviet Russia impose the same duties as on hams and shoulders, while Bulgaria, El Salvador, Chile, Mexico, Argentina, and Venezuela impose duties ranging from $10 to $20 per 100 pounds. It is noteworthy, however, that such countries as the United Kingdom, Irish Free State, Denmark, and Belgium admit all of these meat products free of duty.

On sugar, Austria, Brazil, Bulgaria, Costa Rica, Czechoslovakia, Finland, Germany, Greece, Guatemala, Haiti, Honduras, Hungary, Italy, Mexico, Panama, Peru, Rumania, Russia, El Salvador, Spain, Turkey, South Africa, and Venezuela impose duties in excess of $3 per 100 pounds, as compared with the very high United States duty against Cuba (which is the effective rate) of $2 per 100 pounds. Most of these countries have rates ranging from $3 to $6 per 100 pounds. Brazil, with a duty of $17.46; Italy, with $13.33; and Venezuela, with $10.28 per 100 pounds, head the list.

On dried fruits the story is similar. On raisins, for example, Chile imposes a duty of $22.09 per 100 pounds; Mexico, $13.97; El Salvador, $11.25; and Colombia, $10.40; Soviet Russia, 200 per cent; and Japan, 100 per cent ad valorem, as compared with the United States duty of $2 per 100 pounds. Since April 4, 1930, Australia has prohibited all such imports. On prunes the range of foreign duties is much the same as on raisins. On imports of certain fresh fruits some countries impose sanitary regulations which are highly restrictive. The British and Argentine regulations on apples are an illustration.

In the foregoing discussion no account is taken of government measures in aid of agriculture other than those which are designed to restrict imports. In the field of international trade there are, of course, also those which rest on regulation of exports, of which there are two main types—(1) restrictions on exports, such as export duties and embargoes, export monopolies, and export agreements, both of a national and an international character; and (2) measures designed to promote exports, such as export bounties and premiums, reduction or remission of domestic taxes on exported products, preferential transportation rates for export, and so on. One type of measure much discussed, of which nothing has been said herein, is the import-export certificate system employed by Germany, Czechoslovakia, and Sweden. This involves the issuance of certificates of a fixed value per unit of product exported, the certificate being redeemable only for payment of customs duties on imports of the same or of other specified products. In effect, these import certificates, issued to exporters of particular products specified in the law, are simply bounties to the exporters of those products; hence they do not properly fall within the scope of this memorandum.

Mr. HULL. Mr. President, speaking individually, I have always been in favor of a course of moderation in dealing with abnormally high tariff and trade policies. In common with every intelligent person, I realize that this country has developed many of its industries in a somewhat hothouse manner. At the same time it has not been my view that, since we have become an exporting and a great trading nation, we should pursue that policy at all to the extent to which it has been pursued thus far. I think as a country like ours with its opportunities and resources becomes economically independent it should correspondingly throw off artificial restrictions and restraints and impediments. I set forth in detail my tariff formula in a speech some weeks ago.

For those of my political faith who espouse an ultra-high-tariff policy upon the theory that it is Democratic, I have no words of unkindness to offer; but I do say, Mr. President, that the two leading political parties to-day have their respective economic philosophies and they are either substantially the same or they differ to such an extent that it is easily possible for Democrats to fundamentally differentiate the Democratic economic policies from those of the dominant forces of the other side.

Mr. SHORTRIDGE. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from California?

Mr. HULL. I do.

Mr. SHORTRIDGE. I have not had the benefit of listening to the Senator's able address; but may I inquire, Is the Senator opposed to all tariffs upon all imports?

Mr. HULL. The Senator's question would not have been asked, I think, if he had been here, although he is perhaps fortunate to have been out much of the time.

Mr. SHORTRIDGE. May I assume that the Senator believes in the Democratic doctrine of a tariff for revenue?

Mr. HULL. The Senator again is unfortunate in not having been in the Chamber when I was discussing the subject at some length.

Mr. SHORTRIDGE. I appreciate that, of course; but may I put the inquiry in this form:

The Senator would favor a given tariff duty upon a given imported article if it were considered necessary to raise adequate revenue to carry on our Government; would he not?

Mr. HULL. The Senator still is unfortunate in not having been in the Chamber a while ago.

Mr. SHORTRIDGE. Then I am assuming that the Senator is a thoroughbred Democrat, and believes in a tariff for revenue only.

Mr. HULL. The Senator will find in my remarks to-morrow morning, and also in many addresses during recent years, an elaboration of all phases of his inquiries. It is with the utmost respect that I do not undertake to detain the Senate to repeat what I have already said.

Mr. SHORTRIDGE. I shall avail myself of the great privilege of reading the Senator's remarks to-morrow, and, I know, receive much benefit from it.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. Yes.

Mr. KING. I think we concede the competency of the able Senator from California to judge who are thoroughbred Republicans; but, speaking for myself, I deny his qualifications to judge who are thoroughbred Democrats.

Mr. SHORTRIDGE. I rise merely to admit that I am a thoroughbred Republican. [Laughter.]

Mr. HULL. Mr. President, if embargo and typical Republican tariffs are supported by the recognized Democratic economic philosophy, then I am not a Democrat, and never have been a Democrat, and never expect to be a Democrat. I believe in tariff moderation. If embargo or high tariffs are part of the Democratic creed, it is the latter-day Democratic creed. It is not that of Jefferson and Madison, or of Tilden or Cleveland or Wilson. I must beg leave most emphatically to protest against a proposal further to commit the Democratic Party to such ultra-high-tariff ideas as would create in the minds of the American people the impression that there has been a virtual merger between the two outstanding political parties of this country with respect to tariffs and general economics.

There is no more powerful or vicious aggregation of so-called special privilege in this country than the chief tariff beneficiaries. With all due respect, if anyone should differ with me—and I am not sure that one would—I should consider it almost a burlesque to stand for this powerful citadel of special privilege, embodying tariff benefits to the extreme extent we witness to-day, and at the same time pretend that I was opposed to such minor groups of special privilege as power influences and other special-privilege organizations of that kind. I am hopeful that the time is here when there

can be an organization of all the forces opposed to the policy of wild extremism that is sweeping this Nation and under American leadership sweeping the world out of one panic into another, and always along the road of unsound and temporary economic conditions.

I have, with the greatest respect, Mr. President, dealt with the principles which I think rule the policy that ought to be applied to the tariff items of the present bill. I have sought to remind my friends that the worst thing the matter with oil and with most other industries is panic conditions, in the first place, and they apply to all surplus-producing industries in every nation in the world. They apply, as I stated, to 25 raw material and foodstuff and manufacturing industries producing on a surplus scale in this country, half of them without tariffs. It is in those circumstances that I hope my colleagues will not feel called upon to vote embargo tariffs.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Massachusetts?

Mr. HULL. Yes.

Mr. WALSH of Massachusetts. The Senator, during the course of his able speech, has made reference to these tariff duties provoking retaliation. May I call his attention to a communication which I received to-day from the Department of Commerce? It is to the effect that the Department of Commerce has received a cable from its commercial attaché in Lima, Peru, as follows:

A majority member of the Peruvian Congress has presented a bill providing an additional 300 per cent ad valorem import tax on American products.

I think that remarkable communication indicates the extent to which our export trade will suffer if we now proceed to levy the tariffs named in this bill.

Mr. HULL. That is a very significant communication, and only adds to a great many other similar dispatches.

Mr. SMOOT. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. Yes.

Mr. SMOOT. I have seen similar dispatches or statements in the press; so the other day I went over my correspondence of the time the act of 1922 was passed. I find that we had all kinds of threats from all parts of the world as to what would be done if the act of 1922 became a law; that retaliatory measures would be taken by those countries. I think there were a few that were sent to the committee through the State Department.

Mr. WALSH of Massachusetts. Yes; but I am sure the Senator will agree that some of the threats made during the pendency of the recent tariff bill have been carried into effect by other governments.

Mr. SMOOT. But I do not think that was on account of the tariff bill. That came about on account of the absolute conditions existing in the world to-day.

Mr. WALSH of Massachusetts. I know that the Senator from Utah and others are trying to cover themselves by relying upon the action being due to conditions in the world; but many of us are of the opinion that it was due to a determination to retaliate against the high duties imposed by the American Government upon imports from these various countries.

Mr. SMOOT. From all I can learn, the rates were increased in order to secure sufficient means to administer the various governments. If the Senator will take the time to get from the State Department the statements from those countries and the reports that were made upon them, he will see that the reports show that that is exactly what they had to raise the means in order to meet the expenses of their governments.

Mr. WALSH of Massachusetts. I inquire of the Senator if he has seen the recent debate that took place in the Peruvian Congress, following the action by the House upon the duty upon oil and copper.

Mr. SMOOT. No, Mr. President; I have not seen any special quotations from the debate outside of a letter that I received from a person whose name I forget.

Mr. HULL. Mr. President, I should like to listen to this conversation.

Mr. WALSH of Massachusetts. We are speaking about the debate that took place in the Peruvian Congress following the action by the House, and I asked the Senator from Utah if his attention had been called to it. Let me say, if the Senator has not read it, that such strong language was used that I hesitate to offer it for the RECORD. It is extremely vitriolic.

Mr. SMOOT. I think that is true.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. The Senator from Tennessee has the floor. To whom is the Senator yielding?

Mr. HULL. The Senator from Utah had concluded, had he?

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. HULL. Just as soon as I yield to the Senator from Georgia.

Mr. GEORGE. Mr. President, let me call the attention of the Senator from Utah to the hearings before the Committee on Ways and Means of the House of Representatives published on May 17, 1932.

Mr. SMOOT. I have seen those hearings, Mr. President.

Mr. GEORGE. Let me call the Senator's attention to this statement, submitted to the committee by Mr. Castle of the State Department:

At the session of the constituent assembly of April 27, 1932, several Congressmen spoke of the serious situation which would occur in Peru should the United States Government apply a duty on copper imported into the United States.

Mr. José Manuel Tirado stated that should this measure be adopted, Peru should retaliate—

Not pass a revenue-producing measure—

should retaliate at once by increasing its customs duties on United States products, principally on merchandise made from cotton—

And so forth.

So that it is not a revenue measure; it is a direct retaliation for this threatened tariff.

I do not want to take up the Senator's time; but already a decree in council has been issued by the Canadian Government, granting subsidies on Canadian coal directly because of the threat here to impose a tariff on those products mined in Canada.

Mr. SMOOT. Mr. President, will the Senator yield for a moment?

Mr. HULL. I yield to the Senator.

Mr. SMOOT. I think the Senator from Georgia has been in the Senate long enough and no doubt has followed the protests that have been made when tariff bills have been enacted by Congress closely enough to know that those protests have come every time a tariff bill has been before Congress.

Mr. GEORGE. That is true, and that was the Senator's answer to the protests that were transmitted to the Finance Committee when we were considering the Smoot-Hawley Act; but those protests were made good, and they to-day stand against our imports in almost every principal country of the globe. I do not see how the Senator can think that the protests are idle. They certainly have actually materialized since the passage of the Smoot-Hawley Act.

Mr. SMOOT. There is no need of going into the question further, but I am quite sure that England and all the other countries that have made changes were compelled to do so on account of conditions in the world, and the trade leaving the country. They had to do something to maintain it.

Mr. VANDENBERG. Mr. President, will the Senator yield to me for just one observation in connection with the exhibit submitted by the able Senator from Massachusetts? Apparently the Peruvian protest related principally to the proposed duty upon copper.

Mr. WALSH of Massachusetts. I think that is correct, but in part also the duty upon oil.

Mr. VANDENBERG. I want to suggest to the Senator that inasmuch as Peru has had a duty upon copper for years and years, Peru is not in good position to complain if finally, for the first time since 1894, we find it necessary to protect our copper. I submit that Peru, in logic, can not seriously defend a complaint against such action on our part.

Mr. WALSH of Massachusetts. Of course there are a good many of us here who do not think the situation in this country justifies a duty upon copper at this time.

Mr. HULL. Mr. President, in common with my colleagues, I am greatly concerned and have the deepest interest in and sympathy for every industry in the United States that is suffering from overproduction, as to our own capacity to consume here at home, or from any of the other unfortunate and disastrous effects of the depression. I especially sympathize with every wage earner in America, who, under the effect of this abnormal and unusual condition, is either out of employment or in distress, or in employment on partial time and in more or less distress. I do believe, however, that those widespread conditions of privation and of distress should not cause us carelessly to rush to some supposedly sound remedy here which in fact, upon careful examination, would prove to be wholly unsound and ineffective.

Our friends who are proposing some of these requests for special governmental assistance seem to think that it is all right to enact embargo tariffs and depend upon the domestic producer to maintain reasonable price levels.

I was about to say a while ago, when interrupted, that all industries are suffering alike from the panic, they are suffering from unemployment, they are suffering from price dislocation, they are suffering from lack of markets, and also all industries, whether they are tariff protected or not, are suffering to a more or less extent in other ways. The overproducing industries are unable to get rid of their surpluses. That is a condition for which I do not think tariffs are a remedy, with all due respect to my colleagues.

The present situation relating to the enactment of indiscriminate tariffs and to a reliance upon industry to hold down prices to a reasonable level are commented upon by President Taft, and I read this extract in view of the vast number of our present rates, which will reveal themselves in this way when normal times return, if they ever will return, and I am sure they will, and also in the light of some of the views of my colleagues, who would enact indiscriminate rates and depend upon domestic industry to maintain reasonable price levels.

President Taft, on February 10, 1911, in a speech said:

> I am a Republican, and the Republican Party has always advocated and pursued a policy of protection to American products and manufactures. For a long time the policy had little or no limitation. It was thought that tariffs on protected products could not be too high; that if all foreign products were excluded, competition would stimulate production and reduce its cost and its price. The temptation to destroy competition by combination became so great, however, that the party in its platform modified its policy and imposed the limitation that the tariff should be limited for purposes of protection to the difference between the cost of production in this country and the cost of production abroad.

That was the thoroughly demonstrated experience of Republican administrations many years ago. It is folly for us to undertake a repetition of it as normal times approach by depending upon wholly exorbitant tariff policies, with beneficiaries who profess themselves willing to hold down their prices.

In my judgment, the chief trouble with the number of our surplus-producing industries in this country to-day is the fact that they have carelessly and thoughtlessly developed a hopeless and uncontrolled condition of overproduction, a condition which can only be dealt with, perhaps, by concerted action in some legitimate way, and not through tariff enactments here at Washington, which would only stimulate still further production, and in the end and soon cause any artificial price increase to topple to the ground.

Mr. President, we get back in the end to the simple issue of whether there shall be a fundamental difference between the two political parties on economics in this country as conditions present themselves to-day. That condition relates to whether the present forces of half insane economic isolation shall be attacked and checked in the policy of ever-increasing obstruction to international trade and commerce, a policy of tariff revision back first to a level of moderation, with liberalized trade policies, in lieu of the present trouble-breeding methods and policies in international trade and commerce. In the second place, it involves the issue of whether this great Nation will in the future practically rely alone on the home market, which is impregnable in almost every essential respect, and proceed in the future to restrict production, production of our cotton, our wheat, our automobiles, our textiles, our iron and steel, our pottery, our glassware, and our agricultural products of all kinds, whether we will restrict production down to our capacity to consume, barring some casual interchanges of cotton for coffee or some other commodity, and other sporadic items in international commerce.

We will pursue that policy under the blind leadership of that small but powerful group who have been leading the Nation during the past 10 or 12 years or we will pursue the opposite course of becoming a leader of the American people and other important countries in support of the policy that the future business progress and welfare of this country demand both a domestic market and an adequate foreign-market outlet for our surplus production in all important lines.

That policy would bring back home the 2,000 plants which have been constructed abroad by American capital which has been forced to take its flight in order to produce and sell. That policy would put back into employment eight or ten million wage earners who are idle to-day. That policy would rehabilitate our prostrate agriculture. That policy would lead the nations of the world back to that higher level of economic standards and practices and policies which would afford the maximum of happiness and prosperity to the business man, to the farmer, and to the wage earner.

During the delivery of Mr. HULL's speech,

Mr. REED. Mr. President——

The PRESIDING OFFICER (Mr. SHIPSTEAD in the chair). Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. HULL. Certainly.

Mr. REED. I wish to enter a motion to reconsider the vote by which the Senate agreed to the committee amendment appearing on page 241, in lines 9 to 11. It requires a small perfecting amendment which ought to be put in to carry out the intention of the committee.

Mr. GEORGE. To what does the amendment relate?

Mr. REED. It relates to a proviso of the lubricating-oil tax. We put in the words "but the tax on the articles described in this paragraph shall not apply with respect to the importation of such articles." We all thought the provisions of the general tariff laws relieved articles that were exported from the effect of these taxes, but I find upon investigation that that is not so, and the amendment I would propose, if reconsideration is agreed to, would be to change that italicized provision to read:

> But the tax on the articles described in this paragraph shall not apply to articles sold for exportation or exported for sale, nor with respect to the importation of such articles.

The PRESIDING OFFICER. The motion to reconsider will be entered.

After the conclusion of Mr. HULL's speech,

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Borah	Cohen	Fess
Austin	Bratton	Connally	Fletcher
Bankhead	Brookhart	Coolidge	Frazier
Barbour	Bulow	Davis	George
Bingham	Capper	Dill	Glass

Gore	Keyes	Neely	Stephens
Hale	King	Norbeck	Thomas, Idaho
Harrison	La Follette	Norris	Thomas, Okla.
Hatfield	Lewis	Nye	Trammell
Hayden	Logan	Oddie	Tydings
Hull	Long	Robinson, Ark.	Vandenberg
Johnson	McGill	Sheppard	Walsh, Mass.
Jones	McNary	Shortridge	Watson
Kean	Metcalf	Smith	Wheeler
Kendrick	Moses	Smoot	White

The PRESIDENT pro tempore. Sixty Senators having answered to their names, a quorum is present.

MESSAGES FROM THE PRESIDENT—APPROVALS

Several messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolutions:

On May 17, 1932:

S. 3584. An act to require all insurance corporations formed under the provisions of Chapter XVIII of the Code of Law of the District of Columbia to maintain their principal offices and places of business within the District of Columbia, and for other purposes; and

S. J. Res. 36. Joint resolution to change the name of the island of "Porto Rico" to "Puerto Rico."

On May 19, 1932:

S. 4289. An act to amend the act of February 23, 1927, as amended (U. S. C., title 47, sec. 85), and for other purposes; and

S. J. Res. 75. Joint resolution authorizing the Joint Committee on the Library to procure an oil portrait of former President Calvin Coolidge.

AMENDMENT OF NATURALIZATION LAWS—CONFERENCE REPORT

Mr. KING. Mr. President, there is a conference report on the Secretary's desk. It will lead to no discussion. I ask that it be laid before the Senate at this time.

The PRESIDENT pro tempore. The Chair lays before the Senate from the table a conference report submitted yesterday, which will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same.

H. D. HATFIELD,
HIRAM W. JOHNSON,
WILLIAM H. KING,
Managers on the part of the Senate.

SAMUEL DICKSTEIN,
JNO. W. MOORE,
ALBERT JOHNSON,
Managers on the part of the House.

Mr. KING. Mr. President, when the bill reached the House there was objection made upon the ground that it was supposed it would incur some little expense in the Labor Department in procuring certain information with respect to immigrants. Upon examination when the conferees met, it was discovered that there would be no increase whatever needed in the appropriation and the House receded. I move the adoption of the conference report.

The report was agreed to.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate very long. We find some Senators who are very much concerned about our world trade. We do not hear them discussing very much the question of our home trade. When statistics prove to us that our home trade is nine times more important than the world trade, then I am convinced that we should indeed give serious consideration to our home trade, just nine times more than we should give to the trade which we receive in the way of exchange of goods in the world trade.

We hear others discussing the situation, if it could be brought about, where prices would be evened up and where the same standard of wage paid to the wage earner in Europe would apply to the wage earner of America, then and not until then will we be able in America, in my judgment, to do away with the principles of a protective tariff and still give consideration to the workmen in America and the wage that he demands, the wage that he should receive which will enable him to clothe and educate his children.

Mr. President, there seems to be considerable difference of opinion as to the amount of revenue the four items listed under title 4 of the manufacturers' excise taxes, section 601, subsections 4, 5, 6, and 7, inclusive, which tax is levied against import products, and due to the uncertainty as claimed by some Senators as to what this revenue will pay in dollars and cents when applied to imports a number of Senators are opposed to this levy altogether and by so doing they extend a protective support to those who are interested in these imports against our home industry.

Granting that these levies would not produce a great deal of revenue, there are other elements of a protective nature due these American industries that are worthy of consideration outside and above all returns to the Treasury of the United States that this levy may produce in the way of finance.

First. It would save a great independent industry, provided the tax is raised to 1 cent a gallon, that is free from monopoly, that at the present time furnishes between 50 and 60 per cent of the oil consumed in America to-day.

Second. It would save the investment which a great number of patriotic Americans have made in this industry.

Third. It would insure the additional employment of a great number of American workmen, due to the demand of additional production of American oil, its ramifications, and demand for other materials, and last but not least, it will reflect its influence in stabilizing the coal industry of this country which I will undertake to show.

It would stabilize the price of American gasoline at the present time and in the years to come and prevent the American consumer from paying an outrageous price for the basic and secondary product after monopoly has taken place in the country of this liquid fuel.

Permit me to read a statement made by Mr. Casey Adams before the Subcommittee on Mines and Mining as to what is happening in this country to-day in the way of competition in the gasoline market by cut-throat practice that is engaged in by those who are selling imported gasoline in the city that represents the hub of the automobile industry of the world, Detroit, Mich.

* * * And many of these self-same leaders are also interested in domestic and foreign oil. What care the Mellons and the Rockefellers about the success of bituminous coal when they can sell their foreign oil through the Standard of New Jersey, Standard of Indiana, the Gulf Refining Co.—the three chief importers in this country.

In 1929, out of about 111,000,000 barrels imported, the Mellon-Rockefeller imports were as follows:

Standard Indiana	35,098,835
Standard New Jersey	22,879,466
Gulf Refining	21,426,338
Total	79,404,339

Even the Dutch Shell Co. only imported 11,000,000 barrels.

Here, Mr. Chairman, is an advertisement reproduced in the Petroleum News of a page advertisement appearing in the Detroit News, which shows Rumanian imported gasoline eight gallons for a dollar.

I ask permission to have the advertisement referred to inserted in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The advertisement is as follows:

[The Independent Petroleum Association of America Monthly. "Imported Zip"—Tariff Commission Report—When a Great Industry Stands Still—$101,000,000 Trade Balance—Imports, and Our Oversupply—Why "Another" Oklahoma?—$360,000,000 Shrinkage in Two Years—No "Dykes" Along Our Coast—Threat and Realization. November-December, 1931. 10 cents]

THIS IS NOT OUR AD

It is, however, a reproduction of an ad in the Detroit Evening Times of December 9, 1931.

Two tankers of gasoline from Constanza, Rumania, recently found their way to Detroit, Mich.—and apparently Imported Zip was made in Rumanian refineries in southeastern Europe, sent through the Black Sea, the Mediterranean Sea, across the Atlantic Ocean, and either up the St. Lawrence River, through Lake Ontario and Lake Erie to Detroit—or landed at Baltimore, Md., and sent by tank car to Detroit. From Constanza to Detroit is about 7,000 miles.

The ad says, "8 gallons for $1," and 25,000 gallons "given away." How's that for high-pressure competition with American gasoline?

(12) [Detroit Evening Times, Wednesday, December 9, 1931]

Thursday and Friday we will give away 25,000 gallons of Imported Zip, a premium motor fuel.

Your opportunity to prove—at our expense—that Imported Zip will give you better engine performance.

Now is the time for you to prove that Imported Zip gives better engine performance—better performance and saving up to 5 cents per gallon over what you are paying for other premium gasolines.

You, the public, are the sole judge. Sunny Service Oil Co. furnishes gasoline free of charge to make your own test of the superb qualities of Imported Zip.

Test it in your own way. Test it for fast pick-up. Test it for acceleration. Test it for easy starting. Test it on hills, in the country; anyway you like; but test it and be certain.

Thursday and Friday drive into any Zip station (a list of which is shown here), buy 8 gallons of Imported Zip for $1, and we will give you, in addition, with our compliments, 1 gallon free.

Drive your car on Imported Zip 15 or 20 miles. If you are not completely satisfied that it performs better than any other premium gasoline selling up to 5 cents per gallon more, drive back to the station, have the 8 gallons drained from your tank, and get your money back. The 1 gallon of Imported Zip has not cost you one penny. Could anything be fairer?

Here is your opportunity to prove, at our expense, that Imported Zip will give you better performance. Don't take our word for it. Try it and find out for yourself.

Imported Zip gasoline is high grade in every respect, yet it sells at a price anyone can afford to pay. The proof of what we say is in your hands. You are the judge and jury. Give us your verdict Thursday and Friday.

Eight gallons, $1. Save up to 5 cents per gallon. Read the amazing guaranty we make on Imported Zip.

MONEY BACK GUARANTY

Drive into any Sunny Service station, buy 8 gallons of Imported Zip—we give you another gallon free.

Drive 15 or 20 miles, and if you are not satisfied that Imported Zip gives you better engine performance than any other premium motor fuel selling up to 5 cents more per gallon, drive back to the station; we will drain the unused gasoline and refund your money.

(Signed.) SUNNY SERVICE OIL CO.

Thirty Sunny Service stations: Cass and Sibley, Third and Stimson, Caniff and Russell, Cass and Baltimore, Fourteenth and Ash, Tireman and Wykes, Six-Mile and Prairie, Fenkell and Sorrento, Warren and Roosevelt, Woodward at Davison, Puritan and Wildemere, Dexter and Boston Boulevard, Plymouth and Northlawn, Woodward at Mount Vernon, Grand River and Northlawn, Mack and Lenox, Vernor and Fifth, Fort and Reisener, Six-Mile and Conant, Harper and Barham, Gratiot and Flanders, Warren and Wayburn, Van Dyke and Merkel, Jefferson and Holcomb, Kercheval and Ashland, Vernor and Mount Elliott, Michigan near McGraw, Vernor and Twenty-second, and Van Dyke and Eight and One-Half Mile Road.

Your protection against high gasoline prices.

SUNNY SERVICE OIL CO.

And yet, some say, "You don't need a tariff."

Mr. HATFIELD. Mr. President, during the embargo of the World War, in what condition did the American people find themselves with reference to chemicals? They found that they were shorn of chemicals which were essential to the welfare of the sick because of the Great War that was being waged in Europe. But to-day what is the condition of the chemical industry of America? We have a self-sufficient industry in this respect, one that can serve the people with the raw materials not only in an industrial way but in a medicinal way, and at the same time sell to the nations of the world. This is due primarily to the embargo that took place during the World War; secondly, to the Fordney-McCumber law enacted in 1922, and a continuation of the protection of this industry in part through the Smoot-Hawley tariff law enacted in 1930. Were it not for the fact of the invoking of these protective laws, America would be shorn of her chemical industry to-day.

I wish to make the prediction that when the time comes in America, due to the cartel which has been developed between Germany, England, France, and other countries, this industry which is so colossal in its development will fall before that competitive group of European chemical competitors when the tariff rates are lowered.

The same principle will apply to the gasoline and to the crude-oil business of America. Just as soon as the independent oil man is forced to sell to the combine upon the auction block his investment and the investment of his friends, made in good faith to develop a basic and independent industry in this country, then will the American people experience a higher price which they will be forced to pay for their gasoline and fuel oil which they are not paying at the present time.

For that reason I stand for the protection of the independent oil producers of America. I stand for the protection of those men and women who represent these industries as stockholders. If the Congress will but adopt this rate of 1 cent per gallon on crude oil, in my candid judgment the independent oil industry will continue to exist and at the same time the price paid by the consumer will not be enhanced to any very great extent, certainly not on the by-products, such as gasoline. But if we permit this opportunity to pass, as we permitted it to pass in the Congress of 1930, when we had the opportunity to put a tariff upon oil to protect the independent oil producers of the country, then, in my candid judgment, the fate of these men will be sealed and the combine, the big four, will absorb them and the American people will lose their opportunity to buy liquid fuel at a competitive price.

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from West Virginia yield to the Senator from Pennsylvania?

Mr. HATFIELD. Certainly.

Mr. DAVIS. The Senator will remember that at hearings before the Subcommittee on Mines and Mining, the head of the Federated Industries of the State of Washington was asked a question as to the number of men unemployed in that State. In his reply he said that if the industries of the State of Washington were accorded the proper protection against imports which were coming into that State from foreign countries, it would mean the employment of 25,000 workers. Allowing four to a family, the effect would be that 100,000 people would be put in a position where they would be dependent upon their own earning capacity rather than upon someone else or upon charity.

Mr. HATFIELD. Yes, Mr. President; the representative referred to from the State of Washington made the statement that a protective tariff upon lumber would assure the employment of at least 25,000 lumbermen in that State, and he made the further forecast that the number of 25,000 could be multiplied by five to represent the number to be found in the average family, according to the recent statistics of the Government of the United States. Accordingly, 125,000 people would be taken care of and the head of the family, the breadwinner, would be able to procure work which would enable him to feed and to clothe and to educate his children. That was practically his statement in response to an interrogation made by the distinguished junior Senator from the State of Pennsylvania [Mr. DAVIS].

Mr. President, I desire to continue to quote the statement of Mr. Adams, to show what he thought 1 cent a gallon on crude oil, with a compensatory duty on its by-products, would do in the way of helping the coal miners of this country. I may say in behalf of Mr. Adams that I have never listened to a more intelligent, frank, and open witness in dealing with economic problems that affect this country. He said:

Mr. ADAMS. I read it at the time that the mills were going to charge Los Angeles for power at the plant and I thought then that on the cut-throat competition that existed in coal and fuel oil they could certainly manufacture it cheaper than they could buy it and take the loss in transmission.

Continuing to quote from Mr. Adams:

A tariff on oil is, of course, necessary. The tariff should be at the minimum 1 cent the gallon and I hope the members of this committee will use their best efforts to have restored the 1-cent excise tax which has been reduced to one-half cent. Such a tax will, in time, give employment to 40,000 men in the bituminous and anthracite industry.

At this point, Mr. President, I should like to read from the statement by Harvey C. Fremming, representing the Oil Field, Gas Well, and Refining Workers of America in regard to unemployment which exists in the oil fields at the present time. This statement is taken from the hearings held on the revenue revision last February before the Committee on Ways and Means of the House. I quote from the testimony of Harvey C. Fremming, of Long Branch, Calif., as follows:

Mr. FREMMING. Mr. Chairman and gentlemen of the committee, my name is Harvey C. Fremming, and I am international president of the Oil Field, Gas Well, and Refining Workers of America, an organization affiliated with the American Federation of Labor. For the purpose of expediting the hearing and in our desire not to burden the patience of the committee, this statement that I am about to make is concurred in and adopted by the following, officially representing the organizations named:

Edward J. McGrady, legislative representative, American Federation of Labor.

M. J. Flynn, America's Wage Earners' Protective Conference.

D. C. Cone, Brotherhood of Signalmen.

A. S. Stout, Brotherhood of Maintenance of Way.

A. J. Lovell, Brotherhood of Firemen and Enginemen.

George Laughlin, Brotherhood of Locomotive Engineers.

W. D. Johnson, Order of Railroad Conductors.

J. A. Farquharson, Brotherhood of Railroad Trainmen.

I am sure it is unnecessary for me to state that this group represents directly affiliated members in a number exceeding five and one-half million, practically all of whom are citizens and voters.

Mr. Chairman, if I might have the privilege of picking out some of the immediate high lights of the statement that I am going to make and then be privileged to file the statement as my statement——

Mr. DOUGHTON (presiding). That will be entirely satisfactory.

Mr. RAGON. That is the Big Four Brotherhood?

Mr. FREMMING. The entire group, Mr. Congressman, of the American Federation of Labor.

Mr. RAGON. Whom do you represent?

Mr. FREMMING. The Oil Workers' International Union. I am their president.

I am going to deal with the four points made by the spokesman for the oil-importing business at the hearing on the excise bill. While these are palpably misstatements of fact, it might not be amiss to constructively set forth the actual facts which are at total variance with the fabulous statements presented by this apologist for the present disastrous situation. In the first place, Mr. Chairman, you will recall, with me, that this gentleman said the unemployment in the oil industry amounted to approximately 35,000 people. I think you will recall, with me, that statement. May I be permitted to introduce, in this statement, the record of the United States Department of Labor, Bureau of Labor Statistics, which shows that the decrease from the 1926 basis of 100 has fallen down to approximately 50 per cent, or 54.9 per cent of the total employment in the oil fields at that time of 800,000. I want to get that clearly in your mind. Obviously, then, if we carry down that index, we find that the amount of unemployment in the oil industry, on the basis of the information compiled through competent sources, is approximately 350,000 instead of 35,000, as stated by the gentleman. I am filing the complete index, so that you can, if you desire, review those figures, where they are carried down from 1929 by months, showing the reduction both in pay rolls as well as in employment.

I understand that these indexes are taken from the firms in the various States, who report to the bureau monthly. Those firms in the State of California, my State, are 43 in number; yet we have several hundred oil businesses; and remember, further, with me, Mr. Chairman, that these indexes do not include the insolvent concerns, the firms that have gone into bankruptcy during the last two years; nor do they include the allied industries which are so interlocked, so definitely interlocked with the conduct of the petroleum business. By that I mean the oil-tool manufacturers, and all of the allied groups. Nor does that index include the railroads or the transportation companies. In our State a tremendous amount of oil is transported in oil-tank cars, and that has been reduced to practically nothing. Nor does it include at all the serious condition of unemployment that reflects itself in the communities in our oil-producing area, where bankruptcies and insolvencies and bank failures have reduced the economic well-being of those areas to almost nothing.

Mr. President, there is a picture which is portrayed dealing with the oil situation in the great State of California. That picture can not be obliterated or effaced. When the representatives of the American Federation of Labor, speaking for 5,000,000 employees, come in numerous groups before a congressional committee having under consideration these items, and especially the oil item, and ask for consideration upon the part of Congress, I feel that the Congress should respond to the appeal of these patriotic Americans. There should be no hesitation upon the part of the Senate of the United States as to what it should do, regardless of whether those who make up this body believe that it is inappropriate to consider tariff measures or tariff rates in conjunction with a revenue bill.

Mr. President, we have excellent authority and an excellent precedent for the attitude that some of us take in the consideration of the tariff items in this revenue bill. Back in the days of President Washington in 1791 the first revenue bill had attached to it a tariff bill, and it was following the successful operation of that tariff law that the Father of our Country in his message to the Congress of the United States spoke of the "happiness and the contentment" that existed among the citizenship of this country. I can see no reason, Mr. President, why upon any revenue bill we should not attach a tariff rate or direct the Tariff Commission to protect a languishing industry under the Stars and Stripes.

When one goes to any European nation he will find there that authority is given to some group to invoke, almost overnight, a tariff rate, even to the embargo point if necessary, in order to protect an industry under the flag of that nation.

Back in the heyday of the chemical industry in this country, when there was no tariff upon chemicals there was an outstanding American whose posterity still represents the chemical industry of America in the great State of New Jersey. At that time he exclusively enjoyed the American ultramarine-blue trade of America. After the great German cartel had been developed along the River Rhine to the point where they not only could serve their own people but the peoples of other nations of Europe, they started out in quest of new business and they found the United States of America, Mr. President, a very fertile field indeed. They came here and they displaced the American chemist. He was producing ultramarine blue to the entire satisfaction of the American consumers; but when the German chemist was willing to sell his wares in America at a stipend very much less than that for which the ultramarine-blue producer of America could sell his, what was the result?

This sturdy American happened to be of German extraction. He did not easily give up. He was willing with his stockholders to battle against the German chemical industry which had made this invasion into his trade. He loaded up a full shipload of ultramarine-blue products and started across the Atlantic to a German port. Before he could land his goods there an embargo rate went into effect, and the American chemist was compelled to retrace his path across the Atlantic and, finally, with his industry and his stockholders, to stare bankruptcy in the face.

That industry languished before the embargo period of the World War. To-day it is a progressive industry. During the embargo period and under the protection of the Fordney-McCumber tariff rates this industry has paid a return to its stockholders and is flourishing to-day.

The same condition prevails so far as the independent oil producers of America are concerned. They are suffering from an acute depression owing to unfair foreign competition.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from West Virginia yield to the Senator from Louisiana?

Mr. HATFIELD. I yield to the Senator.

Mr. LONG. Is it not also a fact that they actually kept that dye industry out of this country until the necessity of war made them yield?

Mr. HATFIELD. Absolutely so. I am glad the distinguished Senator from Louisiana has asked me the question. Our chemical industry languished from that day down to the embargo period; and during the World War period, due to the lack of certain chemical products which could not be

produced in America, the price of those chemical products, due to the fact that they were of German make, rose from $3 an ampule to $50 an ampule. Even then these products could not be furnished to the satisfaction and to the demands of the American physician. The same condition confronted the American surgeon as to novocaine and cocaine and the other local anæsthetics.

In the Army of the United States it was indeed difficult to procure a sufficient amount of these drugs to perform minor operations properly from a surgical point of view, because they were not produced in America, as the American citizen had depended upon obtaining a supply of these indispensable chemicals from the German cartel along the River Rhine.

That was the condition, Mr. President. I say to you that the history of the chemical industry of this country is to me complete proof that if we are to be prosperous in the future it is absolutely essential that we shall continue the principle of protective tariff. We can abandon that principle only when Europeans are willing to raise their standard of living and to raise their standard of wages to a point which will make the cost of producing European commodities the same as the cost of producing like commodities in America.

When that period comes I will anticipate that the millennium will not be far ahead. I feel that we must go along in the future, as we have in the past, protecting our industries primarily that they may pay to the American wage earner a standard of wage of which he is worthy.

Mr. President, I have another communication which I wish to read to my colleagues and have printed in the RECORD. This letter is addressed to me. It is dated Indianapolis, Ind., May, 1932, and is as follows:

UNITED MINE WORKERS OF AMERICA,
Washington, D. C., May 19, 1932.

Hon. HENRY D. HATFIELD,
United States Senator, Washington, D. C.

MY DEAR SENATOR: Under date of June 8, 1929, speaking for the membership of the United Mine Workers of America, I addressed you a communication urging the vital necessity of Congress levying a tariff on foreign-produced petroleum oil imported to the United States.

In this letter an analysis was made of the effect of the unrestricted competition of this imported oil in the coal markets of the United States and the demoralizing effect upon the mining communities of our country, both from the standpoint of labor and the capital investment. The conditions referred to as existing in 1929 exist to-day in more aggravated form. In my judgment, a duty on foreign oil is an imperative necessity. The duty should be at the minimum of 1 cent per gallon. Such a tax will, in time, give employment to 40,000 men in the bituminous and anthracite industries. In the fields of transportation, distribution, and consumption of the increased coal product, it will give direct employment to many thousands more and be a practical contribution to national well-being.

I most earnestly hope for favorable action on this question by the Senate.

Very truly yours,

JOHN L. LEWIS, *President.*

I ask unanimous consent that the letter addressed to me on June 8, 1929, a copy of which I have here, be published in the RECORD in connection with this letter which I have just read.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

UNITED MINE WORKERS OF AMERICA,
Indianapolis, Ind., June 8, 1929.

Hon. HENRY D. HATFIELD,
United States Senator, Washington, D. C.

MY DEAR SENATOR: As president of the United Mine Workers of America and speaking for that organization, I earnestly urge upon the Senate and House of Representatives of the United States Congress the vital necessity of a tariff on the import of foreign-produced petroleum oil imported into the United States. And I request that in the preparation of a tariff law, a task with which Congress is now engaged, you provide for such tariff on oil. This action will be in the best interests of the general public of the United States, because it will aid very greatly in affording employment for many thousands of now idle men in the coal-producing industry, thus enabling these men to earn a living for themselves and their families.

The free importation of cheap oil from foreign countries into the United States has had a depressing effect upon American-produced coal, and we see no good reason why this great, vital, fundamental American industry should be thus penalized in favor of foreign industry and foreign labor. There is no question but that consumption of many millions of tons of coal has been displaced by the use of oil produced in the United States. This of itself has done vast injury to the coal industry. To permit the continued free entry of many more millions of barrels of foreign oil simply means still further shrinkage in the consumption of American coal and the wrecking of this great American industry. Just how this thing works will be made clear when I point out that the 431,067,000 barrels of fuel oil used in the United States in 1927 displaced 110,000,000 tons of coal, or approximately 20 per cent of the normal output of American coal mines. Even this displacement was so disastrous as to close a vast number of mines and to throw many thousands of mine workers out of employment. And now, if this Government permits the continued free entry of foreign-produced oil, it will mean the closing down of more mines and the unemployment of more thousands of men.

When hundreds of thousands—aye, millions—of men are out of work, as is the case at present, there must necessarily follow a slump in business and commence of the country. These men, with no opportunity to earn a living, have no money to spend. They can not buy the products of mills, factories, and shops. They can not trade with local merchants and business men. Consequently the entire business and industrial structure of our country suffers from business depression. Especially is this true in those countless communities—once prosperous, but now practically bankrupt—where coal mines either are wholly idle or operating but a few hours a week and where the earnings of coal-mine workers have shrunk almost entirely, if not altogether, to the vanishing point. Coal is produced in 30 States, and these conditions exist in each and every one of these 30 States. We contend that Congress should not take any step that would further aggravate this intolerable condition, and this is what would happen if foreign oil were given continued entry free of tariff duty into the United States.

We contend further, that it is the duty of Congress to protect the interests of American labor rather than that of foreign labor. Americans are not employed to any appreciable extent in the production of oil in foreign countries. Wages paid for labor performed in the production of oil in those foreign countries goes to inhabitants of those countries. They receive American money for producing oil that would be shipped duty free into the United States and throw thousands more American workingmen out of employment. There would be no justice in such a plan from the standpoint of the best interests of the American public. On the other hand, an adequate tariff on foreign oil, whether it comes from Mexico, South America, or anywhere else, would strengthen the demand for American oil and American coal for fuel purposes in this country, and it would mean employment, earning power, food, clothing, shelter, education, and progress for countless thousands of good, loyal American citizens. It would mean a revival of the coal industry, now so near to the industrial graveyard. It would mean improvement in industry, trade, commerce, and transportation. It would mean more business for the merchants and business men of the 30 coal-producing States. I may state it clearly as our position that these considerations far outweigh any benefit that could possibly accrue to the people of the United States by permitting foreign oil to enter this country duty free.

Our understanding of the matter is that tariff duties are levied for two purposes, viz, to raise revenue for the Government and to protect American industry and American labor from the destructive competition of pauper wages paid to labor in many foreign countries. I do not hesitate to say that Congress can find no other American industry that needs this kind of protection to-day more than does the fuel industry.

Therefore, in the name of the United Mine Workers of America and in behalf of American labor, I again earnestly urge that Congress levy an adequate tariff duty on the import of foreign oil into the United States.

Very truly yours,

JOHN L. LEWIS, *President.*

Mr. HATFIELD. Mr. President, the same blackjacking tactics of certain oil companies which were aimed at a distinguished Member of this body from New England were directed at me long before the question of tariff rates upon crude oil was under consideration by this body. I have introduced some of these telegrams; among other messages, an anonymous letter setting out the purpose that the writer wished to accomplish, to intimidate the Congressmen representing the congressional districts of the State of West Virginia, and for the further purpose of intimidating the Senators who represent the State of West Virginia in this body in opposing oil tariff on American crude oil and its by-products. In no uncertain language I exposed this conspiracy from my desk here in the Senate. The same attack has been made upon a distinguished Member of this body from the great State of Connecticut.

I wish to say in behalf of Senator BINGHAM that his record here is typical of a great American who has uppermost in his mind, in his vote, and in his influence the support of in-

dustries, and also the support of labor, with the thought, no doubt, that he stands for a wage that is worthy of the toiler.

This item in subsection 4 of the revenue bill now before the Senate for consideration is not to be compared from a revenue point of view; but what it will accomplish toward the replacement of those who are looking for work at the present hour is the principal consideration.

We have other tax items in this bill, under the subheads heretofore referred to, which some Senators refuse to vote because of the fact that such a tax smacks of the elements of protection, as is the case with oil, which tax, if voted on these items, would regain, at least in part, employment for those who are now unemployed. A tax rate of 1 cent per gallon on crude oil would guarantee the employment, I am reliably informed, of at least 300,000 workers. Multiply that by 5, representing the average family, and what do you have? One million five hundred thousand people happy again because the breadwinner is employed.

In the lumber industry alone in the State of Washington, according to Mr. Botting's statement before the Subcommittee on Mines and Mining, as pointed out by the junior Senator from Pennsylvania [Mr. DAVIS] in his interrogations of Mr. Adams, 25,000 men would be employed if they had the proper protection.

Multiply that by 5, Mr. President, and you will have 125,000. Add these items together, and then go to the copper industry; and when they tell us that conservatively at least 150,000 people will be employed if a tax is placed upon copper, multiply that by 5 and what do you have? Why, in these items you have the assurance of a favorable service by the Congress of the United States to at least two and a half million people.

Mr. President, if my vote will accomplish this for American industries that are now languishing, for American labor that is looking for work when there is none to be found, I wish to say that regardless of its popularity, whether it be popular back home or not, I shall vote for it.

West Virginia at one time boasted of a hardwood forest that was surpassed by the forests of no State in the Union, based upon its square mileage. That great forest was devastated, and to-day West Virginia is importing lumber from other lumber States. The same thing is true of copper. West Virginia, with all of her great natural resources in coal, in shale, in oil, in glass sands, and other great natural resources, is destitute of copper; but I can only hope, through and by my recognition of the rights and privileges of others who ask for protection of their industry, to receive a like consideration from others.

You may call this logrolling in tariff making, or whatever you please, Mr. President, but, so far as I am concerned, reciprocity is a good term. Regardless of what economists may say, regardless of what a professor in some university may advocate, regardless of what the eugenics teacher or the parlor economist may advise, I want to say to you that in my candid judgment there never was a tariff bill written in this Congress or any other Congress that represented a great constellation of States such as the United States of America unless reciprocity was extended by the Representatives in the House and by the Senators who were willing to protect each other's industries within the confines of their States.

Mr. President, I have one proud record, and it is the one record of which I am proud, to which I shall point with pride when I leave this body—that I never failed to vote for a tariff rate for any State where it was shown to me that the industry involved and the people employed in that industry should have the protection asked for. Far be it from me ever to change my record and fail to do my plain duty as I see it and understand it as a representative in the Senate of the United States of the State of West Virginia.

Mr. SHEPPARD. Mr. President, the amendment under discussion is both a revenue and a relief measure, proposed at a time when the revenues of our Government must be increased, and when the production of petroleum, one of our most important basic industries, is in great distress.

According to the United States Census of Manufactures, the wholesale value of petroleum refining products in the United States in 1927 was $2,142,648,000. But four other groups of manufactured products in this country exceeded the petroleum group in such values. The first 10 groups, according to wholesale values, were as follows:

First. Meat-packing products.
Second. Motor vehicles.
Third. Iron and steel.
Fourth. Foundry machinery.
Fifth. Petroleum refining products.
Sixth. Electrical machinery.
Seventh. Printing and publishing.
Eighth. Cotton goods.
Ninth. Clothing and dress goods.
Tenth. Bread and bakery products.

All of these groups provide customs revenues to-day except the petroleum group.

Crude petroleum also is on the free list. Customs duties have been treated as a source of revenue since the beginning of the Government by every political party in control at the time of the enactment of a tariff law. No policy of the Democratic Party is more firmly established than that of deriving revenue from customs duties.

The last Democratic tariff act followed that policy as to perhaps 4,000 articles. Why petroleum should be excepted from that policy is beyond my understanding. It has been shown in this debate that fluctuations in the price of crude oil are not reflected in the price of gasoline, and that a duty of 42 cents a barrel on crude oil will be paid out of the cost of production differential, the figure representing the difference in cost of production at home and abroad. This means that the increased price will be absorbed by the great organizations dominating the petroleum situation in this country and owning or controlling most of the foreign supply.

With the production of crude oil rapidly increasing in foreign countries and the proposed duty considerably less than one-half of the difference in cost of production, it is reasonable to assume that our imports of 100,000,000 barrels will be maintained, if not increased, and that our revenues from an oil tax at this time will run anywhere from $30,000,000 to $42,000,000. Even if there should be a substantial decrease in imports, the revenue would still be substantial and exceedingly worth while.

During the past 12 years the average production of petroleum in the United States has exceeded the demand, domestic and foreign, by 59,000,000 barrels, while the average yearly increase in storage has amounted to 35,000,000 barrels. We have been forced to curtail production, to adopt martial law in some of the States, to adopt all kinds of proration schemes, simply because 100,000,000 barrels have been imported annually without duty, importations which have been used to put down the price of crude oil by the dominant refiners without corresponding benefit to the consumer.

On this question of importation let me direct attention to the fact that four great companies—the Standard of Indiana, the Standard of New Jersey, the Gulf Oil Corporation, and the Dutch Shell—imported 77 per cent of all the crude oil brought into this country in 1931.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. SHORTRIDGE. I wish to remind the Senator that one of the most ably edited Democratic papers in California has urged at least a dollar a barrel on crude petroleum as a protective measure; but the point is that that great paper indorsed the fact the Senator from Texas has just stated, namely, that the tax of 1 cent a gallon on crude oil has no feature of protection in it whatever but would be productive of revenue, which the Government sadly needs, fully indorsing the view expressed by the thoughtful Senator.

Mr. SHEPPARD. I thank the Senator for his statement. The four great companies to which I have referred brought in 81 per cent of the importations of gasoline in

1931, and 96 per cent of the importations of all other refining products.

Let me call attention to this further fact in connection with importations. Venezuela has for some time been the largest producer of petroleum among the foreign countries. In 1931, however, Russia assumed first place. Her production in 1931 totaled 162,000,000 barrels, while Venezuela's output in the same year was only 115,000,000 barrels. Think of it; Russian production is now practically one-sixth of the total production in the United States, a sufficient amount to constitute a menace to producer prices and to standards of living in the United States.

For my part, I will never vote to subject my people to the competition of communistic, slave-ridden, Bolshevistic, God-repudiating Russia.

No other country in the world, outside our own, now approximates what Russia produces. The coming contest for control of world markets in petroleum will find Russia possessing a unique advantage in her practically inexhaustible supplies of petroleum, coupled with the fact that her labor costs are negligible. Russian labor is virtually slave labor. It is impossible for production costs in the United States ever to be reduced to the Russian level.

The imposition of an adequate tariff on petroleum and its refined products would impose no additional burden upon the consumer of gasoline. Comparison of prices paid for gasoline and prices paid for crude oil demonstrates the remarkable fact that there is no causal relation between the two. Gasoline frequently sells at its highest price when the crude oil from which it has been refined was purchased at the lowest price. The price of gasoline is determined by the great distributing corporations which manipulate it at will. Any comparison of prices paid at any period for crude oil and for gasoline will evidence what I have said. The gasoline price is arbitrarily fixed by those who are in control of the great marketing and distributing systems, the pipeline systems, through which this product reaches the ultimate consumer.

The Federal Trade Commission, discussing this question, on page 19 of the letter transmitting its report to Congress, said:

> With respect to refined products, at least in local sale and distribution, the price conditions reflect even less closely the actual changes in supply and demand, so far as they can be measured by concrete statistical facts. In part this corresponds to the normal conditions of local marketing over wide areas, but in part also to the fact that the varying prices at which the different Standard companies offer their products at the same time in their respective marketing territories are generally followed by their competitors.

In this letter the commission states that generally there is very little real competition among the few large purchasing companies.

Such are the comments of the Federal Trade Commission on this subject.

During 1931 the price of domestic oil in the largest producing sections was as low as 10 cents per barrel, and in many instances sold below the market in large quantities. That fact was not reflected in the selling price of gasoline or other petroleum products.

The continuance of low prices for gasoline, and the possibility of even lower prices being attained, depends upon the success of the movement, of which this amendment for a tax on crude petroleum and petroleum products is a vital part, to break the petroleum monopoly which has been almost completely attained by a few great oil importing corporations in the United States.

If the smaller companies in the United States are destroyed, as they will be destroyed unless some safeguard of this kind is erected, the American people will have to pay far higher prices than those cited by the Senator from Maryland this morning. When that monopoly is once in complete control, the American people will pay what people are paying in the other countries of the world where these monopolies are without competition, and that means a price ranging from 30 to 50 cents a gallon and even more for gasoline.

These facts, I take it, are a complete answer to the figures given by the Senator from Maryland this morning, conceding them to be true. I have given my reasons for not conceding his figures accurately to represent the situation.

Production of native petroleum in the United States could amply care for all the requirements of this Nation. The petroleum industry has endeavored to keep production well within the bounds of the market. In its efforts to stabilize the industry it has voluntarily put in force proration agreements and has secured State regulation of production, "pinching in" thousands of wells while hundreds of additional wells have been entirely shut off. As rapidly, however, as the American industry has reduced production, foreign oil imports owned or controlled for the most part by the few big American companies, have increased in quantity, nullifying all attempts to equate demand and supply. As a result poverty and unemployment have characterized many of the great oil-producing areas in the mid-continent section of our country and in other oil-producing sections, and the conditions continue on such a scale as to send up a cry to the pitying heavens for relief.

The influx of foreign oil, which pays no duty and is not burdened with the overhead carried by American petroleum, has defeated every attempt and every sacrifice made by the smaller producers to stabilize the industry, forced prices to a point in many instances ruinously below the cost of production, utterly demoralized the producing end of the business, driven from employment and to despair a large proportion of the 2,000,000 people ordinarily engaged in production and refining, wiped out millions of dollars formerly paid farmers for lease rentals and royalties, and on which these farmers were dependent as their only source for funds with which to meet tax, interest, and other cash obligations, diminished the revenues of State governments whose budgets were based largely on oil production, crippled or destroyed the markets afforded by the consuming and purchasing power of the 22,000,000 people dependent on the oil industry for a livelihood, thus aiding to weaken the financial and industrial structure of the entire Nation.

Let me invite attention to another fact. According to the testimony submitted in the hearings of the Finance Committee, the total average taxes on oil in this country, taxes now levied upon oil by governmental authority, State and National, including gross production taxes, ad valorem taxes, corporation taxes, income taxes, and gasoline taxes, exceed 100 per cent of the average selling price. This proves the importance of the petroleum industry as a general revenue factor. Why should domestic producers be compelled to bear all the burdens? Why should not the foreign article also be compelled to share in the production of revenue? All foreign oil sold in this country and the profit accruing to its owners should be taxed.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to his colleague?

Mr. SHEPPARD. Certainly.

Mr. CONNALLY. May I invite the attention of my colleague to the fact that the gross production taxes on oil by the State of Texas in 1927 for that year were $5,656,000 and for September, 1931, were $3,346,145.50. In Oklahoma for the fiscal year June 1, 1927, the amount was $12,102,426.28, and for the fiscal year 1931 it was $6,566,006.96. These are taxes which the domestic producer has to pay and which the foreigner does not in any wise have to pay and which are a burden on our own producers for the benefit of the foreign producers.

Mr. SHEPPARD. I am very glad to have these figures from my colleague.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Georgia?

Mr. SHEPPARD. Certainly.

Mr. GEORGE. Does the Senator from Texas know how much taxes the foreign producer pays to the foreign governments?

Mr. SHEPPARD. I know that in the country producing more petroleum than is produced in any other country in the world outside our own the producer does not pay any taxes.

Mr. GEORGE. No taxes at all?

Mr. SHEPPARD. No taxes at all.

Mr. GEORGE. How does he get by with it?

Mr. SHEPPARD. Because the Government owns him and owns everything else. The Government does not pay any taxes to itself.

Mr. GEORGE. It is a Government monopoly?

Mr. SHEPPARD. It is. I am referring to Russia.

Mr. GEORGE. Oh, Russia!

Mr. SHEPPARD. Yes; Russia—Soviet Russia!

Mr. GEORGE. I had not heard that mentioned.

Mr. SHEPPARD. The Senator was not here when I called attention to the fact that Russia produces about one-sixth as much petroleum as is produced in the entire United States.

Mr. GEORGE. Of course, when Russia gets into the picture, we are pretty nearly hopeless in this country. Ever since Russia came over and speculated in our wheat market and frightened the Farm Board as it did, all we have to do is to say "Russia" and everyone has stage fright.

Mr. SHEPPARD. My good friend from Georgia can not laugh the matter out of court in that way. It is too serious a proposition.

Mr. GORE. Mr. President, I did not quite understand the question of the Senator from Georgia.

Mr. GEORGE. The Senator from Texas had referred to the amount of taxes paid by the oil companies in this country. I asked if he knew how much taxes are paid by the foreign producers to their governments. The Senator from Texas said one did not pay any because it was a Government monopoly.

Mr. SHEPPARD. And that one country, Russia, is now producing nearly 175,000,000 barrels annually.

Mr. GORE. I am not able to speak of the figures of the gross production, but the gasoline tax is 8 cents a gallon in Venezuela.

Mr. SHEPPARD. I was not speaking of Venezuela. The information the Senator gives us, however, is most important.

Mr. GORE. I understood, but I thought that might indirectly answer the question of the Senator from Georgia. I desire to add that gasoline is retailed in Venezuela at 30 cents a gallon not including the tax, twice as high as in this country including the tax, which reinforces the suggestion of the Senator from Texas that monopoly benefits even in Venezuela.

Mr. SHEPPARD. I am delighted to have this information from the Senator from Oklahoma.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. SHEPPARD. I do.

Mr. LONG. As a matter of fact, the net price of gasoline, excluding the tax in America to-day, is around 7 cents a gallon. The net price of gasoline in Venezuela exclusive of taxes is about 30 cents per gallon. In other words, it sells for about four times as much in Venezuela, excluding the tax, as it sells for in America exclusive of taxes, notwithstanding the oil is produced at $1.03 per barrel less than it is produced for here.

If the Senator from Texas will permit, I want to read a few lines from the La Follette report on this monopoly that had to be guarded against in this country. I refer to the elder Robert M. La Follette, who investigated this matter and who, in the course of his report, said:

SUGGESTED REMEDIES

It would be useless in the closing days of this session to present a bill—which there is no time to consider, much less to pass—attempting to regulate the oil industry in any comprehensive manner. And the suggestions here made of certain remedies does not imply that other and more drastic ones may not later be found necessary.

It must be obvious from the facts set forth in this report that the business can not go on as at present organized and conducted. It is essential to the life of the industry and vital to the public also that neither the public nor the small independent producers and refiners shall be left as at present to the mercy of a combination which advances or depresses prices as it pleases. Unless some means can be found to prevent the manipulation of prices by the large companies, and particularly the Standard group, it is as certain as any future event can be that gasoline prices in the near future will be so advanced as to put gasoline beyond the reach of the public generally as a motor fuel.

I have not had time to review the entire report, but I would like to call the Senator's attention to the fact that in one part of the report it is pointed out that if the monopoly obtains here as it has in other countries it is probably going to mean that gasoline in America will cost 50 cents to a dollar a gallon. I think those exact figures probably are mentioned in this report.

Mr. SHEPPARD. I thank the Senator from Louisiana for his contribution. It is indeed significant.

Mr. GEORGE. May I inquire if there is an import tax on gasoline in Venezuela?

Mr. SHEPPARD. That I do not know.

Mr. LONG. No; there is not.

Mr. SHEPPARD. Mr. President, a tariff on petroleum will cause a larger use of domestic petroleum products and will incidentally enlarge the business of our merchant marine. In the coastwise traffic only ships of American registry may be used in transporting American fuel oil from tidewater nearest the oil fields to the consuming centers.

In my view, so many considerations of important, vital, and compelling nature unite in behalf of this proposition as to make its support a matter of logic, of justice, and of duty.

Mr. President, I have here three tables, Table No. 1 showing the United States production of crude and refined oil from 1920 to 1932, both inclusive, Table No. 2 showing the status of the petroleum industry for 1931, and Table No. 3 showing the world production of crude oil, all of which I ask may be inserted in the RECORD at this point as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The tables are as follows:

TABLE I.—*United States production of crude and refined oils from 1920 to 1932, both inclusive*

[Authorities: Bureau of the Census, Bureau of Mines, Bureau of Foreign and Domestic Commerce, Department of Commerce]

[Barrels]

Year	Jan. 1 stocks	Production	Imports	Supply	Domestic demand	Exports	Dec. 31 stocks
1920	196,135,000	453,861,000	108,794,000	758,790,000	456,465,000	77,279,000	225,046,000
1921	225,046,000	484,244,000	128,776,000	838,066,000	477,335,000	70,315,000	290,416,000
1922	290,416,000	571,263,000	135,947,000	997,626,000	533,078,000	70,702,000	393,846,000
1923	393,846,000	754,168,000	99,608,000	1,247,622,000	664,856,000	100,058,000	482,708,000
1924	482,708,000	738,378,000	94,534,000	1,315,620,000	680,123,000	115,207,000	520,290,000
1925	520,290,000	791,907,000	78,137,000	1,390,334,000	729,008,000	111,747,000	549,579,000
1926	549,579,000	805,291,000	81,284,000	1,436,154,000	780,985,000	129,029,000	526,140,000
1927	526,140,000	942,348,000	71,662,000	1,540,150,000	812,407,000	131,242,000	596,501,000
1928	596,501,000	946,609,000	91,167,000	1,634,277,000	869,206,000	145,120,000	619,951,000
1929	619,951,000	1,062,649,000	108,567,000	1,791,167,000	949,482,000	153,550,000	688,135,000
1930	688,135,000	953,331,000	105,618,000	1,747,084,000	924,356,000	156,499,000	666,229,000
1931	666,229,000	895,170,000	86,082,000	1,647,481,000	900,982,000	124,515,000	621,934,000

NOTE.—The stocks at the beginning of the year added to the production and imports give the supply for the year, and the domestic demand and exports deducted from that supply give the stocks on hand at the end of the year. Domestic demand represents the refinery run, or the crude oil delivered to the refineries and what refined oils were not consumed during the year is shown in the stocks.

TABLE II.—*United States petroleum statement—1931*

[Authorities: Bureau of Census, Bureau of Mines, Bureau of Foreign and Domestic Commerce, Department of Commerce]

(Barrels, crude and refined)

SUPPLY		
Stocks on hand Jan. 1:		
Crude oil	512,232,000	
Natural gasoline	3,100,000	
Refined products	150,897,000	
		666,229,000
Production:		
Crude oil	850,275,000	
Natural gasoline	42,966,000	
Benzol	1,929,000	
		895,170,000
Imports:		
Crude oil	47,250,000	
Refined products	38,832,000	
		86,082,000
Total supply		1,647,481,000
Daily averages:		
Production		2,453,000
Imports		235,000
Production and imports		2,688,000
DEMAND		
Domestic:		
Refinery run	894,608,000	
Crude, etc	6,374,000	
		900,982,000
Exports:		
Crude oil	25,546,000	
Refined products	98,969,000	
		124,515,000
Total demand		1,025,497,000
Stocks on hand Dec. 31:		
Crude oil	464,504,000	
Natural gasoline	2,818,000	
Refined products	154,662,000	
		621,984,000
Total supply		1,647,481,000
Daily averages:		
Refinery run		2,468,000
Exports		342,000
Total demand		2,810,000

TABLE III.—*World production of crude oil*

[Authorities: Bureau of the Census, Bureau of Mines, Bureau of Foreign and Domestic Commerce, Department of Commerce]

Nations	1900		1910		1920		1929		1930		1931	
	Barrels	Per cent	Barrels	Per cent	Barrels	Per cent	Barrels	Per cent	Barrels	Per cent	Barrels	Per cent
United States	63,621,000	43	209,557,000	66	442,929,000	66	1,007,323,000	68	898,011,000	63	850,275,000	62
Venezuela					60,000		137,472,000	9	136,669,000	10	118,770,000	9
Russia	75,780,000	50	70,337,000	22	25,430,000	4	99,507,000	7	125,555,000	9	161,900,000	12
Persia					12,230,000		42,145,000	3	45,828,000	3	44,300,000	3
Mexico			3,634,000	1	157,069,000	23	44,688,000	3	39,530,000	3	33,039,000	2
Netherlands	2,253,000	2	11,031,000	3	17,529,000	3	39,279,000	3	41,729,000	3	35,500,000	3
Rumania	1,629,000	1	9,724,000	2	7,435,000	1	34,758,000	2	41,624,000	3	47,600,000	3
Colombia							20,385,000	1	20,346,000	1	18,237,000	1
All others	5,580,000	4	22,222,000	6	23,385,000	3	46,888,000	5	48,298,000	5	50,572,000	5
Total	149,137,000		327,763,000		688,884,000		1,485,867,000		1,410,037,000		1,370,299,000	

Mr. CONNALLY. Mr. President, I wonder if we can not get a unanimous-consent agreement now for a time to vote.

Mr. TYDINGS. Mr. President, without speaking for anyone other than myself, if that is to be proposed I would suggest that the fair thing to do would be to get the absent Members of the Senate back into the Chamber to see if they want to enter into such an agreement.

Mr. CONNALLY. Very well; I will withhold the matter for the present.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, yesterday I presented data of the United States Department of Agriculture showing that in 1930 farmers lost an estimated total of $346,000,000 on their operations. In 1931 the price level was almost exactly one-half what it was in 1930, consequently the losses were much heavier.

In other recent statements, I have pointed out the enormous tax burden, the staggering load of indebtedness, the great number of foreclosures and forced sales of farms, and other distressing conditions under which agriculture has been and is now laboring.

We hear a great deal about the lack of prosperity in industry, and the first measure to be passed by this Congress and signed by the President made available $2,000,000,000, primarily for the relief of industry through the Reconstruction Finance Corporation, with only incidental and, of course, limited aid to agriculture through crop-production loans. Notwithstanding, Mr. President, and I call the attention of the Senate to the fact, industry has not suffered anywhere nearly as much as agriculture, nor does it need relief anything like as much as does agriculture.

According to a tabulation published in the March, 1932, issue of the Monthly Letter of the National City Bank, bakery corporations in 1931 made an average net profit of 11.3 per cent, food-product corporations made an average net profit of 6.9 per cent; tobacco corporations, 13.6 per cent; shoe corporations, 5.7 per cent; stockyards, 8.3 per cent; chain stores, 15.7 per cent. Yes, and the power industry's revenue in 1931 exceeded that of the boom year of 1929 by about 1½ per cent. So far as the chain stores were concerned, they made a larger profit in 1931 than in 1930, their profits averaging 15.7 per cent in 1931 compared to 14.8 per cent in 1930. All these corporations sell products produced on the farm, either in their raw state or in a manufactured form. The average net profit of the 900 industrial corporations in the year 1931 totaled $592,105,000, which on the basis of a net worth of $17,703,059,000 yielded an average net return of 3.3 per cent.

To cite a few specific examples of the enormous profits made by some of the middlemen between the farmer and the consumer: The American Tobacco Co. in 1931 had a total net profit of $46,189,741, which is said to be a record earning for the company. This net profit was shown after paying handsome salaries to their executives. It paid its president more than $1,000,000, of which $168,000 was salary and $850,000 was a cash bonus. The salary alone was more than double the salary of the President of the United States, but in addition he received a bonus of more than three-quarters of a million dollars.

The General Foods Corporation and subsidiary companies for the year ended December 31, 1931, had total net earnings of $18,153,719, according to its annual report. This is equivalent to $3.44 per share on 5,275,667 shares and almost equals the earnings in 1930 totaling $19,085,595. These earnings in 1931 were left after the company had set up a reserve of $1,000,000.

An analysis recently prepared by the Ontario Financial Corporation showed that in 1931, out of 250 leading American corporations 176 were still paying cash dividends, and the average yield of these 176 at market prices on October 5, 1931, was 11.3 per cent.

Think of it! One hundred seventy-six of our leading corporations earning an average net profit of 11.3 per cent after paying all expenses and handsome salaries, while the farmers of the country were not even able to obtain the cost of production.

These enormous earnings are in striking contrast with the distressing condition of the farmers, who have received prices far below the actual costs of production. In this connection I desire to call attention to the fact that while this large tobacco company was making a record net profit of more than $46,000,000 in 1931, after paying handsome salaries to their executives, the tobacco growers were receiving ruinous prices from these great corporations. I read at this point a paragraph from a recent report of the United States Department of Agriculture showing the average prices received for tobacco by the farmers. It shows what these great corporations paid the farmer for the 1930 and 1931 crops:

Auction-floor prices for the 1931–32 season for types wholly or partially marketed up to April 1, compared with prices for the 1930–31 season, in cents per pound, as follows: Flue cured, 8.5 and 12; Burley (Kentucky), 8.6 and 15; Virginia fire cured, 5 and 8.3; Clarksville-Hopkinsville fire cured, 3.1 and 6.9; one sucker (Kentucky), 3.1 and 7; Green River, 3.3 and 8.9; Virginia sun cured, 5.8 and 7.7.

Mr. President, I submit that companies making such lavish profits as these, after paying huge salaries to their executives, could have paid the farmers much higher prices for their product than they did pay and still earn reasonable returns. The farmer was told that he had produced too much, and that this was the reason why better prices could not be paid for his products, but these corporations do not apply similar logic in fixing their own prices to consumers. Instead of passing on the reduced prices to the consumers they actually increased prices.

Mr. President, these are but a few illustrations of the inequality of agriculture with other industries. They indicate the disadvantageous position which our farmers occupy in bargaining with great corporations and combinations that purchase their products, process them, and sell them to the consumers. They suggest also how the farmers' prices are pushed down to disastrously low levels while the consumers are charged prices far out of line with what the farmers receive.

Yet what has this Congress done to relieve this intolerable situation? Has it passed any measure or considered any measure to restore equality to agriculture, outside of measures for extending additional credit of one kind or another? Neither Agricultural Committee nor any other committee of this Congress has reported any constructive measure to cope with this situation. As a consequence to-day there is no such measure pending on the calendar of either House of this Congress.

Mr. President, the farmers of this country are beginning to believe that their elected representatives in Congress are either unwilling or are extremely dilatory in promoting their interests. They can not understand why a Congress, which is so willing to dispense billions of dollars of Federal money for the benefit of the railroads, the banks, and other great industries, and put aside all other legislation in order to speed through such relief measures for industry and commerce, can stay in session for five months and pass no remedy whatever for the relief of the basic industry of this country, when it is harder hit and in greater distress than any other important industry in this country.

Mr. President, I again assert agriculture must be rescued.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. NORRIS] to the amendment reported by the committee.

Mr. NORBECK obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from South Dakota yield for that purpose?

Mr. NORBECK. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Robinson, Ark.
Austin	Dickinson	Kendrick	Robinson, Ind.
Bailey	Dill	Keyes	Sheppard
Bankhead	Fess	King	Shipstead
Barbour	Fletcher	La Follette	Shortridge
Bingham	Frazier	Lewis	Smoot
Blaine	George	Long	Steiwer
Bratton	Glenn	McGill	Thomas, Idaho
Brookhart	Gore	McNary	Thomas, Okla.
Broussard	Hale	Metcalf	Townsend
Bulkley	Harrison	Moses	Trammell
Bulow	Hastings	Neely	Tydings
Capper	Hatfield	Norbeck	Vandenberg
Carey	Hayden	Norris	Wagner
Cohen	Howell	Nye	Walsh, Mass.
Connally	Hull	Oddie	Walsh, Mont.
Coolidge	Johnson	Pittman	Watson
Cutting	Jones	Reed	White

The PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present. The Senator from South Dakota [Mr. NORBECK] has the floor.

Mr. LONG. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from South Dakota yield to the Senator from Louisiana?

Mr. NORBECK. For a moment; yes.

Mr. LONG. If the Senator will pardon me, I will try not to prolong this. I wanted to see if we could get the agreement that the Senator from Texas [Mr. CONNALLY] asked about.

Mr. CONNALLY. The Senator from Oregon [Mr. MCNARY] is going to present the matter a little later.

Mr. LONG. Very well.

Mr. NORBECK. Mr. President, we have heard of the distress of people in the oil industry, and I do not question the correctness of that statement. I know they have not entirely escaped the depression. There is unemployment even in the big oil fields.

We hear at other times of the distress of the men in the lumber industry. One of them writes me and says, "If I could only get a tariff of a dollar a thousand, my trouble would be over. Why do you stand in the way?" I wrote and asked him whom he expected to pay that dollar extra to him.

Mr. President, when will we learn that a rule of economics that must be observed before we can make any progress is that you can not give anybody a dollar without taking it away from somebody else? It is proposed to bestow a gift upon certain people who are in need of jobs, or of a living, or of dividends, or of profits. Whom are we going to take it away from? That is a question that is never answered on this floor.

Why should the Senate of the United States indulge in the pastime of trying to lift itself by its boot straps? Why should we continue to assume that we could bestow a financial advantage upon one group without charging the expense to some other group? To-day we are faced with the same arguments as before. When will we recognize the absurdity of it?

American producers protest against the importation of oil from foreign lands. A little of it is imported, but we export more. We are not on a domestic basis, and nothing has been said about the fact that we have two or three years' supply in storage tanks. Nothing has been said about the fact that the oil business is a good deal like the wheat business just now. We have a tariff of 42 cents a bushel on wheat, and we have been pleading here for the last 8 or 10 years for some way to make the tariff effective.

I do not know whether this tariff on oil, if it should be enacted, would be effective; but it will be either effective or noneffective. If it is effective, then it will do just what is claimed for it; it will increase the price of the refined product. It will add a tax upon every home in the land. If it is noneffective, it will be used as an excuse for raising the price of gasoline and other oil products, and the tariff will be blamed for it, and this body will be charged with it, and these individual Senators will have to answer for it. We will have the increased price if we pass the bill whether the tariff is effective or noneffective.

My sympathy goes out to these men who work in the oil fields. I have been in this line of work myself. Two years ago I listened carefully to the proponents of this plan, and I came to the conclusion that the tariff would not be effective. It takes something more than a tariff to bring up the price of crude oil to a higher level. It takes additional legislation to make the tariff effective, and I do not think we can bring back prosperity until we have average earnings on the part of the average family.

When we are just going to put something more in one man's pocket at the expense of another man whose pocket is nearly empty, we just prolong the trouble and add to the difficulty.

There was complaint that oil came in from Venezuela, where it was produced much cheaper than here. I do not deny the statement; but the difference is not as great as we were told. We were told that we were competing with cheap labor down there, very cheap native labor; but when I asked what they were paying their drillers, they said, "$15 a day."

"Why?"

"They are American drillers."

"Are you paying them from the day they leave home?"

"Yes."

"Then, where does the cheapness come in?"

"Oh, it is partly in the extra labor they have around the rigs. That is very, very cheap; and it is partly in the casing that is used in the well, which is bought at a European price instead of an American price."

No emphasis is put on the fact that it is an inferior grade of oil, as a rule, that comes in.

The statement has been made here that oil is produced in the Central American countries at $1.03 a barrel less than in this country. I have been looking through the Tariff Commission report trying to find that statement somewhere, because I knew it was not correct. I think I have found the source of the statement, which is simply this: That a certain field in Central America has a production cost of $1.03 less than the average for the whole of the United States of America, which produces a different kind of oil. I suggest that we will have to go into the matter deeper to get comparative costs than to use those figures.

CONSERVE OUR NATURAL RESOURCES

We have a surplus of oil; and what should be done about it? We act as though there would be no end of it. We have a large amount now; but we forget that all of New England has no oil and never did have. We forget that the eastern fields, like those of Pennsylvania, that were famous 40 years ago for their oil production, are nearly dead now. We forget that wells that produced 1,000 barrels a day in Pennsylvania are not producing 4 gallons a day now. We forget that the famous fields of Ohio have practically gone dry, and that the wells of large production are now barely producing. They pump a few gallons out of them once a week. We forget that the same thing has taken place in Indiana, and that Indiana has gone down to almost no production. We forget that the same thing has taken place in Illinois, and that there is practically no oil production in Illinois. Those fields were famous 20 years ago. We forget that there has been a similar falling-off in West Virginia. We forget that the States of the Southeast have no substantial oil production. We forget that Iowa and Wisconsin and the Dakotas produce no oil. We forget that Nebraska has no oil and that very little of Kansas has oil. We forget that Wyoming, which even 10 years ago was rated as one of the great oil-producing States, has gone down to a distressing level, because it is approaching exhaustion. We forget that the oil production to-day in the United States comes from just a few spots Southwest. The wells are so strong that they are producing oil faster than we can use it. But why must it all be produced and used in this generation?

We have used up 75 per cent of our forests in one century. We have 25 per cent left for the centuries to come. Are we not going to be in even worse shape with oil in the near future? Is it not a good plan to leave some of our oil in the ground until this country needs it?

It is now claimed there is more orderly production than two years ago, that wells are no longer running wild, and that if orderly pro rata production can be maintained it will serve a good purpose. I agree to all that, but this plan has not yet proven effective. Only some States follow it. It is a prospect, or rather it is a hope, that something can be done through State law by the different States coordinating and limiting the production to consumptive demands.

NEW FARM RELIEF

This is a new kind of farm relief. The plea now is the farmer. Well, two years ago we enacted a farm relief bill, and it worked just as we said it was going to work. It relieved six farmers who were appointed on the board, and they got about $12,000 a year help—yes; one out of a million. What percentage does this one propose to relieve? It is all a question of what percentage of farms produce oil as compared to those that do not produce oil.

I have been searching the records hastily to find some record on that subject, and I have not been able to find it; but I can speak from knowledge and observation, and so can every Senator here. If you should travel 3,000 miles across the continent, and you passed over a strip of oil land 3 miles wide, the whole width of the continent, then one one-thousandth part would be oil. But you do not pass through any such strip. You pass through spots of oil. Certainly it is a very conservative statement that for every farmer who gets a royalty out of oil, nine hundred and ninety-nine must contribute. Therefore, we are relieving one at the expense of nine hundred and ninety-nine, and we call that farm relief!

What is the burden going to be? It is difficult, of course, to forecast what it is going to be; but no one here denies that if the tariff on oil is effective, there will have to be an increase of a cent a gallon in the price of gasoline. The best I can figure it is that it will be very conservative to say that that means $10 on every farmer in the land. It will cost the other farmers $10,000 to relieve one a little bit. Does that farmer get the $10,000? He gets only a very small part of it, of course. The promoter, the middleman, the big oil company, will get the bulk of it. So that is the way to have farm relief! Tax one thousand farmers for the benefit of one farmer, and then give 90 per cent of the tax to somebody else who is not a farmer! That is the kind of farm relief that is in this bill. [Laughter.]

We hear much about cutthroat competition in the oil business, unfortunately. That was the thing that was told me two years ago when I went into this problem—that if we could shut out Venezuelan oil, we would still be hopeful except for the fact that the wolves controlled a good part of the storage and the production here, and it was the Americans that were breaking the market; it was not the Venezuelans. It was the American oil companies that produced oil in Venezuela for the purpose, they said, of depressing the market here; and they said, "Protect us against them." On the other hand, they admitted that those same people have the American oil, and the tariff might not be effective. I said, "Why do you want the tariff?" They said, "Well, we can not think of anything else." That was the excuse.

When we take the chart of the Tariff Commission and find that practically two-thirds of the oil of the whole world is produced in the southwestern part of the United States of America, that those fields are new and virgin, they are not exhausted yet but probably will be in 20 years, then we have another problem.

Whom are we to protect against? We find that 20 per cent of the countries of the world produce some oil and do not export any. This tariff is not to protect against them. We produce nearly two-thirds. They produce over 20 per cent. But there are a few countries that produce a little over 15 per cent of the oil of the world that do not use quite all of their oil, and from those countries there is some

imported into this country—the oil that is supposed to create the problem.

I wish we could give everyone a fair wage and a fair earning power. I am one of those who do not think it is impossible. I think in this land of plenty, with such wonderful resources, with such an abundance of people willing to work, with such a hardy and thrifty race, and such an advanced stage of civilization, we have very little excuse for permitting this condition to exist. I look upon it as nothing but a lack of coordination.

There is no reason why we can not have a day's earnings for every person in the land who wants to work, but we can not have that condition by taxing nine hundred and ninety-nine farmers for the benfit of one farmer. We can not have that by the oil companies going out and levying tribute on the land, even though it will help the oil business, even though we want to help the oil business.

We are always told, "We will help you next time." We have been promised that ever since I came here, and that has been a long time. "We will help you next time." In the 1924 Republican convention, at Cleveland, we received the only definite promise we have ever received.

The promise was to restore equality between agriculture, industry, and labor. There are just two ways in which equality can be restored. One is by trying to get everyone up to a good American level, a good high standard. With our resources, we are entitled to live on a higher level than the rest of the world, and the question is whether our efforts should be in that direction or whether we should try to put some favored group upon a higher level.

I say that if we do that, we will fail. The only result will be to drag everybody down to an undesirable level; and if we follow that policy, the bottom has not been hit. We will drag everybody down until all find the same place, and then we will start rising slowly together.

Of course, the country is coming back; it is sure to come back. But it would come back more quickly, and the distress would be less if we could work out some policy that would lead at an early date to the average family having an average income. Nobody would lose by that.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the senior Senator from Nebraska [Mr. NORRIS] to the amendment of the committee.

Mr. SHEPPARD. I ask for the yeas and nays.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	Kean	Sheppard
Austin	Dill	Keyes	Shipstead
Barbour	Fess	King	Shortridge
Barkley	Frazier	La Follette	Smith
Bingham	George	Lewis	Smoot
Blaine	Glenn	Long	Steiwer
Bratton	Goldsborough	McGill	Thomas, Idaho
Brookhart	Gore	McNary	Thomas, Okla.
Broussard	Hale	Metcalf	Townsend
Bulkley	Harrison	Moses	Trammell
Bulow	Hastings	Neely	Tydings
Capper	Hatfield	Norbeck	Vandenberg
Carey	Hawes	Norris	Walcott
Cohen	Hayden	Nye	Walsh, Mass.
Connally	Hebert	Oddie	Walsh, Mont.
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	Wheeler
Couzens	Johnson	Robinson, Ark.	
Davis	Jones	Robinson, Ind.	

The PRESIDENT pro tempore. Seventy-four Senators having answered to their names, a quorum is present.

Mr. GEORGE. Mr. President, if anybody else wants to speak in behalf of the tariff on oil, I shall be very glad to yield to him because I can speak now or later just as well.

I am going to make one appeal to the leadership on the other side of the aisle. The responsibility for the retention of the tariffs into this tax bill must lie squarely upon the shoulders of the leaders of the majority party. There are Democrats who feel impelled, because of their conviction that a tariff upon oil, upon copper, and upon other products would be helpful and indeed, necessary for the preservation of the industries of their States and sections to ask, of course, for tariffs upon those products. But the responsibility for retaining these tariff items into the tax bill lies squarely—and must lie squarely—upon the shoulders of the administration leaders in the Senate.

Mr. WATSON. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield.

Mr. WATSON. I have no desire, of course, to inject a partisan controversy into this matter, but is it not a fact that when the tariff bill came over to us from the House of Representatives it had in it a tariff on oil and a tariff on coal?

Mr. GEORGE. That is a fact, Mr. President; but it is also a fact that some of the minority members of the Finance Committee undertook to exclude from the revenue bill all tariff items, and but for the consistent votes of the administration leaders, those items would have gone out of the bill.

Mr. SMOOT and Mr. LONG addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Georgia yield, and if so, to whom?

Mr. GEORGE. I yield first to the Senator from Utah, who rose first.

Mr. SMOOT. Is it not a fact that if the whole Democratic vote in the committee had been cast against those items, they would not have gone into the bill?

Mr. GEORGE. I said that there were some Democrats who, from conviction, and because they felt the necessity of protecting the interests of their States and their sections, were voting for these items.

Mr. SMOOT. And if it had not been for their votes the items could not have been included.

Mr. GEORGE. That is true. But the majority party has had it in its power at every moment since this bill came to the Senate to strike them from the bill. Now, if there is any leader of the administration who wishes to controvert that statement, I invite him to do so.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. LONG. Is it not a fact that the Speaker of the House of Representatives, a good Democrat, was one of the sponsors of the proposal for a tariff of 1 cent a gallon on oil?

Mr. GEORGE. I do not know about that; but I am not going to criticize or to comment upon what the House has done. We are not responsible for the actions of the House. We are responsible for our conduct here. We are responsible for the policies which we adopt. We do not control the House, and we do not assume to criticize House action.

Why oil and coal were inserted in the House is a matter upon which I do not care to comment here. It is a proper subject of comment, perhaps, but I have no such definite information as would enable me to comment upon it, nor have I any disposition to do so.

I come back to the proposition that upon the administration leadership in the Finance Committee must rest the responsibility for the injection of tariff items into the tax bill.

Mr. WATSON. Mr. President, will the Senator yield again?

Mr. GEORGE. I yield.

Mr. WATSON. Again disavowing any thought or purpose of arousing any partisan discussion in this matter, if my poll is correct, there are 18 Democrats for these tariff rates and 18 Republicans against them, as will be seen when the vote is taken, if I am correctly informed. So that, after all, our Democratic friends will help keep the tariff items in the bill if they are kept in it.

Mr. GEORGE. That may be true.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me?

Mr. GEORGE. I yield.

Mr. LA FOLLETTE. Is it not a fact that the place to have eliminated these tariffs was in the Committee on Finance, and that the votes cast by the Republican leadership sitting at the head of the table of the Finance Committee were the

votes which put the tariffs into the bill? The roll calls will demonstrate that fact.

I pleaded with the leadership on this side of the Chamber, because I predicted the very situation which has developed here, and which threatens to delay the pending tax bill, which the same gentlemen who have injected these tariff items into the bill have been bellowing to the country must be passed if we are to preserve the credit of the Government of the United States. We have all heard that hue and cry. But assuming that the Senator from Indiana is right, the votes of the gentlemen who sit at the head of the Finance Committee table on the Republican side were the votes which put these tariffs into the bill, and finally when we knocked them out they were the votes which put them back in. The most disgraceful kind of logrolling I ever witnessed in any committee of the Congress took place right across the table while the rolls were being called.

Mr. LONG. Mr. President, will the Senator from Georgia yield to me?

Mr. GEORGE. I am glad to yield.

Mr. LONG. I want to deny that to the Republican Party is due the credit for putting this tariff on oil into this bill. It is giving the Republican Party credit to which it is not entitled. I charge that Democrats were the originators of this tariff, the Democratic House, a Democratic committee in the House, Democratic statesmen, and a Democrat from the State of Texas, and I deny that the Republican Party is entitled to credit for it.

Mr. SMOOT. Mr. President——

Mr. GEORGE. I yield only for questions, not for speeches.

The PRESIDENT pro tempore. The Senator from Georgia yields only for a question.

Mr. GEORGE. I shall be glad to yield to the Senator from Utah.

Mr. SMOOT. All I wish to say in answer to the Senator from Wisconsin is that every one of the Senators who sat at the head of the table on the Republican side voted first, last, and all the time for the amendment. They never changed their idea at all and have not changed it upon the floor of the Senate.

Mr. GEORGE. I could not understand the Senator's last statement.

Mr. SMOOT. Did the Senator understand my first statement?

Mr. GEORGE. No; I did not.

Mr. SMOOT. I will state it again. In answer to the Senator from Wisconsin I will state that every Senator referred to by him who sat at the head of the table voted for this amendment first, last, and all the time. There was no change made at any time on any vote. So far as I am personally concerned, I am ready and willing to take the responsibility. I do not ask any one to excuse me in any way. I have no apology to offer. It is for a majority of the Senate of the United States to say whether the amendment shall remain in the bill.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Wisconsin?

Mr. GEORGE. I yield.

Mr. LA FOLLETTE. I do not wish to cut to pieces the argument of the Senator from Georgia.

Mr. GEORGE. I had not begun my argument.

Mr. LA FOLLETTE. I beg the Senator's pardon for having injected this matter at this time. I shall discuss it in my own time when I speak on the matter, but I just wish to say now that the records on the desk of the Senator from Mississippi [Mr. HARRISON] will show that two conservative Republican Senators from New England did switch their votes on the oil tariff after there had been an adjustment of it made across the table which justified the characterization which I made of it a few moments ago.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. GEORGE. Certainly.

Mr. HARRISON. Not only was there a switch on oil but there was a switch on copper and there was a switch on lumber, and I will clarify the situation with reference to that by reading the names as they appear in the record. I expect to do that before the debate is over.

Mr. GEORGE. Mr. President, the distinguished Senator from Louisiana [Mr. LONG] has tried to snatch this dubious glory for Democratic Senators. I am far from denying him any glory that he may get out of it or any Democrats of any glory that they may get out of it, but I am far from criticizing any individual Democrat for his position. I said in the beginning that there were Democrats, distinguished Members of this body, whose States were peculiarly affected by one or more of these industries and that they felt it necessary to protect such industries at this time; that they were convinced that there should be tariffs upon the products of these particular industries within their States and within the sections of the country represented by them. That is all true enough, and nothing that I now say, and nothing that I shall hereafter say is intended to be or can be rightfully construed as anything but a different viewpoint between honorable Members of this body over this economic question of tariffs.

Mr. SMOOT rose.

Mr. GEORGE. Let me finish my statement. While there were two or three of the Democrats who were convinced that they should ask for tariff duties upon particular products, the responsibility, of course, must rest where the distinguished Senator from Utah has admitted it to rest, upon the majority members of the committee, because they had it in their power—not only did they have it in their power but they were invited and had the opportunity, as the distinguished Senator from Wisconsin [Mr. LA FOLLETTE] has stated, to strike these particular duties out of the bill. They did not do so.

I yield now to the Senator from Utah.

Mr. SMOOT. Is it not true that whenever any tariff bill is under consideration in the Senate we find exactly the same situation? I can point to Senators on the other side who voted for protection when we had tariff bills before us. I do not want to mention names at all, but the Senators know.

Mr. GEORGE. That is quite true.

Mr. SMOOT. That is not new in this situation.

Mr. GEORGE. That is quite true. I am not talking about what happened in previous tariff bills. I am talking about what is happening now. The President of the United States has it within his power to eliminate these tariff duties if he is disposed to do so.

Mr. WATSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from Indiana?

Mr. GEORGE. Certainly.

Mr. WATSON. How would the President of the United States proceed to do that?

Mr. GEORGE. I think the President of the United States as the leader of his party could remind his party that the primary obligation of the Senate is to protect the credit of the United States.

Mr. WATSON. That he has said many times, and urged Congress to hasten in the discharge of their obligations.

Mr. GEORGE. If the Senator from Indiana, the distinguished leader, wishes to leave the implication that the President of the United States is not the responsible head of his party, then I accept the implication.

Mr. WATSON. The President of the United States is the leader of his party; but quite naturally the President of the United States does not see fit to thrust himself into every legislative situation that presents itself. I have had no discussion with the President of the United States as to whether the tariff rates should be left in or taken out of the bill, because I considered that was our business.

Furthermore, inasmuch as so many votes were taken on the question in the committee, and inasmuch as opinion here has been so thoroughly crystallized by private conversations, I assumed the President of the United States could not have changed any of the votes if he had wanted to; but it never occurred to me to ask him to have those

votes changed, because in reality under the conditions I did not want the votes changed.

Mr. GEORGE. I accept the implication, Mr. President, that the President of the United States has lost his influence as the leader of his own party. I am compelled to go further and say that he has lost influence with his party's leader in this body.

Mr. WATSON. I will say to the Senator that he has not tried to exert his influence over me on this question at all. I am very glad that he has not.

Mr. GEORGE. I am prepared to accept the Senator's statement that he has not undertaken to exert his influence.

Mr. SHORTRIDGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Georgia yield to the Senator from California?

Mr. GEORGE. Certainly.

Mr. SHORTRIDGE. This being a revenue measure, I assume we have a right to look to sources of additional revenue. From my point of view, neither the rate as reported by the Senate Finance Committee as to coal, as to oil, as to copper, or as to lumber, is a protective rate. I think, however, it would be a revenue-raising source for additional revenue, which the Government sadly needs. Now can not the distinguished, thoughtful Senator from Georgia and can not other perhaps equally thoughtful Democratic Members of this body go along and let these items remain in the bill as purely revenue-raising items; for, to repeat, personally I think they have no protective features at all. If I were urging a protection for coal or oil or copper or lumber, I should urge far greater duties that are in the bill as reported by the committee.

Mr. GEORGE. Yes; I am quite sure the Senator from California would, because the Senator from California is a consistent protectionist, and I am not quarreling with him about his philosophy.

Mr. SHORTRIDGE. Nor am I quarreling with the Senator from Georgia.

Mr. GEORGE. But I am inviting the Senator and all Senators to observe what has taken place.

Mr. SHORTRIDGE. Mr. President, will the Senator indulge me a moment longer?

Mr. GEORGE. Yes.

Mr. SHORTRIDGE. It has been said that this is a tariff item, and that it may not originate here in the Senate by way of amendment. A bill regulating immigration may yield some revenue; a bill concerning the disposal of our public lands may yield revenue; but they are not "bills for raising revenue" in the contemplation of the Constitution, and therefore they may originate here. So if we could agree, and I hope we may agree before 10 o'clock to-night—rising above party, remembering what a great Democratic statesman said, that he serves his party best who serves his country best—if we could remember and be influenced by that wise utterance and lay aside all partisanship; if we could agree as to these four items that they are purely revenue-raising items rather than protective in the sense of a protective tariff, could not the Senator join in letting these four items remain in the bill as revenue-raising items?

Mr. GEORGE. Let me invite the distinguished Senator from California to remember what a great Democrat said—that he who serves his country best serves his party best.

Mr. SHORTRIDGE. Truly.

Mr. GEORGE. And let me invite the majority Members of the Senate to lay aside these purely tariff items, whether they are altogether protective or in part revenue-producing measures, and let us finish the work before us. The Senator from California is most gracious in inviting us, who likewise have very definite and fixed convictions, to forego our objection and to allow coal and oil and copper and lumber to come into the bill under the rates proposed. But I am suggesting to him that he be quite as gracious as he invites us to be and himself waive his insistence upon the inclusion of these particular tariff items in the bill.

Mr. SHORTRIDGE. Mr. President, may I interrupt the Senator again?

Mr. GEORGE. I pause until the Senator responds.

Mr. SHORTRIDGE. I would not ask the Senator from Georgia or any other Senator of like mind to yield his views and his convictions as to the tariff problem. But this is the proposition, namely, that these items are not primarily "protective-tariff" items, according to my view; they are essentially and designedly revenue-raising items.

Mr. GEORGE. Upon that we differ; thus differing and both being conscientious, may I not again invite the distinguished Senator from California to lay these items aside and let us raise the revenue which the country so sorely needs?

Mr. SHORTRIDGE. I would gladly, but for this final thought. Holding as I do that these items are not protective, and that therefore we need not get into a controversy over the two great theories of tariff legislation, if we could agree that they are essentially revenue-raising measures and that the Government is in sad need of additional revenue—if we could so agree—then I venture to suggest—and to express the hope—that the Senator from Georgia and others of like mind will agree to this proposition, namely: We need revenue; these are not protective-tariff items, but they will raise revenue, and we are here seeking additional revenue. If we can so agree, why not let this and other revenue-raising items remain in the bill?

Mr. GEORGE. We are thoroughly agreed upon the statement that we are here to raise revenue; that the country sorely needs the revenue. The distinguished Senator conceives the tariff items in the bill as being purely revenue items, but there are those of us who differ from him on that proposition. So the situation has developed that we are now engaged in a tariff fight; and if any Senator here doubts it, let him rise and say so. It has come to that. Without any criticism of those who think that these items ought to be in the bill, and conceding that they may be right, there are those of us who do not think they should be in this bill, and we have reached an impasse. We have reached it not over any item that is undoubtedly a revenue item only, but we have reached it over these tariff matters.

Mr. SHORTRIDGE. Mr. President, may I just——

Mr. GEORGE. Let me finish this statement, and then I shall be glad to yield to the distinguished Senator, as I always am.

We have reached an impasse; it is plain and it is unmistakable. The distinguished leader of the Republican Party has gone out of the Chamber. He is content to leave the clear implication that the President of the United States is not in control of the majority party when we have reached an impasse upon so important an issue as providing revenue for the Government, when the Government's credit is at stake, because, forsooth, some of us wish to inject tariff matters into the bill, and some of us, let us say without any adequate justification and excuse, do not think they should be injected into the bill. Now I yield to the Senator from California.

Mr. SHORTRIDGE. Mr. President, a final word, though I am violating my promise in again interrupting the Senator. Take the item of oil. California is a great oil-producing State. In Kern County, in the town of Bakersfield, is published a newspaper which is known as the Bakersfield Californian. It is edited and published by Mr. Alfred Harrell, one of the finest citizens of these United States. He is a lifelong Democrat; he believes in the policies of the Democratic Party; he is a gentleman and a scholar. In a recent editorial in his paper, commenting upon the action of the Senate Committee on Finance in reducing the rate on oil of 1 cent a gallon, as fixed by the House, to one-half cent, he says, not abandoning his theories upon tariff legislation, that the rate even as fixed by the House, and certainly the rate as approved by our committee would be giving to the industry no protection whatever, not even a half loaf, and can only be supported upon the theory that it will at this juncture yield some revenue for the Government. I merely refer to this Democratic editorial to show that this friend of mine, a good Democrat, differs from the distinguished Senator from Georgia. It is urged that items of this kind may be considered in this bill and approved with-

out any stultification or abandonment of theory on the part of Members of the Congress or without any embarrassment before their several constituencies or before the entire American people.

I only rose to interrupt and to express the hope that thoughtful Senators might look upon these items as purely revenue-raising measures, and we would avoid controversy or discussion or difference of opinion touching the two great theories of tariff legislation; but, perhaps, I am indulging in a hope not to be realized.

Mr. GEORGE. Mr. President, I regret to say to the Senator that he is indulging in a hope that not one man in this country could have from the beginning thought it possible to realize. He is indulging in a hope that no Senator on this floor can safely indulge, because these are tariff items, and whether the rate be one that will produce revenue only, with an incidental protection, or whether the rate in a given instance be a protective rate, is a question over which we might differ. The distinguished Democrat to whom the Senator has referred I have no doubt is quite honest in his opinion; in fact, I have never questioned the sincerity of the oil producers as they have appeared here before our committee, and, as I have had the pleasure of talking to some of them about their industry and their problem, I have never questioned their sincerity or their absolute conviction that a tariff would be beneficial to the industry; but I must say to the Senator that I would not be willing for the distinguished Democrat on the west coast to assume my responsibility and write a duty which he wished to write affecting an industry in which he has an interest, direct or indirect.

His view of the matter is his view, and he has a right to it, but the obligation resting upon Senators here can be discharged only by themselves, and whoever is right and without regard to which side is in error, the condition in the Senate is clear and unmistakable. We have reached a conflict over tariff items in the tax bill, and the responsibility for those items rests upon the majority party.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

Mr. GEORGE. I yield to the Senator from California.

Mr. SHORTRIDGE. I ask whether the Senator thinks that we can or can not enter into some stipulation to vote at a given hour, giving the several Senators ample time to express their views?

Mr. GEORGE. I can only speak for myself. For myself, I would be willing to do so; but I want to say in all frankness to the Senator—I would be uncandid if I did not—that the fight on these tariff items has just begun.

Mr. SHORTRIDGE. Having participated in the tariff battle of 1930, I can realize what that means.

Mr. GEORGE. The fight has just begun upon the first amendment to the first item.

Mr. SHORTRIDGE. I was hoping, of course, that we would come to some agreement to the end of reaching a vote; of course, giving Senators ample time to express their views.

Mr. GEORGE. I should be glad to join the Senator in expressing that hope; but I do not think he ought to ask those of us here to lay down our convictions in relation to matters that we believe will adversely affect our constituents; and if the Senators believe that they must insist upon tariffs at this particular time and in this measure can not lay down their convictions, then we have simply come to the point where we must fight it out.

Mr. SHORTRIDGE. Of course, if Senators think that any rate suggested now in the bill would be hurtful to their constituents or to the Nation as a people, I would not ask any one of them to abandon his views or to cease to fight to defeat such measures.

Mr. GEORGE. The Senator does me very little honor, but I am sure it is unintentional, when he thinks that I would open my mouth to discuss a single item in this revenue bill if I did not believe that the interests of the country were really involved.

Mr. SHORTRIDGE. I meant no such implication. I was poorly expressing the thought that if Senators could agree that the tariff items were purely revenue measures and would do no more than raise revenue and not strike down or injuriously affect other industries in the Nation we might come to an agreement. But, of course, if my learned friend from Georgia thinks that the rates on any one of these items would be hurtful to Georgia, or to any other State in the Union, I would not ask him to abandon his views.

Mr. GEORGE. I am sure the Senator would not.

Mr. SHORTRIDGE. I would be the last man in this body to want to do such a thing.

Mr. GEORGE. That emphasizes the statement that I have repeatedly made that we have reached the point where we simply have to prolong this contest at an unhappy hour, but I am quite sure that I could wish that it was not before the Senate.

Mr. GLENN. Mr. President——

Mr. GEORGE. I yield to the Senator from Illinois.

Mr. GLENN. Observing the statement of the Senator from Georgia relative to the leadership with respect to the inclusion of tariff items in this bill and his statement that the responsibility must be accepted by the Republican Party, let me say that I think the Senator will agree that the vigorous, able, and persistent fight to incorporate in the bill these so-called tariff items has been led by members of his own party.

Mr. GEORGE. I said so.

Mr. GLENN. I think the Senator from Georgia will agree that the Senator from Oklahoma [Mr. THOMAS] has continued in this session the very able and intelligent fight which he made during the last Congress for a tariff upon oil; that both the distinguished Senators from Texas, Democrats of course, have occupied much of the time in their thorough discussion of this question and in arguments for a tariff on oil; that the vigorous and entertaining Senator from Louisiana, the leader of the Democratic Party in that State and Democratic national committeeman from Louisiana, has occupied much of the time in this discussion advocating this, the first of the so-called tariff items.

Mr. GEORGE. Exactly.

Mr. GLENN. Is it not true—and I do not want to take up much time——

Mr. GEORGE. I hope the Senator will not restrain himself.

Mr. GLENN. Is it not true that the situation is involved and mixed between Republicans and Democrats both in the Senate and in the House, with the Democratic Speaker of the House and the leader of his party leading the fight there in that body?

Mr. GEORGE. I hope the Senator will not discuss the House membership, because of our rules which forbid it.

Mr. GLENN. The Senator from Georgia was not so delicate about discussing the President of the United States a few moments ago. Why should we refrain from discussing the Speaker of the House? He is not a thin-skinned person who would be offended at all, and I assume that he is proud of the position he is taking now as a high-tariff advocate when the article which the tariff affects is a product of Texas. After all, does the Senator from Georgia believe that he can correctly place the responsibility for this tariff fight upon one party or the other? Are they not all either entitled to share in the glory or to be involved in the ignominy which may follow?

Mr. GEORGE. Mr. President, I should be glad to answer the Senator from Illinois. I do not undertake to place the responsibility for the tariff fight upon either party. That fight has been going on for quite a number of years. In the army on one side or the other frequently appear Republicans and Democrats, and one can not at any one time say that the whole of either party was on the one side or the other on the tariff controversy. The Senator is quite right in saying that the distinguished Senator from Oklahoma [Mr. THOMAS], now ably assisted by his colleague in this

body, the able junior Senator from Oklahoma [Mr. GORE], has been most active in the effort to obtain a tariff on oil.

Mr. GLENN. Mr. President——

Mr. GEORGE. Let me answer the Senator first.

Mr. GLENN. I merely wish to say——

Mr. GEORGE. Let me answer the Senator. He is quite right in saying that the distinguished Senator from Texas [Mr. CONNALLY] has been quite active in undertaking to secure protection upon oil, and he has referred to the delightful and distinguished Senator from Louisiana, who has also been very active in an effort to procure what he believes to be an adequate, fair, and just tariff upon oil. The Senator from Louisiana, however, is not the President of the United States, nor is he a member of the majority party. The distinguished Senators from Oklahoma and from Texas are not members of the majority party in this body.

Mr. GLENN. That was the only interruption I desired to make. I did not refer to the junior Senator from Oklahoma a moment ago because I was not in the Chamber when he spoke. I did not intend to ignore him.

Mr. GEORGE. I am sure the Senator is correct in his statement; but I did not feel at liberty to pass over the junior Senator from Oklahoma because he is an able advocate, with his colleague, of the duty upon this commodity.

Mr. WATSON. Mr. President——

Mr. GEORGE. I yield to the Senator from Indiana.

Mr. WATSON. So far as the party's attitude in this matter is concerned, speaking for myself, I have no desire to escape the responsibility, so far as I had influence, for inserting these items in this bill. I am a protectionist.

Mr. GEORGE. Oh, I never said that the Senator had attempted to escape it.

Mr. WATSON. Not only that, but the Republican Party is a protective-tariff party. It has not been anything else, and if it is not that, it is not anything.

Mr. GEORGE. I have said nothing at all to the contrary.

Mr. WATSON. I understand. Furthermore, I had very much rather be responsible for inserting these items in a tariff bill than for delaying the passage of this bill, because I regard it as essential that this bill shall be passed promptly.

Mr. GEORGE. So do I. I think the Senator is quite right about it.

Mr. WATSON. We should pass the appropriation bills promptly.

Mr. GEORGE. We are in thorough agreement on that.

Mr. WATSON. There is no doubt about that. The Senator and I agree about it.

Mr. GEORGE. All that I have said is that the responsibility for the delay, and the responsibility for the failure to pass this bill promptly, must rest upon the shoulders of the majority party, because we have reached a stage in the consideration of this bill where we are at odds over these tariff items in the bill; that is all.

Mr. GLENN. Mr. President, will the Senator yield a moment further?

Mr. GEORGE. I shall be glad to yield to the Senator from Illinois.

Mr. GLENN. I wish to announce that the colloquy between the Senator and myself was not intended to indicate my opposition to the view of the Senator from Georgia relative to the advisability of inserting these items in this revenue bill. I think there is great weight in the position which the Senator from Georgia takes relative to that. I may be with him when the vote comes on this matter.

Mr. GEORGE. I am sure that I did not understand that the Senator has approved the insertion of the tariff items in the bill.

Now, Mr. President, I take it that it is important to direct our attention to the consideration of this revenue bill. I take it that it is important to balance the Federal Budget. I take it that every Senator here desires to cooperate to that end. I take it that every advocate of every protective duty is honest and sincere in his conviction that the particular industries should receive consideration at this time. But it is absolutely clear that there are Senators in the body who also believe it to be their duty to resist these tariff items in the bill. That is all there is to that discussion. The responsibility rests somewhere; and if it does not rest upon the majority party, where can it rest?

I am quite sure that my colleagues on this side who believe they should insist upon these items in this bill are willing to take their share of the responsibility; but they are not of the majority party. Not one of them is the President of the United States. Not one of them has it in his power to bring this matter to an end, because if they did, they would long since have persuaded us, with their very able arguments, that we were wrong, that they were entitled to the protection asked, and we would have done the gracious thing that the distinguished junior Senator from California [Mr. SHORTRIDGE] has asked us to do, to wit, supinely surrender our convictions in order to give to the President of the United States and to the majority party the privilege of including in a revenue act whatever tariff items they wish.

Mr. WATSON. Mr. President, the Senator is so eminently fair always that I know he wants to be fair in this instance.

Mr. GEORGE. I certainly do.

Mr. WATSON. The Ways and Means Committee has a clear majority of Democratic members. That is the committee where tariffs originate. There is not a solitary Republican from an oil-producing State on that committee. They put the tariff on oil in that committee. They put the tariff on coal in that committee. The bill came over to the Senate with those two items in it. We had to deal with them; and all that the Republicans did, with the help of some of my Democratic friends on the other side, was to insert copper and lumber in the bill.

Mr. GEORGE. I suppose, then, the Senator's position is that we must accept whatever the House sends us; that if they put in an item on oil or on coal we must accept it.

Mr. WATSON. No; but the Senator says that the Republican Party is solely responsible for the insertion of these items in this bill.

Mr. GEORGE. Let me strike out "insertion" and insert in lieu of it "retention in this bill," if the objection is verbal.

Mr. WATSON. Then let us get at the fact. The bill came over with those two items in it. It came to our committee; and if it had not been for Democratic votes in that committee they could have been stricken out.

Mr. GEORGE. How many Democrats voted for them?

Mr. WATSON. That depends on the item. I do not like to mention names on the floor of the Senate.

Mr. GEORGE. I do not like to mention names, and that is the reason why I have not read the roll call here; but the Senator says that if it had not been for Democratic votes the items would have been stricken out. I say that if it had not been for the votes of the majority party they would have been stricken out.

Mr. WATSON. Why, of course.

Mr. GEORGE. If you had recognized the right of the Democrats themselves to have controlled these items they would have been out of the bill. The Senator does not dispute that, does he?

Mr. WATSON. Why, not at all. The Republicans could have stricken them out of the bill.

Mr. GEORGE. No; I want to put it the other way. If the Republicans had not voted for those items, and had left it to the Democrats, they would have been out, would they not?

Mr. WATSON. That is quite true. If the Republicans had gone out and left the committee and left it to the Democrats they would have voted them out.

Mr. GEORGE. Then I have stated that the Republican Party must assume the responsibility for retaining the items in the bill. That is all I have said.

Mr. WATSON. If the Senator wants to put it that way, I am entirely willing to take the responsibility for helping to keep them in.

Mr. GEORGE. I so understood the Senator. I understood that. The Senator from Utah [Mr. SMOOT] took exactly the same position. There ought not to be any controversy about it, and there is not any controversy between the Senator from Utah and myself.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. GEORGE. Yes; I yield.

Mr. SMOOT. I just wanted to make a correction of a statement that I made, having forgotten the last vote that was taken when the change was made; and I had in mind also the statement which the Senator made about who was at the head of the table. The Senator remembers what happened; and I want to state that there were two Republicans who made the change in the last votes that were taken.

Mr. GEORGE. I am glad to have the Senator make the statement. I do not think I referred to the head of the table. I think that was another Senator who spoke in my time and by my permission.

Mr. SMOOT. It was the senior Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. GEORGE. Now, Mr. President, I want to address myself briefly to the tariff items in this bill.

The first is—

Crude petroleum, one-half cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, one-half cent per gallon.

There is your basic rate.

Gasoline or other motor fuel, 2½ cents per gallon—

A purely protective rate. Indeed, Mr. President, it is a compensatory rate. It is confessedly a compensatory tariff rate in this bill.

Lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound; natural asphalt and asphalt and bitumen derived from petroleum, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

There is a complete oil schedule, with compensatory duties inserted into that schedule.

Now let us consider briefly the other items:

Coal:

Coal of all sizes, grades, and classifications, coke manufactured therefrom; and coal or coke briquettes, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, and shall not be imposed upon any such article if during the preceding calendar year the exports of the articles described in this paragraph from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of the articles described in this paragraph.

(6) Lumber, rough, or planed or dressed on one or more sides, $3 per thousand feet, board measure.

Translated into an ad valorem duty, it is a duty of considerable size. Not only is that true, but lumber already bears a duty. This is an additional duty, a duty upon lumber which escaped the description in the Smoot-Hawley Act. It is a pure tariff measure. It does not partake at all of the character or nature of a revenue tax.

But the tax on the articles described in this paragraph—

That is to say, lumber—

shall apply only with respect to the importation of such articles.

Copper:

Copper-bearing ores and concentrates and articles provided for—

I ask the Senate to note this—

in paragraph 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the tariff act of 1930, 4 cents per pound on the copper contained therein: *Provided*, That no tax under this paragraph shall be imposed on copper in any of the foregoing which is lost in metallurgical processes. All articles dutiable under the tariff act of 1930, not provided for heretofore in this paragraph, in which copper (including copper in alloys) is the component material of chief value, 3 cents per pound. All articles dutiable under the tariff act of 1930, not provided for heretofore in this paragraph, containing 4 per cent or more of copper by weight, 3 per cent ad valorem or three-fourths of 1 cent per pound, whichever is the lower. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. The Secretary is authorized to prescribe all necessary regulations for the enforcement of the provisions of this paragraph.

Mr. President, without enumerating all of the articles, some 65 specific articles containing copper are given protection, as I now recall, under the Smoot-Hawley Act. That is to say, this is not only a tariff upon copper, upon ore, but it is a compensatory tariff carried to 65 copper products, or articles composed in part of copper.

It will be noted that there is a tax of 4 cents a pound imposed on copper and of 3 cents a pound upon the articles of which copper is a component or chief part. Copper has sold within the week in New York for less than 6 cents a pound. If my recollection is correct, it has sold for around 5 cents per pound. Yet here is a duty, a revenue duty, if you please, of 4 cents a pound, or an ad valorem rate of 80 per cent, placed in a tax bill and paraded before the public as a pure revenue-producing tariff.

I congratulate the Senator from Indiana [Mr. WATSON], I congratulate the Senator from Utah [Mr. SMOOT] upon their frank and candid statement that these rates are protective rates. They can be denounced as none other, they can be defended as none other, and I congratulate the Senators upon their candor.

There may be some dispute as to whether or not the rate upon oil is protective; but when we look at the whole oil schedule inserted in this tax bill, it must be openly confessed that it is a protective measure; and, conceding full faith to any Senator who believes in the protective theory or even high protection, others must concede like good faith to those of us who believe that the time has come when for the sake and salvation of the country we must insist upon reasonable tariffs, we must insist upon some check in tariff making when the world is lying prostrate upon its back with no chance of recovery unless governments exercise a fair degree of discretion and restraint. We must not be asked to lie down and surrender our convictions while others reserve unto themselves the right to insist upon tariff items—protective-tariff items with rates equivalent to 80 per cent ad valorem upon one of the products protected by this bill.

Mr. President, I do not hope to convert anyone. When the Smoot-Hawley bill was ready to be submitted to the President of the United States, literally more than a thousand economists made an earnest appeal to the President to veto that bill. I dare say that so large a group of economists never before agreed upon any one proposition in the history of the world. Literally more than a thousand addressed an earnest appeal to the President of the United States to disapprove that measure. They represented all shades of political thought. They were not all Democrats or all Republicans. It has been my belief that the President of the United States would have preferred not to give his approval to that bill, but he did approve it, and he declared that he was happy to approve it; therefore, of course, his statement must be taken as true. But the point is that one thousand and one economists addressed an earnest appeal to the President. They warned him that that tariff act would destroy the trade and commerce of this country. They warned him that that tariff act would constitute an insuperable obstruction in the channels of world trade and commerce. But a country gone mad on the protective theory would not listen to that solemn warning.

What has happened? During the first three months of this year our international trade declined more than 68 per cent as compared with the first three months of 1929.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER (Mr. AUSTIN in the chair). Does the Senator from Georgia yield to the Senator from Utah?

Mr. GEORGE. I yield.

Mr. SMOOT. That did not come about from the amount of goods imported into the United States.

Mr. GEORGE. I do not think the Senator and myself can agree wholly upon that.

Mr. SMOOT. I have here——

Mr. GEORGE. I do not care to have the Senator put into the RECORD now the table or other matter he has in his hand. I will be glad for him to put it in a little later.

I understand that there was a decline in commodity prices, but I also know that the Department of Commerce is authority for the statement that our exports, as well as our imports, have declined, although the exports do not show the same percentage of decline. I think that is what the Senator wished to say.

Mr. SMOOT. No; that is not what I wished to say. I wanted to call the Senator's attention to the fact that we had collected in 1932, from customs, up to day before yesterday, $301,604,687.58. Up to the same day in the year 1931 we had collected only $336,892,003.69. So, as far as our importations are concerned, the Senator can see that there is a difference of between 10 and 11 per cent in the amounts we have collected, notwithstanding the decrease in the value of goods shipped from foreign countries into the United States.

Mr. GEORGE. The Senator is comparing the figures of to-day with the figures of 1931.

Mr. SMOOT. Yes.

Mr. GEORGE. After the tariff act had done its work. I was comparing the foreign commerce of this country in 1929 with the corresponding months of 1932.

Mr. SMOOT. Of course, the commerce of the world has decreased.

Mr. GEORGE. Exactly; yes.

Mr. SMOOT. The values of all commodities have decreased.

Mr. GEORGE. Exactly. I had no objection to the Senator putting his figures in; but he is comparing corresponding months in 1931 with 1932, when the Smoot-Hawley Tariff Act had done its disastrous work. I am comparing the 1929 months with the 1932 months. There has been a continuous decline, even through 1931 and 1932, in both our exports and our imports.

I am quite well aware of the fact that there has been a general dislocation of trade and commerce throughout the world. That is one of the things the economists told us would happen. That is one of the things we were advised would happen. But that is a thing which the group devoted to exceedingly high tariff duties refused, and persistently refused, to see.

It was inevitable. The great country we are, with our great production, with our great trade and commerce, could not become stagnant without affecting the balance of the world. Nor could we hope to escape the responsibility for our own leadership, at least leadership by precept, by example, of the other nations of the world.

When we were considering the Smoot-Hawley Act we called upon the State Department to advise us what protests had been received from foreign countries. The State Department responded. The response was very disheartening. But my distinguished friend from Utah and the other leaders on the other side who believe as he does in high protection, reminds us that similar threats were always made, and that we ought not to yield to them; but that, on the contrary, we ought to resent them, and they actually turned the great volume of protests into an argument in favor of the high rates in the bill.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. SMOOT. I do not know whether the Senator was a Member of the Senate in 1909 or not.

Mr. GEORGE. No; I was not.

Mr. SMOOT. I begin with 1909, because that was when I became a member of the Committee on Finance. Not only did the foreign countries protest at that time but they asked that their representatives be allowed to appear before the committee, and the committee went so far as to allow the foreign countries' representatives to come before the Finance Committee in person. It is nothing new for a foreign country to protest against a tariff rate. There has never been a revenue bill considered—and I think I might say a tariff bill—but that foreign nations have protested, and they will protest as long as there is any kind of a tariff barrier against their countries.

Mr. GEORGE. I think the Senator is perhaps correct, especially when those tariffs are unreasonable and unnecessarily burdensome.

Mr. SMOOT. Let us go to 1913. That is when the Democrats were in power.

Mr. GEORGE. The Senator is going back beyond my day; but I am willing to accept his recollection about it.

Mr. SMOOT. There is no question, whether it was 1913, in a tariff made by the Democratic Party, or at some other time when other tariff bills were passed by the Republicans, but that foreign countries protested against the duties imposed.

Let us take Italy, for example. The Senator knows what protests there were from Italy against the tariff on olive oil, and I think that the duty on olive oil that was agreed to was too high, and so does the Senator think so.

Mr. GEORGE. I certainly do.

Mr. MOSES. Mr. President, may I add that we are not guiltless in the matter, because we have just been making protests to the Government of France against the quotas which they sought to impose upon certain imports of American origin.

Mr. GEORGE. The Senator is quite right. Not only are tariffs offensive to other nations when they become burdensome upon the commerce and trade of those nations, but quota restrictions and the licensing system, both of which devices have had remarkable growth and development even since the enactment of the Smoot-Hawley Act, give offense to nations, and we have protested against certain of the quotas fixed by France.

Mr. President, it is exactly these constantly arising tariff walls all about the world, these constantly multiplying protests from all of the producing and commercial countries of the world, that ought to give us at least warning that the course which we and other nations are disposed to follow at this time with reference to customs laws should be very carefully examined and that assuredly somebody must be expected to examine them whenever they are presented in a legislative body, and therefore they ought not to be presented in a bill of the vital importance of this particular measure.

Mr. SMOOT. Mr. President, that I shall not discuss with the Senator; but I wanted to say this to the Senator now, if he will yield.

Mr. GEORGE. I yield to the Senator.

Mr. SMOOT. When the Smoot-Hawley bill was under consideration the protests that were received from foreign countries were just the same as have always been received against any tariff bill here. I suppose Australia made the strongest protest and in the most bitter words. When we came to look into their tariff, taking it as a whole it was higher than the one we were adopting.

Mr. GEORGE. The Senator means now?

Mr. SMOOT. No; at the time the bill was under consideration.

Mr. GEORGE. The Senator will admit that it is very much higher now?

Mr. SMOOT. I think they have increased, as all other countries have increased.

Mr. GEORGE. The Senator will also admit, while speaking of Australia, that they have given a great preference to products from England and Canada and against us?

Mr. SMOOT. Yes.

Mr. GEORGE. For instance, the duty on automobile chassis from Canadian factories—but American factories, nevertheless—into Australia is only 15 per cent, while the duty on the same article made by the same manufacturer in a United States factory is 32 per cent, as I recall the duties.

Mr. SMOOT. That has been the policy all the time in the past. The Senator knows that Australia, being so closely connected with England, has always given England the advantage.

Mr. GEORGE. No; the Senator is wrong. When we passed the Smoot-Hawley Act we did not have this great preference against us on our products. It was subsequent to that when Australia granted present preferential rates to British products.

Mr. SMOOT. She may have increased them slightly, but it has always been——

Mr. GEORGE. The Senator can not get away from it. Let me tell him again what happened. Australia gave to Ford chassis made in a foreign Ford factory a right to go into Australia upon the payment of a 15 per cent duty, but she collected on an identical Ford part 32 per cent as import duty into Australia if it was made in the United States. She raised her duty on American lumber and gave a $5 per thousand feet preference against American lumber, as I now recall the preference. Is there any wonder that our trade and commerce with Australia vanished overnight?

Mr. SMOOT. Of course, it has not vanished.

Mr. GEORGE. Virtually it has vanished.

Mr. SMOOT. She carried out her policy from the beginning and always will carry it out. England will always have an advantage so far as Australia is concerned. She always has had and I do not know of any reason why she should not have, because Australia is virtually under the control of England.

Mr. GEORGE. It gets us nowhere to dispute about the facts, but if the Senator will refresh his recollection he will see that these discriminatory differentials went into effect against us after the passage of the Smoot-Hawley Act, and yet we sit here and wonder what has happened to our commerce.

Mr. MOSES. Mr. President——

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from New Hampshire?

Mr. GEORGE. Certainly.

Mr. MOSES. For the first time in the course of this discussion a partisan note has been sounded, much to my regret, coming as it does from the high-minded and judicially temperamental Senator from Georgia. At the risk of violating some confidences, I am informed that there are votes enough here to keep the oil duty in the bill. That being the case we are immediately confronted with the task of reviewing all of the schedule and we shall have, to begin with, 500 typewritten amendments which now rest upon the desk of the Senator from Maryland [Mr. TYDINGS].

I have just inquired of the Senator from Maryland whether in those amendments he has one reducing the existing duties upon kaolin and high-grade clays, and I am assured by the Senator from Maryland that there is such an amendment to be proposed by him. I assume the Senator from Georgia will join the Senator from Maryland and me in supporting that amendment, inasmuch as the whole tariff list is now open to us.

Mr. GEORGE. I shall certainly join in a proportionate cut in all the tariff duties. It is a crude way of doing it, but it is a better way than not doing it at all in the face of the world crisis we now face.

Mr. MOSES. I rejoice at the conversion of the Senator from Georgia since the days we were discussing these duties when the Smoot-Hawley bill was under consideration here.

Mr. GEORGE. Let me refresh the recollection of the Senator from New Hampshire. When we were discussing the Smoot-Hawley bill, for the purpose of punishing me and trying to deter me from making an honest fight to reduce many of these exorbitant rates, the Republican Members of the Finance Committee said, "We will reduce the duty upon a product down there in his State." I did not ask for an increase. I said then what I say now, if the Senator wants to accuse me of injecting a partisan note into this matter. I said then what I now say, that I will join him and his party in making a horizontal cut in every one of the tariff duties.

Mr. MOSES. I am sure the Senator is mistaken. However, as the thing goes on we shall see what the record will develop.

Mr. GEORGE. Exactly. If there is proposed a cut of 25 per cent on all your duties, although I confess that is a crude way to make tariffs, I will go with it. I said in the debate in 1929 and 1930 on kaolin, although it was singled out as one product in my State which received actual benefit from the tariff, that if you made a corresponding reduction in the duties upon products in New England and elsewhere, I would vote even for that cut.

Mr. MOSES. We had to take our reduction in New England anyway.

Mr. GEORGE. I have not injected a partisan note into this controversy. I have said that the responsibility for the injection of these tariff items, which always have been controverted between members of the two parties, must rest upon the majority party in the Senate.

Mr. MOSES. That was an assertion that was not backed up by anything the Senator said or by any of the facts. The Senator knows perfectly well that in the House——

Mr. GEORGE. I did not say anything about the House. I declined to discuss it. I said the retention of tariff duties in this bill was due to the vote of the majority members, and the Senator from Utah has admitted it, and the Senator from Indiana [Mr. WATSON] has admitted it. It remains for the Senator from New Hampshire to say I had injected a partisan note into this question.

Mr. MOSES. I can find no other explanation for the opening sentence of the speech of the Senator from Georgia when he accused the Republicans of having brought the tariff question before the Senate. As a matter of fact, it was thrust upon us by whom? By what took place somewhere else—inasmuch as we may not refer to the House of Representatives. What took place somewhere else brought the thing here.

Mr. GEORGE. I have not injected a partisan note. I tried to detail the facts as they are. The roll calls are here. I do not want to read them.

Mr. MOSES. They will be read before the debate is finished, I am sure.

Mr. GEORGE. No doubt they will be. If to voice my honest conviction, if to stand here and make a fight I believe I am justified in making is partisanship, I am willing to assume that responsibility.

Mr. MOSES. I understand, and so does everyone else, that the Senator from Georgia is a sincere partisan. So am I. On the particular question now under discussion in the Senate I stand with the Senator from Georgia. I stand against this general proposition which he described so vehemently. I stand with him particularly on the amendment now under discussion. But I object bitterly to having the matter described in any sense as partisan, because it is bipartisan, just as every aspect of a tariff bill is bipartisan. General Hancock stated the entire truth when he said that the tariff is a local issue, and each one of us votes as he does because we want to satisfy our respective constituencies. The Senator from Georgia voted for duties on kaolin and clay. I voted for duties on textiles. Why? Because we try to represent the States, respectively, of Georgia and New Hampshire. We were simply performing our duties as Senators in taking that stand.

Mr. LONG. Mr. President, will the Senator permit me to ask a question just at this juncture?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. GEORGE. Very well.

Mr. LONG. I would like to attract the attention of the Senator from New Hampshire. May I have the attention of the Senator from New Hampshire?

Mr. MOSES. I always give attention to the Senator from Louisiana.

Mr. LONG. As I understand it, the Senator from New Hampshire and the Senator from Georgia have no misgivings whatever in joining their Democratic and Republican hands to get tariffs on articles of their respective States. Are they now willing to join hands to keep the State of Louisiana from getting a tariff on what we have in our State?

Mr. MOSES. But Louisiana does not have a duty on oil as yet.

Mr. LONG. That is what I say. The Senator from Georgia and the Senator from New Hampshire have no trouble in joining their Republican and Democratic hands to get duties on the products of their States.

Mr. MOSES. To keep the duties we already have.

Mr. LONG. Are the Senator from New Hampshire and the Senator from Georgia going to join hands, after they have gotten a tariff on their products in New Hampshire and Georgia, to keep the State of Louisiana from having a tariff on what we have down there in our State? Is that a fair position for even a partisan Democrat or a partisan Republican to take?

Mr. MOSES. I can not answer for the Senator from Georgia, but I do not intend to relinquish anything the State of New Hampshire has if I can help it.

Mr. LONG. Is not that a wonderful partisan spirit on the part of a Democrat and a Republican to obtain a tariff for themselves and refuse it for somebody else?

Mr. MOSES. This matter is not partisan. It is economic.

Mr. GEORGE. Mr. President, I am attempting to discuss the question on its merits, since it is a tariff question. As to where the blame lies the country will be able to judge. Senators need not be mistaken about that. There will certainly be a reaction in the country as to where the blame is to rest for continuing this tariff fight, when it has developed into a tariff controversy.

Since it is a tariff matter, I propose to discuss, as best I can and as briefly as I can, what I believe to be its merits. As partisan as I am, I am not disposed to discuss this particular question from the standpoint of the man who disbelieves in all protection or from the standpoint of the man who believes in a tariff for revenue only; but I propose as best I can to discuss the question in the light of the facts as they exist at this time and in view of the extreme height to which we have carried our protective measures in this country, and particularly in view of the extreme height to which tariff protection has risen in other countries, other important producing and distributing countries of the globe.

I want to read the language of a distinguished cotton merchant. By common consent he is regarded as one of the greatest cotton merchants in the world. I dare say he is one of the best minds in the world. I quote:

> There are in the world two distinct schools of economic thought relating to commerce. One school, which may be termed "the protective school," seeks to control prices by artificial means. The methods commonly resorted to are agreements among producers for maintaning prices, for limiting production, for withholding supplies from the market, etc. This group is also quick to appeal to the Government for help through tariff legislation; and, in the case of agricultural products, by so-called stabilization operations with Government money and through compulsory reduction of acreage by statute. The philosophy of this school is that the operation of the law of supply and demand can be substantially modified and prices satisfactorily regulated by artificial means of restricting production, withholding supplies, or sewing up the markets.
>
> The other school of economic thought, which may be termed "the free school," holds to the belief that there are certain immutable natural laws underlying all economic activity which defy man's selfish efforts to secure an advantage for his particular activity at the expense of those engaged in other activities. This school recognizes that such efforts may momentarily appear to succeed, but holds that the very forces which generate temporary success are silently but ceaselessly and surely operating for eventual failure, if not disaster. Those engaged in the production of and distribution of raw cotton have always belonged to this school.
>
> During and since the Great War—

And this is the particular part that I wish to press upon the attention of the Senate—

> During and since the Great War, and largely as the result of the war, the protective school of thought gained almost complete ascendancy in commercial and political circles throughout the world. In consequence, the whole economic fabric was gravely weakened by having become saturated with artificiality to the point of refusal, and is now giving way under the stress and strain of the application of powerful forces which are making their way back to the natural and the normal.
>
> It is indeed a world crisis, as stupid and as inevitable, perhaps, as was the Great War. Looking back upon the events of the past 15 years, one wonders how any great people could have crowded so many major economic blunders into such a short space of time as we have done in the United States.
>
> Some sort of economic crisis would doubtless have followed the Great War in any case, but that it has been enormously intensified and prolonged by our own mistakes can not be intelligently questioned.

I am reading, Mr. President, the language of Mr. W. L. Clayton, a gentleman who has been honored with the confidence of the President of the United States, if press reports have accurately reflected the situation. It is not a question of high protection or tariffs for revenue nor of low tariffs, but it is a question of reasonable tariffs. It is a vital question that affects not only the prosperity of our own country but affects as well the prosperity of other countries, indeed, of the world.

We have not been the only sinner; it is unnecessary to say that we have been the chief offender; but it is proper to say that our example has had a definite and powerful influence on the building up of high tariff rates in every important country in the world. I need not refer to statistics, I need not make reference to the decline in foreign trade and commerce.

I did not mean to get into any controversy with the Senator from Utah by making casual reference to that matter; but it is proper for us to face the facts and to determine whether or not we are going to get out of this situation by a continuance of the policy that in a large measure has induced retaliatory action upon the part of other governments; that has simply honeycombed the nations of the earth with these protective barriers against each other, of course affecting our own commerce as well.

The distressing surpluses of raw and of manufactured products are to be found not in one country alone but in many countries. Trade and commerce can not flow in an even way in their accustomed channels when these obstructions continue to be piled one after another into the channels of trade and commerce. It seems to me that the high protectionist and the free trader alike or the low tariffists alike might certainly agree upon a general policy of reasonable rates of duty, of reasonable tariffs, in a sincere effort again to set in motion the flow of commerce between the nations. It seems to me that it is vital that we do so. Even if a given proposed tariff may within itself be defended as reasonable, I submit that at this time, in view of our experience in 1929 and 1930, and in view of the present attitude of the world toward us and of the several nations toward each other with respect to the matter of trade and commerce, we can not with safety propose any tariff that will not be taken either as an excuse or be acted on as a threat toward the trade and commerce of other countries. That is my position and that is what I wish to show.

Now, let me read from a news dispatch:

> Latins organizing union against us because of tariff. Peru and Chile already are near accord. Others are expected to join. Reprisals being prepared. Congress at Lima has bill for 300 per cent duty on imports from here ready for passage.

This is a special cable to the New York Times under date of May 12. I will not read the article but will ask that it may be inserted in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

LATINS ORGANIZING UNION AGAINST US BECAUSE OF TARIFF—PERU AND CHILE ALREADY ARE NEAR ACCORD—OTHERS ARE EXPECTED TO JOIN—REPRISALS BEING PREPARED—CONGRESS AT LIMA HAS BILL FOR 300 PER CENT DUTY ON IMPORTS FROM HERE READY FOR PASSAGE

LIMA, May 12.—The leading republics of Latin America have begun diplomatic negotiations looking toward the formation of a Latin American customs union for united defense and concerted reprisals against the United States tariff policy, according to Foreign Minister Alberto Freundt Rosell to-day.

Mexico, Peru, Chile, and other republics have been exchanging views for some time. Peru and Chile have almost reached an agreement concerning the measures they will take together, and it is expected that Argentina and others will enter this agreement. He said:

"We are engaged in a frank, open struggle with the United States Congress," he explained. "Passage of the proposed duty on copper would mean absolute ruin to Peru and Chile. We have no

alternative but to take concerted action in defense not only of our interests but of our very existence.

"The proposed duty on copper would cause the immediate closing of the Cerro de Pasco Co., throwing between 10,000 and 12,000 men out of work, followed by the paralyzation of the Central Railroad of Peru, isolating the interior from the capital and decreasing by 30 per cent Peru's customs revenues.

"We have instructed our ambassador in Washington to fight to the last ditch, have appealed to the Pan American Union in Washington for assistance, and are pushing diplomatic negotiations for a union of the Latin American republics to present a united front against the United States."

Argentina invited South American republics to form a customs union for defense against the United States several years ago, when Congress increased the duties on agricultural products. The negotiations failed largely because Peru and Chile were not interested at that time, as the increased tariffs did not affect metals. Peru and Chile are now taking the initiative and hope Argentina will join, because the reasons which impelled Argentina to take the initiative in the previous effort still exist.

A bill is pending in the Peruvian Congress for the levy of an import duty of 300 per cent on all imports from the United States. Action has been suspended pending the outcome of Peru's diplomatic efforts in Washington, but Doctor Freundt said the bill would be enacted and enforced if the copper duty is authorized, and intimated that Chile was preparing similar action as part of the agreement for common defense.

Peru's average annual imports from 1927 to 1930 totaled $144,000,000, of which 32 per cent came from the United States.

Doctor Freundt has invited South American diplomatic representatives to meet Monday afternoon to consider united action against communistic organizations.

Mr. GEORGE. Now, let us concede that Chile and Peru are wholly without justification for the action which they propose to take, assuming this article to speak the truth; let us assume that nothing that is proposed in this revenue act can afford any justification for such retaliatory action upon the part of either Chile or Peru; we must at any rate recognize the fact. It is obvious that our neighbors to the south of us on this hemisphere have so interpreted and are so interpreting the proposed tariff rates in this bill.

Now, let me read from a statement made by the Acting Secretary of State in the absence of the Secretary of State. I read this afternoon this statement from Mr. Castle, in a letter addressed to the Hon. CHARLES R. CRISP, Representative in Congress from my own district and acting chairman of the Committee on Ways and Means of the House, the letter being printed on the 17th of this month:

At the session of the Constituent Assembly (of Peru) of April 27, 1932, several congressmen spoke of the serious situation which would occur in Peru should the United States Government apply a duty on copper imported into the United States.

Mr. José Manuel Tirado stated that, should this measure be adopted, Peru should retaliate at once by increasing its customs duties on United States products, principally on merchandise made from cotton.

The Acting Secretary of State inclosed to the Ways and Means Committee extracts of the debate which occurred. I ask, Mr. President, that the extracts of the debate which the Acting Secretary inclosed, appearing on page 265 of the hearings, may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

At the session of the Constituent Assembly of April 27, 1932, several congressman spoke of the serious situation which would occur in Peru should the United States Government apply a duty on copper imported into the United States.

Mr. José Manuel Tirado stated that should this measure be adopted, Peru should retaliate at once by increasing its customs duties on United States' products, principally on merchandise made from cotton.

Congressman Domingo Sotil went further in his denunciation of the contemplated action of the United States Government in connection with the copper tax. He stated at this session, and also at the session of April 26, that the proposed duty on copper would spell death to the national mining industry, leaving 60,000 men without employment, thereby increasing misery in Peru. He added that the 2 cents per pound duty on lead closed the United States market to Peruvian lead; the low price for silver has virtually eliminated the local production of silver; the proposed duty on copper makes it indispensable to register the protest of Peru and to adopt rigorous retaliatory customs measures, and consequently Peru's reprisals should include an increase of 300 per cent ad valorem on articles brought in from the United States.

Congressman Armando Montes requested the Constituent Assembly to send notes to the Ministers of Finance and Foreign Affairs, to inform the Assembly of the measures that they have already taken in connection with this grave situation, and the policy that they contemplate following in order to counteract the crisis that is in the offing. That assembly sent the notes as requested. Doctor Montes gives a brief summary of the benefits which (a large American) copper company has provided for Peru and its economic development. He refers to the immediate and unprecedented crisis which will follow in Peru if the proposed import duty on copper is applied by the United States; he also shows how the closing down of the (copper) plant will * * * seriously affect government revenues; in short, it will affect directly a population of 90,000 and indirectly many others. Doctor Montes believes it to be urgent for the Foreign Office to take energetic steps to present a united front against the proposed copper duty on the part of Latin American countries which would be affected by the proposed duty. (Dispatch from American Embassy, Lima, dated April 29, 1932.)

The President of the Congress presented a resolution yesterday calling upon the Executive to confer with all Latin American countries which may be affected by the proposed American duties on copper and petroleum with a view to holding a Latin American conference for the purpose of suggesting identic retaliatory measures by the various countries affected should these duties be put into effect. * * * There is general resentment and even consternation here at the possibility of a 4-cent duty on copper for it would effectually ruin the largest mining unit in Peru, * * *, American-owned. (Telegram from American Embassy, Lima, dated May 11, 1932.)

Mr. GEORGE. I read only the memorandum submitted by the Acting Secretary:

The Chilean Government—

Going now to the Chilean Government—

1. The Chilean Government has noticed the action of a group made up of Senators and several governors of States of the Union in petitioning the President of the United States for the placing of an import duty on copper.

2. This action has caused serious anxiety in governmental and commercial circles in Chile on account of the crisis now affecting the entire world, and especially the economic life of Chile, the principal export products of which are in a condition of almost complete paralyzation.

3. Large sums of American capital are invested in the Chilean copper industry, and a duty on the importation of Chilean copper into the United States will affect such investments in equal degree with the economic life of Chile.

4. Attention is desired to be called to the above facts at this time in order that they may be at hand for reference when the question of a duty upon the imports of copper into the United States must be finally decided.

Appearing in this report of the hearings is a lengthy letter from Mr. Castle to the acting chairman of the Ways and Means Committee to the same general tenor and effect.

Now, Mr. President, I wish to quote briefly from the Montreal Gazette of May 9, 1932, as I understand similar articles appeared throughout the Canadian press.

BRITISH COLUMBIA MAY DEMAND RETALIATORY TAX—WOULD ASK DUTY ON NICKEL AND ASBESTOS WHICH UNITED STATES MUST IMPORT

VICTORIA, May 8.—Possibility that British Columbia would seek retaliatory tariff measures if the United States imposed prohibitive duties on coal, copper, and lumber imports was seen here yesterday when Attorney General R. H. Pooley, acting Premier, intimated such a program was under consideration.

The proposed tariffs before the United States Congress include a $3 per 1,000 feet impost on lumber and duties on coal and copper, which would make export of these commodities from Canada to the United States almost impossible.

If these tariff increases go into effect, Acting Premier Pooley intimated, British Columbia would ask the Dominion Government to impose an export duty on nickel and asbestos—two commodities which the United States must import—and an import duty of $5 per ton on all coal entering Canada. In addition, the British Columbia government, acting within its own jurisdiction, would probably impose an individual inspection fee on all citrus fruits, apples, and vegetables imported into the Province.

Mr. Pooley said British Columbia has been a large importer of United States crude oil, fruits, and to some extent vegetables, while the country to the south imports its raw nickel and asbestos to a large extent from Canada.

Another commodity upon which recommendation may be made to Ottawa is crude petroleum, Canada imported, according to the 1930 figures, petroleum valued at $35,861,000 and gasoline worth $18,868,000.

Crude oil is the chief competitor of British Columbia coal in its home market. The suggestion has been advanced that, in the event of embargo being placed on Canadian coal, the Dominion apply a general tariff that would effectually shut out the United States product and enter into "favored nations" treaty arrangements with South American countries producing crude petroleum.

Premier S. F. Tolmie has gone to Ottawa and any representations necessary will be made through him direct to the Dominion Government with a request that action be taken by the Federal Parliament this present session.

From our State Department, under date of May 11, comes a copy of a telegram from our representative at Ottawa. I will not read it all, but the significant portion of it is this:

Order in council, May 9, authorizes the Minister of Mines, through the Dominion Fuel Board, to assist maritime coal to compete in Quebec and Ontario with imported coal by following subventions—

Thereafter enumerating a list of subsidies granted to Canadian coal in competition with imported coal, which, of course, will operate as effectively as a direct embargo upon American coal shipments into Canada. Yet we are told that all this is mere idle talk upon the part of other nations. We are warned that all this is a mere idle threat; that nothing will be done to our trade and commerce, in the face of the disastrous and retaliatory duties that have been imposed, quotas that have been imposed, and licensing systems that have been resorted to by other nations.

We can not criticize them. The only point is, Mr. President, that we seem to have forgotten that we do not have a monopoly upon tariff making in the United States. We seem to be in the attitude of the man who believes that he can lift himself out of this depression by his bootstraps; that we can live off our own fat, so to speak, and erect an embargo wall about our borders and keep out any article or commodity which competes in any way with anything produced in the United States.

Senators on this floor and men everywhere during this period when we have become tariff mad say, "What is the importance of 7 or 10 per cent of our foreign commerce? How does it compare in importance to the 90 per cent or the 93 per cent of the commerce and trade in the home market?"

No one would minimize the value of the home market. No one will for a moment minimize the importance of the market we have here for the great volume of our production, both raw and manufactured; but it is an unfortunate fact that all products and commodities are not so slightly dependent upon the foreign market. Let us consider this matter just for a moment. I wish the Senators representing and asking for these duties on this side, as well as those who proposed to vote with them on the other side, would approach the problem in an open-minded way just for a little while.

Six out of every 10 bales of our cotton, or 6 out of every 11 bales, at least, must be exported. More than 50 per cent of the products of the cotton farm must be exported and sold into the foreign market. There are more than 2,000,000 farm families engaged in raising cotton in the United States. Roughly, there are more than 10,000,000 Americans who are engaged directly in the production of cotton. Another 10,000,000, and even more, are directly dependent upon the cotton industry.

The only thing that the tariff can do for the cotton producer—the only thing it ever has done for the cotton producer—has been to increase the price of everything he must buy and use and to circumscribe and limit the purchasing power of every market in the world for his product. You say, "Does he not get the advantage of the home market?" Not at all. His cotton is sold in Liverpool, in Bombay, in any part of the earth, for precisely the same price at which it is sold at the mill in Carolina or in any port in the United States. The world price controls, freights and ocean-carriage charges alone being taken into account.

What has been the result? More than 20,000,000 cotton farmers—more than 20,000,000 American citizens—have had their purchasing power reduced and reduced again since 1920—reduced to the vanishing point. American manufacturers have lost their market with these 20,000,000 purchasers; and American manufacturers, despite the short-sighted view of partisanship, whether in my party or in the other, never will get back their market until the American farmer has had restored to him his purchasing power.

You say it is unfortunate that more than 2,000,000 of American farmers are raising cotton, a world commodity. Sixty per cent of each crop must be sold in the foreign market. "Let them go to something else." Let them go to what? Let them go to wheat, and the wheat farmers of Oklahoma and of all the Western wheat-growing States will have their problems multiplied. Drive them out of cotton production, and you drive them into the army of the unemployed, or you drive them into competition with other agricultural producers.

It is no answer to the plea of these people that the tariff has never done but two things to them: Run up the price of what they must buy and cripple and destroy the market into which they must sell their raw products. And you think I will be deterred from standing here on this floor by the charge of partisanship, when I raise my voice in behalf of more than 20,000,000 of my people, in order that oil may have a tariff and that lumber may have a tariff and that copper may have a tariff, and that even coal may have a tariff?

Coming again to the coal question, with Canada already taking steps to impose a $5 duty upon our coal as soon as this bill which imposes a $2 duty upon Canadian imports into the United States goes into effect, let me cite some of the facts. I do not hope to convince any man who is intent upon getting a special privilege for an industry without regard to how it affects the common welfare of the American people; but what are the facts?

Hard coal exported by the United States to Canada in 1929 was 3,376,000 tons, or 99.2 per cent of all of our exports of hard coal. In 1930 it was 2,532,000 tons, or 99.2 per cent of all of our exports. In 1931 our exports to Canada amounted to 99.7 per cent of our exports of hard coal, and to some less tonnage, but still a considerable tonnage.

Our exports of soft coal to Canada in 1929 amounted to 14,645,000 tons, or 84 per cent of our exports of soft coal. In 1930 they amounted to 13,000,000 tons plus, or 85.7 per cent of our exports of soft coal. In 1931 they amounted to 10,631,000 tons, or 87.7 per cent of our exports of soft coal in that year.

The exports of coke to Canada run approximately in the same general figures.

Now, I invite attention to the imports into the United States of hard coal and of soft coal.

Imports of hard coal into the United States for the year 1930 from the United Kingdom were 411,000 tons. Soft coal is not given. Perhaps there was no importation from the United Kingdom. I am not sure.

Canada: Hard-coal imports, 6,000 tons; soft coal, 180,000 tons. While Canadian exports generally of hard coal amounted to 2,532,000 tons, only 6,000 tons came into the United States, and while Canadian exports of soft coal generally amounted to 13,603,000 tons, only 180,000 tons came into the United States.

Mr. President, roughly speaking, we export to Canada about 16 tons of coal to every 1 ton of both hard and soft coal imported from Canada; and yet here is the unmistakable evidence that the Canadian Government proposes a duty of $5 a ton on the 16 tons imported from the United States in retaliation for the $2 per ton that we propose to impose upon the 1 ton imported from Canada.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. DAVIS. Is there not a tariff of 75 cents a ton now on American coal going into Canada?

Mr. GEORGE. I think there is a tariff, placed in the last act.

Mr. DAVIS. And, if I remember correctly, the Canadian Government now is giving a subvention of 20 cents a ton to its coal-producing people.

Mr. GEORGE. Exactly. The Senator is quite right.

Mr. DAVIS. And the Canadian Government is granting three-eighths of a cent a mile on freight rates to encourage the coal operators in the western end to bring the coal on to the eastern market and to encourage the eastern coal to come to the central Canadian market.

Mr. GEORGE. The Senator is quite right; and before he came in I read a cablegram, a copy of which has been furnished by our State Department, in which attention is called to the fact that the order in council to which the Senator refers has been abrogated and higher subventions already

ordered since the House sent over this bill carrying a duty on coal.

Mr. DAVIS. Are they not doing that more because of the high cost of production of coal in the Nova Scotia mines? We can produce coal for from about $1.10 to $1.80, and in the Nova Scotia mines it costs $4 a ton to get it to the tipple for transportation.

Mr. GEORGE. The Senator was not in the Chamber when I read the statement of the British Columbia premier in which he definitely suggested an import duty of $5 per ton on all coal entering Canada and other duties upon other American products.

Mr. DAVIS. All coal from the United States?

Mr. GEORGE. From the United States; yes. And he does not put it upon a cost basis; he puts it squarely where it belongs, upon the fear, at least, that we are about to exclude Canada from our own markets.

Mr. DAVIS. My understanding is that the subvention is granted for the purpose of saving whole communities in Canada because of the high cost of production of coal. In other words, if Canada does not give the market of its own coal to its own people it means the wiping out of certain coal communities in Nova Scotia.

Mr. GEORGE. The Senator's understanding may be correct, but I do not care to repeat what I have read at length from the acting Premier. He points to the proposed duties and makes his recommendations for increased rates.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. COSTIGAN. Was any effort made before the Finance Committee to establish that the proposed tax on coal equalizes the difference in the costs of production of coal in the United States and in Canada?

Mr. GEORGE. No; I will say to the Senator from Colorado that no effort was made during my presence in the Finance Committee to that end, and I have not had my attention called to any such effort.

Mr. President, wholly aside from the question of whether or not the duties which we propose are justified, wholly aside from the question as to whether or not those duties are fair or just, waiving all those questions aside, I think it must be accepted by fair-minded men that our tariff policy is at this moment operating as the tariff act of 1930 operated, as a danger signal, as a fire bell in the night. Indeed, Mr. President, to change the figure, it is not too much to say that, in so far as we can do so, we are about to deliver a body blow to our international trade and commerce, for this reason. We are now giving offense to our neighbor to the north of us in an acute fashion. We are giving offense to our neighbors to the south of us with respect to matters in which they have a vital interest. We are now reoffending, within the short space of two years, our neighbors upon this hemisphere. We are alienating the good opinion and good will of our neighboring States.

Can we do that with impunity? Can we continue the policy? What is the justification? What is the reason or the logic? Is it not time, when men want duties upon anything, that they address themselves to the manner in which the general welfare of the country is to be affected by those duties? We have lost sight of that. We have adopted the formula—"the difference between the cost of production in the United States and in the foreign countries." We are holding to the letter of the law. We are trampling under foot the whole spirit of tariff legislation. Ever the letter killeth. The spirit alone giveth life.

Mr. COSTIGAN. Will the Senator yield further?

Mr. GEORGE. I yield.

Mr. COSTIGAN. May I state to the eloquent Senator from Georgia that one of the just complaints against the practical application of the so-called flexible provisions in the tariff law is that we are not even adhering to the letter of the law?

Mr. GEORGE. The distinguished Senator is quite right, and he has voiced that opinion in the Finance Committee and elsewhere with great force.

Every industry in the United States now believes that it has justified a tariff when it can come to the Congress and show to the Congress that the cost of producing is greater here than is the cost in some foreign producing country, utterly ignoring the broader, wider question of how the destiny of the American people is to be affected by it.

Can you not see that when everybody has been granted special privileges, we will be just where we started? Can you not see that you have condemned to economic servitude or slavery 20,000,000 American people who are engaged in raising cotton, who can not receive, who never have received, a single penny out of tariff rates, but who have borne the burden of the tariff system in the double fashion that I have already indicated?

Can you not be reasonable? Can you not say, "Even though we believe in protection, we recognize the right of other Americans to live, and recognize the right of other citizens to at least have bread and meat?"

In the face of this the distinguished Senator from New Hampshire [Mr. MOSES] thinks that he will deter me by the charge that I have injected a partisan note into this debate. I am justified if I put it upon the narrow ground that I would defeat the whole tax bill before you shall pile this additional burden upon a people already overburdened. But I do not do that. I merely attempt to direct my appeal to the sense of justice and reason of my fellow Senators in this body.

If there ever was a righteous cause, if there ever was a time when a band of Senators might stand here and say—and might be assured that ultimately public opinion would justify them—"You can have your tax bill, and we will help you get it, but you must choose between the tax bill and these protective duties you wish to place upon our people," this is the time, when you have been reducing year by year the purchasing power of more than 2,000,000 American families engaged in growing cotton, reducing it year by year and in a definite measure by tariffs, until the purchasing power of those producers virtually disappeared from the picture, and an equal number of people directly dependent upon the cotton-producing population in the small villages and towns of the South.

Now you propose to put a tax upon lubricating oil, to put a tax upon fuel oil, and to put a tax upon gasoline. You do not stop there. You propose to put a tax of $2 per short ton upon the asphalt which paves the highways and streets of those same cotton farmers, as well as all other citizens of the United States, because the oil industry is sick, because the copper industry is sick; and it may well be admitted that they are sick, but they will be far sicker if the visionless program of raising tariffs every time an industry finds itself in difficulty is pursued.

It is said we must maintain the standard of labor. Anyone who will read the debates when the tariff policy was originally proposed will find that the tariff came not to raise wages in the United States but it came because the wages were too high, at that time, at least, to permit the growth of industry, and therefore industry had to be given some advantage. Let it have a fair advantage where it needs it. But let the advantage be reasonable; let the protective duty given be reasonable and just, fairly adjusted to those who can not come within the circle of the protected industries.

Can not that be done? Assuredly it can be done. It should be done now if we were not so obsessed with the idea that we must remedy all unhappy conditions, which in one moment we are told are due to world conditions, by increased tariffs. The next moment we are reminded that our tariffs alone are responsible for whatever degree of prosperity we have in the United States.

Let us suppose that the oil industry is sick. I have studied the oil question, I have given it fair and careful study. The oil people have made out an overwhelming case of monopoly upon the part of certain producers, a monopoly which ought to be prosecuted. Yet the distinguished senior Senator from Pennsylvania [Mr. REED], a Senator whom I admire greatly,

who certainly is not unfriendly to one of these giant monopolies, voted for this tariff duty in the Committee on Finance.

Be advised that when you have written your tariff it will be the instrument with which these great companies will literally sever your bodies from your souls. If they have a monopoly, as the oil people have persuaded me they have, be advised that this tariff will not rob them of that monopoly, and be advised that the monopolist can use your instrumentality more directly and effectively against you than you will ever be able to use it against him.

As for copper, the copper people—and I must say it in candor—seemed to me to make out a better case for tariff protection than any other one of these particular applicants who have besought the aid of the Finance Committee and who now beseech the aid of the Senate. I do not think that a tariff will be very greatly helpful to the copper industry, but it does seem to me that its case is stronger upon the facts.

As for the coal industry, the tariff will be of no help whatsoever, except possibly to one or two or at most a few producers in the State of Pennsylvania who sell their coal on the New England coast. I may even be wrong about that.

As for lumber, my own people still have the remnants of once magnificent forests. They have depleted those forests, destroyed those natural resources, in the hope that they might overcome in some measure the frightful handicap that a tariff-mad country has been pleased to put upon them in the name of patriotism and common good. I have sympathy for them; surely I have.

I have sympathy for the copper producers. There is a copper mine in the northwest corner of my own State. I know the industry is suffering. I have sympathy for the oil producers, though my State has no oil. I know that they are suffering, especially the independent producers. I have no doubt that the corresponding loss of the large producers of petroleum products has likewise been great, maybe as great in point of percentages as the losses of the small producer. I have no doubt that the coal people are in distress—I know that they are. I shall be glad to help them.

But not a single advocate of these rates, not one, has stood on this floor and said that these rates would promote the general welfare of the people of the United States. Not a single voice has been raised on this floor, even in assertion that the benefits derived from the duty would outweigh the burdens placed by the tariff, if granted, upon all the people of the United States. That is the test and the only fair test of whether a tariff should be granted upon any product at any time. It is not whether it costs me more to make my cotton or whether it costs me more to manufacture lumber, or whatnot, than some competitor in some foreign country. It is whether or not, if I am given a special favor, and that is what it is, if I am given the special protection of the Government, that nevertheless the contribution to the general welfare, though the direct benefit flows to me, will outweigh the general loss to the whole people. Upon that basis tariffs have been and may again be justified.

But look for a moment into that same section of the country where these 20,000,000 cotton farmers live. I invite any man to rise now and say how in any respect a producer of raw cotton has been benefited by the tariff. He has borne two direct burdens which I have pointed out and which all men know. But in the same territory where these cotton farmers live, we have cities upon the seaboard. God gave them the advantages and imposed upon them the disadvantages of water-front life. These cities have no water power. These cities must depend upon fuel oil to light their streets and to light their homes and to furnish the motive power for all of the industries within their borders. Have I not the right to say that this additional burden ought not to be imposed in order to give a special grant to oil producers? Whatever degree of suffering they may be now enduring, it is not comparable to the suffering which the cotton farmers have endured since 1920. Why, I ask, is it not proper for me or for any other Senator to ask the Senate and to ask the country to weigh the advantage to the whole people and to weigh the corresponding cost or disadvantage to the people of the United States when Senators are asked to vote these duties upon these necessities of life?

I know that some of the oil-producing States likewise produce cotton. They are fortunate in having a variety of products. They are, of course, to be congratulated because of the diversity of products within their borders. But is that any reason why any man should forget the great burden that we are asked to place upon a large population that has neither oil nor copper nor coal nor any other important product that can be effectively protected? A great population must go on raising cotton for the time being at any rate or march out into the army of the unemployed or go into competition with the wheat growers or become competitors of the dairying interests of the Northwest. Is there any line of industry that can absorb 5,000,000 cotton growers at this hour? Is there any agricultural pursuit that can welcome 5,000,000 additional producers within its ranks? If not, we have a right to invite Senators to consider these things before voting these duties.

Mr. President, the truth is that interests in this country want the law to extend the arm with the itching palm further into the depleted pockets of a despoiled and outraged people, indifferent to what may be done to one-sixth of our people, if only they can have what they want. Some of your constituents are my constituents, and they have appealed to me. They have addressed very definite requests, not to say commands in some instances, that I shall support some of these duties.

I appreciate their distress, but I can not comply because I know, as the distinguished Senator from South Dakota [Mr. NORBECK] said, that it is proposed to tax 999 farmers for the benefit of 1 farmer when you impose the oil and other duties that are contained in the bill. I have heard no finer expression of common sense since I became a Member of the Senate than the speech of the distinguished Senator from South Dakota [Mr. NORBECK] in opposition to these tariff duties a little more than two hours ago. He believes in protection.

But that is not the question. The question is whether we will now continue the policy which has contributed to our present unhappy condition and had its influence upon like action in other countries of the world.

I do not know how long it may be before we learn it, but we must learn that we have not a monopoly of tariff making, that we can not offend the countries which lie to the south of us and north of us in this hemisphere and give offense to all European countries with whom we have been accustomed to trade and yet hope for the prosperity that we all long to see return in the United States. I do not know how long before we will learn it, but until we learn it there will be no general recovery. We may resort to artificial means; but until the purchasing power of large groups of our fellow citizens in agriculture has been at least partially restored, American manufacturers will not find their own home market restored to them.

Mr. President, I do not wish to detain the Senate longer. I wish to close with the statement that if we are to continue this policy this revenue bill with every item retained in it will not balance the Budget. The Budget can not be balanced by any taxing provision now in the bill if we do not give American business an opportunity to come back; and if it is going to be strangled and stifled, the Budget will remain unbalanced. Again, if every tariff item in this bill, in whatever degree, may be justified upon the facts, Senators ought not to insist upon writing them in the bill when it has become unquestionably true that some of us at least feel that we are justified in standing here and making a fight against the inclusion of those items in the bill, though we are ready to vote for every reasonable revenue item in the bill.

Mr. WALSH of Massachusetts obtained the floor.

Mr. VANDENBERG. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Barbour	Borah	Bulkley
Austin	Barkley	Bratton	Bulow
Bankhead	Bingham	Brookhart	Capper

Carey	Gore	Lewis	Shipstead
Cohen	Hale	Logan	Shortridge
Connally	Harrison	Long	Smith
Coolidge	Hastings	McGill	Smoot
Copeland	Hatfield	McNary	Steiwer
Costigan	Hawes	Metcalf	Stephens
Cutting	Hayden	Moses	Thomas, Idaho
Davis	Hebert	Neely	Thomas, Okla.
Dickinson	Howell	Norris	Townsend
Dill	Hull	Nye	Trammell
Fess	Johnson	Oddie	Tydings
Frazier	Jones	Pittman	Vandenberg
George	Kean	Reed	Walcott
Glass	Kendrick	Robinson, Ark.	Walsh, Mass.
Glenn	Keyes	Robinson, Ind.	Watson
Goldsborough	La Follette	Sheppard	Wheeler

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH of Massachusetts. I yield.

Mr. SMOOT. I ask unanimous consent that when the Senate concludes its business to-night it take a recess until 11 o'clock to-morrow morning.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, before that is agreed to I should like to ask the Senator at what time he expects to move a recess to-night?

Mr. SMOOT. At 10 o'clock, I will say to the Senator.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. What is the request?

The VICE PRESIDENT. The request is that when the Senate completes its business to-night it take a recess until 11 o'clock to-morrow morning. Is there objection? The Chair hears none, and it is so ordered.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH of Massachusetts. I yield.

Mr. LONG. I desire to make a request for unanimous consent. Inasmuch as the opponents of the oil tariff have consumed most of the day, and I am sure have made most of the long speeches they will want to make, I ask unanimous consent that speeches hereafter be limited to 15 minutes.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I object.

The VICE PRESIDENT. Objection is made.

Mr. WALSH of Massachusetts. Mr. President, the opposition to the pending amendment has been so ably presented by the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. HULL], the Senator from Maryland [Mr. TYDINGS], and other Senators who have preceded me that it is unnecessary for me to do more than to summarize the arguments against the levying of the tariff duty on oil.

The first objection that is presented by the opponents of this proposed duty is that a revenue bill is not a proper measure in which to incorporate protective-tariff duties; that the revenues which would be derived from the duty, if imposed, would be inconsequential; that the proposal is a protective or embargo tariff and should not be incorporated or considered in connection with a purely internal revenue bill.

The next objection relates to the merits of the question itself: Has there been presented here a case for the levying of a protective-tariff duty? I conceive that all will agree that when a petition is presented for the imposition of a protective-tariff duty, which means increased prices to the consumers, the petitioner should at least be able to answer in the affirmative two questions. The first question is, Is the industry seeking protection depressed? The second question is, Is the industry depressed because of the importations of an article or commodity comparable to the domestic article and in competition with it?

As to the first question, is the industry depressed? I concede that each and every one of the four industries affected by tariff items in this bill is depressed. The oil industry is depressed; the lumber industry is depressed; the coal industry is depressed; and the copper industry is depressed—indeed, they are all desperately depressed. Suffering and unemployment must accompany any description of the condition of these industries at the present time. But, Mr. President, I assert that every single industry in this country can present the same picture of depression and can advance the same argument; it is merely necessary to substitute the name of some industry or commodity other than oil, lumber, coal, or copper. The conditions in the industrial life of this country are deplorable; unemployment, suffering, and bankruptcy stalk in and out of every business activity. There is no exception. The conditions described in connection with the industries for the products of which tariff duties are sought could, I repeat, be very appropriately applied to every other industry.

But I come to a more important and essential question. Can the depression in these industries be attributed to or be connected with the importation of similar commodities from abroad? All will agree that tariff protection levied where there are no importations and where competition in domestic markets exists is useless and empty. In order, therefore, to make a prima facie case for a protective tariff it is essential to show that importations are depressing the industry, reducing the opportunity of the domestic industry to control the home market; aye, and even more, it is essential to show that those importations are increasing in volume.

Mr. President, what is the startling fact when we come to examine the question of whether the imports into this country of these particular commodities are affecting and injuring the domestic producer? Let us examine the facts.

Take the year 1931—not at all a favorable year for the consideration of business conditions and for measuring domestic production with importations, a year when it is admitted that there was general and widespread depression throughout the world. The facts show that the net balance of exports over imports in the case of these four commodities was all in favor of the domestic production and the domestic industry.

The net balance of exports over imports of petroleum and its products was $177,758,000. Of coal, the net balance of exports over imports was $54,984,000. The net balance of exports over imports of lumber, rough and planed, was $29,830,000. The net balance of exports over imports of copper was $6,003,000, and of coke, $3,494,000.

Do these figures indicate that the petitioners have produced the very essential evidence that is necessary before levying upon 120,000,000 of people a tax upon these products?

Mr. LONG. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I will.

Mr. LONG. I was just wondering if the State of Massachusetts is interested in the wool tariff.

Mr. WALSH of Massachusetts. Yes, sir.

Mr. LONG. What is that tariff?

Mr. WALSH of Massachusetts. Does the Senator mean the tariff on raw wool?

Mr. LONG. On manufactured wool.

Mr. WALSH of Massachusetts. The tariff on raw wool is 31 cents a pound.

Mr. LONG. What is it on manufactured wool?

Mr. WALSH of Massachusetts. It varies, depending upon the character and type of the manufactured article.

Mr. LONG. There are about 120,000,000 people using that wool, are there not?

Mr. WALSH of Massachusetts. Yes, sir.

Mr. LONG. Has it ever occurred to the Senator that he might be solicitous of the 120,000,000 people wearing wool, and stop them from having to pay this terrible tax?

Mr. WALSH of Massachusetts. Unquestionably I would be solicitous. I have opposed increasing the tariff on raw wool and also thereby increasing the duty on wool manufactures.

Mr. LONG. The Senator would like to reduce that wool tariff, would he not?

Mr. WALSH of Massachusetts. If the facts justified it, I would.

Mr. LONG. The Senator knows the facts and I do not. Does the Senator think he ought to have no tariff on wool, as we have on oil?

Mr. WALSH of Massachusetts. No, sir; I never have advocated that.

Mr. LONG. It is just a case of whose ox is gored in this matter?

Mr. WALSH of Massachusetts. The Senator can put whatever construction he wishes upon it. I am not now discussing the advisability or the inadvisability of a tariff on wool; but I am willing to meet the question of a tariff on wool or on manufactured wools upon the basis or tests I have laid down.

I have been in the Senate 10 years, and I defy any Senator to say when and where I have voted for tariff duties that did not involve proof that the domestic industry was suffering by reason of importations. I stood upon this floor in the last tariff debate and advocated a tariff duty on hats, none of which are produced in my State, because the overwhelming evidence before my committee was that the hat industry was being wiped out by a flood of imports from abroad. I do say, however, that there is no justification and no proof justifying the levying of a protective tariff duty unless it appears that the domestic industry is depressed by reason of the home market being restricted or curbed because of importations from abroad.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Massachusetts yield to the Senator from Kentucky?

Mr. WALSH of Massachusetts. I yield.

Mr. BARKLEY. Was the Senator referring to wool hats or straw hats when he referred to hats?

Mr. WALSH of Massachusetts. I do not recall at this moment, to be frank with the Senator.

Mr. ASHURST. Both kinds.

Mr. WALSH of Massachusetts. Perhaps both kinds. I do recall, though, only very recently reading over the speech that I made, and I have it in my desk here, in which I differed from my colleagues; and in fact on two or three occasions I pointed out that I thought there was a case where the imports were increasing so strikingly, and the domestic industry was depressed thereby to such an extent, that tariff protection should be granted.

Mr. BARKLEY. My inquiry was not prompted by a desire to get into any controversy about it, but merely to state that if the Senator referred to straw hats, the bill which at that time was under consideration, and which included a tariff on straw hats, put the tariff on them so high that even the present President of the United States has reduced that tax by Executive order.

Mr. WALSH of Massachusetts. I am using the illustration simply for the purpose of developing the question as to whether or not it is an important item and factor to consider, in the question of a protective-tariff duty, whether or not there are increasing imports. I concede, and I take it to be the position of the Democratic Party, that we are willing to protect the domestic industry against ruthless competition from abroad that results in depriving the domestic industry of the opportunity of a fair chance of growth and development, and of selling its product in the home market.

Mr. DILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Washington?

Mr. WALSH of Massachusetts. Yes; I yield to the Senator.

Mr. DILL. The figures that the Senator has given relate to the year 1931.

Mr. WALSH of Massachusetts. Yes, sir.

Mr. DILL. The Senator has not given the figures, nor has he given us the results of the depreciated currencies that are so effective in favor of our imports and as against our exports in comparison with 1931. I wonder if the Senator has those figures.

Mr. WALSH of Massachusetts. I will say to the Senator that I have not those figures, but I have the statement made only yesterday by the chairman of the United States Tariff Commission before the Ways and Means Committee when he said that there was no justification for increasing tariff duties because of the depreciation in foreign currency.

Mr. DILL. No; because he said he wanted a general raise of tariffs all along the line instead.

Mr. WALSH of Massachusetts. Was he not there in opposition to the Hawley bill?

Mr. DILL. Yes; and he said that he wanted a general raise of tariffs all along the line, instead.

I want to call the attention of the Senator to the fact that a depreciated currency operates in two ways. It operates as a tariff against our products going into a foreign country in competition with the products of that country, and it operates as destructive of our tariff for the goods that come into this country from that country, and it has only been operative, really, in the last few months.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. WALSH of Massachusetts. I yield to the Senator from Kentucky.

Mr. BARKLEY. Did I understand the Senator from Washington to say that the chairman of the so-called nonpartisan Tariff Commission appeared before the Ways and Means Committee to advocate a general increase in tariffs?

Mr. DILL. I do not know whether he is the chairman. I think his name is O'Brien.

Mr. BARKLEY. Mr. O'Brien is the chairman; yes.

Mr. DILL. He is quoted in the newspapers to-day as having said that he was opposed to a tariff equal to the depreciation in currency, but that he favored rather a general raising of tariffs all along the line.

Mr. BARKLEY. Does the Senator know whether he was called before the committee or whether he appeared voluntarily?

Mr. DILL. I am unable to answer as to that.

Mr. LONG. Mr. President, will the Senator pardon me? I promise not to disturb him again.

Mr. WALSH of Massachusetts. Certainly, sir; I shall be happy to yield to the Senator.

Mr. LONG. I want to ask just a couple or three questions, and then I will not disturb the Senator again.

The Senator from Massachusetts was in the Senate when the last tariff bill was passed, as I understand.

Mr. WALSH of Massachusetts. Yes, sir.

Mr. LONG. May I inquire of the Senator whether he voted for that tariff bill?

Mr. WALSH of Massachusetts. I am proud to say that I have never voted in favor of a tariff bill since I have been in the Senate. I vigorously opposed the Smoot-Hawley tariff bill.

Mr. LONG. Did the Senator vote for any of the items in the tariff bill?

Mr. WALSH of Massachusetts. Yes, sir.

Mr. LONG. Did he vote for the tariff on saddlery and harness; does the Senator remember?

Mr. WALSH of Massachusetts. I do not remember, sir.

Mr. LONG. Does the Senator remember having voted for the tariff on wrapper tobacco in a trade-out with the Senator from Mississippi [Mr. HARRISON], who wanted a tariff on long-staple cotton, whereby there was a swap movement made in the caucus?

Mr. WALSH of Massachusetts. I am unable to say how I voted on any particular item. I voted on each according to my convictions as to whether or not the facts presented justified increasing or lowering the duty. I know one thing, I never traded my vote on any tariff or other measure in this body.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Montana?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WHEELER. The Senator gave some figures on copper a moment ago and I should like to get those figures. I understood him to say that the export of copper was greater than the import. Would the Senator mind giving the figures?

Mr. WALSH of Massachusetts. The amount is $6,003,000.

Mr. WHEELER. More exported than imported?

Mr. WALSH of Massachusetts. Yes.

Mr. WHEELER. Would the Senator mind telling me where he got those figures?

Mr. WALSH of Massachusetts. I got them in connection with the preparation of the minority report, and I incorporated them in the minority report. They came from the Department of Commerce.

Mr. WHEELER. Let me say to the Senator that I think his figures are in error; but first let me call his attention to this fact:

I have here before me the sworn statement given out by the Anaconda Copper Co., showing that the cost of production of copper in the city of Butte in their mines is 13.2 cents per pound, whereas copper can be brought into this country from Africa and laid down in New Jersey for 5 cents. Likewise, it can be brought in from Chile and laid down here for somewhere around 5 or 6 cents. Likewise, it can be brought in from Canada and laid down; and while I concede the Senator's statement that in 1929 the production of copper in this country exceeded the consumption, I think the Senator's figures are in error as to the present time.

Mr. WALSH of Massachusetts. I should be very glad to have the Senator correct them. I know the Senator has appreciated the purpose I am using them for, as indicating, even if they are slightly inaccurate, the importance of showing, in order to establish a claim for a protective-tariff duty, that the imports are larger than the exports, and that the imports are of such a volume as seriously to curtail domestic production.

Mr. WHEELER. I have not the figures on oil; but I do know with reference to copper that there is no question in the world that the facts can be and will be presented to the Senate showing that there is not a mining company in the United States of America producing copper that can compete with the slave labor of Africa, or with the cheap labor of Mexico, or with the cheap labor of Chile; and the sworn figures of the Anaconda Copper Co.—who, incidentally, are not in favor of a tariff because of the fact that they own mines outside of the United States—show that in 1931 their cost was 13.2 cents per pound.

Mr. WALSH of Massachusetts. Mr. President, I have given some figures indicating that the exports of these four commodities in the year 1931 were in each case in excess of the imports. Now, I am going to give some figures combining all of these products together and present to the consideration of the Senate what we are undertaking to do with our foreign export business if we adopt these tariff provisions.

Mr. President, 18½ per cent of our entire export business consists of purchases by the people of foreign countries of oil, copper, coal, and lumber—18½ per cent of our entire foreign business. In 1931 we imported $175,000,000 worth of these products, and in the same year we exported $440,000,000 worth of these products.

We are, therefore, attempting the impossible task of trying to retain an export business of $440,000,000 by the elimination of an import business of $175,000,000.

Mr. President, the proponents of these tariff duties seek to put an embargo on all imports of these products and yet retain $440,000,000 worth of business which they have enjoyed through the exportation of these products to foreign countries.

Was there ever a more unsound case presented for tariff duties than in the case of these four products? I repeat, they should prove at the outset that the importation of a particular product is destroying the domestic market for the domestic producer, and they can produce no evidence here of that most necessary fact in order to exact a heavy toll in increased prices from the American consumers.

Mr. DILL. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. DILL. The Senator bases that argument on the assumption that the countries to which these products are exported are the countries from which the products are imported.

Mr. WALSH of Massachusetts. Oh, I do not mean to have that inference drawn. It does not follow at all.

Mr. DILL. That would be the effect of the Senator's argument. But I want to call the Senator's attention to this fact, that as a result of the Hawley-Smoot tariff bill this country started a tariff war throughout the world, and retaliatory tariffs have been built up all over the world against the products of this country. The products covered in this bill are left out of the Hawley-Smoot bill, and the producers of them are suffering from the retaliatory tariffs of other countries against the products of the same communities which produce these products.

Mr. WALSH of Massachusetts. I note the Senator's observation.

Mr. President, having presented what seem to me to be the general arguments against the imposition of tariff duties upon these four commodities, I want to direct Senators' attention to the case under immediate consideration, namely, that of oil.

First, I want to call attention to the volume of the imports. Then I want to call attention to the difference in the cost of imported oil in comparison with that of domestic oil. Third, I want to call attention to what benefit, if any, the domestic producer can expect to enjoy if this tariff duty is levied. Fourth, the effect of the tariff upon (1) manufacturing industries; (2) home owners; (3) farmers; (4) automobile owners; and (5) the American merchant marine.

Mr. President, 120,000,000 barrels of imported oil are used annually in the eastern part of the United States. It is transported there by water. Twenty million barrels are consumed in New England, one-sixth of the total amount. Twelve million of the 20,000,000 barrels are consumed in Massachusetts. Three manufacturing concerns alone in Massachusetts consume annually 2,000,000 barrels of oil. So much for the consumption. We all know of the exceedingly large volume of the domestic production. It amounted in 1931 to 850,261,000 barrels of crude oil.

Let me now call attention to the price of the imported oil carried by water to the Atlantic seaboard, in comparison with the price of the domestic oil carried by rail to the Atlantic seaboard.

Oil can be delivered, and is delivered, at 79 to 89 cents a barrel when imported and transported by water along the Atlantic seacoast. It costs approximately $1.90 per barrel to produce and transport oil by rail from the mid-continent field to the Atlantic seaboard.

That is why the advocates of the oil tariff urged and requested originally a duty of $1 per barrel, in order to offset the difference in the price of the imported oil transported by water as against the domestic oil transported by rail to the Atlantic seacoast.

Mr. SHIPSTEAD. Mr. President, can the Senator tell us what part of that charge is a freight charge?

Mr. WALSH of Massachusetts. The Senator means on the domestic oil?

Mr. SHIPSTEAD. Yes.

Mr. WALSH of Massachusetts. I will give the figure.

Mr. THOMAS of Oklahoma. It is about 76 cents.

Mr. WALSH of Massachusetts. The freight charge from the mid-continent field to the Atlantic seaboard is about 76 cents. I thank the Senator from Oklahoma for reminding me of that. I was going to say approximately 80 cents.

Mr. SHIPSTEAD. It would appear that this is a problem of freight rates rather than of tariffs, then.

Mr. WALSH of Massachusetts. Exactly. What is the proposition here? Let us figure out that difference. Oil costs 79 to 89 cents, let us say 90 cents, when delivered to the Atlantic seaboard from the foreign field. It costs $1.90 when brought from the domestic field to the Atlantic seaboard, so that there is a difference of a dollar.

What is the proposition here? It is to impose a tariff duty of 21 cents per barrel, not a gallon, but 21 cents a barrel. What are my New England consumers going to do? Are they going to stop buying imported oil, refuse to add 21 cents to the present price, and buy from the domestic producers? Not at all, for that would mean 80 cents more per barrel than the imported price plus the tariff duty of 21 cents.

The Senator from Minnesota appreciates the point I am about to make, namely, that this tariff duty can not and will not be of any benefit to the domestic producer. It should be a dollar a barrel to be of any benefit to him. The proposed duty is only 21 cents a barrel. The difference needed is admittedly $1 a barrel. We have the situation here of Senators proposing a tariff duty which will not help the domestic producer in obtaining any advantage for him on the Atlantic seaboard market, but will raise the price of oil to the industries, to the users of oil for fuel, to the automobile users, and to the consumers in that section who use gasoline.

Let me emphasize that. I repeat, it can not and will not result in the delivery of the Atlantic-seaboard oil market to the proponents of this tariff. It may have the result of increasing the price 21 cents a barrel; to whom? To the Atlantic-seaboard purchaser. But they are still going to have their oil imported. It may have the advantage of increasing the price of oil to the consumers in the immediate field and in the immediate sphere of the oil-producing fields. But that is a very doubtful proposition.

Mr. President, I now come to the effect that this duty of 21 cents a barrel would have in increasing the production costs of the industries of the Atlantic seaboard, and increasing the fuel costs of the home owners who use oil for heating purposes, and increasing the expenses of automobile users.

First as to industry. I refer to that rate fixed by the House, the 42 cents per barrel, or what is equivalent to 42 cents per barrel. I choose for the purpose of illustration a few plants located in the southeastern section of Massachusetts.

It is estimated that the tax levied in the House would increase the cost of operating the municipal lighting plant at Taunton, Mass., $40,000 a year. That is the information the mayor of that city gives me. Taunton is a manufacturing city of about 50,000 inhabitants. It is one of the few cities that owns its own municipal lighting plant, and the mayor of that city estimates that if the rate is made, as in the House bill, 42 cents—and, of course, cost under the rate in the Senate committee bill would be one-half—it will cost $40,000 a year additional to purchase the oil necessary for the running of the municipal lighting plant.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. BARKLEY. Does the mayor give the total annual cost of purchasing fuel oil for the lighting plant of that city?

Mr. WALSH of Massachusetts. I have a letter from the mayor, which I will be glad to show the Senator, in which he presents his case. He has written me giving these figures.

Mr. BARKLEY. I was just interested to know how he arrives at the estimate of $40,000 as the amount of increased cost, because that would have to be represented in the increased price of oil.

Mr. WALSH of Massachusetts. Where constituents who have written me suggesting what the increased price would be to them, I have not attempted to analyze their statements, I have not attempted to say, "I think you are mistaken; let me have your proofs." I am attempting to quote what they have written me, and I am going to quote other figures besides those as to the municipal lighting plant at Taunton. It seems to me that the increased price of $40,000 for oil used by the municipal lighting plant at Taunton, based on the rate in the bill as it passed the House, is not excessive.

Mr. BARKLEY. What is the population of Taunton?

Mr. WALSH of Massachusetts. About 50,000.

Mr. BARKLEY. I do not mean by my question to intimate that the mayor is incorrect about it, but it struck me that that was rather a large increase.

Mr. WALSH of Massachusetts. I have several other increases to cite.

Mr. BARKLEY. That would, of course, carry with it the implication that if the price of crude oil in the United States increased 42 cents a barrel by natural processes, the increase in the operation of that plant would be higher.

Mr. WALSH of Massachusetts. There is a plant in my State which uses 700,000 barrels, and an increase of 21 cents a barrel, the Senator can figure out, would mean about $140,000, approximately, if it should become effective.

Mr. President, the increased cost to the Whitington Manufacturing Co., of Taunton, would be $30,000 a year. That is based on the House rate. Of course under the Senate rate it would be one-half that.

The increase to the American Printing Co., of Fall River, would be $157,000 a year, under the House rate.

The increase to the Sales Finishing Co., of Pawtucket, R. I., would be $125,000 a year.

One mill at Lawrence, Mass., estimates the increased burden to them—one mill alone, I call to the attention of the Senator from Kentucky—at $200,000 a year, based, again, upon the House rate of 1 cent a gallon.

Of course, all of these figures will be reduced one-half if the rate in the Senate committee bill is adopted. In a word, the total burden to New England consumers in industry is estimated at $100,000,000.

Mr. President, in order that the Senate may appreciate the importance of the oil duty to New England, I want to call attention to the percentage that oil represents in the total imports to four of the leading New England ports of entry. Oil represented 13 per cent of the total imports into the port of Portland, Me., in the year 1930. Oil represented 26 per cent of the total imports into the port of Boston in 1930. Oil represented 99.9 per cent of the total imports into the city of Fall River in 1930—Fall River being, as we all know, a very extensive textile manufacturing city. It is on the water front, and the large industries there are able to have oil transported by water right to their very doors. Oil represented 71 per cent of the total imports into the port of Providence, R. I.

Mr. President, I shall conclude directly, but before doing so I want to call attention to the effect this duty will have on the home owner. It is estimated now that there are 100,000 home owners in Massachusetts alone who are using oil for heating purposes in their homes. It is estimated that it would mean an average increased cost of $27 per family if the rate in the bill as it passed the House is adopted, which may be adopted in conference, or an annual increased cost in their fuel of $13.50 if the rate in the Finance Committee bill is adopted. In other words, 100,000 home owners are to be penalized with increased burdens in this period of depression with no corresponding benefit to the producers of domestic oil, because they will have to continue to get their oil transported by water from the foreign fields unless the duty is made very much higher than that levied in the bill; and if it is levied at $1 a barrel, we might as well conclude that New England has joined Arizona in becoming dotted with ghost towns and ghost cities.

I hope the Senator from Arizona [Mr. ASHURST] will pardon my use of his very vivid and dramatic illustration of the effect that the closing down of the copper mines has had in Arizona.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Arizona?

Mr. WALSH of Massachusetts. I yield gladly to my friend.

Mr. ASHURST. I had no intention of interrupting the brilliant and able Senator from Massachusetts. He has evidenced that he is a master of his views of the subject. But able as is the Senator and notwithstanding the cameolike distinctness with which he has brought out his own points

as he sees them, I observe that it was not a protective tariff but free trade that made ghost towns of the copper-mining camps and made the copper-smelter stacks to stand now like hearse plumes.

Some years ago Arizona was signally honored during a political campaign when the learned Senator from Massachusetts [Mr. WALSH], whose eloquence in campaigns is eagerly sought, came to Arizona and delivered a speech which, after the lapse of nearly 10 years, is affectionately remembered by the citizens of the community in which he spoke. Somewhat adjacent to that community it was concluded that a new and commodious schoolhouse should be erected with lines of elegance and classic halls, and it was further determined that a copper roof would be appropriate for that schoolhouse so near that then thriving copper-producing region.

The school trustees assumed that American copper would be used, but, lo, after the roof had been capped upon the building it was discovered that the copper was from Chile! [Laughter.] Because, as I have said before, copper can be produced in those countries of convict, conscript, and forced and cheap labor, at a labor cost in some places of 8 cents a day and in some other places at 50 cents a day.

The American copper producers and copper miners can not compete and ought not with our American standards of living be required to compete with the convict, forced, and conscript labor of Russia and the cheap and forced and insensate labor of some parts of South America and Africa.

I have trespassed too long upon the time of the Senator from Massachusetts, and I thank him for affording me this opportunity to interrupt and, I fear, mar the symmetry of his speech.

Mr. WALSH of Massachusetts. Mr. President, the Senator, in his brilliant description of my campaigning tour in Arizona, omitted to mention the fact that after he had led me through the State of Arizona, where he needed no pleader to urge the insignificant minority who remain indifferent to his fine record of public service, he finally brought me, before I left Arizona, to the town of Tombstone, to get the tombstones to vote for him. [Laughter.]

Mr. LEWIS. May I ask if that is why the Senator from Arizona referred a moment ago to the "cemetery" of the address of the Senator from Massachusetts? [Laughter.]

Mr. WALSH of Massachusetts. Undoubtedly it had some association.

Mr. President, it is gratifying, notwithstanding my attitude of opposition to these duties, to appreciate that the other side of the question is being so ably championed by such brilliant, experienced, and astute public servants as the Senator from Arizona [Mr. ASHURST], the Senator from Texas [Mr. CONNALLY], and the Senators from Oklahoma [Mr. THOMAS and Mr. GORE], and others who are advocating these duties.

I want to conclude by inviting attention not only to the burdens which this protective duty on oil will bring to the industry and home owners but finally the burden which it will bring to the owners of automobiles. One of the Senators called my attention to the fact that there are 26,000,000 reputed owners of automobiles in this country. If this tax becomes effective on gasoline, it is going to mean a tremendous burden to these consumers—and all this for the benefit of a few big domestic producers.

Mr. President, we ought not to be advocating burdens and barriers at this period and epoch in the history of our country. Aside from the fact that these duties have no place in a purely internal revenue bill, they are going to result in bringing injury to our export business, no benefit to the domestic producer, and will be a further source of discouragement and disheartenment to American consumers.

Mr. President, I ask to have incorporated in the RECORD in connection with my remarks several letters and communications of protest that have come to me from my constituents in regard to this proposed duty.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EFFECT OF THE OIL TARIFF

First. Will yield Treasury no revenue; will subsidize great oil corporations approximately $500,000,000 at expense of consumers.
Second. Farmers' gasoline bills will be increased $95,000,000.
Third. The great corporations will collect the subsidy.
Fourth. The Atlantic seaboard affects price levels in the world trade.
Fifth. Party platforms against tariff on oil.
Sixth. An oil tariff will affect our foreign trade.
Seventh. Will affect road building throughout the country.
Eighth. Will result in the abandonment of our long-standing conservation policy.

MARITIME ASSOCIATION OF THE
BOSTON CHAMBER OF COMMERCE,
Boston, Mass., January 12, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: It seems proper to bring to your attention the relative importance of oil imports as compared with other import commodities received at the principal New England ports. The following table shows in short tons the volume of foreign petroleum and petroleum products received at the ports of Portland, Boston, Fall River, and Providence during the years 1929 and 1930, and the percentage relationship of such oil imports to the total foreign imports received at each port named during the years 1929 and 1930:

Port	1929		1930	
	Tons	Percentage of total imports	Tons	Percentage of total imports
Portland	75,544	10½	108,515	13
Boston	918,557	28	751,068	26
Fall River	807,757	99½	819,864	99.9
Providence	473,073	73	545,112	71

This shows how seriously any limitations or restrictions on foreign oil imports would affect the New England ports. The action taken by the members of the New England delegation in protesting any such legislation is heartily indorsed by the maritime and port interests of this section.

Respectfully yours,

F. S. DAVIS, *Manager.*

BRIEF OF OPPOSITION OF INDEPENDENT OIL MEN OF NEW ENGLAND TO S. J. RES. 238 AND S. 5818

1. Approximately 70 per cent of the fuel oil sold in New England at the present time comes from imports.

2. Approximately 70 per cent of all the fuel oil sold by independent marketers comes from imports.

3. Practically all of the gasoline sold by independents comes from imports.

4. The embargo on refined imports and the limitation on crude oils increase the cost to the independent of his product, and from the experience of the past the increase in retail price would not be proportionate with the increase in cost, with the result that the margin between cost and selling price would not be sufficient for independents to operate without a loss.

5. The price of fuel oil will be increased to such an extent that there will be a return to coal and subsequent harm to the independent oil men's business.

6. Limitation of crude imports and prohibition of refined imports will not be as effective in overcoming the conditions due to overproduction as proper curtailment of production with reference to the amount in storage and the demand.

7. The inability to obtain fuel oil and the inability to obtain gasoline at a price that will allow a sufficient margin of profit for continued operation by independents can only result in the abolition of the independent as a competitor. With this competition removed, the control of prices will be in the hands of one group, with the result of a substantial increased cost to the public, and the major American producing integrated companies will have accomplished legally the very thing that was sought to be avoided by the Clayton and Sherman Acts. It is estimated that it will result in an increase of 75 cents a barrel for fuel oil, which means an increase of $90,000,000 in the Atlantic seaboard States and an increase in cost of gasoline in Massachusetts alone of $4,000,000. No one can estimate the effect that the increase will have on New England manufacturers who are burning fuel oil, or whether it will result in driving some manufacturers back to the use of coal, with a tremendous expense for conversion, and neither is it possible to estimate the effect that an embargo would have in the nature of a retaliative tariff by the countries affected by the embargo on the products of New England manufacturers; but there can be no question that a retaliative tariff would mean a tremendous decrease in the number of sales orders now received by New England manufacturers in foreign countries, and thus through another medium a great addition to the already acute unemployment situation.

8. The relief that an embargo might give to workers in the mid-continent oil fields will be more than overcome by the num-

ber that will be put out of work that are now employed both in eastern refineries and by the independent marketers.

9. The embargo on imports will not cure the situation, because the amount of exports exceeds the amount of imports by more than 50,000,000 barrels.

10. The practical effect of the embargo on independents in New England will be to limit the sources of supply for gasoline to two sources, both of which at the present time import a part of their products. It should, moreover, be borne in mind that an embargo of this nature establishes an extremely dangerous precedent and that if it is effected demands for embargoes on other commodities are sure to follow. At the present time there is agitation in Michigan for the obtaining of an embargo on copper if the embargo on oil is successful in the Senate.

THE OIL-DUTY SITUATION

For two years the mid-continental and California oil producers have been attempting to get an embargo or a heavy duty on foreign oil, which comes principally from Mexico and Venezuela. Bills of various kinds are now pending before Congress. They may be grouped as follows:

(1) Bills calling for an embargo on importations of foreign oil.

(2) Bills imposing a duty of $1 a barrel on crude and fuel oil and 50 per cent ad valorem on refined oils.

(3) Bills giving the Tariff Commission jurisdiction over articles on the free list as well as over articles on the dutiable list.

These bills have the strongest kind of backing from the independent oil producers and from some of the large companies, such as the Sinclair Co.

The situation so far as New England is concerned is as follows:

New England consumes 20,000,000 barrels of fuel oil a year. The price of this oil at the present time at the tanks is 60 cents a barrel. The Tariff Commission in a special report has found that it costs approximately $1.90 a barrel to land oil from the mid-continental fields in New England. It would seem as if the price of fuel oil would go up $1 a barrel. It is demonstrated that an increase of $1 a barrel on crude oil would mean an increase of 4 cents a gallon on gasoline.

Another angle of the situation is the increase in cost of asphalt. Foreign oil has an asphalt base. Mid-continental oil has not. All asphalt must come either from foreign oil or from California oil. A duty of $1 a barrel on crude oil would mean an increase in cost of asphalt from about $7 a ton to at least $12, and perhaps more. This would greatly increase the cost of road building, especially on secondary roads where asphalt is used in large quantities, although it is also used in connection with the building of cement roads.

The increase in the cost of oil for heating would be approximately 25 per cent. As the distributing cost of heating, especially domestic heating, is very substantial, there is a less percentage increase in the cost of oil for such purposes than in the cost for industries using the oil for power purposes.

It seems doubtful whether the midcontinental fields would profit by the exclusion of foreign oil which constitutes only one-tenth of oil used in this country, for there is in the midcontinental fields a vast surplus which undoubtedly is the efficient cause in keeping down the price of oil in those fields.

The midcontinental people base their claim largely upon the fact that if foreign oil is excluded 100,000 oil workers will be given employment. This is an entirely fallacious argument for these oil workers will be employed only in opening up new fields, a most uneconomic procedure, which would tend still further to depress the price of oil.

If, on the other hand, it should prove that the price of oil is increased, then the big companies which have some six hundred million barrels in storage would profit immensely by the tariff, although some of them who operate in Mexico and Venezuela would have the value of their plants impaired.

These companies, however, could sell their oil in foreign countries. To-day one of the largest items of export from this country is oil, amounting to nearly $400,000,000 a year. We would lose a large part of this business, which, of course, would have the tendency to depress the industry still further in this country. In short, the duty on oil is not likely to help anybody, and certainly will seriously injure those located along the Atlantic coast, who consume practically 120,000,000 barrels of fuel oil a year.

EVERETT FACTORIES AND TERMINAL CORPORATION,
Everett, Mass., January 31, 1931.

Hon. DAVID I. WALSH,
Senate Chamber, Washington, D. C.

DEAR SIR: As a constituent of yours and a business man of greater Boston, I wish to state my views to you on the fuel-oil situation.

I would say, on the start, that I am as greatly interested in the oil business as I am in local industries—as I hold several thousand shares of oil stock, among which are Texas and the Standard of Indiana—and after giving the matter considerable study I wish to call your attention to the following facts:

Fuel oil is being used to a greater and greater extent for house heating, as well as power-plant operations. Our company run four boilers in our power plants and the Standard Mailing Machines Co., in which I am interested, also use oil for heating apparatus. As you are undoubtedly aware, the crude petroleum produced in this country is largely refined for gasoline and the percentage of fuel oil is comparatively small; whereas the Mexican and Venezuelan oils are heavy and produce a large quantity of fuel oil, so that the small benefit accruing to the oil-producing companies would be more than offset by the detriment to the consumers of fuel oil.

The further question of the rapid depletion of the oil resources in this country is a very far-reaching problem, and, with the embargo on importations, would tend to greater production and more rapid depletion.

Taking these facts into consideration and the far-reaching effects of an embargo, I trust you will use your efforts to see that this is not established.

Trusting you will accept this letter as an indication of the feeling of men who are interested in the welfare of the country on a broad scale, I remain,

Yours very truly,

ELMORE ANDREWS.

ATTLESBORO, MASS., *February 12, 1931.*

Hon. DAVID I. WALSH,
Clinton, Mass.

DEAR SIR: Situated as we are in New England, oil can be brought from Mexico and South America at a very small cost, and, as you undoubtedly have been informed, there was over 100,000,000 barrels of such oil consumed in the Atlantic seaport States in 1930, and of this amount about 70,000,000 was imported—therefore, is this embargo and tax, as proposed in these two bills, is passed on imported crude oil, it will mean that this supply coming from foreign countries will have to be made up from other sources in our own country, and, as you undoubtedly are aware, there is none of the crude oil to be found east of the Rocky Mountains. Therefore, if we are obliged to get our supply from the States situated on the western coast, it will mean a big increase in the freight on same. It now costs about 30 cents a barrel to have this oil delivered from Mexico and South America to our nearest port, Providence, R. I., and if the same has to be sent from the Pacific coast, it would add between 50 cents and $1 per barrel to our present cost.

In the last two or three years a great many New England manufacturers have installed oil-burning equipment because same is considerably cheaper to operate than coal and is far cleaner. If, however, these measures should be passed, it would undoubtedly force a great many industries to resort to burning coal again as they could not afford to pay the increased cost for the fuel oil over what coal can be bought in Providence for—about $5 a ton.

We believe that in this time of depression no legislation should be passed that would in any way hamper industry and that every measure should be taken to make it possible for manufacturing to operate their plants as cheaply and efficiently as possible. Such an embargo or tariff on crude oil as contemplated in these two bills by the United States against Latin American countries will, in our opinion, first, retard rather than assist in stabilizing the oil industry. Secondly, it will be a distinct discrimination against consumers in New England and the Atlantic seaboard States. It will also, as previously stated, aggravate the business depression from which it is now suffering, and fourth, it will decrease rather than increase the sale of domestic producers and refiners.

Thanking you in advance for giving this matter your careful consideration, we are

Yours very truly,

C. H. EDEN CO.,
E. H. BROWN, *Treasurer.*

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 28, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: The American Steamship Owners' Association is deeply concerned by a report that another attempt will be made this year to levy a tariff or embargo on petroleum. Inasmuch as 90 per cent of the American merchant marine is oil burning, American shipowners have a vital interest in any proposal directly or indirectly affecting their fuel supply.

After a careful study of the situation this association is convinced that the proposed tariff or embargo is economically unsound and that either measure would work additional hardship on the American shipowner—

(a) By tending to raise the price of bunker fuel oil at Atlantic seaboard and Gulf ports.

(b) By placing the American shipowner, in common with other consumers of petroleum products, in the position of relying almost exclusively on American crude production, which while abundant enough at the present time can not last indefinitely if the entire burden of American demand is placed upon it, particularly in view of the fact that oil fields in the United States have been drained without restriction for a much longer period than foreign reserves.

At the present time the American merchant marine, in competition with European and Asiatic steamers, enjoys only one advantage, without which it would be unable to even support the competition which it is now able to maintain. This advantage is cheaper fuel oil for bunkers. Overhead due to higher first cost of operating expenses, salaries of officers and crew—every cost of operation of American merchant steamships is substantially higher than that of the boats of any competing nation. Should the present advantage in cost of fuel be taken away by a tariff act or an embargo which would send the bunker fuel from Mexico, Venezuela, and Colombia to Europe instead of to American bun-

kering ports, the hardship wrought to our transocean trade as well as to our coastal trade would be disastrous and irreparable.

The National Survey of Fuel Oil Distribution, a report of the United States Bureau of Mines, published last month, shows that in 1930, 94,131,000 barrels of fuel oil were used by American steamships. No more recent figures have been published. In that year there were imported and derived from foreign crude oils produced by American companies and transported in American-flag steamships, 71,600,000 barrels of fuel oil. This amount of fuel oil we are convinced could not be produced and transported to the Atlantic coast from domestic wells. The results of the exclusion of foreign oil by (1) a subtraction of this amount of fuel oil from its supplies, and (2) the diversion of this oil to foreign bunkering points would be a disaster surely not in the contemplation of the proponents of a tariff on oil.

As an indication of the cost to the American merchant marine the Mid-continent Royalty Owners Association in the year 1929, in its argument before the Senate Finance Committee in favor of a tariff on oil, admitted and gave figures tending to prove that a tariff of only $1 per barrel on crude and 50 per cent ad valorem on fuel oil would cost the American consumer of fuel oil $200,000,000 a year; and that of this, $52,179,000 would be paid in increased price by the American merchant marine. (Report of the hearings before the Committee on Finance, U. S. Senate, on H. R. 2667, schedule 16, free list, pp. 413–14.) This statement, an admission against interest, is certainly below the cost which the proposed combined specific and ad valorem tariffs would impose upon American steamships. Any increase at all in operating costs of steamers should be avoided.

Summing up, the American Steamship Owners' Association fails to see how the placing of a tariff or embargo upon imports of crude can do other than adversely affect American shipping and at the same time extend a boon to operators of foreign fleets by diverting cheap bunkers abroad; furthermore, it is convinced that such a proposal would not only fail to assist the American oil producer, but through the diversion of foreign production to other shores would stimulate refinery construction abroad, thus cutting down the demand for American-refined products, reducing refining activity in the United States and causing further unemployment.

The association therefore strongly urges you to assist the American merchant marine by keeping crude and fuel oil on the free list where all fuels have been from the beginning of American tariff history.

Respectfully submitted.

H. B. WALDER, *President.*

TAUNTON, MASS., *January 30, 1932.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SIR: The Taunton Municipal Lighting Plant Commission wishes to be recorded as against any tariff change or increase in import duty on fuel oil. Our generating plant consumed in 1931 90,559 barrels. An increase in the cost of fuel would, of course, have to be passed along to consumers of electric energy.

We will appreciate any effort on your part to prevent an increase in the cost of this commodity.

Very truly yours,

TAUNTON MUNICIPAL LIGHTING PLANT COMMISSION,
F. P. CALLAHAN, *Chairman.*

MASSACHUSETTS FISHERIES ASSOCIATION,
Boston, Mass., February 10, 1932.

Hon. DAVID I. WALSH,
United States Senate,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WALSH: The fishing industry of Massachusetts uses approximately 21,000,000 gallons of fuel oil annually, and the proposed tax on fuel oil or the duties which are asked on it, would work a decided hardship on the industry.

Practically every boat in this industry has lost money in the last two years of operation, and it is a foregone conclusion that the industry can not live through this depression, if we have additional burdens put on it. As a matter of fact, it will be very surprising if over half of the boats in the industry to-day do not change hands, and if the bankers are not forced to go into the fishing business.

You can readily see that a tax which has been proposed of 2 cents a gallon on Diesel oil would amount to more than $400,000 a year on this industry, and it simply can not exist under such a condition.

I hope, Senator, that you realize the importance of giving us your entire support in seeing that such a tax is not placed on our fuel oil. Even though it may be placed elsewhere, we ask that the fishing industry be exempted from this.

Last year we had a threat in the State of a tax of 3 or 4 cents per gallon on our fuel oil, and it took quite a bit of work on my part to whip this bill, and even now we are faced with it again in the coming session of the legislature.

It seems almost impossible to get the thought of the peculiarities of the fishing industry across to the legislators. It is not like other industries, and when taxes or penalties are put on us we can not pass them on to the retailer or consumer. The reason for this is that our product is sold from the boats at auction, and our price is controlled by the price of competing products, and if a penalty of $200,000, or of any amount, is put on the industry it must come out of the fishermen and the boat owners.

Thousands of our fishermen to-day are not making a living, and as I said before there is scarcely a boat that is not in the red at the present time.

The matter is of prime importance to Massachusetts's great fishing industry.

With best wishes and kindest regards, I am,

Cordially yours,

E. H. COOLEY, *Manager.*

ASSOCIATED INDUSTRIES OF MASSACHUSETTS,
Boston, February 12, 1932.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WALSH: Inclosed you will find copies of editorials, which have recently appeared in the Boston Herald, Boston Transcript, and Boston Traveler, in connection with proposals now pending before Congress designed to provide an embargo, tariff duty, or excise tax on imported oils and their derivatives.

These contributions appear to reflect the attitude of New England on this important matter.

Yours very truly,

O. L. STONE, *General Manager.*

BOSTON, MASS., *March 12, 1932.*

Hon. DAVID I. WALSH,
U. S. Senator, Washington, D. C.

DEAR SENATOR WALSH: It is commonly reported that those in public life are always glad to have a word from their constituency, conveying views on important measures pending, to assist in the enactment of representative laws. Acting upon this premise, I am accordingly venturing to address you concerning a matter which is confronting you.

New England is burdened with a relatively high cost of fuel, due to the cost of transportation determined by geographical location. Manufacturers are subjected to similar increments on raw materials which enter into their fabrication, and careful study reveals that this has resulted in serious defection in industry, which has migrated to points nearer the source of these essentials.

As an engineer engaged in compensating, so far as possible, for these natural handicaps, I have found material aid in the substitution of the heavy fuel oil, identified as "Bunker C," and delivered at present to the coast of New England at a price of 60 cents per barrel. At this figure, our industrial establishments are encouraged to substitute it for coal, at a material saving in the cost of their manufactured product.

We are now informed, however, that the Congress proposes to place thereon a substantial tax, possibly as high as 1 cent per gallon, equivalent to 42 cents per barrel, or 70 per cent ad valorem. This, sir, I assure you, if realized, will eliminate the advantage now enjoyed by this fuel, and will deprive our manufacturers of the relief now sought. It would hardly appear to protect the inland domestic oil producers, already favored by geographical position, in competition with imported product. Nor would it seem to promise opportunity for large revenue, since the higher cost will terminate extension of its use, and effect a reversion to coal.

There is in this office a practical and typical illustration. I have made an investigation and report for a client, advising the substitution of oil for coal in his power plant. Since the threatened imposition of a tax levy on the former, I have been obliged to withdraw the recommendation, pending the disposition of the bill. If any substantial burden is placed upon this item it will cause the abandonment of the proposed measure of economy. Similar cases are in prospect.

In addition to that upon the manufacturers the effect upon the engineers, now struggling under present conditions for existence, is obvious.

I am, accordingly, endeavoring to add this feeble plea in support of your own respected judgment, backed by the strength of your position, to prevent this additional handicap which the industry of New England, and particularly of Massachusetts, can ill bear.

Yours very truly,

WALTER A. HALL.

EAST BOSTON, MASS., *March 10, 1932.*

Mr. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR: We understand that the matter of additional tariff on crude-oil products will come up in the near future, and as an increase in the price of fuel oil will materially affect every manufacturer, either directly or indirectly, in Massachusetts, we wish to voice our protest on extra import duties on oil in the crude as used under the boilers of power-developing plants.

The power cost to-day of a textile plant varies between 20 to 35 per cent of the total pay roll, and the bulk of this charge in the small plant is in fuel costs. It is of vital importance to the small plant that the price of fuel be cheap, as it represents its only opportunity to compete with plants of the larger public utilities, from whom they must buy when the price of fuel is high and controlled.

It is the writer's personal opinion that an extra duty on fuel oil will result in higher all-round power cost, which is only going to benefit a few in comparison to those it will harm.

Yours very truly,

MAVERICK MILLS,
J. MCELROY, *Superintendent.*

BOSTON, MASS., *March 7, 1932.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SIR: We have no doubt that you are fully aware of the far-reaching consequences of the proposed tax on foreign oil, but in the event that some of the immediate effects have escaped you, we are taking this opportunity to call one angle of the situation to your attention.

We have an office in Caracas, Venezuela, and have pending with the Venezuelan Government contracts approximating $20,000,000. Venezuela is an exceedingly rich field for American trade and customers. The Venezuelan people and Government are exceedingly friendly to the United States and its citizens. The proposed oil tax will seriously impair the governmental income of Venezuela and the immediate effect will be serious impairment or total loss of business to American firms like ourselves.

According to newspaper reports, the latest proposal is to impose a duty of 1 cent per gallon on gasoline or oils from which gasoline is made. One cent per gallon on gasoline does not seem prohibitive, but 1 cent per gallon upon crude oil, as we interpret it, means virtually 1 cent per gallon on fuel oil. A tax of 1 cent would undoubtedly mean an increase in price of that amount, which might well mean from 12½ per cent to 25 per cent increase in cost of fuel oil in New England. An advance of this kind would, of course, affect other fuels equally. Can New England sit by and see the cost of heating her homes and running her factories increased by these percentages while their business prospects are destroyed in one of the most fertile fields in the world, all because of some immediate benefit to a few owners of oil leases in the Southwest?

Very truly yours,

CHASE & GILBERT (INC.),
By KINSLEY VAN R. DEY,
Vice President.

ASSOCIATED INDUSTRIES OF MASSACHUSETTS,
Boston, March 11, 1932.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WALSH: The Associated Industries of Massachusetts urges you to vote against the 1 cent per gallon excise tax on imported gasoline, gas oil, fuel, and crude oil proposed in H. R. 10236, known as the bill "to provide revenue, equalize taxation, and for other purposes," and to have that item eliminated from the measure.

The imposition of this excise tax means additional costs to New England users of gasoline and light and heavy fuel oil of not less than $100,000,000 a year.

When the House Ways and Means Committee was engaged in the work of preparing the new revenue bill, which is designed to balance the Federal Budget, its members referred to the United States Treasury officials the proposal to raise revenue by a so-called excise tax on imported oil, with a request for information as to how much the Treasury estimated it would produce in revenue annually.

The Treasury reported it would produce not one cent of revenue; and the Ways and Means Committee, convinced that such was the case, practically dropped all consideration of an excise tax on imported oil.

As soon as this fact was learned by proponents of a tariff duty or excise tax on imported oil they hurriedly brought together 40 Members of Congress from the States of Oklahoma, Kansas, Texas, and mid-continent fields who threatened they would join with others in opposing the manufacturers' sales tax, which constitutes the principal revenue-producing item in the bill, unless an excise of 1 cent per gallon on imported oil was provided for by the committee.

Fifteen members of the Ways and Means Committee, fearing that the revenue bill would fail of passage if the threat was not heeded, yielded to these importunities Saturday morning, March 5, and wrote the excise-tax rate into the bill as a means of saving the entire measure, while nine members of the committee opposed such a course.

This action constituted an example of the misused power of a determined minority of less than 10 per cent of the House membership, and it is clearly apparent that a majority of the Ways and Means Committee acted under threat, well knowing that there can not possibly be any income derived under the proposal, inasmuch as the excise tax will automatically stop the importation into this country in any considerable volume of crude fuel oil and gasoline.

In issuing its report, Acting Chairman CRISP, of the Ways and Means Committee, stated that not more than $5,000,000 annual income would be received by the Government from this excise tax, a very insignificant sum, were it actually realized, when compared with the total revenue of $1,246,000,000, which the committee anticipates will be derived from the provisions of the bill if enacted in the form it was reported.

The committee's contention that the excise tax of 1 cent per gallon will yield $5,000,000 annually is an admission in itself that some 74,000,000 barrels out of a total annual importation of 86,000,000 barrels at the present time will be barred from the American market and sold abroad.

The inevitable result of the proposed tax will be to materially increase the cost to users of gasoline, fuel oil, and asphalt; and in view of the comparatively small amount of revenue expected or hoped for, the conclusion is inevitable that this tax was inserted, not for the purpose of producing Federal revenue commensurate with the cost of collection but to placate the proponents of a tariff, excise tax, or embargo on imported oil, and of securing assurance of the support of the congressional delegations from the mid-continent fields in behalf of the sales-tax principle of the bill.

Plainly and obviously it is a castigation of New England and the Atlantic seaboard States for the delectation of the mid-continent oil fields.

To one not familiar with the oil situation it may be difficult to understand why there should be such a difference between the ultimate cost to the consumer and the amount of the tax.

More than 90 per cent of all the crude oil imported into the United States comes from Venezuela, Colombia, and Mexico, from fields developed, owned, and operated by American capital, employing American labor and using American-flag tankers.

Thus this proposed excise tax on imported oil is a simon-pure tax on American business.

The cost of water transportation from these foreign fields to the Atlantic coast is much less than the freight costs from the domestic mid-continent oil fields, hence the price of gasoline on the eastern seaboard States is governed by the price of gasoline produced from Central American crude oil.

It is perfectly obvious that the proposed tax on imported crude oil will automatically increase the cost of gasoline and therefore the price of domestic gasoline will advance to equal it.

In other words, imported gasoline now acts as a price stabilizer by providing competition on the Atlantic seaboard.

We appreciate the serious condition of the oil industry in the Southwest, but this condition is due in no material degree to the importation of foreign oil, which constitutes less than 9 per cent of the total consumption in this country. The difficulties of the industry in that section are due to three causes:

(1) The excessive cost of transportation by pipe lines owned by the big companies. Some of these companies earn from 300 to 400 per cent on the cost of their plants;

(2) The fact that the price of oil is determined by the big companies, which price is posted, and everyone who sells has to accept that price or go without sale.

(3) The overhanging menace of a tremendous surplus (this is, perhaps, the most important). If the flush wells alone were opened up to full capacity, they would produce five times as much oil as could be consumed.

During the Teapot Dome controversy the Federal Oil Conservation Board urged American companies to invest in foreign oil fields in order to conserve domestic resources, thus deferring the time when we may be entirely dependent upon imported oil in periods of stress and necessity.

American companies heeded the request, invested heavily in Central America, and erected refineries on the Atlantic seaboard, where extensive operations are now being carried on.

If the tax reduces imports from 86,000,000 to 12,000,000 barrels annually, as the figures announced by the sponsors of the revenue bill indicate, it is inevitable that these refineries will either be forced to operate at a reduced rate or shut down entirely, thus adding to existing unemployment.

Hundreds of manufacturing plants, steamship lines, fishing fleets, hotels, etc., in New England are using fuel oil exclusively for power and heating purposes and consume annually upward of 20,000,000 barrels of this fuel, or about 850,000,000 gallons.

In addition, there are upwards of 100,000 families in Massachusetts alone using light fuel oil in their homes, and to them a tax of 1 cent per gallon means a material increase in their fuel bills.

Through its taxation committee, this association several weeks ago informed Acting Chairman CRISP and other members of the House Ways and Means Committee of its approval of the principle involved in a manufacturers' sales tax, levied at the source of final production, so as to prevent pyramiding, and we approve of the sales-tax plan that has been presented in H. R. 10236.

This tax will bear equitably on all licensed manufacturers throughout the country; but the same can not be said of the excise tax on imported gasoline, gas oil, fuel, and crude oil, because it will apply only to the Atlantic seaboard, which is dependent upon the imported fuel. This situation is due to our great distance from the domestic fields, which precludes shipments of mid-continent oil to this section of the country at a price making it economically feasible to use it.

The imposition of the tax will mean that those now using light and heavy fuel oils will be obliged to junk their oil-burning apparatus and return to the use of coal, thus again placing this section at the mercy of the coal operators, who will rejoice in having their present fuel-oil competition removed.

In the case of hundreds of manufacturing and other concerns using fuel oil for power purposes it will mean heavy expenditures in installing coal-burning boilers, and already some textile concerns are seriously considering liquidating if the tax is imposed because of their financial inability to revamp their boiler equipment.

Below we give a few statistics showing what the added cost would be annually to manufacturing concerns in Massachusetts

now using fuel oil if they continued to use that commodity in lieu of coal in the same average quantity as in 1929, 1930, and 1931:

	Barrels	Gallons	Tax at 1 cent per gallon
American Printing Co., Fall River	375,000	15,750,000	$157,500.00
American Sugar Refining Co., Boston	70,000	2,940,000	29,400.00
Bethlehem Shipbuilding Corporation, Quincy	35,000	1,470,000	14,700.00
Braintree Electric Light Co., Braintree	60,000	2,520,000	25,200.00
Copley-Plaza Operating Co., Boston	25,000	1,050,000	10,500.00
Eastern Steamship Lines (Inc.), Boston	680,000	28,560,000	285,600.00
Falulah Paper Co., Fitchburg	50,000	2,100,000	21,000.00
First National Stores (Inc.), Somerville	35,000	1,470,000	14,700.00
Ford Motor Co., Somerville	30,000	1,260,000	12,600.00
Mount Hope Finishing Co., North Dighton	191,000	8,022,000	80,220.00
M. T. Stevens & Sons Co., North Andover	96,000	4,032,000	40,320.00
Strathmore Paper Co., West Springfield	47,294	1,986,348	19,863.48
Pacific Mills, Lawrence	650,000	27,300,000	273,000.00
American Woolen Co., Lawrence	700,000	29,400,000	294,000.00

We believe there exists no justification for the inclusion of what is essentially a tariff item in a revenue bill, and especially when it is realized that it is inserted solely as a political gesture.

The question is whether this section should submit to an excise tax, which the Treasury says is uneconomic and nonproductive of revenue, and which will mean increased costs amounting to more than a hundred millions of dollars to New England, or whether we should stand up for our rights and enter our objections to being used as a cat's-paw to obtain mere political advantage in behalf of a bill which ought to be so framed as to provide a plan of taxation equitable to all parts of the country alike.

Very truly yours,

O. L. STONE, *General Manager.*

HUDSON WORSTED CO.,
Hudson, Mass., March 14, 1932.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

DEAR SIR: I see the proposition in the new tax bill to put 1 cent per gallon excise tax on various kinds of gasoline and light and heavy fuel oils.

Now, as a large user of gasoline and heavy fuel oil I wish to enter a protest against this tax. It means so much to New England manufacturers who are using fuel oils and fleets of trucks on fuel oil; it means almost 100 per cent advance in price, and as the Treasury Department's estimate is that it will only bring in about $5,000,000 in taxes, why saddle New England manufacturers with $100,000,000 to raise $5,000,000?

We believe that there are a lot of economies that could be made in Government expenditures that would save considerably more than this tax, especially in the amount of literature the Government sends out.

I trust you will see your way to oppose this tax on oil for fuel purposes and gasoline, I am,

Sincerely yours,

H. T. DYSON.

FALL RIVER, MASS., *April 18, 1932.*

Hon. DAVID I. WALSH,
Washington, D. C.

DEAR SENATOR: The tax on fuel oil which the Government is going to establish will mean $12,000 a year additional to the Charlton Mills, in Fall River, and you know very well that the textile industry the last four years has been in a very precarious position.

We have tried to give as much employment to our help as possible, but with an additional tax of this kind it will simply cripple us.

Anything you can do for us will be greatly appreciated.

Yours truly,

CHARLTON MILLS,
JAMES SINCLAIR, *Treasurer.*

BIGELOW-SANFORD CARPET CO. (INC.),
Thompsonville, Conn., April 23, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SIR: As a resident of Longmeadow, Mass., and as consulting engineer for Bigelow-Sanford Carpet Co. (Inc.), with mills at Clinton, Mass., Thompsonville, Conn., and Amsterdam, N. Y., I am interested in bringing to your attention the proposed tax on fuel oil.

When this tax was proposed, fuel oil was selling at a bunker price of 60 cents per barrel at Providence, Boston, and Portland. Inasmuch as a barrel holds 42 gallons, the 1-cent tax as proposed would mean 42 cents on a commodity which cost 60 cents, or a tax of approximately 70 per cent. Recently, however, the price of fuel oil per barrel has advanced at the ports mentioned to 65 cents per barrel, and the proposed tax thus becomes approximately 64½ per cent.

It hardly seems possible that Congress should apply to a commodity of this sort taxes which become in effect a prohibitive tariff.

We are now using Bunker C oil at our Clinton plant. We propose installing equipment to use this oil at our Thompsonville plant, but, needless to say, this proposition has been deferred pending the action of Congress.

I realize that the House has shown conclusively that the sales tax is dead, but I wish to protest the proposed tax upon imported fuel oils whether for commercial or for domestic use. I would, therefore, urge you and those associated with you to give careful thought not only to the proposed taxation on fuel oil but to the excessive cost of government. Whereas general living conditions have decreased markedly during the last two and one-half years, the cost of Federal, State, county, and town Government appears to have increased.

Any cooperation that you can give in reducing the cost of government and likewise decrease the amount of tax necessary to operate our Government institutions will at this time materially help to stimulate business and relieve what appears to be an unnecessary burden.

Yours very truly,

E. WADSWORTH STONE,
Research and Consulting Engineer.

LAWRENCE, MASS., *March 15, 1932.*

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.:

We hope you will vote against 1 cent per gallon excise tax on imported fuel oil and crude. It means an increase in the cost of our products that can only be offset by further reduction in wages already too low. It is an unfair burden on consumers and manufacturers in New England which will help the oil companies toward stronger monopoly and higher prices in this section as compared to others. It is unfair; the revenue it will produce is small, according to the Treasury Department; its harm great, and probably the more so in New England of anywhere. This unfair effort to milk New England for the benefit of a small minority in the House should not be tolerated in a bill which in most other respects has been so fairly framed for the interests of the country as a whole. We hope you will not only vote against it but will also vigorously oppose and expose its unrighteousness.

JOHN W. BOLTON & SONS CO.

WORCESTER, MASS., *March 14, 1932.*

Hon. DAVID I. WALSH,
United States Senate:

We protest enactment part of House bill 10236, relative excise tax on petroleum and its derivatives. Enactment would cost New England manufacturers $100,000,000 annually while providing no revenue. Tax is prohibitory and unjustified, since difficulties of American oil producers not caused by foreign competition but by circumstances relative excessive production pipe-line costs, etc.

GRATON & KNIGHT CO.

Mr. LONG. Mr. President, I have taken a little time to look up the tariff record of the Senator from Massachusetts and also the Senator from Georgia [Mr. GEORGE], to whose eloquent speech to-day I listened throughout. I find in the RECORD, from what I could glean—perhaps the chairman of the Finance Committee might inform me—that the Senator from Georgia supported in the last tariff bill a tariff of about $2 upon sand containing silica of 97 per cent or more—so that even the common, ordinary sand that might be used for the gizzard of the chicken was to be taxed. More than 120,000,000 people would be affected by that.

I find further that pitch and tar and clay and rayon duties seem to have received the very masterly support of the Senator from Georgia. If I have made a mistake, I want to know it.

Mr. GEORGE. Yes; the Senator has made several mistakes. I voted for lower duties and made the fight jointly with the Senator from Montana [Mr. WALSH], who would bear me out if he were present.

Mr. LONG. The Senator voted for a duty of 38 cents.

Mr. GEORGE. I voted for lower duties always on rayon. Of course, I had to vote for the lower of the two things that were presented.

Mr. LONG. The Senator offered an amendment, and the lowest amount offered in his amendment was 38 cents, and the bill only provided for 45 cents.

Mr. GEORGE. That was a good deal lower than the rate called for in the bill. I voted for lower duties. I voted for duties upon farm products, and I did vote, as I said in my address, to prevent a reduction of the duty on clay.

Mr. LONG. Did not the Senator also ask for a tariff on sand?

Mr. GEORGE. I did not.

Mr. LONG. The Senator did not vote for a tariff on sand?

Mr. GEORGE. I do not know about any vote upon a matter of that kind.

Mr. LONG. The RECORD, as I remember it, showed that the Senator voted for a tariff of $2 a ton on sand.

Mr. GEORGE. No; I did not ask for a duty on sand at all.

Mr. LONG. But the RECORD shows the Senator voted for it.

Mr. GEORGE. I do not care what the RECORD shows; I did not ask for it. The Senator from Nevada [Mr. PITTMAN] asked for a duty on sand, and he would bear me out in my statement if he were here.

Mr. LONG. I find also from the RECORD I have just been reviewing that the Senator from Massachusetts [Mr. WALSH] voted for a number of these tariff items, particularly on goods manufactured in Massachusetts, including boots and shoes, things worn by every human being on the globe; harness that went on the backs of horses; knives, table forks, spoons; bicycles for young children; tricycles for babies—all of which were voted for, as I understand, because those items are produced in Massachusetts.

Mr. WALSH of Massachusetts. May I suggest to the Senator that before he attempts to call attention to the votes of the distinguished Senator from Georgia, whose splendid public service needs no defense, and other Senators he produce the record?

Mr. LONG. I have it upon my desk and I shall be glad to produce it.

Mr. WALSH of Massachusetts. If the Senator has been able, in the brief time I have been talking, to consult the record of the votes and the arguments pro and con and obtain a complete idea of the reasons for our position, he has a very rapidly moving mind.

Mr. LONG. I had very able help, and we looked up the Senator's record, and we did not find any tariff item in which Massachusetts was interested, as I recollect, that the Senator did not vote in favor of it. It may be that there were some we did not look up.

Mr. WALSH of Massachusetts. The Senator has not made a very accurate statement. I leave it to my colleagues, who have been here longer than has the Senator from Louisiana, if I have not shown a very independent course toward the demands of my constituents for high protective tariff duties. I have stood on this floor again and again and have voted against them, though I have voted for duties in some cases where it seemed to me the facts indicating steadily increasing imports were justified; and not only that, but, as a Democrat from a Republican protective tariff State, I have voted against Republican tariff bills. I think that is a record to which I can point with some satisfaction as a Democrat.

Mr. HAYDEN. Mr. President, the Senator from Massachusetts in the course of his remarks stated that the United States was an immense exporter of copper. I have before me some very accurate figures recently compiled by the Department of Commerce and the Tariff Commission.

Mr. WALSH of Massachusetts. For what year?

Mr. HAYDEN. For the years 1929, 1930, and 1931.

Mr. WALSH of Massachusetts. Do the figures represent the average for the three years?

Mr. HAYDEN. No; the figures are separate for each year.

Mr. WALSH of Massachusetts. My figures were only for the year 1931, and were based on value rather than tons.

Mr. HAYDEN. The figures I have are for each separate year. The United States was a net importer of copper in two ways, a net importer of copper to the extent of 54,322 tons, excluding manufactures of copper, in 1929; of 94,487 tons in 1930; and of 56,515 tons in 1931. Including manufactures of copper, the United States was a net importer of copper in 1929 to the extent of 460 tons; in 1930 to the extent of 42,203; and in 1931 to the extent of 20,349 tons; and at the rate of the importations for the past six months, if they are carried through for the remainder of the year, the United States will be a net importer of copper, excluding manufactures, of 223,408, and, including manufactures, of 194,512 tons.

I thought, Mr. President, for the sake of the RECORD and for the sake of accuracy, that these figures should be made known.

Mr. WALSH of Massachusetts. I concede that I may be mistaken, although I want the Senator to know that in preparing the minority report I sought to check up the figures very carefully and very accurately, and I thought they were accurate. I repeat, the difference may be due to my use of the values of the imports, while the Senator uses tons.

Let me say further that I observe from what the Senator himself has read, confirmatory of my argument, that there has been a decrease in the importations of copper in 1931 as compared to 1930 of 50 per cent, showing that the importations are going down and not up.

Mr. HAYDEN. That was true for the fiscal year 1931 as compared to the fiscal year 1930, but immediately after that, during the past six months, there has been a tremendous increase in the importations of copper.

Mr. WALSH of Massachusetts. I shall be glad to review the matter, and very frankly on the floor to-morrow, if I find I am mistaken, make public declaration of the figures that I find to be correct. I have no desire to mislead my fellow associates in this Chamber——

Mr. HAYDEN. I am sure of that.

Mr. WALSH of Massachusetts. I have no desire to resort to trickery or resort to deception or misunderstanding.

Mr. HAYDEN. I am quite sure of that.

Mr. WALSH of Massachusetts. I make no criticism of the motives of other men; I seek to base my action upon facts as they appear to me, and I concede to my fellow Senators the right to use their own conscientious judgment, as I try to do.

Mr. HAYDEN. Believing that and being sure the Senator had unwittingly included in the minority report a statement which to my knowledge can not be verified by the facts, I have taken the trouble to obtain these figures.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska to the amendment reported by the committee, on which the yeas and nays have been ordered.

Mr. TYDINGS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Jones	Robinson, Ind.
Austin	Cutting	Kean	Sheppard
Bailey	Davis	Kendrick	Shipstead
Bankhead	Dickinson	Keyes	Shortridge
Barbour	Fess	La Follette	Smith
Barkley	George	Lewis	Smoot
Bingham	Glass	Logan	Steiwer
Borah	Glenn	Long	Thomas, Idaho
Bratton	Goldsborough	McGill	Townsend
Brookhart	Gore	McNary	Trammell
Broussard	Hale	Morrison	Tydings
Bulkley	Hastings	Moses	Vandenberg
Bulow	Hatfield	Neely	Walsh, Mass.
Capper	Hawes	Norbeck	Watson
Carey	Hayden	Norris	Wheeler
Cohen	Hebert	Nye	
Connally	Hull	Oddie	
Coolidge	Johnson	Reed	

The PRESIDING OFFICER. Sixty-nine Senators having answered to their names, a quorum is present. The question is on the amendment offered by the Senator from Nebraska to the amendment reported by the committee on which the yeas and nays have been ordered.

Mr. LA FOLLETTE addressed the Senate. After speaking for about 30 minutes he yielded for an executive session. His speech will be published entire.

Mr. McNARY. Mr. President, will the Senator yield for an executive session?

Mr. LA FOLLETTE. I yield to the Senator from Oregon.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States, submitting nominations, which were referred to the appropriate committees.

DIPLOMATIC AND FOREIGN SERVICE

The VICE PRESIDENT. Reports of committees are in order. If there are no reports of committees, the calendar is in order.

The legislative clerk read the nomination of Orsen N. Nielsen to be secretary, Diplomatic Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES SHIPPING BOARD

The legislative clerk read the nomination of T. V. O'Connor, of New York, to be a member of the United States Shipping Board.

Mr. JOHNSON. Mr. President, because of the illness of the Senator from Tennessee [Mr. McKELLAR], who requested that the nomination be passed over, I ask that it may go over.

The VICE PRESIDENT. It will be passed over.

THE JUDICIARY

The legislative clerk read the nomination of George A. Welsh to be United States district judge, eastern district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. REED. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of the nomination of Judge Welsh.

Mr. NORRIS. Mr. President, I would like to ask the Senator from Pennsylvania what reason there is for notifying the President so promptly?

Mr. REED. I am aware it is a departure from our usual rule, but the calendar in the eastern district of Pennsylvania is clogged with an accumulation of business. This vacancy has existed for a considerable time, and the present judges are utterly unable to cope with the work. It is merely that a week or so may be saved in disposing of business of importance in that district. I know of no other reason.

Mr. NORRIS. I have no objection.

The VICE PRESIDENT. Without objection, the President will be notified.

The legislative clerk read the nomination of B. B. Montgomery to be United States marshal, northern district of Mississippi.

Mr. HASTINGS. Mr. President, I ask that the nomination go over.

The VICE PRESIDENT. The nomination will be passed over.

PUBLIC HEALTH SERVICE

The legislative clerk read the nomination of Edwin G. Williams to be passed assistant surgeon, Public Health Service.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MOSES. I ask unanimous consent for the confirmation en bloc of all postmaster nominations on the calendar.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. REED. Mr. President, I ask that the nominations in the Army be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. HALE. I ask that the nominations in the Navy be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc. That concludes the calendar.

The Senate resumed legislative session.

ADDITIONAL REPORT OF A COMMITTEE

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 363) for the relief of Nannie Swearingen, reported it with an amendment and submitted a report (No. 722) thereon.

RECESS

Mr. McNARY. I move that the Senate carry out its unanimous-consent agreement and recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 10 o'clock and 5 minutes p. m.), under the order previously entered, took a recess until to-morrow, Friday, May 20, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 19 (legislative day of May 9), 1932

UNITED STATES ATTORNEY

Sterling D. Bennett, of Texas, to be United States attorney, eastern district of Texas. He is now serving in this position under an appointment by the court.

MEMBER OF THE FEDERAL BOARD FOR VOCATIONAL EDUCATION

Perry W. Reeves to be member of the Federal Board for Vocational Education (representative of labor).

JUDGE OF THE MUNICIPAL COURT OF THE DISTRICT OF COLUMBIA

Robert E. Mattingly, of the District of Columbia, to be a judge of the Municipal Court of the District of Columbia. He is now serving in this position under an appointment which expires May 23, 1932.

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lieut. Col. John Cocke, Cavalry, from May 14, 1932.

To be lieutenant colonel

Maj. Henry Wallace Hall, Cavalry, from May 14, 1932.

To be major

Capt. William Francis Heavey, Corps of Engineers, from May 14, 1932.

To be captain

First Lieut. Homer Barron Chandler, Air Corps, from May 14, 1932.

To be first lieutenants

Second Lieut. Oliver Wolcott van den Berg, Field Artillery, from May 13, 1932.

Second Lieut. Ralph Eugene Rumbold, Infantry, from May 14, 1932.

MEDICAL CORPS

To be lieutenant colonels

Maj. Michael Andrew Dailey, Medical Corps, from May 12, 1932.

Maj. John George Ingold, Medical Corps, from May 17, 1932.

Maj. Alvin Charles Miller, Medical Corps, from May 18, 1932.

DENTAL CORPS

To be lieutenant colonels

Maj. William Archer Squires, Dental Corps, from May 13, 1932.

Maj. Arnett Percy Matthews, Dental Corps, from May 14, 1932.

Maj. John William Scovel, Dental Corps, from May 14, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 19 (legislative day of May 9), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Orsen N. Nielsen to be secretary in the Diplomatic Service.

UNITED STATES DISTRICT JUDGE

George A. Welsh to be United States district judge, eastern district of Pennsylvania.

PUBLIC HEALTH SERVICE

Edwin G. Williams to be passed assistant surgeon, Public Health Service.

APPOINTMENTS IN THE REGULAR ARMY

Brig. Gen. Edgar Thomas Collins, from June 1, 1932, to be major general.

Col. Harry Burgess, Corps of Engineers, to be brigadier general.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Maj. Franklin Langley Whitley, to Infantry.

PROMOTIONS IN THE REGULAR ARMY

Sheldon Webb Anding to be colonel, Infantry.

William Gaither Murchison to be colonel, Adjutant General's Department.

Howard Stanley Miller to be colonel, Coast Artillery Corps.

Clarence Lininger to be colonel, Cavalry.

Edward Murray Offley to be colonel, Cavalry.

Richard David Newman to be lieutenant colonel, Cavalry.

Thomas Jefferson Johnson to be lieutenant colonel, Field Artillery.

Robert Howe Fletcher, jr., to be lieutenant colonel, Infantry.

Frederick Ambrose Barker to be lieutenant colonel, Infantry.

Agard Hyde Bailey to be lieutenant colonel, Infantry.

Sumner McBee Williams, to be lieutenant colonel, Quartermaster Corps.

Preston Thompson Vance to be major, Field Artillery.

Philip Coleman Clayton to be major, Cavalry.

William Hays Hammond to be major, Infantry.

Halbert H. Noyes to be major, Quartermaster Corps.

Theodore Russell Maul to be major, Quartermaster Corps.

John Amos Nelson to be major, Quartermaster Corps.

Cyrus Wilson Haney to be major, Quartermaster Corps.

Joseph Leonard Tupper to be major, Infantry.

Joseph Jones Yeats to be captain, Infantry.

William Henry Buechner to be captain, Infantry.

Arthur Dale Rothrock to be captain, Ordnance Department.

John William Monahan to be captain, Air Corps.

Ernest Emery Harmon to be captain, Air Corps.

Cortlandt Spencer Johnson to be captain, Air Corps.

Andrew Reid Duvall to be captain, Infantry.

Henry Walter Ulmo to be captain, Coast Artillery Corps.

Charles Carl Chauncey to be captain, Air Corps.

Julian Meredith MacMillan to be captain, Infantry.

Walter Eugene Richards to be captain, Air Corps.

Robert Elmer Selff to be captain, Air Corps.

Raymond Dailey to be captain, Quartermaster Corps.

George Hall Sparhawk to be first lieutenant, Air Corps.

John Felix Guillett to be first lieutenant, Air Corps.

Dixon McCarty Allison to be first lieutenant, Air Corps.

Joel G. O'Neal to be first lieutenant, Air Corps.

Alva Lee Harvey to be first lieutenant, Air Corps.

Robert Lee Miller to be first lieutenant, Coast Artillery Corps.

John Gross Merrick to be first lieutenant, Cavalry.

John Osman Taylor to be first lieutenant, Field Artillery.

Frank Neuman Leakey to be first lieutenant, Field Artillery.

George Olaf Norman Lodoen to be first lieutenant, Infantry.

Lindsey Roscoe Wingfield to be first lieutenant, Field Artillery.

Philip James Henderson to be first lieutenant, Infantry.

Edgar Richard Curtis Ward to be first lieutenant, Coast Artillery Corps.

Leeson Oren Tarleton to be lieutenant colonel, Medical Corps.

Shelley Uriah Marietta to be lieutenant colonel, Medical Corps.

Harry Hill Van Kirk to be lieutenant colonel, Medical Corps.

Robert Skelton to be lieutenant colonel, Medical Corps.

Omar Heinrich Quade to be lieutenant colonel, Medical Corps.

Crawford Fountain Sams to be captain, Medical Corps.

Mark Tad Morgan to be captain, Medical Corps.

PROMOTIONS IN THE NAVY

To be rear admiral

John W. Greenslade.

To be commanders

Norman Scott.
Joseph L. Nielson.
Virgil C. Griffin, jr.
Ernest G. Small.
Willard E. Cheadle.

To be lieutenant commanders

Edmund D. Duckett.
Learned L. Dean
Charles P. Porter.
Wilmer W. Weber.

To be lieutenants

Justin S. Fitzgerald.
Paul B. Koonce.
Wallace E. Guitar.
Philip D. Lohmann.
John H. Brady.

To be surgeon

Charles G. Terrell.

To be paymaster

Charles E. Rappolee.

To be chief boatswains

Thomas O. Kirby.	Anthony Feher.
Svend J. Skou.	Harold E. Russell.
Frank H. Lemon.	Albert A. Webb.
Ivan E. Pitman.	Marshall M. Angleton.
John O. Strickland.	Harold L. Arnold.
William S. Burns.	John T. Sunderman.
William H. Fiddler, jr.	Harry W. Weinberg.
James F. Jeter.	Fred Michaelis.
James L. Freese.	Thomas F. McDermott.
Edgar J. Hayden.	Kenneth C. Ingraham.
Lyle Turner.	Henry M. Brun.

To be chief gunners

Warren C. Carr.	Glen R. Ringquist.
Charles A. Strumsky.	Joseph J. Cox.
Arthur S. Fenton.	Francis Quotidomine.
Charles B. Day.	William M. Coles.

To be chief electricians

Merion E. Hair.
Harry C. Woodward.
Thomas Q. Costello.

To be chief radio electrician

George W. Almour.

To be chief machinists

John R. Rayhart.	Edward J. Tyrrell.
Ralph M. Jeffries.	Virgil D. Duke.
John W. Cunningham.	John M. Fitzsimmons.
William J. Lowe.	David L. Jones.
Edward J. Sherry.	Thomas G. Powers.
William T. Crone.	Jacob F. Matsch.
Clarence C. McDow.	Raymond G. Shively.
Meares B. Cartmell.	Clarence J. P. Buckey.

To be chief carpenters

David Somers.
William J. Kennedy.

To be chief pay clerks

Harry S. MacKan.
Floyd L. Chapman.
Frank L. Bevier.
Oscar H. Wevel.

To be lieutenant

Thomas E. Kelly.

MARINE CORPS

William C. Powers, jr., to be lieutenant colonel.
Clinton W. McLeod to be captain.
Con D. Silard to be first lieutenant.
Ward E. Dickey to be first lieutenant.

POSTMASTERS

ALABAMA

Eason K. Wood, Calera.
James P. Aaron, Camp Hill.
Louie W. Vaughan, Cuba.
Ira C. Chapman, Deatsville.
Sister Mary Teresa, Holy Trinity.
Denby S. Roberts, Lexington.
Jethro D. Dennis, Marion.
George B. Pickens, Moundville.
Arthur P. Thompson, Piedmont.
Samuel B. Wininger, Pisgah.
Samuel J. Tucker, Springville.
Alden M. Wallace, Tuskegee.
Maggie Winningham, York.

ARIZONA

Robert B. Anderson, Clifton.

COLORADO

John Davis, Arriba.
Roy McWilliams, Ault.
Irving P. Beckett, Craig.
William V. Kerr, Eads.
Oscar L. Morris, La Salle.
Mabel M. Gallagher, Windsor.

GEORGIA

Jesse H. Hicks, Chickamauga.
Judge T. D. Conley, Collegepark.
James P. Rose, Lyerly.
Don W. Pettitt, Nelson.

IDAHO

Peter W. McRoberts, Twin Falls.

ILLINOIS

Hiram B. Rutherford, Newman.
Luther G. Raymer, Park Ridge.

INDIANA

Doris P. Petra, Francesville.
Justin P. Dipert, Grovertown.
Pirl H. Hawthorne, Hartford City.
William H. Warn, jr., Milan.
Louis T. Heerman, Syracuse.

KANSAS

John C. Shields, Chetopa.
Henry B. Lawton, Kiowa.
Leland L. Jacobs, Plains.
Arthur P. Barrett, Pratt.
Lloyd Van Metre, Sublette.
Walter M. Wheatcroft, Utica.

KENTUCKY

Ronald S. Tuttle, Bardstown.
John G. Fisher, Berry.
Edward B. Ray, Canmer.
Ruth VanZant, Edmonton.
John C. Jackson, Evarts.
James A. Hargan, Fort Knox.
Edgar Renshaw, Hopkinsville.
John Eversole, London.
Rollie E. Keown, Morgantown.
Charlie H. Throckmorton, Mount Olivet.
Helen E. Park, Rockport.
Clyde S. England, Russell.
Ruby M. Wood, Salt Lick.

MAINE

Roy A. Evans, Kennebunk.

MINNESOTA

J. Arthur Johnson, Center City.
Isaac C. Stensrud, Hartland.
Olive C. Hall, Hollandale.
Ruth J. L. Anderson, Lindstrom.
Louise S. Lundberg, Taylors Falls.
James M. Patterson, West Concord.

MISSISSIPPI

Mitchell E. McLaughlin, Leland.
Kathleen M. Baker, Scooba.
Charles Kramer, Stonewall.

MONTANA

Orion A. Tellifero, Browning.
Oswald M. Johnson, Chinook.
Margaret B. Whetstone, Cut Bank.
George H. White, Oilmont.

NEW HAMPSHIRE

Mary E. Smith, Woodsville.

NORTH CAROLINA

Robert D. Herndon, Chapel Hill.
B. Ray Cohoon, Columbia.
George E. Sweet, Cornelius.
Joseph S. Mitchell, Draper.
Frank L. Smith, Drexel.
Ocie O. Freeman, Gates.
Thomas S. Keeter, Grover.
James S. Ware, Kings Mountain.
Christopher C. Snead, Laurel Hill.
Joseph B. Harrell, Marshville.
Joseph B. Sparger, Mount Airy.
Frank Dudgeon, Pinehurst.
Benjamin F. Griffin, Pineville.
Annie L. Stanton, Stantonsburg.
George W. Stanton, Wilson.

OHIO

James G. Mills, Cardington.

OREGON

Elizabeth J. Morgan, Corbett.

PENNSYLVANIA

Ruth M. Steiger, Albion.
Arza R. Bullock, Cambridge Springs.
Edward R. Dithrich, Coraopolis.
Bertha S. Kuns, Creighton.
Samuel M. Carnell, Dott.
Mildred E. Wagner, Freemansburg.
John J. Nichols, Lansdowne.
William M. Overholt, Mount Pleasant.
George A. Hill, Newtown.
Clyde G. McMurray, Oakdale.
William M. Thomas, Ridgway.
William Percy, Scottdale.
Temple K. Gregg, Strafford.
Thomas Y. Tarlton, Summithill.
Wyndham C. Jones, Titusville.
Ray J. Crowthers, West Elizabeth.

SOUTH CAROLINA

Cecil S. Rice, Denmark.

TEXAS

Harvey L. Pettit, Bloomburg.
Zella E. Mitchell, Campbell.
James A. Morgan, Vega.

WEST VIRGINIA

Charles Ash, Glen Jean.
Alphonse Leuthardt, Grafton.

WISCONSIN

Adolph R. Mill, Kaukauna.
Theodore B. Ottum, McFarland.
William Frankland, Montfort.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 19, 1932

The House met at 12 o'clock noon.

The Rev. Hugh T. Stevenson, of the Bethany Baptist Church of Washington, D. C., offered the following prayer:

Almighty and Eternal God, we draw near to Thee at this hour because Thou has been with our fathers in every crisis of our history. We thank Thee for the help, aid, and assistance that Thou hast given them in those trials. Help us to realize our need of Thee in this hour that is testing the very souls of men. Guide us and lead us so that we may learn from our errors, correct our mistakes, follow Thy light, and do Thy will. We ask Thy blessing to rest upon our country and upon all who are in authority. Fill us with peace, prosperity, and power. May we as a people honor Thee by doing Thy will and glorifying Thy name at all times and in all ways. We ask it in the Master's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

S. 1335. An act to remove the limitation upon the filling of vacancy of district judge for the district of New Jersey.

Also a further message by Mr. Craven, its principal clerk, announcing that the Senate agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6477) entitled "An act to further extend naturalization privileges to alien veterans of the World War residing in the United States."

ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1335. An act to remove the limitation upon the filling of vacancy of district judge for the district of New Jersey; and

S. 2498. An act to authorize the transfer of jurisdiction over public land in the District of Columbia.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11897, the War Department appropriation bill, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

Mr. TAYLOR of Colorado. Mr. Chairman, I rise in opposition to the pending amendment to this paragraph.

Mr. GOSS. Mr. Chairman, may we have the pending amendment read for the information of the House?

The Clerk read as follows:

Amendment offered by Mr. McDUFFIE: Page 71, line 4, strike out the paragraph ending in line 20.

Mr. TAYLOR of Colorado. Mr. Chairman, the appropriation carried in this War Department appropriation bill during the past several years for the construction, repair, and maintenance of roads, tramways, ferries, bridges, and trails in the Territory of Alaska has been $800,000 a year. This year the Bureau of the Budget reduced that appropriation to $656,000 for the next fiscal year. This War Department subcommittee has further reduced that amount to $354,310 for the coming fiscal year, and the amendment now under consideration, offered by the gentleman from Alabama [Mr. McDUFFIE], is to strike out that entire amount and leave no appropriation whatever for any work of that kind throughout the entire Territory of Alaska for the next fiscal year.

I most earnestly ask the House to carefully consider the very serious and in fact disastrous effect of this amendment. There are at the present time about 1,750 miles of wagon roads in the Territory, and about 1,400 miles of dogsled roads, and approximately 7,300 miles of trails, besides some 700 miles of what are called flagged trails. The actual annual maintenance of those roads and trails, without any substantial extensions or improvements, costs about $600,000 a year; and there is a very great need throughout Alaska for many more roads and trails for the proper development of that Territory.

Everyone who has ever visited Alaska knows that roads and trails are absolutely necessary for the purpose of any and practically all development in the Territory. The climatic conditions and the topography and character of the country make it imperatively necessary to constantly keep these roads and trails in repair. The deep snows and the spring and summer floods and torrential rains make road construction and road repair—and especially road maintenance—enormously expensive.

I speak from personal observation and knowledge of the conditions in Alaska. The Interior Department Appropriation Subcommittee, of which I have had the honor to be the present chairman and a member for many years, has twice visited Alaska. Last August, Mr. MURPHY, of Ohio, and Mr. HASTINGS, of Oklahoma, and I, as three members of that committee, made quite a careful study of the needs of the Territory in all respects. We were accompanied by the chairman of the Indian Affairs Committee, Mr. LEAVITT, of Montana, and the chairman of the Public Lands Committee, Mr. COLTON, of Utah, and others. And I am confident that every one of those gentlemen will substantiate what I say. We went from Seward to Fairbanks on the railroad. We stopped on the way and visited the Mount McKinley National Park. We returned from Fairbanks over the Richardson Highway from Fairbanks, nearly 400 miles to Valdez. That is not only the most wonderful highway in Alaska but it is one of the marvelous highways of the world. I can not take time to describe it or give its tremendous importance to the development of that Territory, but I will say that the Board of Road Commissioners of Alaska and the Army engineers and their assistants have done a wonderful work in the construction of that road, as well as in the maintenance of it. It is practically impossible to construct any road of any length in Alaska that will not require constant repair. No amount of skill can entirely guard against the deep snows, the melting glaciers, and the terrific floods. Bridges and large portions of this and all other roads are washed out at some time. We were compelled to have our automobiles pulled through several rivers by caterpillar tractors.

Mr. McDUFFIE. Mr. Chairman, may I interrupt the gentleman?

Mr. TAYLOR of Colorado. Yes.

Mr. McDUFFIE. Will the gentleman inform the committee how much money the Federal Government has already expended in building roads and trails, bridges, and in highway construction in the Territory of Alaska to date?

Mr. TAYLOR of Colorado. The total amount expended for that purpose from 1905 to June 30, 1931, was $17,273,794.62. Of that amount Alaska has contributed $3,769,418.62, and there have been some contributions from other funds and sources.

There are five Army officers connected with the work of the Alaska Road Commission who receive a total of $21,020.92 for salaries and allowances.

The Richardson Highway original construction cost $2,732,000, and the maintenance and improvement of it to June 30, 1931, was $3,820,000, making a total cost to that date of $6,552,000, of which amount Alaska contributed about $2,600,000.

I may say to the gentleman from Alabama that from the time our country purchased Alaska from Russia for $7,200,000 on March 30, 1867, to December 31, 1931, our Gov-

ernment has spent all told $200,117,286.92 in Alaska, and our country has received in return from Alaska $50,357,660.65 in the form of money going into our Federal Treasury. Aside from that, Alaska has produced principally in fish, minerals, and furs about two and one-half billion dollars that has been taken out of that Territory by citizens of our country and brought into the United States. Besides that, the citizens of Alaska have purchased merchandise from our country to the amount of $889,232,561. It is one of the richest possessions that any nation in the world has ever had. Its white population of about 28,000 are courageous, pioneer, red-blooded, loyal, and splendid American citizens, who are, against frightful obstacles, doing their level best to develop and make homes in that marvelously rich and wonderful Territory of our Government.

They richly deserve all the encouragement and support that Congress can ever give them. Alaska has no public debt and the lowest tax rates of any place under the American flag. For 50 years it has produced more gold every year than we paid Russia for the entire Territory that is one-fifth as large as the entire United States. It is often said that it is "conservationed to death"; that is, it has more government per capita, less liberty, and more harmful congressional limitations upon its material development than any other place under our flag. There are about 15,000 Indians and about the same number of Eskimos scattered throughout that vast region. I wish you could all visit Alaska some time.

To anyone who knows anything about the climate and roads and conditions in the Territory it is absolutely cruel and unspeakably outrageous to refuse for even a year to make any appropriations for the maintenance of the roads and trails throughout that region. Alaska can not possibly be developed without roads and trails. In fact the people could not exist there without them. People must be able to travel about the country, especially by dog teams, about eight months in every year. Our country is in great need of the production of more gold. Mines can not operate unless they are accessible. The Government must open and improve and maintain the roads very largely, although it is true that Alaska contributes about 30 per cent toward all the road and trail construction. And when you consider the very limited resources of those people you must admit they are doing mighty well when they do that much.

Our Federal-aid road 50-50 law does not apply to Alaska at all. For that reason we have never made road appropriations up there in the way we have made fabulous appropriations for the much more wealthy States of our Union. Our Nation has a vast and enormous stake in Alaska. We can not afford to let it deteriorate, and we certainly can not afford to discourage or dishearten those people who all came from our States.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. TAYLOR of Colorado. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The Chair calls attention to the fact that before the committee rose on Tuesday a motion prevailed that all debate on this paragraph and all amendments thereto should close in five minutes. Under those circumstances the debate on this paragraph is closed.

Mr. TAYLOR of Colorado. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. That motion was made and debated.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the debate be extended 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LUCE. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. LUCE. Is it not a fact that when we were in the Mount McKinley National Park last summer we saw a road in process of construction which was to extend to the gold fields, west of the park, which promised great additions to our gold supply?

Mr. TAYLOR of Colorado. Oh, yes. The gentleman from Massachusetts was with us and his statement is correct. We who were there all know it would be absolutely suicidal on our part to cut out this appropriation for road construction and road repair and upkeep in the Territory of Alaska.

Mr. BARBOUR. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. BARBOUR. If I remember correctly the statement was made on the floor the other day that Alaska does not contribute anything to road building. There are two funds in Alaska which go into road building. One is known as the Alaska fund, which comes from certain business licenses, and the other is an annual or biennial appropriation made by the Territory of Alaska.

Mr. TAYLOR of Colorado. That is true, and our Government contributes but 70 per cent.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. SUMMERS of Washington. I want it perfectly plain that Alaska's contribution is about $50,000,000 annually. The gentleman did not make that clear.

Mr. TAYLOR of Colorado. Not that amount annually, but all told.

Mr. SUMMERS of Washington. It is about $2,500,000,000 all told, but $50,000,000 annually.

Mr. TAYLOR of Colorado. I said Alaska has since we purchased the Territory in 1867 produced about $2,500,000,000 in wealth. That is what the gentleman means.

Mr. SUMMERS of Washington. Yes; from Alaska.

Mr. TAYLOR of Colorado. I was talking about cash while the gentleman was talking about the output of fish, minerals, furs, and everything else that has been taken out of Alaska. I am talking about the money that went into the Federal Treasury from Alaska. That sum since 1867 has been about $50,000,000.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. JOHNSON of Washington. Is it not true that if this appropriation should be stricken from the bill it would result in false economy, because the roads deteriorate very fast?

Mr. TAYLOR of Colorado. It would mean almost an utter destruction of all we have expended on roads and trails in Alaska. If those roads are allowed to go without maintenance for one year, it would mean that we would practically have to start all over again. Gentlemen, Congress absolutely must continue this road and trail work in that Territory. If we do not, our country will suffer an enormous loss and we will be most wrongfully and cruelly inflicting an irreparable injury and loss upon 28,000 as splendid people as there are anywhere on this globe. [Applause.]

Mr. McDUFFIE. Mr. Chairman, I have no desire to do an injustice to any of our territorial possessions, certainly none to Alaska. I repeat what I said last Tuesday. I think we owe a special duty to the natives of Alaska, and probably it is more serious than the duty we owe to our own American citizens there, in view of the fact that they are our wards.

I recognize that we have brought from Alaska goods amounting in value to vast sums, but let us not forget that the bringing in of goods, so far as the amount is concerned, has receded as the years have passed. Let us not forget that we have already expended hundreds and hundreds of millions of dollars in the Territory of Alaska. Let us not forget that there are only 25,000 white people there and all told, counting our Eskimo population, less than 60,000 people in the Territory of Alaska. Let us not forget that if what the gentleman from California says is true, and if what the gentleman from Colorado says is true, there will be enough funds provided by the Territory itself to do all of the maintenance work on all the necessary roads and trails in Alaska.

The idea of maintaining 3,100 miles of highways in Alaska for the use of less than 60,000 people is perfectly preposterous to me.

We have a railroad in Alaska, built, if you please, to tap the coal fields of Alaska, and I am reliably informed that

they have to go to Canada to buy coal with which to run that railroad.

Mr. RANKIN. Will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. RANKIN. They have now gotten to the point where they can use some of the coal of the Alaskan mines, and they are using it on this railroad.

Mr. McDUFFIE. I appreciate the interest gentlemen show in Alaska. The gentleman from Washington is a neighbor of Alaska; the gentleman from Colorado is interested in the Interior Department appropriation bill, and it is but natural for them to be interested. They have been there; they have been on the ground; but I have not. I am not an expert on Alaska, but I make the statement—which I do not think can be successfully contradicted—that if the Territory of Alaska is contributing anything at all to the funds for roads in Alaska those funds will be ample to take care of the maintenance of the roads, trails, and bridges in Alaska for the fiscal year of 1933.

The gentleman from Nebraska [Mr. SIMMONS] said the other day—and he was there also—that he saw a beautiful boulevard built in a forest, if you please, and that a vast sum of money had been expended for a wonderful bridge over a stream. That boulevard started in the forest and ended in the forest, and was paid for, if you please, largely by the money of the taxpayers of the United States.

It is true we have brought much goods from Alaska, but we are not continuing at the great rate of former years. Compared with the States of the Union, certainly, no man will say that the returns to the Public Treasury, according to the figures quoted by some gentlemen here and according to the figures placed in the RECORD by the distinguished Delegate from Alaska, are at all comparable. We are spending several million dollars more a year annually upon the Alaskan Territory from the Public Treasury than the receipts to the Treasury from the Territory.

I submit to you that at a time like this, when we are trying to effect economy in government, no individual in Alaska will be hurt by striking out this little appropriation. No loss will occur to the people of Alaska if we strike this item out, and I submit again that it should be stricken from this bill.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama to strike out the paragraph.

The question was taken; and on a division (demanded by Mr. McDUFFIE) there were—ayes 50, noes 56.

So the amendment was rejected.

The Clerk read as follows:

For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes, and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893 (U. S. C., title 33, sec. 661); and for examinations, surveys, and contingencies of rivers and harbors: *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, $59,277,095: *Provided further*, That no part of any appropriation expended under the supervision of the Chief of Engineers shall be available for the purchase of motor-propelled passenger-carrying vehicles or launches, speed boats, or other similar small motor-propelled boats unless there shall be a specific appropriation therefor.

Mr. COLLINS. Mr. Chairman, I offer an amendment to strike out the proviso beginning on page 72, line 17, and ending with the word "therefor," in line 22.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 72, line 17, strike out the proviso beginning in line 17 and ending in line 22.

Mr. STAFFORD. Mr. Chairman, will the gentleman from Mississippi yield?

Mr. COLLINS. I yield.

Mr. STAFFORD. I assume there was some real purpose to correct an abuse when the gentleman's committee sought to ban the purchase of launches, speedboats, and other motor-propelled boats for the use of the engineers of the Army.

Mr. COLLINS. The gentleman is exactly right, as he generally is——

Mr. STAFFORD. I thank the gentleman for that nice verbal bouquet.

Mr. COLLINS. We found that in a number of instances river and harbor funds had been used to purchase expensive speedboats—speedboats entirely out of proportion in size and cost to the necessities of the occasion—with the result that we thought we should require those in charge of the expenditure of these appropriations to furnish the Congress estimates of proposed expenditures for speedboats and small motor-propelled boats and similar craft, the same as they are required to do as to passenger-carrying vehicles; but we understand now that this provision, in view of the nearness of the commencement of the next fiscal year, might prevent the engineers from buying any boats, however necessary they might be, because it will be impracticable for them to furnish estimates as to their needs in time for inclusion in this bill. In addition to this General Brown has assured the committee that during the next fiscal year no boats will be bought except those that are absolutely essential and requisitions for which have come under his very close scrutiny.

Mr. STAFFORD. I thought there was such a superfluity of motor boats in connection with the work of the Corps of Engineers that for one year at least there might be a respite in the purchase of these expensive boats.

Mr. COLLINS. Ordinarily I think the amendment should be carried, but I doubt very much the advisability of carrying it in the bill so late in the year.

Mr. STAFFORD. My own idea was that it should not be carried forever and ever, but there might be a respite just for one year, to let them dispose of some boats, where they have an excess number of them, and place a ban on the purchase of new boats for the time being. It was my opinion this provision would not do any violent injury to the service.

Mr. COLLINS. I do not think there will be any abuse next year, I will say to the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 72, line 16, after the word "law," strike out "$59,277,095" and insert "$53,277,095."

Mr. TABER. Mr. Chairman, I have offered this amendment to cut from the rivers and harbors appropriation the sum of $6,000,000, or approximately 10 per cent of the total appropriation. This appropriation is divided, in the estimates that were furnished the committee, on the basis of approximately $37,000,000 for new construction and approximately $22,000,000 for maintenance.

I appreciate there are a large number of Members in this House who believe that the work they expected last summer they were going to get will be affected by this amendment and, perhaps, their vote will be influenced on this account; but let me call their attention to the facts that now exist. You know and I know that all contracts for public improvements are being let now on a basis at least 20 to 25 per cent below the letting figures of the 1st of last July and the 1st of last August, when these estimates were made up.

Mr. DIES. Will the gentleman yield?

Mr. TABER. I will not, because I have not the time.

You know and I know that with the money that will be carried in the bill after this 10 per cent cut there is no question in the world but what just as much in results can be had and just as much work can be accomplished as the Chief of Engineers figured would be accomplished when these figures were put together and $75,000,000 was sent by

the Chief of Engineers to the Bureau of the Budget the 1st of last August or the 1st of last September.

Having in mind the reduction in material prices, and having in mind the reduction in labor prices, the Bureau of the Budget cut these figures from $75,000,000 to $60,000,000, and the committee cut them about $700,000. Now, if you cut 10 per cent more and reduce it to about $54,000,000, you will still leave enough, in my opinion, to let them do everything they planned to do when they first made the figures up.

A lot is said about the number of workmen to be affected by this sort of thing. With all the work that is going on, and all that is carried in the bills that have so far gone through Congress, the new construction work will provide employment with the $175,000,000 or $200,000,000 for something like 100,000 men.

It is far more intelligent for us to proceed on the basis to set industry to work, as the result of balancing the Budget, than it is to appropriate a paltry sum to provide relief for unemployment. Let us get to the bottom of the situation and the root of the trouble. We have been going along on a false basis of employment of people by the expenditure of public funds, for things and projects that were not absolutely needed, and which we could get along without. We have got to get to the point where we can balance the Budget and stop this sort of thing.

[Here the gavel fell.]

(By unanimous consent, Mr. TABER was given two minutes more.)

Mr. TABER. If we do not balance the Budget and cut out these things that ought to be cut out and ought to be trimmed down, providing we are taking care of those projects which are absolutely necessary in a reasonable way, we are going to get to the point where we will have to cut everything of that kind out entirely.

Why not put our house in order on an intelligent basis, balance the Budget, and cut out enough to help toward putting the country to work? I appeal to the membership of the House to support this amendment and save to the people of the country this amount of money that will be saved as a result of the decreased cost of material and labor that has come along in the last 8 or 10 months. [Applause.]

It costs about $4,900 to put a man to work in rivers and harbors work—the largest amount required in any branch of construction work in the Government. It costs about $2,500 in the building-construction projects in our own districts.

Mr. WILLIAM E. HULL. Mr. Chairman and gentlemen of the House, I rise in opposition to this amendment, for this reason: First of all, the original budget that was agreed to by the engineers amounted to $75,000,000. On account of existing conditions it was reduced to $60,000,000. It has been cut as low as you can cut it, unless you want to destroy it.

My judgment is that if you take off this 10 per cent you will lose three times as much as if you left it on. The engineers are prepared over the country to follow the line in accordance with the surveys they have made.

They have the material on the ground and the men; they have the organization. In other words, when the money runs out the organization would have to disperse, the machinery be removed, and laid aside work until we could pass another appropriation.

This is a piece of folly, to talk about cutting an appropriation that will do so much damage to the country at the present time.

Mr. PARSONS. Will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. PARSONS. Is it not a fact that in projects partly finished if you let them go for a year you would lose more than you would save by this amendment?

Mr. WILLIAM E. HULL. Yes; if you let them lie for a year or two you would lose more than you would save.

Mr. HOPKINS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. HOPKINS. Is it not a fact that last year we spent $83,000,000 of it and already labor is going to be laid off to the extent of $23,000,000? This appropriation took the biggest cut of any appropriation. As the gentleman from New York [Mr. LAGUARDIA] pointed out, the majority of this is in labor, either at the river, in the quarry, or in some other place, and if we take $6,000,000 more off on the amendment of the gentleman from New York [Mr. TABER], it will result in cutting the wages of labor at those points.

Mr. LAGUARDIA. Three hundred and fifty thousand labor days.

Mr. WILLIAM E. HULL. The real truth of the matter is that 90 per cent of the work is labor. We are talking now about appropriating a couple of billion dollars for the purpose of helping labor. I talked with General Brown just the other day. Four hundred and thirty-one million dollars worth of river and harbor work in this country has been allocated, and if you are going to appropriate money to help labor, that is where it should be used. Ninety per cent of the work is labor. If you are going to do something to help labor, where can you do it better than by going on with this $431,000,000 of projects instead of taking off a measly little $6,000,000?

Mr. LINTHICUM. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. LINTHICUM. And if the gentleman from New York [Mr. TABER] is right in his statement that we can get work done for 20 per cent less than we could formerly, is not this the time to take advantage of that very fact?

Mr. WILLIAM E. HULL. Exactly so; and we must recognize the fact that we have the best organization in the Engineers' Department that we have ever had. The greatest care is being taken, the greatest effort at reducing expenses is being made, and I say to you that to deliberately step out here and cut this off would be a crime, and I hope nobody will follow the gentleman from New York.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. CULKIN. Will the gentleman discuss briefly the amount of this appropriation that must be allocated to maintenance?

Mr. WILLIAM E. HULL. The gentleman from New York did that—$22,000,000 for maintenance, which would give you about $37,000,000 for new work. Think of it. With all of these men who are at work, even taking the gentleman's own figures, you will have to lay them off, and that is all there is to it. There is no sense in the proposition. I am just as much for economy as the gentleman from New York is. I want to balance the Budget just as much as he does, but the real truth of the matter is that this river and harbor work brings something to the Government; you get something for the money that you put out. You are not simply exploiting something; you are putting the money into these projects to bring about better facilities for transportation in the country.

I shall close this talk with just one statement. All of us on the Rivers and Harbors Committee, every member, have worked hard to do what? To bring to the attention of the House only projects that would be essential to the Government. On our committee we do not recommend worthless projects. We look into them, and this amount of money must not be lowered. If it is, you will destroy many of these projects that have been approved by the House of Representatives.

Mr. McDUFFIE. Mr. Chairman, I offer the following amendment in the nature of a substitute for the amendment offered by the gentleman from New York [Mr. TABER].

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. McDUFFIE to the amendment offered by Mr. TABER: Page 72, line 16, strike out "$59,277,095" and insert "$55,313,240.25."

Mr. McDUFFIE. Mr. Chairman, of course, we might have and should have responded to the wishes of the people

of America and effected some economies in this bill with the military activities. If some of these gentlemen who are so solicitous of the Treasury this morning had been half so solicitous a few days ago, or when our economy program was before them, we might have saved in this bill $24,000,000, which Mr. Hoover is alleged to have said to one or probably two of his spokesmen he would like to have saved in this bill. I would like to see some savings made in this bill.

There is no one on the floor of the House who is more interested in the development of our rivers and harbors work than I am. I have spent some 10 or 12 years studying such problems. I think it is a very important work of the Government and entirely necessary. I recall, however, that during the war our Government stopped the construction of new projects unless they were in the nature of emergencies, though we continued to maintain all projects.

While we are not at war with a foreign enemy, we are at war with economic conditions in this country that are far more serious than they were when we were in actual warfare. A 10 per cent cut is suggested. I shall be glad to insert in the RECORD the effect of that, as stated by General Brown, whom I regard as one of the truly great men of this Nation, together with his letter in which he said that a 10 per cent cut under $60,000,000 will delay to some extent work on projects already adopted, and on new projects, excepting those that are highly essential in the development of the Nation's commerce. I do not think this House is going to cut the amount suggested by the committee by 10 per cent. I have submitted an amendment of 5 per cent for the consideration of the House in lieu of the 10.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. McDUFFIE. Yes.

Mr. WILLIAM E. HULL. Does the gentleman not think that on account of the war and the delay in taking care of these projects we find one of the reasons why we have to make these appropriations now? It was delayed so long that now we are up against it.

Mr. McDUFFIE. I am not so sure as to that. We have made very good progress in the development of our rivers and harbors. I am sure there are very worthy and essential projects that need development as quickly as possible in keeping with the condition of the Nation's finances. Such work will undoubtedly proceed. Of course, those of us who have studed this work of the Government regret to see the funds decreased, but, gentlemen, these are strenuous days; unhappy days of economic distress. Many activities of the Government must be curtailed, and at a time like this some should be eliminated. We will not, of course, eliminate river and harbor work; but I can not but feel that we are forced to make as much cut as possible on this or any other appropriation item without seriously impairing efficiency and creating lost motion and waste.

As to the employment feature involved, General Brown stated that he figured every $1,500 might be measured by the labor of one employee in this work. If we take those figures, we find that we are not decreasing employment very much by the substitute amendment. I submit if you care to make reductions on this item, if you think it is wise policy, the 5 per cent reduction, in my judgment, will place you on safe ground and certainly prevent serious injury to probably one of the most important public works of the Government. The most important projects will be given attention, though a little less money will be expended on them under a 5 per cent cut.

Mr. CULKIN. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. CULKIN. Is it not a fact that General Brown's original estimate of $75,000,000 has already been cut $15,000,000 by the Budget?

Mr. McDUFFIE. Fifteen million dollars. That is doubtless true.

Mr. CULKIN. And is it not a fact that that is the greatest cut that has been made in any appropriation bill in the House?

Mr. McDUFFIE. I do not know whether it is or not. I know it was suggested in the Economy Committee—and I am almost afraid to mention that committee now—that it could be cut $20,000,000. I did not make the suggestion, but it was made, and I think it came originally from certain gentlemen, speaking the view of those connected with the administration, who thought such a cut was possible without injury. I think $20,000,000 reduction is too much. I do think General Brown's letter can be construed to mean that he could carry on the most essential construction in this work with a further reduction of 5 per cent. I am frank to say I doubt the wisdom of a 10 per cent reduction of this item. I believe General Brown will make this fund go as far as possible with the best results to the taxpayers.

Mr. CULKIN. Will the gentleman yield further?

Mr. McDUFFIE. I yield.

Mr. CULKIN. The gentleman understands that this item in this bill represents something over $22,000,000 for maintenance?

Mr. McDUFFIE. Yes.

Mr. CULKIN. And represents work on 300 projects scattered north, south, east, and west?

Mr. McDUFFIE. Well, as for that matter, it means a cut on projects in my own district. Ten per cent would mean a cut of practically one-half million dollars within my immediate territory. This should at least show my good faith in offering an amendment to cut this item. Economy means cuts everywhere.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. TABER. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. TABER. I understand from the Board of Engineers that with $37,000,000 they will be able to employ 8,000 men, or practically $4,900 per man.

Mr. McDUFFIE. I thought the gentleman had a question to ask, but am glad to have his figures. I made no inquiry of the board. I discussed this subject with the Chief of Engineers.

I am the last man on this floor to hinder or impede this very important activity. I am sincere when I say I believe that every essential project, those on the Missouri River, the Illinois, the Great Lakes, the Tennessee, Lake Okeechobee in Florida, and others, while taking a cut—I believe a 5 per cent cut—is not such a reduction as would destroy or greatly impede the activity, nor result in lost motion.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. WILLIAM E. HULL. Does the gentleman think it is good economy to stop work that is already being done?

Mr. McDUFFIE. This will not stop work that is already being done; that is, the essential work that is already being done; the work that is absolutely necessary to carry on.

Mr. WILLIAM E. HULL. On what authority does the gentleman say that?

Mr. McDUFFIE. Just the same authority that the gentleman stands on this floor and gives his own authority. I have studied this problem quite as long as the gentleman from Illinois.

Mr. WILLIAM E. HULL. Not any more than I have.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. McDUFFIE. Mr. Chairman, I ask unanimous consent to extend my remarks and to insert the letter from General Brown, setting out what the situation will be, in his judgment, in the event of a 10 per cent cut.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. McDUFFIE. You will note that General Brown's estimate and suggestions are based on a 10 per cent cut,

while I am offering only a 5 per cent cut, leaving $56,313,000 in round numbers for the work for 1933. I feel sure this committee will not accept a 10 per cent cut, and possibly you will make no cut at all, yet I feel this is a plan where we can save two or three million without serious injury.

The letter and figures of General Brown follow:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 6, 1932.

Hon. JOHN MCDUFFIE,
House of Representatives, Washington, D. C.

MY DEAR MR. MCDUFFIE: In accordance with your request I have carefully gone over the work planned by this department during the fiscal year 1933, with a view to determining the projects that would be affected by a reduction in the appropriation for river and harbor works from $60,000,000 to $50,000,000.

The Budget estimate of $60,000,000 was attained by the elimination of all work on projects authorized by Congress but not yet begun, except certain projects of especial importance to commerce and navigation on which operations have not been undertaken because of the delay in meeting conditions of local cooperation, in the furnishing of lands, etc., the fulfillment of which is to be anticipated. A further reduction will entail the postponement of all work except that of the highest importance for commerce and navigation, for most of which continuing contracts have been or are being entered into. I inclose a list showing the reductions necessary in the allocations presented to the Subcommittee on Appropriations which would be necessary if the appropriation were reduced from $60,000,000 to $50,000,000.

Sincerely yours,

LYTLE BROWN,
Major General, Chief of Engineers.

(One inclosure.)

Reduction of allocations consequent upon a reduction in fiscal year 1933 appropriation for rivers and harbors from $60,000,000 to $50,000,000

	Budget	As reduced	Saving
New Bedford and Fairhaven Harbor, Mass.	$60,000	0	$60,000
Fall River Harbor, Mass.	88,000	0	88,000
Taunton River, Mass.	150,000	0	150,000
New London Harbor, Conn.	50,000	0	50,000
Bridgeport Harbor, Conn.	80,000	0	80,000
East Rockaway (Debs) Inlet, N. Y.	150,000	0	150,000
East River, N. Y.	1,034,000	$500,000	534,000
Newtown Creek, N. Y.	102,300	0	102,300
Newark Bay, Hackensack and Passaic Rivers, N. J.	200,000	0	200,000
Delaware River, between Philadelphia and Trenton	100,000	0	100,000
Delaware River, Philadelphia to the sea	500,000	0	500,000
Baltimore Harbor and Channels, Md.	625,000	0	625,000
James River, Va.	150,000	0	150,000
Alabama River, Ala.	70,000	0	70,000
Caloosahatchee River-Lake Okeechobee drainage area	2,133,000	1,800,000	333,000
Mobile Harbor, Ala.	80,000	0	80,000
Gulfport Harbor and Ship Island Pass, Miss.	60,000	0	60,000
San Francisco Harbor, Calif.	425,000	375,000	50,000
San Diego Harbor, Calif.	152,500	0	152,500
Los Angeles and Long Beach Harbors, Calif.	37,000	0	37,000
Honolulu Harbor, Hawaii	400,000	300,000	100,000
Waterway, Cape Fear River-Winyah Bay, S. C.	500,000	0	500,000
Waterway, Jacksonville-Miami, Fla.	300,000	0	300,000
Pensacola Bay, Fla., to Mobile Bay, Ala.	265,000	0	265,000
Mobile Bay to New Orleans, La.	10,000	0	10,000
Louisiana-Texas intracoastal waterway:			
New Orleans-Sabine River	1,682,000	1,553,000	129,000
Sabine River-Corpus Christi	772,000	600,000	172,000
Mississippi River, between Ohio and Illinois Rivers	1,700,000	1,000,000	700,000
Mississippi River, between Illinois River and Minneapolis	3,700,000	3,000,000	700,000
Missouri River, Kansas City to mouth	4,400,000	3,695,800	704,200
Missouri River, Kansas City to Sioux City	500,000	0	500,000
Ohio River, open channel work	900,000	500,000	400,000
Monongahela River, Pa., and W. Va.	700,000	410,000	290,000
Allegheny River, Pa., locks and dams	25,000	0	25,000
St. Marys River, Mich.	1,437,000	1,000,000	437,000
St. Clair River, Mich.	406,000	19,000	387,000
Holland Harbor, Mich.	40,000	0	40,000
Indiana Harbor, Ind.	120,000	0	120,000
Cleveland Harbor, Ohio	10,000	0	10,000
Fairport Harbor, Ohio	475,000	336,000	139,000
Oswego Harbor, N. Y.	900,000	400,000	500,000
Total	25,488,800	15,488,800	10,000,000

Mr. WRIGHT. Mr. Chairman, I have devoted many, many weeks of arduous labor during the present session in trying to bring about a reduction in Government expenditures and a decrease in appropriation bills; but I do not believe this is the place in this bill to make a cut. There are other cuts which can be made and to which I will direct attention presently.

Mr. Chairman, I doubt whether this Congress realizes the condition which confronts this country. I doubt whether we appreciate the gravity of it. Hunger, want, and unemployment prevail everywhere. Here is an amendment which proposes to cut the number of people employed. We have heard about a dole, and we hear about relief measures pending in the Senate and in the House, and it is said that before we adjourn this Congress we must do something to relieve these suffering people. I would infinitely more prefer to appropriate money here and let those people exchange labor and material for money, rather than give them a dole, a gratuity. That is what this amendment would do.

I said there were other cuts which could be made in this bill; and when we get back in the House, I hope they will be made. I refer to the citizens' military and Officers' Reserve Corps summer training camps. Under the bill as reported the citizens' military camps would be suspended one year and the Officers' Reserve Corps would be permitted to have the summer camp with all expenses paid but would draw no salary while there. These provisions as to the camps would apply for one year only.

Now, we did not go at this matter in a haphazard way in the preparation of this bill. We did not make these cuts arbitrarily. I shall tell you something that was said to me during the preparation of this bill. There was a high-up Army officer called to see me. He was not a dissatisfied officer. He was not one who had a grudge against the General Staff, but he was full-fledged. In other words, he was "in the swim," and he sought to elicit information from me as to what we might do in the preparation and reporting of this bill. I said, "We want to effect some economies if possible." He said, "Now, if you want to know where some real economies can be made that will not affect or impair the efficiency of national defense in the United States, I would be glad to inform you secretly where they could be made."

I said: "You are the man I am looking for."

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. BARBOUR. The gentleman did not ask that high Army officer to appear before the subcommittee and give the entire subcommittee and the membership of the House the benefit of that information by printing his statement in the hearings. Why did he not give it openly rather than secretly?

Mr. WRIGHT. I gave it to the committee.

Mr. BARBOUR. It is not in the hearings.

Mr. WRIGHT. The committee got the information. I am not going to disclose the officer's name here to-day because I promised I would not.

Mr. BYRNS. What does the gentleman think would happen to him?

Mr. WRIGHT. Many things might happen to him. He furnished me information, and I promised to protect him.

Mr. JAMES. What would happen to an officer who gave the committee such information in the open?

Mr. WRIGHT. I imagine he would not be promoted.

The next day he brought me a list, all of which I will not read. He said: "Suspend the national rifle matches for one year and save half a million dollars; suspend for one year the citizens' military training camps and thereby save over two and one-half million dollars." He said: "So far as the Reserve Officers' Corps is concerned save over $2,000,000 there by cutting out the ten thousand 14-day trainees," and that we acted upon.

These suggestions are brought to the House on the recommendation of a high Army officer.

[Here the gavel fell.]

Mr. WRIGHT. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BALDRIGE. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. BALDRIGE. What was the name of the Army officer?

Mr. WRIGHT. I will not tell the gentleman. I would suffer my right arm to be severed from my body before I would tell, because I promised the officer I would not divulge his name.

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. Yes.

Mr. CULKIN. The appropriation was cut $15,000,000 upon suggestions made by the Chief of Engineers, was it not?

Mr. WRIGHT. Yes. The Bureau of the Budget cut the estimate from $75,000,000 to $60,000,000, and the committee adopted the Budget estimate.

Mr. CULKIN. It has been cut $15,000,000.

Mr. WRIGHT. It has been cut $15,000,000.

This morning's mail brings me a letter from a reserve officer of high rank, a major. I am not going to read all of the letter, for I will not have time. I shall read only one or two sentences:

> First, let me say that any reserve officer who is not willing to go to camp for actual transportation and subsistence is not worthy of holding a commission in the Army of the United States.

Further, he says:

> For myself, I can not say that I am entitled to go to camp this summer, but I have qualified for the command and General Staff School at Leavenworth, and although it is great disappointment to me to miss it, I can honestly say that any reserve officer who is not willing to cut down expenses at this time is not sincere in his supposed patriotism.

Mr. GOSS and Mr. MARTIN of Oregon rose.

Mr. WRIGHT. I will yield to one gentleman, but I can not yield to two.

Mr. MARTIN of Oregon. Will the gentleman yield to me?

Mr. WRIGHT. I yield to the gentleman from Oregon.

Mr. MARTIN of Oregon. What kind of a man do you think it is who will not let his name be published in connection with information he furnishes?

Mr. WRIGHT. I expect things came up while the gentleman from Oregon was in the Army in connection with which he did not want his name to be given.

Mr. MARTIN of Oregon. Any scalawag who will not let his name be used——

Mr. WRIGHT. If the gentleman is going to call this man a scalawag, he might have to meet him face to face.

Mr. MARTIN of Oregon. That is all right. The gentleman should divulge his name.

Mr. WRIGHT. I am not going to divulge his name, because I told him I would not.

[Here the gavel fell.]

Mr. MANSFIELD. Mr. Chairman, I am opposed both to the substitute and to the original motion.

We have not time to discuss the effect upon all the waterways of this country such a proposition would have. I shall not refer to the Tennessee River, nor to the Mississippi River, nor to the Missouri River, nor to the port of Baltimore, and the other major ports that are vitally interested in the appropriation carried in the bill at this time. I will simply refer to one case, that of the Great Lakes. The rivers and harbors bill of 1930 carried a provision authorizing $24,000,000 for the deepening of the connecting channels of the Great Lakes. The division engineer at Cleveland, Colonel Markham, informed me day before yesterday that if the work could be prosecuted now without delay, it could be done for far less than $20,000,000, and result in a saving of some six or seven millions of dollars to the Government under the estimate made in 1929.

Furthermore, the boats are idle upon the Great Lakes this summer, as I am reliably informed. They do not expect to carry more than 12,000,000 tons the present year, when they usually carry 130,000,000 tons. The boats are tied up in Cleveland and in all the ports on the Great Lakes. The connecting channels are virtually idle, and now, above all times, he informs me, perhaps a double amount of work could be done in a given time than could be done when all those boats are in operation. [Applause.]

Let me give you an instance by illustration. By actual demonstration it has been found that some five years ago at a point in the Detroit River, three boats passed a given point, going in one direction or the other, every two minutes. Just think of that, gentlemen. And when you come to the channels between Lake Superior and Lake Huron, with the locks in operation and boats constantly going through them, with several hundred boats passing there in a day's time, when could they do the work better than they can at this time, when those boats are idle? It would result in the saving of many millions of dollars to this Government by prosecuting the work at this time, with the least possible interference with business. It would be no interference with the great steel industry, because they tell me they expect to operate for 30 months on the ore they now have, and it is hoped that before the expiration of that time all these connecting channels will be completed and that then business, if it revives, can push along perhaps as never before in our history. [Applause.]

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the amendment. While I disagree with the amendment offered by the gentleman from Alabama [Mr. MCDUFFIE], I can certainly understand the provocation which prompted his offering that amendment. Why, the Committee on Appropriations came out with a real constructive bill effecting substantial economies. We have stood on this floor and seen this bill torn to pieces and about $8,000,000 to $9,000,000 added to it.

Mr. BALDRIGE. Will the gentleman yield?

Mr. LAGUARDIA. No. I am sorry.

I can understand how some of the gentlemen are seeking an alibi in order to offset what they have added to this bill. [Applause.]

I have given you figures showing the number of labor days on each million dollars. I obtained those figures from the office of the Chief of Engineers. Those figures show 60,000 labor days for every million dollars appropriated for river and harbor work and 77,000 labor days for every million dollars for flood-control work. But if that does not impress you, permit me to talk to my colleagues over here. President Hoover, on March 14, 1932, sent a special message asking an immediate appropriation for river and harbor works. He asked for $60,000,000 and stated:

> As delay seems inevitable and unless some action be taken, a large number of men will be thrown out of work and other expenses incurred by suspension of work.

Here is the entire message:

[House of Representatives, Document No. 272, Seventy-second Congress, first session]

IMMEDIATE APPROPRIATION FOR RIVER AND HARBOR WORKS

Communication from the President of the United States, transmitting request that the Congress give consideration to immediate appropriation of the funds for the maintenance and improvement of existing river and harbor works in order that we may avoid the unemployment and dislocation which will rise from such delay.

THE WHITE HOUSE,
Washington, March 14, 1932.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: It appears that the regular War Department appropriation act for the fiscal year 1933 will be delayed beyond the usual time. The Budget estimate for the maintenance and improvement of existing river and harbor works for 1933 is $60,000,000, which would become immediately available upon the passage of the act. I am now advised by the Secretary of War that, depending upon the usual course of appropriations, the engineers have entered upon certain contracts, the continuance of which have depended upon the passage of the appropriation at the usual time. As delay seems inevitable and unless some action be taken, a large number of men will be thrown out of work and other expenses incurred by suspension of work. I therefore recommend that the Congress give consideration to immediate appropriation of the funds for the maintenance and improvement of existing river and harbor works in order that we may avoid the unemployment and dislocation which will arise from such delays. Such a course would imply no increase in the contemplated expenditures.

I inclose herewith the recommendations of the Director of the Budget.

Respectfully,

HERBERT HOOVER.

BUREAU OF THE BUDGET,
Washington, March 14, 1932.

SIR: The Budget for the fiscal year ending June 30, 1933, on page 596, contains an estimate of appropriation of $60,000,000 for the maintenance and improvement of existing river and harbor works, as follows:

"RIVERS AND HARBORS

"To be immediately available and to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers:

"Maintenance and improvement of existing river and harbor works: For the preservation and maintenance of existing river and harbor works and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893 (U. S. C., title 33, sec. 661); and for examinations, surveys, and contingencies of rivers and harbors: *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, $60,000,000 (U. S. C., title 33, secs. 541, 622, 661; act Feb. 23, 1931, vol. 46, p. 1306)."

The Secretary of War advises as follows:

"The department has been actively prosecuting river and harbor work with funds heretofore appropriated. It was considered in the public interest to press the work during the past winter season in the interest of the unemployment situation, and to advance the work under present favorable conditions of prices. It is prepared to undertake the vigorous prosecution of the work during the summer season now approaching. Anticipating the passage of the War Department appropriation before April of this year, contracts contingent upon this appropriation have been entered into and the contractors have engaged labor and material to proceed with the work.

"The funds from prior appropriations available for this work are, however, so reduced that it will soon be necessary to suspend operations on many important projects and lay off a considerable force of men unless additional funds are soon appropriated. It is the understanding of this department that the passage of the War Department appropriation act for the coming fiscal year is not to be anticipated for some time."

In view of the conditions set forth by the Secretary of War, it is recommended that this matter be brought to the attention of Congress, with request that the estimate of $60,000,000 contained in the Budget for the fiscal year 1933, for the maintenance and improvement of existing river and harbor works, be given special consideration at this time with a view to having river and harbor funds made available at an early date.

Very respectfully,

J. CLAWSON ROOP,
Director of the Bureau of the Budget.

The PRESIDENT.

Now, are you going to stand by the President? There can be no doubt in this instance as to what the President said, because I have it here in writing. [Applause.]

Now, I want to ask my colleague from New York how he can possibly stand up here and urge his amendment in the face of this message asking that this appropriation be made immediately available by reason of the emergency character of the work involved?

Gentlemen, this House is going to take action within a very few days on a gigantic measure which will bring employment to several million people. Only a few minutes ago the distinguished Speaker of this House issued a statement to the whole country stating that he approved and would sponsor—and I know the House will follow him—legislation increasing by a billion dollars the amount now made available for the Reconstruction Finance Corporation. I tell you the country is going to respond to this leadership of the Speaker of the House. The Speaker's statement is statesmanlike, and it is very generous in that he offers to place in the hands of the President of the United States $100,000,000. In addition to that, he recommends another billion dollars for public works. He outlines the details of this program; and I invite every Member of this House to study carefully the Garner plan, which was made public only a few minutes ago. [Applause.]

Now, then, can we, in the face of this, stand for the amendment offered by the gentleman from Alabama? I say that in view of the fact that we are going to authorize loans to States, to subdivisions thereof, and loans to semipublic corporations, all in an effort to create work and to stimulate industry in order to save the country. We are now on the eve of a complete collapse, and something drastic must be done.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert at this point the encouraging and timely statement made by Speaker GARNER of the House of Representatives.

The CHAIRMAN. Is there objection?

There was no objection.

The statement referred to follows:

Ever since Congress met in December it has been discussing and undertaking to pass legislation that would be helpful in relieving the present distressing economic conditions. Some far-reaching legislation has been placed upon the statute books. I have been hopeful that these legislative efforts would tend to bring about better conditions, but the facts are that the unemployment and distress of the people are greater now than when Congress was organized last December.

I am unalterably opposed to the dole, but it must be apparent that before Congress adjourns some real effort must be made toward taking care of the unemployment situation as well as the people who are in physical distress as a result of lack of food and raiment.

It is evident that the situation can not be remedied by international negotiations to remove barriers and restrictions upon international commerce, since the present administration will not permit legislation of this nature. Therefore we must consider what, if anything, can be done to improve the situation by direct action of the Government. To that end I have three suggestions to offer, and I sincerely hope that the administration will consider them and cooperate with the Congress in their enactment into legislation:

First. I would pass what is known as the Huddleston bill, which has for its purpose the placing in the hands of the President $100,000,000 to be used as he deems necessary to relieve extreme suffering in any section of the country. If it is not necessary to use it, of course it will not be used. This is in accord with the action of the Congress in 1898, when it placed in the hands of President McKinley, as well as the commanding general of the Army in the Philippines, $100,000,000 to be expended as his judgment might deem advisable in the defense of the country. Likewise, in 1917, $100,000,000 were placed at the disposal of President Wilson for similar purposes. It has been said, with some degree of truth, that the present condition is more distressing to the people of this Nation than in either 1898 or 1917, and surely we can trust the President to use the $100,000,000 patriotically and wisely for the purpose intended.

Second. I would broaden the base of the Reconstruction Finance Corporation, permit it to exercise its judgment in making loans without any restriction whatever, and add $1,000,000,000 to its authorized issue, making the total three billion instead of two, as at present. This would enable that corporation to loan funds to States, counties, and cities where legal and adequate security could be offered. It would also permit that corporation to exercise its good judgment in making loans to individuals or corporations where adequate security is offered and where it is assured that labor would be employed.

The principal purpose of the original reconstruction act was twofold—to sustain credit of banks and corporations and to loan money to industrial corporations, such as railways, for the employment of additional labor. There has been little or none of the second purpose brought about. The principal activities of the corporation up to this time have been to sustain the credit of banks and other corporate interests by taking their frozen assets and making them loans upon the same which could not be had otherwise; and in loaning money to railway corporations largely for the purpose of paying interest and maturing obligations. We surely can trust the present board to administer wisely the additional duties as they are administering the present limited duties.

Third. I would provide for the issuance of a billion dollars' worth of bonds for the purpose of a governmental building program, based largely upon laws already passed by Congress and approved by the President. In order that there might be no infringing upon the present Budget obligation, I would levy a tax at the same time to take care of the interest and sinking fund. This procedure would be economically sound and would give considerable employment to labor in the different sections of the country and make provisions for governmental activities which must be had, under any conditions, in the near future.

Of course, the first question asked under the third suggestion would probably be "What taxes would you levy?" I have not tried to make a survey with the view of offering suggestions, but, speaking for myself only, I would levy one-third of 1 cent per gallon on gasoline. Of course, this and other taxes of similar nature would be repealed as soon as conditions improve to the point where our revenue from income, inheritance, and corporation taxes would meet our expenditures.

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from New York [Mr. TABER] says that in his opinion the Chief of Engineers can go along with the projects that have been laid out. I would like to know when the gentleman

from New York qualified as an expert civil engineer and where he gets his information that the Chief of Engineers can go along just the same with a reduction in the appropriation?

Mr. TABER. Does the gentleman read the daily newspapers and keep track of the prices of material and labor that have been going down and have resulted in tremendous profits to the contractors who have taken Government work?

Mr. COCHRAN of Missouri. The Chief of Engineers of the United States Army is going to get a reasonable bid from a contractor, and he will take into consideration the prevailing price of material as well as the prevailing wage scale, as well as any other outstanding features that enter into the proposal, and it has always been his policy to do the work if he does not get a reasonable bid or one that is within his estimate. The engineers have handled numerous projects just because the contractors would not come within the estimates.

Mr. TABER. And the bids are going to be a great deal lower than they were a year ago.

Mr. COCHRAN of Missouri. If so, the work will progress faster. That is what we want. We want the job completed. The sooner the better. In fact, it would be better to complete the work in a year or two rather than over a period of years. It must be done.

I am in favor of balancing the Budget, but I am not going to vote to balance the Budget at the expense of the laboring people of this country. [Applause.] It is far more important, as I said the other day when the Muscle Shoals bill was pending, to place the people of this country at work than to balance the Budget. We can balance the Budget and still provide work for the unemployed.

Your Secretary of the Treasury, in a speech on December 14, in New York, placed in the RECORD the following day by the gentleman from Oregon [Mr. HAWLEY], stated that it is folly to assume that the issuance of $2,000,000,000 or more of bonds would in any way impair the credit of this country.

I say to you, as was stated before, that you are going to vote on legislation that will be beneficial to the millions out of work before we adjourn, and you are going to vote for it, and you will probably appropriate more money for rivers and harbors work than is carried in this bill. You must lead the way to meet the unemployment situation.

Mr. BRIGGS. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. BRIGGS. Is it not a fact that the Chief of Engineers eliminated from the program everything except what is regarded as absolutely essential?

Mr. COCHRAN of Missouri. I have no direct information as to what the Chief of Engineers has eliminated. I will take the gentleman's word for it.

Mr. BRIGGS. Do not the hearings show that?

Mr. COCHRAN of Missouri. Probably so. I hope the Chief of Engineers will go ahead with this public work that will give employment to some of the 8,000,000 men now out of work.

Mr. BRIGGS. Has it not been shown that these activities are not only essential activities of the Government from the standpoint of economy in moving the great commerce of this country but that these activities are giving employment to the people at the lowest possible cost to the Government?

Mr. COCHRAN of Missouri. Absolutely. Here is an opportunity to complete work that you are eventually going to complete, and you can complete it for less money than you will be able to finish the job if you wait several years. Why not take advantage of the situation and go ahead with the projects that have been surveyed and authorized? Some of them are half completed. Some of them are almost completed. The engineers are ready to go, and they are waiting for this money, as the President stated in his recent message when he asked for $60,000,000. The President urged an immediate appropriation.

I am sorry the Committee on Appropriations did not bring out a resolution appropriating the money that the President asked for, because it would mean that men would go to work immediately, and not have to wait until July 1.

I hope, Mr. Chairman, that both amendments will be voted down. There are other ways to economize without stopping public improvements or at the expense of the unemployed.

I ask unanimous consent, Mr. Chairman, to extend my remarks in the RECORD and to insert therein a brief article upon the subject which I have just discussed.

Mr. Chairman, I submit the following editorial from the St. Louis Star of May 16:

FOURTEEN FRONTS

Speaker GARNER states nothing but the bald truth when he says Mr. Hoover has done more to freeze public confidence than anybody else in the country. The President's daily statements have been an advertisement of his bewilderment. He said last January that fighting a depression was like a great war, "not a battle upon a single front but upon many fronts," yet all the time he has been fighting a rear-guard action upon a single front—that of the Reconstruction Finance Corporation.

The St. Louis Star pointed this out when Mr. Hoover addressed Congress last January. Recognizing that the Reconstruction Finance Corporation was needed to support railroad credit and to relieve pressure on insurance companies and banks, the Star then said:

"Is this measure calculated to increase freight tonnage, which is the one great need of the railroads? Not at all. It is simply to reduce the financial consequences of lack of business. It is a binding up of wounds, a trying to catch up with what has already happened. * * * What is lacking in Mr. Hoover's outlook? One trouble seems to be that, appealing to the country to dismiss its illogical fears, he has more fears than anybody else. He fears inflation of the public debt, hence will not consent to a public-works program that would vitalize a hundred lines of industry. * * * He fears the tariff overlords of the Republican Party. * * * He will not move against the 12-hour day and child labor in southern textile mills. * * * Nor will he move against conditions that are ruining both miner and operator in the coal industry. Controlled production in demoralized industries for the common benefit of capital, labor, and the public is beyond Mr. Hoover's ken."

Whenever anybody proposes a general plan of action Mr. Hoover calls it a panacea and says panaceas won't work. Of course they won't. But what is a panacea? It is a single remedy for all disease. The Reconstruction Finance Corporation, valuable within its limits, was Mr. Hoover's panacea, and it failed to work a cure. So, too, the bond issue for public works, to which the President has been driven by political and economic compulsion, will fail if it stands alone.

If the battle must be fought on "many fronts," let's have a list of them. Here are 14:

1. Issue bonds for a broad program of public works, including the wiping out of slum districts through loans to be amortized in rents.

2. Continue the forcible inflation of credit and currency through the Federal reserve, keeping in mind that this will not restore business and prices except as an aid to a trend already in progress.

3. Compel the spread of employment by shortening hours sufficiently to absorb the population rendered idle by labor-saving machinery. Do this through Federal power over interstate commerce or through corporation income tax graduations.

4. Resubmit the child labor law to the United States Supreme Court, recognizing that the court's decision in the Indiana chain-store case was a reversal of the doctrine on which the 1922 child-labor decision was based. End the demoralization of interstate commerce by unscrupulous producers in backward States.

5. Repeal the antitrust laws, substituting automatic regulation of business through an excess-profits tax coupled with Federal supervision over issuance of stocks and bonds, thus helping business to a reasonable profit and directing part of the excess profits into the pockets of labor.

6. Force a reorganization of the coal and oil industries to make them profitable for their owners, raise the purchasing power of their employees, and conserve natural resources in which the people have a supreme stake.

7. Give the Interstate Commerce Commission the same authority over truck, bus, and river transportation that it has over the railroads, and do it before the trucking of freight at cut-throat prices bankrupts the railroads.

8. Repeal the railroad earnings recapture law, leaving railroads subject to an excess-profits tax.

9. Write the words of the sixteenth amendment, "From whatever sources received," into the income tax law, thus ending evasion of the income surtax through tax-exempt securities. The Supreme Court virtually invited Congress to do this, in the California franchise-tax opinion last month.

10. Raise income surtaxes, inheritance and gift taxes high enough to aid in the redistribution of wealth and enable the masses of the people to buy the products of industry and share in its ownership.

11. Vastly extend the reforestation of marginal farm lands both for timber benefits and to reduce the agricultural surplus which

depresses farm prices. Stop reclamation of swamp and desert land; stop overgrazing on the national domain.

12. Cooperate with the rest of the world in getting rid of the reparations and war-debt deadlock, now paralyzing world recovery. Collect whatever can be absorbed in additional imports, the only form of international payment possible.

13. Make a start toward lowering of tariff barriers, recognizing that the "most-favored-nation" principle has been destroyed by customs unions and import quotas.

14. Call a world monetary conference to deal with the loss of silver's buying power.

Mr. Chairman, regardless as to whether we agree with all the suggestions in the editorial from the St. Louis Star, it must be conceded that the writer seeks at least to offer what he feels are constructive suggestions to meet the situation that confronts not only the Congress and the administration but the entire country. While we are chosen to write the laws of the country, still there is a duty that every citizen owes his country, and that duty, as I see it, now calls for the cooperation of all citizens in the effort being made to overcome the depression that has had a grip on our Nation for several years.

The editorial, in part, suggests the raising of income taxes, surtaxes, inheritance and gift taxes high enough to aid in the redistribution of wealth and enable the masses of the people to buy the products of industry and share in its ownership.

I am frank to say I voted for the increases in income, inheritance, and gift taxes carried in the revenue bill as it passed the House. In doing so I felt that I should consider the question of ability to pay. Considering conditions, the suggested rates were not confiscatory. For that vote I have been criticized.

I realize there are few rich men left in comparison with those who were fortunate enough to possess large sums and who earned large incomes prior to 1929. There was no thought in my mind to deal unfairly with the rich, other than one class, and that class was our citizens who had accumulated large fortunes in this country and who have sent over $3,000,000,000 abroad for investment in factories in foreign countries, where there are now being manufactured by cheap labor, the articles that were formerly manufactured in this country and shipped abroad. As the result of investing this vast sum of money abroad our foreign trade has been greatly reduced; in fact, aided by the tariff, the foreign trade of this country faces destruction. And that is not all. We read where other Americans are seeking sites for factories, Lord Derby stating in a recent speech that some 25 American corporations would soon be erecting factories in England. The shoe industry of my city, St. Louis, I am sure realizes that it must meet the competition of foreign factories erected with American money. Of course, a man has the right to invest his money as he sees fit, but is it not reasonable to feel that Americans should have some thought for their own country and their fellow citizens?

I spoke in favor of and in every way aided the efforts to adopt an amendment that would have denied certain deductions to Americans who had made large investments, not in securities, but in factories in foreign countries. I have no apology to offer for that.

One of the letters I received criticizing the Congress for raising the income, surtaxes, inheritance, and gift taxes came from a well-known attorney of my city whose specialty is handling income and estate tax cases before the Internal Revenue Bureau. He wrote, in part:

> Of course, those who do not care to pay the taxes will find the means of avoiding; but resort to such means is also destructive, because money is placed in trust or other inactive holding and withdrawn from business credits.

In speaking of the tax on stock transfers he said:

> The proposed tax upon stock transfers is about the most destructive proposition that I can conceive. Of course, the business of dealers in securities is already very precarious, but I am not thinking of them.
>
> Moreover, such a tax is so easy to avoid that if it becomes high enough to justify the effort the tax will not be collected. For instance, there is at present under consideration a plan, if this tax is imposed, of organizing corporations in other countries, say, Canada, which will be merely holding agents.

Mark you, he says a plan is already under consideration. The tax has not as yet been imposed.

He then proceeded to advise me at length how this would work, and added that this was only one of several schemes that could be resorted to to evade taxes.

I had been engaged for weeks with the Economy Committee, working day and night, and when I came to my office one evening and found that letter I became rather irritated, especially when the thought came to me that the writer was one who would probably be in a position to show the taxpayer how to evade the tax, owing to the fact that he could be classed as an expert in tax matters.

I do not say that he would show citizens how to evade the tax, for I have no information that would warrant me to say that he is anything but an honorable man.

I hastily dictated a response. I told the gentleman that I had voted for the taxes of which he complained. I further stated that the time had come when there must be a redistribution of the wealth of the country. I did, however, fail to further explain my view in regard to the redistribution of wealth. This left my communication open to criticism. It could be construed in many ways—in fact, in any way the reader desired to construe it. One could say I favored by force or by most radical legislation depriving those who possessed wealth of their just holdings.

Mr. Chairman, the mere mention of redistribution of wealth causes many to shudder, to become astonished. The thought is misconstrued. There is no desire upon the part of anyone who has offered such a suggestion to boldly scatter among the many the holdings of a few. The real thought as I understand it is that there should be a less inequitable distribution of wealth and income.

Even had Congress adopted the higher income and estate taxes, the wealthy and their children still would have retained the bulk of great fortunes and there is no desire to deny them to maintain and distribute among their heirs the greater part of their holdings. Compare, if you please, the laws of Great Britain and other foreign countries in this respect with the laws of the United States. There is no comparison. The rates abroad are far greater than ours. There is a strong feeling that in these present times the very wealthy, however, should not be willing to pile up higher surpluses while millions are in want.

Mr. Chairman, I have no thought other than that expressed in the Constitution, which grants to our citizens the right to enjoy the fruits of their own labor. However, there are citizens who possess great wealth who have, by the creation of trust funds, and investments in tax-exempt securities, not only failed to do their just share toward meeting the expenses of the Government but, on the contrary, have found legal ways to evade the intent of our legislative bodies and escaped taxation, thus placing additional burdens upon others who possess wealth, and who have invested their money in business so as to provide work for their fellow man. It is this class that has evaded taxation I would reach, either by amendment to the Constitution or by legislation if possible, so that in the end the burden of meeting the taxes would be more equitably distributed than at present.

I favor protecting the rights of the man who has money and who is being pinched to meet his tax assessments and who meets the assessments. It is this class of our citizens that I seek to benefit as well as the masses of the people in my effort to find a way to require those who have hoarded their money in such a manner as to make it practically impossible for the Government and the States to reach. If this is not done, then I predict that these swollen fortunes will continue to increase; and if this prediction be correct, then where and how will the Government, national State, and cities secure the revenue that is necessary to carry on? It is unfair, in my opinion, to require those who have their fortunes invested in business to carry all the burden while part of it should be met by others whose income can be classed as unearned income. Would we not be able to in part redistribute the wealth of this class if we can find a way to tax their holdings?

Many trust funds created by immensely wealthy people at the time of their death are practically perepetual. Some provide for their continuance until there is no issue, which will mean a hundred years or more in some cases.

Considering our method of raising revenue up to 20 or 25 years ago, naturally it does appear to some that the rates applied by the House bill as well as the bill reported by the Senate border on confiscation, and those who take this view complain bitterly. I had a telegram from one of our outstanding business men who classed it as sheer communism.

We resorted during the war to methods unheard of prior thereto in our effort to raise revenue. There was no complaint, because we were at war, fighting for our very existence. At the conclusion of the war our country found itself burdened with billions of debts which, of course, must be paid. European nations owed us billions, and we have found it necessary not only to reduce those debts but now find it impossible even to collect the interest. There was no objection to the President's declaration for a moratorium. The business man did not realize then that he would be called upon to meet expenditures that had previously been taken care of by applying the money we received annually from the foreign countries. He is now awake to that fact.

We are faced with another war—a war against a depression that threatens our existence. Never in our history have we in peace time been confronted with such a critical situation. It is this fact that requires the raising of additional money, that requires the passage of legislation that would not be given serious thought if conditions were normal. We are accused of being radicals, and what not. There are various schools of thought offering suggestions as to how we can best meet conditions that confront us.

Members of Congress are not radicals when they express themselves and demand that those who have ability to pay should be taxed.

With eight to ten millions of our citizens out of work, as many more working part time, and some thirty or forty millions of our population depending upon those people for food and shelter, methods must be resorted to that of course will be resented by many. They are unusual but conditions require the action.

When conditions were normal the business man did not complain, in fact he urged the Congress to enact legislation that called for expansion, the creation of bureaus and commissions, that resulted in mounting expenditures, but now he demands that overnight all the activities that he helped to create be destroyed, and his criticism is critical.

Getting back to the communication I received from the attorney, I further stated in my letter, referring to the attorney's statement that ways would be found to evade the taxes, that I was not disturbed by such a threat and that such a threat would in no way affect my decision. I added that it would be for the better if those assessed would willingly meet the assessment, for if they did not Congress would find a way to relieve them of their holdings. By that I meant that Congress would provide ways and means for the collection of the revenue if existing laws were not sufficient. The man who now deliberately and fraudulently defeats the tax laws, if discovered in the end, is required to pay heavy penalties, additional assessments, and interest that rises to amounts that are practically confiscatory, and, further than that, many are sent to prison for tax evasions. That law is now on the statute books, and it is true that many men have practically been relieved of all their holdings who have been found to be deliberately evading the taxes. To my personal knowledge nearly 1,500 such cases are now pending and under investigation by the Treasury Department. The attorney who wrote me is well aware of this fact. The Economy Committtee was advised if it would give the intelligence division more money for additional agents millions due the Government could be collected.

There is a demand from leading economists, from leaders in world affairs, representative groups, including the clergy, as well as the great newspapers of the country, for a change—a change from conditions which they claim have brought us to our knees. Can they all be wrong? Time alone will tell.

This is no period to excite the masses, but, on the contrary, we should all strive regardless of our own welfare to bring about a change for the better.

Concluding, Mr. Chairman, I submit that what we need in this country at this time is confidence. Fear and despair have been handed out to the general public, where those in command of our country and its institutions should be assuming the opposite attitude. The people have become fearful of the future, have hoarded their money when it should be at work. Idle money makes for bad times. Many statements have been made concerning money that is being hoarded. There is no doubt but that several billion dollars in this country is idle at this moment. In an effort to get some information along this line, something upon which one might be able to offer definite statistics, I wrote the Secretary of the Treasury for information relative to the amount of old—large—currency that was still outstanding and had never been offered for redemption. You rarely ever see any old money these days, still the Treasury Department advises me that $538,496,159 of old currency is still outstanding. It is not in circulation, because the minute it reaches a bank it would be sent to the Treasury for redemption.

On top of this there are $39,993,670 in Government securities which have ceased to draw interest still outstanding, never submitted to the department for redemption. The department letter in reply to mine follows:

TREASURY DEPARTMENT,
Washington, May 21, 1932.

MY DEAR CONGRESSMAN: For the Secretary, and in reply to your letter of May 18, 1932, the following information is furnished.

The amount of old-series (large-size) currency outstanding on April 30, 1932, was as follows:

United States notes	$41,775,856
Silver certificates	45,679,816
Gold certificates	151,346,829
Treasury notes of 1890	1,224,800
National bank notes	82,229,003
Federal reserve notes	213,409,765
Federal reserve bank notes	2,830,090
Total	538,496,159

The outstanding matured debt, on which interest has ceased, on April 30, 1932, was as follows:

Old debt, issued prior to Apr 1, 1917	$1,642,320
Second Liberty loan 4 and 4¼ bonds (interest ceased Nov. 15, 1927)	3,180,100
Third Liberty loan 4¼ bonds (interest ceased Sept. 15, 1928)	5,281,250
3¾ per cent Victory notes (interest ceased June 15, 1922)	19,200
4¾ per cent Victory notes (interest ceased Dec. 15, 1922, and May 20, 1923)	1,115,600
Treasury notes (various issues)	15,129,750
Treasury certificates of indebtedness (various issues)	9,581,600
Treasury bills (various issues)	3,253,000
Treasury savings certificates (various issues)	790,850
Total	39,993,670

Very truly yours,

A. A. BALLANTINE,
Under Secretary of the Treasury.

Hon. JOHN J. COCHRAN,
House of Representatives, United States.

Mr. FREAR. Mr. Chairman——

Mr. COLLINS. Mr. Chairman, if the gentleman from Wisconsin will permit, I move that all debate on this paragraph and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. FREAR. Mr. Chairman, years ago, for days at a time, I held up annually several river and harbor bills, and did it successfully, with the aid of Senators at the other end of the Capitol. We stopped some of these wasteful projects. When I spoke to those leading on my side of the aisle the other day, after I had been asked to do so, and inquired if they wanted me to talk upon this item, they said yes, and I asked when. They answered, when the $60,000,000 paragraph comes up. There are 400 projects involved here in one paragraph, and only a few minutes to discuss them.

I agree with what has been said about unemployment. I have introduced unemployment-aid bills, but by far the

greater part of this $60,000,000 river and harbor expenditure goes to contractors and dredgers. I have been over many projects in this bill, including several down in Texas, extending to Freeport, traveling with the father of the gentleman from Texas who has just spoken—a very able man, by the way, as was his father—and I have been over many waterway projects throughout this country. I live alongside the Mississippi River. I have one harbor in my State that is the second largest harbor in the United States. Its total cost to the Government is less than 5 per cent of the cost of the Ohio and other single rivers I could name. It had 45,000,000 tons of commerce in 1930, more than the Mississippi, the Missouri, and Ohio Rivers put together—yes; ten times more actual commerce is carried by the Superior-Duluth port, because most of the commerce on these rivers reported by engineers is sand and gravel, except on the Ohio River, where $150,000,000 of Government money has been spent and only comparatively little coal and steel are carried. In these days of stress and heavy tax burdens it is wasteful beyond measure to appropriate $60,000,000 for such rivers and harbors.

There is not now a ghost of a chance for Members to pass a reduction amendment. I am not talking with that belief, but to call attention to disciples of economy who frantically seek to shave a few dollars from questionable savings and then eagerly vote for this great pork barrel. Every man that is interested in any project is here. The entire Committee on Rivers and Harbors, composed of 21 Members, is here, I assume, or very nearly all, and they will vote for every provision in the bill, good, bad, and indifferent. So, too, with a hundred Members who would be ready to oppose many "projects" if singly presented but will not dare to oppose a bill that carries their own project.

I am just calling your attention to these things because you are entitled to know about them, and the country should know the pork barrel is again here. On page 120 of the hearings you will find that 150 projects have been recommended for abandonment by the engineers of the Army, whom you praise so highly, and the committee has not abandoned one of them.

Mr. MANSFIELD. Will the gentleman yield for a question?

Mr. FREAR. I wish I could do so, but I have only a few minutes. On these projects, recommended for abandonment by the Army engineers, you are appropriating money to-day that is being used by the Army engineers.

Mr. MANSFIELD. No.

Mr. FREAR. Yes. I have called your attention to it and I will read the data into my speech. It is in the hearings, and the gentleman from California [Mr. BARBOUR] asked the questions, and the cost is from $10 to $12 a ton for the Government to float a two-foot draft boat on this one creek.

Mr. MANSFIELD. We are appropriating now in lump sums.

Mr. FREAR. You are appropriating in lump sums, but the engineers use it on these projects recommended for abandonment that the committee will not abandon. I read from page 130 of the hearings:

General PILLSBURY. While some of these projects were recommended for abandonment, they have not been abandoned by Congress, and as long as there is navigation we feel this incumbent to maintain the channel.

Mr. BARBOUR. And there was a little over a thousand tons handled on that river last year (Chipola River, Fla.).

General PILLSBURY. The commerce amounted to 1,649 tons.

Mr. BARBOUR. That would mean at the rate of about $10 or $12 a ton on the river?

General PILLSBURY. Yes; about $10 or $12 a ton (resin carried 16 miles, p. 525, vol. 2, Engineers' Report, 1931).

You will find $6,600,000 is carried in this bill for the Missouri River that was also reported against by the Army Engineers. You can not find an Army engineer in the country that ever recommended the Missouri River for improvement. It is a land reclamation scheme that will cost the Government $80,000,000 on the Missouri, according to the reports, without any local contribution. It was put in by a distinguished Senator over on the other side of the Capitol, because I was before the Senate committee at that time. He held up the river and harbor bill until he got the Missouri River included. It was a tribute to his power, but does not carry any real commerce and is never likely to do so. That is going to cost the Government $89,000,000 for this commerceless river before completion, and is for reclamation rather than for any commerce now or hereafter.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. FREAR. I have not the time, I regret, but will say there is an appropriation of $4,900,000 which goes to the Illinois River for the gentleman from Illinois now speaking, where there is no commerce at all and never likely to be after $11,000,000 is spent. You talk for it day after day, and your project is much like the useless Hennepin Canal. Four million nine hundred thousand dollars, as an adjunct to the Chicago drainage canal, and you object to cutting anything out of this bill. It is, in my judgment, one of the most wasteful items carried by this $60,000,000 paragraph.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. FREAR. No; I regret I can not yield. My time is too limited. Four million nine hundred thousand dollars—why is the Illinois gentleman here defending the bill, I ask? American taxpayers are paying $11,000,000 for this Illinois River project. That is the trouble. With these projects in the bill you will all unite against any amendment to reduce the $60,000,000 pork barrel. If left alone, not one project in four, I submit, could get past the House, but put into a pork barrel, you can not get away from it, for all are included, good, bad, and indifferent.

Nearly $50,000,000 is going to be put by the Government into a 200-mile project on the Mississippi River, 200 miles between the mouth of the Ohio and the Illinois rivers. There is no commerce there to justify 1 per cent of that amount, for we are lining the bottom with silver dollars at $250,000 per mile on this 200-mile stretch for only a few tons of real commerce.

A Member living near this project said to me the other day, "Why, FREAR, you are right on these projects. You always were." I know the situation, and believe it will be impossible to change it, but I am telling the House what you are passing in this $60,000,000 item. It should be reduced 10 per cent according to the amendment. [Applause.]

[Here the gavel fell.]

Mr. CLAGUE. Mr. Chairman and gentlemen of the committee, the gentleman from Wisconsin makes the statement that a large amount of money is going to be spent on projects that have been abandoned by the engineers. That was not the testimony before the committee.

Mr. FREAR. Will the gentleman yield?

Mr. CLAGUE. Yes.

Mr. FREAR. I made no such statement. I said there was money being spent on abandoned projects. I did not say a "large amount."

Mr. CLAGUE. The Chief of Engineers said no money was going to be spent on abandoned projects.

Mr. FREAR. I will put it in the RECORD.

Mr. McDUFFIE. There is no money being spent on abandoned projects.

Mr. CLAGUE. I know of no money being spent on abandoned projects. I heard the testimony of the engineers before the committee on several occasions.

Now, the Budget estimate cut $15,000,000 from amount recommended by the engineers, therefore this appropriation has been cut to the bone. The President of the United States, two or three years ago, in a statement he gave out, said that these river channels should be completed for operation in about eight years. That was the intention of the Chief of Engineers. They have passed on these river projects and say that they should be completed.

When the Chief of Engineers came before the committee he said that with $60,000,000 it would be impossible to complete the same in eight years, and that to do that it would require an annual appropriation of $75,000,000 for eight years.

Now, as has been stated by the gentleman from St. Louis, we are going to appropriate before the session closes not millions but two or three billion dollars to put people back

to work. There is no question about that. I am in favor of taking care of the rivers that can be made navigable.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. CLAGUE. Yes.

Mr. HILL of Alabama. Is it not true that the money put into river and harbor work gives employment to more labor than any other money expended by the Government?

Mr. CLAGUE. That is absolutely true. There is less machinery used in river and harbor work than in any other kind of employment; the great amount of labor is performed by hand.

Mr. MANSFIELD. Will the gentleman yield?

Mr. CLAGUE. I will.

Mr. MANSFIELD. Is it not a fact that the gentleman from Minnesota was here at the passage of the river and harbor bill referred to, and that the committee did not report that but it was put in on the floor, and the gentleman from Wisconsin himself voted for it?

Mr. CLAGUE. That is a fact. Now, Mr. Chairman and members of the committee, $15,000,000 has been cut by the committee from the engineer's estimate. The amount carried in the bill is less than it should be. Vote down these amendments. [Applause.]

Mr. DIES. Mr. Chairman, ladies, and gentlemen, I rise in opposition to the amendment which seeks to reduce the appropriation for river and harbor improvement and maintenance. The Chief of Engineers urged that $75,000,000 be appropriated for river and harbor work during the next fiscal year. However, this bill reduces the amount to $60,000,000, which is $15,000,000 less than the Board of Engineers deem necessary for the efficient and adequate prosecution of this work. I recognize that there is an urgent need for drastic reduction of governmental expenditures and that the people of the Nation are demanding that we practice sound economy wherever possible. My record will show that I have supported practically every sound economy measure that has been submitted to this House for consideration.

I have also opposed many large appropriations that I deemed unnecessary and improper, but, Mr. Chairman, there is a vast distinction between sound economy and false economy, and I think that the reduction of appropriations for river and harbor work at a time when 10,000,000 of citizens are unemployed and when every effort of the Government should be devoted to the great task of finding employment for our people would be indefensible. It is true that I have in my district the Sabine-Neches waterway, which has become one of the most important waterways in the United States. It is true that the tonnage that is moved over this waterway has increased tremendously, and that this waterway has made it possible for great industries that furnish employment to thousands of our people to locate in Jefferson County. Naturally I am very anxious to support a program which means so much to the people of my district. But in addition to this, Mr. Chairman, there are other potent reasons which justify my support of river and harbor improvement. The farmers of my district, as well as those of the State of Texas, are vitally interested in the development of our waterway transportation.

Our very distinguished and able chairman of the Rivers and Harbors Committee, upon which I have the honor to serve, recently furnished me with some very interesting information in regard to the effect of waterway development upon the transportation costs of shipping cotton. I wish to acknowledge my indebtedness to our splendid chairman for this information and to take this opportunity to compliment him upon the splendid and able manner with which he has presided over this important committee. I feel that the State of Texas has been signally honored on account of his elevation to this important chairmanship, and the manner in which he has performed his duties in this respect has reflected credit upon the entire State. According to this information, the Houston channel was completed to 30-foot depth in 1926, and the Sabine-Neches ports in 1927. The Sabine-Neches ports received a material widening of channels and other improvements, which were completed in 1930. Houston received similar improvements, completed in 1931. Galveston received 2 feet additional depth, completed in 1929. Corpus Christi was completed to a 25-foot depth in 1926. It was authorized for 30 feet in the river and harbor bill of 1930 and completed to that depth some time last year.

The freight rates on cotton exports from Texas ports to British ports, as charged by the United States Shipping Board vessels, have been as follows: In the latter part of the year 1926 and the whole of the year 1927 the rate on Texas cotton was 60 cents per 100 pounds, or $3 per bale. In 1928, 1929, and 1930 it ranged around 53 cents to 55 cents per 100 pounds. In 1931 and 1932 the first-class Shipping Board rates went down to 45 cents to British ports, while contract rates on high-density cotton went down to 35 cents per 100.

The Mediterranean conference reduced the rates to Italian and Spanish ports for the past and present years from 45 cents to 35 cents per 100. The United Kingdom conference did the same thing on British shipments. The Bordeaux-Hamburg Range Conference reduced the rates from 45 cents to 30 cents per 100. The rates to the Far East a few years ago were on a 60-cent basis to Japan and 65 cents to Shanghai. At the present time these rates are 35 cents to Japan and 40 cents to Shanghai.

On Wednesday, August 26, 1931, the Houston Chronicle had a press report on cotton rates. The headlines were "Ship cotton rates again are reduced." This report showed that rates to certain ports, including Havre, Ghent, Rotterdam, Hamburg, and Bremen, had been reduced from 42 cents in the early part of the season, first, to 32 cents, and later to 30 cents per 100 pounds.

From this it will be seen that the ship rates on Texas cotton since 1927 have been reduced from an average of 60 cents to an average of 30 and a fraction cents per 100 pounds, or about $1.50 per bale, of which the Texas cotton farmer is entitled to receive the benefits.

Ship officers and experts have informed Congressman MANSFIELD that these rates would not have been possible but for the splendid condition in which our Texas ports have been placed in the past few years, which has greatly reduced the overhead cost in handling such freights. The excellent condition of these ports is now a great asset to the farmers of Texas, and without the improvements that have been made it would now cost $1.50 per bale more for export cotton to reach its markets.

This is extremely important because it is admitted that the price which cotton brings in foreign markets determines the price which the farmer receives for his cotton in the markets of the United States. Therefore, the less transportation costs the more the farmer should receive for his cotton.

I am inserting this information in this address to show that waterway and port development is not only important to everyone in Jefferson and Orange Counties, but also to the farmers of my district and the State of Texas.

Sufficient appropriation for river and harbor work is also important as a means of furnishing employment to many thousands of American citizens. The Engineering Department and those in a position to know estimate that 90 per cent of the appropriations for river and harbor work goes directly and indirectly to labor. This statement has been made several times this afternoon on the floor of this House, and it has never been challenged. I am opposed to any effort made in the name of economy to decrease appropriations for public works that will furnish employment to many of our citizens, and I hope this amendment will be defeated. [Applause.]

Mr. BYRNS. Mr. Chairman, the merits of this amendment have been discussed pro and con. I rise to call the attention of the committee to the effect of the amendment if adopted, and also to what I understand actuated the subcommittee and also the Committee on Appropriations in reporting the Budget estimates for rivers and harbors and flood control exactly as they were submitted. As has been stated by the Chief of Engineers and the War Department, the original sum asked for was $75,000,000, and that sum was reduced by the Budget to $60,000,000. The Chief of Engineers, General Brown, stated to the committee that he

could use all of the $75,000,000 upon existing projects; that that amount is needed in carrying on those projects. Mr. Chairman, there is no public work which gives as much employment to labor in proportion to the amount expended as work done in river and harbor improvement. The committee, believing that it could reduce the bill and reduce the estimates of military nonessentials for next year by over $24,000,000, felt that in the interest of labor and employment it ought to appropriate the full amount estimated for this public work. They tell me that down there in the Mississippi Delta colored labor and other labor is receiving as low an amount as 90 cents a day, a miserably small sum.

It is a ridiculously small wage for this work, but I want to tell you in this day it is keeping body and soul together. Yet we are asked here to cut $6,000,000 from this particular appropriation because certain Members of this House are anxious to economize on this in order to justify more than $2,000,000 which was voted the other day to pay reserve officers during the 15 days they are in camp. I do not say that my good friend from New York [Mr. TABER] is actuated by that purpose, because the gentleman is a genuine economist upon our committee and one of its ablest members, and I am sure he was actuated only by the reasons expressed by him.

Additions have been made to this bill. We will have a record vote on them after a while, and we will see just where we all stand. [Applause.]. This bill has been increased $6,000,000, and now it is proposed to save that money, which was added in order to provide for reserve officers' pay for 15 days in the summer months and to provide for training camps, by cutting out this appropriation which is in the interest of labor.

Mr. McGUGIN. Will the gentleman yield?

Mr. BYRNS. I can not yield now. I am sorry.

It has been stated that we will be called upon to vote millions and perhaps billions of dollars for employment of labor before the Congress adjourns. Something must be done. Some steps must be taken to provide for those who are walking the streets to-day seeking jobs which do not exist. Something must be done to enable the men, women, and children who are without positions to live during the coming winter months. Shall we sacrifice those who would receive employment under this appropriation merely to give somebody pay, to provide summer camps during the summer time, when it does not affect the efficiency of our Army or in any way interfere with the national defense? We will be called upon directly to vote upon these amendments, which were added to this bill at the instance of my good friend from California, Mr. BARBOUR. Nearly all of you gentlemen upon the Republican side, with some few exceptions, joined by some of the Democrats, voted to adopt those amendments. Your President asked you to keep this bill within the $24,000,000 reduction recommended by the committee. Will you keep it within the $24,000,000, the reduction authorized by the committee, by doing so at the sacrifice of these needy people who are working upon these rivers and harbors, or will you do it in the interest of those who do not need it? [Applause.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. MARTIN of Oregon. Mr. Chairman, I rise to oppose both amendments. I think no wiser appropriations are made by Congress than those to improve our rivers and harbors. I am only sorry that I am to be denied the privilege of voting for $75,000,000, the original estimates, instead of the $60,000,000 carried in this bill. I extend my remarks by inserting in the RECORD the speech of my distinguished colleague, the gentleman from Illinois [Mr. DIETERICH].

ADDRESS OF HON. WILLIAM H. DIETERICH, OF ILLINOIS, NOVEMBER 9, 1931, BEFORE THE UNITED STATES CIVIL LEGION

I am grateful for being accorded the privilege of addressing this gathering on this occasion.

Any citizen may take just pride in having been associated with this group of patriotic men and women who so unselfishly rendered service to this Nation when we were taking our part in a war the magnitude of which was unprecedented in all history.

The United States Civil Legion is composed of those citizens who gave their time, their talents, and their energies to the winning of that war.

It represents that group of the citizenship who constituted the great administrative forces of the Republic at a time when the man power and the resources of the Nation were being mobilized in the defense of the principles of democracy. It represents those citizens who protected our Army when our Army was protecting our Nation.

It represents those citizens who were defending the principles of representative government at home and in the civil forums of the nations of the world while the soldiers were defending those principles upon the field of battle.

It is made up of those citizens who established the standards of patriotism necessary to prepare the national mind and the national conscience for the greatest sacrifice that this country had ever been called upon to make.

President Wilson in one of his messages very truly said, "It is not an army that we must shape and train for war, it is a nation."

It was agreeable to the sentiment expressed in this statement that the Nation mobilized its talented and experienced citizenship and conducted an educational campaign teaching the lessons of loyalty, economy, courage, and patriotism.

They taught the lessons of patriotism from every rostrum in this land. They strangled disloyalty whenever and wherever it raised its treasonable voice. They taught wealth to forget extravagance and waste. They taught the idle and the indolent the lessons of industry. They taught the civilian to be frugal at home so that our soldiers and sailors would have those things necessary to sustain them in the struggle.

It is a rare treasure to be able to have a memory picture of that vast civilian army, composed of every trade and profession, of every political affiliation and religious persuasion, all working as a harmonious whole, exerting every energy to help carry the American flag, emblematic of liberty and justice to victory.

It is most gratifying when we recall how that army of organized civilians subordinated every personal or selfish interest and devoted themselves to the service of their country and carried forward the multiplicity of activities necessary to our triumph in that conflict.

When the matter of organizing our forces was engaging the attention of the Government the President gave utterance to the following timely advice: "The Nation needs all men, but it needs each man, not in the field which will most pleasure him, but in the endeavor that will best serve the common good. The whole Nation must be a team in which each man shall play the part for which he is best fitted."

Acting upon this advice we conceived and carried into effect the most just method of selecting those who were to serve in the various departments of both the civil and the military establishments that had ever been adopted by any nation of the earth, a method in which age, health, education, intelligence, and present employment determined the service to which the citizen was to be assigned, a method under which wealth was not in favor nor poverty at a disadvantage.

They invoiced every man of military age and, beginning with the age best adapted to military service, they placed each man in the branch of the service in which from physical fitness, mentality, experience, and training he was best suited.

In order to provide the necessary finances, including financial aid to those nations that fate had made our allies, the forging of the engines and the instrumentalities of war, enlarging our Navy, provisioning, clothing, equipping, and transporting our Army and training and equipping our air forces, they adopted the patriotic idea of the Government borrowing the money from our own people.

They directed the loan drives among the citizenship with the result that of the five requests made by the Federal Government in the short space of two years for loans aggregating $18,500,000,000 our people responded by offering to loan to their government $24,000,000,000.

It would take more time than would be reasonable for me to occupy to recount even in a general way the achievement of those civilians who so nobly measured up to those many important responsibilities.

There were organizations which were associated in this work and which rendered signal service which still carry on. Among those most active were the American Red Cross, the Salvation Army, the Knights of Columbus, the Jewish Welfare League, and the Young Men's Christian Association. They constitute permanent bodies that are still active in their various lines of endeavors and to the members of those organizations who are eligible for membership in the United States Civil Legion the matter of associating with us might not occur to them as being urgent.

The greater majority, however, of the various war-time organizations which constituted that civilian army which we are remobilizing ceased when the activities of the war were ended.

The war governors, the war-time Members of the National Congress, the war-time members of the various State legislatures, those in charge of the selective service administration, the department of publicity, the Liberty loan committees, the councils of defense, the reserve militia, the Coast Guards, and the numerous boards and commissions in charge of the different activities who labored together and shared the responsibilities of carrying forward this great work must necessarily still have a sentiment to keep fresh the memories of those accomplishments and an urgent desire to renew their war-time associations.

It would be a tragedy indeed if after their dismissal from the service the work they did should be thrust aside as of little moment and the opportunity should not be given for them to reassociate themselves.

The American service men most rightfully refused to let their mustering out of the service cause them to forget their comrades in arms and the memories of dangers past, and that their close relationship might continue and for their mutual help they organized their various ex-service men's organizations.

The United States Civil Legion, composed of those citizens who during the war time gave support to the soldier and upheld the Government, purposes to continue to uphold the Government and support the ex-service man in his postwar problems.

There are no citizens who better understand the circumstances, the conditions, and the surroundings of those who were selected for military service—there is no one in a better position to correctly estimate the sacrifice that the soldier made—than the members of this organization.

It should certainly be a source of consolation for the World War veteran to know that the citizens who understand his problems best still have a sincere interest in seeing that what he did shall not be forgotten and that justice shall be done by him and the widow and orphan of his comrades who are no more.

It is the moral duty of the members of the United States Civil Legion to see that the boys who were disabled in service receive proper care, that they are justly compensated for their injuries, that those who have since become afflicted are not permitted to suffer for the necessaries of life, and that adequate hospitalization is provided for these as well as all other disabled veterans.

The moral duty rests with this organization to see that those who were widowed by this war are provided with the comforts and necessaries of life.

The duty rests with us to see that those who were orphaned by this war are given proper care, that they receive proper training for some suitable vocation so as to enable them to become useful citizens, and that the star of opportunity and hope is kept shining above their pathway.

It is not, however, the war-time associations and the moral obligations to those who served beneath the flag that constitutes the only reason why this civilian army becomes aggressive in the work of reorganization, the need for reassociating this group of citizens is more urgent than the mere matter of exalting a service well done.

Never before in the history of the world has there been a peace-time period during which there existed the unrest and the anxiety and the concealed enevy of one nation for another that exist to-day.

Never in the history of this Nation has there been a peace-time period when there was more needed militant Americanism and patriotic leadership than the present time.

The United States Civil Legion has an important peace-time service to perform. It was organized for definite purposes, among which, in addition to those I have just mentioned, are to help bring about an adequate defense of the United States through support of our armed forces on land and sea and in the air; to furnish the necessary civilian leadership to popularize the peace-time program of our national-defense forces; and, finally, to become an organized soldiery of citizenship to work for the advancement of America and to protect the principles of justice, freedom, and democracy as conceived by the American founders.

Upon these purposes I ask your indulgence while I make some observations.

This Nation is not militaristic by tradition or disposition. We have never waged a war of conquest; we have only resorted to arms in defense of the liberties of our people when the righteousness of our cause justified the unsheathing of the sword.

During the early periods of our national existence when our citizenship was busy subduing the wildernesses and developing our natural resources, when our own people were consuming most of our manufactured products, and when our prosperity was not dependent upon our commerce with other nations not much significance was attached to the strength of our Navy or the efficiency of our Military Establishment.

Military training during the early periods of our national existence was not necessary to teach our citizens the use of firearms. The fowling piece was a household necessity and the boy became familiar with the use of the rifle long before he arrived at the military age.

We felt secure in our own protection, we rested content in our knowledge of the patriotic zeal of our people and their willingness to respond to their Nation's call.

We had demonstrated to our satisfaction time and again that the citizen soldier of America was superior to the fighting man of any other age or nation.

This was first demonstrated when the Colonial citizenship took up arms in the War of Independence.

It was demonstrated at New Orleans when a few regiments of Kentucky and Tennessee riflemen defeated a trained British army commanded by one of the ablest generals of his time, in which memorable battle they defeated the army that afterward crossed the seas and destroyed the army of Napoleon on the field of Waterloo.

It was demonstrated in the war with Mexico when we settled the rights of the once Republic of Texas with reference to the international boundary line.

It was demonstrated when the armies of the North and the South faced each other on a hundred battle fields.

It was demonstrated when that great volunteer army offered its services and forever put an end to the Castilian cruelty in the Antilles.

It was conclusively demonstrated to the world when the citizen soldier took his place in the battle lines of Europe and turned defeat into victory and won a war that had been lost.

The wildernesses have been turned into populous States; there is no longer a golden West to allure and give activity to the ever-increasing population. The natural resources of our country have not only been developed but some have already been exploited; many a change has taken place in our national life, and some of these changes are just cause for alarm; the new world has passed into the old.

A land of contentment and plenty has changed to a land where overproduction and unemployment are the problems of the day, where extravagance and want dwell side by side.

Internationalism has taken the place of Pan-Americanism and the money gleaned from the industries and resources of our Nation has been invested in the industrial securities of other lands. These investments have grown to such proportions that a depression in Europe not only reflects itself but rocks the very foundations of the business structures of this Nation.

These investments have grown to the extent that it will take true patriotism, honest and wise judgment, and a decade of time to disentangle us from the web in which these unwise and unpatriotic speculations have enmeshed us.

When the World War was over, the winning of which was made possible only by throwing the flower of American manhood and the unbounded resources of the American Nation into the scales when the balance was unmistakably in favor of the central powers, we neither asked nor received a rood nor a farthing in reimbursement of the many billions of dollars expended and the many lives that were lost while the other allied nations demanded and received the national obligations of the vanquished foe for full reparations.

In the meantime we had loaned to our Allies various amounts aggregating over $14,000,000,000 to enable them to defray their necessary expenses in the prosecution of the war, for which amounts they issued to us their national obligations.

These loans were provided from the money loaned to our Government by our citizenship and upon which our Government paid a fair rate of interest; these interest payments were made from the taxes levied upon our people and our industries.

The nations of Europe have busied themselves ever since the war closed not in paying but in negotiating reductions in their indebtedness to us through the game of diplomacy; and they have succeeded in having us, without any visible consideration, make such reduction on interest as has netted them a savings of several billions of dollars and increased the burden of our own people to that amount.

They now tell us that we will be enriched by giving some fifteen thousand millions of dollars of our people's money to the nations of Europe. That such action is necessary to produce a friendly understanding to promote prosperity and achieve permanent peace.

Let us ever remember that nations are not unlike individuals in their dispositions and dealings. Selfishness, greed, and avarice are the characteristics of some nations as well as of some men.

Let us ever bear in mind that the disposition to evade obligations when obligations become burdensome, the disposition to profit by the transaction, and the temptation to be unfair in order to profit are national weaknesses as well as the weakness of individuals.

Laying aside all this and accrediting every motive with purity of purpose, let us never forget that the sense of obligation will not necessarily be present in the governments and the citizenship of to-morrow to repay the favors and the sacrifices that we make to-day. A draft made by our children on the bank of European friendship may not be honored.

Along with the propaganda of the forgiveness of obligations under the appellation of "moratoriums," "holidays," "postponements," and other soothing terms, all springing from the mother-word "cancellation," which word the people have come to understand and for which reason its use is carefully avoided, comes the peace propaganda for the reduction of armament and the opposition to appropriations for the national defense.

Our longing for peace will not justify this Nation in neglecting to prepare for her necessary defense against possible invasion or conducting offensive warfare in case our liberties are challenged, our national honor prostituted, or our national obligations wilfully and deliberately ignored.

The nation which allows the sentiment of peace at any price to influence its course of dealing becomes a degraded coward, forfeits its respect, surrenders its obligations, and in the end allows the liberty of the citizen to be destroyed.

There are some things worse than war. We can sometimes pay too great a price for peace, but we can never pay too high a price for maintaining our national honor, our national principles, and our national traditions.

Our traditions and history in which every call to arms has been a call in defense of humanity, our generosity in victory, our national disposition to peace, our aid to suffering humanity extended to every clime and every creed, and our love of the principles of human liberty are so well known that no civilized nation need fear injustice at our hands.

We have no people to oppress, no possessions to hold in forced subjugation, no neighbor toward which we cherish a feeling of

hatred, no past wrongs inflicted against us as a nation or against our people concerning which we keep the fires of vengeance burning, no desire to hold dominion over any people, and no desire to profit except in the legitimate channels of peaceful enterprise.

So long as the militaristic nations of the world maintain naval bases along the coasts of the continents of America and maintain such navies as they consider necessary to protect them in their possessions and their commerce, the United States should maintain a navy of like adequacy in both defensive and offensive warfare, that adequacy not to be determined by a comparison of ships, guns, or tonnage with any other nation.

No authority on earth has the right to dictate the armament of a nation when such armament has never been employed except in the cause of justice and in defense of humanity.

No earthly power has the right to tell the nation to lower the range of her guns when those guns have never fired a shot except against injustice, oppression, and tyranny.

America standing as she has always stood upon the principles of justice and liberty for all owes it to her people to maintain a standing army equal to meet any emergency until her citizenship can be mobilized, and to provide sufficient and effective equipment to defend against any possible invasion until her manufacturing industries can be converted from their present production to the production of the arms and munitions of war.

Large standing armies do not necessarily spell preparedness, but a trained citizenship possessing a general knowledge of military duties does.

The institution that to-day more correctly represents our idea of military preparedness is the Reserve Officers' Training Corps established by various acts of Congress during and since the World War by which proper military training is given to those citizens qualified for that service enabling us in the event it should ever again become necessary to call our people to arms to have the necessary trained citizens to organize and discipline our armies.

This organization can do no more useful work than to lend its aid and encouragement to the establishment, the continuation and the enlargement of these activities.

Every decade of our history brings to military age over 5,000,000 of the young manhood of this country, and we can render a useful service to the cause of liberty by teaching that young manhood of America the necessity of taking a reasonable course of military training, by seeing that the training camps are adequately supplied with the latest approved equipment in arms and other instrumentalities useful in battle, and that proper instruction is given in military tactics and in the use of arms and the engines of war.

It was the pernicious propaganda that America was unwilling and unequipped for war more than any other factor that ultimately brought us into the world conflict.

Military preparedness is just as potent for the promotion of peace as it is for the winning of wars.

No more beautiful sentiment could animate any group of people than that purpose of this organization contained in the statement "to become an organized soldiery of citizenship to protect the principles of justice, freedom, and democracy as conceived by the American founders."

This means that in order to accomplish this, adherence to principle must be placed above partisanship.

Political parties were not contemplated by the framers of the Constitution, but it soon became apparent to the observing that such groups might be formed.

Washington did not approve of the formation of political groups or parties and forewarned us of the mischief that would result in case this course was adopted by our people. He knew their tendency to promote the interest of some particular section or some particular group without regard to the interest of the people as a whole through organizations of this kind.

He also foresaw that designing nations not friendly to our Government or its institutions could exert their influences through party channels. In his Farewell Address he sounded the prophetic warning that "It opens the door to foreign influence and corruption, which find a facilitated access to the Government itself through the channels of party passion. Thus the policy and the will of one country are subjected to the policy annd will of another."

We can not, however, undo the past, and to-day political parties constitute or should constitute the agencies by which the will of the people finds expression in the policies of government, and this is the avenue through which we must work to carry out the object I have just mentioned of protecting the principles of justice, freedom, and democracy as conceived by the American founders.

This group of men constituting the United States Civil Legion who were big enough to lay aside party and creed and join in working for a common cause in a national crisis during the period of war are certainly big enough to do the same in a national crisis during a period of peace.

They can do much toward its accomplishment by discouraging unjust criticism and unwarranted exaggeration as well as discouraging the more harmful practices of deliberately refusing or willfully falsifying facts gathered by officials in their official capacities pertaining to matters concerning which the people have the right to be informed in order to shape their action or cast an intelligent ballot.

They can accomplish much by insisting that integrity mark political action and political utterances for if we are to be governed by parties, then the parties are necessarily the pillars of the Government and the Government constitutes the superstructure and the superstructure can remain stable only as the pillars give strength to its support. If the pillars fall, it necessarily follows that the superstructure must also fall.

History tells us that the rise of anarchy, during the period after the ending of the Revolution and before the adoption of the Constitution, ceased as soon as the people began to understand the Constitution; that with that understanding grew a wholesome respect for that organic law and a patriotic willingness to submit to the Government outlined therein.

That Constitution was written in simple language; the people had no difficulty in acquainting themselves with its provisions, and it met with their entire approval. But that Constitution that the people thought they understood has been changed and departed from until the citizen no longer professes to know its meaning, and his confidence in the basic law of his country has been shaken, if not destroyed.

No citizen who has a reasonable knowledge of the English language can fail to understand what was intended by the last of the first 10 amendments to the Constitution, which provided that "The powers not delegated to the United States by the Constitution nor prohibited by it to the States are reserved to the States, respectively, or to the people." The citizen is somewhat mystified when in the face of this provision he sees the Federal Government exercise arbitrary power in the regulation and control of all matters, police and otherwise, pertaining to the States of the Union as well as their people.

Washington in his Farewell Address stressed the importance of following the Constitution as adopted by the convention and not permitting encroachment of one department of the Federal Government upon that of another and the keeping of those departments separate so that they can act as checks and safeguards to each other.

This advice of the Father of our Country has also been disregarded. Little by little has one department encroached upon the other and taken to itself the exercise of functions belonging to the other. Little by little the executive forced the legislative into passing such laws as would meet the executive idea and little by little have the legislative and executive coerced the judicial in placing its stamp of approval on the constitutionality of laws that were passed for partisan purposes and political expediency.

The judicial department of our Federal Government which was supposed to be the department to determine the rights of the citizen, whenever controverted questions arose, has gradually, following one pretext or another, been disrobed of many of its judicial functions. To-day we have the spectacle of unskilled political appointees judicially determining the rights of citizenship in the revenue and other departments of the Federal Government, with the only redress left to the citizens to appeal from one appointee to another, with the road that finally leads to a determination of his rights by the judicial department of his Government so difficult, technical, and expensive that it is more economical for the citizen to surrender his rights than to attempt to obtain a remedy.

All these things have had a tendency to create a disrespect by the citizen for his Government and all have been brought about by reason of the fact that the principles of justice, freedom, and democracy as conceived by the American founders have not been properly safeguarded.

So in order to bring about, in an orderly way, without disturbance, without bitterness, using reason as our only weapon of warfare, the accomplishment of the purposes of our order, the civil legion begins a militant crusade.

It tenders the services of its membership to the ex-service men to help achieve the objects for which they are striving. It offers its energies for military preparedness in every department of the military service.

It consecrates itself to the principles of justice, freedom, and democracy as conceived by the American founders.

And finally, it pledges the lives and fortunes of its membership to resist any attempt to change the form of the constitutional Government established by the fathers and substitute in the place thereof the uncertain and unstable and dangerous ideas of communism.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. All time has expired.

In view of the fact that the debate on this amendment has been lengthy, the Clerk will, without objection, report the amendment offered by the gentleman from New York [Mr. TABER] and the substitute to the amendment offered by the gentleman from Alabama [Mr. MCDUFFIE].

There was no objection.

The amendments were again reported by the Clerk.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Alabama to the amendment offered by the gentleman from New York.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were ayes 54 and noes 112.

So the amendment was rejected.

The Clerk read as follows:

Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the flood control act, approved May 15, 1928 (U. S. C., Supp. V, title 33, sec. 702a), $31,773,775.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: On page 73, in line 8, after the figure "$31,773,775," insert "*Provided*, That no part of this appropriation shall be available for payment of wages except such as are determined and paid in accordance with Public Act No. 798, Seventy-first Congress."

Mr. COLLINS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state the point of order.

Mr. COLLINS. I make the point of order, Mr. Chairman, that it is legislation on an appropriation bill.

The CHAIRMAN (Mr. LANHAM). In the opinion of the Chair, the amendment is a negative restriction upon the appropriation, and for that reason is a limitation and would be in order. Unless the gentleman from Mississippi desires to be heard further, the Chair overrules the point of order.

Mr. COLLINS. Mr. Chairman, may the amendment be again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again reported the amendment offered by Mr. Goss.

Mr. BANKHEAD. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. BANKHEAD. Is this not already existing law?

Mr. GOSS. No. I am sorry to say there is an exception made with regard to flood control. I understand the Committee on Rivers and Harbors has that matter under consideration now and we are hopeful that that committee may bring it out so that it will become law.

Mr. MANSFIELD. That is not being considered by the Committee on Rivers and Harbors.

Mr. GOSS. By the Committee on Flood Control. I thank the gentleman.

Mr. WILSON. There is no legislation of that kind pending before the Committee on Flood Control.

Mr. GOSS. I have been informed that there was.

Mr. KELLER. It is before the Committee on Labor.

Mr. GOSS. Mr. Chairman, I want to call attention to the fact that if this amendment is adopted, the old so-called Davis-Bacon wage bill, Public Act No. 798, will take effect on the contracts in the Mississippi flood-control area.

I have been informed that many of the workmen have been paid as low as 90 cents per day on this type of work.

The plea was made on the previous amount we just kept in the bill for rivers and harbors work and also for flood control, that it was needed to keep people employed. Now, I say in all fairness, if that is what is in the minds of those who have spoken in behalf of this legislation, Congress should see to it they are paid a fair wage, and a fair wage as determined by this public act. Why rivers and harbors work and flood control are immune from this particular public act I have not been able to find out, and I hope the Committee on Labor will report that bill some time this session, because there is no good reason why this particular work should be exempted from its provisions.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. GOSS. I yield.

Mr. COLLINS. I have listened to the gentleman very carefully. What is his purpose? What does he seek to do?

Mr. GOSS. I am simply advocating in this amendment the application to rivers and harbors and flood-control work the Davis-Bacon wage bill, Public Act No. 798.

Mr. PARKS. What is it?

Mr. GOSS. I will read it to the gentleman if he wants to know. I am surprised the gentleman is not familiar with it.

Mr. PARKS. No; not at all, but I doubt if the gentleman is familiar with it because he can not tell me what it is.

Mr. GOSS. I will read it to you:

Be it enacted, etc., That every contract in excess of $5,000 in amount, to which the United States or the District of Columbia is a party, which requires or involves the employment of laborers or mechanics in the construction, alteration, and/or repair of any public buildings of the United States or the District of Columbia within the geographical limits of the States of the Union or the District of Columbia, shall contain a provision to the effect that the rate of wage for all laborers and mechanics employed by the contractor or any subcontractor on the public buildings covered by the contract shall be not less than the prevailing rate of wages for work of a similar nature in the city, town, village, or other civil division of the State in which the public buildings are located, or in the District of Columbia if the public buildings are located there, and a further provision that in case any dispute arises as to what are the prevailing rates of wages for work of a similar nature applicable to the contract which can not be adjusted by the contracting officer, the matter shall be referred to the Secretary of Labor for determination and his decision thereon shall be conclusive on all parties to the contract: *Provided*, That in case of national emergency the President is authorized to suspend the provisions of this act.

SEC. 2. This act shall take effect 30 days after its passage but shall not affect any contract then existing or any contract that may thereafter be entered into pursuant to invitations for bids that are outstanding at the time of the passage of this act.

Now, I submit the House, in all fairness, should adopt this amendment, because if we are going to provide money in the bill to relieve unemployment let us relieve unemployment with a living wage.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am in sympathy with the purpose the gentleman is trying to accomplish, but it can not be accomplished through attaching the Davis-Bacon bill to the appropriation bill.

The truth is the Labor Committee has for months had under consideration the very question the gentleman has been discussing.

The Davis-Bacon bill directs the Secretary of Labor to determine, wherever there is a dispute, what the prevailing wage scale is in the community where the work is being done. The Labor Committee has found through hearings that were that law applied to rivers and harbor work and to flood-control work it would be necessary to fix a scale of wages below even the low scale now being paid. Therefore, the committee has reported a bill, which is on the calendar, known as the Connery bill, which does attempt to fix a living scale of wages for this class of work. In addition, the Senate has passed the Metcalf bill, which takes in public works of all kinds and would do exactly what the gentleman from Connecticut seeks to do by his amendment.

Those who come from the territory where this work is being done know that the prevailing scale of wages in those communities is the farm-labor wages, which are below even the scale being paid now by some unfair contractors. I think we ought to have legislation to make them pay a decent rate of wages. I am just as much in favor of it as anybody can be, but if we apply the provisions of the Davis-Bacon bill to this work, the only thing the Secretary of Labor could do would be to fix the farm-labor wages as the wages to be paid for this work, and they would be even below the scale of wages now being paid by the contractors.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. WHITTINGTON. Is it not better policy to settle this by legislation rather than by an amendment on an appropriation bill?

Mr. RAMSPECK. I think so, unquestionably; and I think the Committee on Labor will probably report out the Metcalf bill or something similar which will take care of the situation.

Mr. Chairman, this amendment would apply to laborers engaged on flood-control work; and I want to emphasize again I am very fearful that instead of accomplishing the purpose the gentleman desires, with which I sympathize, it would result in making it absolutely necessary, under the law, to fix a lower scale of wages than is now being paid.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. KELLER. I suggest to the gentleman the Davis-Bacon law says the wages to be paid shall be wages for work of a similar nature—not farm labor, but for the same kind of labor that is being done.

Mr. RAMSPECK. But this is common labor, and the only prevailing wage scale in the areas where flood-control work is being carried on is for common labor on the farms.

I am very fearful that the amendment, if adopted, will have the opposite effect from that which the gentleman hopes to accomplish.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

Mr. McGUGIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. McGUGIN. Will the Chairman permit me to ask a question before the motion is put?

The CHAIRMAN. Yes.

Mr. McGUGIN. I want to offer an amendment to reduce the appropriation. That is a very vital part of this section. Does the chairman of the subcommittee want to shut me off and deny me the opportunity to do that?

Mr. COLLINS. No; I do not wish to deny the gentleman the opportunity of offering an amendment.

Mr. Chairman, I move that all debate on this amendment close in five minutes.

Mr. SCHAFER. Mr. Chairman, I offer an amendment to strike out "5 minutes" and insert in lieu thereof "20 minutes."

The CHAIRMAN. The question is on the amendment to the motion offered by the gentleman from Wisconsin.

The amendment to the motion was rejected.

The motion was agreed to.

Mr. BLANTON. Mr. Chairman, I want to show you exactly where the proposal of our friend from Connecticut [Mr. Goss] leads. There is being spent right now in Washington, the Nation's Capital, millions of dollars of public money on construction work. If you will get the Washington Post of this morning, you will find therein that the master builders of Washington have reported to the carpenters that they can not pay over $9 under present circumstances. When you remember what our friend from Tennessee said—that on rivers and harbors work many laborers are getting 90 cents a day—the carpenters of Washington, from public money, ought to be glad to get $9 a day, and yet when it was put up to a vote they turned it down almost unanimously, and they insisted on $11 a day. The master builders first offered $8 per day, which was turned down, and they came back yesterday with a proposal to compromise the matter, making it $9 a day. If you will look in this morning's Post you will find the following:

CARPENTERS REJECT $9 PER DIEM SCALE—THREATEN TO WITHDRAW MEN FROM JOB IF BUILDERS CUT WITHOUT CONSENT

The second wage referendum submitted in two weeks to the Carpenters' District Council last night resulted in rejection of the proposal of the Master Builders Association to cut wages.

The original proposal of the builders was to reduce the $11 per day wage scale to $8 per day. This proposal was rejected with a vote of 12 to 1, and construction operations paying less than the union scale were "locked out" by the carpenters. About 40 men were removed from work, according to L. H. Hardison, president of the council.

A compromise offer of a $9 per day scale was submitted by the builders. At the meeting last night at Masonic Auditorium 846 ballots were cast and only 225 carpenters were willing to accept the reduced scale. Hardison said the council was open to any other offers proposed by the contracting group, but that any attempt to cut the union wage without the consent of the carpenters would result in the removal of the men from the job.

So you see that the 846 carpenters here, who are reveling in desirable Government work and receiving high wages from public moneys, turned it down and said they would not accept $9, and they are demanding $11 a day, which is beyond the price that is paid for carpenters in every city of the United States except Washington. So my friend from Connecticut will see just where it leads.

Is he insisting that the carpenters of Washington should turn down a $9 per day proposal like that and insist on receiving $11 a day, when his carpenters up in Connecticut are not receiving any such sum?

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. GOSS. I do not know anything about the carpenters here in Washington, but it has been admitted that in Mississippi and in the gentleman's section, laborers receive 80 cents and 90 cents a day. That is far too low.

Mr. BLANTON. Not in my section, if you please. None of the money is spent in my section. There is no such public work done in my section, but there is work done in Connecticut and paid for by Connecticut people.

Mr. GOSS. Not at 90 cents a day, I will tell the gentleman.

Mr. BLANTON. No; but no carpenter in Connecticut now receives $11 a day, I will say to my friend, while 846 Washington carpenters receive $11 per day from Government money.

It is just such laws as my friend is proposing here that permit the carpenters of Washington to stand up and say they will not take $9 a day, but demand $11 a day, when 7,000,000 men elsewhere are starving to death and can not get a job for $1 a day.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. SCHAFER. The reason why the Davis-Bacon Act was enacted was because your southern contractors bid in competition with northern contractors paying a living wage, and they based their bids on their 90 cent and $1 a day labor.

Mr. BLANTON. I want to say to my friend from Wisconsin and my friend from Connecticut that in the city of Dallas, which is one of the leading cities of my State, contractors are paying as high wages as will be found to be paid in any city of the United States except Washington. They always pay the highest wages in the world down there. In Galveston, Tex., the home of my good friend CLAY BRIGGS; in Houston, where I was born; in Fort Worth, the home of our friend, Mr. LANHAM; and in San Antonio, the city of my friend, Mr. KLEBERG, they pay as high wages as are paid anywhere in the country except in Washington. You talk about southern contractors. They are paying their men as high wages as you will find in any city in Wisconsin or in Connecticut. My friend from Wisconsin [Mr. SCHAFER] ought to get away from Milwaukee some time. He ought to get away from this 1-road track from here to Milwaukee. He ought to come down to Texas and see what progressive people are. He would find that there are more progressive cities in my district in western Texas than he has in the entire State of Wisconsin.

Mr. GOSS. If the gentleman is for a high wage scale, he ought to be for the amendment I have offered.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on the amendment offered by the gentleman from Connecticut [Mr. Goss].

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Page 73, in line 8, strike out the sign and figures "$31,773,775" and insert in lieu thereof the sign and figures "$26,773,775."

Mr. McGUGIN. Mr. Chairman, this is a reduction of $5,000,000 in this appropriation. For more than a week I have been in the House listening to the debate pertaining to this bill. Everyone realizes we must have some economies

in the operation of government. Here we have the military bill, a bill pertaining to the Army, but where does the reduction come in? Does it come in on the pork-barrel part of the Army bill or does it come in on the national-defense part of the Army bill? The amendments up to date have been to endeavor to restore to this bill that part which is taken out of it pertaining to the national defense. The committee accepted the Budget Director's report on the pork-barrel part of this bill, but when it comes to the national-defense part of this bill there is where the committee makes the reduction. [Applause.]

Under the Constitution the President is the Commander in Chief of the Army, and I say to you in all fairness and in all candor it is a dangerous policy for you and me to undertake to sit here on the floor of the House and repudiate and ignore the advice of the Commander in Chief of the Army in the matter of national defense. Yet we do it, for what? In order to try to save our faces for our extravagance in this session of Congress and to try to excuse ourselves before the country for not reducing the expenses of government.

Mr. McDUFFIE. Will the gentleman permit an interruption?

Mr. McGUGIN. Not at this moment. I shall yield to the gentleman later.

Then, when we come to this bill, the report of the Budget Director is good enough on the pork-barrel items but is not good enough on national defense.

A great deal has been said here about what the President wants in connection with national defense. In his statement of March 26 he had this to say:

> We should not further reduce the strength of our national defense.

There is the President's statement, and it is not subject to any misunderstanding or any argument between two Members of the Congress. On March 26 he said we should not reduce our national defense; and now when I see this Congress and this committee refusing to reduce the pork-barrel part of this bill—the grab part of it—in which your constituents are interested, then is when I turn face about and here and now say that when the roll call comes to-day, I am going to vote for the Barbour amendments. [Applause.]

I am not going to give up the defense of my country when you are not willing to give up the pork barrel, if you please. [Applause.] You know it is pork. You know the rivers and harbors item is pork, and every man in the United States knows it is primarily pork. A good part of your flood relief is pork, and we know it is going to be the means for contractors to steal from the Government and rob slave labor.

Mr. McDUFFIE. Will the gentleman yield?

Mr. McGUGIN. Yes; I yield now to my good friend from Alabama.

Mr. McDUFFIE. I thank the gentleman. It was indicated here by two reputable gentlemen that the President said he expected this bill to leave this House with certain cuts in the appropriations.

Mr. McGUGIN. Yes.

Mr. McDUFFIE. Where are those cuts going to be made?

Mr. McGUGIN. In the pork barrel, if I can have my way about it. [Applause.] In flood control, as you call it here, and in rivers and harbors; and that is where the President wants it.

Mr. McDUFFIE. Has the President said so?

Mr. McGUGIN. That is his public statement of March 26.

Mr. McDUFFIE. But the President has not said so. If that is the President's position, we are very glad to know it.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, I rise to oppose the amendment.

It is said by the gentleman from Kansas [Mr. McGUGIN], who has just taken his seat and who has proposed the amendment to reduce the appropriation for flood control on the Mississippi River $5,000,000, that appropriations for flood control are pork-barrel legislation. The gentleman evidently spoke hastily. Flood control is a part of the internal improvement of the country, and the leading statesmen of the Nation have always advocated national internal improvements. If promotion of navigation and the protection of lives and property are pork-barrel legislation, my reply is that such legislation is desirable and commendable.

The improvement of the Mississippi River and control of its floods is a national problem. The great flood of 1927, in the language of Herbert Hoover, was the greatest peacetime disaster the Nation has ever known. The flood control act of 1928 was passed as a result of the sacrifices and losses caused by the flood of 1927. The gentleman from New York [Mr. LAGUARDIA] has called attention to the fact that the President of the United States advocates river and harbor work in aid of unemployment. Whom will my friends on the Republican side follow, the President of the United States or the gentleman from Kansas? As the gentleman from New York pointed out, President Hoover was so exceedingly desirous of fostering river and harbor work that he sent a special message to Congress on March 14, 1932, requesting Congress to make appropriations for this work immediately available. I quote from the message:

> I therefore recommend that the Congress give consideration to immediate appropriation of the funds for the maintenance and improvement of existing river and harbor works in order that we may avoid the unemployment and dislocation which will arise from such delays. Such a course would imply no increase in the contemplated expenditures.

There was attached to the message of the President a report from the Director of the Budget. This report contained the views of the Secretary of War with respect to river and harbor work. I quote from the statement of the Secretary of War:

> It was considered in the public interest to press the work during the past winter season in the interest of the unemployment situation and to advance the work under present favorable conditions of prices.

In the matter of flood control it is quite evident that both the President and the Secretary of War are in absolute accord. Who is right, the President of the United States, who advocates river and harbor work in aid of unemployment, or the gentleman from Kansas [Mr. McGUGIN], who speaks derisively of flood control as pork-barrel legislation? In the matter of river and harbor work and flood-control improvement I prefer to follow the recommendations of the President of the United States rather than the half-baked and ill-considered views of the gentleman from Kansas. [Applause.]

Pork-barrel legislation involves the passage of legislation in many cases without consideration of the merits involved. Such is not the case with legislation for the flood control of the Mississippi River.

The flood control act of 1928 authorized the appropriation of $325,000,000 for flood-control works in the lower Mississippi River. No other project was under consideration. The case was considered upon the merits of flood control on the Mississippi River. There was no opportunity for pork-barrel legislation. The act was passed after the most careful studies and exhaustive hearings ever held by a committee of Congress. The gentleman from Kansas, in speaking of flood control on the Mississippi River as pork-barrel legislation, betrays an utter unfamiliarity with the subject. The flood control act passed both the Senate and the House by practically a unanimous vote. It was approved by President Calvin Coolidge, who always stood for economy.

In times past pork-barrel legislation has been applied to river and harbor legislation. The gentleman from Kansas, in referring to flood control along the lower Mississippi River as pork-barrel legislation, is evidently not familiar with the history, progress, and problem of flood control, as provided by the act of May 15, 1928. The adoption of his amendment to reduce the annual appropriation by $5,000,000 would not defeat flood control. It would merely postpone the appropriation and delay the completion of the project. It would take legislation to change the existing law, which provides for the control of the floods in the lower Mississippi

Valley. The gentleman's arguments for economy are just about as applicable as his arguments in opposition to flood control.

Pork-barrel legislation involves a multitude of projects, some of which can not stand on their own merits. Such is not the case with flood control along the lower Mississippi River. It constitutes the greatest single internal improvement project ever undertaken by the Government. It was considered and as an independent proposition was passed almost unanimously by Congress. The gentleman from Kansas [Mr. McGUGIN] evidently spoke without giving the subject his usual careful thought. On reflection, I feel sure that he will not again characterize flood control along the Mississippi River as pork-barrel legislation. The Middle West is interested in the improvement of the lower Mississippi River for navigation to reduce freight rates, and flood control is essential in all projects for navigation.

I maintain that reduction in the appropriation for Mississippi flood control would not only be false economy but would be a dangerous policy. I oppose the amendment for the following perfectly manifest reasons:

First. The Chief of Engineers, Maj. Gen. Lytle Brown, recommended $35,000,000 for Mississippi flood control for the next fiscal year. The Director of the Budget reduced the amount requested to $32,000,000. The Appropriations Committee followed the Budget, and the bill carries $32,000,000 for flood control. We are now asked as a matter of economy to reduce the annual appropriation. Such reduction would be false economy and would probably cost the Government more in the future than might be saved at present. There is no economy in fact, for a reduction in the appropriation is merely a postponement. It means delay in flood-control protection.

Second. The pending bill carries a reduction of 10 per cent from the previous annual appropriation. A further reduction by the House would be unjust. If the House singles out flood control and further reduces this item, the probability is that the policy that now obtains in the Senate, and which did obtain in the Interior appropriation bill, would result in a further horizontal reduction of 10 per cent. Flood control would thus be singled out. This internal improvement would be discriminated against. It would be unfair to reduce with a probable further reduction by the Senate.

Third. The adopted project provides for raising, strengthening, and enlarging the main-line levees. The flood danger is ever present. We have the experiences of 1929 in the Greenville, Miss., area in mind. There was the highest water in that area that ever went down the river except the great flood of 1927.

The plan provides not only for a continuously enlarged levee line but it is important that it be completed at the earliest practicable date. If there are openings or incomplete levees, delay may be dangerous. Floods come at intervals. It has been five years since the flood of 1927. There is the greater danger of the greater loss from an overflow. The best economy for both the Government and the people is the immediate completion of the levee line. Instead of delaying the work, instead of reducing the appropriation, now is the appropriate time to speed up the work. No levee line is stronger than its weakest link. There is always the possibility, if not the probability, under the law of averages, of a greater loss from an overflow than the entire costs of levee improvement.

Fourth. In December, 1930, upon the recommendation of President Hoover, Congress appropriated $3,000,000 for flood control and some $22,000,000 for rivers and harbors as an emergency measure in aid of unemployment. Labor is the chief beneficiary in flood-control improvement. Just recently, as I have stated, to emphasize the importance of the work the President sent a special message to Congress, asking that funds be made immediately available for river and harbor work in aid of unemployment. Not only does flood-control improvement provide for the protection of the lower Mississippi Valley but it contributes much to the solution of the unemployment situation that now obtains.

Fifth. Some of our friends who now favor a reduction in the appropriation for flood control advocated the emergency highway-construction legislation that passed the House on February 27, 1932. Their advocacy was based upon the plea that highway construction would aid unemployment. My friends are inconsistent in opposing flood control. Flood control not only provides employment, but it contributes to the protection of life and property and aids in improving the Mississippi River for navigation.

Sixth. I summarize by urging Congress not to reduce the appropriation, and I maintain that a reduction might result in a great loss. Much property may be destroyed, and many lives may be sacrificed. Unemployment would increase. The flood control of the lower Mississippi River, which is the greatest navigable river in the United States and the world, would be hindered. Delay would be dangerous. The result might be loss and destruction. There would certainly be no economy either to the people or to the Government. In the name of the people of the Lower Mississippi Valley, whose direct losses in the flood of 1927, according to President Hoover, amounted to $200,000,000, with indirect losses of $200,000,000 more, and recalling that 245 people lost their lives and that 700,000 people were driven from their homes in the flood of 1927, I protest against a reduction in the appropriation for flood control. There is no economy in withholding the expenditure of $1 where $100 of economic loss might result. Reduction in the appropriation is not only dangerous but incompatible with national economy. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 15 minutes.

Mr. SCHAFER. Mr. Chairman, I offer an amendment to the amendment. Strike out "15" and insert "20."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin to the motion of the gentleman from Mississippi.

Mr. COLLINS. Mr. Chairman, I will modify my amendment and make it 20 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Mississippi that all debate on this paragraph and all amendments thereto close in 20 minutes.

The motion was agreed to.

Mr. REID of Illinois. Mr. Chairman and members of the committee, I was never so startled in my life as when the gentleman from Kansas [Mr. McGUGIN] talked about reducing this appropriation for flood control, and called it a pork-barrel proposition.

I can not conceive of anybody of his age and presumed intelligence who could not remember the scenes in this House in 1928, and had read in the newspapers about the terrible tragedy, could be induced to offer this kind of an amendment.

Mr. McGUGIN. Does the gentleman think that a reduction of $5,000,000 will ruin the appropriation?

Mr. REID of Illinois. Yes; I think it would. You might as well take the powder out of the pyrene extinguisher as to take this $5,000,000 out of the flood-control appropriation.

I will tell you why. We fought these floods for years and finally got the Government to take over the flood control on the lower Mississippi River. Before that time every local district had a flood-control proposition of their own. In one place you had a fine levee, and in the next you had a poor levee, and then in the next place perhaps no levee at all.

This work must proceed rapidly, the work ought to be done all at once if possible, because if the water breaks through in one levee it lets the water in behind, and your entire levee system and the whole line will be destroyed.

The people of the South have paid in $290,000,000. We have spent nearly $100,000,000, and are you going to permit, by taking this $5,000,000 out of this appropriation, a greater danger than we had in 1927?

There were 18,000 square miles flooded. I think $5,000,000 may be enough to complete some portion of the work that is necessary for the entire work.

Now, anybody that calls a proposition that will save the flooding of 18,000 square miles pork, and the saving of 700,000 peoples' homes pork—I can not understand how anybody can be misled in that way.

The gentleman from Kansas is like the preacher who stated his text, and then went on and forgot it. He offered this amendment, and then went on to talk about something else. Upon the theory that he might have religious scruples about that, I excuse him. Of course, I was not here to vote on these amendments in regard to reserve officers and all that, but I am for them.

Mr. Chairman, economy can be practiced in a right way and in a wrong way. The economy that we want to practice is economy in things not absolutely for the preservation of life and property. This amount of money is absolutely necessary at this time.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. REID of Illinois. Yes.

Mr. BLANTON. What I can not understand is how the gentleman from New York [Mr. FISH] could plead so eloquently for his river and harbor matters up yonder, and go along with us and appropriate the money, and now fight the legitimate river and harbor appropriations.

Mr. REID of Illinois. I do not think the gentleman from New York did that. This is not pork in any way, and people ought not to be fooled by any such statement.

Mr. McCLINTIC of Oklahoma. Will the gentleman state whether or not we use a set amount every year for this purpose?

Mr. REID of Illinois. Yes. In 1931 we appropriated and used $37,000,000. The gentleman from Louisiana [Mr. WILSON] is going to tell you about it, and he will tell you the number of laborers employed. That is not sufficient to complete the work, and we pretty nearly had a flood this time.

Mr. McCLINTIC of Oklahoma. Will the gentleman state whether or not we are continuing on a certain line of work all of the time on these levees?

Mr. REID of Illinois. They are raising the levees continually.

Mr. WILSON. Mr. Chairman, the gentleman from Illinois [Mr. REID], the former chairman of the Committee on Flood Control, has answered all of the argument about the pork barrel. I think the vote on the amendment to reduce the appropriation for rivers and harbors will certainly satisfy those who are interested in navigation in so far as this particular part of the appropriation is concerned, because when we will have completed the upper Mississippi, the Missouri, the Ohio and tributaries, on which the Government will have spent over a billion dollars, all of the freight and tonnage to be carried by those rivers will be collected at Cairo, Ill., at the beginning of this flood-control project, to be carried safely along the main channel of the Mississippi River on to the Gulf and on to the markets of the world. One-third of this appropriation goes to improvement for navigation, affecting the most important navigation project in the entire United States. Practical economy would be to avoid unreasonable losses and prevent great disasters. This is emergency work for that purpose. The appropriation that we have in this bill for flood control is to carry on and continue the execution of an emergency project. Of the $32,000,000 carried in the bill for flood control, the Government pays out to labor that it hires $14,308,447. That amount carries an average of over 6,000 men in employment on this project from Cape Girardeau to the Gulf all the year around. Of the $37,000,000 for the fiscal year 1931, $22,970,679 went to labor, an annual average of 9,000 people being employed. In other words, of this appropriation for flood control, 54 per cent of the entire amount appropriated goes into wages, to maintain employment. The remainder of the appropriation, practically all except overhead, goes into the purchase of material and supplies.

So, if we are interested in continuing and increasing employment and paying wages to labor and for the purchase of supplies from American citizens, we could not vote any reduction in this appropriation. The flood control act of 1928 authorized $325,000,000. Including this appropriation, of that amount $137,000,000 has been provided. The Chief of Engineers testified before the Committee on Appropriations as well as before the Flood Control Committee that although the project on the main channel was outlined to be completed by 1938, with the progress they are making now, getting better contracts, executing the work at a less cost, completion would be obtained by 1935, saving three years on the main feature of the project. That is most important.

If you can avoid disaster which might come from a flood that may occur at any time, costing ten times this appropriation, and if you are hastening the completion of the project under the present organization, you will be saving money. I do not know anything that would be further from economy in a practical way than to reduce the appropriation for flood control on the Mississippi River. [Applause.]

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment. I shall vote against the amendment offered by the distinguished Republican from Kansas [Mr. McGUGIN] to reduce a very essential appropriation. We can all remember several years ago when people's lives and homes were being destroyed by reason of an act of God, the terrible floods in the Mississippi Valley, how everyone promised to do what they could to prevent a recurrence of the disaster.

In these days of unemployment in an endeavor to limit the appropriations for this essential work the gentleman from Kansas calls it "pork" perhaps because the money will be expended in some of the Mississippi River States and not in the State of Kansas. What kind of pork was the gentleman from Kansas supporting the other day when he passed between the tellers and voted for $1,500,000 to fight grasshoppers in the State of Kansas. [Applause.]

I believe that if the Representatives from the States of Kansas and Nebraska can vote in these times of financial distress $1,500,000 to fight grasshoppers in their States, they can consistently vote sufficient money to provide the necessary works to protect human lives in the Mississippi Valley if another great flood should come upon the people of the Mississippi Valley States. [Applause.] Let us not be facing this way to-day and the other way to-morrow, the way some of these Democratic economy peddlers do. Mr. BYRNS, the gentleman from Tennessee, and the rest of the alleged economy experts, to-day eloquently speak in favor of this bill as a means of furnishing employment to the unemployed. The other day they spoke as eloquently in the name of economy in favor of throwing thousands of additional people into the river of unemployment.

The gentleman from Texas [Mr. BLANTON] wondered about the inconsistency of the gentleman from New York [Mr. FISH]. When it comes to inconsistency the gentleman from Texas takes the prize. Three weeks ago the gentleman from Texas, in the very well of this House, said that Bishop Cannon was responsible for putting President Hoover in the White House, and only a few days later he said that WILL WOOD put Hoover in the White House.

The gentleman from Texas always talks about economy when he thinks it is well for his political purposes to do so. When the War Department appropriation bill was up he forgot that in time of peace we must maintain an adequate defense to protect the lives of our people and our country in time of war. In time of peace we should also provide sufficient appropriations for flood-control works which are necessary to protect the lives of our citizens from the enemies within, particularly the wild, raging rivers, when they overflow their banks and threaten the destruction of the lives and homes of our people. The Treasury did not topple in 1919 when the Democratic Party increased our national debt to over $29,600,000,000. The Republicans have reduced that debt to approximately $18,000,000,000. Let us issue bonds and carry on the necessary public works if these works are opposed because of the condition of the Treasury according to the position taken by the gentleman from Kansas. The building of public works will also assist in relieving the un-

employment which now exists. Many Democratic demagogues on and off the floor of the House condemn the President and the Republican Party for an increase in appropriations for their operation of the Federal Government notwithstanding the fact that the increase to a large extent is the result of spending many millions for rivers and harbors work and for public-building work in your own States. Tear off the camouflage of your economy hypocrisy and get down and face the facts. Do not follow the gentleman from Tennessee [Mr. BYRNS], one day facing one way and the next day facing the other. If you are really in favor of economy and in favor of helping that poor, badly battered Treasury and the taxpayers, vote for that beer bill next Monday and get $500,000,000 into the Treasury each year. [Applause.] There will then be more funds for pork, if you want to call it that, in your dry Southern States, and your people will not be taxed to raise those funds, and you will get the benefits, and you will not have to bleed and die in the name of economy as many of you have done this session.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. WILLIAM E. HULL. Mr. Chairman, I would like to be notified when I have consumed two minutes.

Mr. Chairman, I am a 2-minute speaker, so it does not hurt to cut my time. I can say enough, in my judgment, in two minutes to defeat this amendment. In company with the gentleman from Illinois [Mr. REID] I went over all of this flood area in the South when it occurred. We flew from Vicksburg down to Simmesport and then across to New Orleans, and we examined every part of that flood area. If you had seen the sights which we saw there would not be anyone from Kansas or any other State who would raise a hand against appropriating money to stop the great floods of the South. When we flew over there we could not see a particle of ground in any place all the way from Vicksburg to Simmesport. All we could see was water. We could hardly find a church steeple. Those poor people had been submerged in that water or moved out or had flown out on account of it. Then Members get up here and call it "pork." I think that is beyond expression. The thing for us to do is to pass this bill as is [applause] and not take a dime away from it, because I am satisfied that some of you who will remain in Congress may find a day when there will be another flood just as bad as that one, and if it is neglected now, when there is an opportunity to build up against it, there will be no one to blame but yourselves.

I sympathize with these men from the South and I am opposed to any amendment to reduce this appropriation.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DRIVER. Mr. Chairman, much has been said about war during the discussion of the bill; and the proponent of the pending amendment has declared his purpose to support the retention of 2,000 officers of the Regular Army for the purpose of properly preparing for the contingency of future war.

Let me admonish you gentlemen that the people in the Mississippi Valley affected by this item are engaged in warfare every day of their lives. The gentleman from Kansas [Mr. MCGUGIN] may not be aware of conditions there, and the only possible excuse for the proposed reduction that could be given in fairness is to credit him with ignorance of such conditions. In 1927 in that valley 240 lives were lost and $300,000,000 of property damage was done.

Mr. MCGUGIN. Mr. Chairman, will the gentleman yield?

Mr. DRIVER. I have only three minutes. If you insist, I will.

The gentleman from Illinois gave a statement of the conditions in the valley. If any part of the levee system is weak it means the flooding of the valley below the breach because a few yards of dirt were not thrown at the proper place. It is peculiarly emergency work.

In 1914 the Mississippi River Commission fixed the grade and section for levees on the river. As stated by the gentleman from Alabama, the work ceased during the war; nothing was done during that time except a little maintenance work by people locally. Therefore it was not until 1920 that work was resumed, and we were unable to build to the specified grade and section in the limited time before the great flood of 1927 was precipitated upon the valley. The only sections of the valley that were protected in lives and property were the sections that were so able to build to the engineers' fixed grade and section, and one-third was saved in this way.

We do not know three months in advance when this army is going to invade the valley or when our levees, our lives, our property will be destroyed for want of proper and consistent prosecution of the work.

This is an emergency, gentlemen, and there ought not to be one dollar stricken from the appropriation. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired. All time has expired.

The question is on the amendment offered by the gentleman from Kansas [Mr. MCGUGIN].

In view of the lengthy debate, without objection the amendment will be again reported for the information of the committee.

The Clerk again reported the McGugin amendment.

The amendment was rejected.

The Clerk read as follows:

Hereafter all expenditures by or on behalf of the Inland Waterways Corporation shall be accounted for and audited as are expenditures by the executive departments and establishments generally, but in such connection the Comptroller General of the United States is hereby authorized to sanction the use of moneys provided for the operations of the corporation, and to allow credit accordingly for expenditures not otherwise allowable, if and when established to be reasonably necessary to a proper functioning of the legal activities of the corporation.

Mr. MCDUFFIE. Mr. Chairman, I make a point of order against the paragraph.

The CHAIRMAN. The gentleman will state the point of order.

Mr. MCDUFFIE. It is legislation on an appropriation bill.

Mr. COLLINS. Mr. Chairman, will the gentleman reserve the point of order?

Mr. MCDUFFIE. Mr. Chairman, I reserve the point of order.

Mr. BRITTEN. Mr. Chairman, I desire to be heard on the point of order.

Mr. Chairman, may I take just a minute or two to call the attention of the House to a rather ridiculous situation—I will not call it ridiculous; it is just funny—we are faced with? Here we have the chairman of the great so-called Economy Committee of the House objecting to a measure that will save money for the Treasury. The language objected to by the gentleman from Alabama, the distinguished chairman of the so-called Economy Committee, was inserted in the bill at the request of the Comptroller General of the United States to save money.

It was called to the attention of the Committee on Appropriations that the director of the Inland Waterways Corporation—General Ashburn—a few months ago awarded a contract for Diesel engines to other than the lowest bidder. He told me himself he did not have to do business with the lowest bidder, but that he could select any bid he pleased, as he did in this case, where he has paid out of his treasury for Diesel engines to go into one of his river boats $26,000 more than he could have purchased engines of the same specifications from a low bidder who was thoroughly responsible; and, in fact, was the largest Diesel-motor builder in the United States.

By virtue of the law under which this corporation was incorporated Uncle Sam owns all of the outstanding stock, and it is one of the few agencies of the Federal Government where a purchasing agent does not have to do business with the lowest responsible bidder. That is true, I believe, of the Shipping Board and the Panama Railroad.

This language has been inserted in the bill in the interest of economy and sound business judgment at the request of the Comptroller General, and yet the chairman of the

Economy Committee objects to this procedure and says the language is subject to a point of order. It is subject to a point of order, but it should remain in the bill. The gentleman is going to strike it out of this bill.

It has been put in the bill to save money for the Treasury, but the chairman of the Economy Committee wants to strike it out on a point of order, and probably will because, no doubt, the point of order is good. However, this language ought to stay in the bill, because it simply provides that hereafter the Inland Waterways Corporation will be compelled to do business with the lowest responsible bidders when it advertises for materials and supplies. That is only fair. That applies to every other branch of the Government except this agency and one or two others.

How anyone can assume the attitude of the Economy chairman himself and still maintain that he favors general economy is hard to understand. Good business, fair competition, economy in government, all demand that this Inland Waterways Corporation accept the language of General McCarl and carry on in open, dignified, orderly procedure.

The CHAIRMAN. Does the gentleman from Alabama insist on his point of order?

Mr. McDUFFIE. Mr. Chairman, I insist on the point of order. I think the gentleman from Illinois is unduly alarmed. This corporation is functioning well. It was by this Congress placed in a separate status from the average Government agency. So far as its reports go, they show that this corporation has made a profit for the Government and that there has been no waste in the operation of the corporation. I am not urging the continuance of this corporation; but so long as it does continue, its present status should not be disturbed unless it be shown that a change would result in savings.

Now, if the gentleman knows anything about steamboats—I do not know whether he does or not—he knows that there are times when it might be absolutely necessary for the man who operates this corporation to turn down the lowest bid because the bidder did not meet the specifications for a particular engine for a particular type of boat. That is all that happened in the case mentioned by the gentleman from Illinois [Mr. BRITTEN].

There is nothing here to show that any economy will be effected under this provision; on the other hand, it might have the opposite effect.

Mr. Chairman, I make the point of order that this paragraph is legislation on an appropriation bill.

Mr. COLLINS. May I suggest to the gentleman from Alabama that this provision will not hinder them from doing the thing which the gentleman suggests.

Mr. McDUFFIE. Mr. Chairman, I make the point of order.

Mr. SABATH. Will the gentleman reserve his point of order?

Mr. McDUFFIE. I reserve it.

Mr. GOSS. Mr. Chairman, I make the point of order.

Mr. McDUFFIE. Then, Mr. Chairman, I make the point of order.

The CHAIRMAN (Mr. LANHAM). The gentleman from Alabama makes the point of order against the paragraph that it is legislation upon an appropriation bill. In the opinion of the Chair, it is very clearly such legislation upon an appropriation bill that does not come within any of the provisions of the Holman rule, and therefore the Chair sustains the point of order.

The Clerk read as follows:

The limitations on the expenditure of appropriations hereinbefore made in this act shall not apply to the appropriations for the Panama Canal.

Mr. BOLAND. Mr. Chairman, I move to strike out the last word. I wish at this time to speak out of order and in reference to a statement made by Senator WALSH in his minority views upon the Finance Committee's report to the Senate. He stated in reference to the coal amendment, which I presented and had passed through the House, that—

The proposed duty on coal and coke as carried in the present bill, in our judgment, is utterly preposterous.

He also stated——

Mr. JOHNSON of Washington. Mr. Chairman, the gentleman is quoting from a Member of another body, and I think we should have order in order to hear what it is.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BOLAND. He stated:

The proponents of this tariff have but one objective. They hope to displace 600,000 tons of imported anthracite coal now sold in New England with an equal amount of Pennsylvania anthracite.

I want to take exception to that statement. The proponents of this amendment are not so much interested in the replacement of 600,000 tons of foreign anthracite coal in New England, but they are very much interested in the anthracite industry of Pennsylvania being destroyed by the shipment of foreign coal into this country. We object to that statement.

In line with that I wish to present to Congress to-day petitions sent to me by Mr. Charles H. Dorrance, of Scranton, Pa., and signed by 55,000 residents of Pennsylvania in protest against the shipment of this foreign coal into this country, which is destroying our industry. [Applause.]

Mr. BLANTON. Mr. Chairman, I make a point of order. It was not understood that in presenting the petitions the gentleman from Pennsylvania was going to put these 55,000 signatures on those petitions in the RECORD, because that would accomplish no good purpose. I want it understood that these signatures do not go into the RECORD.

Mr. BOLAND. I do not want them to put the names in the RECORD.

Mr. BLANTON. I am with the gentleman on his proposition, but I am against those signatures going in the RECORD, as printing them would cost a large sum of money.

Mr. BOLAND. I do not want the signatures to go in the RECORD, but I am anxious to have the petition noted in the RECORD, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOLAND. Mr. Chairman, the statements made to the Senate are misleading. They would like Congress to understand that the excise tax on foreign coal would be no benefit to the country. I can not see the consistency of this position in supporting measures to put men back to work and relieve this depression and at the same time antagonize a measure that means so much to the citizens of Pennsylvania, especially the men who work in the coal mines. If these shipments of foreign coal continue to increase coming into the United States it will be only a short time when one of our country's natural resources will be totally destroyed and hundreds of thousands of its citizens thrown out of employment. This foreign coal is being mined by indentured and cheap labor and is destroying the market of our own commodity. I sincerely hope that the Senate now debating upon these excise taxes will pass this amendment and thereby bring happiness and contentment to the people of Pennsylvania whom I have the honor in part to represent in Congress.

I feel sure if the Senator understood all the facts as they exist in the Pennsylvania coal regions and the unemployment and suffering resulting from the importation of foreign coal he would align himself in support of this meritorious measure.

I know these men and I know the menacing effect resulting from this foreign imported coal and as a Member of this Congress it is my duty to bring this important matter to the attention of my colleagues of the House of Representatives.

Mr. SABATH. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, if the conditions were not so serious, the statement made by my colleague from Illinois [Mr. BRITTEN] would appear amusing and ridiculous, especially in view of the fact that during the consideration of this bill and during the entire session the gentleman has opposed every effort that has been made by the gentleman from Alabama [Mr. McDUFFIE] and the Democratic side to reduce expenditures

so as to enable us to comply with the often-repeated manifestos of the President to balance the Budget.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. SABATH. I can not yield now. I shall yield to the gentleman later on.

Mr. BRITTEN. I would like to correct the gentleman's statement.

Mr. SABATH. I can not yield now. I will give the gentleman all the enlightenment he may desire later on.

Mr. BRITTEN. I do not want any enlightenment.

Mr. SABATH. That is the great trouble with my colleague. Day after day from the White House the President, through the press and through some of his representatives on the floor, makes the country believe that he is for economy, and every time a vote is taken on the floor, when real economy is proposed by a Democratic committee, I have observed that with the exception of 16 Members and once with the exception of 23 Members, the balance of the Republican Members have voted to increase instead of to reduce the expenditures. [Applause.]

The gentleman from Wisconsin [Mr. SCHAFER] with that loud voice of his applauds. He accused the chairman of the Appropriations Committee of being inconsistent, and I am sure the House will agree with me that he does not need my defense or that of any other Member. If there is such a thing as being inconsistent, the gentleman from Wisconsin is the champion of inconsistency.

Mr. PARSONS. Will the gentleman yield for a brief question?

Mr. SABATH. Yes.

Mr. PARSONS. Has the gentleman been able to find out which one of the gentlemen, the gentleman from Indiana [Mr. WOOD] or the gentleman from Maine [Mr. BEEDY], was right in regard to the consistency of the President?

Mr. SABATH. I believe that both of these gentlemen were right and wrong in view of the fact that the President seems to change his views nearly every day as the occasion or political expediency requires. Speaking to the militaristic group, to the Sons and Daughters of the Revolution, he assures them that he is for further expansion of our Army and for a greater number of officers, but in his messages to Congress and in his newspaper interviews for the consumption of the public, he is for retrenchment and economy; of course, the different assurances he has given to the gentleman from Indiana [Mr. WOOD] and the gentleman from Maine [Mr. BEEDY] have been stated by both of them and these inconsistent statements have been made on the same day. But I shall not go into that, because it is nothing unusual to hear contradictory statements emanating from the White House.

Mr. McDUFFIE. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. McDUFFIE. May I say to the gentleman that the gentleman from Illinois [Mr. BRITTEN], the very gentleman whom the gentleman is talking about this morning, took more savings out of the economy bill than any one man on this floor?

Mr. SABATH. I realize that; and that is the reason I insisted on securing the floor to bring attention to the fact that he himself, although he is a personal friend of mine, is not consistent. [Laughter and applause.] The only thing I regret is that he does not vote right. He preaches one thing and practices another, the same as a majority of the Members on that side.

A few minutes ago I desired to secure the floor while we were considering the flood-control provision, but unfortunately was unable to do so; and I am going to say now what I desired to say then. I have been one of the Members of the House who has, at least to some extent, aided in establishing the Flood Control Committee, and I have voted for all appropriations which I deemed necessary to preclude the disaster of a few years ago.

But of late, when I have studied the appropriations and the expenditures for the flood control and waterways, I have found that nearly 30 per cent of our appropriations go for overhead expenses and mostly to the military high dignitaries or engineers who are so bombastically defended by these generals on the floor of this House who, in their militaristic way, fight and oppose every proposition that tends for economy. I greatly deplore that these militaristic gentlemen, some of whom are now on the retired list and drawing their splendid allowance, do not realize and recognize that it is impossible for our country to continue to be as liberal as it has been with them and that it is absolutely necessary to reduce the extravagant allowances or expenditures somewhere. Of course I appreciate that some of them, and many of their able aides on the floor, as had been stated, have been born with a silver spoon in their mouths, and that they have no conception of the hardships to which the people of this country are subjected, especially at this time, to pay additional taxes to make possible the maintenance of our Government.

They do not realize the trials and tribulations of 90 per cent of our citizens to earn, or to reach the point to earn, sufficient compensation or wages to provide for their families. Many of these generals, who have been swarming through this Capitol in the last few days, entered West Point at the age of 18 or 19. And from the day of their entry they receive compensation and education at the expense of the Government and are provided for for life, as when they reach a certain age they are retired, as I understand it, at three-fourths of the salaries they receive on active duty; and this, in the majority of instances, amounts to three to five thousand dollars annually. Surely no one who has ever had the opportunity to go through Presidio at San Francisco, Fort Myer, or Fort Sheridan and attend some of the many festivities will say that the provisions the Government makes for their well-being are meager. Therefore I feel that they should be the first to come forward in times like these of their own free will and dispense with some of the luxuries which they are now enjoying, when, as I have stated previously, 90 per cent of the civilian population of America is in distress and in dire need of relief from overtaxation. We hear so much of the first line of defense, but thus far I have failed, and all of you have failed, to observe any move on their part in defending the organized attacks upon the depleted Treasury.

Mr. Chairman, ladies, and gentlemen, in the last few days I have been seriously considering whether it would not be proper to tax all Government employees, including those in military service, instead of reducing the salaries of our civilian employees earning more than $2,000 annually, as I had advocated. And if these military gentlemen are as patriotic as they claim to be, then they should not oppose the proposal; in fact, they should come forward and say, "We are ready to do our share and our part to help balance the Budget and relieve the overburdened taxpayers."

I am satisfied that many of them would gladly do so, if they could but understand the seriousness of our financial difficulties, and I would like to hear from some of these military gentlemen or their advocates what possible objection there could be to my proposal. Now, here is a suggestion entitled to serious consideration, and I wonder what their reactions will be. I am inclined to believe that the number of those who would enlist in this proposition would not be commensurate with the number of privates who enlisted to serve the country in her hour of need.

I am the last man in the world who would detract from the great achievements of some of our splendid and brave and courageous officers; but these are not the men who have devoted their energies and time in the corridors of our Capitol and who lobby for increased pay and advancement; these men look with disfavor upon such activities. I am certain that at a close scrutiny it would be disclosed that the less actual military service individuals have rendered the greater are their claims for greatness and deserts.

In all seriousness, I feel that the propaganda under the guise of "no impairment to the national defense," which on the one hand has been going on against any reductions and on the other hand for increases in this bill is an outrage and shame. It is high time that we take heed of the demand of the country and start voting right and start to bring

about the economy which you are preaching and trying to make the country believe you are in favor of. I think it is an outrageous proceeding, and I think it is a clear conspiracy that you are practicing on the American taxpayer and on the American people generally.

Perhaps this editorial from the Chicago Daily Tribune of May 16 may more poignantly and more diplomatically express my views on this subject:

If the various governments would take their heavy hands off the resources of the country, the people could get back in their stride again. They can not so long as they are exhausted in trying to meet the demands government makes upon them.

It is self-evident that money can not be diverted into nonessential and nonproductive processes of government and still be had for the work by which the people subsist. Industries can not live by paying taxes instead of dividends and by reducing pay rolls to satisfy government imposts. Cutting the costs of government is obnoxious to the authorities which must make the decision, but the Government is living upon dying resources. It does not produce subsistence. The people can not live upon it. They can not take their livelihood from it. It depends upon their success. So obvious a truism can not be supplanted by a fallacy for the cure of national ills. The thing which lives only by the work of others can not provide life. The parasite does not support its victim.

Mr. BRITTEN. Now, will my buddy yield for a question?

Mr. SABATH. I now yield to my colleague.

Mr. BRITTEN. The gentleman referred in very glowing terms to the distinguished chairman of the so-called Economy Committee. Let me call the gentleman's attention to the fact that the gentleman from Illinois [Mr. SABATH] and myself voted together in favor of that economy bill, but the gentleman from Alabama himself voted against it. How does the gentleman account for that?

Mr. SABATH. The gentleman from Alabama does not need any defense at my hands, I assure the gentleman. The country appreciates his noble and sincere and honest efforts in behalf of economy. [Applause.]

I fully appreciate that I shall again be attacked by these professional militaristic officers for my position in refusing to vote for the additional millions which they desire for the 2,000 officers and their perquisites and the maintenance of their automobiles; but between those who live in splendor and luxury, as they are living, and the millions who are unemployed and hungry, my heart goes out to the latter, and my conscience compels me to try at least to aid them. I should like to read, with your permission, a statement in this regard that appeared in the Baltimore Sun:

MILITARY MYSTERY

To see in true perspective the decision of the House of Representatives to reduce the number of Regular Army officers by 2,000, it is necessary to take account of the fact that of the 12,133 officers now on the active list of the Regular Establishment, only 5,031 are actually serving with troops in this country and in all our insular possessions.

It is doubtless true that of the 7,102 officers not actually with troops many are performing service reasonably essential to the national defense. The 466 officers on duty in connection with the National Guard seem, for example, to be doing work as important in its way as the work of those who are engaged in the training of troops. But even so, the presumption must be that with 7,102 officers not on duty with troops and with the troops presumably supplied with an adequate quota of officers, a reduction of considerable proportions in officer personnel could be effected without serious consequences.

After all, the country is in a great deal more danger from extravagance to-day than it is from a foreign invasion, our jingoes to the contrary notwithstanding. The need to put our own domestic finances in order is much more imperative than the need to maintain a tremendous and costly military machine for use against a conjectural foe who, if we conduct ourselves prudently, may never materialize. Why, when we have a very pressing need for economy and no present need for a large Military Establishment, there should be such a hullabaloo over the shifting of 2,000 officers to the retired list, where they will still draw three-quarters pay and be subject to the call of the War Department, is one of the mysteries of this baffling age.

I should like very much to have some of the military gentlemen answer this editorial.

True, I have voted for the pensions, for the increased pay of enlisted men and lower-grade officers, and for compensation and proper hospitalization; yes, I have voted for the bonus, rather the adjustment pay, and I will do everything in my power to see that the balance due to the veterans is paid in cash, regardless of the attitude of the officers. And I shall anxiously await the position these officers will take in helping the passage of the bonus bill to aid the 2,000,000 needy and deserving ex-service men. I feel that if they would exert only one-half of the influence to help the needy boys as they have utilized for themselves it would materially aid in securing favorable action for the bonus bill, which the President, however, is unfortunately opposed to. And I wish to say that I heartily indorse the plan provided for in the Patman bill, which does not call for any bond issue but only the issuance of Treasury notes. [Applause.]

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. ELLZEY. Mr. Chairman, I urgently hope the chairman of this subcommittee will have a roll call on the various amendments that have been adopted during the consideration of this bill whereby $6,000,000 has been added to the appropriation for the military and nonmilitary activities of the War Department. I am making this request in the earnest hope that many Members of this body will reconsider and thereby save this Government $6,000,000.

Recently the President of the Nation issued a clarion call to the people of America, appealing to them to support him in a rigid program of economy. In response to that call the people of my State, far deep in the Southland, have written and urged me to give my earnest cooperation and support to the President in this program of economy. Your people, no doubt, have written you the same thing, and yet many gentlemen, particularly on the other side of the aisle, have added appropriation after appropriation to these bills. I should like for you to consider a few facts with me during these few minutes.

Several days ago you had an opportunity to consolidate the Army and the Navy, and it has been conservatively estimated by the committee that you would have saved the Government approximately $50,000,000 a year. This you failed to do.

Then, at a later date, there was a movement in this body, a strong and determined effort, to prevent that part of the bill passing whereby 2,000 Army officers were to be relieved from active duty. This will save the Government, I am informed by the chairman of the subcommittee, approximately $20,000,000 a year.

Since then the gentleman from California [Mr. BARBOUR] has added amendment after amendment to this bill which will cost the Government $6,000,000.

Now, gentlemen, the reason for these added appropriations, you contend, is that the national defense would be impaired. Yes; you have given undue stress to the national defense. Let us consider a few facts. During 1917, when war was declared, the Nation sent out a call for men. At that time our country had a weak national defense. To-day I am advised that we have ten times as strong a national defense as we had in 1917, and besides we have the American spirit of patriotism and love of service. The youths of America went to the battlefields of France and there made a record that is now history. Against them came the famous Prussian Guard, representing a nation with a strong national defense. You know the rest of the story. Then, after the was was over, approximately 5,000,000 American boys, well trained in the fundamentals of war tactics, were scattered through the United States from Maine to California and from the State of Washington to the Gulf of Mexico. Yes; all over this country can be found these World War veterans who would within 24 hours respond to the call of their country if the Nation should need them.

As I have listened to these pleas in behalf of the national defense it would seem that many of you gentlemen fear that another war is not far distant. There is not a man here who does not know full well that no nation on this earth can finance another war at this particular time. I say that such propaganda is mere camouflage. True national defense lies in the patriotism of her sons; it is found in the respect that the American people have for this Government—that is true national defense.

We are now passing through a great crisis—one that challenges the best thought and action of the Nation's statesmen. Your people and my people are discouraged. Many are in want and distress. They are looking to us for help. These patriotic citizens expect you and me to reduce all Government expenditures to the minimum. Yes; they also expect us to reduce appropriations for the national defense as much as possible. When you and I courageously perform this duty and once more regain the confidence of the American people—in our Government—there will be no need to fear the strength of the national defense. Let me appeal to you to perform your plain duty. Reduce the national expenses as far as possible.

I say to you, the American people are restless, impatient, and they have a just reason for same. Yes; they have become threadbare. It is high time that we come to their rescue. Like Cicero in the days of long ago, the American people would be well justified in saying to us:

O, Cataline, how long will you hurl your unbridled audacity upon us? How long will your patience abuse us?

Mr. HORR. Mr. Chairman, I move to strike out the enacting clause. It is very easy for you who have never had an opportunity for service to talk about raising a million men overnight. I want to say to you that if you will go back a few years in history and recall when an army was sent into France the Government had to resort in the end to conscription in order to fill the ranks. May I further call your attention to the fact that you sent over men unprepared, who went over the top unable to fire a musket.

I believe I know something about national defense.

The gentleman talks about love of country and the little likelihood of another war. Does he realize to-day that there is in the Orient a flame that any moment may break out, that will mean a conflagration? It may not reach you, but my part of the country, Seattle, will be the first place to be bombed in case there is warfare in the Orient.

Mr. MARTIN of Oregon. I am in the same boat that the gentleman is.

Mr. HORR. At that time there will be no France, no Belgium, no Italy to hold the hordes back until our people get ready and are prepared.

Mr. ELLZEY. I want the gentleman to distinctly understand that I rendered volunteer service in France, but I believe it is as much my patriotic duty to save every dime for my country in this great crisis as it was to volunteer in 1917.

Mr. HORR. Mr. Chairman, if the gentleman served in France, he must have forgotten conditions as they existed then if he undertakes to tell us that men can be thrown into conflict without preparation. I do not doubt the gentleman's patriotism, but I do question his ideas of economy. Economy is not economy if it is destructive. Many a man to-day is receiving compensation from the Government because of the fact that he was unable to take care of himself in time of dire disaster. Then again you talk about your economy on your side. I appreciate the gentleman's idea of saving money for the country, but where was he yesterday when on his side of the House his leaders rose and with all the complacency in the world voted $4,000,000 out of the Treasury. How did the gentleman vote yesterday on that bill? This kind of economy makes me just a little bit out of patience. We talk of saving and you bring in an economy measure that means a $40,000,000 saving. The next day you who are in the majority bring to us another measure squandering over $100,000,000. If that is economy, I would like to know it.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. HORR. Yes; sure. I will yield to anybody at any time.

Mr. WHITE. And is not it true that this army that was sent over, for 15 months of that time was not equipped.

Mr. HORR. Absolutely. Does anybody else want to ask a question?

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. HORR. Yes.

Mr. BLANTON. How long did President Hoover keep the gentleman up talking to him the other night when he kept him from attending a convention in the State of Washington?

Mr. HORR. I think it was about the same length of time that the gentleman spent here when he was arguing about saving that old fort down on the Rio Grande. [Laughter.]

Mr. PARKS. On what page of the RECORD will I find the speech that the gentleman made against this $4,000,000 yesterday?

Mr. HORR. Oh, I am not for that kind of a measure. I do not speak against every bill you present that I oppose or I would be speaking all the time. I tell you that you are going to appropriate for unemployment relief, and you ought to quit kidding yourselves into this hysteria of economy.

Mr. PARKS. What side is the gentleman on?

Mr. HORR. I am on the side of taking care of the Government without cutting out the core of its existence.

Mr. PARKS. In other words, you want this appropriation to stand?

Mr. HORR. I want the appropriation to stand; and, if it is for efficiency's sake, to advance more to carry on the affairs of the Government and not by some gesture attempt to fool the public and throttle it.

Mr. PARKS. And the gentleman wants to get it by killing the bill in offering to strike out the enacting clause!

Mr. HORR. The gentleman knows I am saving the Army.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. COLLINS. Mr. Chairman, I move that all debate upon this amendment and all amendments thereto close in five minutes.

The CHAIRMAN. Under the rules, if a point of order is made, there can be only five minutes more debate on this motion.

Mr. COLLINS. I withdraw my motion.

Mr. STEVENSON. Mr. Chairman, before the gentleman from Texas begins, will he yield to me?

Mr. BLANTON. If it is not taken out of my time.

Mr. STEVENSON. I am not going to say more than half a dozen words. I direct the gentleman's attention to the fact that the statement was made that all of the soldiers had to be called in by conscription. [Cries of "Oh, no!"] I want to remind the gentleman that we called them without a chance to get in in any other way.

Mr. BLANTON. Mr. Chairman, I am amazed at the gentleman from Washington [Mr. HORR], a military man, who wants to destroy the entire Army appropriation bill. If his motion to strike out its enacting clause carries, there will not be one dollar for any military purpose whatever appropriated. If he strikes out the enacting clause of this bill, which he by his motion seeks to do, our Army will go out of existence, and what will become of his people out in Seattle, whom he says would be the first to be bombed?

Mr. HORR rose.

Mr. BLANTON. Oh, I will yield in a minute. When he says there will be no France, no Belgium, and no Italy to hold the hordes back from Seattle, and they will need a big United States Army, just why, then, does he want to kill the Army appropriation bill? I want the gentleman not to attend any function at the White House the night before those wild hordes invade and bomb Seattle, because the President might keep him up talking to him until 12 o'clock, and he would not be able to fly to Seattle in time to save it. I happened to read a little article in the Washington Daily News for May 10, 1932, being an interview the United Press got from the gentleman in Seattle and wired to the News, which I can reproduce word for word almost. It stated that Mr. RALPH HORR was on his way to attend a Republican State convention in Washington.

Mr. GOSS. Mr. Chairman, a point of order.

Mr. HORR. Oh, do not interrupt the gentleman from Texas.

Mr. BLANTON. And that he had to take an airplane, but he struck a storm and he had to come down, and he said that the reason he did not get to that State convention in Washington was because President Hoover had sent him an invitation to dinner, and he said an invitation from the White House was a command to a Congressman and he could not refuse, and that the President talked to him until late in the night. Here is the article, heading and all:

DRY PLANK ADOPTION BLAMED ON HOOVER'S DINNER BY REPRESENTATIVE HORR

SEATTLE, WASH.—RALPH HORR (Republican, Washington) to-day complained that President Hoover prevented him from reaching the State Republican convention in time to work for adoption of resubmission prohibition plank.

"After I had announced I was flying west for the convention," the wet Congressman said, "President Hoover invited me to dinner at the White House. It was virtually a command.

"Then instead of retiring at 10 p. m., as he usually does, the President sat talking until far into the night. I couldn't get a plane until 3 a. m. On top of that we flew into a storm, and by the time I reached Salt Lake City the convention had adopted a dry plank."

HORR suggested the invitation was inspired by Senator WESLEY L. JONES, of Washington, a dry, and that "they knew about the storm, too."

For fear that the United Press and the Washington News might not have gotten his exact position correctly, I want to be absolutely fair with my military friend from Seattle [Mr. HORR], hence I will now show you what his own hometown newspaper, the Post-Intelligencer, of Seattle, Wash., said in its issue of Monday, May 9, 1932, to wit:

HORR BLAMES TRIP DELAY ON HOOVER, JONES—PRESIDENT'S DINNER INVITATION FORCED HIM TO MISS STATE CONVENTION, HE DECLARES—WASHINGTON SENATOR ENGINEERED AFFAIR SO OPPONENT COULD NOT SPEAK, IS INTIMATION

By Lester M. Hunt

When President Hoover invited him to dinner at the White House Thursday night the President didn't want to feed him—he wanted to fool him, Congressman RALPH HORR asserted upon his arrival in Seattle yesterday.

The Congressman attributed his presidential summons to Senator WESLEY L. JONES, long champion of the dry cause, and President Hoover.

HOW IT HAPPENED

It served to prevent HORR from reaching Seattle in time to "deliver a message" to the State Republican convention, which went dry with HORR 800 miles away in Salt Lake City.

HORR was also expected to pay his respects to JONES, as he did at the Bellingham convention two years ago. JONES's supporters here wanted him to stay in Washington, D. C.

Here's how HORR says it happened:

"Last Monday morning I announced that I would fly west Thursday morning to attend the State convention in Seattle.

"The next morning I received an invitation to have dinner at the White House Thursday night. It looked funny to me. Why should Hoover ask me to dinner? I voted against most of the things he wanted in Congress. But I couldn't refuse. It was virtually a command."

LEAVES AT 3 A. M.

So HORR arranged to leave by special plane immediately after the dinner, and still had time to reach Seattle before the convention adjourned.

The President usually goes to bed by 10 o'clock, but not that night, HORR said. He seemed delighted with the gentleman from the West. And they chatted and chatted.

HORR finally took off at 3 o'clock Friday morning and flew into a storm "that they probably knew was coming." He scratched his face in a forced landing in Pennsylvania, was forced down in Nebraska, and finally reached Seattle the day after the battle.

HORR described the "dry swing" at the State convention Saturday as "a joke."

"I am running for office this fall and I am running wet," he declared.

He plans to return to Washington Wednesday.

Mr. BLANTON. Surely, Mr. Chairman, his own hometown paper has not misquoted him.

When he accepted the President's "command" to go to the White House to a dinner, he ought to have known intuitively that the President "did not want to feed him," but "merely wanted to fool him." And some wet Republican should have told him not to imagine that the President would go to sleep at 10 o'clock but that, entertained by such delightful company, the President would keep him up until 3 o'clock in the morning talking to him. When before had the President enjoyed such a wonderful opportunity to talk? Being such an expert militarist, our friend should have known that getting off late from Washington, at 3 a. m., his Government plane would be sure to strike a storm and have to come down, as the President was commander in chief over both the Government plane and the Government pilot, and in the meantime the Washington State Convention of the great Republican Party would meet and would go dry, but if he had been there it would have gone wet. [Laughter and applause.]

Mr. HORR. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. HORR. May I state for the edification of the gentleman from Texas that I have never, in all my travels in the air, encountered such blasts as I have just encountered now. [Laughter and applause.]

Mr. BLANTON. When the gentleman strikes the political blasts that our friends John Miller and Senator WESLEY JONES are going to give him there this fall, he will think that my blasts look like 30 cents.

Mr. HORR. Just tell his majority.

Mr. BLANTON. But I am sorry the gentleman did not get there. I am sorry the President fooled him. I am sorry that he let that great Republican State convention meet without him. I am sure he could have changed its action. I am sure they would not have voted dry if the wet gentleman had been there. I am sure he could have changed its whole program. I am sure he could have changed the thoughts and opinions of all those great stalwart Republicans in the great State of Washington; but it did go dry, as the gentleman was sent off up into the air and did not get there in time to stop it.

Mr. BRITTEN. Will the gentleman yield right there?

Mr. HORR. Will the gentleman yield?

Mr. BLANTON. In a few minutes I will, gladly. My friend is just as inconsistent now, when he speaks against this War Department bill, when he speaks against this Army appropriation bill, where, if he should get passed his motion to strike out its enacting clause, he will be striking at the very life of the United States Army and the Army would be wholly without money, and it could not turn back the horde of foreign invaders with their bombs if he strikes out the enacting clause. He is just as inconsistent when he still talks wet in spite of the dry action by the dry Republican State convention of the State of Washington.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BRITTEN. The gentleman may rest very easy that the vote in the State of Washington next November is not going to be dry.

Mr. BLANTON. Well, it will go Democratic then, because the Republican State convention in that great State has already gone dry, and I predict that the State of Washington will vote dry next November.

Mr. BRITTEN. If it goes Democratic it will be wet. That is where all the wets are coming from.

Mr. BLANTON. There are more wet Republicans in this House than wet Democrats. The Republican State convention which met in Seattle, Wash., on May 7, 1932, voted against repeal of the eighteenth amendment and stood for strict enforcement of all laws. Here is the Associated Press report of its action which appeared in the Post on May 8:

G. O. P. IN WASHINGTON DOWNS REPEAL EFFORTS

SEATTLE, WASH., May 7.—Defeating attempts to insert a prohibition repeal plank in the State platform, the Republican State convention here to-day adopted a party platform that calls for "strict enforcement of all laws."

The prohibition amendment was not mentioned. A request of John J. O'Brien, of Seattle, that a clause calling for submission of the prohibition question to State conventions be added to the program was voted down, 474 to 446.

If the gentleman from Washington [Mr. HORR] had not gotten lost up in the air after talking with the President at a "command" dinner in the White House until 3 o'clock in the morning, we "drys" would have lost the great State of Washington.

But I want to say to my friend that I do object to the way his old-time friendly newspaper, the Evening News, of Bellingham, Wash., referred to his escapade in the air. In

its issue of May 10, 1932, in a double-column editorial, it refers to him under the heading "The Egregious HORR." And it says that "Congressman RALPH HORR, of Seattle, invited to be guest at dinner at the White House by President Hoover, ascribes to the President the use of a virtual 'command' to dine as a cheap political trick arranged between the President and United States Senator WESLEY L. JONES to detain HORR from attending the Washington State Republican Convention in time to deliver a tirade against prohibition." It was correct in using the term "tirade," because that is what he would have delivered. And the editorial continues:

A more flagrant or egregious breach of kindly hospitality in high places than that of Mr. HORR has not been recorded. Stanch Republicans reading of HORR's claim were of one mind that it should be called to President Hoover's attention at once.

I do not like for a Republican newspaper even in the old home town bailiwick of my friend from Seattle to make such unkind references to him. But I object most of all to the balance of this 2-column editorial, which says:

Many things are done at Washington in Congress and in politics that might better not be done, yet are passed and accepted, but HORR's action is one that is not done at all by gentlemen of any intelligence. It is explainable as due either to crass ignorance or a cheapness of mental and social attitude positively amazing in one who has been elected to Congress. It is also amazing that the King County voters, who were chiefly responsible for sending HORR to Congress, could have been so misled in their candidate, being otherwise a reasonably enlightened and responsible electorate.

And now HORR has the nerve to announce that he contemplates running for the United States Senate against Mr. JONES.

He is an opportunist, pure and simple, and believes, with a certain species of cleverness, that he should grasp his political tide while it seems on the flood. In this forthcoming contest for the Senate the voters who once supported him will have given them a splendid chance to correct their former error and retire him to private life, where he should thereafter be kept retired, since he is certainly no adornment for them or the State of Washington, or proof of their sagacity in selecting him to go there.

His attitude in support of prohibition repeal is not in consideration here, either for or against. But his reception of the President's hospitality, just one instance of several demonstrating his congressional unfitness, is the most glaring to date. His constituents may expect it to be followed by other breaches, as it seems that he is the sort of unstable and unfitted public official in whom his constituency can find safety only through permanent retirement.

Mr. BLANTON. That paper out there ought to be fair. It ought to have been fair enough to the gentleman to have stated that if the President had not talked to him until 3 o'clock a. m., our friend might have flown to Seattle in a Government plane in time to have changed the action of the State convention. He did not change it. The next time I hope he will not talk to the President so long. What were you talking about that night, Ralph? [Laughter and applause.] But being always just, I must be fair to the President, who, if nothing else, is most kind and courteous to all new, inexperienced, young members of his own party. The President has a custom of adding three novices to his list when inviting the old-timers to dine. He takes the youngsters down the line alphabetically. It so happened that on that night he had reached the "Ho's" in the novices. So it happened that he invited ROBERT L. HOGG, PEHR G. HOLMES, and RALPH A. HORR. The President really meant to feed them. He did not intend to talk to them. Yet our friend unkindly charges that he was called there to keep him away from Seattle.

Mr. LAGUARDIA. Is the gentleman insinuating that the President called him away purposely?

Mr. BLANTON. Certainly. That is what the gentleman himself stated, as I have used the exact report of his interview in my remarks. But it will be worth the money to our friend. He will never let them get him up into the air again at 3 a. m. in a Government plane controlled by the President, whose plans he voted against.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on the motion of the gentleman from Washington to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 0 and noes 75.

So the motion was rejected.

The Clerk read as follows:

For every expenditure requisite for and incident to the maintenance and operation, sanitation, and civil government of the Panama Canal and Canal Zone, including the following: Compensation of all officials and employees; foreign and domestic newspapers and periodicals; law books not exceeding $1,000; textbooks and books of reference; printing and binding, including printing of annual report; rent and personal services in the District of Columbia; purchase or exchange of typewriting, adding, and other machines; purchase or exchange, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles; claims for damages to vessels passing through the locks of the Panama Canal, as authorized by the Panama Canal act; claims for losses of or damages to property arising from the conduct of authorized business operations; claims for damages to property arising from the maintenance and operation, sanitation, and civil government of the Panama Canal; acquisition of land and land under water, as authorized in the Panama Canal act; expenses incurred in assembling, assorting, storing, repairing, and selling material, machinery, and equipment heretofore or hereafter purchased or acquired for the construction of the Panama Canal which are unserviceable or no longer needed, to be reimbursed from the proceeds of such sales; expenses incident to conducting hearings and examining estimates for appropriations on the Isthmus; expenses incident to any emergency arising because of calamity by flood, fire, pestilence, or like character not foreseen or otherwise provided for herein; traveling expenses, when prescribed by the Governor of the Panama Canal to persons engaged in field work or traveling on official business; and for such other expenses not in the United States as the Governor of the Panama Canal may deem necessary best to promote the maintenance and operation, sanitation, and civil government of the Panama Canal, all to be expended under the direction of the Governor of the Panama Canal and accounted for as follows:

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it is now quite apparent that as we draw to the end of this bill there will be no material reductions in the appropriations provided by this bill. If there were to be any reductions in any part of the bill as printed, of course, they would come in some of these later appropriations. Obviously, they would come from rivers and harbors and the flood-control appropriations. The House has turned down any reductions in those two appropriations. Therefore, I give up in despair of having any economy read into this bill.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. COCHRAN of Missouri. Does the gentleman realize there will be a roll-call vote shortly?

Mr. McGUGIN. I shall be glad to have a roll call. I can think of nothing that would please me more, especially in line with the statement made by my friend from Tennessee, Mr. BYRNS, than that there would be a roll call on the rivers and harbors appropriation, and I would ask for no greater favor than to have the opportunity to have it written into the RECORD that I voted for a reduction in the rivers and harbors appropriation.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. MARTIN of Oregon. Have we not been compelled to meet this threat from the chairman all the way through these appropriation bills?

Mr. McGUGIN. Yes.

Mr. SIROVICH. Will the gentleman yield?

Mr. McGUGIN. No. I do not yield to the gentleman or anybody else.

Mr. SIROVICH. Does the gentleman live far away from rivers and harbors?

Mr. McGUGIN. The committee has asked us to take a reduction in the national defense. The gentleman from Mississippi [Mr. COLLINS] has spoken to the effect that we do not need so much preparation. The gentleman said something about the fact that some 4,000,000 men were, not so long ago, 13 years ago, discharged from the Army after their experience in the World War. They are 13 years older to-day than they were then. They did a good job saving this Nation once in its hour of peril.

Certainly as the years go by we can not call upon that generation to do the job again.

This country has been unprepared for every war we have fought. We have not fought a war without losing thousands of men who were not prepared for war. Some 10 or 15 years before the World War started, a great Democrat started the cry, "In the event of war a million men will spring to arms overnight." Oh, that was popular then in the days of peace, but that kind of psychology kept this country from being prepared, and when 4,000,000 men went into the Army, thousands were killed or injured because they were not prepared and because they had not had a fair chance to be prepared.

Pardon the reference as far as my own military experience is concerned. I do not claim to be either a hero or a martyr. I spent most of my time at Brest. I saw thousands and thousands of men pass through that camp. I came in contact with many who had been in the Army less than a month. I saw men leaving Brest to go to the front as replacements who had never shouldered a gun. Many of these men were killed because they did not know how to take care of themselves, and their blood is upon the hands of America, because they were sent into war without being given a chance for their lives.

All we have left in our national defense act is reserve officers, the citizens' military training camps, and the National Guard. If we are to depend upon a civilian army, we should give it a fair chance.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I can not yield.

As to the reserve officers who go to camp this summer you do not wish to pay them a fair salary. I know the Government of the United States is hard up, but it is not so hard up that it can not pay its honest debts. Why do you want these men to go to camp and not be paid their fair salary? You say you will give them a dollar a day and their living, but as officers they have to buy their own uniforms. Others working for the Government are not working for nothing, just because the Government is hard up. I have observed that this political Congress will not vote for a fair reduction of 11 per cent of that part of salaries over $1,000 of others on the pay roll. That kind of just economy would have saved tens of millions of dollars. Yet to-day we are asked to compel patriotic reserve officers to sacrifice their just salaries and thereby save a million or two. The reason for this disgusting conduct on the part of Congress is that there are not many voters among the reserve officers while there are hundreds of thousands of voters on the general pay roll.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I move that all debate on the paragraph and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. BYRNS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in reply to my good friend from Kansas, and for the enlightenment of the House, I read the following:

Army officers and reserve officers have been filling the halls and galleries of the House of Representatives during the past 10 days. And every mail has brought hundreds of letters for Members of Congress, urging them not to abolish the Reserve Officers' Training Corps and the citizens' military training camps. The letters were first sent to all Reserve Officers' Training Corps college boys to pass on to parents and friends, to forward back to Representatives.

As a result a considerable body of House Members decided that Reserve Officers' Training Corps camps and the citizens' military training camps must not be abolished, even in this year of severe financial difficulty.

To-day they will decide whether the money for these vacation camps for sons of well-to-do families shall be saved at the expense of the poorest and neediest people in the country. They will vote on postponing $10,000,000 worth of river and harbor work, and $8,000,000 worth of flood-control work which the House Appropriations Committee left in the War Department bill because it will provide work for thousands of men desperately in need of that work.

Of all economies proposed to a reluctant Congress the proposal to suspend for a year the summer camps heretofore provided by the Government for college boys and a carefully selected group of other young men was the most reasonable.

The Reserve Officers' Training Corps boys are junior and senior college students. If they are seniors, they have already had one summer camp. If they are juniors, they will have an opportunity to go to camp next year. Their status as reserve officers will not be altered in the least if they do not go to camp this year.

But a majority of the House membership voted Tuesday to provide this 42-day outing for some 7,200 college boys, together with 70 cents a day pay and subsistence. They voted to provide a 30-day outing for 37,500 other boys, the great majority of whom go to camp for a year, or perhaps two, and make no effort to complete the course which will make them reserve officers. They voted, also, to pay members of the Organized Reserves at the rate officers of the Regular Army are paid, instead of letting them go to camp this year with nothing but $1 a day from the Government.

They overturned the Appropriations Committee on these matters in spite of the fact that all civilian departments of Government have been cut even more drastically than the committees recommended, and in spite of the fact that corresponding training courses in the Navy have been suspended.

So far, President Hoover, who could control the activities of the military gentlemen that forced this remarkable about face, has not rebuked them. It is time he did so and did it publicly. He should do it before the final vote is taken by the House on this question.

Mr. Chairman, that is an editorial printed in the Washington Daily News of to-day, May 19, 1932. I think it clearly presents to this House the questions upon which we will be called upon to vote in a few minutes.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. ARENTZ. I wish to say that my stand on this matter goes back to a year or a year and a half ago when the gentlewoman from Montana, the first Congresswoman, Miss Rankin, came to your office and to my office, and to the office of every Congressman asking for the elimination of the Reserve Officers' Training Corps, the citizens' military training camps, and every cadet activity in every high school in the United States. This was pacificism of the first water, and is what caused me to believe we should provide for these activities.

Mr. BYRNS. Miss Rankin did the gentleman an honor she did not confer upon me. This does not eliminate these camps. It only cuts them out for one year. There is no question involved in this. No one has ever considered me to be a pacifist.

Mr. ARENTZ. The gentleman would not want to blame me for having heard the generals or criticize me for having heard them.

Mr. BYRNS. I am not criticizing anyone. I have read the editorial. I do not seek to make any personal application. Let each gentleman apply it to his own position upon the question. [Applause.]

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

For maintenance and operation of the Panama Canal: Salary of the governor, $10,000; purchase, inspection, delivery, handling, and storing of materials, supplies, and equipment for issue to all departments of the Panama Canal, the Panama Railroad, other branches of the United States Government, and for authorized sales; payment in lump sums of not exceeding the amounts authorized by the injury compensation act approved September 7, 1916 (U. S. C., title 5, sec. 793), to alien cripples who are now a charge upon the Panama Canal by reason of injuries sustained while employed in the construction of the Panama Canal; for continuing the construction for the Madden Dam across the Chagres River at Alhajuela for the storage of water for use in the maintenance and operation of the Panama Canal, together with a hydroelectric plant, roadways, and such other work as in the judgment of the Governor of the Panama Canal may be necessary, to cost in the aggregate not to exceed $15,500,000; in all, $9,091,011, together with all moneys arising from the conduct of business operations authorized by the Panama Canal act.

Mr. COLLINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Mississippi offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment offered by Mr. COLLINS: On page 76, line 17, after the word "act," insert: "and such sums, aggregating not to exceed $3,500,000, as may be deposited in the Treasury of the United States as dividends by the Panama Railroad Co. in excess of 10 per cent of the capital stock of such company."

Mr. STAFFORD. Will the gentleman explain what this means?

Mr. TABER. Will the gentleman yield to me?

Mr. COLLINS. I yield to the gentleman from New York.

Mr. STAFFORD. Mr. Chairman, I reserve a point of order until the explanation is made.

Mr. TABER. I think if the gentleman wants to make a point of order, it ought to be made.

The CHAIRMAN. The Chair is of the opinion the point of order comes too late.

Mr. STAFFORD. Mr. Chairman, there has been no debate.

Mr. GOSS. Mr. Chairman, I was on my feet endeavoring to reserve a point of order when the gentleman from Wisconsin reserved his point of order.

Mr. STAFFORD. Mr. Chairman, there has been no discussion of the amendment.

The CHAIRMAN. The Chair did not hear any point of order made or reserved.

Mr. LAGUARDIA. Mr. Chairman, I respectfully submit that the gentleman from Wisconsin turned to the gentleman from Mississippi and said to the gentleman, "Explain what this means." That is debate.

Mr. STAFFORD. I do not deny making that statement.

Mr. GOSS. Mr. Chairman, I was on my feet endeavoring to reserve a point of order at the time.

Mr. STAFFORD. Mr. Chairman, there has been no discussion, and the uniform ruling has been that if there has been no discussion a point of order is in order.

The CHAIRMAN. The gentleman from Mississippi yielded to the gentleman from New York. In the opinion of the Chair the point of order comes too late.

Mr. COLLINS. Mr. Chairman, I yield to the gentleman from New York.

Mr. TABER. Mr. Chairman, I think the committee is entitled to an explanation of this situation. Mr. Chairman, the committee has recommended a cut of $3,500,000 in the appropriation for the completion of the Madden Dam at the Panama Canal. The total amount that is to be spent upon this project has been authorized and contracted for, and there will be required to meet the contract payments in the fiscal year 1933 approximately $4,500,000. Out of that amount there is carried in this bill as it came from the committee $1,000,000. The committee figured that the balance of $3,500,000 could be provided out of the funds of the Panama Railroad. The Panama Railroad unquestionably has some surplus funds that can be used for General Treasury purposes, but it has no legal authority to spend money to build the Madden Dam. The only way those funds could be used would be by the Panama Railroad declaring a dividend, paying it into the Treasury, and its being used in that way.

Now, the gentleman from Mississippi has offered an amendment which permits dividends that are declared by the Panama Railroad in excess of the regular 10 per cent dividends upon the stock, which is paid into the Treasury and is included in the Treasury estimates of receipts, to be used for the purpose of paying for this contract authorization. Frankly, I have doubts as to whether or not the railroad corporation will be able to declare $3,500,000 in addition to the regular 10 per cent, or $700,000. At the same time they are in a position where they can declare a very substantial proportion of it.

Perhaps a thorough investigation of the situation will reveal that the whole amount can be declared. I have made this statement rather than some member of the committee, because I have the misfortune of being a director of the Panama Railroad and, perhaps, know a little more about the details.

Mr. LAGUARDIA. This would not be taken from the fund for ship replacement?

Mr. TABER. No; it would be taken from some other replacement fund which we have no idea of using. For instance, there was a barge-replacement fund, and the barges have been abandoned, and other replacement funds on activities which have been abandoned, like the renewal of the coal trestle at Colon. We would not affect the steamship-rebuilding fund in this way. Frankly, I question whether we can go as far as the $3,500,000 which is suggested here; but if we can not, it will simply have to be taken care of in a deficiency.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. No appropriation under the Department of War available during the fiscal years 1932 and/or 1933 shall be used after the date of the approval of this act (1) to increase the compensation of any position within the grade to which such position has been allocated under the classification act of 1923, as amended, (2) to increase the compensation of any position in the field service the pay of which is adjustable to correspond so far as may be practicable to the rates established by such act as amended for the departmental service in the District of Columbia, (3) to increase the compensation of any position under such act through reallocation, (4) to increase the compensation of any person in any grade under such act through advancement to another position in the same grade or to a position in a higher grade at a rate in excess of the minimum rate of such higher grade unless such minimum rate would require an actual reduction in compensation, or (5) to increase the compensation of any other civil position under the War Department: *Provided*, That from the date of this act to and including June 30, 1933, payment for personal services made in accordance herewith shall constitute payment in full for such services. The appropriations or portions of appropriations unexpended by the operation of this section shall not be used for any other purposes but shall be impounded and returned to the Treasury, and a report of the amounts so impounded for the period between the date of the approval of this act and October 31, 1932, shall be submitted to Congress on the first day of the next regular session.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment striking out the section.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Beginning on page 78, line 11, strike out all of section 2.

Mr. LAGUARDIA. Mr. Chairman, may I state to the chairman of the subcommittee that we had a vote on this section on the Post Office and Treasury appropriation, and thereafter when the matter came up in the next appropriation bill the gentleman from Tennessee [Mr. BYRNS] announced to the House that if this section were finally stricken from any bill he would consent to striking it from the other bills. The Department of the Interior bill has stricken from it this particular section; and when the Navy appropriation bill came before the House, I made a motion to strike out, and it was consented to. I think, in keeping with this action, the section should also go out.

Mr. COLLINS. I shall respect any agreement that the chairman of this committee has made.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

The Clerk read as follows:

SEC. 3. No part of any money appropriated by this act shall be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes; and "official purposes" shall not include the transportation of officers and employees between their domiciles and places of employment except in cases of medical officers on out-patient medical service and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the department. This section shall not apply to any motor vehicle for official use of the Secretary of War, and no other persons connected with the War Department or the Military Establishment, except medical officers on out-patient medical service, shall have a Government-owned motor vehicle assigned for their exclusive use.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that the number of this section may be corrected.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. COLLINS. Mr. Chairman, in a few minutes this bill, as amended, will be reported to the House. The Committee of the Whole has added to this bill on account of the so-called civil components a total of $5,794,165. That is the record that has been made for economy. The economy bill left this House practically stripped, and upon its heels we find this measure reduced by 20 per cent below the total

amount by which the Appropriations Committee proposed to reduce the Budget estimate as a part of the general retrenchment program.

It is my purpose, when we get into the House, to ask for a record vote on each of the amendments contributing to that increase. I can not believe that the Members of this House, with unemployment nation-wide, with business paralyzed, with Federal revenues so low as to make necessary virtually a war-time tax measure, will, by their vote, impose this additional burden upon the people.

What are these propositions?

First. You will be asked to vote upon whether or not we shall expend $2,109,768 to give active-duty training, with pay, to 19,000 men attached to the Officers' Reserve Corps; men, gentlemen, I dare say practically without exception, who are engaged in some gainful pursuit; men who for the most part are connected with business houses and industrial plants that have been besieging this Congress to economize—to balance the Budget; and yet the proponents of this amendment would have you believe that these men must be assured of compensation before they will engage in active-duty training. It is an insult to the patriotism of such men.

I wonder just how many of the 19,000 actually have expressed personal opposition to the action proposed by the committee; and I wonder also, gentlemen, just how many of the 19,000 actually know just exactly what the committee's proposal is. Much misinformation is abroad. I was told yesterday by a Member that he had received a wire from a college president, if you please, urging him to oppose the proposal to abolish the Reserve Officers' Training Corps. That college president did not assume any such thing. I maintain that he has been deliberately misinformed, and these telegrams that are coming in here, which seem to frighten so many of you, are inspired by that sort of propaganda. And let me remind you that the great mass of people who are asking for relief, who are asking for employment—yes; who even are begging for food—can not send you telegrams; they have no paid representatives here in Washington who are also working for their own selfish interests; they are looking to you and to me. We are not the Reserve Officers' Association of the United States. We are the association of the rank and file of the people of these United States, and I suspect that that will be rather forcibly impressed upon us before we are convened again in regular session.

The second proposition you will be asked to vote upon is whether or not you will add $1,080,773 to this bill for sending approximately 7,200 college boys to camp for 42 days during the next fiscal year. College boys, gentlemen. Think of it! And not only to send them to these camps, pay their transportation, but to subsist them, provide them with medical care, and what else? Pay them cash at the rate of 70 cents per day, or approximately $30, for the privilege of going. The proposition is preposterous in times like these.

The committee's provision does not in any way, shape, or form disturb their school training. We provide the money for uniforms, we provide the money for instructors and equipment, and we provide the money for actually paying these students 30 cents a day for the last two years of their college courses. The boys who graduate in June have been to one camp. The boys who finish their third year in June will have an opportunity to go to camp at the close of their senior year, and from this very date until that time they will continue to draw from the Government 30 cents a day. And gentlemen tell us that it will cripple our national defense if these young men, who have had either three or four years of instruction in military tactics, do not go to camp next year. If you do not vote this amendment down, I will tell you what you will impair. You will impair the faith of the American people in the good judgment of this Congress to deal with the present emergency.

Lastly, you will be asked to vote upon whether or not you will add $2,603,624 to this bill for the conduct of the citizens' military training camps. I have given you the opinion of the former Chief of Staff, General Summerall, as to this activity. I have told you that the present adjutant general of the Army, General Bridges, has said that it might be dispensed with for one or two years without doing any harm. I have not told you before that an officer of the General Staff submitted to a member of this committee a list of suggested reductions in this bill aggregating $10,000,000, which included the suspension of this activity.

Now, it is just a question of whether or not we will save $2,603,624 on this activity alone, or, contrary to the judgment of these military men, spend that amount to send 37,500 boys, mostly in their teens, to camp for 30 days, not primarily to train them as soldiers, but to improve them physically and to instruct them in citizenship. Better would we expend that amount in helping the physical condition of those who are hungry, and in raising the confidence of those whose faith in their Government has been shaken through long deprivation. You will find but precious few of the sons of these unfortunates in the citizens' military training camps.

Mr. Chairman, unrest stalks abroad. Some would have you believe that these civil items are essential to the national defense. Do they mean from within? Certainly they can not mean from without. National defense, my friends, does not entirely mean a man who has been taught to obey orders or tote a gun.

A healthy, happy citizenry is the very foundation of national defense. You will not promote it by sustaining these amendments.

Mr. Chairman, the bill in its present state provides for the retirement of 2,000 officers of the Regular Army, as proposed by the committee. Whether or not an effort will be made in the House to keep the commissioned strength of the Regular Army at its present number, I am not advised, but I shall take advantage of this opportunity to read a letter that came to me this morning from an active commissioned officer of the Regular Army. It is deserving of the attention and consideration of every man here. It reads as follows:

I am a Regular Army captain and also, I believe, a loyal and patriotic citizen. What is more, I am a taxpayer.

I like the Army; I believe in it, and yet I am not blinded to the fact that 2,000 officers can be removed from it without decreasing our national defense one iota. In fact, it is evident to me that, if it were possible to remove 4,000 of the most ineffective officers, the present work of handling Regular troops and instructing the civilian components could be handled just as effectively and, of course, more efficiently by the remaining 8,000.

I am prompted to write by the barrage of such talk as "hamstringing national defense," "wrecking the Army" and the like. We who are engaged in the workaday jobs of the Army know what nonsense this is. Whether the high Army officials and others who shape our policies know this, is problematical. When they inspect us everything is rehearsed ahead of time; they see only what they are supposed to see and are told what they want to be told; they deal with the Army in theory more than in fact.

Would it be hamstringing the national defense because 8,000 officers would be required to do efficiently what 12,000 officers are now puttering around with? No; because these 8,000 will be and will have to be more efficient. The 4,000 would not be exiled or suddenly exterminated. They would still be available for emergency; in return for retired pay they could be required to keep fit and to be periodically mobilized and trained a couple of weeks per year if desired, like reserve officers. Many business organizations have cut out overhead personnel and deadwood and increased production.

Will it wreck the Army if 100 "gilded aides" (private secretaries) have to be put to military work; if 100 post-exchange officers (small-town storekeepers) on posts now adequately served by civilian stores and markets are put back into military productivity; if several hundred property officers now counting socks and ash cans (the work of an $1,800 bonded stock clerk) go back to the work of military training; if 100 broken-down colonels puttering around corps-area headquarters while juniors do their work are put on the retired list, where they should have gone years ago; if several hundred officers sitting around offices in Federal buildings of every large city, sending out mimeographed pep bulletins and getting up smokers for reserve officers are put to constructive military work?

Is it going to wreck the Reserve Officers' Training Corps if Purdue University, now having 14 Regular Army officers of Field Artillery, is cut down to 4 Field Artillery officers? Has not every officer in the Army heard the customary remark about the Reserve Officers' Training Corps detail at this college or that school, "The 4-year rest up at Blank University"?

The fact that pacifists are in favor of this reduction means nothing; the reduction will strengthen rather than weaken our defense. There is nothing so weakening to defense as having a large number of officers puttering around, holding meaningless jobs,

and making useless motions. The reduction will mean that our top-heavy list of senior officers who, because of their rank, now consider themselves "done with detail," will have to forget their slogan and get back to arduous military duties again.

No more will we see a colonel commanding a second lieutenant and 20 men on a caretaking job, or twenty-odd officers on a post with but 150 men, or 25 officers of field grade on a post of 2,500 men, or two companies fully officered but with so few men that they are combined as one for drill each day, while on alternate days one batch of officers twiddle their thumbs.

I believe you are right about the value of the National Guard. I have been on duty with units of it in Massachusetts and Illinois. I firmly believe that the average National Guard officer, in these States at least, is further along in the technical knowledge of his branch of the service than is the Regular Army officer. We spend so much time checking property, sitting on boards and courts, running post exchanges and movie shows, policing up the post, acting as office manager and private secretary, acting as adjutant or executive for some "done-with-detail" superior, that we are lucky if we are able to spend on technical advancement the one night per week usually spent by the guard officer.

I believe this bill is going to have a rejuvenating effect on the Army, but as long as the reduction is going to be on the basis of selection according to efficiency, why not go all the way and insure future efficiency by making subsequent promotions a matter of selection? The majority of Army officers, due to war entry, are a homogeneous mass as far as length of service is concerned. Majors and first lieutenants differ in length of service only by a few months in many cases; consequently length of service has ceased to have value as a gage of ability. No doubt favoritism would creep in, but nine out of ten aggressive and capable officers would take their chances on favoritism for the opportunity of rising by merit. I should have said the younger officers would prefer this; the older ones whose efficiency is no longer increasing at the same rate naturally would not want the risk of being passed over. Regardless of the dangers of selection, the good officer would on the average tend to rise to the top.

I am conscious of the courage and good sense of the backers of this bill, in spite of the cries of "pacifist" and "politics." May all Government departments be snapped out of their lethargy by the same drastic methods.

Mr. JONES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this for the purpose of asking the gentleman from Mississippi a question.

I recall when the Department of Agriculture appropriation bill was up the gentleman from Mississippi offered a motion which limited the amount that might be paid for any passenger-carrying vehicle to $750, and said he would offer the amendment in respect of all the other appropriation bills. It does not seem to be in this particular bill, and I would like to have the gentleman explain that.

Mr. COLLINS. That is because we do not carry any money for passenger-carrying vehicles here.

Mr. JONES. There is no conflict between those bills and the bill under consideration, and the gentleman has not abandoned his position of economy in that respect?

Mr. COLLINS. No, indeed. The bill would have carried a similar provision had the bill made provision for passenger-carrying motor vehicles.

Mr. JONES. And the gentleman still intends to have that apply to all bills in which there is provision made for new cars?

Mr. COLLINS. Yes.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. I yield to the gentleman from Connecticut.

Mr. GOSS. I would like to ask the chairman of the subcommittee if the section just read is carried in all the other bills as it is in this bill? I understood it had gone out of one of the appropriation bills.

Mr. COLLINS. The other bills carry the $750 limitation except the Navy bill, and I understand there were no purchase items for passenger-carrying automobiles in the Navy appropriation bill.

Mr. GOSS. What about the use of such automobiles? We are restricting the use of them in this provision.

Mr. COLLINS. The provision that the gentleman from Texas [Mr. JONES] is referring to is a provision that affects the purchase of new cars.

Mr. GOSS. But I am referring to section 3, which has just been numbered 2, starting at line 15, page 79, and going over to line 6, on page 80; and if my recollection serves me correctly, this provision was omitted from the Navy bill.

Mr. COLLINS. It is the same provision, I will say to the gentleman.

Mr. GOSS. The gentleman assures us it was carried in the other bill?

Mr. COLLINS. It was carried in the Navy bill.

Mr. JONES. And there is no distinction made so far as the purchase of any cars is concerned?

Mr. COLLINS. No.

Mr. JONES. I am interested in practicing economy in government in every possible way. I have in my hand a wire signed by a number of the citizens of my home town, and which I have asked to have read to the House. I have called its substance to your attention heretofore. In this message these citizens plead that the Budget be balanced by reducing expenses instead of further increasing the terrific burden of taxation. that the Members reduce their own salaries and abolish any and all unnecessary expenses, that they refuse to listen to small minority groups, and that they vote in the interest of the people of the whole country. This is the sentiment expressed throughout the land.

I have voted for the economy program right down the line. I have not only voted for the reductions offered, but have offered a number of additional amendments making further reductions. Some of these votes were not easy to cast, but I feel that during these times this is the wise course.

Much of the criticism of Congress is justified. I think, however, it is but fair to add that the Congress has reduced every appropriation bill not only much below last year's appropriation, but also below the requests made by the President through the Bureau of the Budget. They reduced the agriculture appropriation bill $10,000,000 below the President's request; the Commerce bill $5,500,000 below his request; the Treasury and Post Office bills $22,700,000 below his request; the Navy bill $15,000,000; the War Department bill $24,000,000, and the Interior bill $6,000,000 below his request, and other bills in similar proportions, a total of $161,000,000 below what the President asked for in his Budget, and $563,000,000 below last year's appropriations for the same purposes.

I think Congress made a mistake in taking so many items out of the economy bill, but I believe this will be corrected. This was a special bill for additional reductions; that is, in addition to those mentioned above. I not only voted for these reductions but sought to include further ones. One thing that made this difficult was the fact that the members of the President's Cabinet so often protested against the reductions proposed in their respective departments.

The economy bill as it passed the House provides for an 11 per cent reduction in the salaries of the Members of Congress. I voted for the amendment which would have made this reduction 25 per cent on salaries of over $8,000, including Members of Congress. I felt and now feel that during these serious times everyone should be willing to make a sacrifice.

I thought it proper to call these facts to the attention of those who might be interested, because the action of the House on the economy bill has in some instances caused the public to lose sight of the actual reductions that have been made. The records will show these facts as indisputable.

I am glad to see the public interest that is being manifested in reducing the expenses of government. It is highly important that the centralization in government should be halted, that the manifold activities of government should be curtailed. I do not care who gets the credit, just so we get economy.

WILLIAM WOLFF SMITH

Mr. McSWAIN. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order for the purpose of making an announcement.

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Chairman, I have just received a letter from the Administrator of the Veterans' Bureau to the effect that he has accepted the resignation of William Wolff

Smith as special counsel for the Veterans' Bureau, effective immediately after the expiration of his annual leave. [Applause.]

ARMY APPROPRIATION BILL

The Clerk completed the reading of the bill.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. COLLINS. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. COLLINS. Mr. Speaker, I demand a separate vote on the Barbour amendment, page 54, line 5, relating to the Organized Reserves, and a separate vote on another Barbour amendment on page 54, relating to the Organized Reserves; also the amendment with reference to the Reserve Officers' Training Corps amendment on page 58 and the citizens' military training camps amendment offered by the gentleman from California [Mr. BARBOUR], on page 61, line 2, four amendments in all.

The SPEAKER. Is there a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment.

The Clerk read as follows:

Amendment by Mr. BARBOUR: On page 54, in line 5, strike out "$4,244,580" and insert in lieu thereof "$6,354,348"; and on page 52, line 11, strike out the comma at the end of the line; and in line 12 strike out the words "except as hereinafter provided"; and on page 54 strike out the paragraph commencing in line 23 and ending in line 11 on page 55.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were 107 ayes and 101 noes.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 218, nays 168, not voting 46, as follows:

[Roll No. 76]

YEAS—218

Adkins	Campbell, Pa.	Dickstein	Hall, N. Dak.
Aldrich	Carley	Dieterich	Hancock, N. Y.
Allen	Carter, Calif.	Douglas, Ariz.	Hancock, N. C.
Andresen	Carter, Wyo.	Douglass, Mass.	Hardy
Andrew, Mass.	Cavicchia	Doutrich	Hart
Andrews, N. Y.	Celler	Dowell	Hartley
Arentz	Chavez	Drewry	Hawley
Bacharach	Chindblom	Eaton, Colo.	Hess
Bachmann	Chiperfield	Eaton, N. J.	Hogg, W. Va.
Bacon	Clancy	Englebright	Holmes
Baldrige	Clarke, N. Y.	Erk	Hooper
Barbour	Cochran, Pa.	Evans, Calif.	Hopkins
Beam	Cole, Iowa	Fernandez	Hornor
Beedy	Cole, Md.	Fiesinger	Horr
Black	Colton	Finley	Hull, William E.
Bland	Connolly	Fish	James
Bloom	Cooke	Fitzpatrick	Jeffers
Boileau	Cooper, Tenn.	Foss	Johnson, Ill.
Boland	Corning	Frear	Johnson, S. Dak.
Bolton	Coyle	Free	Johnson, Wash.
Bowman	Crail	Gasque	Kading
Briggs	Culkin	Gavagan	Kahn
Britten	Cullen	Goss	Keller
Brumm	Curry	Granfield	Kelly, Ill.
Brunner	Dallinger	Green	Kelly, Pa.
Buckbee	Darrow	Griffin	Kemp
Burdick	Davenport	Griswold	Kendall
Burtness	Delaney	Hadley	Kennedy
Butler	DeRouen	Hall, Ill.	Ketcham
Kinzer	Millard	Rich	Swick
Kleberg	Montague	Rogers, Mass.	Swing
Knutson	Montet	Rogers, N. H.	Temple
Kopp	Mouser	Rudd	Thomason
Kurtz	Niedringhaus	Sanders, Tex.	Thurston
Leavitt	Nolan	Sandlin	Tierney
Lehlbach	Norton, N. J.	Schafer	Timberlake
Lichtenwalner	O'Connor	Schuetz	Tinkham
Lindsay	Oliver, N. Y.	Seger	Treadway
Lonergan	Overton	Seiberling	Turpin
Loofbourow	Parker, Ga.	Shott	Wason
Luce	Parker, N. Y.	Shreve	Watson
McCormack	Parsons	Simmons	Weaver
McFadden	Peavey	Sirovich	Weeks
McGugin	Perkins	Snell	Welch, Calif.
McLaughlin	Person	Somers, N. Y.	White
McLeod	Pettengill	Stalker	Wigglesworth
McMillan	Pittenger	Stevenson	Wilson
McSwain	Prall	Stewart	Wingo
Maas	Pratt, Harcourt J.	Stokes	Withrow
Magrady	Pratt, Ruth	Strong, Pa.	Wolcott
Maloney	Purnell	Stull	Wolverton
Mapes	Ransley	Sullivan, N. Y.	Wyant
Martin, Mass.	Reed, N. Y.	Sutphin	Yates
Martin, Oreg.	Reid, Ill.	Swanson	
May	Reilly	Sweeney	

NAYS—168

Allgood	Evans, Mont.	LaGuardia	Rankin
Almon	Fishburne	Lambertson	Rayburn
Amlie	Flannagan	Lambeth	Robinson
Arnold	French	Lanham	Romjue
Ayres	Fulbright	Lankford, Ga.	Sabath
Bankhead	Fuller	Larrabee	Sanders, N. Y.
Barton	Gambrill	Larsen	Schneider
Blanton	Garber	Lewis	Selvig
Boehne	Gilbert	Linthicum	Sinclair
Brand, Ga.	Gilchrist	Lovette	Smith, Va.
Brand, Ohio	Gillen	Lozier	Smith, W. Va.
Buchanan	Glover	Ludlow	Snow
Bulwinkle	Goldsborough	McClintic, Okla.	Sparks
Burch	Greenwood	McClintock, Ohio	Spence
Busby	Gregory	McDuffie	Stafford
Byrns	Guyer	McKeown	Steagall
Campbell, Iowa	Haines	McReynolds	Strong, Kans.
Canfield	Hall, Miss.	Major	Summers, Wash.
Cannon	Hare	Manlove	Sumners, Tex.
Carden	Harlan	Mansfield	Swank
Cartwright	Hastings	Mead	Taber
Christgau	Haugen	Miller	Tarver
Christopherson	Hill, Ala.	Milligan	Taylor, Colo.
Clague	Hill, Wash.	Mobley	Taylor, Tenn.
Clark, N. C.	Hoch	Moore, Ky.	Thatcher
Cochran, Mo.	Holaday	Moore, Ohio	Underhill
Collins	Hope	Morehead	Underwood
Condon	Houston, Del.	Nelson, Me.	Vinson, Ga.
Cooper, Ohio	Howard	Nelson, Mo.	Vinson, Ky.
Cox	Huddleston	Nelson, Wis.	Warren
Crisp	Hull, Morton D.	Norton, Nebr.	Welsh, Pa.
Cross	Jacobsen	Oliver, Ala.	West
Crosser	Jenkins	Palmisano	Whitley
Crowe	Johnson, Mo.	Parks	Whittington
Crump	Johnson, Okla.	Partridge	Williams, Mo.
Davis	Johnson, Tex.	Patman	Williams, Tex.
Dickinson	Jones	Patterson	Wolfenden
Dies	Karch	Polk	Wood, Ga.
Disney	Kerr	Pou	Wood, Ind.
Doughton	Kniffin	Rainey	Woodruff
Doxey	Kunz	Ramseyer	Woodrum
Ellzey	Kvale	Ramspeck	Wright

NOT VOTING—46

Abernethy	Crowther	Gifford	Owen
Auf der Heide	De Priest	Golder	Ragon
Beck	Dominick	Goodwin	Shallenberger
Bohn	Drane	Hogg, Ind.	Shannon
Boylan	Driver	Hollister	Smith, Idaho
Browning	Dyer	Igoe	Sullivan, Pa.
Cable	Eslick	Lamneck	Tilson
Cary	Estep	Lankford, Va.	Tucker
Chapman	Freeman	Lea	Williamson
Chase	Fulmer	Michener	Yon
Collier	Garrett	Mitchell	
Connery	Gibson	Murphy	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Boylan (for) with Mr. Eslick (against).
Mr. Tilson (for) with Mr. Browning (against).
Mr. Auf der Heide (for) with Mr. Lamneck (against).

General pairs:

Mr. Tucker with Mr. Gifford.
Mr. Collier with Mr. Crowther.
Mr. Drane with Mr. Bohn.
Mr. Connery with Mr. Hogg of Indiana.
Mr. Abernethy with Mr. Beck.
Mr. Chapman with Mr. Estep.
Mr. Shannon with Mr. Cable.
Mr. Yon with Mr. Michener.
Mr. Cary with Mr. Golder.
Mr. Dominick with Mr. Murphy.
Mr. Ragon with Mr. Williamson.

Mr. Driver with Mr. Lankford of Virginia.
Mr. Fulmer with Mr. Smith of Idaho.
Mr. Mitchell with Mr. Sullivan of Pennsylvania.
Mr. Garrett with Mr. Freeman.
Mr. Igoe with Mr. De Priest.
Mr. Goodwin with Mr. Hollister.

Mr. COOPER of Tennessee. Mr. Speaker, my colleague from Tennessee, Mr. ESLICK, is unavoidably absent on account of illness. If he were present and permitted to vote, he would vote "nay."

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts, Mr. CONNERY, is unavoidably absent on account of illness in his family. If present, he would vote "yea."

Mr. MICHENER. Mr. Speaker, I was in the adjoining room and did not hear my name called. If I had permission to vote, I should vote "nay."

The SPEAKER. The gentleman does not qualify.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 54, line 23, strike out the paragraph commencing on line 23 and ending in line 11, page 55.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 137, noes 141.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment by Mr. BARBOUR: Page 58, line 20, strike out "$2,998,711" and insert in lieu thereof "$4,079,484," and on page 58, line 21, after the comma, strike out all matter dewn to and including the comma at the end of line 2, page 59.

Mr. COLLINS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 236, nays 151, not voting 45, as follows:

[Roll No. 77]

YEAS—236

Adkins	Coyle	Hart	Magrady
Aldrich	Crail	Hartley	Major
Allen	Crowe	Hawley	Maloney
Andrew, Mass.	Crump	Hess	Manlove
Arentz	Culkin	Holmes	Mapes
Arnold	Cullen	Hooper	Martin, Mass.
Bacharach	Curry	Hopkins	Martin, Oreg.
Bachmann	Dallinger	Hornor	May
Bacon	Darrow	Horr	Mead
Baldrige	Davenport	Houston, Del.	Michener
Barbour	Delaney	Hull, William E.	Millard
Beam	DeRouen	James	Montague
Beedy	Dickstein	Jeffers	Montet
Black	Dieterich	Johnson, Ill.	Mouser
Bland	Douglas, Ariz.	Johnson, S. Dak.	Nelson, Me.
Bloom	Douglass, Mass.	Johnson, Wash.	Niedringhaus
Bolleau	Doutrich	Kading	Norton, N. J.
Boland	Doxey	Kahn	O'Connor
Bolton	Drewry	Keller	Oliver, N. Y.
Briggs	Driver	Kelly, Ill.	Overton
Britten	Eaton, Colo.	Kelly, Pa.	Parker, Ga.
Brumm	Eaton, N. J.	Kemp	Parker, N. Y.
Brunner	Englebright	Kendal	Parsons
Buckbee	Erk	Kennedy	Partridge
Burdick	Evans, Calif.	Ketcham	Peavey
Butler	Fernandez	Kinzer	Perkins
Campbell, Iowa	Fiesinger	Kleberg	Person
Campbell, Pa.	Finley	Kopp	Pettengill
Carley	Fish	Kurtz	Pittenger
Carter, Calif.	Fitzpatrick	Larrabee	Prall
Carter, Wyo.	Foss	Leavitt	Pratt, Harcourt J.
Cavicchia	Free	Lehlbach	Pratt, Ruth
Celler	Gasque	Lichtenwalner	Purnell
Chavez	Gavagan	Lindsay	Ramseyer
Chindblom	Goldsborough	Lonergan	Ransley
Chiperfield	Goss	Loofbourow	Reed, N. Y.
Clancy	Granfield	Lovette	Reid, Ill.
Clarke, N. Y.	Green	Luce	Reilly
Cochran, Pa.	Greenwood	McCormack	Rich
Cole, Iowa	Griffin	McFadden	Rogers, Mass.
Cole, Md.	Griswold	McGugin	Rogers, N. H.
Colton	Hadley	McKeown	Rudd
Condon	Hall, Ill.	McLaughlin	Sanders, N. Y.
Connolly	Hall, Miss.	McLeod	Sanders, Tex.
Cooke	Hancock, N. Y.	McMillan	Sandlin
Cooper, Tenn.	Hancock, N. C.	McSwain	Schafer
Corning	Hardy	Maas	Schuetz
Seger	Stevenson	Taber	Weeks
Selberling	Stewart	Taylor, Tenn.	Welch, Calif.
Shott	Stokes	Temple	Whitley
Shreve	Strong, Pa.	Thatcher	Wigglesworth
Sirovich	Stull	Thomason	Wilson
Smith, Idaho	Sullivan, N. Y.	Tierney	Wingo
Smith, Va.	Summers, Wash.	Timberlake	Withrow
Snell	Sutphin	Tinkham	Wolcott
Snow	Swanson	Treadway	Wolfenden
Somers, N. Y.	Sweeney	Turpin	Wolverton
Stafford	Swick	Wason	Wyant
Stalker	Swing	Watson	Yates

NAYS—151

Allgood	Dowell	Karch	Ramspeck
Almon	Ellzey	Kerr	Rankin
Amlie	Evans, Mont.	Kniffin	Rayburn
Andresen	Fishburne	Knutson	Robinson
Ayres	Flannagan	Kunz	Romjue
Bankhead	Frear	Kvale	Sabath
Barton	French	LaGuardia	Schneider
Blanton	Fulbright	Lambertson	Selvig
Boehne	Fuller	Lambeth	Simmons
Bowman	Gambrill	Lanham	Sinclair
Brand, Ga.	Garber	Lankford, Ga.	Smith, W. Va.
Brand, Ohio	Gilbert	Larsen	Sparks
Buchanan	Gilchrist	Lewis	Spence
Bulwinkle	Gillen	Linthicum	Steagall
Burch	Glover	Lozier	Strong, Kans.
Burtness	Gregory	Ludlow	Sumners, Tex.
Busby	Guyer	McClintic, Okla.	Swank
Byrns	Haines	McClintock, Ohio	Tarver
Canfield	Hall, N. Dak.	McDuffie	Taylor, Colo.
Cannon	Hare	McReynolds	Thurston
Carden	Harlan	Mansfield	Underhill
Cartwright	Hastings	Miller	Underwood
Christgau	Haugen	Milligan	Vinson, Ga.
Christopherson	Hill, Ala.	Mobley	Vinson, Ky.
Clague	Hill, Wash.	Moore, Ky.	Warren
Clark, N. C.	Hoch	Moore, Ohio	Weaver
Cochran, Mo.	Hogg, W. Va.	Morehead	Welsh, Pa.
Collins	Holaday	Nelson, Mo.	West
Cooper, Ohio	Hope	Nelson, Wis.	White
Cox	Howard	Nolan	Whittington
Crisp	Huddleston	Norton, Nebr.	Williams, Mo.
Cross	Hull, Morton D.	Oliver, Ala.	Williams, Tex.
Crosser	Jacobsen	Palmisano	Wood, Ga.
Davis	Jenkins	Parks	Wood, Ind.
Dickinson	Johnson, Mo.	Patman	Woodruff
Dies	Johnson, Okla.	Patterson	Woodrum
Disney	Johnson, Tex.	Polk	Wright
Doughton	Jones	Rainey	

NOT VOTING—45

Abernethy	Connery	Gifford	Pou
Andrews, N. Y.	Crowther	Golder	Ragon
Auf der Heide	De Priest	Goodwin	Shallenberger
Beck	Dominick	Hogg, Ind.	Shannon
Bohn	Drane	Hollister	Sullivan, Pa.
Boylan	Dyer	Igoe	Tilson
Browning	Eslick	Lamneck	Tucker
Cable	Estep	Lankford, Va.	Williamson
Cary	Freeman	Lea	Yon
Chapman	Fulmer	Mitchell	
Chase	Garrett	Murphy	
Collier	Gibson	Owen	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Boylan (for) with Mr. Eslick (against).
Mr. Tilson (for) with Mr. Browning (against).
Mr. Auf der Heide (for) with Mr. Lamneck (against).
Mr. Hollister (for) with Mr. Goodwin (against).

General pairs:

Mr. Tucker with Mr. Gifford.
Mr. Collier with Mr. Crowther.
Mr. Drane with Mr. Bohn.
Mr. Connery with Mr. Hogg of Indiana.
Mr. Chapman with Mr. Estep.
Mr. Shannon with Mr. Cable.
Mr. Cary with Mr. Golder.
Mr. Dominick with Mr. Murphy.
Mr. Ragon with Mr. Williamson.
Mr. Mitchell with Mr. Sullivan.
Mr. Garrett with Mr. Freeman.
Mr. Igoe with Mr. De Priest.
Mr. Abernethy with Mr. Beck.
Mr. Pou with Mr. Andrews of New York.
Mr. Shallenberger with Mr. Lankford of Virginia.
Mr. Yon with Mr. Chase.

Mr. McCORMACK. Mr. Speaker, the gentleman from Massachusetts [Mr. CONNERY] is unavoidably absent on account of illness in his family. If he were present, he would vote "aye."

Mr. SPENCE. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. CRISP). The gentleman will state it.

Mr. SPENCE. Was the citizens' military training camps included in this amendment?

The SPEAKER pro tempore. The Chair does not think that is a parliamentary inquiry at this stage, when the amendment has been read and the roll has been called. To be frank, the Chair could not answer, because the Chair is not familiar with the details of the amendment.

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mr. GIFFORD, is absent on account of illness. If present, he would vote "aye."

Mr. COOPER of Ohio. Mr. Speaker, my colleague the gentleman from Ohio, Mr. HOLLISTER, is absent. Were he present, he would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Clerk will report the next amendment upon which a separate vote is demanded.

The Clerk read as follows:

Page 61, after line 2, insert:

"CITIZENS' MILITARY TRAINING CAMPS

"For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the national defense act of June 3, 1916, as amended (U. S. C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, or subsistence allowances, and transportation, or transportation allowances, as prescribed in said section 47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding $20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 454, 455); in all, $2,603,624: *Provided*, That the funds herein appropriated shall not be used for the training of any person in the first year or lowest course, who shall have reached his twenty-fourth birthday before the date of enrollment: *Provided further*, That none of the funds appropriated elsewhere in this act except for printing and binding and for pay and allowances of officers and enlisted men of the Regular Army shall be used for expenses in connection with citizens' military training camps: *Provided further*, That uniforms and other equipment or matériel furnished in accordance with law for use at citizens' military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or matériel furnished in accordance with law for use at citizens' military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made."

The SPEAKER pro tempore. The question is on agreeing to the amendment.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 243, nays 141, not voting 48, as follows:

[Roll No. 78]

YEAS—243

Adkins	Briggs	Cochran, Pa.	Delaney
Aldrich	Britten	Cole, Iowa	DeRouen
Allen	Brumm	Cole, Md.	Dickstein
Andrew, Mass.	Brunner	Colton	Dieterich
Andrews, N. Y.	Buckbee	Condon	Douglas, Ariz.
Arentz	Burdick	Connolly	Douglass, Mass.
Bacharach	Butler	Cooke	Doutrich
Bachmann	Campbell, Iowa	Cooper, Tenn.	Dowell
Bacon	Campbell, Pa.	Corning	Doxey
Baldrige	Carden	Coyle	Drewry
Barbour	Carley	Crail	Driver
Beam	Carter, Calif.	Crowe	Eaton, Colo.
Beedy	Carter, Wyo.	Crump	Eaton, N. J.
Black	Cavicchia	Culkin	Englebright
Bland	Celler	Cullen	Erk
Bloom	Chavez	Curry	Evans, Calif.
Boileau	Chindblom	Dallinger	Fernandez
Boland	Chiperfield	Darrow	Fiesinger
Bolton	Clarke, N. Y.	Davenport	Finley
Fish	Keller	Montague	Somers, N. Y.
Fitzpatrick	Kelly, Ill.	Montet	Spence
Foss	Kelly, Pa.	Mouser	Stalker
Free	Kemp	Nelson, Me.	Stewart
Gasque	Kennedy	Niedringhaus	Stokes
Gavagan	Ketcham	Nolan	Strong, Kans.
Gilchrist	Kinzer	Norton, N. J.	Strong, Pa.
Goldsborough	Kleberg	O'Connor	Stull
Goss	Kopp	Oliver, N. Y.	Sullivan, N. Y.
Granfield	Kurtz	Overton	Summers, Wash.
Green	Lambertson	Parker, Ga.	Sutphin
Greenwood	Lankford, Ga.	Parker, N. Y.	Swanson
Griffin	Larrabee	Parsons	Sweeney
Griswold	Leavitt	Partridge	Swick
Hadley	Lehlbach	Person	Swing
Hall, Ill.	Lichtenwalner	Pettengill	Taber
Hall, Miss.	Lindsay	Pittenger	Taylor, Tenn.
Hancock, N. Y.	Lonergan	Prall	Temple
Hancock, N. C.	Loofbourow	Pratt, Harcourt J.	Thatcher
Hardy	Lovette	Pratt, Ruth	Thomason
Harlan	Luce	Purnell	Tierney
Hartley	Ludlow	Ransley	Timberlake
Hawley	McCormack	Reed, N. Y.	Tinkham
Hess	McFadden	Reid, Ill.	Treadway
Hogg, W. Va.	McGugin	Reilly	Turpin
Holmes	McKeown	Rich	Underhill
Hooper	McLaughlin	Rogers, Mass.	Underwood
Hope	McLeod	Rogers, N. H.	Wason
Hopkins	McMillan	Rudd	Watson
Hornor	McSwain	Sanders, N. Y.	Weeks
Horr	Maas	Sanders, Tex.	Welch, Calif.
Houston, Del.	Magrady	Sandlin	Whitley
Hull, William E.	Major	Schafer	Wigglesworth
James	Maloney	Schuetz	Wilson
Jeffers	Manlove	Seger	Wingo
Jenkins	Mansfield	Selberling	Withrow
Johnson, Ill.	Mapes	Shott	Wolcott
Johnson, Okla.	Martin, Mass.	Shreve	Wolfenden
Johnson, S. Dak.	Martin, Oreg.	Sirovich	Wolverton
Johnson, Wash.	May	Smith, Idaho	Wyant
Kading	Mead	Snell	Yates
Kahn	Millard	Snow	

NAYS—141

Allgood	Disney	Kniffin	Robinson
Almon	Doughton	Knutson	Romjue
Amlie	Ellzey	Kunz	Sabath
Andresen	Evans, Mont.	Kvale	Schneider
Arnold	Fishburne	LaGuardia	Selvig
Ayres	Flannagan	Lambeth	Simmons
Bankhead	Frear	Lanham	Sinclair
Barton	French	Larsen	Smith, Va.
Blanton	Fulbright	Lewis	Smith, W. Va.
Boehne	Fuller	Linthicum	Sparks
Bowman	Fulmer	Lozier	Stafford
Brand, Ga.	Gambrill	McClintic, Okla.	Steagall
Brand, Ohio	Garber	McClintock, Ohio	Stevenson
Buchanan	Gilbert	McDuffie	Sumners, Tex.
Bulwinkle	Gillen	McReynolds	Swank
Burch	Glover	Michener	Tarver
Burtness	Gregory	Miller	Taylor, Colo.
Busby	Guyer	Milligan	Thurston
Byrns	Haines	Mobley	Vinson, Ga.
Canfield	Hall, N. Dak.	Moore, Ky.	Vinson, Ky.
Cannon	Hare	Moore, Ohio	Warren
Cartwright	Hastings	Morehead	Weaver
Christgau	Haugen	Nelson, Mo.	Welsh, Pa.
Christopherson	Hill, Ala.	Nelson, Wis.	West
Clague	Hill, Wash.	Norton, Nebr.	White
Clark, N. C.	Hoch	Oliver, Ala.	Whittington
Cochran, Mo.	Holaday	Palmisano	Williams, Mo.
Collins	Howard	Parks	Williams, Tex.
Cooper, Ohio	Huddleston	Patman	Wood, Ga.
Cox	Hull, Morton D.	Patterson	Wood, Ind.
Crisp	Jacobsen	Peavey	Woodruff
Cross	Johnson, Mo.	Polk	Woodrum
Crosser	Johnson, Tex.	Rainey	Wright
Davis	Jones	Ramseyer	
Dickinson	Karch	Ramspeck	
Dies	Kerr	Rankin	

NOT VOTING—48

Abernethy	Connery	Golder	Owen
Auf der Heide	Crowther	Goodwin	Perkins
Beck	De Priest	Hart	Pou
Bohn	Dominick	Hogg, Ind.	Ragon
Boylan	Drane	Hollister	Rayburn
Browning	Dyer	Igoe	Shallenberger
Cable	Eslick	Kendall	Shannon
Cary	Estep	Lamneck	Sullivan, Pa.
Chapman	Freeman	Lankford, Va.	Tilson
Chase	Garrett	Lea	Tucker
Clancy	Gibson	Mitchell	Williamson
Collier	Gifford	Murphy	Yon

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Boylan (for) with Mr. Eslick (against).

Mr. Tilson (for) with Mr. Browning (against).

Mr. Auf der Heide (for) with Mr. Lamneck (against).

Mr. Hollister (for) with Mr. Goodwin (against).

Until further notice:

Mr. Tucker with Mr. Gifford.
Mr. Collier with Mr. Crowther.
Mr. Drane with Mr. Bohn.
Mr. Connery with Mr. Hogg of Indiana.
Mr. Chapman with Mr. Estep.
Mr. Shannon with Mr. Cable.
Mr. Carey with Mr. Golder.
Mr. Dominick with Mr. Murphy.
Mr. Ragon with Mr. Williamson.
Mr. Mitchell with Mr. Sullivan of Pennsylvania.
Mr. Garrett with Mr. Freeman.
Mr. Hart with Mr. Kendall.
Mr. Abernethy with Mr. Beck.
Mr. Shallenberger with Mr. Lankford of Virginia.
Mr. Yon with Mr. Chase.
Mr. Pou with Mr. Perkins.
Mr. Rayburn with Mr. Igoe.

Mr. McCORMACK. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. CONNERY, is absent on account of illness. If present, he would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. GIFFORD, is absent. If present, he would vote "aye."

Mr. HART. Mr. Speaker, I can not qualify; but if permitted to vote, I would vote "aye."

Mr. VINSON of Kentucky. Mr. Speaker, my colleague the gentleman from Kentucky [Mr. CHAPMAN] is unavoidably absent; if present, he would vote "aye" on the three amendments that have been voted upon.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the amended bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. BARBOUR. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. BARBOUR. In its present form, I am.

The SPEAKER pro tempore. Is any gentleman opposed to the bill in its entirety?

Mr. BLANTON. Mr. Speaker, I am opposed to certain features of the bill.

The SPEAKER pro tempore. That does not give the gentleman from Texas any priority over the gentleman from California. If any Member of the House is opposed to the bill in its entirety, he is entitled to preference.

Mr. LaGUARDIA. Mr. Speaker, I am opposed to the bill. I voted against every amendment, and I shall vote against the bill.

Mr. BARBOUR. Mr. Speaker, I am opposed to the bill.

The SPEAKER pro tempore. The gentleman from California qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BARBOUR moves to recommit the bill to the Committee on Appropriations with instructions to report the same back forthwith with the following amendments:

Page 10, line 15, commencing with the colon, strike out the remainder of the paragraph.

Page 8, line 19, strike out "$27,209,927" and insert "$31,833,427."

Page 8, line 23, strike out "$8,356,200" and insert "$8,545,011."

Page 9, line 4, strike out "$1,914,948" and insert "$9,447,323."

Page 9, line 14, strike out "$4,648,006" and insert "$6,281,824."

Page 9, line 15, strike out "$5,122,479" and insert "$5,928,389."

Page 9, line 22, strike out "$133,257,790" and insert "$137,042,204."

Page 10, line 1, strike out "$132,457,790" and insert "$136,242,204."

Mr. BLANTON. Mr. Speaker, a point of order.

Mr. COLLINS. Mr. Speaker, I make the point of order the motion is not in order, that the House has already voted on the proposal submitted to the House by the gentleman from California and adopted by the House.

Mr. BLANTON. Mr. Speaker, I make the further point of order that the McSwain amendment was adopted in the Committee of the Whole House on the state of the Union as a part of a paragraph. The McSwain amendment has been voted upon by the House of Representatives since the committee has risen. It has become a part and parcel of the bill by action of the House.

The gentleman from California now seeks to change the provision by adopting only a portion of the paragraph which contains the McSwain amendment and not all of the paragraph, and to that extent the motion to recommit of the gentleman from California is out of order.

Mr. CANNON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CANNON. Mr. Speaker, I would like to ask if the proposed amendment, which is made up of quite a number of items, changes the items which were included by virtue of the McSwain amendment?

The SPEAKER pro tempore. It eliminates the McSwain amendment along with other provisions of the bill.

The Chair will hear the gentleman from California on the point of order.

Mr. CANNON. Mr. Speaker, I would like to ask further if it changes all of the provisions of the McSwain amendment or only a portion of them?

Mr. STAFFORD. Mr. Speaker, may we have the McSwain amendment, even though it is adopted by the House, again read?

The SPEAKER pro tempore. Without objection, the McSwain amendment will be again read.

Answering the gentleman's further parliamentary inquiry, the proposed motion to recommit eliminates from the bill the McSwain amendment along with other provisions in those paragraphs to which the McSwain amendment was adopted as a perfecting amendment.

Mr. CANNON. The entire McSwain amendment, Mr. Speaker?

The SPEAKER pro tempore. Yes; the Chair has answered that.

Mr. BLANTON. Mr. Speaker, my point of order is made because of that proposed action.

The SPEAKER pro tempore. The Chair so understands.

If there is no objection on the part of the House, the Chair will direct that the McSwain amendment be read. There was a request that such be done.

Is there objection?

Mr. TABER. Mr. Speaker, reserving the right to object, the McSwain amendment is long and involved, and it would be very difficult for the House to follow it. Everybody knows what it is. I object.

The SPEAKER pro tempore. Objection is heard. The Chair will be glad to hear from the gentleman from Illinois on the point of order.

Mr. CHINDBLOM. Mr. Speaker, a motion to recommit is a direction to the committee having had the bill in charge to report the bill back to the House with certain amendments. The amendments which are thus reported back to the House by the committee stand exactly upon the same footing as any other amendment offered to a bill and passed upon either by the House or by the Committee of the Whole.

In the present case the McSwain amendment, so-called, was adopted, beginning in line 11, page 11, with the word "convene," and was a perfecting amendment to the language which it is proposed by the motion to recommit to strike out. A motion to strike out is always in order following a perfecting amendment. In fact, the perfecting amendment must have consideration before the motion to strike out is voted upon.

I submit to the Chair that this is not the ordinary case where it is sought to get further action by the House upon an amendment which has already been adopted by seeking to strike out that amendment itself or by seeking to amend such an amendment. But, as I have stated, this is a motion to strike out the text of the bill, together with the perfecting amendment, which, of course, was adopted both by the Committee of the Whole and by the House before the motion to strike out would have been in order.

The remaining language in the motion, I will say to the Chair, can not be involved in any objection because it merely proposes to increase amounts of appropriation which are already in the bill and were not changed by amendments in the Committee of the Whole or in the House.

Mr. LAGUARDIA. Mr. Speaker, the so-called McSwain amendment provides the machinery to carry out the specific mandate of the bill. Every Member of the House was fully protected on a motion to recommit, particularly the gentleman from California. Had he asked for a separate vote on the McSwain amendment, and if the separate vote had been voted down, then he could carry out his purpose by a motion to recommit to increase the appropriations in order to avoid the discharge of 2,000 officers. But the McSwain amendment was approved by the House; it was adopted by the House when the Speaker submitted all of the amendments en gros, and therefore, what the gentleman from California is now seeking to do is to make another appeal to the House and have the House reverse itself on something upon which it has just voted. Whether it is a part of the entire motion to recommit or not is not controlling if it is an integral part of a specific proposition. For instance, without the McSwain amendment, Mr. Speaker, the existing number of officers could be left intact, even though we did not appropriate sufficiently for them. That is not the gist of it. What the gentleman from California seeks to do, under his motion to recommit, is to strike from the bill the elimination of 2,000 officers. I submit that the motion to recommit is not in order because the means whereby these officers may be eliminated have been adopted by the House. As I said before, the gentleman from California could have obtained a separate vote on that, and had the House voted that out of the bill, then his motion to recommit would have been in order, but under the parliamentary situation, the House having passed upon that part of the bill he can not now attempt to reverse the action of the House by a motion to recommit. The point of order should be sustained.

The SPEAKER pro tempore (Mr. CRISP). The Chair regrets that he was not here during the consideration of this bill, but was presiding over the Ways and Means Committee and, therefore, is not familiar with what took place in the Committee of the Whole House on the state of the Union when the bill was being considered. The Chair has tried to acquaint himself as best he could in the last few moments with what transpired.

The Chair is advised that in the Committee of the Whole House on the state of the Union a perfecting amendment was adopted to the paragraph known as the McSwain amendment. The bill was reported from the Committee of the Whole House on the state of the Union to the House, the House has agreed to the amendments, and has ordered the bill engrossed and read a third time.

The question is whether a motion to recommit, as offered by the gentleman from California, is in order which seeks to change something that the House has agreed to.

The motion to recommit was placed in the rule to give a substantial privilege to the minority of the House—I do not mean any political minority but a minority of the House—so as to give them a chance to go on record as to legislation.

In the Committee of the Whole House on the state of the Union there is no roll-call vote, so that the only opportunity that a minority may have to go on record is by means of a motion to recommit in the House. If the motion to recommit of the gentleman from California sought simply to eliminate from the bill the McSwain amendment, it would not be in order, because the question of estoppel would apply. When the House has acted on a matter, it must be res adjudicata. However, as the Chair understands the proposition, the McSwain amendment was adopted as a perfecting amendment to the paragraph. The motion to recommit of the gentleman from California proposes to strike out a substantial portion of the paragraph comprehending the McSwain amendment. Under the general rules of the House, where a motion is made to strike out a paragraph, a perfecting amendment changing the paragraph is preferential and the vote is first taken on the perfecting amendment. If the perfecting amendment is adopted, then it is in order to move to strike out the entire paragraph, notwithstanding the House or the committee has adopted a perfecting amendment to the paragraph.

The Chair thinks that the same rule applies to a motion to recommit where it is proposed in such a motion to strike out a paragraph or a portion of a paragraph which may have been perfected by amendments.

The Chair is therefore constrained to rule that the point of order is not good, and overrules the point of order.

Mr. BLANTON. Mr. Speaker, I offer a substitute motion to recommit.

Mr. CHINDBLOM. Mr. Speaker, the gentleman from California [Mr. BARBOUR] has the floor.

The SPEAKER pro tempore. The gentleman from California did not move the previous question, and the Chair had recognized the gentleman from Texas [Mr. BLANTON]. Undoubtedly, if the previous question had been moved and sustained, no substitute motion to recommit would be in order, but the previous question was not moved, and the gentleman from Texas is within his parliamentary rights.

The Clerk will report the substitute motion of the gentleman from Texas.

The Clerk read as follows:

Motion to recommit by Mr. BLANTON: Mr. Speaker, I move to recommit this bill to the Committee on Appropriations with instructions to report the same back forthwith with the following amendments, to-wit: On page 16, line 4, before the period, insert the following proviso:

"*Provided*, That no appropriation contained in this act shall be available for or on account of any expense incident to the permanent change of station of any commissioned officer of the Army except (1) officers appointed to and relieved from positions that are filled by and with the advice and consent of the Senate, (2) officers detailed to and from Army schools as students, (3) military attachés, (4) officers ordered to and from duty in the Canal Zone and in the Philippines, and (5) officers ordered to replace officers who die or may be separated from the active list."

On page 15, line 20, strike out "$4,126,865" and insert in lieu thereof "$3,126,865."

On page 52, line 10, before the word "Members," insert "not to exceed 10,000."

On page 56, line 23, after the word "instruction," insert "not to exceed 36,000."

Mr. BLANTON. And on that, Mr. Speaker, I move the previous question.

Mr. CHINDBLOM. Mr. Speaker, I make a point of order against the substitute.

Mr. STAFFORD. Mr. Speaker, I move the previous question on the motion to recommit and all amendments thereto.

The SPEAKER pro tempore. The gentleman from Texas moves the previous question on his substitute motion and on the original motion of the gentleman from California; and the gentleman from Illinois [Mr. CHINDBLOM] makes a point of order against the substitute of the gentleman from Texas. The gentleman will state his point of order.

Mr. CHINDBLOM. First, Mr. Speaker, I wish to refer to the rule of practice and procedure and decorum which has been established by the Speaker of the House that the Chair will not recognize anyone in the well of the House; and I will say for that reason——

Mr. BANKHEAD. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The Chair will not consider that point. The present Speaker pro tempore has made no such ruling.

Mr. CHINDBLOM. Then, Mr. Speaker, I make the points of order: First, that the motion to recommit of the gentleman from Texas [Mr. BLANTON] as a substitute for the motion to recommit of the gentleman from California [Mr. BARBOUR] is not germane to the motion of the gentleman from California; secondly, that it contains legislative matter which is not in order upon an appropriation bill.

The SPEAKER pro tempore (Mr. CRISP). The Chair is ready to rule.

The Chair does not feel compelled to pass on the question of whether the substitute of the gentleman from Texas is germane to the original motion to recommit of the gentleman from California or not. The gentleman from California made a motion to recommit dealing with certain features of the bill. The previous question was not ordered. The gentleman from Texas has offered a substitute with instructions as to other features of the bill, and the Chair thinks it is

clearly within the province of the House to pass on which one of the motions to recommit they desire to pass upon and will, of course, have a chance to pass on both of them. If the Blanton amendment as a substitute is adopted for the Barbour motion to recommit, that would eliminate the instructions in the motion of the gentleman from California [Mr. BARBOUR], and the question would come as to whether the House desired to adopt the instruction of the gentleman from Texas [Mr. BLANTON].

The Chair overrules the point of order.

Mr. CHINDBLOM. Will the Chair rule on the point of order as to the motion containing legislative matter on an appropriation bill?

The SPEAKER pro tempore. There was no point of order made on that.

Mr. CHINDBLOM. I made that point of order, Mr. Speaker.

The SPEAKER pro tempore. The Chair did not hear the gentleman.

Mr. CHINDBLOM. Yes; I made that point of order, and I thought I had made it quite distinctly.

The SPEAKER pro tempore. The Chair begs the gentleman's pardon, but he did not hear that part of his point of order. The Chair will say, as he caught the reading of the motion to recommit, the legislative part of it is a limitation.

Mr. BLANTON. It is both a limitation and comes within the Holman rule.

The SPEAKER pro tempore. The Chair thinks it is a limitation, and the question is on the motion to recommit by the gentleman from Texas.

Mr. STAFFORD. Mr. Speaker, I move the previous question on both motions to recommit.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the substitute motion offered by the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, I ask for the yeas and nays.

The question of ordering the yeas and nays was taken and 47 Members arose.

The SPEAKER pro tempore. Forty-seven Members have arisen, and it requires, according to the last vote, 77. The Constitution provides for one-fifth of the Members present. Forty-seven is not a sufficient number, and the yeas and nays are refused. The question is on the substitute offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 90 ayes and 200 noes.

So the substitute motion to recommit was lost.

The SPEAKER pro tempore. The question now is on the motion to recommit by the gentleman from California [Mr. BARBOUR].

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 182, nays 202, not voting 49, as follows:

[Roll No. 79]

YEAS—182

Adkins	Carley	Douglas, Ariz.	Horr
Aldrich	Carter, Calif.	Douglass, Mass.	Houston, Del.
Allen	Carter, Wyo.	Doutrich	Hull, William E.
Andrew, Mass.	Cavicchia	Drewry	James
Andrews, N. Y.	Celler	Eaton, Colo.	Johnson, S. Dak.
Arentz	Chavez	Eaton, N. J.	Johnson, Wash.
Bacharach	Chindblom	Englebright	Kahn
Bachmann	Chiperfield	Erk	Kelly, Pa.
Bacon	Clague	Evans, Calif.	Kemp
Baldrige	Clancy	Finley	Kennedy
Barbour	Clarke, N. Y.	Fish	Ketcham
Beam	Cochran, Pa.	Fitzpatrick	Kinzer
Beedy	Cole, Iowa	Foss	Kleberg
Black	Connolly	Free	Kurtz
Bland	Cooke	Gavagan	Lehlbach
Bloom	Corning	Goss	Lichtenwalner
Bolleau	Coyle	Griffin	Lindsay
Boland	Crail	Hadley	Lonergan
Bolton	Crump	Hall, Miss.	Loofbourow
Bowman	Culkin	Hancock, N. Y.	Lovette
Briggs	Cullen	Hardy	Luce
Britten	Curry	Hartley	McCormack
Brumm	Dallinger	Hawley	McFadden
Brunner	Darrow	Hess	McGugin
Buckbee	Davenport	Hogg, Ind.	McLaughlin
Burdick	Delaney	Holmes	McLeod
Butler	Dickstein	Hooper	Maas
Campbell, Pa.	Dieterich	Hopkins	Magrady
Manlove	Perkins	Smith, Idaho	Timberlake
Mapes	Person	Smith, Va.	Tinkham
Martin, Mass.	Pittenger	Snell	Treadway
Martin, Oreg.	Prall	Somers, N. Y.	Turpin
Michener	Pratt, Harcourt J.	Stafford	Wason
Millard	Pratt, Ruth	Stalker	Watson
Montague	Purnell	Stewart	Weeks
Montet	Ransley	Stokes	Welch, Calif.
Mouser	Reed, N. Y.	Strong, Pa.	White
Niedringhaus	Reid, Ill.	Stull	Whitley
Nolan	Rogers, Mrs.	Sullivan, N. Y.	Wigglesworth
Norton, Mrs.	Rogers	Sutphin	Wolcott
O'Connor	Rudd	Swick	Wolfenden
Oliver, N. Y.	Sanders, N. Y.	Swing	Wolverton
Palmisano	Schafer	Taber	Wyant
Parker, Ga.	Schuetz	Temple	Yates
Parker, N. Y.	Seger	Thomason	
Parsons	Sirovich	Tierney	

NAYS—202

Allgood	Fishburne	Kerr	Rankin
Almon	Flannagan	Kniffin	Rayburn
Amlie	Frear	Knutson	Reilly
Andresen	French	Kopp	Rich
Arnold	Fulbright	Kunz	Robinson
Ayres	Fuller	Kvale	Romjue
Bankhead	Fulmer	LaGuardia	Sabath
Barton	Gambrill	Lambertson	Sanders, Tex.
Blanton	Garber	Lambeth	Sandlin
Boehne	Gasque	Lanham	Schneider
Brand, Ga.	Gilbert	Lankford, Ga.	Seiberling
Brand, Ohio	Gilchrist	Larrabee	Selvig
Buchanan	Gillen	Larsen	Shott
Bulwinkle	Glover	Leavitt	Simmons
Burch	Goldsborough	Lewis	Sinclair
Burtness	Granfield	Linthicum	Smith, W. Va.
Busby	Green	Lozier	Snow
Byrns	Greenwood	Ludlow	Sparks
Campbell, Iowa	Gregory	McClintic, Okla.	Spence
Canfield	Griswold	McClintock, Ohio	Steagall
Cannon	Guyer	McDuffie	Stevenson
Carden	Haines	McKeown	Strong, Kans.
Cartwright	Hall, Ill.	McReynolds	Summers, Wash.
Christgau	Hall, N. Dak.	MsSwain	Sumners, Tex.
Christopherson	Hancock, N. C.	Major	Swank
Clark, N. C.	Hare	Maloney	Swanson
Cochran, Mo.	Harlan	May	Sweeney
Cole, Md.	Hart	Mead	Tarver
Collins	Hastings	Miller	Taylor, Colo.
Colton	Haugen	Milligan	Taylor, Tenn.
Condon	Hill, Ala.	Mobley	Thatcher
Cooper, Ohio	Hill, Wash.	Moore, Ky	Thurston
Cooper, Tenn.	Hoch	Moore, Ohio	Underhill
Cox	Hogg, W. Va.	Morehead	Underwood
Crisp	Holaday	Norton	Vinson, Ga.
Cross	Hope	Nelson, Me.	Vinson, Ky.
Crosser	Hornor	Nelson, Mo.	Warren
Crowe	Howard	Nelson, Wis.	Weaver
Davis	Huddleston	Norton, Nebr.	West
DeRouen	Hull, Morton D.	Oliver, Ala.	Whittington
Dickinson	Jacobsen	Overton	Williams, Mo.
Dies	Jeffers	Parks	Williams, Tex.
Disney	Jenkins	Partridge	Wilson
Doughton	Johnson, Mo.	Patman	Wingo
Dowell	Johnson, Okla.	Patterson	Withrow
Doxey	Johnson, Tex.	Peavey	Wood, Ga.
Driver	Jones	Pettengill	Woodruff
Elizey	Kading	Polk	Woodrum
Evans, Mont.	Karch	Rainey	Wright
Fernandez	Keller	Ramseyer	
Fiesinger	Kelly, Ill.	Ramspeck	

NOT VOTING—49

Abernethy	De Priest	Igoe	Shallenberger
Auf der Heide	Dominick	Johnson, Ill.	Shannon
Beck	Drane	Kendall	Shreve
Bohn	Dyer	Lamneck	Sullivan, Pa.
Boylan	Eslick	Lankford, Va.	Tilson
Browning	Estep	Lea	Tucker
Cable	Freeman	McMillan	Welsh, Pa.
Cary	Garrett	Mansfield	Williamson
Chapman	Gibson	Mitchell	Wood, Ind.
Chase	Gifford	Murphy	Yon
Collier	Golder	Owen	
Connery	Goodwin	Pou	
Crowther	Hollister	Ragon	

So the motion to recommit was rejected.

The Clerk announced the following additional pairs:

Mr. Boylan (for) with Mr. Estlick (against).
Mr. Tilson (for) with Mr. Browning (against).
Mr. Auf der Heide (for) with Mr. Lamneck (against).
Mr. Hollister (for) with Mr. Goodwin (against).
Mr. Shreve (for) with Mr. Ragon (against).

General pairs:

Mr. Tucker with Mr. Gifford.
Mr. Collier with Mr. Crowther.
Mr. Drane with Mr. Bohn.
Mr. Chapman with Mr. Estep.
Mr. Shannon with Mr. Cable.
Mr. Cary with Mr. Golder.
Mr. Dominick with Mr. Murphy.
Mr. Mitchell with Mr. Sullivan of Pennsylvania.
Mr. Garrett with Mr. Freeman.

Mr. Abernethy with Mr. Beck.
Mr. Shallenberger with Mr. Lankford of Virginia.
Mr. Yon with Mr. Chase.
Mr. McMillan with Mr. Welsh of Pennsylvania.
Mr. Mansfield with Mr. Wood of Indiana.
Mr. Pou wth Mr. Kendall.
Mr. Connery with Mr. Williamson.
Mr. Igoe with Mr. De Priest.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. COLLINS, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—THE ARMY APPROPRIATION BILL

Mr. GRISWOLD. Mr. Speaker and Members of the House, I hate war. I should like to see world disarmament. But I want it to be world disarmament with emphasis on the word "world." I do not believe in destroying our national defense and allowing the rest of the world to be armed. I do not believe in any nation having a greater army than our own—in any nation having a more effective army than our own. We have been very magnanimous it seems to me. We have reduced our Army and Navy since the World War below treaty strength. The other nations have not.

I favor a citizens' army, an army built in time of trouble around trained officers. That is why I favor leaving in this bill every appropriation for the citizens' military training camp, the Reserve Officers' Training Corps, and the training of reserve officers.

During the last war we commissioned many officers whose only qualifications were an A. B. or B. S. degree. They were wonderful boys. Some of them could do logarithms in their heads; but that knowledge is not sufficient to make an officer. The ability to find the cube root of a barrel of pork or find the longitude west of Greenwich does not help a man to keep his head and handle men under fire or even on the parade ground. It does not teach him how to train others to do squads right, to shoot, or to take down and set up a machine gun under difficulties.

The military science is an exact science. One that does not permit of mistakes. Mistakes do not mean merely a money loss. Military mistakes mean death to men. In Italy, according to the press some months ago, each boy in the schools is required at the age of 7 to begin training with a wooden replica of the army rifle. If you abolish the citizens' military training camps and the Reserve Officers' Training Corps, you are going to send our boys out to fight against boys trained from the age of 7. Boys without training you are going to send forth to be crucified on the altar of penuriousness.

The gentleman from Indiana [Mr. WOOD], in his speech at the opening of this debate, told us that this was the richest Nation on earth. He should know. He has been here in this House many years. He has been chairman of the Appropriations Committee. He is so important that he could take the floor and state to this House that he spoke for the President of these United States. I think we can take his word that we are the richest Nation in the world. If we are the richest Nation we are being meanly penurious in taking from our boys this training that may in the future save their lives on the field of battle.

As a Nation, with the exception of a few religious sects and certain organizations of pacifists, we hold that the obligation to bear arms in defense of the Nation goes hand in hand with the obligation of citizenship. If it does, then there is an obligation on the part of the Nation to train the youth to arms. We are to a certain extent fulfilling that obligation through these two arms created in the national defense act.

It is the European plan that the sons of the nobility, the aristocrats, the sons of wealth shall be officers, and the private shall come from the sons of the poor. My idea of an army is a democratic army. The European idea is that they must have a large standing army. The American plan is for a citizen army based on a nucleus of trained men, ready, willing, and capable of training others rapidly in time of war. The son of the farmer, of the laborer, of the section foreman—the capable intelligent youth whose only drawback is the lack of a college education—has as much right to be an officer as the son of a more fortunately situated parent. He may not be able to get the training in college to qualify him. He can get it in the citizens' military training camps and the schools of the Organized Reserve units. This vast majority of the boys of the Nation should not be discriminated against.

Last winter, at the suggestion of the President, Congress gave a moratorium of more than two hundred and fifty million to European nations. I voted against that measure. Those nations to whom we gave the moratorium were spending millions for armament. Every one of them was maintaining a larger land force than ours. Now we are trying to make up that loss of a quarter of a billion dollars through all kinds of so-called economy measures. The best economy would have been to have kept the money in the first place and not have contributed that amount to financing the armament of Europe.

I voted against that contribution to Europe, and I will not now favor making up the deficit so created by taking the amount from the Budget for our own national defense. I do not expect those nations whose armament we are financing through moratoriums to ever use that armament in our behalf. They may use it against us.

There are ways to cut the expenses without sacrificing national security in a time of world unrest. We have already cut it more than five hundred and sixty million under the amount that the President gave us in his Budget last December as the irreducible minimum and we will cut it more.

The private's life is at stake; he prefers to be led by a trained man, a man fully equipped, a man with a knowledge of the handling of troops and men and munitions, a man in whom he has confidence. He not only prefers it, he has a right to expect it. Congress can declare war. By a system of draft you gentlemen can force him into service whether he wants to go or not. But you have no right that you can justify, either by the rules of reason or law of rectitude, to send him into war untrained himself and under untrained officers. The only alternative to prevent the injustice is to provide sufficient money for our citizens' military training camps and Reserve Officers' Training Corps. Justice to the Nation and justice to the private both demand it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. BROWNING, for four days, on account of important business.

Mr. ESLICK, for the day, on account of illness.

Mr. KENNEDY, for the balance of the week, on account of important business.

Mr. SHALLENBERGER, indefinitely, on account of illness.

REREFERENCE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that the bill H. R. 11184 be rereferred to the Committee on Roads from the Committee on Interstate and Foreign Commerce. The Committee on Interstate and Foreign Commerce has given me authority to make this request, which is agreeable to the chairman of the Committee on Roads and to the ranking member of that committee.

The SPEAKER. Is there objection?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, when the bill was introduced, it was considered a private bill, having to do with a bridge across the St. Clair River at Port Huron, Mich. Since that time it has been determined to be of a quite general character. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection?

There was no objection.

CONTROLLED EXPANSION OF THE CURRENCY AND THE PAYMENT OF THE ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I have placed on the Clerk's desk a motion to discharge the Committee on Rules from further consideration of House Resolution 220, which provides a rule for the consideration of H. R. 7726, a bill providing for the expansion of the currency and the payment of the adjusted-service certificates. The Committee on Ways and Means made an adverse report on this bill. Thirteen members of that committee signed the adverse report and 11 members signed the minority report. The minority report contains a clear, logical and unanswerable argument in favor of the full cash payment of the adjusted-service certificates. The report recommends that section 2 of H. R. 7726 be stricken out and the following amendment be substituted in lieu thereof:

SEC. 2. Payment of the face value of the adjusted-service certificates under section 509 or 510 of the World War adjusted compensation act, as amended, shall be paid in Treasury notes.

The Secretary of the Treasury is hereby authorized and directed to issue United States notes to the extent required to make the payments herein authorized. Such notes shall be legal tender for public and private debts and printed in the same size, of the same denominations, and of the same form as Treasury notes, omitting the reference to any Federal reserve bank.

He shall place such notes in the Federal reserve banks, subject to the order of the Administrator of Veterans' Affairs, to be used for the purposes of this act.

He shall issue a like amount of United States bonds bearing 3½ per cent interest payable semiannually, with coupons attached, and such bonds shall be due and payable in 20 years from the date of issue, subject to the right of redemption after 10 years.

These bonds shall be deposited in the Federal reserve banks, as the agents of the United States, in approximate proportion to their current assets at the date of the passage of this act.

In the event that the purchasing power of the dollar in the wholesale commodity markets, as ascertained by the United States Department of Labor, shall at any time fall as much as 2 per cent below the average value of the year 1926, the Federal Reserve Board, by resolution in writing, may direct the sale to the public of such portions of said bonds as may from time to time be necessary to restore the purchasing power of the dollar to the normal standard of 1926.

Such currency received for such bonds shall be exchanged for the notes hereby authorized to be issued and they shall be returned to the Secretary of the Treasury for cancellation.

The bonds will not be sold and will therefore not draw interest unless commodity prices return to the 1926 level. This section completely answers the argument of our opponents that we are proposing uncontrolled inflation. We are proposing controlled expansion of the currency.

I expect to follow the recommendation in the minority report. If 144 other Members of the House sign the motion to discharge the Rules Committee—53 have already signed—the rule will come up for consideration the second Monday in June, the 13th. If the rule is adopted by the House, four hours' debate will be allowed on the bill H. R. 7726, and then the bill will be read under the 5-minute rule and be subject to amendments. At that time I expect to offer the amendment to section 2 of the bill as proposed by the Committee on Ways and Means, and which is known as the Owen plan. I have prepared and introduced a bill which embodies this amendment. It is H. R. 11992, but consideration on this bill can not be forced, because it has been introduced less than 30 days. H. R. 11992 is the same as H. R. 1, with the Owen amendment added.

The Committee on Rules has before it our application for a favorable report on House Resolution 220. If a favorable report is made, we will get consideration much earlier than June 13. I do not believe the Members of Congress want to go back to their respective homes without making an effort to afford substantial relief to the plain people.

I hope every Member of the House will read the minority views of the members of the Ways and Means Committee. The committee hearings are also very interesting.

ADDRESS OF HON. S. D. M'REYNOLDS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an address delivered by my colleague, the gentleman from Tennessee [Mr. MCREYNOLDS], over the radio last evening.

The SPEAKER. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, by leave of the House, I incorporate as a part of my remarks a radio speech delivered by my colleague, Hon. S. D. MCREYNOLDS, whom we all know is one of the most able, earnest, and influential Members of the Congress in his advocacy of economy. As chairman of the Committee on Appropriations I have had occasion to know of the value of his services along this line. The speech is as follows:

When Congress convened here in December we fully appreciated the serious condition confronting this country; and although the House was organized by the Democrats, speaking as one of them, it was our purpose to cooperate in every way possible with the administration in enacting that character of legislation which we thought would be beneficial to the country and relieve the most distressful conditions. Following that policy the moratorium resolution was passed at the request of the President. We have also passed the Reconstruction Finance Corporation act, with an appropriation of $500,000,00, and with an expansion of some $2,000,000,000, which has been used, and is being used, for the purpose of stabilizing banks and railroads. Congress has also passed a hundred and twenty-five million dollar appropriation for the Federal land banks, which had for its purpose the right to grant extension of loans to farmers who had been unable to meet their obligations on account of the distressed condition throughout the country. But it seems that this has had but little effect.

Congress has also passed the Glass-Steagall bill, which, among other things, permits banks to take bonds, drawing interest, to the Federal reserve bank and issue currency for the face value thereof, with the proper discount charge. While it may be that these acts have been of some benefit in restoring confidence and maintaining our banking systems, yet a little, if any, has seeped down to the laboring or producing class, where prosperity must begin. Next came the tax measure, for which the House has been criticized very severely on account of our action thereon. This bill was reported as a nonpartisan measure and leaders on both sides of the House advocated the same. It provided for a general manufacturers' sales tax, to which many of us had been opposed in the House for many years, and I plead guilty to the charge of being one of the insurgents who aided in striking that measure from the bill. I have always believed that the tax burdens should fall heavier on those who are most able to pay. For many years there has been a strong fight made by certain interests to establish this form of taxation and thereby relieve the tax on incomes and inheritances. Naturally, it was the moneyed interests of this country who wished to shield themselves as much as possible in trying to procure this mode of taxation.

I opposed this manufacturers' sales tax because, first, if the tax could be passed on and was passed on to the purchaser, it would be paid by those least able to pay; second, there are thousands of manufacturing plants throughout this country who are merely battling for existence and who are patriotic enough to try to keep their men on the pay roll in order to support them and their families, although they are running in the red, who would not have been able, on account of very close competition, to have passed this tax on, and, therefore, would have had to close their plants and added thousands of others to the great army of unemployed throughout the United States. When we struck this sales tax from the tax bill we placed therein other articles of taxation that seemed to us just and fair, that would have raised the desired revenue for the purpose of balancing the Budget, according to the estimates of the Treasury Department, with the saving of some $200,000,000 that has since passed the House.

The Members of the House fully appreciate the direful conditions existing in this country and the absolute necessity of cutting down expenses and economizing in every conceivable way that would not in any way interfere with the proper functions of the Government. Taking into consideration the economy bill, as passed by the House, and all other appropriations that have been made by the House, we have already reduced the appropriations for the fiscal year 1933 under that of 1932 nearly $620,000,000, and we are not through yet. This is something like $250,000,000 less than the President, through his Director of Budget, requested to be appropriated in his message to the House on December 7, 1931. In a statement made by the President in April, 1931, he did not at that time think that it would be necessary to even pass a tax bill during this session, although it was estimated that we would have a $900,000,000 deficit for the fiscal year ending 1931.

The public must understand, as shown by the President's message on May 5, that all reductions must come from a sum not exceeding $1,700,000,000; that the other appropriations are fixed charges. Since the President's message, in which he sent up his Director of Budget's report, he has asked for and secured $625,000,000 in appropriations which was not included in his Director of Budget's estimate at that time.

There has much appeared in the press about the House failing to pass the economy bill that was reported to the House. This Economy Committee deserved great credit in the untiring efforts that they made trying to bring out some bill that would mean

many millions of savings to the Government. But so anxious were they to do this that they put items in this bill, to get them before the House, that were not agreed to by all members of that committee, and the result was that there was only one member of that committee, the chairman, who voted for and supported every measure therein contained.

For instance, while the committee reported consolidation of the Army and Navy, which it is admitted would have at least saved $25,000,000, and estimated by the author, the Hon. JOE BYRNS, to have saved from fifty to one hundred million dollars, was bitterly opposed by the administration, and when this bill was up for consideration, the President's own private secretary, known as his political secretary, an ex-Member of the House, was on the floor of the House buttonholing Members of his own party against that measure, and which resulted in its defeat. The Economy Committee recommended 11 per cent flat cut, over $1,000 exemption, of salaries, yet the administration and the Republican members of the Economy Committee fought this measure and undertook to substitute therefor what is known as the President's stagger plan. I merely recite these facts to show that there was no unanimity of action on the part of the committee or the administration in reference to all the items contained in this economy program. Personally, I voted for the consolidation of the Army and Navy, not only as a reduction of the expense of the Government but because I believe it would add to the efficiency and strength of our national defense.

I voted for the reduction of salaries; and after the committee had voted an exemption of $2,500, which I voted against, I offered an amendment providing that there should be a reduction in salaries of 11 per cent from $2,500 to $3,500, 15 per cent from $3,500 to $5,000, 20 per cent from $5,000 to $7,500, and 25 per cent over and above that amount. This was defeated. Congressional salaries were cut 11 per cent over an exemption of $2,500, but of course if my amendment had prevailed it would have been much more. I then thought, and still feel, that reduction in salaries should be greater in the higher brackets.

The President has complained that lobbyists have been in Washington "as thick as locusts." This may be true, and deserves the severest criticism, yet the same conditions existed when the Grundy tariff bill was passed in June, 1930, and which tariff bill has aided more in producing the distressful conditions in this country than any other act that has been passed by Congress in many years, yet we had no complaint from the Chief Executive at that time. Some two or three months ago the Expenditures Committee of the House had hearings and made investigations for the purpose of cutting down the expenses of the various departments, and in this investigation they had before them the heads of various departments, including Members of the Cabinet, and each and every one of them, from report made to me by members of that committee, stated that no reduction in expenses could be had in their departments.

How can we Members of Congress get this information, when there are thousands of offices and hundreds of thousands of employees in this Government, unless it comes to us through these departments, of which the administration is in control? Regardless of that fact, however, I am glad to say that the Committee on Appropriations have made many reductions, approved by the House, which will reduce the expenses of these departments. In the language of the Hon. WILLIAM B. BANKHEAD, of Alabama, made on the floor of the House a few days ago: "I think it is a matter of supreme importance that the people of the country do know the truth about what this Congress is undertaking to do in the matter of economy, and I think the Congress of the United States ought to receive at the hands of the people the credit to which it is entitled for the earnest and diligent efforts as representatives of the American people in this body."

I have just spoken about lobbyists. But the greatest form of lobbying adopted in this country at the present time is that practiced by many organizations in writing form letters and sending them to your constituents and having them forward to you, oftentimes copied on their own local stationery. These letters come in by the thousands, and there was never a time in recent history when Members of Congress have been so flooded.

Mr. FRENCH, of Idaho, a few days ago stated on the floor of the House that he had been told that the cost of telegrams alone received by Members of Congress for days at a time would aggregate $10,000 a day. Quoting him further:

"The Members of this Congress must not permit the selfish demands of individuals and groups who are asking for larger and still larger appropriations to blind them to the importance of scaling down the budgets that we are called upon to meet."

With this sentiment I fully agree. We must not only economize, and thereby aid in balancing the Budget at less expense to the taxpayers, but something must be done to relieve the situation that now exists in this country. The expenses of the Federal Government are too great and must be reduced, but the greatest burden of direct taxation upon the greatest number of people in this country is that of State, county, and municipalities. What must be done toward solving the economic conditions of this country? Money has become too high; it must be made cheaper; and it appears to me that the only way this can be done is by a sane and safe expansion of the currency. If we ever have prosperity in this country, it must commence at the bottom with the producing class.

The farmer is in a pitiful condition, unable to sell that which he grows, except for a pittance. If he owed $1,000 three years ago, to pay that now in commodities which he raises would cost him some three or four thousand dollars. This can not continue indefinitely. There must be some way to stabilize the dollar and stabilize it according to the price of commodities of about 1926. Senator BORAH stated Monday on the floor of the Senate: "The gold dollar is no longer an honest dollar; no longer a dollar to be trusted." The idea is that it fluctuates in value. We have tried to reach this condition in the House by the passage of the Goldsborough bill, which means that the Federal Reserve Board shall buy up Government obligations and issue currency thereon until commodity prices reach a level of about 1926. This bill is indorsed by many of the most noted economists in this country. We must relieve this condition in some way. We must take care of our own people. There was never a time of recent years when conditions were so dreadful and the need was so great as at this present time. In my official career I have never felt the burdens and responsibilities so much, and everything that I can do toward economy in Government, toward that character of legislation that is sane and sound for general relief to the people of the United States, will be done.

I get numerous letters and telegrams daily from various places throughout the United States demanding economy in government, yet opposing any reduction in that proposition in which they are more vitally interested. So far as I am concerned I will close my eyes to these petty and personal requests and shall seek to do those things which I think is to the best interest of all the people of these United States and let the consequences be whatever they may. We have almost been led to the precipice by extravagance, and it is our duty to stay the hand and show the same character of patriotism that we would manifest during war, because this is a war against unemployment, against permitting the millions of men and women in this country to be out of employment, in destitute circumstances and children crying for bread.

EXTENSION OF REMARKS

Mr. NELSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a statement that I filed with the Committee on Rules with reference to H. R. 11677, including a statement and certain letters pertaining thereto and an exhibit referred to.

The SPEAKER. Is there objection?

Mr. UNDERHILL. Mr. Speaker, that is going a long way. The gentleman will have to modify his request. I object.

NATIONAL DEFENSE

Mr. HOPKINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the question of national defense.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOPKINS. Mr. Speaker, in the name of economy the very heart of our national defense is being attacked by the bill reported out by the committee of which Mr. COLLINS, of Mississippi, is chairman. They propose to:

(a) Discontinue the citizens' military training camps.

(b) Discontinue the Reserve Officers' Training Corps camps and to badly cripple our whole Reserve Officers' Training Corps system. Should this bill be passed as it is, such Reserve Officers' Training Corps units as those at the St. Joseph high schools would be discontinued.

(c) Discontinue the 14 days' pay for reserve officers' camps.

In 1920 we adopted our present national defense act. It provided that instead of maintaining a large standing army, we would maintain a large citizens' reserve which would serve to train our people not only in the fundamentals of defense but also in the principles of good citizenship. As a result we have for 12 years developed our National Guard and our Reserve Officers' Corps.

We all remember how unprepared we were in 1917. Thousands and thousands of lives were lost because we were unprepared. Also much valuable time was lost while we trained our men. Fortunately we had allies to hold the line until we could get partially ready. God forbid that we should have another war, but if we should we might not be so fortunate as to have such allies. Therefore, for the sake of the safety of the country as well as the men themselves, let us not abandon our national defense system at this time.

Now, I want to point out that the main benefits from the reserve and the citizens' military camps are not purely for national defense. Good citizenship is probably the most im-

portant objective and at no time was it so badly needed. I urge my colleagues to defeat the committee and to restore these important items of our national defense.

DEDICATION OF NEW STATE CAPITOL BUILDING, BATON ROUGE, LA.

Mr. FERNANDEZ. Mr. Speaker, I ask unanimous consent to insert in the RECORD an address delivered by my colleague [Mr. OVERTON] at the dedication of the new State Capitol in the city of Baton Rouge, La.

The SPEAKER. Is there objection?

There was no objection.

Mr. FERNANDEZ. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address delivered by my colleague Mr. OVERTON in the city of Baton Rouge, State of Louisiana, on May 16, 1932:

ADDRESS OF HON. JOHN H. OVERTON, OF LOUISIANA, AT THE DEDICATION OF THE NEW $5,000,000 STATE CAPITOL

Your Excellency Governor Allen, Mr. Chairman, and fellow citizens, it is indeed, my friends, a pleasure to me, after four months' sojourn in the Capital of the Nation, to find myself once more in the capital of Louisiana. It is a pleasure to stand again upon the soil of my native State and mingle with her splendid and wonderful people. And it is a privilege of which I am justly proud to be permitted to take part in the celebration of a day and an event that promises to be so memorable in the history of our State.

As I stand before this vast throng, composed of citizens assembled here from every section of Louisiana, I am wondering whether they will consider that I am guilty of any impropriety in singling out the people of this splendid city of Baton Rouge and congratulating them upon the fact that the often-agitated question of the removal of our State capital appears about to be definitely settled for all time to come. They deserve our congratulations. There has probably not been in the history of any State in the Union—and, as far as I know, in the history of any nation—a capital that has been so migratory as the capital of Louisiana. Our capital first came into existence in the city of New Orleans, where she remained until 1829. She then journeyed up the Mississippi River and established her residence in the delightful town of Donaldsonville. But in 1831 she concluded to return to the place of her nativity and she reestablished herself in the Crescent City. There she remained until 1846, when, again seized with wanderlust, she once more journeyed up the Mississippi and established her place of abode on the high banks and beautiful site of the city of Baton Rouge.

The dangers of the War between the States caused her to seek a temporary refuge in the town of Opelousas and then in the city of Shreveport. In 1864 she again returned to the metropolis of the South, but in 1882 she concluded to return to the object of her maturer affections. Here she has remained until the present day, but during the 50 years that have intervened since 1882, the date of her last removal, the claim of Baton Rouge to the permament location of the seat of our Government has been a matter of more or less constant dispute and agitation.

Seven times, therefore, has Louisiana's capital been changed. Legislative statutes and constitutional ordinances have been enacted in vain to compel her to a fixed abode and assign her to a permanent domicile. That vexatious question, however, that has perturbed the State of Louisiana since its admission to the Union has been at last set at rest. It has been settled, Mr. Chairman, not by legislative enactment or constitutional mandate but by the occurrence of two things during the administration that has just been brought to a close. The first was the building in the city of Baton Rouge of a place of residence for our governors becoming the dignity of that high office. The second, and the final and the conclusive event, has been the erection upon this historic site of a permanent, magnificent capitol building, capable of responding to the present needs and the future growth of Louisiana and symbolizing in its architectural beauty, its ample proportions, its massive grandeur, and its towering height of marble, steel, and stone the sovereign majesty of Louisiana's proud Commonwealth.

I have said, Mr. Chairman, that we stand upon a historic site. It is not only historical in the sense that it is prophetic of the continued greatness of Louisiana, but it is historical because it teems with memories of the years gone by. On these very grounds, and within a stone's throw of where we are assembled, stood the famous red pole which once marked the boundary lines between the hunting grounds of the Houma and Bayou Goula Indians, and from which Baton Rouge derives its name. Up and down the mighty river that sweeps by us traveled the early explorers of a newly discovered continent. Here the white man pitted himself against the red man, and Spaniards, French, and English contended against each other in their early struggles for the conquest and dominion of a new world. It was upon these grounds that in 1822 the United States Government established a military post by the erection of garrison and arsenal buildings, most of which still stand round about us. Since 1886 up until a short time ago these grounds and buildings have been devoted to the education of Louisiana's youth in that great institution of public education, the Louisiana State University and Agricultural and Mechanical College. Over this site have floated the flags of six different dominions, the flags of France, of Spain, of England, of the Republic of West Florida, the flag of the Confederacy, and, finally, and let us hope forever, the glorious banner of our Nation, the Stars and Stripes of America.

It is, indeed, my fellow citizens, a far cry from the red pole of the Indian tribes to this stately and towering capitol—

> "Whose sky-line dome
> Hath typified by work of daring art
> The true design and aim"—

of Louisiana and her great people.

It is worthy of observation and comment on this occasion that the few facts of the history of this particular site to which I have referred are, after all, an epitome and panorama of the history and development and evolution of our Nation. The hunting grounds of the Indian; the exploits of the early explorers; the various flags of different nations struggling for the mastery of a new world; the garrisoned post of war; the college and university of public education and enlightenment; and, finally, this massive, modern structure, embodying the conception of a free and independent State, a State that is an integral part of a National Government which, in spite of the gloom and despair and tragedies of the present hour, is still the greatest temporal government ever ordained by "the brain and purpose of man."

In the dedication, Mr. Chairman, of this capitol to its permament location in this beautiful city, and upon these historic grounds, I wish to take the liberty of congratulating first of all our former governor and present United States Senator, the Hon. HUEY P. LONG. His was the vision to conceive, the courage to propose, and the hand to direct and consummate this great and patriotic enterprise.

I congratulate His Excellency the Hon. O. K. Allen, who has just been honored with the official bestowal of the highest office within the gift of the people of this State, and who has realized an ambition of which any Louisianian may well be proud. And permit me to say, my fellow citizens, that it is indeed a fortunate circumstance that in this trying period we shall have presiding over our new capitol and directing the reigns of our government one possessed of the capacity, the public experience, the indefatigable energy, and the sound common sense of Gov. O. K. Allen.

I extend my congratulations to our lieutenant governor, Hon. John B. Fuornet, to the heads of the various departments of our State, to our senators and representatives, and to the entire official family of the incoming administration upon the fact that they are the first to utilize this capitol wherein largely the future history of Louisiana will be written. I congratulate them that they shall enjoy its advantages and its inspiration in their efforts to complete the great constructive work of the outgoing administration, and in doing their part toward solving the grave problems that now seem to baffle and confuse the legislative councils of almost the entire world.

Above all, I congratulate the people of our State. This is our capitol, authorized by us and owned by us. A capitol is peculiar to and expressive of free and independent states. Monarchies have no capitols. They have the palaces of kings. This great structure is our building, the concrete expression of our pride in our State. There could be, Mr. Chairman, no more convincing and eloquent evidence of the unconquerable spirit and splendid patriotism of the people of Louisiana than the fact that in the midst of the world's greatest depression, they should be here on this day dedicating, not only to their own use but to the use and enjoyment of generations yet to come, a statehouse that would do honor to any State in the Union.

It is indeed a remarkable circumstance, a remarkable tribute to the spirit of the people of this State, that in the midst of this depression Louisiana has not only builded this capitol but has continued a constructive program of public improvement that finds no parallel in any other State of the Union of similar wealth and advantages. And I would be guilty, Mr. Chairman, of misgivings that I do not entertain, I would be guilty of doubting without just cause the capacity and resourcefulness of our newly inaugurated governor, I would be guilty of questioning unfairly the unconquerable spirit of Louisiana, if I did not here prophesy that this great work undertaken by the last administration will yet be completed and brought to a glorious fulfillment under the leadership of the present administration.

I can not, my friends, find it in my heart to sound any note of despair in this festal hour of general rejoicing. Why, anyway, should we of Louisiana surrender to the forces of gloom and despair? We have been through hard times before. We have lived through depressions in the past. We have suffered panics in the years gone by. We have survived them all. We have not only survived them, but we have each time arisen from their conquest stronger in our faith and in our confidence and proceeded to move onward in the pathway of human progress. We have never shown the white feather, and we are not going to show it now. We have in the past met and solved all our problems, and we shall continue to meet and solve them with that determined and victorious spirit with which our pioneer fathers carved a great civilization out of this wilderness and upheld and maintained that civilization and carried it forward to an even more glorious future through all the trials and tribulations of the days of reconstruction.

Why, I repeat, should we surrender to the forces of despair? While it is true that in common with the rest of the Nation we have thousands of our citizens out of employment and our crop prices and commodity prices are at the lowest of levels, yet we still have, undestroyed and unimpaired, our fertile soils, our natural resources, our farms, our cities, our towns, and our structures and institutions of public welfare. No plague or pestilence,

no war within the last few years, has destroyed or depleted the agricultural, industrial, laboring, or economic forces of this State or Nation. We have as much natural and tangible wealth as we had in the 1929 peak year of prosperity.

It must, therefore, be apparent to anyone that our present financial difficulty is not to be attributed to a loss or depletion of wealth or of our resources or of our man power. We have all these in the same abundance that we had in the very height and zenith of our prosperity. The main trouble, my friends, lies in both the hoarding and the unequal distribution of the wealth of this country.

Is there any man, rich or poor, billionaire or pauper, who will defend the proposition that it is either sound or just for 1 per cent of the people of this country to own and control 59 per cent of its wealth? We are still the richest, as we are the most powerful and the greatest Nation on the face of the globe and in all the history of the world. We still have an estimated national wealth of $400,000,000,000. But, in all frankness, let me ask the question whether it is sound economically, whether it is conducive to the general welfare, whether it is helpful to the happiness and liberty and progress of our people, that 1 per cent of our population of 120,000,000 souls should own and control over two hundred billions of our national wealth and the rest of it be parceled out among the remaining 99 per cent? There is nothing socialistic or radical in such an attitude toward public affairs. I am conservative by nature. I simply put the plain and unvarnished statement of the present concentration and reconcentration of wealth in the hands of the few, and I challenge even the beneficiaries of such an economic condition successfully to defend it.

"Ill fares the land, to hastening ills a prey,
Where wealth accumulates and men decay."

I take no stand, my fellow citizens, against wealth as such or or against its honest accumulation. I do not advocate its confiscation; but I do adhere to the sound and just doctrine that the taxes and the expenses of government should fall on those best able to bear them, and I do urge that, especially in this hour of national calamity, wealth should be made to bear an increasing proportion of our public burdens.

The President of the United States, its Secretary of the Treasury, our greatest political leaders, our financial experts, and economists tell us that we are face to face with one of the greatest crises in the history of our country. They tell us that we are at war—at war against depression, at war against financial collapse, at war against the threatened bankruptcy of our Governments, National and State. How, then, are we to fight against the forces of economic collapse and financial bankruptcy? What are the means, the munitions, the instrumentalities of this kind of warfare? When we are engaged in physical warfare, when the enemy fires upon the American flag, what do we do? We summon—we have always summoned—the masses and manhood of this country to rally to its battle standards, and they have always responded to our call to arms.

In the late World War we not only summoned but we drafted and conscripted them. We took the clerk from behind his counter, the laborer from out of his factory, the farmer's boy from behind his plow. We placed them in training camps; we sent them 3,000 miles across the ocean; we offered them as living sacrifices to the murderous fire of the enemy's guns in order that our Nation might be saved from the great danger that threatened it and this world made safe for true democracy. And they—the farmer's boy, the clerk, the laborer, the fighting manhood of our Nation—brought Old Glory back from across the seas unsullied and undefeated. And in every physical warfare in which we have been engaged—from the Revolutionary War to the World War, from Lexington and Concord to Belleau Wood and Chateau-Thierry—the great masses of our American citizenship, its men and women, have so rallied to the flag that it never yet has been lowered in defeat.

But, my friends, we are engaged to-day in no physical conflict. The war in which we are engaged is a financial and economic one, and in such a conflict we can look only to the wealth of our country to supply the resources, the forces, the munitions, and the weapons of battle. And in this hour of national financial peril, in this hour of threatened governmental bankruptcy, it is proper that the wealth of our country should be compelled to its defense by adequate taxation upon its incomes and its inheritances for the purpose of national salvation.

Let us therefore, Mr. Chairman and my fellow citizens of Louisiana, dedicate this capitol and rededicate ourselves to the simple and imperishable truths upon which our Republic was founded in a period of greater storm and stress than now confronts us. It is the observance of, and adherence to, these fundamental maxims of public policy that will preserve our Nation and its glorious sisterhood of States from the perils that threaten their destruction. Let us dedicate this capitol to "the self-evident truths that all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness; that to secure these rights governments are instituted among men, deriving their just powers from the consent of the governed." And let us dedicate this capitol to the sublime truth that from the beginning it was ordained to be, and through the patriotic purpose of a mighty people and under the blessings of a Divine Providence it will continue to be, "a government of the people, by the people, for the people."

LAWLESSNESS

Mr. KARCH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. KARCH. Mr. Speaker, this session of Congress can not afford to adjourn without passing legislation which will remedy the two cardinal evils that notoriously exist and are threatening the life of this country. One is the unemployment situation, and the other is the crime wave. The two problems are, in my judgment, of equal gravity. In fact, I believe that they are interrelated.

However, I am addressing myself at this time particularly to the intolerable condition of lawlessness which is rampant throughout the country and has virtually broken down all law and order. If we are candid with ourselves, we have to confess that the ordinary law-enforcing machinery of the Nation has broken completely down.

The very first function of Government is to protect the life of its citizens. At this hour any man's life is in danger; the same is true of his property. I am sure I am within the record when I say that murders in this country have increased one hundred fold within the last decade, and that kidnaping has increased at a much larger ratio. The traditional judicial and police law enforcement instrumentalities, as they are provided by the several States, are not only inadequate but wholly incompetent to cope with the exigency.

I have given this question serious study for many years. I have observed this growing menace to our society very closely. But it really requires no specialization to appreciate the seriousness of this national disaster. Dire apprehension is in the mind of every good citizen as to where it will finally end.

The Wickersham Commission commented upon the gravity and magnitude of crime and general lawlessness, and I understand they are about to further report astounding revelations in this connection in the near future.

The States, as I have indicated, are impotent to suppress the crime movement at its present stage. It has been my observation that in the commission of the major crimes, such as murder, kidnaping, bombing, rape, and such criminal activities as are perpetrated in the furtherance of what is known as "racketeering," only one out of a hundred is ever successfully prosecuted.

I further make the assertion that there are many thousands of such crimes enacted which never become publicly known. Frequently, we hear of persons mysteriously disappearing. Hundreds of our women are being raped, who, either out of modesty or fear of naming the guilty parties, forego reporting their experiences.

In a large percentage of cases in which prosecutions are attempted, witnesses will either not appear at all or testify in exoneration of the accused under the duress which is actually or presumably held over them by the gang of which the defendant happens to be affiliated.

As I have said before in an address in the House of Representatives, crime is not sporadic and emanating from individuals here and there. Crime is organized. Crime is entrenched in fortified camps. Killers and homicidal maniacs constitute a veritable hostile army in our midsts. Brains and master minds are the captains in this army, while the morons and perverts, dope fiends, and other human débris, either serve under these captains or fraternize with their cause.

These captains command millions of dollars which we know they employ, first, to corrupt officials and, secondly, to defend themselves against prosecutions.

The time is here to-day and at this very hour that the Federal Government must assume the burden of eradicating criminal lawlessness. I am fully aware of the doctrine that the police power resides only in the States, and in ordinary times that is where it ought to be.

But these are extraordinary times. This is war, war between human rights and the forces of good government on

the one side, and the boast of corruption, lawlessness, bribery, murder, arson, rapine, abduction, robbery on the other.

This Government can not endure if its citizens are constantly in a potential danger of being assassinated and abducted, its women in danger of being ravished, and its babies kidnaped and brutally murdered.

In order to make it definite and certain that the Federal Government has clear and incontestable jurisdiction to surveil the activities of these modern brigands, bandits, and freebooters in their arrogant and ruthless spoliation of the lives and the property of the citizens, I am proposing by the joint resolution that I have introduced in the House to-day to amend the Constitution of the United States—conferring upon Congress plenary and unlimited authority to create a code of laws and to set up a crime-surveilling machinery that will be effective and adequate in the premises.

This joint resolution, which will probably be known as the twenty-first amendment to the Constitution of the United States, could, and, in my judgment, would, pass both Houses of Congress before the end of the present session, and inasmuch as the necessary number of States will hold legislative sessions in January, 1933, it is very probable, under the state of the public mind as it now exists, that the amendment would be ratified by these States, thereby enabling Congress to exercise its new powers within less than one year from this day.

I regret that the President of the United States and the Attorney General have not heretofore moved in the premises. I can not conceive how they can sit supinely by and permit this national menace to continue.

If the Attorney General has been correctly quoted, he went out of his way to advise the Judiciary Committee of the House that the Government is not disposed to take on any additional obligations in that behalf or to enter into new fields of criminal jurisdiction, and that he specifically opposed the various bills before the Judiciary Committee of the House, including the Cochran bill, which undertakes to penalize kidnaping transactions involving interstate transportation of the victims.

But in contradiction to their attitude and by sheer usurpation of power these exalted officials have tendered the entire law-enforcing agency of the Federal Government to Col. Charles A. Lindbergh in his quest to seek and apprehend the guilty parties who abducted and murdered his little baby. I do not wish to be understood as criticizing that action; on the contrary, it is what they ought to do and what they should have done immediately.

The Lindbergh case illustrates forcibly the utter inefficacy of the State police methods and systems. As the Wickersham Commission has well said, the law officers of the States are woefully incompetent. Sheriffs and policemen are not chosen for their technique but invariably for political reasons. Police duty in this day and age requires experts—men of a very high order of intelligence, courage, and integrity. These modern crimes can only be solved by scientific men and scientific methods. The days of the Hawkshaws and constables are over.

Bone-headed police, from Norman Schwartzkopf down, have bungled the Lindbergh case and have even hampered, if not frustrated, the potential possibilities of apprehending the guilty parties. If the agencies of the Federal Government had taken full charge of this case in its early stages, assuming that it would have had on its staff expert criminologists and investigators, I believe that the baby's life would have been spared, and the guilty perpetrators of this dastardly crime, which has shocked the world, would have been apprehended and summarily and successfully prosecuted. Certainly the Curtis-Peacock hoax, unequaled in its mendacity, would not have been permitted to be perpetrated upon the credulous and broken-hearted Lindbergh and to further aggravate his wounded sensibilities.

But would Mr. Hoover and Mr. Mitchell do for other fathers and mothers of less distinction than the Lindberghs what they did for them? Since the Lindbergh kidnaping there have been a score or more of kidnapings of children and adults equally precious and dear to their kin, but not a word or the turn of a hand by Mr. Hoover and Mr. Mitchell.

I warn that the kidnaping epidemic has only started. In the future victims in the common walks of life—yes; hundreds of them—will be marked for exploitation. I recall reading recently of several instances in which children of parents of moderate means were kidnaped and held for ransom in sums ranging from $300 to $5,000. From whom can this class of victims expect protection and assistance?

I propose by my measure to do for all of the mothers and fathers and for all of the babies in this country who may hereafter become victimized by kidnapers what Mr. Hoover and Mr. Mitchell have so freely and generously undertaken to do for Mr. and Mrs. Lindbergh.

We are told that the liquor traffic before prohibition caused the deaths, within the United States, of approximately 2,000 persons annually. Crime in recent years has claimed many thousands of lives annually. If there was justification for the eighteenth amendment, which I deny, there is more justification for a constitutional amendment to extirpate crime which not only slays thousands of human beings and deprives citizens of their property but, unless arrested, will convert this country of boasted law and order into anarchy and chaos.

The Cochran bill should be immediately passed by Congress. It is as drastic and far-reaching as possible under our present constitutional limitations. However, I can conceive of kidnaping transactions that could not be reached by the terms of that measure. The kidnapers could evade the provisions of any Federal law now capable of being enacted by so scheming as to avoid the use of the mail and interstate movements. Furthermore, the inadequacy of such legislation is obvious because Federal agencies could not intervene until postcrime facts develop which indicate the use of the mail or the interstate transportation of the victim.

SOLDIERS' ADJUSTED-SERVICE CERTIFICATES

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks by publishing in the RECORD a statement I made before the Committee on Ways and Means recently.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following argument made by myself before the Committee on Ways and Means of the House of Representatives, April 15, 1932:

Mr. PATMAN. Mr. Chairman, I promised several Members time this morning, and I just have to do the very best I can under the circumstances. I will have to go out of order again. Mr. Jed Johnson is on the Military Affairs Committee and they are going to consider a very important matter this morning. They are in session at this time. He has introduced H. R. 10096 asking for the full payment of the adjusted-service certificates. He only wants a few minutes of your time.

The ACTING CHAIRMAN. We shall be glad to hear him.

Mr. JOHNSON. Mr. Chairman and gentlemen of the committee, because of my desire to speed up the hearings, and also because several of my distinguished colleagues desire to appear before your distinguished committee, I shall not take as much time as I had contemplated using.

I have attended practically all of the hearings and have also listened on the floor of the House to arguments made against this bill since these hearings began. I have also read a great many editorials in newspapers arguing against the passage of this bonus legislation, and I find that the great burden of the argument against the payment of the veterans' adjusted certificates in full seems to be, first, that this is not a debt due the veterans but a gift, and outright dole, or donation that Congress is called upon to make. Some say that if it is a debt that the debt is not now due. We are constantly reminded that the adjusted-service certificates will not become due under the law until 1945.

I do not share the views of the opposition who say that this is not a debt; neither do I admit for a moment that it is not due.

I listened with surprise to one of the witnesses for the bonus the other day who said, "We admit that it is not due." I make no such admission. I do not hesitate to say to this committee that it is all past due, and it is a rank insult to every man who wore the uniform to refer to this legislation as a proposed donation to the World War veterans.

All of you will doubtless remember that hardly had the bark of the cannon died away and the smoke cleared up from the battlefields in the Argonne Forest when the railroads, the shipbuilders, and some of the ammunition factories, as well as several thousand civilian employees, came to Congress demanding a bonus for their "patriotic war-time services." They did not ask for promissory notes. The railroads did not ask for notes due in 1945. The shipbuilders did not ask for promises, but they wanted the cash on the barrel head. I am ashamed to say that Congress very soon after the war gave the shipbuilders their bonus, and gave it to them in cold cash. They gave the civilian employees, the shipbuilders, the railroads, and the ammunition makers, some of whom had profiteered to the tune of 500 per cent, their bonus in cash. Then, after the railroads had gotten their bonus, some one thought that probably the boys who had faced the machine guns at a dollar and a quarter a day should have their pay adjusted—not a bonus, mind you; Congress never gave the veterans a bonus, but merely proposed to adjust their pay.

Then others have said that the veterans are now breaking faith with Congress; that they had agreed to take these promissory notes, this sort of long-time insurance, and therefore that the veterans had broken faith with Congress. I want to remind the members of this committee that no outstanding veteran or veterans' organization, like the American Legion, Veterans of Foreign Wars, or disabled veteran organizations, ever asked for this thing they got. But they had to accept the 20-year adjusted-service certificates or nothing.

In the fall of 1919 the first American Legion convention was held in Minneapolis. At that convention a resolution was adopted calling attention of the Congress in a general way to the fact that "our Government has an obligation to all service men and women to relieve the financial disadvantages incident to their military service, an obligation second only to that of caring for the disabled and the widows and orphans of those who sacrificed their lives, and one already acknowledged by our allies."

In February, 1920, Congress having failed to give any relief in the matter of adjusting the pay of our former service men, the American Legion executive committee met in Indianapolis and passed a resolution again calling the attention of the Congress that in the opinion of the Legion all service men and women were entitled to adjusted compensation "in the form and for the amount of a $50 bond for each month's service rendered during the period of this war."

Congress failed and refused to pass the legislation requested by any service men's organization or any outstanding veteran, but Members of this body contented themselves, up until 1924, by delivering many speeches in both Houses, eulogizing the boys for their heroism rather than giving them substantial relief. Toward the latter part of 1920 the American Legion presented what was termed its fourfold plan and the same was introduced by the chairman of the Ways and Means Committee where this committee added what it called a 20-year paid-up insurance to the veteran. I call your attention to the fact that the fifth plan of insurance instead of cash was not the brainchild of the American Legion, the Veterans of Foreign Wars, the disabled veterans, or any other former service men's organization, but it had its inception in this powerful committee as a sort of sop to the soldiers and yet permitted the Government to escape and evade the payment of the adjusted pay in cash, as the veterans and veterans' organizations were at that time demanding.

The plan to adjust the pay of the veterans, in cash, was bitterly opposed and defeated by the international bankers, bond brokers, and Wall Street in general. In fact, many of the same gentlemen who will appear before this committee in the next few days in opposition to legislation to pay the bonus in full now, stated the same, or similar, reasons for opposing any kind of a bonus bill ten or a dozen years ago. It is not worth while for me to go further into the history of this legislation. Some of the distinguished members of this committee recall how a multimillionaire Secretary of the Treasury appeared before this committee time and again between the years 1920 and 1924 in opposition to any kind of a soldier bonus bill and especially in opposition to the bill veterans were sponsoring to adjust their pay in cash. When the bill was finally passed to hand the veterans a promissory note instead of adjusting their pay Wall Street and the other international bankers and bond brokers with foreign securities openly boasted that they had won a great victory.

I said a while ago that the railroads, munition makers, shipbuilders, civilian employees, and others received their adjusted pay in the year 1919, immediately after the ending of the war. They not only received their pay but they also received the interest rate they demanded from the beginning of the war. I submit in all fairness that if those with less-hazardous jobs were entitled to pay from the beginning of the war, with interest, the war veterans, who faced machine guns and the shrapnel that American profiteers sold to this Government at 500 per cent profit, are entitled to interest from the date of their enlistment. If that be true and the war veteran had been paid his interest at the same rate the railroads received at the hands of this Government, the adjusted-service certificates would have fallen due in the year 1931. I have no apologies in looking members of this committee in the face and say it is a just debt; it is an acknowledged obligation by the Government; it is long past due, and this Congress can not longer sidestep nor evade the issue.

So, I repeat, that if the veterans had received their interest at the same rate that the railroads, the shipbuilders, and the civilian employees and others who profited off war received theirs, every penny of it would be due now.

Mr. RAINEY. May I interrupt?

Mr. JOHNSON. Yes. You may ask me a question.

Mr. RAINEY. What do you mean by bonus to the railroads?

Mr. JOHNSON. I mean that they asked and received their bonus in cold cash with added interests from the very moment they were taken over.

Mr. RAINEY. Was that not a payment for the Government operation of the railroads during the war?

Mr. JOHNSON. Oh, yes; Congress called it a payment. I say that in fact it was a gift—in cold cash. Congress proved itself to be a big Santa Claus to the railroads.

Mr. RAINEY. That was a reimbursement to the stockholders of the railroads.

Mr. JOHNSON. Reimbursement is the term Congress applied, but may I remind the distinguished gentlemen that considering the watered stock, it proved to be a donation or a dole rather than a bona fide reimbursement.

Mr. VINSON. Will the gentleman yield?

Mr. JOHNSON. I will yield, although I must not consume too much time.

Mr. VINSON. I just want to make the observation that in turning the railroads back to private ownership they certainly got section 15 (a) of the interstate commerce act, which carried the recapture clause.

Mr. JOHNSON. Absolutely. The railroads ought to believe in Santa Claus.

Mr. VINSON. And if I read the signs of the times, there is going to be several hundred million dollars turned back to them by virtue of legislation which will probably be enacted at this Congress.

Mr. JOHNSON. Yes; by legislation already enacted. Congress was induced to pass the $2,000,000,000 Reconstruction Finance Corporation act in order, we were told, to end the depression, and Congress dished out another dole to the railroads. Now all of us realize that it was a farce and a fake. We now have the sorry spectacle of seeing defunct railroads "borrowing" millions of dollars from the Government with their bonds worth 12 cents on the dollar.

Mr. VINSON. As I understand it, the amount involved under this recapture clause is something like $500,000,000.

Mr. JOHNSON. I think that is about right. I am sure the distinguished gentleman knows.

Mr. HILL. That is money that the railroads have earned.

Mr. VINSON. Yes; but earned under the mandate of section 15 (a), which provided that the Interstate Commerce Commission should fix the rates at such a figure that they would earn the 5½ per cent plus the 1 per cent for rehabilitation, and one-half of the 1 per cent for rehabilitation was under the recapture clause to go in the Treasury of the United States, and very few dollars have yet found their way into the Treasury of the United States, and the $500,000,000 or more will be turned back to the railroads.

Mr. JOHNSON. The gentleman's statement is unquestionably true, and in that connection, since the question of the railroads earning their bonus has been raised, I want to say, not as a general who pulled down a big salary during the war, but as a very humble private in the rear ranks but with front-line service, that I know war veterans more than earned every dollar Congress has admitted it owes them.

The opposition to this legislation has greatly stressed the fact that the American Legion organization in its last national convention failed to pass a resolution indorsing the bonus. Also, that Commander Stevens, of that great organization, has recently gone on record as violently opposed to it.

I do not care to go into that discussion further than to say that neither the action of the national convention nor that of the wealthy young commander who doesn't need his bonus certificate represents the sentiment of the rank and file of the legionnaires of Oklahoma. For the national commander to say that only 23 posts of the country had indorsed the bonus at the time of his statement was absurd on the face of it. Practically every American Legion post in the State of Oklahoma indorsed full payment months ago. What applies to Oklahoma applies in a general way to a majority of the States of the Union. I am told that national committeemen of that great organization will soon meet at Indianapolis and at that time will give Commander Stevens some inside information and probably a just reprimand for his unwarranted action in opposing this just legislation.

When the array of big business men, great financiers, near financiers, economists, and would-be economists appear before this committee next week in opposition to this legislation, I assume that the burden of their arguments will be that this bill, if and when passed, will destroy the financial structure of the Government. No doubt the committee will be warned against the passage of this legislation and will be repeatedly told that the 50 per cent loans made to the veterans by the last Congress did not revive business.

Let me say in reply to the charge that the 50 per cent loans did not stimulate business. I personally know that in many sections the veterans' loan not only revived but was a tremendous stimulation to business in general in spite of the fact that not one dollar of actual money was issued. What the veterans received was credit, not money. Not one new dollar was placed in circulation, and that, gentlemen, was not a gift. What Congress actually did was to lend the veteran 50 per cent of his own money. It must also be remembered that a great majority of the veterans who have borrowed at all on their certificates had previously borrowed

20 to 25 per cent before the passage of the 50 per cent act. So the loans in fact only amounted to 25 to 30 per cent instead of 50 per cent, as one unfamiliar with this legislation might think. The inference has also gone out that the veterans' loans have caused the deficit in the Treasury; that the money came from the pockets of the taxpayers of the country.

Even Members of Congress have made such erroneous statements. The fact is that aside from a small amount appropriated by Congress to administer the fund, this money, or practically all of it, came from the veterans themselves; from premiums paid by the veterans on their insurance during their war-time service. That fund, made up of premiums on this insurance, amounted to $881,000,000, and yet Congressmen and others boast that they gave the veterans the money. What Congress did was to lend 50 per cent on these certificates, and then had the nerve to charge the veteran 4½ per cent compound interest on his own money. At the same time this Government can go out in the market and get money for less than 2 per cent. The veterans know they did not get a square deal on that loan, and it is a sad fact unless the 4½ per cent compound interest is canceled many veterans will actually owe the Government on the last half of the bonus in 1945.

Answering the charge that payment of the bonus in full will hurt business, I will say to this committee that I do not pose as an economist or a financier. If the great Champ Clark, after studying the money question for a lifetime, would admit that he knew nothing about the money question and doubted seriously if anybody else did, I would not have the temerity to tell this committee that I pose as an authority on the subject. If I thought that the payment of the last half of the bonus would impair the financial structure of the Government or hurt business to any extent whatsoever, I would not, under any circumstances, support this legislation. On the other hand, after talking to many economists and financiers in high authority, I am fully convinced that the currency must be expanded or reexpanded, as Senator Owen and other authorities on the subject have said, and it occurs to me that either the Patman bill or the Thomas-Johnson bill (H. R. 10096), introduced by me and now pending before this committee, would be a practical way of expanding the currency. In my judgment it is imperative that some action be taken by Congress and that immediately, to give the country cheaper money.

I think it is generally admitted that money has become entirely too high and commodities too unreasonably low, and something must be done and done quickly to bring up the price of commodities and cheapen the dollar. The fact that members of the Federal Reserve Board all over the United States, after these hearings started, were called to Washington to discuss ways and means to expand the currency is evidence that there is merit to this legislation.

Of course, all of us understand that this hurried action on the part of the Federal Reserve Board at this time is primarily for the purpose of defeating this legislation, but even if that be true the veterans have won a moral victory and yet the average American citizen will ask himself if the Federal Reserve Board can, without any authority of law, go into the open markets and buy a billion dollars' worth of securities why did it not do so six months ago—why did it not do so a year ago—or two years ago—and save the country from the most terrible money panic America has had in the past quarter of a century? The announcement of the Federal Reserve Board that it will increase the currency within the next few weeks is a terrible condemnation of its policies in its failure and refusal to do so in the past.

Mr. MCCORMACK. In other words, you do not think that the recent action of the Federal Reserve Board completely supports the theory of the opponents of this legislation?

Mr. JOHNSON. That is quite true. On the other hand it demonstrates that the Federal Reserve Board admits the soundness of the plans here being considered. It is not a question of what Congress would like to do, but I am fully convinced that the expansion or reexpansion of the currency must be done, and that it must be done quickly.

Mr. RAGON. If I understood Senator THOMAS when he was here the other day, he felt that the terms of the Patman bill might greatly injure the Federal reserve system.

Mr. JOHNSON. Yes; I heard the statement of our distinguished Senator from Oklahoma. I do not share his view altogether. There is no question but that some of the money under the Patman bill would come in competition with the Federal reserve, but it would not be any appreciable amount, and not enough to kill the Federal reserve or seriously cripple it. But frankly, I measure my words when I say the Federal Reserve Board ought to function as originally intended in the interest of the people, or else Congress ought to abolish it.

I desire to make it plain, Mr. Chairman and members of the committee, that I am not wedded to any plan. I have no pride of authorship of the bill I have introduced in Congress in keeping with the ideas suggested by Senator THOMAS and also similar to the suggestion of Senator Owen. The Thomas-Johnson bill would go through the Federal reserve and make that a functioning organization operating in the interest of the people instead of by and for Wall Street and the international bankers.

It is needless for me to picture to you the conditions and the need for relief for our war veterans and their families. You have heard that over and over again; but let me say in closing that if $2,000,000,000 of additional currency were sent out into every nook and corner of America, in my judgment it would revive business immediately. It is a practical way of increasing or expanding the currency. It would have the effect of raising commodity prices. It would save the homes of thousands of war veterans where foreclosures have already been started. It would melt the long bread lines, stop suicides, and relieve suffering in every town and hamlet. It would not only fill empty box cars but fill millons of empty stomachs, and replace misery and suffering with a ray of sunshine and hope, and at the same time pay a just and acknowledged debt due the war veterans by the Government of the United States.

Mr. CRISP. We thank you very much for your presence.

CRITICISMS OF CONGRESSMEN

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, more untrue, unfair, mean things are being said about Members of Congress than ever before. We are only human and make mistakes just like other folks. We should be criticized like other folks. The criticisms should be fair, honest, and based on a true statement of facts. There is not an honest Member of Congress who would not welcome criticisms, to the fullest extent, of his official record in Congress and yet in political campaigns and generally this is not done. Exactly the contrary too often takes place.

Speaking for myself—most other Members feel the same way—I beg and plead for honest criticisms of the thousands of votes I have cast; the hundreds of speeches and statements I have made; the scores of bills I have introduced and the hundreds and even thousands of official acts I have performed.

If anyone feels that by word or act I have ever been unfair to the farmer, the laboring man, the ex-soldier, or the common people, please let him say where, when, and how. I know some feel that I should be criticized. Many see things differently from me. To these I say, "Criticize my record, my votes, my bills, my speeches, my official conduct, and what I did or did not do. Please do not blame me for what others do over my protest. Please do not arrest me, try me, convict me, hang me, and blacken the name of myself and family forever for crimes of which I am absolutely innocent, which I condemn, and which I did my very best to prevent at the very risk of my political existence."

No fair man would condemn all the members of all the churches for the sins of only a few, neither would he condemn all humanity for the crimes of an individual.

An honest man would not visit punishment on the whole of a family for the errors of a brother or sister, and yet every day, in almost every newspaper and in every political statement we see or hear, we find an avalanche of awful criticisms and vile abuses heaped on all of Congress and every Member thereof, all because some one believes that either a majority of Congress or a minority of Congress or an individual Member has made a mistake or done wrong.

I beg the public to judge each tree by its own fruit and each vine by its own thorns. Sodom and Gomorrah were not destroyed because there were a few or even a majority of the inhabitants sinful, but because all violated and transgressed God's law. Everyone was judged by his own deeds, and the punishment was altogether just.

At this time I want to limit this discussion to some newspaper criticisms, and especially to a criticism of a bill introduced by me some time ago. I do not object to a criticism of my bill. I do object, though, to a distorted, unfair criticism; and it is of this I wish to speak presently. Before I do this let us endeavor to ascertain why more criticisms are being made of Congressmen than ever before. Is it because they are worse? I do not think so. Is it because we are putting forth less effort than previously? Surely this is not the case. There is a greater effort to render real service than was ever known before. What is the trouble, then? I know the cause, and I will put the blame where I feel it belongs; but before doing so I want to excuse many of the local or county papers for carrying this unfair propaganda. As a rule these small papers are edited by the very best men in our country. They would not purposely do

any man, woman, or child an injustice. It happens oft-times, though, that being misled by the big dailies or other large periodicals they innocently reprint items that are unfair, misleading, and that do an injustice.

Thus it is that no one can estimate the injustice that may be done by one unfair article carried by a big paper, reproduced by smaller papers, and then carried by word of mouth throughout the length and breadth of the country.

No one knows the never-ending, powerful, deadly effect of such poison better than the big financial interests and their paid allies—the big subsidized newspapers of the Nation.

Just as the rattlesnake uses his poison to destroy those he does not like, so the great financial interests and great newspapers owned or controlled by them use the venom of misrepresentation in an effort to kill those who oppose them or do not humbly do their will.

These big papers mislead the public by failing and refusing to publish the truth concerning Members of Congress who are not subservient to the big interests and who refuse to do the will of the big papers and their owners. They perpetrate a fraud on the public and seek to destroy faithful Members of Congress by not publishing anything that is to the credit of the Member without twisting and distorting it and by leaving out the most important part so as to make the Member appear silly or criminal, or both, and his official act appear vicious and antagonistic to his people.

These papers also seize upon slight indiscretions of a few Members to bring reproach upon all the Congress. They take special care by separate special personal items to make those who truckle to them appear to be patriotic statesmen and worthy of the fullest confidence of all people. Small or trivial matters are unduly magnified, distorted, and twisted beyond all reason.

This is what is done as to the Members' stationery allowance, mileage, franking privilege, and clerical assistance.

Every presidential-campaign year the country is whipped into a frenzy of hatred of Members of Congress by grossly unfair representations as to these items. I wish there was some way for them all to be eliminated. I will vote to cut out entirely the stationery allowance and the mileage.

The stationery allowance was $125 a year, and this session I voted to make it $90 a year. I would much rather pay out of my salary the cost of my ink, pens, envelopes, letterheads, and other stationery than have the newspapers always abusing my friends and me about this item.

Let us discuss briefly the mileage item of 20 cents a mile each way to cover all traveling expenses for each year unless there is an extra session. The public has been led to believe that every time a Member rides on the train he either rides on a pass or at 3 cents a mile and charges 20 cents a mile up to the Government. This is not the case, and yet our people, by this false statement, are led to hate us and feel that we are very dishonest.

Some say the actual traveling expenses of Members should be paid instead of this straight allowance. This would cost the Government much more. Many Members go home every week, some every night, and practically every Member spends his entire mileage allowance each year traveling to and from his home or on board and other expenses staying in Washington on the job, while others are going to and from their homes.

If actual traveling expenses were paid, the man who stayed on this job the least and ran over the country the most would get the most money, and the man who stayed on the job the most would get the least.

The man who lives a long distance away and makes only one trip a year may save a little money, but even this is spent in paying expenses here, and for his family if he has one.

There is no traveling allowance for a Member's family.

Since criticism of this mileage item has been made in my district and was evidently intended for me, I trust I will be pardoned for a personal reference when I say that no one in Congress has a better record for staying on the job than I have. I have never been out of Washington a single day while the House was in session since I was elected. I have never gone to Georgia or elsewhere while the House was in session except to the funeral of a Georgia Member of the House or a Georgia Senator, and I stay here doing urgent departmental work most of the time the House is not in session. And yet, in spite of the small amount of traveling I do, I have not been able to save any money out of my travel allowance.

I voted to cut it to 15 cents a mile each year, and I will vote to cut it out altogether. If the Senate passes the bill we passed in the House, my mileage for the present whole calendar year would be about $250. I would rather not get this than to be called a leech, a thief, and a crook because of this allowance.

It will cost almost as much as I get out of my mileage allowance to pay for the printing and mailing out of one ordinary set of speeches in which I attempt to defend Congress and myself against these unwarranted assaults. I will send out one set of speeches this summer that will cost me in actual cash more than twice as much as this mileage allowance.

My railroad ticket alone for my wife and two children and myself to visit Georgia the last of this month will cost me in cash more than twice my mileage for this year, and I will not get the allowance paid during this year until next December.

I wish there was no mileage allowance so that there would be no such opportunity for anyone to apply the name of thief, leech, crook, and so forth, and so on, to Members of Congress and United States Senators, both now living and who in the past have served so well and honorably and now have gone on to the Great Beyond.

The members of the Georgia Legislature get 10 cents a mile traveling expenses for only a few days' service. Considering the length of time they serve and the length of time Members of Congress actually serve each year, the members of the Georgia house and senate get five or more times as much mileage allowance per mile as Members of Congress.

I certainly do not criticize these good men of my State or any other State where mileage is allowed.

I am just wondering how anyone who has served in the Georgia Legislature or has friends or brothers who have served there can find it in his heart to bitterly criticize those, both living and dead, who serve and have served in Congress and who have been allowed much less pay per mile than were allowed our good friends present and past who served honorably and well in our State general assembly.

Another allowance that has been severely criticized is that of clerical assistance. I do not have a relative on my clerical force, but am honest when I say that I can see no valid objections to a relative doing this work, provided always genuine service is rendered for the salary.

The work in a Congressman's office in many instances is of the most confidential nature. Nothing can be more confidential than the medical record or other personal record of veterans and others who every day apply to Congressmen for help.

Again there is no place on earth where loyalty counts for more than in a Congressman's office. The secretary with the greatest loyalty always renders the greatest possible service to the people whom the Member represents. What our people want is service. It is infinitely better for a Member to have his wife or brother in his office rendering real, honest-to-goodness service rather than disloyal clerks who are not giving value received, and instead of helping the Member and his people are either purposely or negligently doing harm to all concerned.

No one would criticize a father for bringing his son along to help do a plumbing job or to help split rails on the farm.

No one would criticize an editor because his wife and child helped him set the type, unless it was for letting them do too much work.

Why should not that editor if elected to Congress employ his relative to help him make a success in his office work,

provided that relative renders real service for the pay and more nearly gives value received for the money than anyone else?

I do not hear any criticism of the lawyer whose daughter is his stenographer or of the judge who helps his son get a job or helps his son get into a good partnership and thus get good cases and a good practice or who as judge tries his son's cases.

Why should a lawyer or judge if elected to Congress not use the very best available clerical help, regardless of whether that help is related to him or not?

Of course, it is wrong if any money is paid to anyone who does not give value received in return. This is true regardless of whether the party is a relative or merely a political helper or other person who does not render value received.

It is not at all necessary for a clerk to earn his or her full salary by his or her own actual work any more than a contractor earns the full contract price of constructing a building by his own labor alone.

He must earn the contract price by his own labor, and the labor of those he employs and the cost of material he must put in the building under his contract.

I understand many Members give their clerks all the allowance and then let the clerk pay for all other clerical help which the clerks can not handle personally, such as multigraphing and scores of items too numerous to mention.

Each Member has his own idea about his office work. Some want a clerk or clerks who will undertake to relieve the Member of every responsibility except that of a legislative nature. Some require much more stenographic work than others. In other words, every Member has his own idea as to how he wants his office work handled. Some few Members do not use the full amount allowed for clerical help and leave the balance in the Treasury. Many are wealthy and can pay their clerks out of their own money if they think it is a good political move.

It has been generally reported that some of the wealthier Members let their clerks have the full clerical allowance and also the Member's full salary. Of course they are making their millions in other ways than as a salary.

But those of us who are poor men should use this allowance in the way to get the best results for the people whom we represent. When the entire allowance is paid to one or two persons with them to pay for all additional clerical help which the Member may request, controversy may easily arise, and I understand does arise, as to how much money the clerk or clerks should pay out for this additional help.

So far as I am concerned, I find the best way is to agree just what each clerk shall do and then pay him that full amount and let him keep the full amount agreed upon.

It is much better for all concerned that each clerk know exactly what he is to receive and keep, exactly what he is to do, and that the Member know what amount he can spend for additional clerical help before he begins to spend his own salary for this line of work. I can properly and profitably use for my people much more clerical allowance than I get, and yet recently I voted to cut this pay and am sure this cut will pass.

I wish I had sufficient clerical allowance to hire some legal help in each county to help veterans and others get their claims in proper shape. I would like to pay for some newspaper space in all my local papers so that from time to time I could give valuable information to the public—not of a political nature—as to rights of the farmers, the veterans, and public generally. I wish I had enough money to experiment in the sale of some farm products of my section directly from producer to consumer. I could very easily use here in Washington the services of a good young lawyer all the time to handle matters of a legal nature which pass through my office.

The allowance is not sufficient for these purposes. As it is, I work from 12 to 14 and 15 hours a day, personally handle all the legal and complicated matters, do much of my own clerical work, use a typewriter when necessary, and endeavor to give the very best possible clerical and office help to my people.

After all, it is a matter of service. If the party who is on the pay roll is rendering value received to the public, all is well and good; but if the party is not earning his salary, the public is mistreated, regardless of whether the clerk is a relative of the Congressman or the relative of some political boss or the relative of some one who got the job for him by a political pull.

For my part, I may say, for many hours each day I personally do the secretarial work of my office without any stenographer or clerk. Most of the day I have two clerks in the office. Then, again, I need the help of a half dozen or more clerks or assistants. When Congress is not in session I generally keep my Washington office open with two clerks and hire additional help down home.

I am sure most Members get the best possible service for their districts from this very necessary allowance; and if some errors of judgment are made by a few, the entire membership should not be condemned.

The all-consuming question is whether or not the Member is heart and soul for his people and is he day and night and all the time in every way possible doing his very best for his people? Is he and his clerical force loyal to his people and his Nation and not a traitor to those he represents and for whom they should labor?

In these remarks I shall not attempt to answer all the numerous unfair, misrepresentations that are viciously hurled at Members of Congress by those who are unable to dominate all legislation. This would necessitate the writing of a book.

The great financial interests which dominate the big newspapers are more guilty than anyone else of the awful offense of precipitating the greatest financial depression and the most human suffering in the history of the world. These very people are doing everything possible to direct the attention of the public away from their awful record of guilt. This is actuated by the criminal design to protect themselves at the expense of others, and to force Congress into passing many vicious laws unfair to the public and in furtherance of the awful orgy of plunder and robbery by these malefactors of all humanity.

During the World War and since, the rich became immensely rich and there sprang up many, many more millionaires and multimillionaires than ever before. This all happened in spite of the appalling loss of life and property as the result of the war. All this can only mean the common average citizen not only suffered all the loss of life and property destroyed during the war but even what property he had left was, in most instances, simply stolen from him by the crowd that did not fight but who profiteered, plundered, and robbed while their countrymen were fighting and dying.

There were already many laws under which the rich could plunder the poor; many more have since been enacted. The wealth of the world has practically been taken from the poorer class and either destroyed or delivered into the hands of the very rich, who are hoarding it and letting the common people suffer and die in the greatest depression the world ever experienced.

Let us briefly try to visualize the tremendous loss by the World War and by the exploitation of the common people by the big rich during and since the war. The human mind is dazed by and can not at all grasp the loss caused by the World War.

It has been determined that if all those who lost their lives as the result of the World War were alive and marched single file past a certain point all day long from daylight until dark it would require four and one-half years for them to pass the designated point, and that for every life lost there was $18,000 of property wasted and destroyed.

If $1,000 had been burned every three minutes since the birth of Christ, no more money would have been burned by this time than was destroyed by the World War.

While this tremendous loss was taking place international bankers and monopolistic profiteers were getting possession of practically all of the wealth of the world that was not destroyed. Is there any wonder a panic came? Is there

any wonder these profiteers and their subsidized press wish to get the gaze of the public away from them and these awful facts?

Now, in order to cover their own awful and dastard crimes and in an effort to force Congress to give them a further strangle hold on the throats of the common people, these profiteers are resorting to every possible unfair and false criticism of Members of Congress.

This gang seeks to blacken the name of every Member who will not do their bidding, and by putting up campaign funds by organization and in the press they hold up as patriots of the first order those Members who get their orders from Wall Street and act accordingly.

Is there any wonder why these malefactors of good government and honest men and women do not want Members of Congress to be allowed to make reply on the floor of Congress through the CONGRESSIONAL RECORD and through free official mail service?

Can anyone fail to see the motive that prompts these modern pirates to oppose every move to advise the public of their outrageous crimes? They control most of the big newspapers, much of the radio service, and entirely too much of Congress, and desire that the common people have no voice in either the press, the radio service, or in legislative halls.

I knew full well my bill would be attacked bitterly and severely when I introduced the measure to save for the common people, the laboring man, the farmer, and the children, the greatest means of education, information, and communication of all time—the radio and the motion picture.

The radio itself was used four years ago to broadcast misrepresentations of my bill throughout the length and breadth of the country.

These criticisms at that time were made in reprisal against me for criticizing the Republican tariff bill.

More recently some of the big newspapers and periodicals, especially the Saturday Evening Post and other Curtis publications, have again taken up the misrepresentation of this bill and the vilification of me.

While I have great faith in the bill and am very hopeful that good legislation may some day soon be enacted along this line, I feel there are so many vitally important questions now before Congress that it is not best to push this bill at this time. For this reason, in spite of the many unfair attacks that have been made on me by the big newspapers, motion-picture concerns, and radio monopolies, I have refrained from attempting to pass this bill at this session of Congress. I reintroduced the bill at the beginning of this Congress, not because I felt it was an opportune time to pass it but because I did not want the radio, motion-picture, and other certain trusts and monopolies to feel that I had in any sense abandoned the fight for the real purposes of this bill.

I am only discussing this bill now because the vilification which these trusts are heaping on it demands, at least, some disclosure of the real truth concerning this measure.

To begin with, the bill does not appropriate any sum of money but only authorizes the appropriation of such money as may be necessary. If the bill should pass, only such money then could be appropriated as received the approval of the Bureau of the Budget, the subcommittee of the House Committee on Appropriations, the general House Committee on Appropriations, the House itself, and then similar committees of the Senate, the Senate, and finally the President.

So the misrepresentations as to the amount of appropriation included in the bill are fully exploded. These papers fail to tell the whole truth, and tell the people that the measure provides for free schoolbooks, and for radio and motion pictures, at much less cost to the public, making our people more patriotic rather than more criminal.

The bill would save these great agencies for all the people rather than let the monopolies use them, at tremendous cost to all the people, for the purpose of misrepresentation and the creation of a lower standard of morals.

This bill provides for the freest discussion of the rights and questions of interest to all the people and gives the poor people the use of the radio to present their ideas of government without hindrance and as fully as the richest man in the Nation. The bill seeks to destroy monopolies and to set up the will of the common people.

I shudder when I realize that we are nearing the time when monopolies will own practically everything, when we will have chain farming, chain banking, and chain everything else. When the big newspapers, the radio, the moving pictures, and even the books taught in our schools will be only such as are approved by the great financial interests; and our people will be treading the wine press of human misery and slavery from which there will be little or no liberation.

Of course, the big movie interests, which are largely responsible for the present great crime wave and which extract more money per year from our people for debauching our children than this entire program would cost, bitterly oppose my bill. They prefer, at tremendous cost to our fathers and mothers, to use their vile pictures to undo all the good influence of our homes and of our schools, make our children hate all that is highest and best, and clog our courts and prisons with young men and women who are worthy of a better fate.

The big radio interests join with the motion-picture interests in this fight. With them it is not a question of serving the children and helping their fathers and mothers build up and maintain a great citizenship. All these interests seek is money and more money, regardless of whether their methods produce ladies and gentlemen or beings in human form steeped in sin and crime.

The great interests oppose my bill and all similar moves for the dissemination of the truth. They prefer to control all means of communication and information to the end that they may without hindrance promulgate their ideas and destroy those who will not be subservient to them and their kind. The greatest salaries in the world are paid to movie actors and the greatest fortunes are made by motion-picture concerns. Who pays all this? The little boys and girls and their parents. What do they get in return? They get dirt and filth and the lowest possible conception of life.

Would it not be a thousand times better for clean, high-class, educational pictures to be furnished for far less cost to our people? To-day the common people are paying fabulous sums to the movies to undermine the home and its influence, set at naught the teachings of our fathers and mothers, undermine all law, and destroy our form of Government.

Why not pay much less for more love of father and mother, more respect for and love of home, more love of country and the God of our fathers? The newer and deeper patriotism would be worth the price. The higher and purer ideals instilled in our children would be worth many times the cost.

The savings of court costs and expense of crime would more than pay for all the expenditure.

I would, if possible, bring all the beauty of all the earth, all the music of all time, and all the blessings of all eternity and dump them in the laps of our boys and girls and their parents of the farm and of the humble home of honest labor. This can not be done fully in this life, but may be done in a small way, I hope and pray, by proper control or ownership by the people of the God-given blessings of earth and space and sky as exemplified in these modern inventions.

It will be seen that my bill carefully safeguards the right of each organization or community to select and approve the class and character of information or entertainments furnished for its own members or citizens. Anything else is dangerous to the American home, will destroy the moral stamina of our citizens, and will work the undoing of our Government.

The misrepresentations of the big papers concerning my bill have gone so far until some of my friends were led to believe my bill is contrary to the principle of separation

of church and state. There is no danger in the bill along this line. My bill gives the churches the same rights as other organizations. Many laws go much farther and give special rights to churches. Special reduced postal rates are given to church and fraternal newspapers, literature, and periodicals. Church edifices alone in the United States, to say nothing of other church property, to the amount of $3,839,500,610 are relieved of all taxes.

Millions and billions are spent annually on public parks, orchestras, libraries, periodicals, and in numerous other ways for instruction, education, and entertainment. Only a few people enjoy these at great expense to whole people. I seek to make the best of all this available to all the people at the least possible cost.

I think my bill is good. I may be mistaken about it. The fight being made on it by the big interests confirms my faith in its provisions. I apologize for taking up so much time on these matters, but I feel it is dangersous to let too many false criticisms go without reply.

Before I conclude, let us take a peep at some of the inconsistencies of some of those who are criticizing Congress.

Nothing is more inconsistent, in so far as a newspaper is concerned, than the contention that while the United States Government is handling the newspapers and other periodicals of the country, through the Postal Service, at an actual loss of between ninety and a hundred million dollars per year, that the same Government should not handle its own official mail—parts of the CONGRESSIONAL RECORD included—without cost to the official.

For the purpose of emphasis, I repeat it comes with poor grace for these big papers, especially, which get approximately $100,000,000 a year graft or subsidy from the Government in the matter of postal rates in the handling of paid advertisements, unfair and untruthful criticisms of Members of Congress, and equally vicious propaganda against the rights of the common people, to object to Members of Congress answering this awful, untruthful vilification and sending it through the mail at an actual cost of about one-fifteenth of the amount actually lost by the Government in handling the newspapers of the country.

I am not criticizing the small local papers for taking advantage of the free-in-county postage or other cheap rates enjoyed by these little papers of our counties. I am defending them along with Members of Congress and others who must go up against the unfair criticisms and fight of the big metropolitan press.

If the big papers could not send their papers or periodicals thousands of miles through the mail practically free, all this slush would not load down our mails at the expense of the taxpayers and untold millions of dollars now paid out to these big papers for $10,000-a-week and similarly expensive advertisements would go to the small weekly paper.

I favor the cheap postal rate for the country paper, so it can help overcome the false propaganda of the subsidized and monopolistic press of New York and other similar centers.

I am whole-heartedly in favor of the cheapest possible postal rates for county papers and for our State papers within the State; I favor the franking privilege of Members of Congress, and I am in favor of every other reasonable means of overcoming falsehood and letting the people know the truth.

The big magazines and periodicals which circulate so much false doctrine and misinformation enjoy a subsidy from the Government that staggers the imagination of those who now will have to help pay the bill by the change of first-class postage rates from 2 to 3 cents per ordinary letter.

Let us look at just a few figures. During a recent 10-year period the Postal Service of our Nation handled 14,590,410,689 pounds of this newspaper mail and received for the service $292,900,498.17. I find that if the average citizens had mailed this same poundage in one-fourth ounce letters the postage would have been $17,504,123,729.24, or more than five times as much as the newspapers paid.

This difference in favor of the newspapers, arising during one 10-year period since the war, would pay the balance due the World War veterans over and over more than five times. It is sufficient to pay the balance of the public debt.

If the 3-cent postage rate now being put into force had been in effect the difference, of course, would have been 50 per cent more. If the newspapers should pay as much per pound in postage during the next two years as the public will pay for similar poundage under the vicious 3-cent postage rate, the additional amount would more than pay the balance of adjusted compensation now due the veterans of the World War.

And yet, instead of favoring an increase of their postage, these papers oppose the payment of the soldiers' bonus, favor the increase of letter postage from 2 to 3 cents to pay the deficit caused by them, and will continue to unfairly abuse those who will not go with them and their gang in the sponsoring of this newspaper graft and similarly vicious outrages.

Let us for just a minute refer to the Curtis Publishing Co., which published in its Saturday Evening Post the article criticizing my free school radio educational bill.

Our people pay out of their pockets salaries and profits to the large newspaper organizations so large as to stagger the imagination, while our Government, through the Post Office Department, is losing $3,000,000 per year hauling the publications of this one concern, namely, the Curtis Publishing Co.

Think of it, reliable information is available to the effect that this very paper, with all this Government subsidy, gets $10,000 per week for one double-page advertisement, $5,000 per week for single-page advertisements, and similarly large pay for all its advertising space.

The farmers and the average private citizens are being destroyed by these subsidies, exorbitant salaries of officials, of large business concerns, and an economic system which is slavery of the most vicious type. The common people pay for all this expensive advertising and for all these salaries and subsidies.

The big dailies look on approvingly and complacently while our Government donates billions upon top of billions of the people's money to foreign nations. Not a protest is heard from the metropolitan press when it is disclosed that $30,000,000,000 have been recently swindled out of the American people and small banks by the big banks unloading this amount of worthless foreign securities on our people, with enormous commissions and profits to these pirates of the banking world.

Nothing was said by them while these blackest of all financial crimes transferred enough American money to foreign nations to pay the balance of adjusted compensation due the World War veterans again and again twenty times.

Yet the big press says "refuse to pay the World War veterans their pittance for all they have endured; but create the Reconstruction Finance Corporation and turn over to these identical financial pirates the people's money in $200,000,000 blocks." They say unanimously "the great banks and other enormous financial institutions must be relieved of all burdens of taxation, such as income, estate, and inheritance taxes, and the sales tax must do the work by taxing need, want, poverty, and despair, instead of wealth, plenty, income, and swollen, stolen enormous fortunes." And yet this big-newspaper, big-interest mob seeks to ruthlessly murder those who do not do its will and who in spite of their threats vote for the best interest of the American people as pointed out by conscientious convictions.

The big subsidized press and the gang of international and other Wall Street bankers that buys them with stolen loot attempt to decoy the attention of an outraged and indignant public away from the oceans tied on to oceans of their own guilt and to fasten attention on the fleeting vapor of some imaginary indiscretion of some public official.

Those who stole and now control the wealth and destiny of the world are seeking to cause all humanity to look for the causes of the present depression in a few grains of in-

consequential shifting sands instead of in the mighty mountains piled upon never-ending mountains of their own awful crime and guilt. With the blackest crime of all ages fastened on them and their kind and with their hands dripping with the innocent blood of millions and billions of their fellow men, dead and living, these financial enemies of the race seek to destroy those who will neither join their gang nor help them in the concealment of their own awful calamitous guilt.

Thus it is I am most anxious to save for the common people the radio, the motion pictures, the independent small country newspaper, the independent educational system of our country schools, and the absolute right of Members of Congress to speak for the masses of our people and broadcast their speeches to all the people.

Without these agencies there would be neither freedom of the press nor freedom of speech, and there would be the immediate disappearance of freedom of religion and all other God-given constitutional rights.

There is and can be no freedom of a subsidized money-owned press. There can be no free speech without a free press and the right of the people's representatives in Congress and elsewhere to not only speak for them but to let the world know what is said and done in Congress and elsewhere.

We must fight as never before to regain what has been stolen from our people, to right the wrong so far as possible and to build stronger our every bulwark of liberty and honest government so that such a thing will never occur again.

Let me repeat what I said in the beginning of these remarks. Let those who wish to criticize Members of Congress single out the one against whom the dart is aimed and specifically point out wherein his official record is thought to be bad.

I implore those who wish to attack me to please point out wherein they feel they would have improved the record I made, which of my votes are believed by them to be wrong, what utterances of mine in debate are opposed by them, and what proposals of mine are offensive to them.

Many, many thousands of pages of the CONGRESSIONAL RECORD tell of my work here. I am, though, sorely disappointed over what has been accomplished by Congress during all these years. I am glad that in the midst of opposition and criticism I have stood for the right as pointed out by the dictates of my own conscience.

I have fought for much that has not been accomplished, but which I hope may yet be brought into being before many more months. Just here let me name briefly some principles for which I have contended, which I now propose to the platform builders of both the Democratic and Republican Parties, as well as those who wish to run for Congress this year and all who may now or hereafter be interested either in their own political preferment or in the welfare of the American people.

I respectfully submit the following suggestions:

First. I favor the submission to the States of an amendment to the Federal Constitution to provide for the head of each family an exemption from all taxes of a reasonable amount of realty and personalty for a comfortable home when so used.

Second. I favor legislation bringing about an effective control of the production and marketing of farm products by the producers, by a contract system, allotment plan, cooperative marketing, or other proper device, to the end that the price of farm products may be elevated, controlled, and stabilized by the farmers as fully and completely as the production, marketing, and prices of manufactured and other articles of barter and sale are controlled by manufacturers and other producers. This, and only this, will put the farmers on a parity with other enterprises and constitute real farm relief.

Third. Except in cases of extreme emergency, I favor the raising of all revenues for the Federal Government from impost duties; tariffs; estate, inheritance, and income taxes, to the end that the several States may levy and collect excise and general sales taxes if it is desired by the State governments to do so in lieu of the whole or any part of the now burdensome State ad valorem or property tax.

Fourth. I favor the completion as soon as possible of the system of waterways along the Atlantic seaboard for use by barges and other small watercraft, and the similar system of inland waterways along the Gulf of Mexico, including the construction of a connecting link between the two systems across south Georgia and north Florida along the most practical route.

Fifth. I favor the working out through Government aid of a system of selling fruits, vegetables, and other food products of the farm, orchard, and dairy more directly from the producer to the consumer, thus giving better, fresher, and more wholesome food to the consumers at less cost and at the same time securing a much more reasonable price for the producers.

Sixth. I favor the immediate solution of the transportation problem. The railroads should be saved as a part and parcel of the economic structure of our States and Nation. They should be given a square deal, to the end that they may not only furnish full and adequate transportation facilities to all the people but help furnish employment to labor, bear a large part of the tax burden of the States and Nation, and generally constitute a most important factor in the financial structure of the country.

To these ends I favor the immediate enactment of legislation putting bus and truck transportation under the control of the Interstate Commerce Commission, with such laws, however, as will prevent unfair treatment of any transportation line or any consolidations or mergers or other manipulations inimical to the general welfare.

Seventh. I favor an arrangement between a proper governmental agency and all holders of long-term loans against farm property and all holders of farm property recently taken over by foreclosure proceedings, whereby all farm lands so taken over, together with all lands now covered by long-term loans, will be returned to original owners or held by original owners without foreclosures, except where such arrangement is not practical or not desired by original owner. In order to carry this fully into effect, I favor the issuance and sale of such Government bonds as may be necessary, the bonds for this purpose to be secured by the loans, lands, or other property purchased, handled, or sold in the carrying of this program into full effect.

These suggestions are not at all exhaustive. They show, though, how I feel about these most vital issues. At a later date, and before adjournment of this session, I hope to discuss these issues more fully.

NATURALIZATION LAWS

Mr. DICKSTEIN. Mr. Speaker, I present a conference report upon the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, for printing under the rule.

COPYRIGHT LAWS

Mr. O'CONNOR, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 229 (Report No. 1382)

Resolved, That immediately upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12094, a bill "To amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings."

That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Patents, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage, without intervening motion, except one motion to recommit.

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, on to-morrow it is expected to take up for consideration the bill (H. R. 4668) to amend section 3 of the flood control act. The bill comes up under a rule, and I am advised it will probably require two or three hours. After that time I shall presently propound a unanimous-consent request to call the Private Calendar, and that it be in order to recess until 8 o'clock and to call the Private Calendar from 8 o'clock until 10.30; and on Saturday of this week under the new rule it will be in order to call the Private Calendar, and that on Saturday there will be no controversial matters brought up, and nothing except the Private Calendar.

I now ask unanimous consent, Mr. Speaker, that on to-morrow, after the consideration of the bill H. R. 4688, it shall be in order to consider bills on the Private Calendar under the new rule, and that it shall be in order for the House to recess until 8 o'clock p. m., and to consider bills on the Private Calendar from 8 o'clock p. m. until 10.30 p. m.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I shall not object to the first portion of the request, that for the balance of to-morrow the Private Calendar be considered, but it is too hard on the gentleman from Alabama [Mr. PATTERSON], the gentleman from Mississippi [Mr. COLLINS], the gentleman from Wisconsin [Mr. SCHAFER], the gentleman from Wisconsin [Mr. STAFFORD], and other Members who work on the Private Calendar, to sit here, under a terrible strain, and work on that bunch of bills during the day session and then again at night also.

Mr. GREEN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. GREEN. There will be no session on Saturday, will there?

Mr. BLANTON. Oh, yes; there will be a session on Saturday. There is a limit to what an individual can do, Mr. Speaker, and men will be dropping off here again. They are not able to stand the day and night session work, and then keep their offices going, hence I shall object. The first part of the gentleman's request, that we consider private bills during the rest of the day, I do not object to.

Mr. RAINEY. Mr. Speaker, I shall divide the request, and I hope that the gentleman will not object to considering the Private Calendar under the new rule on Saturday.

Mr. BLANTON. Not at all.

Mr. RAINEY. With the understanding that no controversial matters are to come up. I understand the gentlman will not make a point of no quorum.

Mr. STAFFORD. Well, Mr. Speaker, we will not make any such reservation.

Mr. BLANTON. That is one lever necessary to protect the country sometimes. I shall not waive the right to exercise that privilege, and reserve the right to make such a point of order whenever it appears to be necessary.

Mr. RAINEY. The only reason I suggested a night session was because I thought some gentleman on Saturday might raise a point of no quorum.

Mr. BLANTON. It may be that some question would arise where we would be compelled to make that point of no quorum as the only means left to stop some bad bill from passing. This new rule under which we must operate on Private Calendar day is going to double, and even treble, the amount of work that we who watch this calendar must perform. Even after we do the hard, grinding work it is going to be absolutely impossible to stop all of the bad bills, and some of them are going to get by, and the Public Treasury is going to suffer. It is going to be necessary to have our entire objecting force on the floor at all times while the Private Calendar is being considered, and I know that if it is taken up at night sessions with the membership worked down, some of our forces are going to be absent. And thus it is because I deem it necessary to protect the Treasury that I object to such a proposed night session, and for no other reason. I work, myself, every night, as I work afterwards in my office, even when I attend some function, hence I do not object for any personal reason.

Mr. RAINEY. Mr. Speaker, in view of the suggestion made by the gentleman from Texas, I amend my unanimous-consent request by omitting the night session.

Mr. HASTINGS. Reserving the right to object, where do we begin on the Private Calendar?

Mr. RAINEY. The rule provides that the calendar shall be called in numerical order. That is a matter for the Speaker.

Mr. HASTINGS. But do we begin where we left off?

Mr. RAINEY. I shall not pass on that, because the rule provides that the Private Calendar shall be called in numerical order.

Mr. HASTINGS. Mr. Speaker, I desire to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HASTINGS. Under the rule, if there be no agreement, where would we begin on the Private Calendar? Will we begin at the first number or where we left off on the last call?

The SPEAKER. Under the new rules, the House will resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar. If the Chair understood the gentleman from Illinois [Mr. RAINEY], the gentleman desired to consider bills in the House as in Committee of the Whole, from the time the flood control bill is disposed of until the House takes a recess.

Mr. RAINEY. Until the House adjourns. I amend the request, Mr. Speaker.

The SPEAKER. Until the House adjourns. One objection would suffice. Is that correct?

Mr. SNELL. I do not understand the request that way, Mr. Speaker.

Mr. RAINEY. No. Under the new rule, Mr. Speaker.

The SPEAKER. Under the general rules of the House, the House will resolve itself into the Committee of the Whole House for the purpose of considering bills on the Private Calendar, and will start at the beginning of the calendar.

The gentleman from Illinois asks unanimous consent that upon the conclusion of the consideration of the flood control bill on to-morrow, it shall be in order to move that the House resolve itself into the Committee of the Whole House for the purpose of considering bills on the Private Calendar, and to continue until the House adjourns. Is there objection?

There was no objection.

ARGUMENT AGAINST GRANTING A RULE ON H. R. 11677

Mr. NELSON of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and that I be permitted to print a statement which I filed with the Committee on Rules, together with a financial exhibit referring to that statement.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

Mr. SCHAFER. Reserving the right to object, what does the statement cover?

Mr. NELSON of Wisconsin. It is with reference to H. R. 11677, the railroad bill.

The SPEAKER. The Chair will state that no exhibit can be printed in the RECORD without special permission from the Committee on Printing.

Mr. NELSON of Wisconsin. It is simply a condensed financial statement that I have called for from the Committee on Interstate and Foreign Commerce.

The SPEAKER. It would be proper to print such a statement.

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, there was so much confusion that I did not understand exactly the gentleman's request. I thought I heard the gentleman mention something about the Committee on Rules.

Mr. NELSON of Wisconsin. There is a rule pending, or a request for a rule from the Committee on Rules, with reference to the so-called Rayburn bill.

Mr. BANKHEAD. That is true.

Mr. NELSON of Wisconsin. I filed a statement with the committee to-day in opposition to the rule. I am asking leave to extend my remarks in the RECORD by including that statement, together with the financial statement referred to.

Mr. BANKHEAD. I have no objection.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Wisconsin. Mr. Speaker, the chairman of the Committee on Interstate and Foreign Commerce has gone before the Committee on Rules to request a rule to bring before the House H. R. 11677.

Being very much opposed to this measure, I have filed a statement with the Committee on Rules, believing that such rule should not be granted. In order that the House itself may be able to understand what this bill is, as I see it, I have asked leave to print my protest in the RECORD with exhibits.

ARGUMENT AGAINST GRANTING A RULE ON H. R. 11677

I can not support H. R. 11677 because, to my mind, it is class legislation—wholly a prorailroad measure. I am not opposed to scrapping the present Esch-Cummins law. It, too, has always been regarded a prorailroad measure.

The bill before us repeals, in part, the Sherman antitrust law in recognizing holding companies; fixes a new rule of rate making certainly not opposed by the railroads; pigeonholes the La Follette valuation plan; repeals section 15a, the recapture clause; and hands over $360,000,000 to rich roads, bankers, big corporations, coal and steel companies, and Morgan interests. To my mind, it contains not one single added benefit for the business man, laboring man, or the farmer who must pay the freight and fares.

WHY GUARANTY CLAUSE FAILED

The so-called guaranty provision of the Esch-Cummins law was fathered and pushed through Congress by the security owners, and actively supported by railroad executives, because they thought that the recapture provision would prove to be in fact a guaranty to the railroads of 6 per cent on property value. The late Senator La Follette, farm organizations, and the public generally believed that it contained a guaranty. In fact, so did the security owners themselves. Consequently, La Follette and many others, including myself, opposed it. Now, the reason that the security owners and railroad interests generally are for repeal is because the so-called guaranty has not worked as they hoped it would. Falling off of passenger traffic, competing transportation agencies, floods, droughts, crop failures are given as reasons why the railroads as a whole did not realize the profits they expected from this apparent guaranty. But the real reason it failed is because it violated a fundamental principle; it intended to give the railroad interests a permanent fixed profit, a special privilege. It died of its own poison.

SPECIAL INTERESTS OPPOSE RECAPTURE

Why do security owners and railway executives favor this bill? Two reasons are on the surface. They would escape the payment in the future of from thirty to forty millions annually, and get the three hundred and sixty millions due the Government in recapture liability.

The big shippers are for repeal, because, as they said in the hearings, through their attorney, they expect a special benefit. The attorney was asked, "Could you tell, in just a word, how all these things are going to help the shippers, briefly?" He answered, "They are going to help the shippers because they will help to improve the railroad credit."

He was asked, "Is that all?" His answer was: "That is one reason. They are going to help the shippers, because they will assist the railroads in getting back where they can buy some of our goods." (P. 100, hearings.)

Note that, throughout, his testimony is prorailroad. Nothing is directly presented to show how this gift of three hundred and sixty millions would redound to the shippers generally.

Naturally, the rich Class I railroads—those whose annual income is no less than a million dollars—plead, as did the representative of the Atchison, Topeka & Santa Fe, for "fairness to the railroads" and the "unconditional and retroactive repeal of the recapture provisions."

As an illustration of the sheer selfishness of these railroads who appeared before the committee pleading for charity, let us take this particular road. It owes the Government in round numbers $11,000,000 under the recapture clause. (See hearings, p. 556, No. 8.) Its corporate surplus—cash or other assets after all debts are subtracted—December 31, 1930, was approximately four hundred and five millions. It had increased to this figure from one hundred and seventy-two millions in 1920, and even from three hundred and ninety-eight millions at the close of 1929, showing indisputably its increasing wealth. The dividends declared on its stock have constantly increased from 6 per cent on common and a total amount declared in the sum of $19,649,795 in the year 1920, to 10 per cent on common and a total amount declared in the sum of $30,380,401 in the year 1930. (P. 378, hearings.)

Can not such a road afford to pay the Government its just due—in this case only $11,000,000—of the excess earnings that have enabled it to show such large corporate increases? Does this road need a gift?

Now, let us examine the data in connection with other roads:

Name of road	Estimated[1] recapture liability, 1920–1930	Corporate surplus, 1930	Amount dividends, 1930	Rate per cent common dividends, 1930	Page of hearings
Chesapeake & Ohio	$47,779,611	$175,629,633	$17,110,449	10	387
Norfolk & Western	42,106,462	202,140,584	17,797,488	12	404
Southern Ry. Co	15,838,881	109,373,546	18,350,038	11.65	412
Union Pacific	8,363,047	259,410,091	26,210,884	10	419
New York Central	4,842,577	290,275,411	39,940,594	8	399
Baltimore & Ohio	3,211,587	109,861,329	20,295,215	7	384
Great Northern	782,739	164,905,196	18,673,035	7.5	391
Southern Pacific	452,089	299,563,906	22,342,908	6	411

[1] See hearings, pp. 556, 557, Nos. 1, 2, 5, 12, 18, 25, 53, and 62.

Of course the National Association of Railroad and Utility Commissioners is for the bill. Bear in mind that some members of the Interstate Commerce Commission are also members of the national association. We do not know how much their action is influenced by the commission, if at all; but we do know that their representative stated in the hearings that—

The association comes here to support, in the main, the recommendations * * * which have been made by the Interstate Commerce Commission.

The Interstate Commerce Commission is for it. This commission, to my mind, has been exceedingly dilatory in determining and taking means to collect the recapture liabilities. I have been led to wonder if my colleague, Representative JAMES M. BECK, member of the Committee on Interstate and Foreign Commerce, was far from right when last summer, in connection with the "15 per cent case," he threatened investigation of the commission if it did not act with more speed. He called it a "Commission of Circumlocution" (Washington Post, July 15, 1931). Even Commissioner Woodlock, while still one of their number, said in 1930, in a dissenting opinion referring mainly to valuation:

I am driven to the supposition that the "unworkability" of the law of the land arises less from the difficulty inherent in its application than from an indisposition to apply it and accept the results. (Special Report of Interstate Commerce Commission to Senate Committee on Interstate Commerce, May 17, 1930.)

The simple fact is, as is apparent all the way through, that the commission has snarled itself up because of its own inactivity and errors in judgment. Now, it is asking for authority virtually to do as it pleases. It is proposed to substitute men for law, discretion for direction, opinion for principle. As Commissioner Eastman testified, with ref-

erence to one of the bills which is virtually embodied in this measure, "the commission is to be guided" by "a barometer of earnings," and he added, "although in no inflexible way." But the bill itself shows that the way is wholly flexible, and the commission is relieved entirely of the recapture work and practically of valuation. In short, in this measure the commission is given carte blanche as to making rates, except for the suggestion that they must be sure that the railroads get enough.

TIME AND COST TO COMPLETE RECAPTURE NEGLIGIBLE

Why should this valuable work of recapture now be scrapped when the work is nearly completed? Commissioner Eastman, when asked at the hearings how long it would take to complete the recapture work, answered:

Our bureau of valuation estimates that the time required would be up to July 1, 1935. (Hearings, p. 438.)

As to the cost of recapture, which has been made to appear so formidable, I quote Commissioner Lewis's recent statement in the hearings (1932) on independent offices appropriations:

We estimate that the net cost allocable to recapture for the completion of the work [meaning the ascertained and computed three hundred and sixty millions] * * * will be $4,000,000 over a period ending June 30, 1935 (p. 293).

Is it wise economy to waste what has already been spent in millions of dollars and labor of years by Government accountants in complying with the law when it will take only three years more and require only four millions to recuperate three hundred and sixty millions?

AN ADDITIONAL FAVOR TO THE ROADS

Another provision which will be affected by the repeal is the requirement that the railroads must keep one-half of the excess earnings in their own reserve fund. The law now gives them this amount for the specific purpose of "paying dividends or interest on its stocks, bonds, or other securities, or rent for leased roads," and for no other purpose. The other half is allotted to the Government for another purpose—that is, to create a contingent fund for "making loans to carriers to meet expenditures for capital account or to refund maturing securities originally issued for capital account, or by purchasing transportation equipment and facilities and leasing the same to carriers." So that by repealing this part of section 15a, Congress not only gives away the contingent fund that the Government should be holding, which now amounts to three hundred and sixty millions, but also releases an equal amount which the railroads should be holding as trust funds for specified purposes. These purposes were intended to strengthen the roads so as to keep them from asking for more favors from the Government.

GIVES AWAY TRUST FUNDS

It might be a question whether the railroads' one-half of the recapture is a trust fund. The majority report does refer to it as funds "in trust." Unquestionably, however, the three hundred and sixty millions due the Government are trust funds. The interstate commerce act so states. It says that "any carrier which receives such funds in excess of their returns shall hold the same 'as trustee' for and shall pay it to the United States."

The Supreme Court has ruled that this money is a trust fund:

The statute declared the carrier to be only a trustee for the excess over a fair return received by it. Though in its possession, the excess never becomes its property and it accepts custody of the products of all the rates with this understanding. (Dayton-Goose Creek *v.* United States, 263 U. S. 456.)

To whom would these trust funds be given by this measure? Not to the weaker roads for whose benefit they were to be held in trust and to whom loans were to be made from this emergency trust fund; not to the farmers and business men who paid the money into the trust funds in the form of higher freight rates and passenger fares. These trust funds would be given to the roads that collected these fares and rates from the people. The Supreme Court said "the excess never becomes its property and it accepts custody of the products of all the rates with this understanding." (Dayton-Goose Creek *v.* United States, supra.)

Think of it! These trust funds, by this measure, are to be a gift to the trustees, custodians, collectors! If they are to be diverted from their intended purpose, why not turn these trust funds into the Treasury for all the people?

THE LID IS OFF

This bill takes the lid off. There is a limit now to the earnings of railroads. They are not to charge rates that will net them more than 6 per cent. If they do, one-half is to be a reserve fund held for themselves for a specific purpose, and the other half a trust fund paid into the Treasury to constitute a contingent fund, now estimated by the Interstate Commerce Commission to be $360,000,000. By this measure the earnings may be not only 6 per cent but 60 per cent if they could make it. They may charge what the traffic will bear. The public's only protection is that the Interstate Commerce Commission, unrestrained by any specific direction, but prompted to watch that the railroads get profits enough, will watch the "barometer of earnings." In fact, this bill, in "restraining" excess fares and rates, makes the sky the limit.

BENEFICIARIES WOULD BE RICH ROADS

The big coal and steel roads are principal contributors to this recapture trust. A group of four coal roads operating in the Virginias, part of which are controlled by the Van Sweringen interests, are estimated by the commission as owing this Government about $102,000,000.

Estimated recapture liabilities

Chesapeake & Ohio	$47,779,611
Hocking Valley	5,241,114
Norfolk & Western	42,106,462
Virginian	7,364,770
	102,491,957

(Hearings, p. 556, Nos. 1, 2, 14, and 15.)

This is 28 per cent of the total amount of estimated recapture liability. From a group of roads controlled by the United States Steel Corporation is an estimated recapture liability of more than fifty-two millions (see total, hearings, p. 436), or 14 per cent of the whole. Together these make 42 per cent of all the recapture figured to be due the Government for the period covering 1920–1930.

During this time the total net income (meaning profit after interest, dividends, and all fixed charges are deducted) of this group of coal roads has been more than five hundred and fifty-four millions, and of the group of steel roads one hundred and seventy-three millions. The corporate surpluses for the year 1930 were, for the coal group, four hundred and thirty-one millions, and for the steel group one hundred and seventy millions. The coal group paid dividends on their common stock in 1930, ranging from 8 per cent to 12 per cent. The rate of dividends of a few of the steel roads is astounding. The Bessemer & Lake Erie was paying from 1920 to 1930, inclusive, dividends ranging from 150 per cent to the peaks of 500 per cent in 1928 and 1929, and 400 per cent in 1930. (Hearings, pp. 373 and 434–436.)

Is it the will of the people or the will of the United States Congress that these rich coal and steel roads, through repeal of recapture, shall be given a "dole" of 42 per cent of these trust funds, amounting to one hundred and fifty-four millions, that belong to the Government?

Of the recapture liability estimated at three hundred and sixty millions, ten millions have been paid. (Exhibit I.) Assuredly, to take these ten millions already collected with interest (in all thirteen millions) out of the United States Treasury and make it a subsidy to the rich railroads would be not only a "dole" but a raid on the Government's trust fund.

VALUATION AS BASIS OF RATES—NOT DISCRETION OF THE INTERSTATE COMMERCE COMMISSION

The people's interest will be safeguarded only if valuation is the basis of rates. The bill cuts out rate groups and fair value and leaves as a basis of rate making nothing more definite than "just and reasonable" return based on a

system of "bookkeeping" supplied by the railroads. That some check by the Government is necessary for the protection of shippers and the general public is evident from the following quotations from the 1908 Annual Report of the Interstate Commerce Commission as cited by Commissioner Lewis, who for nine years has been in charge of the Bureau of Valuation of the commission:

> It is sufficient for the present purpose to state that no tribunal upon which the duty may be imposed, whether legislative, administrative, or judicial, can pass a satisfactory judgment upon the reasonableness of railway rates without taking into account the value of railway property.
>
> * * * * * * *
>
> No court, or commission, or accountant, or financial writer would for a moment consider that the present balance-sheet statement purporting to give the "cost of property" suggests, even in a remote degree, a reliable measure either of money invested or of present value. (Pp. 527–528, Hearings.)

A portion of the valuation work is to be kept up, it is true, but may be stored away in a closet to be referred to only if some extraordinary emergency should arise. Under this bill the whole matter of rates would be left to the discretion of a commission, "a purely political tribunal" of 11 men. Rates that are fair are not so likely to come out of a debating society as from the administration of a scientific law.

The work of valuation, urged and sponsored by the late Senator La Follette and by the Interstate Commerce Commission itself, is, as Commissioner Lewis has said, "the largest undertaking of valuation the world has ever known." It has enabled the commission and overcapitalized roads to work together for a sounder financial structure. Valuation is essential to every emergency that might arise for railway legislation and railway regulation. Concerning the present status of the work of valuation, Commissioner Lewis said recently:

> * * * the Government is now in the position not only to furnish a valuation base for rates, but equipped to meet any question that might be raised as to confiscation resulting from rates. (Hearings before the subcommittee on appropriations on the Independent Offices bill, p. 281.)

Even now the Interstate Commerce Commission is using valuation as a basis for approving loans by the Reconstruction Finance Corporation.

This monumental achievement of the late Senator La Follette is to go into a pigeonhole so far as recapture and rate making are concerned because between the commission and the Supreme Court its intended efficacy has been seriously impaired.

Before the Senator died I was expressing to him my discouragement of all reforms by laws where the men who are not favorable to the law would wreck it—make it a failure by mismanagement. "Yes," said he, "see what this Interstate Commerce Commission has done with my railroad valuation."

My opinion is that the commission is to blame because of its failure to present the valuation plan to the courts adequately. The O'Fallon case alone in all this time has gone to the Supreme Court. If legislation is necessary to perfect the La Follette plan, it should be recommended by the committee. But to wreck this legislative structure so nearly completed and so exceedingly necessary would, to my mind, be the height of legislative folly.

As to the cost of completing the work of valuation, I again quote Commissioner Lewis:

> We have already got the records and we have checked these properties up to 1928, and for some roads we have got it up to the end of 1931, and when we get it current, why, a great deal of expense is over, both for the Government and for the carriers. (P. 281, hearings, independent offices appropriation bill.)

Since valuation is nearly completed, and the cost of keeping it up to date is negligible, we should not leave the whole matter of rate making to the discretion of a commission which is directed by a rule requiring them continually to keep railroad interests in mind.

REGULATION OF HOLDING COMPANIES AN EMPTY GESTURE

Twenty-five years ago Wisconsin took the lead in regulating utilities, and recently its legislature has passed the most comprehensive law yet written for the control of holding companies in connection with utilities. The principle embodied in regulating railroad holding companies by the Interstate Commerce Commission, like the principle of regulating the railroads themselves, is not new, but identical with what is applied to the regulation of utilities. Such corporations now control hundreds of millions of the people's money. Prof. William Z. Ripley, director of the Rock Island, said:

> The late unprecedented creation of hierarchies of corporations piled helter-skelter, one upon another—wheels within wheels—is utterly opposed to sound public policy. There is no legal or operating need of it. The rightful interests of shippers, employees, and of owners of railroad securities are all alike put in jeopardy by the practice. (CONGRESSIONAL RECORD, April 4, 1932, p. 7357.)

I agree with Prof. Adolph Berle, of Columbia Law School, that "the holding company stands foremost among the so-called legal devices for undue control of corporations" (CONGRESSIONAL RECORD, April 4, 1932, p. 7358). The holding company provision in this bill specifically "relieves them from the operation of the 'antitrust law'." (Sec. 2, par. 15.) Their grab-as-grab-can practices are what is called "above our Federal law." For instance, a few big railroad executives with a few big bank executives may constitute a holding company. They may buy and control at will the stock of some road which will be advantageous to the corporation, depress it, inflate it, even force receivership, if necessary. They even manipulate stock as buyer and seller, thereby reaping enormous profits. These fly-by-nights tend towards consolidation, which, regulated or unregulated, destroys healthy competition. This measure, to my mind, authorizes holding companies as a lawful institution by the device of passing a law to regulate them. The only restraint is the arbitrary discretion of the Interstate Commerce Commission. Is it wise, I repeat, thus to substitute the government of man for the government of law? Can they stand the pressure? I doubt it. Watch what will happen when the camel gets his nose into the tent. I am opposed to consolidation. I favor prohibiting holding companies, not their recognition as an institution, by passing a law to regulate them.

PLEA OF EMERGENCY NEED IS SPECIOUS

While we are willing to admit that railroads are suffering the pinch of the depression along with the rest of the country, in the shrinkage of their volume of business, are they in any greater financial distress than are practically all other industries? Except for bad management, extravagance, and speculation, they should not be in such dire distress as they would have us believe, for they have been the recipients of stupendous sums of Government money. When they were turned back to private ownership in 1920, they claimed reimbursement of deficit in railway-operating income during Federal control of nearly $29,000,000.

The Government compromised with them by making a total settlement of approximately ten millions. As a six months' guaranty from March 1, 1920, after the termination of Federal control, the Government paid the railroads nearly five hundred and twenty-nine millions. At that time, also, to help the roads over the transition period a revolving fund of $300,000,000 was appropriated from the Treasury. (Source of above figures, annual reports of Interstate Commerce Commission.) To meet the present emergency there could have been a fund available. Had the $360,000,000 due the Government in recapture been collected, as it should have been, there would have been no need for the railroads, demanding a 15 per cent blanket increase on rates or for the Railroad Credit Corporation (the "credit pool"), which was established pursuant to the decision of the Interstate Commerce Commission of October 16, 1931. Already from this pool the railroads have received a little over four millions, with fourteen and one-fourth millions authorized. All of this comes directly out of increased rates. There would have been no need for that part of the $2,000,000,000 fund of the Reconstruction Finance Corporation that is allocated for loans to railroads.

From this Government fund the railroads have already received seventy-seven and one-half millions.

What have the class I roads done with the sixty-six billions that they received during their prosperous period between 1920 and 1930? (Exhibit II.) Only one one-hundred and ninety-eighth part of these revenues is payable to the Government in recapture. If they had conserved this money, they could not now plead that they have no funds with which to pay recapture. As Commissioner Eastman well said, "Undoubtedly a general railroad contingent fund of $300,000,000 or thereabouts would now be very useful if it were available." (Hearings, p. 11.)

Now that this depression has come, this cry for help has gone out and the Congress is to rush to the assistance of the railroads. From a reliable source I quote the following:

Railroads since the 1920 act made the best showing in their history. If we eliminate from the transportation picture those ill-conceived, poorly built, and badly finished parts of our transportation system, we begin to get at the real trouble. Why try to design laws which will saddle on the people of this country a sponsorship for those proverbial "ne'er-do-wells" of the railroad family? There is little that can be done for the professional hobo or that army of unemployed whose only aspiration in life is a handout. It is to those who would work if they could get something to do that our efforts to better the opportunities of the human family are directed.

It is shown below that our really worth-while railroads were treated even generously, in so far as rates and regulations are concerned, during the period subsequent to March 1, 1920, when the so-called transportation act of 1920 became effective.

(1) Average annual dividend rate paid on dividend-yielding stock:

1920 to 1930, 7.30 per cent.
1910 to 1920, 6.94 per cent.
1900 to 1910, 6.20 per cent.
1890 to 1900, 5.40 per cent.

(2) Maximum and minimum dividend rate paid on dividend-yielding stocks:

1920 to 1930, 6.37 per cent in 1924 to 9.02 per cent in 1921.
1910 to 1920, 6.29 per cent in 1916 to 8.03 per cent in 1911.
1900 to 1910, 5.23 per cent in 1900 to 8.07 per cent in 1908.
1890 to 1900, 4.96 per cent in 1899 to 5.74 per cent in 1895.

(3) Average annual per cent of all stock which was on a dividend-yielding basis:

1920 to 1930, 56.92 per cent in 1921 to 76.93 per cent in 1930.
1910 to 1920, 57.30 per cent in 1920 to 67.65 per cent in 1911.
1900 to 1910, 45.66 per cent in 1900 to 67.27 per cent in 1907.
1890 to 1900, 29.83 per cent in 1896 to 45.66 per cent in 1900.

The rates and regulations imposed upon railroads as a result of the act of 1920 certainly brought about the best results ever achieved in the history of transportation, evidenced by the results obtained in these three tabulations. The value of securities of railroads should have been at a peak in all history during the past 10 years. The ability of a corporation to pay its fixed charges and also declare substantial dividends are usually the two essentials which financial houses, brokers, stock and bond salesmen, and managers point to with pride when they try to entice the dollars of the public from the security of the savings banks and safe-deposit boxes and other conservative places of repose. The greatest improvement in the physical property of the railroads in their history occurred in the period 1920 to 1930.

From these figures and facts how clearly apparent it is that this emergency plea is specious!

EMERGENCY PERIOD NO TIME FOR PERMANENT LEGISLATION

This emergency period, when the railroads for a short time are suffering from the depression, is seized upon as the propitious time for passing this bill in their favor. Commissioner Lewis, of the Interstate Commerce Commission, expressed his disapproval of such legislation:

* * * should we be carried * * * to making changes in the law of a permanent character to apply to normal times * * * that we would not make in what we term normal times. (Hearings, p. 526.)

This problem should be more carefully studied. The Committee on Interstate and Foreign Commerce should appoint a special committee to sit during the summer, call before it every possible authority and expert, and consider all the essential facts in the light of the common good as well as the special interests of the railroads. Then they would be able to recommend a safe and practical principle of rate making. Then, upon the arrival of better times, in the light of normal conditions, they should formulate permanent railway legislation.

The members of the Interstate and Foreign Commerce Committee itself had no time under the stress and strain of the extraordinary pressure of this session to give this matter sufficient consideration, and surely Members of Congress not on the committee in the closing days of this session can not be expected to give it the attention its importance demands. Are not the railroads taking advantage of this depression to get sympathy and more special favors? President Hoover has stated a few weeks ago, as reported in the press, after a careful survey of the railroad situation, that they are not so bad off as first appeared. He said:

I have held a number of conferences for survey of the railway situation and for determination of general policies in respect to the railroads. The elements in these conferences are the directors and heads of staff of the Reconstruction Finance Corporation, members of the Interstate Commerce Commission dealing with these problems, and representatives of the Railway Credit Corporation.

Examination of the financial problem confronting the railroads shows that it is of smaller dimensions than has been generally believed or reported. (United States Daily, March 21, 1932.)

Why is this favoritism to be shown to one class of our people—the bond and stock holders of railroads? Was not agriculture the first to suffer in the fall of price levels? Has it not been for years in a "state of unprecedented collapse and prostration"?

RAILWAY INEFFICIENCY, EXTRAVAGANCE, AND BAD MANAGEMENT REWARDED

One of the specious arguments is that we must hasten to turn over these three hundred and sixty millions because recapture leads to extravagance. In the hearings Commissioner Eastman uses this as an argument for repeal. He quotes a statement from the 1919 report of the Committee on Interstate and Foreign Commerce to the effect that the—

prospect of sharing the surplus with the Government, or with labor, leads to extravagance in expenditures. (Hearings, p. 4.)

Just to show you what would happen if valuation were eliminated, I want to call your attention to one instance where the railroads have taken advantage of an antiquated classification of accounts—1907—by slipping in under operating expenses a billion dollars or more annually of superior roadbed improvement on which they escape recapture. They do this by a series of replacements, working up gradually to the highest grade of heavy rails and treated ties. Now, if it were not for the depression, they would be realizing on this investment—because no more replacement is needed—sufficiently to throw them into considerable recapture. Of course, they want the law repealed so that these profits will be their own. They have paid for these billions in improvements out of the people's money. I called for data from the Interstate Commerce Commission relative to this subterfuge. While the figure they furnished, $21,215,274—Exhibit III—relates to only 3 per cent of the mileage of the United States and covers about one-half the years since the transportation act was passed, yet on this basis the billion a year is not exaggerated if all facts were available and could be ascertained by laborious accounting methods. I have seen calculations from a reliable source which assert that if all other items of improvement were included which have slipped by under such swelled operating expenses they would amount not to one billion but to several billions for the period that recapture has been a law.

Other witnesses, attorneys of the special interests pleading for this bill, also urge extravagance as a reason for repealing the recapture clause. But are we to reward these railroads with the gift of 360 millions? Is that the remedy? Our United States Supreme Court in the Dayton-Goose Creek case, supra, said:

Those who earn more must hold one-half of the excess primarily to preserve their sound economic condition and avoid wasteful expenditures and unwise dividends.

It is easy to quote the testimony of competent men as to railroad extravagance over a long period. Back in 1910,

Justice Brandeis, then attorney for the Interstate Commerce Commission, in a rate-increase case said:

The railroads are wasting $1,000,000 a day. Were efficient methods of operation adopted, it would not be necessary for the transportation lines to increase rates. Instead, they could be decreased and at the same time the railroads could show a larger margin of profit than now is realized. (La Follette's Magazine, December 24, 1910.)

Mr. Brandeis, at that time, introduced testimony to prove the statement.

The late Senator La Follette foresaw the effect of the Esch-Cummins law in this respect, for he said:

But with the Esch-Cummins law on the books, the public has a vital interest in these criminally lavish expenditures, because the public pays the bill * * * the cost of maintenance is advanced three-quarters of a billion dollars in one year on the item of repair work on engines and cars alone. * * * This is one angle of the repair scandal. (La Follette's Magazine, January, 1921, p. 2.)

But that extravagance and mismanagement of railways is not confined to these last 10 years is evident from this statement, made by Henry Ford in 1921:

The big lines are not being run correctly. Those who own them care more about the market value and market manipulations of their stock than they do about giving service to the people. Those who operate them from high positions are being paid too highly for the little they know and do. Railroading, I have found, is one of the most inefficiently conducted businesses in the world to-day. (La Follette's Magazine, November, 1921, p. 164.)

It seems to me a curious sort of logic or ethics that mismanagement and inefficiency and deception of the public should be rewarded rather than penalized. Moreover, it is an absurd assumption that the cure for this continued inefficiency, mismanagement, and extravagance is a gift of more money from the United States Treasury.

Two questions come to my mind when I consider such testimony as this from these authorities. What is our Interstate Commerce Commission doing all this time? In view of these practices heretofore and since, have the commissioners given such evidence of reliability and efficiency that we should intrust them with further discretionary power? And how long shall we rush to the assistance of the railroads with funds out of the National Treasury?

H. R. 9551—NELSON BILL

I am not on the Interstate and Foreign Commerce Committee, and I do not pretend to be a railroad expert, but I have made a study of railroad legislation, and I could see from following the hearings that this demand for railroad legislation was largely ex parte. I wished the committee to have more material before it. So I asked the Interstate Commerce Commission for specific data relative to the 446 railroads having "estimated recapture liability." (P. 347, Hearings on H. R. 7116 and 7117.)

My requests of the commission were as follows:

First. Roads which have paid recapture and amount paid by each road.

Second. Roads which have had hearings or upon which reports have been served.

Third. Roads which are under suspicion or which the commission has on a list as probably subject to recapture.

Fourth. List of coal and steel roads making up the 42 per cent referred to by Commissioner Eastman.

Fifth. Amount of recapture due from each of these coal, steel, and larger carriers as compared with the amount due from small carriers.

Sixth. Amount of recapture each of the coal and steel roads has paid in.

Seventh. Statement of the dividends paid by each of these roads for each recapture year.

Eighth. Statement of net railway-operating income and net income for each of these roads for the last two years available.

Ninth. Statement of corporate surplus for each of these roads for the last two years available and for the beginning of the recapture period.

Tenth. Net railway-operating income of the roads in recapture.

Eleventh. List of railroads for which the commission furnished a statement of estimated recapture liability for the period 1920–1930, showing the corporate control either by other railroads or by any industry.

Twelfth. Excess cost of ties and rails which have been installed as replacements and have been charged to operating expenses.

The compiling of these data resulted in much information on the recapture phase, and Commissioner Eastman stated that he furnished this to the committee at my request (pp. 344, 345, 347, hearings).

On February 3, 1932, I addressed a letter to Chairman RAYBURN, of the Interstate and Foreign Commerce Committee of the House, acquainting him with an itemized list of my requests from the commission to date. Later on I asked the commission for further material, some of which was not prepared until after the close of the hearings. This I am hereto appending (Exhibits I, II, and III). The commission, pursuant to my request relative to corporate control of these roads, furnished me all the information available; but this is too voluminous to be inserted in the RECORD, although it does not appear in the hearings.

These statistics which I called for show among other facts what these roads owe the Government, dividends paid to their stockholders, the amounts of their corporate surpluses, railway-operating revenues, and replacements charged to operating expenses. (Exhibits I, II, and III, and pp. 359–438; 556–568, hearings.) These figures prove that if recapture is repealed the money will go in most cases to rich roads, bankers, and large corporations—steel companies and Morgan and like interests.

Then I introduced a bill which to my mind would safeguard the public interest and would modify the existing law sufficiently to meet the needs of the present emergency. Certain of the short lines deserve sympathy. I do not include here those short lines that are affiliated with the big corporations—they are steadily making big profits year after year. I do not include either the "dead timber"—the 30,000 miles of "useless" and "socially wasteful" roads to which Mr. Lewis refers on page 531 of the hearings. These lines should be abandoned. If this were done the reputed 2 or 3 per cent aggregate earnings of our transportation system would be materially raised, for the inclusion of these useless roads pulls down the average. But there are other short lines vital to rural communities which the 3-year average would, in all fairness, protect.

To bring the loan fund within reach of weak roads, I propose that the interest rate be fluctuated so as to be comparable with securities of like character and also that the purposes for which the loan may be used be liberalized. That railroads may not be unduly forced to make recapture payments which would cripple them at a time of depression, I have provided for a "moratorium." But I propose that a law similar to our income tax law put "teeth" into the determination by the Interstate Commerce Commission of recapturable moneys and the immediate payment by railroads. Then, if there is adjustment to be made, it would come later, as in our income tax. Under such a law, after a few test cases this bugaboo of litigation would cease. Since the Supreme Court has ruled in Smyth *v.* Ames (169 U. S. 466) that value is "the basis of all calculations as to reasonableness of rates" and in Dayton-Goose Creek *v.* United States, (263 U. S. 456, pp. 479–480), that recapture is "the key provision of the plan" (meaning rate-making), I propose to leave our rate structure as it is with the single exception of providing that the percentage of value which would constitute a "fair return" thereon be specified annually by the Interstate Commerce Commission. In my bill, H. R. 9551, which I introduced on February 19, I have offered at least a constructive compromise measure which seems to me to meet the objections of 12 years' experience with the present law.

AN UNJUSTIFIABLE PROPOSITION

The unjustifiable iniquity of this whole measure is, however, the grant of $360,000,000 to these special interests. They justify it on the plea that if you give it back to some, you must give it back to all. That is a strange kind of justice when the "all" have been declared by the Supreme Court to have no claims upon this fund and can not have, by any sort of title or property rights therein. The funds came from the people. Let us consider more in detail the enormity of this proposition. From the figures called for from the commission, the following summary is illuminating.

Class	Estimated liability	Per cent
I	$336,443,378	93.08
II	15,929,742	4.41
III	2,259,036	.62
IV	6,833,659	1.89

Of the total recapture liability, 93 per cent, or three hundred and thirty-six millions, goes to the rich Class I roads.

From the tables furnished me by the commission it is to be observed that the total computed recapture liability for three roads alone—the Chesapeake & Ohio, Norfolk & Western, and the Duluth, Missabe & Northern—amounts to $115,348,909. (Hearings, p. 556, Nos. 1, 2, and 3.) This, then, would be the amount of the gift we would make to these railroads.

The corporate surplus of the Chesapeake & Ohio in 1930 was $175,629,633; dividend declared on its common stock in 1930 was 10 per cent. (Hearings, p. 387.) The corporate surplus of the Norfolk & Western in 1930 was $202,140,584; its common stock paid dividends of 12 per cent. (Hearings, p. 404.) The Duluth, Missabe & Northern had a corporate surplus in 1930 of $67,143,142 and its common-stock dividends were 100 per cent. (Hearings, p. 426.) Out of pity to these poor roads let us give them this dole!

Let us look at this proposed liberality from another point of view. Let us consider the $10,000,000 that have actually been paid in. (Exhibit I.) Of this sum, over eight millions have been paid under protest by railroads controlled by industries, and the larger part by railroads controlled by the United States Steel Corporation, the Bethlehem Steel Corporation, and other iron and steel industries. (See Exhibit I and Eastman's testimony, hearings, p. 9.) Do the United States Steel Corporation, the Bethlehem Steel Corporation need this dole of $8,000,000? Finally, let us consider the $2,000,000, in round numbers, collected without protest. Just think, only $1,893,703 out of $360,000,000 have been paid into the Treasury without protest during the prosperous years 1920–1930. Poor Henry Ford paid in $239,461.33 without protest.

What right have we to pay these steel roads and Henry Ford this $10,000,000 or more?

We, Members of Congress, are assessing ourselves in this emergency an 11 per cent salary cut. This sum amounts annually to $438,075. In four and one-half years of salary cut we will be able to make up only the $1,893,703.62 paid in without protest. By cutting our mileage and stationery allowance we may be able to squeeze up to $2,000,000. But what is that, if we can sacrifice and make the United States Steel, Bethlehem Steel, and Henry Ford prosperous and happy?

I can not support H. R. 11677, and I hope the rule asked for will not be granted.

EXHIBIT I

Statement showing payments by carriers on account of excess net railway-operating income under paragraph 6 of secttion 15A of the interstate commerce act

PAYMENTS MADE UNDER PROTEST

Name of carrier	Excess income payment	Controlled by—
Bauxite & Northern Ry. Co	$11,851.72	Aluminum Co. of America.
Bessemer & Lake Erie R. R. Co	442,280.00	United States Steel Corporation.
Birmingham Southern R. R. Co	31,371.43	Tennessee Coal & Iron Co.
Conemaugh & Blacklick Ry. Co	81,919.50	Bethlehem Steel.
Chattahoochee Valley Ry. Co	16,140.12	West Point Manufacturing Co.
Chicago & Illinois Midland Ry. Co	199,219.75	Commonwealth-Edison.
Chicago, West Pullman & Southern R. R. Co.	5,035.68	International Harvester.
Cornwall R. R. Co	177,091.48	Bethlehem Steel.
Cowlitz, Chehalis & Cascade Ry	3,000.00	Admiralty Investment Co.
Durham & Southern Ry. Co	54,989.20	Duke interests.
Dayton Union Ry. Co	963.81	
Detroit & Toledo Shore Line R. R. Co.	68,011.43	
Duluth, Missabe & Northern Ry. Co	5,808,256.61	U. S. Steel Corporation.
East Jersey R. R. & Terminal Co	3,332.61	Tidewater Oil.
Elgin, Joliet & Eastern Ry. Co	55,147.23	U. S. Steel Corporation.
Genesee & Wyoming R. R. Co	486,107.56	International Salt Co.

Statement showing payments by carriers on account of excess net railway-operating income under paragraph 6 of section 15A of the interstate commerce act—Continued

PAYMENTS MADE UNDER PROTEST—continued

Name of carrier	Excess income payment	Controlled by—
Hannibal Connecting R. R. Co	$17,532.49	Atlas Portland Cement Co.
Indiana Northern Ry. Co	2,942.92	Oliver Plow Works.
Ironton R. R. Co	574,639.16	Thomas Iron Co.
Johnstown & Stony Creek R. R. Co	1,162.49	Federal Steel.
Longview, Portland & Northern Ry. Co.	5,310.43	Long-Bell Lumber Co.
La Salle & Bureau County R. R. Co	18,421.85	
Ligonier Valley R. R. Co	63,165.27	Mellon Interests.
Louisville, New Albany & Corydon R. R. Co.	3,300.00	
Mount Hope Mineral R. R. Co	1,396.84	Warren Foundry Co.
Nevada Northern Ry. Co	39,729.26	Nevada Consolidated Copper.
Patapsco & Black Rivers R. R	50,355.00	Bethlehem Steel.
Philadelphia, Bethlehem & New England R. R. Co.	152,191.47	Do.
Richmond, Fredericksburg & Potomac R. R. Co.	194,919.88	
Rockport, Langdon & Northern Ry. Co.	441.10	
San Luis Central R. R. Co	246.12	
St. Joseph Belt Ry. Co	2,624.76	Swift interests.
Santa Maria Valley R. R. Co	3,500.00	Santa Maria Oil Fields Co.
Tionesta Valley Ry. Co	20,944.42	Central Leather Co.
Toledo Terminal R. R. Co	18,337.07	
Warrenton R. R. Co	32,222.21	
Washington, Brandywine & Point Lookout R. R. Co.	85.19	
Lakeside & Marblehead R. R. Co	[1] 271.94	Kelly Island Lime Co.
Sioux City Terminal Ry. Co	[2] 455.78	Sioux City Stockyards.
Steelton & Highspire R. R. Co	[3] 35,525.69	Bethlehem Steel.
Unity Railways Co	[4] 100,942.53	Union Collieries Co.
Total payments protested	8,785,382.00	

UNCONDITIONAL PAYMENTS

Ashley, Drew & Northern Ry. Co	$5,811.11	
Atlantic & Carolina R. R. Co	364.57	
Augusta Northern Ry	5,070.80	
Augusta R. R. Co	47.83	
Bay Terminal R. R. Co	2,449.74	
Beaver, Meade & Englewood R. R. Co.	1,431.45	
Brimstone Railroad & Canal Co	42,642.21	Union Sulphur Co.
Cambria & Indiana R. R. Co	18,630.46	J. H. Weaver.
Campbell's Creek R. R. Co	548.53	Campbell's Creek Coal Co.
Central Ry. Co. of Arkansas	2,064.44	Fort Smith Lumber Co.
Collins & Glennville R. R. Co	162.50	
Dayton-Goose Creek Ry. Co	183,127.38	
De Kalb & Western R. R. Co	10,025.47	
Detroit, Toledo & Ironton R. R. Co	239,461.63	Ford interests.
East Jordan & Southern R. R. Co	4,753.61	East Jordan Lumber Co.
Erie & Michigan Railway & Navigation Co.	2,297.08	
Fordyce & Princeton R. R. Co	3,697.50	Crossett Land Co.
Fort Worth Belt Ry. Co	79,485.35	Armour & Swift.
Franklin & Abbeville Ry. Co	15,320.18	
Gideon & North Island R. R. Co	980.71	Gideon & Anderson Lumber Co.
Hutchinson & Northern Ry. Co	154.25	Carey interests.
Illinois Terminal R. R. Co	800,000.00	Illinois Power & Light.
Indian Creek Valley Ry. Co	3,852.92	
Jonesboro, Lake City & Eastern R. R. Co.	42,450.00	
Kanawha, Glen Jean & Eastern R. R. Co.	5,460.88	McKell interests.
Kinston Carolina R. R. Co	62.91	
Lakeside & Marblehead R. R. Co	[5] 5,206.51	Kelly Island Lime Co.
Lancaster & Chester Ry. Co	14,760.90	Spring Mills Co.
Laurinburg & Southern R. R. Co	2,518.23	
Louisiana & Arkansas Ry. Co	8,000.02	
Louisiana & Mississippi R. R. & Transportation Co.	20.03	
Ludington & Northern Ry	2,865.56	Stearns Salt Co.
Middletown & Unionville R. R. Co	51.71	
Missouri & Illinois Bridge & Belt R. R. Co.	3,026.82	
Mount Hood R. R. Co	7,359.83	
Natchez, Urania & Ruston Ry. Co	530.95	Urania Lumber Co.
Neame, Carson & Southern R. R. Co	2,120.41	Delta Land Co.
New Orleans, Texas & Mexico Ry. Co	5,248.35	
Pittsburgh, Lisbon & Western R. R. Co.	3,818.57	Pittsburgh Coal Co.
Port Huron & Detroit R. R. Co	195,000.87	
Potato Creek R. R. Co	1,005.81	
South San Francisco Belt Ry	1,374.54	San Francisco Land Co.
San Joaquin & Eastern R. R. Co	12,539.03	South California Edison Co.
San Antonio Southern Ry. Co	2,460.86	
Shreveport, Houston & Gulf R. R. Co	1,674.27	
Sioux City Terminal Ry. Co	[6] 4,893.81	Sioux City Stockyards.
South Buffalo Ry. Co	23,768.50	Bethlehem Steel.
Steelton & Highspire R. R. Co	[7] 7,410.21	Do.
Sugar Land Ry. Co	27,435.67	
Talbotton R. R. Co	36.56	Persons Bros.
Trinity Valley Southern R. R. Co	102.37	
Tuckerton R. R. Co	1,949.68	
Tucson, Cornelia & Gila Bend R. R. Co.	11,997.34	Douglas Copper Co.
Tuskegee R. R. Co	2,480.90	
Unity Railways Co	[8] 40,907.06	Union Collieries Co.
Upper Merion & Plymouth R. R. Co	2,984.58	Wood, Iron & Steel Co.
Warren & Ouachita Valley Ry. Co	14,444.45	Arkansas Lumber Co.

Statement showing payments by carriers, etc.—Continued

UNCONDITIONAL PAYMENTS—continued

Name of carrier	Excess income payment	Controlled by—
Washington Run R. R. Co.	$6,744.83	Washington Coal & Coke.
Wichita Falls & Southern Ry. Co.	369.71	
Wyandotte Terminal R. R. Co.	8,241.17	Michigan Alkali Co.
Total unconditional payments	1,893,703.62	

RECAPITULATION

Payments made under protest	$8,785,382.00
Unconditional payments	1,893,703.62
Total payments	10,679,085.62

[1] $5,205.51 not protested.
[2] $4,893.81 not protested.
[3] $7,410.21 not protested.
[4] $40,907.06 not protested.
[5] $271.94 under protest.
[6] $55.78 under protest.
[7] $35,525.69 under protest.
[8] $100,942.53 under protest.

EXHIBIT II

RAILWAY-OPERATING REVENUES

Class I roads, 1920–1930

(Compiled from statistics of Interstate Commerce Commission showing operating revenues and operating expenses of Class I steam railways in the United States)

1920	$6,225,417,245
1921	5,573,153,133
1922	5,620,401,722
1923	6,360,423,213
1924	5,987,662,226
1925	6,186,603,519
1926	6,465,295,348
1927	6,210,029,787
1928	6,189,917,189
1929	6,360,303,775
1930	5,343,665,634
	66,502,872,791

EXHIBIT III

Statement of cost of existing property charged to operating expenses, from date of basic valuation to date indicated, under straight renewal accounting as developed in connection with recapture reports that have been served on carriers

Name of road	End of period covered (Dec. 31, unless otherwise noted)	Additional cost charged to operating expenses for straight renewals	Additional cost charged to operating expenses for hardwood and/or treated ties replacing softwood and untreated ties	Total additional cost charged to operating expenses
Abilene & Southern Ry. Co.	1926	$75,593	$1,609	$77,202
Alabama & Northwestern R. R. Co.	1927	18,278		18,278
Alton & Eastern R. R. Co.	1927	17,638	11,655	29,293
Alton & Southern R. R.	1926	30,598	46,338	76,936
Arkansas & Louisiana Midland Ry. Co.	1925	9,475		9,475
Ashley, Drew & Northern Ry. Co.	1927	25,628		25,628
Augusta Northern Ry.	1927	13,386		13,386
Batesville Southwestern R. R.	1921	777		777
Bath & Hammondsport R. R. Co.	1920			(1)
Bauxite & Northern Ry. Co.	1926	3,785	669	4,454
Bessemer & Lake Erie R. R. Co.	1927	712,952	81,474	794,426
Birmingham & Southeastern Ry. Co.	1926	96,480	14,179	110,659
Blytheville, Leachville & Arkansas Southern R. R. Co.	1923	14,768		14,768
Brimstone Railroad & Canal Co.	1928	5,989	3,787	9,776
Brooklyn Eastern District Terminal	1927	7,110	1,198	8,308
Canton R. R. Co.	1926			(1)
Carolina & Northeastern R. R. Co.	1925	3,805		3,805
Cement, Tolenas & Tidewater R. R. Co.	1924	4,663	620	5,283
Central Ry. Co. of Arkansas	1926	13,857		13,857
Central West Virginia & Southern R. R. Co.	1927	30,308		30,308
The Chartiers Southern Ry. Co.	1926			(1)
Chattahoochee Valley Ry. Co.	1925	111,883		111,883
Chicago & Illinois Western R. R.	1927	14,474	4,049	18,523
Chicago Heights Terminal Transfer R. R. Co.	1927	14,067	10,491	24,558
Chicago Short Line Ry. Co.	1927	5,739	4,603	10,342
Chicago, West Pullman & Southern R. R. Co.	1926	18,373	4,075	22,448
Collins & Glennville R. R. Co.	1927	8,897		8,897
Cornwall R. R. Co.	1925	38,186		38,186
Cuyahoga Valley Ry. Co.	1927	33,371		33,371
Dayton-Goose Creek Ry. Co.	[1] 1926	33,727		33,727
East Jordan & Southern R. R. Co.	1927	12,864		12,864
Erie & Michigan Railway & Navigation Co.	1926	1,085		1,085
Etna & Montrose R. R. Co.	1926	5,707		5,707
Fort Worth Belt Ry. Co.	1927	60,093		60,093
Franklin & Abbeville Ry. Co.	1922	5,340	9,528	14,868
French Broad R. R. Co.	1924	3,224		3,224
Genesee & Wyoming R. R. Co.	1927	47,087		47,087
Georgia Southwestern & Gulf R. R. Co.	1925	24,665		24,665
Glady & Alpena R. R. Co.	[2] 1922	1,341		1,341
Great Northern Ry Co.	1927	80,585		80,585
Hannibal Connecting R. R. Co.	1925	13,415		13,415
Illinois Northern Ry.	1926	37,193	3,171	40,364
Indian Creek Valley Ry. Co.	1924	27,039		27,039
Interstate R. R. Co.	1927	332,045		332,045
Ironton R. R. Co.	1924	35,644		35,644
Jackson & Eastern Ry. Co.	1926	349		349
Johnstown & Stony Creek R. R. Co.	1922	2,263		2,263
Jonesboro, Lake City & Eastern R. R. Co.	[4] 1925			(1)
Kellys Creek & Northwestern R. R. Co.	1927	6,815		6,815
Kosciusko & South Eastern R. R. Co.	1927	7,013		7,013
Lake Erie, Franklin & Clarion R. R. Co.	1927	33,305		33,305
Lakeside & Marblehead R. R. Co.	1923	37,125	877	38,002
Lake Terminal R. R. Co.	1922	24,102		24,102
Lancaster & Chester Ry. Co.	1927	26,851		26,851
La Salle & Bureau County R. R. Co.	1927	13,799	2,561	16,360
Laurinburg & Southern R. R. Co.	1927	26,113		26,113
Ligonier Valley R. R. Co.	1922	35,484		35,484
Live Oak, Perry & Gulf R. R. Co.	1926	68,127		68,127
Louisiana & Northwest R. R. Co.	1927	41,666		41,666
Louisiana Southern Ry. Co.	1926	44,682	4,607	49,289
Louisville, New Albany & Corydon R. R. Co.	1927	4,539		4,539
Ludington & Northern Ry.	1927	8,514		8,514
Mansfield Railway & Transportation Co.	1925	3,318		3,318
Middletown & Unionville R. R. Co.	1927	4,890	112	5,002
Minneapolis, Northfield & Southern Ry.	1927	23,544	37,681	61,225
Mississippi River & Bonne Terre Ry.	1927	86,692		86,692
Montana, Wyoming & Southern R. R. Co.	1927	35,918		35,918
Moscow, Camden & San Augustine Ry. Co.	1927	−4,719		−4,719
Mount Hood R. R. Co.	1926	19,885		19,885

Statement of cost of existing property charged to operating expenses, from date of basic valuation to date indicated, under straight renewal accounting as developed in connection with recapture reports that have been served on carriers—Continued

Name of road	End of period covered (Dec. 31, unless otherwise noted)	Additional cost charged to operating expenses for straight renewals	Additional cost charged to operating expenses for hardwood and/or treated ties replacing softwood and untreated ties	Total additional cost charged to operating expenses
Mount Hope Mineral R. R. Co	1927	$4,178	$3,347	$7,525
Nacogdoches & Southeastern R. R. Co	1927	39,329		39,329
Newaukum Valley R. R. Co	1927	10,460		10,460
Norfolk & Portsmouth Belt Line R. R. Co	1923	75,534	25	75,559
Norfolk & Western Ry. Co	1926	8,884,575	2,801,324	11,685,899
Northampton & Bath R. R. Co	1927	19,510	911	20,421
Oil Fields Short Line R. R. Co	1923			(1)
Oklahoma, New Mexico & Pacific Ry. Co	1923	41,692		41,692
Okmulgee Northern Ry. Co	1927	15,589		15,589
Pere Marquette Ry. Co	1925	4,211,845	796,688	5,008,533
Pittsburg & Shawmut R. R. Co	1923	127,128	7,650	134,778
Port Huron & Detroit R. R. Co	1927	2,085	16,604	18,689
Potato Creek R. R. Co	[2] 1927			(1)
Prescott & Northwestern R. R. Co	1925	18,600		18,600
Reynoldsville & Falls Creek R. R. Co	1927	6,234		6,234
Richmond, Fredericksburg & Potomac R. R. Co	1927	906,577		906,577
Roanoke Ry. Co	[3] 1923			(1)
Rockcastle River Ry. Co	1929	16,388		16,388
Salem, Winona & Southern R. R. Co	1928			(1)
San Luis Central R. R. Co	1927	7,806		7,806
Santa Maria Valley R. R. Co	1920	4,995		4,995
Silverton Northern R. R. Co	1923	2,828		2,828
Smoky Mountain Ry. Co	1927	6,687		6,687
Sugar Land Ry. Co	1925	65,436	2,278	67,714
Toledo, Angola & Western Ry. Co	1927	13,259	5,539	18,798
Tuckerton R. R. Co	1927	24,094		24,094
Tucson, Cornelia & Gila Bend R. R. Co	1927	9,097		9,097
Tuskegee R. R. Co	1927	15,234		15,234
Union Freight R. R. Co	1925			(1)
Unity Railways Co	1927	8,935		8,935
Utah Ry. Co	1923	47,830	16,901	64,731
Warrenton R. R. Co	1927	2,548	19	2,567
Washington Run R. R. Co	1929	14,531		14,531
Wharton & Northern R. R. Co	1923	8,914		8,914
Wildwood & Delaware Bay Short Line R. R. Co	1926	5,218	1,086	6,304
Wyandotte Terminal R. R. Co	1927	12,813		12,813
Yosemite Valley R. R. Co	1925	58,397		58,397
Youngstown & Northern R. R. Co	1927	29,813		29,813
Total		17,319,618	3,895,656	21,215,274

[1] Inconsequential. [2] Apr. 30. [3] Aug. 10. [4] Oct. 31. [5] Oct. 1. [6] Jan. 28.

ADMIRAL FREDERICK C. BILLARD

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks touching the life, character, and public service of the late Commandant of the United States Coast Guard, Admiral Frederick C. Billard, whose death occurred in this city on the 17th of this month.

The SPEAKER. Is there objection?

There was no objection.

Mr. THATCHER. Mr. Speaker, I deem it appropriate to make this formal reference to the life, character, and public service of one of the Nation's most popular and capable officials, Rear Admiral Frederick Chamberlayne Billard, who died in the city of Washington on the 17th of this month.

During the nine years I have been in the House of Representatives I have served as a member of the Appropriations Committee and of the Treasury-Post Office Departments subcommittee of the Appropriations Committee. Because of my membership and work on this subcommittee I was thrown into official relationship with Admiral Billard throughout this period. Annually he came before the subcommittee at its hearings on the Treasury-Post Office Departments appropriation bill and, with his staff, presented the justifications for the various appropriation items carried therein.

Through this contact I became very much interested in the Coast Guard Service and learned in this first-hand way of its outstanding achievements. Thus, also, I have been able to judge as to the character of work performed by Admiral Billard since he has been Commandant of the Coast Guard, since 1924. His record in that capacity, in my judgment, has never been excelled by any predecessor, and perhaps never equaled.

Admiral Billard was born in the District of Columbia on September 22, 1873, the son of Dr. Jules Frederick and Lillian (Johnson) Billard. He attended Baltimore City College, from which institution he graduated in 1892. Having successfully passed the examination for entrance into the then Revenue Cutter Service, he was appointed a cadet from Maryland on January 11, 1894. He thereupon received a large portion of his cadet training on board the old practice ship *Chase,* and graduated second in his class. He was commissioned an ensign on April 27, 1896, and passed through the various grades of the Coast Guard Service until he reached the post of commandant, having been appointed thereto on January 11, 1924, with the rank of rear admiral, exactly 30 years after receiving his appointment as cadet. On January 11, 1928, he was reappointed commandant for another 4-year term, and was again reappointed for another like term on January 11, 1932. Three appointments to the chief station or office in the Coast Guard Service was, and is, without a precedent. At the time of his death he had been connected with that service more than 38 years.

Admiral Billard during his long and responsible career in the Coast Guard served on all the coasts of the United States, as well as in Alaskan, Hawaiian, and West Indian waters. During the Spanish-American War he served on the U. S. S. *Corwin,* attached to the Pacific Fleet. From 1900 to 1905 he was navigator and instructor on the practice ship *Chase.* From 1906 to 1911 he was aide to Capt. Worth G. Ross, Chief of the Revenue Cutter Service. In 1914 he was appointed as superintendent of the Coast Guard Academy at New London, Conn., serving in that capacity from 1914 to 1918. Thereupon, at his request to serve afloat, he was placed in command of the U. S. S. *Aphrodite,* operating in the European war zone during the World War. This ship was the first American war vessel to pass through the Kiel Canal after the signing of the armistice. He was awarded the Navy cross for service in European waters. In May, 1919, he returned from Europe, and in September of

that year was detailed as aide to the Commandant of the Coast Guard, serving in that capacity until appointed commandant on January 11, 1924, for his first 4-year term.

Hence, Admiral Billard, at the time of his death, was serving his ninth year as Commandant of the Coast Guard.

In 1920 he married Miss Clara F. Prentis, of New London, Conn., who, as well as his three brothers and a sister, survive him.

HISTORY AND CHARACTER OF THE COAST GUARD SERVICE

Mr. Speaker, it is not necessary to speak in terms of extended praise touching the invaluable services the United States Coast Guard has rendered through all the years of our national history. It is one of the Nation's oldest activities, having been established in 1790, during the first Congress in the first administration of President Washington. A paramount duty of the Coast Guard is the protection of life and property from the perils of the sea; and it was a matter of great pride and gratification with Admiral Billard that this phase of Coast Guard work has been marked by a record of achievement which stands above that of any other life-saving organization in the world. During the fiscal year ended June 30, 1931, the Coast Guard rescued from danger, or saved, the lives of 5,627 persons, and the value of vessels assisted, together with their cargoes, aggregated $47,959,465.

The work of the Coast Guard is varied in an unusual degree. In addition to its life-saving work, another outstanding activity which has always claimed its attention is the prevention of smuggling of every character. In recent years this phase of service has extended to the highly perilous and difficult work of preventing the entry into the United States of contraband liquors prohibited by Federal law.

All these activities, during his service as commandant, were supervised and directed by Admiral Billard; and the noteworthy character of his service was attested by his reappointments as commandant. Within the period of this supervision and direction Coast Guard problems assumed a greater magnitude and importance than ever before. This service has always had its ideals and traditions, similar to those which have always inspired our Army and Navy forces; and, like the Army and Navy, the Coast Guard in remaining true to its traditions and ideals has ever preserved its superb morale and maintained its high standard of achievement.

CHARACTER AND CHARACTERISTICS

Quiet and modest sailor though he was, Admiral Billard nevertheless possessed a rugged force of character. He knew how to obey and how to command. His professional and executive abilities were of the highest order; and it was inevitable that he should rise to chief command in the Coast Guard. His strong, genial, and sympathetic character invited and impelled friendship. Officers and men throughout the service loved and were loyal to him. His discipline was of a character wise and efficient, rather than stern or arbitrary. Under his administration the service rose, perhaps, to the highest point of effective achievement attained in all its history.

In the discharge of his important duties Admiral Billard literally wore himself out. One of the latest tasks which came to him—and one which singularly appealed to his ardent and sympathetic nature—was that of supervising the search by the Coast Guard fleet in the Atlantic waters to find the Lindbergh baby and the dastardly kidnapers that have written into American history one of its most tragic and sinister pages.

A little more than 58 years of age at his death, his life would doubtless have been substantially lengthened except for the overwhelming burdens which he undertook to bear. In all truth, he spent himself for the public good. And now, having achieved so much and gone at length to his final reward, he deserves and will receive the enduring gratitude of the Nation he loved so well and whose interests he so faithfully and effectively served.

TREASURY DEPARTMENT TRIBUTE

The Coast Guard, in peace times, is an activity of the Treasury Department (but in time of war it operates as a part of the Navy). In consequence, a period of mourning for Admiral Billard, by direction of the Secretary of the Treasury, Hon. Ogden L. Mills, has been directed for a period of 15 days, beginning May 18. During that time all ships and stations of the Coast Guard are directed to display half-mast colors, and all officers to wear official mourning. In addition, the Secretary addressed to the Coast Guard a tribute to Admiral Billard, in the following language:

In the passing of your beloved Commandant, I wish to pay the highest tribute to his noble character and unselfish and devoted service to the Coast Guard and Nation, which he has served continuously since 1894. Since 1924, he has been Commandant of the Coast Guard during its period of greatest expansion and development of its highest efficiency. He was not only a sailorman in every sense of the word, but was an executive of the highest order. Through his death the country loses an invaluable public servant.

AN IRREPARABLE LOSS

Mr. Speaker, I know that the many friends of Admiral Billard, in both branches of Congress, who, during the years of his service as Commandant of the Coast Guard, like myself, have been thrown into intimate contact with him, and have come to appreciate his splendid character and service, feel as I do, that in his death, the Nation which he so long and honorably served, has sustained an irreparable loss. All these, too, I am sure, join with me in giving expression to sentiments of the most earnest sympathy for his devoted and sorrowing helpmate, and the others of his family, because of the great bereavement which has come to them.

And now, in hallowed Arlington, the Nation's Valhalla, the dust of our beloved friend shall sleep through the years to come, while his knightly spirit shall go marching on; and so long as our flag may grace the sky the memory of his life and deeds shall constitute an inspiration of the noblest character to those who shall follow after him in the service in which he so long and so splendidly wrought.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 4 minutes p. m.) the House adjourned until to-morrow, Friday, May 20, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, May 20, 1932, as reported to the floor leader by clerks of the several committees:

WAYS AND MEANS

(10 a. m.)

Hearings, Mansfield bond issue bill for rivers and harbors.

MILITARY AFFAIRS

(10 a. m.)

Hearings, emergency officers.

INSULAR AFFAIRS

(10 a. m.)

Samoa Islands.

FOREIGN AFFAIRS

(10.30 a. m.)

Hearings, World Court.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. S. 1153. An act to provide for the incorporation of credit unions within the District of Columbia; without amendment (Rept. No. 1375). Referred to the Committee of the Whole House on the state of the Union.

Mr. ARENTZ: Committee on the Public Lands. S. 3711. An act to authorize the adjustment of the boundaries of the Chelan National Forest, in the State of Washington, and for other purposes; without amendment (Rept. No. 1376). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the District of Columbia. H. R. 9557. A bill to amend certain sections of the Code of Law for the District of Columbia, approved March 3, 1901, as amended, relating to descent and distribution; without amendment (Rept. No. 1377). Referred to the House Calendar.

Mr. WARREN: Committee on Accounts. H. Res. 227. A resolution to authorize public inspection of pay-roll records of the disbursing officer of the House of Representatives; without amendment (Rept. No. 1378). Referred to the House Calendar.

Mr. BLACK: Committee on the District of Columbia. H. R. 12115. A bill to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes; with amendment (Rept. No. 1380). Referred to the Committee of the Whole House.

Mr. O'CONNOR: Committee on Rules. H. Res. 229. A resolution for the consideration of H. R. 12094, a bill to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings; without amendment (Rept. No. 1382). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. S. J. Res. 41. A joint resolution granting consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey creating the Delaware River Joint Commission and specifying the powers and duties thereof; without amendment (Rept. No. 1383). Referred to the House Calendar.

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8013. A bill to amend the act of the Legislative Assembly of the District of Columbia creating the office of steam-boiler inspector for the District of Columbia; with amendment (Rept. No. 1384). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the District of Columbia. H. R. 11638. A bill to amend section 7 of an act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, and for other purposes; with amendment (Rept. No. 1385). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 11642. A bill to amend sections 15a and 19a of the interstate commerce act, as amended, and for other purposes; with amendment (Rept. No. 1386). Referred to the Committee of the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 11643. A bill to amend section 5 of the interstate commerce act, as amended, relating to the consolidation and acquisition of control of carriers by railroad, and for other purposes; without amendment (Rept. No. 1387). Referred to the Committee of the Whole House on the state of the Union.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 11895. A bill to authorize the President, in his discretion, to make certain adjustments in the eastern boundary line of Rocky Mountain National Park in the vicinity of Estes Park, Colo., and for other purposes; with amendment (Rept. No. 1388). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8119. A bill for the relief of Jennie Bruce Gallahan; without amendment (Rept. No. 1379). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SWANSON: A bill (H. R. 12170) to provide that the workmen's compensation law of any State may apply, within such State, to employments in interstate commerce; to the Committee on the Judiciary.

By Mr. CULLEN: A bill (H. R. 12171) to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea; to the Committee on Ways and Means.

By Mr. SABATH: A bill (H. R. 12172) to authorize the acquisition of land for a mail service airport in the city of Chicago; to the Committee on Public Buildings and Grounds.

By Mr. SCHNEIDER: A bill (H. R. 12173) to provide for the deportation of certain alien seamen, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. HOWARD: A bill (H. R. 12174) to authorize the use of Minnesota Chippewa tribal funds to purchase certain land as wild rice harvesting camp site, and for other purposes; to the Committee on Indian Affairs.

By Mr. KLEBERG: A bill (H. R. 12175) to grant allowances for quarters and subsistence to retired enlisted men of the Army, Navy, and Marine Corps while in Army or Navy hospitals; to the Committee on Military Affairs.

By Mr. O'CONNOR: Resolution (H. Res. 229) for the consideration of H. R. 12094, a bill to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings; to the Committee on Rules.

By Mr. RAYBURN: Resolution (H. Res. 230) for the consideration of H. R. 11642, a bill to amend sections 15a and 19a of the interstate commerce act, as amended, and for other purposes; to the Committee on Rules.

Also, resolution (H. Res. 231) for the consideration of H. R. 11643, a bill to amend section 5 of the interstate commerce act, as amended, relating to the consolidation and acquisition of control of carriers by railroads, and for other purposes; to the Committee on Rules.

By Mr. FULLER: Joint resolution (H. J. Res. 392) to promote patriotism by providing that all officers and employees of the United States and the District of Columbia shall know the national anthem; to the Committee on the Judiciary.

By Mrs. PRATT: Joint resolution (H. J. Res. 393) relating to publications for the blind; to the Committee on the Library.

By Mr. STRONG of Kansas: Joint resolution (H. J. Res. 394) providing for financing sales of wheat and cotton in foreign markets; to the Committee on Banking and Currency.

By Mr. KENNEDY: Joint resolution (H. J. Res. 395) to repeal the national prohibition act; to the Committee on the Judiciary.

By Mr. CRISP: Joint resolution (H. J. Res. 396) extending for one year the time within which American claimants may make application for payment, under settlement of war claims act of 1928, of awards of the Mixed Claims Commission and of the Tripartite Claims Commission; to the Committee on Ways and Means.

By Mr. KARCH: Joint resolution (H. J. Res. 397) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURDICK: A bill (H. R. 12176) for the relief of Maj. Clarence H. Greene, United States Army, retired; to the Committee on Military Affairs.

By Mr. CABLE: A bill (H. R. 12177) granting an increase of pension to Lillie E. Chambers; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 12178) granting an increase of pension to Alma E. Lacock; to the Committee on Invalid Pensions.

By Mr. CHINDBLOM: A bill (H. R. 12179) for the relief of T. D. Randall & Co.; to the Committee on War Claims.

By Mr. GRIFFIN: A bill (H. R. 12180) for the relief of John J. Coyne; to the Committee on Military Affairs.

By Mr. HADLEY: A bill (H. R. 12181) for the relief of Hjalmar Krogh; to the Committee on Claims.

By Mr. HOPKINS: A bill (H. R. 12182) granting an increase of pension to Laura D. Spangler; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 12183) authorizing the Secretary of War to award a congressional medal of honor to Col. Oliver P. M. Hazzard; to the Committee on Military Affairs.

By Mr. KLEBERG: A bill (H. R. 12184) for the relief of Russell O'Neill; to the Committee on Naval Affairs.

Also, a bill (H. R. 12185) for the relief of R. H. Keene; to the Committee on Claims.

By Mr. KELLY of Illinois: A bill (H. R. 12186) granting a pension to Marie Weed; to the Committee on Invalid Pensions.

By Mr. LANKFORD of Georgia: A bill (H. R. 12187) for the relief of H. B. Arnold; to the Committee on Claims.

By Mr. McCORMACK: A bill (H. R. 12188) conferring jurisdiction in the Court of Claims to hear and determine the claim of George B. Gates; to the Committee on Claims.

By Mr. PURNELL: A bill (H. R. 12189) granting an increase of pension to Mintie Martz; to the Committee on Invalid Pensions.

By Mr. SABATH: A bill (H. R. 12190) for the relief of the legal representatives of the late Alvina Schallhorn; to the Committee on Claims.

By Mr. SMITH of West Virginia: A bill (H. R. 12191) granting an increase of pension to Margaret Gallacher Simpson; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 12192) for the relief of John H. Morse; to the Committee on Claims.

Also, a bill (H. R. 12193) for the relief of John P. Seabrook; to the Committee on Naval Affairs.

By Mr. WEST: A bill (H. R. 12194) granting an increase of pension to Sophia Jane Fuller; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 12195) granting an increase of pension to Mary A. Cowgill; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7814. By Mr. BARBOUR: Petition of residents of Patterson and Patterson Colony, Stanislaus County, Calif., relative to reducing Federal expenditures; to the Committee on Economy.

7815. Also, petition of residents of the seventh congressional district of California, who are borrowers from the Federal land bank, urging the amendment of the Federal farm loan act to provide extensions of time for maturity of loans, etc.; to the Committee on Banking and Currency.

7816. By Mr. BEAM: Memorial of the City Council of Chicago, Ill., memoralizing Congress to authorize immediately a Federal bond issue of sufficient amount to finance public improvements for the purpose of starting the wheels of industry and relieving unemployment; to the Committee on Ways and Means.

7817. By Mr. BOLAND: Petition of Charles Dorrance, of Scranton, Pa., and some 55,000 other citizens of Pennsylvania, favoring a protective tariff against the free importation of coal; to the Committee on Ways and Means.

7818. By Mr. COYLE: Petition of Charles Dorrance, of Scranton, Pa., and some 55,000 other citizens of Pennsylvania, favoring a protective tariff against the free importation of coal; to the Committee on Ways and Means.

7819. By Mr. CRAIL: Petition of board of directors of the Chamber of Commerce of Alhambra, Calif., petitioning Congress for the immediate working out of a balanced Budget with only such increase in taxes as may be necessary, coupled with the most stringent economy in governmental expenditures; to the Committee on Ways and Means.

7820. Also, petition of board of directors of the Chamber of Commerce of Alhambra, Calif., requesting Congress to enact legislation to regulate hauling by trucks and busses so as to protect the public; to the Committee on Interstate and Foreign Commerce.

7821. Also, petition of Mary Flynn and many other residents of Los Angeles, Calif., petitioning Congress to legalize and tax beer to help balance the Budget; to the Committee on Ways and Means.

7822. By Mr. KELLER: Resolution of the city of Chicago, passed by the city council thereof, petitioning the Congress to pass a $5,000,000,000 bond issue to put men to work; to the Committee on Ways and Means.

7823. By Mr. LINDSAY: Petition of Eppinger & Russell Co., creosoting works, New York City, urging reduction in governmental expenditures; to the Committee on Economy.

7824. Also, petition of Daniel Maltby Rugg, of Brooklyn, N. Y., urging reduction of Government expenditures; to the Committee on Economy.

7825. Also, petition of St. Louis Chamber of Commerce, St. Louis, Mo., favoring the passage of Senate bill 1525 and House bill 4537; to the Committee on the Post Office and Post Roads.

7826. By Mr. PARKER of Georgia: Petition of W. A. Davis and 228 other citizens and voters of Savannah, Ga., urging the repeal of the eighteenth amendment of the Constitution of the United States of America; to the Committee on the Judiciary.

7827. Also, petition of H. L. Scott, of Savannah, and 11 other citizens of Savannah and Atlanta, Ga., urging the passage of railroad pension bill, H. R. 9891, and voicing opposition to Senate bill 3892 and House bill 10023; to the Committee on Interstate and Foreign Commerce.

7828. By Mr. RAINEY: Petition of Henry C. Hawes and 30 citizens of Chicago, Ill., and vicinity, favoring House bill 6182; to the Committee on Ways and Means.

7829. Also, resolution of the Sangamon Post, No. 32, of the American Legion, Department of Illinois, Springfield, Ill., objecting to reductions in the appropriations for the Military and Naval Establishments; to the Committee on Appropriations.

7830. By Mr. ROMJUE: Petition of Chapter No. 140, Associated Master Barbers of America, St. Louis, Mo., and Local No. 102, Journeymen Barbers' International Union of America, St. Louis, Mo., pertaining to pending legislation; to the Committee on Economy.

7831. By Mr. RUDD: Petition of the Jamaica National Bank, Jamaica, N. Y., favoring the passage of Senate bill 4550; to the Committee on Banking and Currency.

7832. Also, petition of the St. Louis Chamber of Commerce, St. Louis, Mo., favoring the immediate enactment of Senate bill 1525 and House bill 4537, relative to kidnaping; to the Committee on the Post Office and Post Roads.

7833. Also, petition of the Gardner W. Taylor Lumber Co., New York City, protesting against the proposed duty on Canadian lumber; to the Committee on Ways and Means.

7834. By Mr. SHOTT: Letter from the Kipling Shoe Co., of Huntington, W. Va., protesting against the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7835. Also, memorial of the Huntington Manufacturers Club, of Huntington, W. Va., protesting against the present cost of government, and urging reductions in bureau costs and general expenditures in Government departments; to the Committee on Economy.

7836. Also, resolution of the Williamson Chamber of Commerce, Williamson, W. Va., protesting against the Romjue bill, H. R. 8576, and the Oddie bill, S. 4080; to the Committee on Labor.

7837. Also, letter and resolution of the Bluefield Better Service Club, Bluefield, W. Va., opposing as detrimental to the bituminous coal industry the passage of the Davis-Kelly

coal control bill; to the Committee on Interstate and Foreign Commerce.

7838. Also, resolution of citizens and taxpayers of Waiteville, Monroe County, W. Va., opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7839. Also, letter signed by J. H. Randolph, general manager of the Imperial Ice Cream Co., of Parkersburg, W. Va., opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal regulation bill; to the Committee on Interstate and Foreign Commerce.

7840. Also, letter from H. A. Gallagher, general manager of the Milburn By-Products Coal Co., and resolution of the Milburn Safety Club, Milburn, W. Va., opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7841. Also, letter from Luther O. Griffith, Griffith Lumber Co., of Huntington, W. Va., opposing the Davis-Kelly coal bill as detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7842. Also, letter from the executive vice president of the First Huntington National Bank Building, Huntington, W. Va., protesting against the passage of the legislation known as the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7843. By Mr. SMITH of West Virginia: Resolution of the Fayetteville District Political and Civic Club, of Fayetteville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7844. By Mr. STEWART: Resolution of the Morristown Chamber of Commerce, Morristown, N. J., favoring economy legislation, the balancing of the Budget, and approving the action of the Committee on Ways and Means in reporting adversely the bills providing for the payment of the soldiers' bonus; to the Committee on Ways and Means.

SENATE

FRIDAY, MAY 20, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Hull	Reed
Bankhead	Davis	Johnson	Robinson, Ark.
Barbour	Dickinson	Jones	Robinson, Ind.
Barkley	Dill	Kean	Sheppard
Bingham	Fess	Kendrick	Shortridge
Blaine	Fletcher	Keyes	Smith
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Stephens
Brookhart	Glenn	Logan	Thomas, Idaho
Bulkley	Goldsborough	Long	Thomas, Okla.
Bulow	Gore	McGill	Townsend
Capper	Hale	McNary	Trammell
Caraway	Harrison	Moses	Tydings
Cohen	Hastings	Neely	Vandenberg
Connally	Hatfield	Norris	Wagner
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Oddie	White
Costigan	Howell	Pittman	

The PRESIDING OFFICER. The Chair desires to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate on account of illness.

The Chair also desires to announce that the Senator from Michigan [Mr. COUZENS] and the Senator from Vermont [Mr. AUSTIN] are detained in committee meeting and that the following-named Senators are detained in the meeting of the Committee on Banking and Currency: The Senator from South Dakota [Mr. NORBECK], the Senator from Virginia [Mr. GLASS], and the Senator from Wyoming [Mr. CAREY].

Mr. HULL. I wish to announce that my colleague the senior Senator from Tennessee [Mr. MCKELLAR] is necessarily detained from the Senate by illness.

Mr. SHEPPARD. I wish to announce that the junior Senator from South Carolina [Mr. BYRNES] is necessarily detained from the Senate by serious illness in his family.

The PRESIDING OFFICER. Seventy-one Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

Mr. ASHURST presented memorials of sundry citizens of Phoenix and Tucson, Ariz., remonstrating against the imposition of taxes on the automobile industry, and favoring instead some form of general sales tax to be included in the pending revenue bill, which were ordered to lie on the table.

Mr. CONNALLY presented resolutions adopted by the voters' committee, Blum, Tex., opposing economy in veterans' legislation and the issuance of bonds or the imposition of taxation for relief purposes, and favoring the issuance of new currency for all relief measures, such relief to be "in the form of jobs and not charity," which were referred to the Committee on Finance.

Mr. TYDINGS presented resolutions adopted by the Men's Bible Class of the First Baptist Church, Baltimore, Md., favoring the adoption of measures to bring about the apprehension and punishment of the Lindbergh baby kidnapers and murderers, and also such measures as will prevent the repetition of crimes of this nature, which were referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of the State of Maryland, remonstrating against the imposition of taxes on the automobile industry, and favoring the raising of revenue by some form of general taxation, which were ordered to lie on the table.

He also presented the petition of Nellie S. Watson, registered nurse, and several other doctors and nurses of Tacoma Park, Md., praying for the passage of legislation providing for the dissemination of contraceptive information (birth control), which was referred to the Committee on the Judiciary.

Mr. BARBOUR presented memorials of sundry citizens of the State of New Jersey, remonstrating against the imposition of taxes on the automobile industry, and favoring some form of general tax be included in lieu thereof in the pending revenue bill, which were ordered to lie on the table.

He also presented the memorial of the Sons of American Revolution in congress assembled, remonstrating against any further reductions in the strength of the Regular Army or any curtailment in the training of citizen components of the Army, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Morristown (N. J.) Chamber of Commerce, favoring the immediate passage of legislation effecting economy and retrenchment in Federal expenditures, and opposing the adoption of so-called bonus proposals at the present time, which were referred to the Committee on Appropriations.

He also presented resolutions adopted by the Kiwanis Club of Hammonton in the Chamber of Commerce of Newark, in the State of New Jersey, favoring the balancing of the Budget as far as possible by retrenchment in governmental expenditures rather than increased taxes, which were referred to the Committee on Appropriations.

Mr. WALSH of Massachusetts presented letters in the nature of petitions from 300 citizens of the State of Massachusetts, praying for the passage of legislation to balance the Budget, and also for the support of the President's economy program, which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 325 citizens of the State of Massachusetts, praying for retrenchment in governmental expenditures and the balancing of the Budget through taxation on some such basis as is offered by a general sales tax, which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 175 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of cash-bonus proposals, and the stopping of "raids on the Treasury," etc., which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 255 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of petitions from 180 citizens of the State of Massachusetts, praying for the passage of legislation establishing a pension system for railroad employees, which were referred to the Committee on Interstate Commerce.

Mr. GOLDSBOROUGH presented letters in the nature of memorials from sundry citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees, which were referred to the Committee on Appropriations.

He also presented letters in the nature of memorials from sundry citizens of the State of Maryland, remonstrating against various features of the so-called economy section of House bill 11267, the legislative appropriation bill, which were referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from the Tricounty Rural Letter Carriers Association, Chestertown, Md., composed of carriers of Cecil, Kent, and Queen Annes Counties, remonstrating against proposed cuts in appropriations for the Post Office Department, which was referred to the Committee on Appropriations.

He also presented telegrams in the nature of memorials from Jacob France and G. P. Bagby, president of the Western Maryland Railway Co., both of Baltimore, Md., remonstrating against the imposition of a tax of 4 cents per gallon upon lubricating oils, which were ordered to lie on the table.

He also presented a telegram and letter in the nature of memorials from citizens of the State of Maryland, remonstrating against increase in the rates on first and second class mail matter, which were ordered to lie on the table.

He also presented a telegram from J. Carroll Sullivan, of Baltimore, and a letter from Local No. 258, International Alliance Theatrical Stage Employees, of Cumberland, both in the State of Maryland, remonstrating against the imposition of taxes on admissions to amusements, which were ordered to lie on the table.

Mr. BINGHAM presented a petition of sundry citizens of Sterling, Moosup, and Oneco, all in the State of Connecticut, praying for reductions in the compensation of Federal employees and the elimination of duplicating activities, bureaus, positions, and functions in the Federal service that are not in accord with strict economy, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Riverside Association, of Riverside, Conn., favoring immediate and substantial reductions in Federal expenditures rather than increased pension and bonus legislation, and the adoption of a revenue measure that "will produce adequate revenues through the contribution of all without unduly burdening special interests and industries," which was referred to the Committee on Appropriations.

He also presented numerous petitions of sundry citizens of the State of Connecticut, favoring the passage of the veterans' bonus legislation, which were referred to the Committee on Finance.

He also presented a resolution adopted by the Hartford District Council, Department of Connecticut, Veterans of Foreign Wars of the United States, at Manchester, Conn., opposing any reduction in pension or compensation of veterans, widows, or orphans of all wars, which was referred to the Committee on Finance.

He also presented resolutions adopted by the senior department and young people of the Trinity Methodist Episcopal Church School, of New Britain; the branch of the American Association of University Women of New London; the section of the National Council of Jewish Women of Bozrahville; the women's organizations of Holy Trinity Church, of Middletown; and the New Haven Section, Council of Jewish Women, and the Men's Club of the United Church, both of New Haven, all in the State of Connecticut, favoring the prompt ratification of the World Court protocols, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by Lady Fowler Council, No. 58, of Milford, and Star Council, No. 42, of Greenwich, both of the Sons and Daughters of Liberty, in the State of Connecticut, favoring the immediate passage of legislation providing for the exclusion and expulsion of alien communists, which were referred to the Committee on Immigration.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Meriden, Conn., opposing the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by groups of the Polish National Alliance of Bristol, Willimantic, Bridgeport, Middletown, Manchester, Wallingford, New Haven, Moosup, Hartford, Southington, Stamford, Ansonia, Jewett City, Rockville, Wallingford; the Polish American Progressive Citizens' Club, of New London; and the Tadeusz Kosciuszko Society, of Norwich, all in the State of Connecticut, favoring the passage of legislation proclaiming October 11 in each year as General Pulaski's Memorial Day, which were referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of the State of Connecticut, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, or other restrictive religious measures, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Ridgefield, Conn., remonstrating against the imposition of a tax of 1 cent a shell on shotgun shells, which was ordered to lie on the table.

He also presented a resolution adopted by the Fish and Game League of Southwestern Connecticut, favoring the passage of legislation to afford additional protection to the grizzly and brown bears of Alaska, and the setting aside of Admiralty Island, Alaska, as a bear sanctuary, so that these mammals may be preserved for posterity, which was referred to the Committee on Territories and Insular Affairs.

VETERANS' AFFAIRS AND LEGISLATION

Mr. SCHALL. Mr. President, I ask unanimous consent to insert in the RECORD and have referred to the proper committee a letter I have just received from an official of the American Legion in my State, formerly State commander of the American Legion of Minnesota.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

DEPARTMENT OF MINNESOTA,
THE AMERICAN LEGION,
Ortonville, Minn., May 17, 1932.

Hon. THOMAS D. SCHALL,
Washington, D. C.

DEAR SENATOR: Legionnaires all over this State and all over the country are primarily interested in three things which are now before the United States Senate, namely:

1. Passage of the Steiwer-Rankin widows' and orphans' bill with the needs clause eliminated.

2. Passage of the Brookhart resolution for the Senate veterans' committee.

3. Opposition to the inclusion in the Senate economy program of any reductions of benefits to the disabled.

I wish to call your attention to the fact that the widows and orphans of the Civil and Spanish-American Wars have been taken care of, but nothing has been done to take care of the widows and orphans of the non-service-connected cases of the World War. If this bill is not passed real soon, it will be too late to preserve the home in many cases, and these children will have to be sent to orphan asylums or placed in other homes.

We of the Legion do not feel that the House has shown very good faith in placing a needs clause in this piece of legislation, when in the same session they have voted $10,000 apiece to each of the widows of the 13 Congressmen who died during this session

without making any inquiry as to whether they were rich or poor or whether they paid an income tax last year or whether they might pay one this year.

We are also especially interested in the passage of the Brookhart resolution for the Senate veterans' committee, because we feel this is the only way we can obtain a proper hearing before the Senate. Surely we are entitled to that much, at least.

We also stand solidly opposed to the inclusion in the Senate economy program of any reductions of benefits to the disabled. If there are any corrections to be made in veterans' legislation, it should be done after a full hearing and not attempted to be rushed through in a session such as this without giving the men who are entitled to every care and gratitude of a grateful Nation an opportunity to be heard.

Please understand that there has never been any doubt in my mind as to your attitude on any of these three questions for the reason that you have always given consideration to veterans' affairs and legislation, and I sincerely hope that we may count upon you to do everything you can for the carrying out of the three projects which we are most interested in during this present session.

Yours respectfully,

E. V. CLIFF,
National Executive Committeeman.

AGRICULTURE AND THE PHILIPPINES

Mr. SCHALL. Mr. President, also I ask unanimous consent to insert in the RECORD a letter addressed to the editor of the Minneapolis Tribune from a man who acts as agent for the Prudential Insurance Co. of America in making loans to farmers.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

AGRICULTURE AND THE PHILIPPINES

To the EDITOR OF THE TRIBUNE:

Every voter in the United States should read your editorial, Tax Tropical Oils, in the Tribune, Monday morning, April 18. Every word in this article hits the bull's-eye.

Think of us importing from the Philippines annually 600,000,000 pounds of vegetable oils, duty free, produced by cheap oriental labor in direct competition with our own high-grade American life, owning and operating our farms, and deliberately strangling and impoverishing the best customer the United States has for the production of its industrial life. Why is this? Are we as a people under a legal or moral obligation to crucify ourselves in order to provide a job for this oriental life on the other side of the world? Have not the taxpayers of the United States in every way done their full paternal duty to the Philippines, the control of which we acquired without design or desire on our part?

We as a nation have only one further duty to perform, which is to grant that people their full and complete independence. Are we holding on to them at the expense of our farmers and our whole national interests because our leaders in finance found their country a highly profitable field for the investment of a hundred million dollars, more or less, of American capital which they now feel may suffer some risk if the Philippine nation is allowed its God-given right to govern itself?

We should have at once a stiff tariff on all vegetable oils or raw materials that come in and are used by us, thereby crippling our great dairy and meat-producing business. Early in our national life we had political and economic brains big enough to realize that protective-tariff walls shutting out the outside world's cheap-labor products, making the United States a self-contained nation in a large way was a sound principle for us. It is true that we violated that so-called sacred law of supply and demand which our economic poets keep singing about. But it has worked. We made an economic law of our own and are rightfully proud and glad about it.

We know that while our protectitve-tariff walls have created our many great billion-dollar manufacturing and other trusts, they have also been the direct cause of the elevation of the life of our industrial and working masses from what would have been a condition of semipeonage to that higher plane necessary to play the part of American citizenship.

About 12 years ago we were guilty of a great national blunder, the penalty for which has not yet been paid. We willfully overlooked the fact that the economic convulsion affecting the whole world resulting from the World War left our great basic industry, agriculture, in a defenseless position. Steps should have been immediately taken then to provide for our farmer the addition of a proper tariff protection to the price received by him for all of his products that would be consumed by our own people. If he happened to have a surplus above home requirements to sell to the outside world, he could then take the outside-world price for it, let it be ever so small, and still keep solvent and going and be a large consumer of the productions of the rest of us.

The addition of the tariff protection to the price received by our farmer on all of his products consumed at home would add but a very small fraction to the living costs of our urban and industrial life. Our whole country is at this time thoroughly alive to the fact that our consumer class pays about the same price for his baker's loaf of bread—let wheat be 50 cents or $1.50 a bushel to the man who grows the grain. If there should be a small increase to the consumer class in the cost of living, it would be many times offset by our farmer being placed in a solvent, free-consuming condition and the placing of millions of our present jobless people back on the pay roll.

Our farmer to-day is selling his production for about one-half of the previous 10-year average price, and his outgo in taxes, interest, and for everything he has to buy is but a little below the average of 10 years past. If this continues, his survival as an independent citizen is an impossibility. It is not yet too late to correct our great national mistake. There is contained in the principle of the equalization fee and proper tariff walls the key to the solution of this real national menace which we are facing. Why not use it or any other equally effective democratic plan that will accomplish the same end. Our farmer must be in the same favored place when he sells a load of meat or grain as our aluminum or steel citizen enjoys when he sells a ton of his product.

GEORGE E. TOWLE, *Minneapolis.*

TARIFF ON LUMBER

Mr. SCHALL. Mr. President, also I ask unanimous consent to insert in the RECORD an editorial from the Minneapolis Journal dealing with a tariff on lumber.

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

[From the Minneapolis Journal, Monday, May 16, 1932]

THE LUMBER TARIFF GRAB

Of the four tariff grabs forced into the revenue bill by skilled logrollers, by far the most unconscionable is the proposed duty of $3 a thousand feet on lumber imports.

This lumber tariff, if left in the law, will imperil the St. Lawrence seaway, will further cut American pay rolls, and will trebly damage American agriculture.

The farmer will suffer under needlessly higher lumber prices. The farmer will suffer through delay or abandonment of the seaway project. The farmer will suffer through the further narrowing of the domestic market for the foodstuffs he produces.

With tariff barriers already erected, and rightly, against cheap Canadian farm products, Canada is left with lumber as the principal exportable commodity with which she can pay for goods purchased in the United States. If we now bar out her lumber, we shall force the further movement of American factories across the Detroit River. Already there have been invested in the Windsor area some hundred and fifty millions of American dollars, with a proportionate creation of Canadian pay rolls at the cost of abandoned American pay rolls.

To the American farmer it makes mighty little difference whether workers employed in these factories are Canadians or transplanted Americans. The fact remains that, dwelling outside the United States and making goods for Canadians inside the Canadian industrial tariff wall and outside the American agricultural tariff wall, they eat Canadian flour, butter, meat, cheese, milk, and vegetables. They wear Canadian or other British textiles. The paint on the walls of their homes is mixed in Canadian linseed oil. Their needs affect the American farmer's market little more than would be the case if they lived and worked in Australia.

So much for one rather certain result of a $3 American-lumber tariff—Canadian retaliation in the form of industrial rates that would force still more factories across the line.

Another rather certain Canadian reprisal against the proposed high lumber tariff would be reluctance, and quite possibly flat refusal, to join with the United States in the development of the St. Lawrence seaway. Failure to build the seaway would directly affect the price of every bushel of grain grown in the Northwest, for the lower the cost of shipment to Liverpool, the higher the value of the grain at the country elevator, whether destined for the world market or for domestic consumption.

For every job created in the forests of the Pacific Northwest by the proposed lumber rate, two or more workingmen in the industrial centers of America would be thrown out of employment. Add to this the abandonment of the St. Lawrence seaway project, with its promise of work for an army of laborers, and it will be seen that, as a measure for stimulating employment, the $3 lumber tariff would be worse than a failure.

Equally indefensible is this proposal as a revenue measure. The Hawley-Smoot rate of a dollar a thousand feet on dressed softwood lumber, with rough lumber coming in free, already has cut in half the volume of imports from Canada. To treble this rate and include all softwood lumber would eliminate these imports altogether. Revenue from customs collections would be decreased rather than increased.

There is no justification for the $3 lumber rate as a revenue measure. There is no justification for the $3 lumber rate even as a protective measure, in the opinion of the Tariff Commission, based on an exhaustive study of the situation. And, even if there were a need for this tariff as a protective measure, why slide lumber into the revenue bill and leave out vegetable oils, commodities whose importation robs the American farmer of part of his butter market?

REPORTS OF COMMITTEES

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 4318) for the relief of Horace G. Knowles, reported it with amendments and submitted a report (No. 723) thereon.

Mr. McNARY, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 4614) to

amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249), reported it without amendment and submitted a report (No. 724) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4644) to extend the time for construction of a free highway bridge across the Sabine River where Louisiana Highway No. 21 meets Texas Highway No. 45, reported it with an amendment and submitted a report (No. 725) thereon.

He also, from the same committee, to which was referred the bill (S. 4645) to extend the times for commencing and completing the construction of a bridge across the Sabine River where Louisiana Highway No. 6 meets Texas Highway No. 21, reported it without amendment and submitted a report (No. 726) thereon.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on the 19th instant that committee presented to the President of the United States the following enrolled bills:

S. 1335. An act to remove the limitations upon the filling of a vacancy of district judge for the district of New Jersey; and

S. 2498. An act to authorize the transfer of jurisdiction over public land in the District of Columbia.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CUTTING:

A bill (S. 4710) to amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain"; to the Committee on Public Lands and Surveys.

By Mr. TOWNSEND:

A bill (S. 4711) for the relief of Edward Xavier Linck; to the Committee on Naval Affairs.

By Mr. CAPPER:

A bill (S. 4712) authorizing the sale of certain lands no longer required for public purposes in the District of Columbia; to the Committee on the District of Columbia.

By Mr. COPELAND:

A bill (S. 4713) to confer jurisdiction on the Court of Claims to reopen, rehear, and redetermine the claim of A. W. Duckett & Co. (Inc.); to the Committee on Claims.

By Mr. ASHURST:

A bill (S. 4714) granting a pension to Frederick Platten; to the Committee on Pensions.

By Mr. REED:

A bill (S. 4715) to authorize the transfer to the Department of Agriculture of portions of the Fort De Soto Military Reservation, Fla., and for other purposes; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 4716) granting a pension to Jens A. Jepsen (with accompanying papers); to the Committee on Pensions.

A bill (S. 4717) to provide for expenses of the Northern Cheyenne Indian Tribal Council and authorized delegates of the tribe; to the Committee on Indian Affairs.

By Mr. KING:

A joint resolution (S. J. Res. 162) authorizing the Reconstruction Finance Corporation to make advances for the prosecution of reclamation projects in the State of Utah; to the Committee on Banking and Currency.

REVENUE AND TAXATION—AMENDMENTS

Mr. NORRIS and Mr. METCALF each submitted an amendment and Mr. TYDINGS submitted 504 amendments intended to be proposed by them, respectively, to House bill 10236, the revenue and taxation bill, which were severally ordered to lie on the table and to be printed.

INVESTIGATION OF LOBBYING ACTIVITIES

Mr. WHEELER. Mr. President, several charges have been made on the floor of the Senate with reference to the existence of a lobby here in Washington. Likewise, a charge was made recently by President Hoover to the effect that a swarm of lobbyists were haunting the Halls of Congress. Likewise, charges were made by the senior Senator from Pennsylvania [Mr. REED] and by the junior Senator from North Dakota [Mr. NYE] with reference to lobbyists.

I ask unanimous consent, out of order, for leave to introduce at this time a resolution for an investigation of these charges of lobbying, and ask that it be referred to the Committee on the Judiciary.

The PRESIDING OFFICER (Mr. DILL in the chair). Without objection, the resolution will be received and referred to the Committee on the Judiciary.

The resolution (S. Res. 215) is as follows:

Whereas on May 6, 1932, President Hoover in a statement to the press stated, "It is also an issue between the people and the locust swarm of lobbyists who haunt the Halls of Congress seeking selfish privilege for special groups and sections of the country, misleading Members as to the real views of the people by showers of propaganda"; and

Whereas on May 5, 1932, Senator DAVID A. REED stated, "Such a cloud of lobbyists descended upon the House, so strong was the pressure of the soldier lobby that only about 25 per cent of the membership of the House dared to vote in favor of that obviously just suggestion. The more specific the act the stronger will be the lobby, and, apparently at the other end of the Capitol, anyway, there was not courage enough to resist it"; and

Whereas on May 6, 1932, Senator GERALD P. NYE made the following statement: "The weekly radio broadcasts by the spokesmen and errand boys for big business and concentrated wealth have brought to each Senator's desk during the winter letters upon letters protesting against Government expenditures and demanding economy and tax reduction. These spokesmen, for selfishness and greed, have done their work so well that many people have been blinded to their local, county, and State tax responsibilities under which they labor, and have been tempted to believe that their terrible tax burden was occasioned quite alone by expenditures of the Federal Government"; and

Whereas Hon. PETER NORBECK on May 11, 1932, made the following statement: "Misstatements were made galore by lobbyists—misstatements that have been sent out of here because the lobbyists have to maintain their offices also. They have to cry 'wolf' once in a while if they are going to continue to draw their salaries, so they sent out warnings galore against the Glass bill and against this and that section of the Glass bill and against the minority of the committee and against the 'wild jackasses' on the committee"; and

Whereas Hon. F. I. LAGUARDIA on May 7 made the following statement: "To-day the President in his statement to the public refers 'to a swarm of lobbyists like locusts who haunt the Halls of Congress.' The lobbies of the House Office Building and Capitol were never so crowded with admirals and generals who appeared here in opposition to consolidation of the Army and Navy. I submit to the President that if he wishes to stop lobbying, here is one of the group of minorities that he can immediately stop. As Commander in Chief of the Army and Navy he needs no legislation to stop this class. He can issue an order and tell his admirals and generals and his military and naval lobbyists to keep away from the Congress and let us legislate. And, talking about lobbyists, do you remember during the discussion of the tax bill, when we placed a tax on stock transfers, the pressure that was brought to bear on us? Do you remember the abuse that we got because we opposed the sales tax? Is it not an unfortunate synchronization when, on the next day after the President makes his appeal to keep lobbyists away from Washington, the lobbyists and the special interests had already done their dirty work in emasculating the tax on the other side of the Capitol"; and

Whereas again on March 17, 1932, Hon. DAVID A. REED made the following statement: "There are, I am ashamed to say, a lot of Americans who get asked to lunch by a countess and immediately break into tears and cancel the debt. There are a lot of Americans who, for some reason of their own, have taken this foreign propaganda as if it were the Bible. I have wandered from the subject upon which I first rose to speak; but I think there is a certain value in the reiteration of the statement that that propaganda is not successful with all Americans"; and

Whereas various other statements have been made in the public press and on the floor of Congress with reference to lobbyists invading our National Capitol and influencing legislation: Therefore, be it

Resolved, That the Committee on the Judiciary, or any duly authorized subcommittee thereof, is authorized and directed (1) to investigate into the activities of lobbying associations and lobbyists and into the charges made by the President of the United States and by various Members of Congress, to the effect that a swarm of lobbyists are haunting the Halls of Congress, causing delays and seeking selfish special privilege for special

groups and sections of the country, and (2) to report to the Senate as soon as practicable the results of such investigation and, if in its judgment such practice should be prohibited, to submit with such report its recommendations for the necessary remedial legislation.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the first session of the Seventy-second Congress, to employ such experts and clerical, stenographic, and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, in which it requested the concurrence of the Senate.

BISCAYNE BAY—IMPROVEMENT OF CHANNEL FROM CAPE FLORIDA TO MIAMI, FLA. (S. DOC. NO. 95)

On motion of Mr. FLETCHER, a letter from the Chief of Engineers of the Army, addressed to the chairman of the Senate Committee on Commerce, relative to reports on Biscayne Bay, Fla., submitted in House Document No. 295, Fifty-fourth Congress, second session, and House Document No. 662, Fifty-sixth Congress, first session, in the matter of determining whether any improvement of the channel from Cape Florida to Miami is deemed advisable at the present time, with an accompanying report of the Board of Engineers for Rivers and Harbors on the subject, was ordered to be printed, with illustrations.

HOUSE BILL REFERRED

The bill (H. R. 11897) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1933, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senator from Wisconsin [Mr. LA FOLLETTE] is entitled to the floor.

Mr. LA FOLLETTE resumed and concluded the speech begun by him yesterday. The speech follows entire.

Thursday, May 19, 1932

Mr. LA FOLLETTE. Mr. President, it is not my purpose to discuss in detail the four tariff items contained in the pending revenue bill. I wish, however, to make an appeal, which however futile it may be is none the less sincere, to Members of this body on both sides of the aisle. I now make publicly the appeal which at the inception of the hearings on this bill I made in private to leaders on both sides of this Chamber. My appeal is that these tariff items be eliminated from this bill, because, in my judgment, unless that course of action is taken interminable delay will be the inevitable result.

I have no doubt, Mr. President, that the tariff items in this bill consumed 30 per cent of the time given by the committee to the consideration of this measure. We now are fully aware of the situation that confronts us if any or all of these tariff items are to be included in this bill as reported by the committee. We now know that before this measure shall pass the Senate and go to conference not only will a great many amendments be offered to the rates in the existing tariff law but they will be debated and pressed for consideration. Also, I have been advised to-day that a Senator has under consideration offering the export debenture amendment to this bill if the tariff items are to be included in it.

I do not view these amendments as parliamentary maneuvering for advantage. I believe they are the logical outcome of permitting any one, or all four, of these tariff items to be included in the bill. It is but natural, if this measure is opened up for revision of any tariff rates, that Senators representing various sections of the country in which other interests are located, all caught up in this cataclysmic economic disaster, should find themselves under pressure to secure what I believe to be but an illusory advantage by seeking to amend the tariff law.

In the committee, Mr. President, as has been so well said by the Senator from Mississippi [Mr. HARRISON], we marched up the hill and down again many times on these tariff items. However, it is perfectly obvious what occurred in the committee was only a curtain raiser to what will take place in this body if these tariff items are forced into this bill.

Some Senators may discount the amendments which the Senator from Maryland [Mr. TYDINGS] proposes to offer. Others may not take seriously the statement that the export debenture will be offered as an amendment to this bill; but I, for one, am firmly convinced that the Senate must decide on the initial vote on oil whether it chooses to pass a tax bill in a reasonable length of time, or whether it proposes to stay here for weeks revising the tariff.

I made that statement when the committee first took up the consideration of this bill, when I appealed to the Senator from Indiana [Mr. WATSON], the Senator from Oregon [Mr. MCNARY], and other conservative Senators on this side of the Chamber to exercise their leadership and their influence in persuading the Finance Committee to take what seemed to me the only logical and the only safe ground for it to take in this emergency. I stated to them then, and I state to the Senate now, that it is perfectly obvious we shall ultimately be confronted with a general revision of the tariff unless all these items are eliminated from the bill.

I have not been one of those, in this Chamber or out of it, who have lent themselves to the campaign to convince the people and the Congress that immediate balancing of the Federal Budget is imperative. I have not subscribed to the statement made by one member of the Finance Committee when we first met that it would be better to pass a bad tax bill in a few days than to pass a good one in two or three weeks. But no man in this Chamber can doubt the fact that the people of this country have been convinced that the speedy enactment of a bill which is alleged to balance the Budget is necessary in order to preserve the financial structure of this Government and its banking institutions; and I wish to say in all sincerity, in view of that situation, that the Senators who are working to force these tariffs into the pending bill assume in the public mind a grave responsibility.

Naturally, if one of these items—and the first one happens to be oil—goes into this bill, the bars are down. Every Senator will feel free to make—will perhaps feel under the necessity of making—a fight in behalf of tariffs for industries in his State or section. As one Senator said to me in the Finance Committee when this question first came up, "If any of these tariff items go into this bill, how am I ever going to be able to go home and justify to my constituents my failure to secure adjustments of tariffs in which they are interested?"

For the reasons which I have suggested, when the Finance Committee first met I offered a resolution declaring it to be the sense of the committee that all tariff items should be eliminated from this bill. In taking this action I was not passing upon the merits of the two tariff items that were then in the bill, nor was I attempting to pass on the other tariff items which had been discussed as probable subjects of legislative action in connection with this revenue measure. What I sought to accomplish was an orderly consideration of the momentous questions involved in this revenue bill, and to exclude therefrom the confusion, the delay, and the logrolling which I knew would follow if the tariff items were included—not only log rolling in so far as the tariff items were concerned, but logrolling also

on the momentous questions of public fiscal policy involved in the tax sections of this bill were concerned; and every Senator familiar with the situation knows what has taken place.

Mr. JOHNSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Wisconsin yield to the Senator from California?

Mr. LA FOLLETTE. I yield.

Mr. JOHNSON. I want to say that there is one Senator here who has not logrolled in respect to any provision of this bill, and I want that distinctly understood. My brethren may rest under the imputation if they desire. I do not.

Mr. LA FOLLETTE. Mr. President, when the committee met on the 25th of April I offered a motion that all tariff items be eliminated from the bill and that the committee should give no consideration to tariff duties. The motion was defeated by the following vote:

Yeas, 9: KEYES, LA FOLLETTE, METCALF, HARRISON, GEORGE, WALSH of Massachusetts, BARKLEY, COSTIGAN, HULL.

Nays, 10: WATSON, REED, SHORTRIDGE, COUZENS, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and the chairman.

Mr. WALSH of Massachusetts. Mr. President, on what question was that vote?

Mr. LA FOLLETTE. It was on the motion I offered that it should be the sense of the committee that all tariff items be eliminated from the bill.

There was some discussion this afternoon as to who should assume the responsibility for the inclusion of the tariff items in this bill. I submit that the statement I made that the majority of the votes for the tariff items in this bill were furnished by the Republicans sitting above me at the table is correct. It is demonstrated by the fact that we find, first of all, the chairman; next, the Senator from Indiana [Mr. WATSON], the Republican leader; then the Senator from Pennsylvania [Mr. REED]; then the Senator from California [Mr. SHORTRIDGE], the Senator from Michigan [Mr. COUZENS], the Senator from Connecticut [Mr. BINGHAM], the Senator from Idaho [Mr. THOMAS], and the Senator from Washington [Mr. JONES].

We next voted on a motion to strike oil from the bill. It was lost by the following roll call:

Yeas, 8—KEYES, LA FOLLETTE, METCALF, HARRISON, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

Nays, 10—WATSON, REED, SHORTRIDGE, COUZENS, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and the chairman.

Mr. MOSES. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from New Hampshire.

Mr. MOSES. Since the curtain is being raised upon what took place in the executive sessions of the committee, will the Senator say who made the motion upon which that vote was taken?

Mr. LA FOLLETTE. Mr. President, I am not raising the curtain. These roll calls were all given to the press by the chairman. I simply want to put into the CONGRESSIONAL RECORD, before we vote upon this first tariff duty, the record of the committee.

I am sorry to say that the minutes of the committee do not show who made the motion.

Mr. BARKLEY. Mr. President, if the Senator will yield——

Mr. LA FOLLETTE. I yield.

Mr. BARKLEY. There was a general understanding that it was not necessary to make a motion on the part of anybody; that we would have roll calls on those various items without any particular Member offering a motion to that effect.

Mr. LA FOLLETTE. I may say to the Senator from New Hampshire that the minutes show that—

The committee then proceeded to vote on each of the tariff items in the House bill, and on other proposed tariff items, the vote on each being as follows.

Mr. MOSES. The Senator from Wisconsin stated on the first vote that he had made the motion; and I wondered if the minutes showed who made the motions on all the various items.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Illinois?

Mr. LA FOLLETTE. I yield to the Senator.

Mr. LEWIS. Will the Senator from Wisconsin note that I desire this information from his point of view:

Suppose the motion made to strike these particular features—oil, coal, lumber, and copper—from the bill, on the ground that they are tariff items, had been sustained, what, then, would there be in the way of an obstruction for Senators representing these interests to tender them in separate amendments to the bill just as they stand, either with the clause stricken out or otherwise?

Mr. LA FOLLETTE. The Senator means after the bill was reported to the Senate?

Mr. LEWIS. Yes, sir. While the bill is in the Senate, if the various items to which the able Senator refers as tariff items had been stricken out on the theory that, being tariff articles, they ought not to attach themselves to the bill, would there be anything to prevent, then, the advocate of each one of these items tendering it to the Senate as a separate amendment?

Mr. LA FOLLETTE. The Senator from Illinois is too experienced a legislator to ask that question. Obviously, it was in order for any Senator to offer any amendment to any section of the tariff bill in connection with this matter after it came on the floor. If the committee had voted to eliminate these items from the bill, such recommendation would have had an important effect upon the Senate; that is, had the committee reported that it felt the urgency of the situation was such that the time which inevitably would be consumed in the consideration of these tariff items should not be taken in connection with an emergency revenue bill.

Mr. LEWIS. I take it, then, that the Senator assumed that if such a motion could be made and carried as coming from the committee, it would have more weight with the Senate than if made by an individual Member?

Mr. LA FOLLETTE. I assume that if the committee had recommended that these items be stricken out, and had pointed out to the Senate the reasons for not taking up the time in connection with the tariff, it would have had a great deal of weight; and, as everybody knows, the vote on this oil item is so close that if we had the leadership on this side of the aisle exerting itself in favor of the elimination of all these tariff items from the bill there can be no question but that they would be eliminated.

The next vote, Mr. President, came on the question of striking coal from the bill.

The yeas were Senators KEYES, LA FOLLETTE, METCALF, HARRISON, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

The nays were Senators WATSON, REED, SHORTRIDGE, COUZENS, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and the chairman.

The motion was then made to put a duty on copper and proper compensatories. Those voting in favor of that motion were Senators WATSON, REED, SHORTRIDGE, COUZENS, BINGHAM, THOMAS of Idaho, JONES, METCALF, CONNALLY, and the chairman.

Those voting in the negative were Senators KEYES, LA FOLLETTE, HARRISON, GEORGE, WALSH of Massachusetts, BARKLEY, COSTIGAN, and HULL. The motion carried, 10 to 8.

On Friday, April 29, the question again came up in the committee, and Senator WALSH of Massachusetts moved to strike the tariff on oil from the bill. The motion carried by the following vote:

Yeas—Senators COUZENS, KEYES, LA FOLLETTE, METCALF, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

Nays—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and the chairman.

Next, a motion was made by Senator HARRISON that the tariff on coal be reduced from 10 cents to 5 cents. The motion was lost. Senator HARRISON moved that the tariff on coal be stricken from the bill. The motion was carried by the following vote:

Yeas—Senators COUZENS, KEYES, LA FOLLETTE, HARRISON, KING, GEORGE, WALSH of Massachusetts, BARKLEY, COSTIGAN, and HULL.

Nays—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, METCALF, CONNALLY, and the chairman.

A motion was then made to adopt a tariff on copper. The result was a tie.

Yeas—Senators WATSON, SHORTRIDGE, COUZENS, BINGHAM, THOMAS of Idaho, JONES, METCALF, KING, CONNALLY, and the chairman.

Nays—Senators REED, KEYES, LA FOLLETTE, HARRISON, GEORGE, WALSH of Massachusetts, BARKLEY, GORE, COSTIGAN, and HULL.

The motion was lost, the vote being a tie.

There was another vote on the tariff matters in this bill. On Wednesday, May 4, Senator JONES moved that a rate of $3 per thousand be imposed on lumber imports. The motion carried by a vote as follows:

Yeas—Senators WATSON, REED, SHORTRIDGE, COUZENS, KEYES, BINGHAM, THOMAS of Idaho, JONES, METCALF, CONNALLY, and the chairman.

Nays—Senators LA FOLLETTE, HARRISON, KING, GEORGE, WALSH of Massachusetts, BARKLEY, COSTIGAN, and HULL.

Senator SMOOT, the chairman of the committee, moved that a tariff be placed on coal. The motion was carried.

Yeas—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, METCALF, BARKLEY, CONNALLY, GORE, and the chairman.

Nays—Senators COUZENS, LA FOLLETTE, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

Then began the long and tortuous course of the proposed duty on oil. I shall not read all of these roll calls. There were a number of them. They started with a vote on oil imports moved by Senator SHORTRIDGE. Senator CONNALLY moved that the duty on crude oil be 1 cent, on fuel 1¼ cents, and on gasoline 3 cents. The motion was lost, as follows:

Yeas—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and the chairman.

Nays—Senators COUZENS, KEYES, LA FOLLETTE, METCALF, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

The motion lost, 9 to 10. Senator SHORTRIDGE moved that the rate on oil imports be nine-tenths of a cent on crude, 1 cent on fuel, and 2½ cents on gasoline. The motion was lost by the same vote as that I have just read.

Senator CONNALLY then moved that the rate on oil imports be 1 cent on crude, one-half cent on fuel—it will be seen that he dropped to one-half cent on fuel—and to 2½ cents on gasoline instead of 3 cents. But even that did not put oil across.

The vote was: Yeas—Senators WATSON, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, METCALF, CONNALLY, GORE, and SMOOT.

Nays—Senators REED, COUZENS, KEYES, LA FOLLETTE, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

Senator CONNALLY moved that the 3-cent rate on gasoline imports be adopted, and that was lost by the same vote as the one which was cast just before that, 9 to 10.

The yeas were—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, CONNALLY, GORE, and SMOOT.

The nays were—Senators COUZENS, KEYES, LA FOLLETTE, METCALF, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

Senator CONNALLY persisted, however. He then moved that the rate be one-half cent on crude and fuel oil, 2½ cents on gasoline, and 4 cents on lubricating oil, 1 cent a pound on paraffin, and 10 cents a hundred pounds on asphalt. It will be seen that to get the votes to put this over he had reduced his duty on crude from 1 cent to half a cent, leaving the same duties on gasoline and the other commodities. The vote on that motion was:

Yeas—Senators WATSON, REED, SHORTRIDGE, BINGHAM, THOMAS of Idaho, JONES, METCALF, CONNALLY, GORE, and SMOOT.

It will be observed that Senator METCALF changed his vote on that motion.

The nays were—Senators COUZENS, KEYES, LA FOLLETTE, HARRISON, KING, GEORGE, WALSH of Massachusetts, COSTIGAN, and HULL.

My only purpose in putting these votes in the RECORD is to demonstrate, first of all, that the committee was very evenly divided upon this question, and that the judgment of one or two members of the committee changed, in this case, on several occasions. I am satisfied in my own mind that a majority of the committee was convinced, after we had eliminated four tariff items from the bill, that we had taken a step which would facilitate the passage of the revenue bill and would do much to prevent long delay in the Senate.

So far as this duty on oil is concerned, I wish to say at the outset that I am not hardened against the appeals which have been made by representatives of the independents—or so-called independents—in the oil industry.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. GLASS. Before the Senator goes into that, I would like to ask him a question.

Mr. LA FOLLETTE. I will be glad to answer if I can.

Mr. GLASS. Why were tariff proposals confined to these four particular items? Did not shingles, or wood pulp, or manganese, or dozens of other items, have any friend at court at all?

Mr. LA FOLLETTE. Lumber had a rather difficult time getting into this close corporation, and I think they dropped shingles and logs and were delighted to slide in with $3 on lumber. However, in so far as other items are concerned, I can only answer the Senator's question by saying that while I am not in the confidence of Senators who have been managing the fights for these different tariffs, my distinct impression, from observing the gyrations of members of the Finance Committee, is that they finally adopted the slogan of the Three Musketeers, "All for one and one for all." In other words, they decided apparently to get these four items into the bill and then to remain adamant against the inclusion of any others.

I can only come to that conclusion in view of the sad fate of the attempt on the part of the Senator from California to get a duty on manganese, even though he succeeded in getting the support of the Assistant Secretary of War for that proposal.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. LA FOLLETTE. I yield.

Mr. SHIPSTEAD. These four items which are in this tax bill are items on raw materials which the agricultural interests of the country will have to pay for. Can the Senator enlighten us as to whether there was any concern expressed for any tariffs on any agricultural items?

Mr. LA FOLLETTE. My recollection is that a Representative from South Dakota appeared and appealed to the committee to increase the tariff on butter, but it apparently got pretty badly jammed in between these heavy raw materials. It had no support from the raw-material tariff advocates.

Mr. LONG. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. LONG. The Senator was mentioning the proposition of butter. Did the Senator support the increase in the tariff rate on casein? I notice that in the Smoot-Hawley tariff bill the House of Representatives fixed a rate of 2½ cents a pound, and the Finance Committee of the Senate fixed the rate at 3½ cents a pound; that Senator BLAINE offered an amendment, which the RECORD shows the senior Senator from Wisconsin voted for, raising the rate to 5½ cents a pound. I just wanted to know whether that met with the

Senator's views on the tariff question as to that product of Wisconsin.

Mr. LA FOLLETTE. May I say to the Senator that there was a long discussion on casein, which I do not want to go into just now. The Senator from California wanted to make the rate very much higher than what it was, and I came to the conclusion, after listening to the arguments, that the duty proposed by my colleague fairly represented the difference in cost of production between the United States and the Argentine.

Mr. LONG. That is just what I was wondering, whether the Senator, having concluded that it was a fair representation of the difference in the cost of production in Wisconsin and foreign countries and thought it was a patriotic act to give that product some consideration, why not give the oil of Louisiana that same treatment?

Mr. LA FOLLETTE. May I say further to the Senator from Louisiana he apparently has lost the entire import of my argument. I contend that this is not a proper time to inject into a debate on a revenue bill a general revision of the tariff.

(At this point Mr. LA FOLLETTE yielded to Mr. MCNARY, who moved an executive session.)

Friday, May 20, 1932

Mr. LA FOLLETTE. Mr. President, when the Senate recessed last night I had just completed reading into the RECORD the roll call in the Finance Committee disclosing the shift in votes which was responsible, first, for eliminating the four tariff items from the bill; and, secondly, for rewriting them into the measure before it was reported to the Senate. It was demonstrated as a result of these roll calls that responsibility, in so far as the Finance Committee action is concerned, rests squarely upon the Republican members of that committee.

In the first resolution offered to eliminate the tariff, Republicans furnished 8 and Democrats 2 votes for the defeat of the resolution; Republicans furnished 3 votes and Democrats 5 in favor of it. The second time the resolution was voted on to eliminate the tariff, 7 Republicans and 2 Democrats voted against the resolution, while 4 Republicans and 6 Democrats voted for it.

In the course of my remarks last evening I had hoped to point out to the Senate that continuation of discussion of the tariff features of the revenue bill is inevitable, unless all four of the items in the bill as reported by the Finance Committee are eliminated. I am convinced of that fact not only because we now know that unless those four items are eliminated many other tariff items will be the subject of discussion, but also because, if the Senate includes in the bill any or all of those four items, that other interests concerned either in securing increases or decreases of other tariff rates will insist that the Senate has opened up the tariff question and will urge that action should be taken to give what they consider relief.

I shall not detain the Senate long in discussing the specific item under consideration. It has been very ably discussed on both sides and Senators have already determined what their course will be in regard to it. Nevertheless, I wish to draw the attention of the Senate to portions of the report made by the Manufactures Committee in 1923, after one of the most exhaustive and effective investigations ever made of the oil industry by a governmental body.

The Committee on Manufactures began its hearings on August 7, 1922, and rendered its report to the Senate on March 3, 1923. It retained as its counsel the late Gilbert E. Roe, of New York City, one of the ablest lawyers whom I have ever known. As a result of his splendid work, together with the work of the members of the committee, a mass of evidence was obtained and the committee's report, based upon that evidence, has never, in so far as I know, been successfully challenged. On page 3 of that report the committee said:

> The dominating fact in the oil industry to-day is its complete control by the Standard companies. Any discussion of the subject which does not frankly recognize this control can only be misleading. Standard Oil to-day fixes the price which the producer of crude oil receives at the well, the price which the refiner receives for his gasoline and kerosene, as well as the retail price paid by the consumer.

That statement is as true to-day as it was on the day when this committee rendered its report to the Senate.

The report goes on to say:

> The Standard Oil group divides among the members of that group all the territory of the United States, and, with slight exceptions to be presently noticed, avoids all competition with other members of the group in the business of retailing gasoline and kerosene. Not only this, but two of the leading Standard companies—New Jersey and New York—divide the world between themselves in retail marketing operations, and each carefully abstains from entering the territory of the other, while both refrain from competing with the Anglo-American Oil Co. (Ltd.) (one of the original Standard group) in the retail trade in the British Isles.
>
> Through the Standard control of the pipe lines connecting the producing centers of the West with the consuming centers of the East and Middle West not only is the price fixed according to the will of the Standard group which any other interest must pay for the transportation of petroleum but members of the group really determine whether any concern outside their group shall have petroleum transported at any price.
>
> The methods by which the Standard companies control the oil industry to-day are more subtle than those by which the Standard Oil Co. of New Jersey, through its subsidiaries, controlled it prior to the dissolution decree in 1911. But the results are the same. Whatever competition has existed between the Standard companies and the so-called independents since the decree of dissolution in 1911 has not been the result of that decree but has been the result of the discovery in the United States and Mexico of new oil fields, largely through adventurous independent operators, which fields, in many instances, as soon as proven, have by various methods been brought under the control of the Standard interests. When the time comes, as it is certain to come in the near future, that there are no more oil fields to discover and exploit in this country, this competition, such as it is, will necessarily disappear.

Mr. LONG. Mr. President, will the Senator pardon me if I interrupt him there?

Mr. LA FOLLETTE. If the Senator will permit me to finish reading this paragraph, I will then yield to him.

Mr. LONG. I thought the Senator had finished.

Mr. LA FOLLETTE. I continue the quotation from the report:

> In the Supreme Court decision ordering the dissolution of the Standard Oil Trust (Standard Oil Co. *v.* United States, 221 U. S. 1), at page 42, the court, through Mr. Justice White, summarizes the averments of the bill of complaint. Among the principal allegations of the complaint which were found to be true by the court were—
>
> "restraint and monopolization by control of pipe lines, and unfair practices against competing pipe lines; contracts with competitors in restraint of trade; unfair methods of competition, such as local price cutting at the points where necessary to suppress competition."
>
> Also—
>
> "the division of the United States into districts and the limiting of the operations of the various subsidiary corporations as to such districts so that competition in the sale of petroleum products between such corporations had been entirely eliminated and destroyed; and finally reference was made to what was alleged to be the 'enormous and unreasonable profits' earned by the Standard Oil Trust and the Standard Oil Co. as a result of the alleged monopoly; * * *."

The report then says:

> A careful examination of the evidence taken in this investigation will show that in the respect of the above matters and others which led to the outlawing of the Standard Oil monopoly the same conditions exist as existed when the decree of the Supreme Court was entered, and that in some respects the industry as a whole, as well as the public, are more completely at the mercy of the Standard Oil interests now than they were when the decree of dissolution was entered in 1911. This point can not be too strongly emphasized, for the reason that the intolerable conditions in the oil industry which are established in this investigation can not be corrected while Standard Oil dominates the business as it does to-day.

Mr. LONG. Mr. President, will the Senator pardon me an interruption?

Mr. LA FOLLETTE. I yield.

Mr. LONG. I am familiar with that investigation and report, because we were conducting a similar investigation at about the same time in the midst of the oil fields. The facts the Senator has read have been proved, in part, untrue, although the conclusions are entirely correct. The report states that the foreign discovery of oil was responsible for what the independent business was in the oil trade. It also

says that those fields were being taken over as soon as discovered. The facts are that they were all taken over and there is no independent foreign oil ownership. That is No. 1.

No. 2. The statement in the report that we would not have any oil in this country after some 20 years has been proven untrue. A number of those years, about 10, have gone, and we have to-day the largest oil supply in the country that anyone ever dreamed of, and the only independent oil industry now in the world is in this area of America.

Mr. LA FOLLETTE. Mr. President, the Senator is incorrect in his statement that this report finds that whatever competition existed was due to the discovery of oil in foreign fields. The report distinctly says that it was due to the discovery of oil in new domestic fields as well as in foreign fields. Again I say, Mr. President, that the assertion made in this report that the Standard Oil Co. and its subsidiaries dominate and control the oil industry is just as true to-day as it was when the report was made.

The contention has been made by the supporters of the proposed tariff on oil that the price of crude oil has no relation to the retail price of the commodities produced from it. It has been alleged, on the one hand, that this proposed tariff would benefit the so-called independent producers, because it would raise the price of crude oil. On the other hand, it is contended that the consumers of refined products would not be asked to pay an additional price, because the great monopoly which dominates this industry, according to the contention of the advocates of this amendment, would be so generous that it would absorb the additional price of crude oil and not pass it on to the consumer. The statement falls of its own weight. It has ever been the practice of monopoly to seize the opportunity to increase the price to the consumer, with or without justification.

On page 43 the report cites the testimony of Mr. Alfred S. Matthews, an oil jobber in Buffalo, N. Y., and at that time chairman of the New York State Petroleum Marketers' Association, from which I quote as follows:

"Q. In your experience in this business, did you find that there was any actual relation between the price of crude oil and of gasoline?—A. Any relation between the price of crude oil and the price of gasoline?

"Q. Yes.—A. What price do you mean of gasoline—the tank-car price or the tank-wagon price?

"Q. I mean either one. First, I had particularly in mind the tank-wagon price; but if you want to make the distinction between the two, do so.—A. Well, it would certainly seem that there must be a positive relation between the cost of crude and the cost of the manufacturing and the retail prices; but looking over a period of years, in New York at least, I must admit that very frequently conditions have existed which would make it almost impossible for anybody to tie up any relation whatever.

"Q. Will you illustrate what you mean by that or by a comparison of prices over a considerable period of time?—A. Well, of course, as you gentlemen know, the oil business is a very detail business and there are a good many interests involved. In looking over the whole industry in one view, it would rather appear that there are three interests in it, we will say—the producers, the refiners, and the marketer. I should say that there is always a profit in the oil business between the cost of the crude and the cost of the finished product as it goes to the consumer.

I should like to emphasize that, Mr. President:

"I should say that there is always a profit in the oil business between the cost of the crude and the cost of the finished product as it goes to the consumer. I believe there is always a sufficient profit between those two costs to make a reasonably remunerative business. The question is, Who gets it, and when? It seems to me that as to these three methods you might liken them to three men wrestling on a floor. There will be one time when the refiner is on top and the producer and the jobber are on the bottom. Then the tide will turn, and the producer will be on the top and the other fellows on the bottom; and then again the tide of combat will change, and the marketer will be on top and the other fellows below. There does not appear to be any actual regular course of events going along a natural line as to costs of manufacture and operation, etc. To illustrate that point, a few minutes ago you brought out some information here that showed the cost of crude in the mid-continent field in the summer of 1921 as being approximately $1 a barrel. Probably in other fields it would bring it up somewhat above that. The Pennsylvania has always been two or three times as expensive as the mid-continent. At that time we had a tank to market throughout New York State, which averaged, I would say, 27 cents. To-day the cost of crude would probably average somewhere in the neighborhood of $2 per barrel. We have a tank-wagon market in New York State of less than 22 cents.

"Q. That is, with the cost of crude, speaking generally, approximately almost double what it was at the time you mentioned, you have a tank-wagon price of somewhere about 21 cents?—A. The tank-wagon price, I think, accurately, is 21.80 cents. I believe that is right.

"Q. As against the tank-wagon price, the low price of 26 and 27 cents, when crude was lower?—A. Yes; the crude is double the tank wagon and the price is 5 or 7 cents cheaper."

Thomas S. Black, president of the Western Petroleum Co., who had been in the oil business for 20 years, testified that during the years 1917, 1918, 1919, and in 1920 his company had been virtually a purchasing agency for the Standard Oil of Indiana, although it acted as purchasing agent also for other Standard companies. Mr. Black had previously had many years' experience in the mid-continent field in connection with the operation of independent refineries in that field. Questioned by counsel for the committee, Mr. Black testified (record, p. 1245):

"Q. Mr. Black, were you ever told by the Standard Co. officials, during this time in your purchasing of gasoline and fuel oil and other products in the mid-continent field, that there was going to be an increase in the price of gasoline on a certain day in the future and to go out and purchase before that rise in price took place?—A. Yes, sir.

"Q. Were you told that more than once?—A. A great many times.

"Q. Was that the custom there to purchase, if it was a purchase, in anticipation of the rise in price, or did you purchase, generally speaking, upon information received from the Standard officials that there was to be a rise in price?—A. Not generally, Mr. Roe, because we were purchasing every day practically that we had information of any advance, almost every advance that took place, or decline.

"Q. How did you get it?—A. Well, they would call up, or I would go over to Doctor Burton (president of the Standard of Indiana) and he would give it to me, or Mr. Drake, when he lived, also.

"Q. How long in advance of the increase which was to be made or the decrease that was to be made in price would you receive this information?—A. Well, as far ahead as a week or 10 days.

"Q. That was the advance in the Standard tank-wagon price or the decrease?—A. Yes.

"Q. And then did the change in price always occur on the date which they had fixed for it to occur?—A. Always.

"Q. Did you receive any information from the Standard officials during this time as to changes in the crude-oil prices?—A. Occasionally.

"Q. The Standard of Indiana posted no prices in the mid-continent field, did it?—A. No, sir.

"Q. It was, however, a large purchaser of fuel oil, was it not?—A. Yes, sir.

"Q. And what relation did the price of fuel oil bear to the crude?—A. We bought fuel oil from the Standard Oil Co. on the basis of 75 cents for the crude, as posted by the Prairie Oil & Gas Co. in most instances, and it advanced or declined with the posted price of crude.

"Q. So that if the price of crude was going up a week hence or a few days hence, did that mean that on and after that day the prices that the Standard would pay for fuel oil would go up also?—A. Yes, sir.

"Q. And you say you received information from the Standard Oil officials some days in advance on several occasions of the proposed increase of price?—A. I recall occasions of having received that information; yes, sir.

"Q. From whom did you receive it?—A. Doctor Burton.

"Q. Would this information come to you in memoranda or not?—A. Not.

"The CHAIRMAN. It would come to you, then, verbally, I take it?

"A. Always. They would either call me up to come over there, or invariably they called me up, because I did business with the Standard Oil Co. on account of the relationship of Hughes to Doctor Burton.

"Q. Did the practice continue so long as the Western Petroleum Co. was actually purchasing in the mid-continent field and selling to the Standard interests?—A. Yes; I think so."

The Standard Oil Co. of Indiana knew in advance of the time when crude oil was going to be raised in the mid-continent field by the Prairie Oil & Gas Co., even though the Standard Oil Co. was not a purchaser of crude oil in that field at the time. Possessing this advance information as to manipulation of the price either up or down, they passed it on to this company that was purchasing oil in order that they might take advantage of either the rise or the decline that had been predetermined for crude oil.

I continue to read from the report:

While the Standard of Indiana appeared and denied this testimony of Mr. Black, its denials were not persuasive.

The testimony of Mr. Black is strongly corroborated by that of his brother, W. C. Black, by R. A. Whitehead, former sales manager of fuel oils in the company of which Mr. Black was president, and there is no reasonable doubt that the practices testified to by Mr. Black existed.

It is conclusively established from all the evidence in this proceeding that the Standard companies make the retail prices of gasoline and kerosene throughout the country. Each Standard company is usually powerful enough to fix the price in its particular territory, but it is assured of the aid of the other companies of the Standard group whenever that aid is necessary. It is also a practice established by the Standard companies that when the price of crude oil goes up gasoline prices very promptly accompany it.

This is an important point in the consideration of the amendment. I repeat:

It is also a practice established by the Standard companies that when the price of crude oil goes up gasoline prices very promptly accompany it. When the price of crude goes down, however, gasoline prices lag behind.

What other practice could we expect from a monopoly which dominates this industry from the moment a gallon of crude oil leaves the well until its refined product is pumped into the tanks of the consumers in every hamlet, city, or town in the United States?

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Maryland?

Mr. LA FOLLETTE. I yield.

Mr. TYDINGS. Not only that, may I point out to the Senator; not only do they dominate the field as to which the Senator has read, but, in addition, they own 51 per cent of the actual production. So that they have over half the production already, from the start to the finish, in their own hands, and the distributing centers and the media for all that they buy as well.

Mr. LA FOLLETTE. I thank the Senator for his suggestion.

The rule which applies almost universally wherever a tank-wagon price change follows a crude-oil price was thus developed from Mr. Wilkinson, of the Standard Oil of New York, on his examination respecting the table of prices submitted to the committee.

"Q. In other words, the price of gasoline did not go down as much with the decrease in the price of crude from $3.50 to $1 as it went up on the increase of price of crude from $2.75 to $3.50; is that not a fact?—A. The advance according to my tabulation from January, 1920, to January, 1921, was a little over 5½ cents per gallon. The drop from January, 1921, to June, 1921, was almost 6 cents per gallon—5.98, to be exact.

"Q. You are speaking of gasoline?—A. Yes, sir.

"Q. But the corresponding change in the price of crude represented by the first increase in the price of gasoline of which you spoke was 75 cents a barrel, while the decrease in the price, reflected in the figures in the price of gasoline, according to the figures you give, was $3.50 a barrel to $1 a barrel?—A. Yes, sir.

"Q. Or the decrease in the price of crude was more than three times the increase, while the change in the price of gasoline was about the same; that is the fact, is it?—A. Yes, sir."

The facts established in this investigation respecting the retail prices of gasoline and kerosene are:

First. The Standard companies fix those prices throughout the country, and such prices in contiguous territory between the different Standard companies frequently vary all the way from 1 to 3 cents a gallon for gasoline.

Second. The companies of the Standard group cooperate with each other where such cooperation seems desirable or necessary in order to meet the competition of independents.

Third. While there is some correspondence between the cost of crude and the prices of the refined products, the price of the refined product is far more apt to be kept abreast of the changes in the price of crude on a rising market than it is on a falling market.

The table, which will be found on page 63 of this report, proves the statement I have just read from the report.

In January, 1920, the average price of mid-continent crude oil per barrel was $2.96, nearly $3 per barrel. The average tank-wagon price of gasoline in Minneapolis was 22 cents; in Des Moines 22 cents, in Indianapolis 22 cents, in Detroit 23 cents, in St. Louis 21 cents, in Chicago 21 cents, in Milwaukee 22 cents, in Fargo 26 cents, and in Wichita 22 cents.

In January, 1921, the average price of mid-continent crude oil per barrel was $3.36. In Minneapolis the average tank-wagon price was 27 cents a gallon, in Des Moines 28, in Indianapolis 27, in Detroit 28, in St. Louis 25, in Chicago 26, in Milwaukee 27, in Fargo 31, and in Wichita 26.

Between January, 1921, and August, 1921, the price of crude oil in the mid-continent field fell to a dollar a barrel.

The average tank-wagon price of gasoline in Minneapolis was 20 cents a gallon, in Des Moines 19 cents, in Indianapolis 17 cents, in Detroit 17 cents, in St. Louis 17 cents, in Chicago 17 cents, in Milwaukee 19 cents, in Fargo 23 cents, and in Wichita 17 cents.

When the price of crude rises this great monopoly advances the prices of gasoline and other refined products to the consumer. When the price of crude is put down, then the prices of gasoline do not follow in the same way. They lag behind, as the report states.

I wish to read from the report a little further:

The figures show that the Standard group represent about 45 per cent of the refinery capacity, the larger independent refineries about 40 per cent, and the balance is assigned to the very small refineries throughout the country. It is probable that if the exact figures were obtainable that the refinery production of the country is about equally divided between the so-called Standard group and the independents. There is, however, this very great difference between the two groups, as will be observed from the foregoing tables.

Which I have not taken the time of the Senate to refer to.

The principal refineries of the Standard group are located near the centers of population in the East, while those of the independent group, generally speaking, are located in the West, near the producing fields. This is especially true of the many small independent refineries not shown on the foregoing table. The States of New York, New Jersey, Rhode Island, Pennsylvania, Maryland, Ohio, Indiana, Illinois, Kentucky, Michigan, and Missouri have more than 50 per cent of the population of the United States, while the territory of these States embraces only about 14 per cent of the area of the United States. In these States are located the great Standard Oil refineries of the Atlantic Refining Co., Standard Oil Co. of Ohio, Solar Refining Co., Standard Oil Co. of Indiana, Standard Oil Co. of Kentucky, Standard Oil Co. of New Jersey, Vacuum Oil Co., and the Standard Oil Co. of New York. With the pipe-line connections which these refineries have with the producing fields, through which their supply of crude oil is received, it is obvious that the Standard Oil refineries as a group have a tremendous advantage over the independents when both location and pipe-line control are considered. Added to this is the fact, as previously pointed out, that the so-called patented cracking processes are largely under the control of the Standard companies.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. TYDINGS. I would like to say, in direct proof of what the Senator has just been reading—and it is conceded—that these large companies now have about eight months' oil supply in their pipe lines.

Mr. LA FOLLETTE. Or in storage.

Mr. TYDINGS. Or in storage. They have enough to run the United States eight months without any new oil. In addition to that, with only 51 per cent of all production, added to what they have in storage, without buying a single gallon of oil, they can supply the United States with oil for over a year without buying one gill of oil from any independent company. A monopoly of that magnitude, with that tremendous supply, ipso facto does not have to go out and buy oil, and by withholding purchases it drives the prices down and the producer has to sell at a very low price.

Mr. LA FOLLETTE. Obviously, and if this tariff is enacted and is effective, it will immediately increase the inventories of these companies with great storage capacity, add to their profits, and extract extortionate increases in price from the consumers of the refined products.

The report continues:

By these processes the average production of gasoline can be nearly doubled if the operator so desires. These facts show how impossible it is for the independent refinery to compete on equal terms with members of the Standard group. The refineries belonging to the two or three larger so-called independent companies, such as the Sinclair, Texas, and Gulf, have been able to overcome this handicap to a large extent by their own pipe-line facilities and by obtaining control of some one of the several cracking processes. These companies in their relationships, organization, and operation are more comparable to the Standard group than to the smaller independent companies.

It is proposed, in order to secure relief for the small independent producers of oil, to grant to this great monopoly, which dominates the oil industry as completely as it did before the dissolution decree of 1911, the advantage of the imposition of this tariff against foreign crude oil, the excuse, if one is needed, for an advance in the price of crude oil and likewise an advance in the price of gasoline.

However, it is clearly demonstrated that this monopoly so completely controls the industry that any relief which those who advocate this amendment believe will flow to the independent producers will be absorbed by the great monopoly and will be used to the further disadvantage of the independent producers.

I am sympathetic with the plight of these independent producers. I have argued this question with several of them, and never have I found a single representative of the industry who to-day refutes the facts and findings disclosed by the Committee on Manufactures. Their only plea is that in their desperation they seek through this means some relief, although down in their hearts many of them are doubtful as to whether it will actually save their stake in this industry.

The protective tariff was first advocated on the theory that we could extend this special privilege to American producers in the belief that free competition behind the tariff wall would protect the ultimate consumer from an extravagant and extortionate price for the products thus protected. There was justification for support of that theory before this great integration of business—this great monopoly, for instance, of the oil industry—had been obtained. But what justification can there be to-day for increasing the price of a commodity to the consumer when we all know that the industry thus to be benefited is completely dominated by one of the greatest monopolies the world has ever seen?

Assuming for the moment that the argument that this will benefit the independents is sound, the theory is, apparently, that we are justified in asking the consumer to pay an increased price without there being any protection of the consumer through the competition of the independents.

I venture the assertion that there is not an independent oil producer in the United States who, if he speaks frankly, will not admit that the Standard Oil Co., and the other great companies which cooperate with it, dominate and control the price of crude oil from the time it leaves the ground until the refined product is purchased by the consumer.

The plea made is that we must save these independents in order that they may afford us some protection against the extortion of the monopoly. The fact remains, however, that the independents have never been able, even in the flush times of this industry, to afford the consumer any protection against the domination and control of the price of oil by the great monopoly.

As I view the situation, all four of the industries seeking relief under the tariffs in this revenue bill are urged to do so because of the general conditions of business in the United States. They act like drowning men grasping at straws. They do not hear the arguments made against their contention; they merely point to the distress of those who have invested their capital, and of those who were previously employed by the industry. They fail to recognize that industries which have enjoyed extortionate and exorbitant tariff protection ever since the theory was put into operation in this country are likewise in the same distressed conditions as are those industries which are not protected.

That brings me, Mr. President, to the question of the effect upon the situation in the world to-day of the enactment of these tariff items, and others which may be engrafted upon this bill. I think any impartial student of world economic conditions will recognize that one of the most serious aspects of the whole problem is that of the tariff barriers which have been erected in the countries of the world.

The passage of the Smoot-Hawley tariff bill in 1930 resulted in retaliatory or imitative action on the part of practically all the countries of the world. We share a great responsibility for having initiated this economic war through the implements of exorbitant or prohibitive tariffs. Many students of this question have pointed out that, since we took the initiative in throwing down this gage of economic battle, if the world is to be saved from this madness of prohibitive tariffs, the United States must take the lead in securing a more reasonable application of the tariff theory.

It has been my confident hope that this country would assume such leadership. Instead of assuming that leadership, however, we are now asked by certain industries in distress in the United States to enact further legislation following in the footsteps of the Smoot-Hawley bill.

Mr. President, in the report of the Secretary of Commerce for 1931 it is stated that depression has "retarded expansion of our industries into foreign fields through the establishment of branch factories"; that "with the notable exception of Canada, there has been no development of any significance during the last two years"; that "there is no reason to expect a resumption of activity before a general business revival takes place."

From this report I quote the following paragraph:

> The exceptional situation in Canada serves to confirm the conclusion * * * that the tariff policies of foreign countries constitute the most important single factor in the expansion of our industries beyond the boundaries of the country. The upward revisions of the Canadian tariff by the Conservative Government in September, 1930, and June, 1931, were definitely and officially stated to be for the purpose of encouraging the industrial development of the country; the success of the protectionist tariff policy, as evidenced by the establishment of new American branch plants, has been repeatedly stressed by the leaders of the Government during the tariff debates. * * * According to a statement by the Premier on June 1, 1931, 87 new foreign branch plants, including 74 American, have been established in Canada since August, 1930. No information is available as regards the amount of investment involved.

The Dominion Bureau of Statistics, in a statement of September 15, 1931, gave the number of American branch plants in Canada as 1,071 and the capital investment as $1,189,590,000. These figures, in addition to pulp and paper investments, which were excluded from the earlier reports of the Department of Commerce, included American investments for the exploitation of Canadian mineral resources, public-utility investments, and various other investments in enterprises not engaged in manufacturing.

A more recent report, made by the Canadian Pacific Railway to the Toronto Industrial Commission, April 15, 1932, stated that 145 American branch plants had been established in Canada during the last two years. Seventy of these were established in Toronto, 41 in Quebec, and 20 in Montreal. Included among the products of the new branch plants were foodstuffs, vegetable and animal products, textiles, wood and paper products, iron and steel products, nonferrous metal products and nonmetallic mineral products, chemicals and allied products, and toilet accessories. If the average investment in the new plants approximated the average investment in American plants in Canada prior to 1930, the total investment represented by the new establishments is about $150,000,000.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. LA FOLLETTE. I yield.

Mr. COSTIGAN. Bearing in mind that American capital presumably might be employing American workers, does the Senator from Wisconsin have any figures listing the number of workers in foreign branch factories who are now employed by American capital?

Mr. LA FOLLETTE. I do not have that information, I will say to the Senator, and I do not know that it is available.

Mr. LONG. Mr. President, will the Senator let me give him a few statistics?

Mr. LA FOLLETTE. I would prefer, unless the Senator merely wishes to ask me a question, that he do so when I shall have finished.

Mr. LONG. I will ask a question, then. I was wondering, in connection with what the Senator was saying about the prices of crude oil as affecting the price of gasoline, if he had been given statistics showing that when crude oil sold for $2.04 in 52 of the cities of America, including, of course, many of the leading cities, gasoline sold for 18.09 cents a gallon, and that when crude oil sold for $1.20 a barrel the same gasoline sold for 18.39 cents a gallon. In other words,

when the oil was nearly $1 per barrel cheaper, gasoline was higher in the leading cities of America.

Mr. LA FOLLETTE. That is just the point I have been trying to make, that this monopoly so dominates and controls the industry that it can charge any price it pleases for the refined product, regardless of what it pays for the crude.

Mr. SMOOT. Then why could we not get some revenue out of the crude?

Mr. LA FOLLETTE. Mr. President, I can not understand the position of the Senator from Utah on the revenue involved in this amendment. He presented to the Senate a report showing there is $5,000,000 of revenue in the tariff on oil. Then he presents some subsequent figures to prove that the Treasury estimate, which he has been exhorting all of us to stand by in connection with other items in the bill, is all wrong, and that we are going to get three or four times that amount.

Mr. SMOOT. Oh, I have made no such statement.

Mr. LA FOLLETTE. Mr. President, there has been reference made in the debate previously to the retaliatory action which countries principally affected by the products proposed to be included in the tariff items in the bill are not only contemplating but have already taken. After the experience which we had following the enactment of the Smoot-Hawley bill in 1930 we are now being urged by the supporters of the tariff items in the bill to take action which will result in further retaliatory measures being taken by the countries chiefly affected, and thus further to curtail our already languishing export trade.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. Certainly.

Mr. VANDENBERG. May I submit this question to the Senator in respect to the matter of retaliation? Is it not a fact that much of the retaliation relates to the copper tariff?

Mr. LA FOLLETTE. Not entirely. So far as I know, Peru has not taken any definite action as yet. But, as pointed out by the Senator from Georgia [Mr. GEORGE] in the debate yesterday, Canada has already taken steps to put retaliatory measures into operation immediately in case these tariffs remain in the bill. I also had in mind the statements which have been quoted in the debate previously concerning the contemplated action by Peru for a 300 per cent duty on American products and the efforts which she is alleged to be making to form a South American customs union directed against American export trade.

Mr. VANDENBERG. This is the inquiry I want to submit to the Senator. No one would be more disappointed than I in the face of further retaliatory difficulties in international trade. I join the Senator in that attitude. But in view of the fact that every foreign country which has even intimated retaliation against the copper tariff has itself had a copper tariff for many years, does not the Senator think that a protest from those sources is utterly illogical and, if submitted to upon our part, is a surrender to a threat rather than a surrender to any rational process of consideration?

Mr. LA FOLLETTE. The Senator might just as well say that because Canada had had tariffs before we passed the Smoot-Hawley bill, which seemed to the people of Canada to be particularly hard upon them, that they should not have raised their tariffs against us. I submit to the Senator from Michigan that it is not so much the logic of the situation which confronts us as it is the reality of it. Regardless of whether Peru has had a tariff on copper or not, if as a result of action taken by the Congress at a time when obviously it is impossible for us to give adequate consideration to the question in a tax bill, Peru levies a 300 per cent duty against all American exports to that country, the action is a result nevertheless of our action in placing a tariff on copper. Likewise the tariff increases which will no doubt be made by Canada will be the result of the action which we take with regard to lumber and coal, should they go into the bill, regardless of whether or not Canada now has a tariff on those items.

Mr. VANDENBERG. Will the Senator be good enough to let me submit one further observation?

Mr. LA FOLLETTE. Certainly.

Mr. VANDENBERG. The Senator asks that we consult realities rather than the theory of the thing. I want to consult realities, and I submit this thought to the Senator. Copper production in Chile, Peru, and Canada to-day, as well as in the United States, is chiefly met, as the Senator well knows, by the new production in South Africa, which is an amazing discovery. Chile has protection for her copper against South Africa. Canada has protection for her copper against South Africa. Peru has protection for her copper against South Africa. Are we called upon, in the Senator's judgment, to leave our American market the only open market on the earth in which that cheap copper from South Africa can be dumped?

Mr. LA FOLLETTE. My answer to the Senator's question is that, regardless of whether or not Peru has had a tariff on copper, if a tariff on copper in this country results in the closing down of the mines in Peru, if it results in the abandonment of her principal railroad, we can not expect to reason with Peru. Her act is but a natural reaction to the course which we have taken. In other words, she regards our tariff on copper as being directed against her, because she suffers the immediate and disastrous result of our action.

I admit that the Senator might very well say that the reaction of the Peruvian people and their Government was not a logical reaction in view of the premise which he has stated for his question. But I ask the Senator to consider what will be the result if we enact a duty which causes the governments of South America to form a customs union and to shut out the export business which we are sorely in need of in those countries.

However, I do not base my entire opposition to these tariffs upon the feature of retaliation and the further blocking of the flow of world commerce. I contend that of necessity, in the situation which confronts us in the consideration of these various items, we are unable to give them the consideration which they merit. I contend, further, Mr. President, that we endanger the orderly progress of this important tax bill by consuming the time that must of necessity be taken up by consideration not only of the four tariff items reported by the committee but of other tariff amendments, which inevitably will be injected into the debate and into the consideration of the bill if those four items remain in the bill.

I suppose, Mr. President——

Mr. VANDENBERG. Mr. President, will the Senator yield for just one more question?

Mr. LA FOLLETTE. I yield to the Senator from Michigan.

Mr. VANDENBERG. Does the Senator see any distinction between commodities which are now upon the dutiable list and which can go to the Tariff Commission for relief and commodities which are on the free list which have no recourse except to Congress, which have the benefit of reports from the Tariff Commission and which are threatened with extinction, except as they have relief? Does the Senator see any distinction between the two classifications?

Mr. LA FOLLETTE. I see the different positions that they are in; but, in so far as any relief which they might hope to get within reasonable time from the present Tariff Commission is concerned, it seems to me that they are all practically in the same boat—whether they are on the dutiable list or on the free list.

Mr. TYDINGS. Mr. President——

Mr. LA FOLLETTE. I yield to the Senator from Maryland.

Mr. TYDINGS. I hope the Senator from Wisconsin will ask the Senator from Michigan what he thinks of the lumber tariff which has been inserted in the bill, and against which the Tariff Commission has reported, and elicit from him whether or not he thinks we ought to pass on that measure at this session of Congress.

Mr. LA FOLLETTE. Mr. President, I am not discussing, except in a general way, the tariff items in the bill other

than the one now under consideration. I presume the Senator from Michigan will state his position on the other tariff proposals, as I expect to state mine when they come up. I do wish to point out, however, that this is a time when the leadership on both sides of this Chamber should assert itself. That leadership, after all, is responsible for what the Senate does with the tax bill. I fully understand the pressure being put upon Senators who represent various States in which these industries seeking what I believe to be an illusory relief through a tariff are located. But if we are to preserve orderly procedure in the consideration of this bill, the time has come for leadership upon both sides of the aisle here. These tariff items should be eliminated from the bill in order that we may proceed to the consideration of the important fiscal problems that are involved in the revenue features of this measure.

Unless we strike these tariffs from the bill we shall be confronted with a chaotic situation. Not only will the four tariff items in the bill as reported from the committee consume a disproportionate and unjustifiable length of time but other items will be offered and the debate upon those items will delay the passage of the bill for weeks.

If Senators want to go into a general revision of the tariff, I am ready to stay here all summer. The Senator from Louisiana [Mr. LONG] has been reading the record votes of Senators upon some of the hundreds of items upon which record votes were taken in the Smoot-Hawley tariff bill. So far as I can see, Mr. President, those votes have no more relation to the broad question of policy which we are to follow in connection with the pending measure than "the flowers that bloom in the spring." When the tariff bill was under consideration, obviously it was our task to revise the tariff. Speaking for myself, I tried to exercise the best judgment of which I was capable, after listening to the arguments, in coming to a determination as to the fair and just rates to be supported in connection with the various items of the bill.

I contend that we must save the time of the Senate by eliminating these tariff items from the bill. We should devote our time and our energies to framing the best tax bill which the composite judgment of this Congress can work out. Unless we do that, I reiterate we shall be inviting a general revision of the tariff which will block the passage of the pending bill for weeks.

If that is what the leaders of the Senate desire, if that is what the chairman of the committee, who is responsible for the conduct of this bill, desires, I am ready to stay here and work on a general revision of the tariff as many months as the Senate may elect to give to it; but I protest against such a course.

Mr. VANDENBERG. Mr. President, may I ask the Senator before he takes his seat, sharing as I do completely his anxiety for speed, he having concluded his address, does he not agree with me that it would now be advisable to call the roll and ascertain whether it is going to be necessary to debate this problem any longer?

Mr. LA FOLLETTE. So far as I am concerned, I am ready to vote on this question. I can not speak for other Senators who have not discussed it and who may desire to argue it further. But, as I say, so far as I am concerned I am ready for a vote. I was ready for a vote in the Finance Committee the day we met. I hoped then that the action I urged upon the committee would be taken. It was not taken, however. I realize if the votes are here to put these tariff items in the bill that we are going to have a revision of the tariff, and I will be resigned to it. The Senator knows that.

Mr. VANDENBERG. Would the Senator agree to a unanimous-consent request to vote at 2 o'clock?

Mr. LA FOLLETTE. So far as I am concerned I shall be very glad to agree to such a request.

The PRESIDING OFFICER (Mr. DILL in the chair). The question is on the amendment offered by the Senator from Nebraska [Mr. NORRIS] to the amendment reported by the committee.

Mr. TYDINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Sheppard
Austin	Cutting	Kendrick	Shortridge
Bailey	Davis	Keyes	Smith
Bankhead	Dill	La Follette	Smoot
Barbour	Fess	Lewis	Steiwer
Barkley	Fletcher	Logan	Stephens
Bingham	Frazier	Long	Thomas, Idaho
Blaine	George	McGill	Thomas, Okla.
Bratton	Glass	McNary	Townsend
Brookhart	Glenn	Metcalf	Trammell
Bulkley	Goldsborough	Moses	Tydings
Bulow	Gore	Neely	Vandenberg
Capper	Hale	Norris	Wagner
Caraway	Harrison	Nye	Walcott
Cohen	Hastings	Oddie	Walsh, Mass.
Connally	Hatfield	Pittman	Walsh, Mont.
Coolidge	Hayden	Reed	Watson
Copeland	Hull	Robinson, Ark.	Wheeler
Costigan	Johnson	Robinson, Ind.	White

Mr. FESS. I wish to announce that the Senator from Wyoming [Mr. CAREY] and the Senator from South Dakota [Mr. NORBECK] are detained at a meeting of the Committee on Banking and Currency.

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS], on which the yeas and nays have been ordered.

Mr. TYDINGS. Mr. President, I hope I may have the attention for a moment of the Senators on the other side of the aisle.

Some one in speaking yesterday made the assertion that President Hoover should take a hand in this matter, wipe out these tariffs, get the members of his party here to line up with him, and pass this tax bill promptly.

Normally I do not believe that the President should interfere with the legislative branch of the Government. We are here to pass the laws, and the President's duty is to approve or reject them. However, the majority leader yesterday made the statement that a preliminary poll showed that there were 29 Democrats against these tariffs and 18 Republicans against them, making a total of 47; that there were 18 Democrats for the tariffs and 30 Republicans for them, making a total of 48. That is on the whole tariff picture. I understand that some of the Senators who favor one tariff do not favor another; and, as a result of the logrolling process, if certain Members do not get the tariff they want on the particular commodity produced in their State they will, of course, turn around and vote against tariffs on the other commodities.

The point is that for one solid day, without any Senator speaking more than once, the tariff and not the revenue bill, has been discussed. We have been debating the difference between the cost of production at home and abroad and the whole gamut of tariff arguments. While a deficit of $3,000,000,000 impends, with every business man frightened, with 10,000,000 people unemployed, with 4,800 bank failures in the last two years, with nearly three-quarters of a million farms sold under mortgage foreclosure or because of delinquent taxes, we sit here and debate a tariff bill, while every man in the country has his eyes upon us and asks us to pass this bill and balance the Budget!

Mr. LONG. Mr. President, will the Senator yield?

Mr. TYDINGS. Just a minute.

Mr. President, the way to pass this tax bill is to take these controversial tariff measures out of it. It should be obvious to any man with good eyesight and good ears and a reasonable amount of intelligence that if we are to consider these four items and if they are adopted, motions to reconsider will be entered, and we will debate them over and over and over again, and waste time, in a period of tremendous emergency.

Mr. SHORTRIDGE. Mr. President——

Mr. TYDINGS. In just a minute, when I finish, I will yield.

I think the President is justified in interfering in that emergency. Moreover, I think it is his duty. I respect the fact that up to now he has not called upon the Congress to put these tariffs out of the bill, because he had reason to believe there was enough intelligence, enough common sense, and enough patriotism in this body to do the job without asking him for his assistance. Now, if 30 members of his party out of 47 are for these tariffs, and if 29 Members on this side of the aisle are against them, we need but very little assistance from the other side of the aisle to make these tariff items as dead as Methuselah.

Mr. LONG. Mr. President, will the Senator let me ask him one question?

Mr. TYDINGS. When I finish I will yield to anyone. I want to conclude what I am saying now.

With 10,000,000 people unemployed, with the Budget unbalanced, with the whole world in chaos, with fear not national but international, I say that for the Senate to sit here and take up a tariff item is enough to precipitate a situation the noun for which I hesitate to utter.

Have we gone mad? Have we lost all sense of reality? Have we no idea that if we carry this period of unrest and fear from one week to another a panic will break loose in this country which all the tariffs under heaven will never stem? And yet we sit here to take care of some little interest in this State or that State, instead of rising above the petty sectionalism of the moment and acting for the Nation.

"My State!" "My State!" My God, let us hear "My country"; because what good is your State if your country sinks into the quagmire of ruin? Can we not engender enough manhood and patriotism, even if it means our political defeat, to say, "I will serve my country, no matter what the consequences may be"?

We expect men to go out upon the battlefield in times of war; and when the word goes forward, and shells are breaking all over the ground, and machine guns are sending their bullets through the air, and the enemy is entrenched, we expect men to go forward and lay down their lives to save the business and the institutions of government. We come here in times of peace and make the sacrifice of the dead look like a travesty of patriotism, and talk about the interests of "my State." My God! The country's interests should receive some consideration here.

I say, and I say respectfully, that if the man at the other end of Pennsylvania Avenue had interjected into this fight his leadership up to this time he might have been justly criticized; but I say it is perfectly evident now that we are in the midst of a tariff battle, and it only takes a word from the White House to the leaders of this body, it only takes a suggestion to the country to ask their Senators to pass this bill quickly, drop these controversial matters, raise the taxes, and balance the Budget, and the country will respond.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senator will state his point of order.

Mr. LONG. If the Senator from Maryland would sit down, we could dispose of the tariff items.

The PRESIDING OFFICER. That is not a point of order. The Senator from Maryland will proceed.

Mr. TYDINGS. I think the point of most disorder is an interruption of that character.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. SMOOT. I know that every Senator in this body would like to have the bill passed. Will the Senator agree now to a vote upon all of these amendments?

Mr. TYDINGS. Does the Senator give me the right to put phosphate in this bill and ask for a vote upon it?

Mr. SMOOT. The Senator can offer any amendment he desires.

Mr. TYDINGS. Does the Senator give me the right to put wood pulp up for a vote? I ask the Senator. Let him answer. I answered his question. Why should not all the tariff items have an equal right? Who are the "big four"?

Mr. SMOOT. The Senator can offer the amendment, of course.

Mr. TYDINGS. The Senator from Utah has gotten himself into this fix by letting the copper interests of Utah stand out bigger than his own country in this period of emergency, and he the leader of the Finance Committee!

Mr. SMOOT. I deny the statement, and I say that the Senator is absolutely wrong. I have never asked for a duty on copper. Copper has been on the free list for years and years. I have been here and voted on duties since 1909, the year of the first tariff bill that was passed during my service, and I have never asked for any duty upon copper.

Mr. TYDINGS. I say to the Senator now that he can have his revenue bill passed in no time at all, and it would have been passed by this hour if he had not voted to inject these things into it.

Mr. SMOOT. It could have been passed long ago if the Senator from Maryland had not taken the time that he already has taken.

Mr. TYDINGS. Yes; if the Senator from Maryland had sat idly by and seen the people of America taxed $487,000,000 a year, not for the benefit of the Government but for the benefit of 20 large oil companies. When the Senator from Maryland does that I hope the people will come and get him by the back of the neck and take him out of this Chamber.

Mr. SMOOT. Mr. President, I want to say to the Senator that back of all of that are a few industries in Maryland, over in Baltimore, who are interested in this.

Mr. TYDINGS. Am I asking for any tariff?

Mr. SMOOT. No; but the Senator wants them to have a free hand, just as they have had always.

Mr. TYDINGS. They are going to have just as much consideration as the Senator's constituents in Utah have, as long as I stand in this body.

Mr. SMOOT. I have not objected to it, and the only one who is objecting to the consideration now is the Senator from Maryland.

Mr. TYDINGS. But the Senator knows that if I start to offer these amendments he will be the first one to suggest that there be no discussion of them, that we hurry up and pass the tax bill, after he has gotten protection for copper in Utah.

Mr. President, the future of this country is none too bright. The future of the world is dark. Everywhere we see international hatreds rising like clouds, shutting out the sunshine of international good will and international trade. Everyone realizes that. International animosities break all bounds. In parts of the world there is almost a state of war, without guns being fired. Revolutions stir the whole world, in Spain, in Italy, in Poland, in Germany, in South America, in England, and almost in this country. Yet we stand here, with the great necessity of balancing the Budget and restoring confidence before us, and can not rise above the petty, little, pitiful, interests of our own respective States. Yet when war comes, we do not hesitate in this body to vote to draft men, and tell them to go out and die, when we ourselves in times of peace have not courage enough to kill a fly.

Mr. President, I say that it is up to the leader of this country, who is neither a Democrat nor a Republican in this case, but an American, to tell the Congress to cut this tariff debate out, to take these items out of the bill, and pass it, and save this country from ruin while there is yet time to act.

The Senator from Utah knows, as well as I do, that even if these amendments are adopted, if these tariff matters are written into the bill, motions will be filed to reconsider, and they will be debated all over again. The Senator does not deny that. That will consume days and weeks. The Senator from Nebraska is going to see, of course, that the farmers out in his section of the country are not left out in the cold. He is going to ask for the consideration of the export-debenture plan, and that will take weeks.

The fiscal year will end on the 30th of June, a bare six weeks away. Are we to go into the next fiscal year with a rising deficit of $3,000,000,000, and no tax bill passed to take

care of it, and still another year coming on, with a greater and an increasing deficit?

I call on the President, not as a Democrat, because my position here is too small to command the attention of the country. I call on the President to go on the radio and ask the people of this country to tell their representatives here to act; and, believe me, we will pass the bill with about 96 votes in the affirmative.

The press of the country denounces this tariff measure to-day. There is not a paper of reputable standing in the country that justifies the insertion of these tariff items in this bill at this time.

The public does not want them in the bill. The public wants the Budget balanced, because even if you save the oil industry—which, in my judgment, will not amount to the snap of a finger under this bill, as far as helping the independent producer is concerned—even if you save the copper industry or the lumber industry or the coal industry, if you do not save your country what good will it do?—

What shall it profit a man, if he shall gain the whole world, and lose his own soul?

The leader on the other side of the aisle admitted that 18 Democrats favor these tariffs and that 30 Republicans favor it. I do not know whether that is accurate or not. It means, if it is accurate, that 29 Democrats are opposed to them and ready to vote them out of the bill, while only 18 Republicans oppose them. Let the President, not as a Republican, not as a Democrat, but as the leader of all the people, appeal to the country. If he does issue one more statement and goes on the radio, I say to my Democratic friends on this side that he will gain a million votes overnight, and Senators over here have not discernment enough to see that they are kicking Hoover upstairs so fast that it looks as if he is going up in an airplane.

If he were to say this instant something along the line of my suggestion, it would take a force of dozens of stenographers to answer the protests which would come in on this body, and I believe those protests would be justified.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. THOMAS of Oklahoma. Does not the Senator think that the President has already done enough for these four big oil companies?

Mr. TYDINGS. In this great emergency I hope, and I am going to say that I think, the President is bigger than any 4 big oil companies, any 10 big copper companies, any 3 big lumber companies, or any 25 big coal companies; and if he is not, then God help this Republic.

Mr. President, I send to the desk an article from to-day's Washington Daily News typical of many editorials, which I ask to have the clerk read in my time.

The PRESIDING OFFICER. Without objection, the clerk will read.

Mr. LONG. Mr. President, I am not very well acquainted with the rules of the Senate, as the Chair knows. The Senator, I assume, has a right to have this communication read by the clerk; or does it take unanimous consent?

Mr. TYDINGS. If I may answer before the Chair responds, I will say that the rules of courtesy should receive equal standing with the rules of the Senate; although the rules of the Senate support my request.

The PRESIDING OFFICER. The Chair will say——

Mr. LONG. I object to the Senator having the clerk read anything.

The PRESIDING OFFICER. The Chair will state to the Senator from Louisiana that any Senator may make a request to have an article read, and the Chair usually says that, without objection, the clerk will read. If there is any objection——

Mr. LONG. I object.

Mr. TYDINGS. Let the article be sent back to me, and I will read it.

Mr. LONG. I object to the clerk reading anything for him.

Mr. TYDINGS. I am very grateful that 94 other Senators did not object.

The PRESIDING OFFICER. Will the Senator from Maryland wait a moment?

Mr. TYDINGS. I would not accept a favor from one who has so little regard for courtesy as to give it at this belated time.

The PRESIDING OFFICER. The Senator will please be in order. The proper procedure is, when a Senator objects to the reading of an article at the desk, for the Chair to submit to the Senate the question of its reading, which shall be decided without debate.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. The Senator from Illinois.

Mr. LEWIS. I move that the Senate grant the privilege to the Senator from Maryland to have his extract read by the clerk in such form as is the customary practice of this body in extending courtesies from one Senator to another.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois. [Putting the question.]

The ayes have it, and the motion is agreed to.

Mr. TYDINGS. Mr. President, before the reading of the article I am sending to the desk takes place, I would like to thank Senators for the sportsmanship and fair play of those who voted in the affirmative and have that quality.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

THE TARIFF RAIDERS

The vital task of balancing the Federal Budget is threatened by the tariff lobby. They say they will hold up the tax bill all summer unless they are allowed to attach their tariff riders. The anti-tariff forces reply that if oil, coal, lumber, and copper tariffs are jammed into the tax bill they will fight to put 500 other tariff items of their own into the bill.

We happen to oppose a higher tariff as destructive of business—so proved by the Hawley-Smoot monstrosity which has destroyed foreign trade, started a world trade war, and prolonged the depression. But that is not the issue here.

Whether higher tariffs are good or bad, they have no place in a tax bill. Most of them are virtual embargoes which will raise little or no revenue.

If one such tariff is accepted in the tax bill the way will be open for all of the degrading logrolling which characterizes a tariff bill. That means unscrupulous trading. It means months of delay.

The Democratic leaders in the Senate are trying to save the tax bill by fighting off the tariff raiders. The Republican leaders, as usual, are on the tariff side—rule or ruin.

Here is a chance for the President, the bankers, the business men, and all and sundry who have been pleading for prompt passage of an adequate tax bill to balance the Budget, to help rescue the bill from the tariff raid.

Mr. TYDINGS. Mr. President, another striking feature about this contest which is now going on is the fact that we are having an exact duplication of what happened in the House of Representatives, where both parties broke, and, under the leadership of Mr. LAGUARDIA, of New York, more or less overrode the recommendations of the Ways and Means Committee and chaos ensued.

Nothing in these tariffs will hurt the revenue-raising proposition at all; but the situation is reversed here because the party that was in the minority in the House is in the majority in the Senate, and we find the Senator from Louisiana [Mr. LONG] the leader in this fight. We find many on the other side of the aisle—and many on this side of the aisle—following the leadership of the Senator from Louisiana. We find the committee has thrown overboard the consideration of revenue raising; and that, under the banner raised by the Senator from Louisiana, the chairman of the Finance Committee, the Senator from Utah [Mr. SMOOT], is enlisted as first sergeant and right guide. We find other Senators over there similarly situated, and I regret that we have some corporals and privates over on

this side; but it is a rather unusual army, and the new general upon the field has walked out and taken command, while Privates SMOOT, WATSON, and the rest of them march under the new Long banner. [Laughter.]

Mr. LONG. Mr. President——

Mr. TYDINGS. Mr. President, I refuse to yield to a man who does not understand what the definition of courtesy is.

The PRESIDING OFFICER. The Senator from Maryland declines to yield.

Mr. TYDINGS. Yesterday I read what would happen to the farmers of this country if this tariff were adopted and were effective, how it would raise their operating costs in each State of the Union. To-day I have a more comprehensive table. First of all, this table shows the number of automobiles on the farms of each State. It shows the number of motor trucks on the farms of each State. It shows the number of tractors on the farms of each State. It shows the number of stationary gas engines on the farms of each State. It shows the average yearly consumption of gasoline by all motor vehicles, trucks, tractors, and stationary engines. It shows the total amount of gasoline consumed on farms, and the additional cost to the farmers, by States, if a tariff of 4 cents a gallon is levied on gasoline, as is proposed in this bill, with the correction that under the proposed rate of 2½ cents, the totals in the last column should be 62½ per cent of the figures given.

I ask that this table be inserted in the RECORD, and that those who represent agricultural States will hear in due course of time from those who will have these bills to pay.

The PRESIDING OFFICER. Without objection, it is so ordered. The table is as follows:

The cost of an oil tariff to American farmers

[It has been estimated that the proposed tariff on imported crude oil or refined petroleum products, or both, will increase the average retail price of gasoline throughout the United States by 4 cents per gallon. No one group would be more severely affected by such an increase than the farmers, who utilize 25 per cent of all gasoline consumed in the United States in operation of their automobiles, trucks, tractors, and stationary engines. The tariff-added cost to farmers would aggregate $150,000,000 yearly]

	Number of automobiles on farms [1]	Number of motor trucks on farms [1]	Number of tractors on farms [1]	Number of stationary gas engines on farms [1]	Average yearly consumption all motor vehicles United States [2]	Consumed by automobiles and trucks on farms	Consumed by tractors on farms at 700 gallons per year	Consumed by stationary gas engines on farms at 400 gallons per year	Total gasoline consumed on farms yearly	62½ per cent additional cost to farms of increase of 4 cents per gallon
					Gallons	*Gallons*	*Gallons*	*Gallons*	*Gallons*	
Alabama	73,634	12,838	4,664	2,485	623	53,872,056	3,264,800	994,000	58,130,856	$2,325,234.24
Arizona	9,916	3,062	2,558	3,005	604	7,838,712	1,790,600	1,238,000	10,867,312	434,692.48
Arkansas	65,935	11,000	5,684	4,730	584	44,930,040	3,978,800	1,892,000	50,800,840	2,032,033.60
California	136,842	40,971	44,437	32,784	569	101,175,597	31,105,900	13,113,600	145,395,097	5,815,803.88
Colorado	52,258	16,918	13,334	11,470	498	34,449,648	9,333,800	4,588,000	48,371,448	1,934,857.92
Connecticut	13,154	6,344	2,667	5,462	674	13,141,652	1,866,900	2,184,800	17,193,352	687,734.08
Delaware	8,724	2,996	1,600	1,788	602	7,055,440	1,120,000	715,200	8,890,640	355,625.60
Florida	26,387	12,203	5,618	4,502	693	26,742,870	3,932,600	1,800,800	32,476,270	1,299,050.80
Georgia	88,479	15,967	5,870	5,000	653	68,203,238	4,109,000	2,000,000	74,312,238	2,972,489.52
Idaho	33,966	6,281	4,691	10,024	457	18,392,879	3,283,700	4,009,600	25,686,179	1,027,447.16
Illinois	192,873	40,371	69,628	79,300	559	130,383,396	48,739,600	31,720,000	210,842,996	8,433,719.84
Indiana	154,556	30,037	41,979	39,380	490	90,450,570	29,385,300	15,752,000	135,587,870	5,423,514.80
Iowa	240,512	32,669	66,258	114,977	453	123,750,993	46,380,600	45,990,800	216,122,393	8,644,895.72
Kansas	171,018	33,648	66,275	38,861	511	104,584,326	46,392,500	15,544,400	166,521,226	6,660,849.04
Kentucky	86,784	7,188	7,322	5,326	508	47,737,776	5,125,400	2,130,400	54,993,576	2,199,743.04
Louisiana	43,082	9,281	5,016	2,639	671	35,135,573	3,511,200	1,055,600	39,702,373	1,588,094.92
Maine	26,227	10,781	3,410	8,342	552	20,428,416	2,387,000	3,336,800	26,152,216	1,046,088.64
Maryland	37,972	11,284	7,208	9,330	543	26,746,008	5,045,600	3,732,000	35,523,608	1,420,944.32
Massachusetts	17,638	9,572	3,921	5,283	624	16,979,040	2,744,700	2,113,200	21,836,940	873,477.60
Michigan	150,922	36,768	34,579	55,366	544	102,103,360	24,205,300	22,146,400	148,455,060	5,938,202.40
Minnesota	185,717	36,557	48,457	112,376	472	104,913,328	33,919,900	44,950,400	183,783,628	7,351,345.12
Mississippi	85,563	16,503	5,542	2,186	573	58,483,818	3,879,400	874,400	63,237,618	2,529,504.72
Missouri	176,466	20,132	24,999	31,718	569	111,864,262	17,499,300	12,687,200	142,050,762	5,682,030.48
Montana	38,166	14,615	19,031	13,639	435	22,959,735	13,321,700	5,455,600	41,737,035	1,669,481.40
Nebraska	141,144	26,045	40,729	45,902	532	88,944,548	28,510,300	18,360,800	135,815,648	5,432,625.92
Nevada	2,921	1,241	360	1,227	571	2,376,502	252,000	490,800	3,119,302	124,772.08
New Hampshire	11,079	4,539	1,096	3,725	556	8,683,608	767,200	1,490,000	10,940,808	437,632.32
New Jersey	22,371	14,753	8,088	9,036	642	23,833,608	5,661,600	3,614,400	33,109,608	1,324,384.32
New Mexico	15,395	5,328	2,497	2,018	647	13,407,781	1,747,900	807,200	15,962,881	638,515.24
New York	141,916	58,974	40,369	64,723	623	125,154,470	28,258,300	25,889,200	179,301,970	7,172,078.80
North Carolina	132,876	18,558	11,426	4,981	553	83,743,002	7,998,200	1,992,400	93,733,602	3,749,344.08
North Dakota	78,798	16,990	37,605	44,165	359	34,387,892	26,323,500	17,666,000	78,377,392	3,135,095.68
Ohio	201,552	39,210	52,974	52,508	527	126,881,574	37,081,800	21,003,200	184,966,574	7,398,662.96
Oklahoma	127,448	23,930	25,962	9,363	549	83,106,522	18,173,400	3,745,200	105,025,122	4,201,004.88
Oregon	47,440	9,741	9,838	17,189	615	35,166,315	6,886,600	6,875,600	48,928,515	1,957,140.60
Pennsylvania	152,222	47,062	33,513	57,340	530	105,620,520	23,459,100	22,936,000	152,015,620	6,080,624.80
Rhode Island	2,569	1,701	589	707	635	2,711,450	412,300	282,800	3,406,550	136,262.00
South Carolina	61,754	6,966	3,462	2,677	545	37,452,400	2,423,400	1,070,800	40,946,600	1,637,864.00
South Dakota	81,923	14,816	33,837	34,475	427	41,307,553	23,685,900	13,790,000	78,783,453	3,151,338.12
Tennessee	89,022	9,039	6,865	4,895	582	57,071,502	4,805,500	1,958,000	63,835,002	2,553,400.08
Texas	300,176	52,580	37,348	18,974	540	190,488,240	26,143,600	7,589,600	224,221,440	8,968,857.60
Utah	17,574	4,189	1,426	1,236	527	11,469,101	998,200	494,400	12,961,701	512,468.04
Vermont	18,620	5,035	2,426	10,962	543	12,844,665	1,698,200	4,384,800	18,927,665	757,106.60
Virginia	88,463	19,459	9,757	10,298	573	61,839,306	6,829,900	4,119,200	72,788,406	2,911,536.24
Washington	55,995	18,836	8,388	18,762	542	40,558,402	5,871,600	7,504,800	53,934,802	2,157,392.08
West Virginia	36,978	7,432	2,792	4,314	503	22,338,230	1,954,400	1,725,600	26,018,230	1,040,729.20
Wisconsin	176,764	51,786	50,173	108,134	531	121,360,050	35,121,100	43,253,600	199,734,750	7,989,390.00
Wyoming	12,824	4,108	4,110	3,424	588	9,956,016	2,877,000	1,369,600	14,202,616	568,104.64
District of Columbia	60	81	17	10	510	71,910	11,900	4,000	87,810	3,512.40
Total	4,134,675	900,385	920,395	1,131,108	539	2,713,097,900	644,276,500	452,443,200	3,809,817,600	152,392,704.00

[1] From 1930 Farm Census, U. S. Department of Commerce.

[2] Computed from "Gasoline taxes, 1930," U. S. Department of Agriculture.

NOTE.—Average consumption of gasoline per year for motor vehicles (automobiles and trucks) was 539 gallons in 1930. It is conservatively estimated that the average tractor will consume 700 gallons per year and the average stationary engine 400 gallons. The was of all United States farms reporting the use of gasoline-driven equipment is as follows (U. S. Department of Commerce): Automobiles, 58 per cent; motor trucks, 13.4 per cent; tractors, 13.5 per cent; stationary gasoline engines, 15 per cent. An increased gasoline cost will tend to decrease the percentage of farmers who can afford to avail themselves of the benefits of these efficient farm tools.

Mr. TYDINGS. Mr. President, I also want to insert in the RECORD an estimate of the amount that it will cost the consumers in each State if we place a tariff of 2½ cents a gallon on gasoline. The figures I read yesterday dealt only with the farms. The figures I have to-day deal with all of the motor vehicles on the farms, by States, and the figures, of course, are much higher than those I read yesterday.

I ask all farmers who receive the CONGRESSIONAL RECORD to note the votes of their Senators on this bill, and to acquaint those who do not receive the CONGRESSIONAL RECORD with the votes of their Senators on this bill, in order that they may determine by action rather than words who really is for farm relief in this country.

The PRESIDING OFFICER. Without objection, the table will be inserted in the RECORD.

The table is as follows:

Estimate of the amount it will cost consumers of each State to place a tariff of 2½ cents a gallon on gasoline

State	Gasoline consumed, 1931	Increased price at 2½ cents per gallon
Alabama	163,000,000	$4,075,000
Arizona	74,000,000	1,850,000
Arkansas	127,000,000	3,175,000
California	1,401,000,000	35,025,000
Colorado	176,000,000	4,400,000
Connecticut	249,000,000	6,225,000
Delaware	38,000,000	950,000
District of Columbia	93,000,000	2,325,000
Florida	232,000,000	5,800,000
Georgia	222,000,000	5,550,000
Idaho	60,000,000	1,500,000
Illinois	1,048,000,000	26,200,000
Indiana	481,000,000	12,025,000
Iowa	412,000,000	10,300,000
Kansas	485,000,000	12,125,000
Kentucky	176,000,000	4,400,000
Louisiana	188,000,000	4,700,000
Maine	116,000,000	2,900,000
Maryland	189,000,000	4,725,000
Massachusetts	577,000,000	14,425,000
Michigan	821,000,000	20,525,000
Minnesota	442,000,000	11,050,000
Mississippi	115,000,000	2,875,000
Missouri	492,000,000	12,300,000
Montana	76,000,000	1,900,000
Nebraska	228,000,000	5,700,000
Nevada	23,000,000	575,000
New Hampshire	68,000,000	1,700,000
New Jersey	711,000,000	17,775,000
New Mexico	52,000,000	1,300,000
New York	1,625,000,000	40,625,000
North Carolina	256,000,000	6,400,000
North Dakota	115,000,000	2,875,000
Ohio	985,000,000	24,625,000
Oklahoma	300,000,000	7,500,000
Oregon	174,000,000	4,350,000
Pennsylvania	1,063,000,000	26,375,000
Rhode Island	98,000,000	2,450,000
South Carolina	121,000,000	3,025,000
South Dakota	134,000,000	3,350,000
Tennessee	214,000,000	5,350,000
Texas	826,000,000	20,650,000
Utah	61,000,000	1,525,000
Vermont	49,000,000	$1,225,000
Virginia	244,000,000	6,100,000
Washington	273,000,000	6,825,000
West Virginia	144,000,000	3,600,000
Wisconsin	456,000,000	11,400,000
Wyoming	39,000,000	975,000
Total	[1] 16,712,000,000	417,800,000

[1] Bureau of Mines estimate.

Mr. TYDINGS. It is claimed here that oil is in a very bad position. I have a table, prepared by the Department of Labor, of indexes as of January, 1931, to February, 1932, inclusive, showing for the 12 months of the year 1931 and the first 2 months of 1932 that the index price of oil is above the index price of commodities generally; so notwithstanding oil is now in a more favorable condition than commodities as a whole, these men have the effrontery to come on the floor of the Senate and ask for a larger boost so they may be still farther raised above the commodity price level of the country. In January, 1932, the commodity price level of all commodities, 784 in number, was 67.3. Fuel and lighting, including oil, was 67.9. In February, 1932, all commodities had an index price of 66.3 and oil 68.3, an increase of 2 per cent over the commodity level; so that alone, in a period of great depression, when every industry, when every business, when every commodity, when every person is suffering, does not justify the oil industry in coming here and asking for additional help at this time.

I ask that the table may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Wholesale prices, Department of Labor indexes,[1] January, 1931–February, 1932, inclusive

[1926 = 100]

	1931												1932	
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
All commodities (784 items)	78.2	76.8	76.0	74.8	73.2	72.1	72.0	72.1	71.2	70.3	70.2	68.6	67.3	66.3
Farm products	73.1	70.1	70.6	70.1	67.1	65.4	64.9	63.5	60.5	58.8	58.7	55.7	52.8	50.6
Foods	80.7	78.0	77.6	76.3	73.8	73.3	74.0	74.6	73.7	73.3	71.0	69.1	64.7	62.5
Hides and leather	88.7	86.9	87.6	87.5	87.6	88.0	89.4	88.7	85.0	82.5	81.6	79.8	79.3	78.3
Textiles	71.3	70.9	70.0	68.2	67.4	66.6	66.5	65.5	64.5	63.0	62.2	60.8	59.9	59.8
Fuel and lighting (including oils)	73.3	72.5	68.3	65.4	65.3	62.9	62.9	66.5	67.4	67.8	69.4	68.3	67.9	68.3
Metals and metal products	86.9	86.5	86.4	85.7	85.0	84.4	84.3	83.9	83.9	82.8	82.6	82.2	81.8	80.9
Building materials	83.8	82.5	82.5	81.5	80.0	79.3	78.1	77.6	77.0	76.1	76.2	75.7	74.8	73.4
Chemicals and drugs	84.5	83.3	82.9	81.3	80.5	79.4	78.9	76.9	76.3	75.6	76.1	76.1	75.7	75.3
House-furnishing goods	88.3	88.1	88.0	87.9	86.8	86.4	85.7	84.9	82.7	81.0	80.9	78.5	77.7	77.5
Miscellaneous	72.2	71.5	72.0	71.5	70.5	69.7	69.7	68.3	68.2	66.6	68.7	66.8	65.6	64.7

[1] Revised as of Jan. 1, 1932, by including prices for 784 items instead of 550 items.

Mr. TYDINGS. Mr. President, I want to show the oil prices for 1931 and the present prices of oil. I am quoting figures from the National Petroleum News. The low price for 1931 was 40 cents in the United States. In April, 1932, it was 81 cents, an increase of 41 cents. The percentage of increase is 102.5 per cent. In other words, from the low price level of 1931 crude oil in domestic fields has increased in price to this day 102.5 per cent, and no Senator will deny it. What other commodity has had an increase in price from the low of 1931 to the present moment of 102.5 per cent? I would like to know of such a commodity. I do not believe there is another one in the whole country. If copper were in that situation my friend from Michigan [Mr. VANDENBERG], at whom I am looking at this moment, would not need a copper tariff because its price has not risen, but the oil price has gone up over 100 per cent from the low of 1931.

I ask that this table may be inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Low prices for 1931 and present prices (April 11, 1932) of crude oil in domestic fields

District	Low price for 1931		Price Apr. 11, 1932	Increase	Percentage increase
	Month	Amount			
United States	July	$0.40	[1] $0.81	$0.41	102.50
California	April–May	.46	.72	.26	56.50
Pennsylvania	July	1.42	1.82	.40	28.17
Rocky Mountain	do	.27	.77	.50	185.19
Gulf coast	do	.42	.76	.34	80.95
East Texas	do	.10	.98	.88	880.00
Mid-continent	do	.24	[1].77	.53	220.83

[1] Weighted average.

April price for east Texas from National Petroleum News; prices for other fields from Oil Statistics Co. table of Apr. 12, 1932.

Mr. TYDINGS. What does the Treasury say about the revenue features of this nefarious proposition? The Senator from Utah [Mr. SMOOT] is either inconsistent or insincere, because he signed the report saying that this tariff would yield the Government a mere $5,000,000 a year, and

after he had written that in black on white over his own signature he comes upon the floor and says that it will raise as much as $20,000,000 or $25,000,000 a year. Obviously, he could not be right both times. I simply mention that as an example of the kind of elasticity that gets into these tariff arguments.

I hope my friend from Iowa [Mr. BROOKHART], now sitting over on the other side of the Chamber, whom I have often known to rise on the floor and plead for the farmers, showing how money was given to the big railroads and to the big corporations and to Wall Street and to what not, will not be taken in by the sophistry which is being presented here by the proponents of this tariff, and that he will not place upon his constituents, the farmers of Iowa, an additional gasoline bill of $5,403,060 a year more than they are now paying, which will not go into the Treasury of the Government, but will go into the treasury of the major oil companies and for which the farmer will not receive a single solitary bit of benefit.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Certainly.

Mr. BROOKHART. Yes; I have presented the case of the farmers in the figures the Senator mentioned. The Senator has opposed me so consistently that I have a certain amount of suspicion when he comes in on my side now.

Mr. TYDINGS. When the Senator does present this matter to the farmers of Iowa, let him tell them that these large oil companies already have a year's supply of oil, without buying a single gill, enough for one year's supply to every man, woman, and child in the country who uses gasoline; and if they know that to be true, which is true by the Government's own report, all he will do by these new taxes is to put $486,000,000 into the treasury of those large oil companies. Then let him justify his position in view of these facts if he can.

I want to take up the so-called revenue features of the bill and show the absurdity of the whole thing in this internal-revenue matter. If the proposed tax becomes effective as an embargo, the intent of its authors, it will cost the American public approximately $500,000,000 annually, not a penny of which will go into the Federal Treasury, but all of which, taken from an already burdened public, will go into the coffers of the major oil companies of this Republic. That money is going to come from communities which are going down in their own pockets to keep the people from starving to death. It is going to come from communities where farms are being sold under the hammer every day. It is going to come from communities where hundreds of banks have failed—600 of them in the State of Iowa alone. It is going to come from communities where people fear to look ahead unless we can turn from the valley of despair and climb once more to the heights of promise and prosperity.

It is estimated, based on the figures of the Bureau of Mines, that the American public last year consumed 16,712,000,000 gallons of gasoline. If that figure is multiplied by 2½ cents, the total will be $417,000,000. The increased cost of fuel oil will add another $75,000,000 to be taken from the public, making a total of almost $500,000,000. Ninety per cent of this money will go to the great oil companies who process, transport, wholesale, and retail most of the products.

The monopolistic subject made its legislative debut in the McCumber-Fordney bill 10 years ago. It was thrown out as too raw even for the high protectionists then. During the intervening decade swarms of locust lobbyists have hibernated at the Capitol and at the slightest prospect of success they have sought to have it enacted into law under one guise or another as a tariff or an embargo. Never until the present year have they had the temerity to urge it as a rider upon a revenue measure, but now under the skillful guidance of the lobby they have injected it into the revenue bill with the present threat that they will delay indefinitely the passage of legislation essential to the balancing of the Budget and the preservation of the national credit unless this un-American subsidy is adopted.

In the McCumber-Fordney bill the proposed rates were 25 cents on fuel oil and 35 cents a barrel on crude oil. The other by-products were not included. When it reappeared in the Smoot-Hawley bill, it was all embracing, $1 a barrel on crude oil and 50 per cent ad valorem on all its by-products. Dozens of other bills of similar import have been introduced.

When the tariff was under discussion in the House, Secretary Mills reported—New York Journal of Commerce, February 22, 1932—and mark you this, those who claim it will put revenue in the Treasury:

It is the opinion of the experts of the Department of Commerce—

The opinion of Mr. Hoover's own department, the opinion of the department he built up, backed up by Mr. Mills, who is closer to the President, perhaps, than any other member of the Cabinet. Here is what Mr. Mills said:

It is the opinion of the experts of the Department of Commerce such a tax, 1 or 2 cents per gallon on imported oil, would yield no revenue, since the levy which would be added to the import price exceeds the margin of advantage under which oil is imported into this country, and would therefore exclude the products affected. The same would hold also for a tax on the basis of $1 a barrel, which entered into the discussion.

Follow me now, because I am coming to a very important bit of conversation which took place between the Senator from Tennessee [Mr. HULL], the Senator from California [Mr. SHORTRIDGE], and Mr. Mills. When Secretary Mills appeared before the Senate Finance Committee on April 14, he was asked by the Senator from Tennessee [Mr. HULL] about the matter of tariff in the revenue bill. He replied—and this is Mr. Mills, a member of the President's Cabinet, the President's official adviser if he has any, a high protectionist, a man who is trying to balance the Budget, a man to whom the whole country looks now for financial guidance. What did he say about these tariffs?—

Senator HULL, you have no illusion. I know some people have, but you have none as to the character of the two items in this bill.

They were coal and oil.

Senator HULL. I was hoping that I had not.

Secretary MILLS. I certainly have not. They are not revenue measures. They are protective-tariff measures.

Then the Senator from Utah [Mr. SMOOT]—I am sorry he is not here at the moment—has the effrontery to rise on the floor of the Senate and claim they are revenue measures, when the man charged with the responsibility of balancing the Budget comes here with all the cloak of officialdom, and says they are not revenue measures, but protective-tariff measures.

I continue the quotation:

Senator SHORTRIDGE. Would not this raise some additional revenue, Mr. Secretary? We are framing a bill for the purpose of securing additional revenue.

Secretary MILLS. Not car fare, though, Senator.

That is what Mr. Secretary Mills said. Revenue? It is nothing but car fare. We need to raise $1,200,000,000 to balance the Budget. What is proposed is, first, only a protective-tariff measure, and, secondly, a measure which will raise only car fare.

At this point I ask Mr. Hoover, the leader of the Republic, the leader of the Republicans, the leader of the Democrats, the leader of the Socialists, the leader of all political parties, to back up his Secretary of the Treasury, who knows about this matter, who has gone into it, and to tell his men, the leaders on the other side of the aisle and Senators on this side of the aisle to fall in line, to cut these tariff items out of the bill, balance the Budget, and restore confidence once again in the country while there is still time to act.

I make the prediction—I may be wrong, and I have many friends who are going to be included in the sweeping remark I am about to make—that there will be no vote cast in this entire Senate with so many political consequences of an evil nature as a vote at this time for these tariff measures, when all the people of this country, from California to Maine and from Florida to Washington, want the Budget balanced first.

These tariff items could not have been put into the bill without trades. I have voted for some tariff measures in my

time, but not a man on this floor can say that I ever made a trade with him on any legislation. I think such a practice is beneath the dignity of a Senator and that he is unworthy to serve in this body if he can not present his proposition on its merits, without having to give something in which he does not believe in order to get a little slice of the pie he really wants for himself. He surrenders his convictions, he surrenders his principles, he surrenders his beliefs, in order that he may trot home with a little piece of decoration to his State and say, "Look what mamma brought you; here is a nice piece of tariff pie." That is the kind of opposition we are forced to fight, an opposition not based on conviction or principle, so it can muster a majority of votes in this body, but one glued together by trades, in which a third of them do not agree on any proposition submitted but will vote for it nevertheless because they may get a little bit of this tariff tax.

I say to Mr. Hoover, "Back up your Secretary of the Treasury." Ogden Mills is, I believe, rising above partisan politics as much as any man in public life to-day is rising above it. I think he sees the peril in which this country is now engulfed; I think he is throwing his vision ahead into the future; I think he was honest before the committee as much so as any man could be; and I say that the President should go along with him in helping to balance the Budget, and we in this body ought to do our part to give him support, not as Democrats or Republicans but in the effort to pass the best revenue bill we can, and leave these tariff measures out of the picture.

Many a Senator who will vote to-day to include these tariff items will wish one week hence that he had never heard of a tariff when we get into the tariff debate. The people of this country know what is going on. They know that there may be cases where an increased tariff is necessary; they know there may be cases where the tariff should be reduced; but they know that the great and important and primary problem now before this Congress is to pass this tax bill, leave the tariff out of it, get it behind us, and look forward to taking care of a relief program in order that we may avoid serious consequences next winter.

We shall vote after a while. I am rather inclined to have a vote, because I want to enjoy, without being a sadist, some of the contortions of those who vote on the initial question of a high tariff when they squirm a week, two weeks, three weeks, or four weeks hence when tons and tons of protests will be coming in here telling them to drop the tariff and get this bill through. It will be interesting to see them make an about face in the presence of an outraged and indignant public.

I am going to offer my 500 amendments now. Mr. President, as I said before, I do not want a single tariff item in this bill; I am opposed to all such items; their injection means months of delay; it will unsettle the country; it will add to the despair and despondency under which millions of people now labor; but if tariff items are to be considered, then I want the interests of my State to be given equal consideration with those of every other State in the Union. This is not a government for copper or oil or coal or lumber; it is a government of people, and the people want legislation more than do the few who control these four large interests.

I hope I will not have to press one of these amendments; I hope that, sooner or later, Senators will not insist upon the adoption of these tariff items; I hope that, sooner or later, the President will take the leadership, which I think now he is justified in asserting, and ask those on the other side of the aisle to join with the 29 of us on this side of the aisle. We only need 20 over there; that is all. If he will enable us to secure the support of just 20, we shall kill every one of these tariff items so dead that they will never raise their heads again at this session; and within 10 days or 2 weeks, in my judgment, we shall enact this tax bill into law and reassure the people of the country that Congress can function; that the Budget is balanced; and we can then turn to the more pressing problems, such as unemployment, which will remain over.

Every man who votes for these tariff items is delaying the day of relief for unemployment, because every day we lose here in discussing the tariff is a day that we could use to discuss some plan for the alleviation of suffering and unemployment. If we discuss the tariff for a month, that will mean that the consideration of unemployment relief must be put off a month, and the people want that question considered now. They do not want us here haggling over a tariff item designed to help a few rich oil companies. They want settled the pressing problem of balancing the Budget; they want a plan adopted to take care of unemployment; they want vision exercised in the effort to bring back some prosperity.

People are writing me saying, "Why do you gentlemen in the Senate not bring up the question of the World Court for consideration?" What good will the World Court be, if, under other circumstances, it would be any good, after we have increased the antipathies, the hates, the fears, and the prejudices of every country under the sun? Already tariff walls are growing like giant redwood trees around every country on the globe. Every nation is locking itself up in water-tight compartments on a sinking ship. We should be on the deck pumping water and not in our little water-tight compartment, where we may be saved temporarily but where we will go down with the rest of them when the ship sinks. Let us vote, Mr. President; let us stand up and be counted——

Mr. GORE. Call the roll.

Mr. TYDINGS. Let us see who is still for the people; let us see who is still for the large oil companies; let us see who wants the tariff injected into this tax bill and the balancing of the Budget postponed. Let us see who wants to transact business and to supplant words with action, to undertake to solve the problems affecting this country, to hasten the consideration of unemployment relief. Let us see whether or not we can do what we asked others to do 13 or 14 years ago and be soldiers enough to have a couple of tariff horses shot from under us in this battle to save the country from defeat.

I want to show that the condition of the oil industry is due to the large production which has come from the new fields. Strange to say, in support of my contention, I ask that there may be printed in the RECORD at this point in my remarks an article from the Oil and Gas Journal entitled "East Texas Depresses Whole Industry. Production of Crude Oil in United States Last Year Held Down Everywhere Else by Continued Proration."

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article referred to is as follows:

[From the Oil and Gas Journal, January 28, 1932]

EAST TEXAS DEPRESSED WHOLE INDUSTRY—PRODUCTION OF CRUDE OIL IN UNITED STATES LAST YEAR HELD DOWN EVERYWHERE ELSE BY CONTINUED PRORATION

By James McIntyre

It has been estimated by oil men, whose opinion is worth consideration, that the oil fields of the United States could produce 5,000,000 barrels a day if there was reason for such an enormous crude-oil output. This figure is not fantastic by any means. With Texas, California, Oklahoma, and Kansas removing all restrictions, and with drilling operations up to normal, or at the rate of 15,000 new oil wells in a year, it would easily be possible for the country to produce 5,000,000 barrels per day for a limited but considerable period. Last year, however, only 6,703 new oil wells were drilled in this country and production was held to 845,803,454 barrels, an average of 2,317,270 barrels per day, or 46 per cent of its easily attained potential.

With the exception of Texas, New Mexico, and Michigan, every State producing oil showed a decline compared with the production of 1930. Here is how and where production increased or decreased last year, compared with the totals for the year 1930:

Increased production	Barrels
Texas	36,216,473
New Mexico	4,982,968
Michigan	144,000
Total increase	41,343,441
Decreased production	
California	39,262,867
Oklahoma	40,410,743
Arkansas	4,488,375
Kansas	3,167,009
Wyoming	3,047,745

	Barrels
Louisiana	1,024,734
Illinois	934,000
Pennsylvania	1,056,000
Ohio	1,165,000
Kentucky	972,000
West Virginia	634,000
Montana	356,607
New York	459,000
Colorado	130,777
Indiana	159,000
Tennessee	13,000
Total decline	97,280,857
Net decline in United States	55,937,416

EAST TEXAS RESPONSIBLE

Texas' big increase in production may be altogether attributed to the east central and east Texas divisions, as all the other Texas divisions showed marked decreases in their crude output as compared with the previous year.

Curtailment of production in one form or another was practiced in every State producing oil. A vast number of small wells were shut in a part of the time last year inside and outside the prorated States, because it did not pay to operate them at the existing crude oil prices, and the number of wells reported as producing at the close of the year was only 299,104, as compared with 327,268 wells on production at the close of 1930. A portion of the wells shown in the declining figures were abandoned altogether. The others were kept idle awaiting higher prices. As a result, the average production per well remained about the same in both years, 7.75 barrels per day per well last year and 7.60 barrels per day per well the year before.

EAST TEXAS CRUDE FLOOD

The east Texas field, made up of the Joiner, Kilgore, and Longview pools, did more to bring stagnation to the general oil industry than any other one thing. Discovered in the fall of 1930, at a time when the industry was trying to control an overproduction from California pools, Oklahoma City and Seminole in Oklahoma and several western Texas pools and the Van field in east central Texas, the east Texas field did not assume importance until, following the opening of the Joiner pool, the Longview and Kilgore pools were discovered, and it became definitely known that a great field had been opened. In the annual review of 1930 the Oil and Gas Journal headed its story of this field with the words, "May Be the World's Largest Oil Field," but some of the large oil companies were skeptical and did not try to get acreage until all three of the pools had been opened. The vast area, occupying about 120,000 acres, was solidly leased up, mostly by small operators and by newcomers in the business, among whom were numerous promoters of stock-selling schemes. So much of the acreage was held in small parcels, ranging all the way from 1 acre upwards, and its ownership was so diversified, that it was impossible to bring about an orderly development, and production began to mount rapidly after February.

When the big companies did get in by purchasing the interests of many of the "little fellows," there was not much improvement in the drilling situation.

Daily production in February averaged 26,062 barrels; in March, 93,579 barrels; in April, 249,325 barrels, continuing upward until it reached a 1-day peak in August exceeding 1,000,000 barrels, with an average for the whole month of August of 542,381 barrels, brought down by the application of martial law in the field by order of Governor Sterling.

SMALL FINANCIAL RETURN

Meanwhile the price of east Texas crude, which at first was above $1 per barrel, dropped by degrees to an average of 13 cents per barrel in the week ending August 12. The enforced curtailment of production by the governor's order affected the price of crude favorably, and it advanced to an average of 54 cents in the week ending September 2, to 66 cents in the week ending September 9, and to 82 cents as an average price in the week ending November 2, which price maintained to the end of the year.

Small operators and royalty owners, who for months objected strenuously to any curtailment of drilling or production, abandoned their attitude when they found that they could get much more money for much less oil and still retain part of their product in the ground. For example, the producers and royalty owners received $626,465 for 4,818,961 barrels of oil produced in the week ending August 12, while in the last week in December they received $1,669,680 for 2,036,195 barrels of oil. Thus they received about two and one-half times as much money for less than half the quantity of crude.

BIG FIRST YEAR OUTPUT

In 1930 the Joiner pool in Rusk County produced only 29,122 barrels, its total for October, November, and December. There was no other production in east Texas. In 1931 Joiner produced 37,932,810 barrels; Kilgore, 43,537,815 barrels; and Longview, 26,257,287 barrels. The combined fields produced 107,727,912 barrels, or an average over the entire year of 295,145 barrels per day. How much this field could have produced is a question. In the last half of the year it could easily have produced the capacity of the pipe lines and railroad facilities available at the time and not been opened to its limit. In the biggest calendar year experienced by the Seminole field (comprising then five pools) it produced 135,951,098 barrels, and its biggest production for 12 months, or from March 1, 1927, to February 28, 1928, was 141,491,000 barrels. Seminole was the largest high-grade oil producer the country had known up to its time. East Texas can easily exceed the best 12-month record of which Seminole was capable, and owing to its immense productive acreage, estimated now at about 90,000 acres, it is believed it could exceed the best 12-month production of which any other high-grade field in the United States is capable, although there may be Californians who will dispute this in favor of Kettleman Hills.

Whatever may be the fate of enforced proration by the Texas State government, it is considered unlikely that the producers of east Texas would permit the field to run wild as it was threatening to do when Governor Sterling intervened last summer. The phantom of 5 and 10 cent oil would be enough to stiffen them into voluntary action to prevent overproduction.

THE VAN POOL'S BIG SHOWING

The east central Texas area, or Mexia fault field, developed nothing new of importance in 1931 in the way of discoveries, but the Van field, in Van Zandt County, showed a very considerable increase in oil production, even though it was held back by unitization and voluntary curtailment. The Van field has a large actual potential production, but it was kept down to an average well below 50,000 barrels per day through the year. Its total production of 15,542,023 barrels in 1931 was an increase of 8,011,801 barrels over its production of 7,530,222 barrels in 1930. The whole area produced 19,164,902 barrels last year. Of this, the once famous Mexia field produced only 1,186,770 barrels and Powell 1,362,278 barrrels. Mexia was down to 2,989 barrels per day in December and Powell to 2,461 barrels. The whole division produced 13,168,608 barrels in 1930 and Van's big production increased it by 5,996,294 barrels last year.

OLDER TEXAS FIELDS SLUMP

The north Texas, or Wichita Falls field, dropped in production from 32,299,098 barrels in 1930 to 21,850,878 barrels in 1931. Wichita County, where the Burkburnett, Electra, K-M-A, and Iowa Park fields are located, dropped from 8,875,852 barrels to 6,644,987 barrels. Archer County fell off from 6,023,760 barrels to 4,384,656 barrels; Wilbarger County slumped from 7,867,089 barrels to 4,167,000 barrels, and Young County from 5,229,460 barrels to 4,231,600 barrels. Those are the major producing areas in the districts. The lesser fields showed losses and gains, but they were of little consequence in the general picture. The whole area declined 10,448,220 barrels in production in 1931.

Production in the United States, 1924 to 1931, inclusive

	1924	1925	1926	1927	1928	1929	1930	1931	Number active wells Dec. 31, 1931	Daily average production per well
	Barrels	*Barrels*	*Barrels*	*Barrels*	*Barrels*	*Barrels*	*Barrels*	*Barrels*		*Barrels*
California	230,063,117	230,147,342	224,117,013	230,751,463	231,982,597	292,036,911	228,091,899	188,829,032	8,911	58.07
Oklahoma	176,206,397	173,270,063	177,651,198	276,022,024	247,500,851	252,229,474	216,114,591	175,703,848	58,707	8.20
Texas	135,361,378	144,783,451	172,545,278	220,030,512	255,354,357	298,713,694	292,392,102	328,608,575	22,431	40.14
Arkansas	48,167,912	78,407,138	58,729,606	40,411,375	32,137,934	25,443,570	20,114,782	15,626,407	3,231	13.25
Kansas	29,671,551	38,151,622	41,346,511	41,943,577	38,150,878	40,658,170	42,123,347	38,956,338	18,708	5.71
Wyoming	39,251,070	29,229,303	25,465,553	20,983,675	21,403,460	19,671,618	17,740,017	14,692,272	3,536	11.38
Louisiana	20,638,051	21,537,564	24,283,141	24,330,954	22,862,564	21,137,263	23,881,270	22,856,536	2,976	21.04
Illinois	8,041,000	7,862,000	7,770,500	6,873,000	6,475,000	6,356,500	5,651,000	4,717,000	15,300	.85
Pennsylvania	7,529,100	7,831,200	8,971,200	9,642,000	9,914,000	11,804,800	12,918,000	11,862,000	77,300	.42
Ohio	6,797,000	7,175,000	7,307,500	7,542,500	7,105,000	6,730,200	6,483,000	5,318,000	37,250	.40
Kentucky	7,396,900	6,770,000	6,297,200	6,590,000	7,350,000	7,821,400	7,462,000	6,490,000	15,700	1.13
West Virginia	5,924,000	5,780,000	5,962,400	6,033,000	5,746,000	5,608,600	5,111,000	4,477,000	15,200	.81
Montana	2,785,724	4,122,653	7,744,605	5,171,883	3,998,549	3,827,067	3,203,808	2,847,201	1,429	5.46
New York	1,482,000	1,660,000	1,934,200	2,237,000	2,579,000	3,345,600	3,854,000	3,395,000	14,710	.63
Colorado	391,922	1,171,625	2,776,442	2,722,670	2,744,184	2,361,595	1,623,639	1,492,862	244	16.76
New Mexico	81,800	1,096,617	1,695,645	1,214,254	973,891	1,803,261	10,377,415	15,360,383	441	95.43
Indiana	936,000	828,000	785,200	852,500	1,054,000	905,800	990,000	831,000	2,480	.92
Tennessee	6,300	23,000	44,200	62,200	50,000	20,000	20,000	7,000		
Michigan			103,000	436,100	613,000	4,391,200	3,589,000	3,733,000	550	18.59
Miscellaneous			30,780							
Total	720,731,222	759,846,578	775,561,175	903,850,687	897,995,265	1,004,266,723	961,740,870	845,803,454	299,104	7.75

Mr. TYDINGS. Mr. President, I have read heretofore from both party platforms to show that both the parties are against the proposed tariff on oil. What a lot of hypocrites we are, what a lot of scoundrels we are to go out upon a lot of unsuspecting people and solicit their suffrage upon our word and then come here and repudiate it, once we have gained power!

Mr. President, I marvel at the patience of the good people of this land and at the things they take from us, the injustices that we do them, knowing they are injustices, because we are afraid of making Mr. John Brown, who owns a big copper mine, or Mr. Bill Smith, who owns a big oil field, a little angry. We will go through it again; and we will go up to Chicago, all of us, and we will write another mass of glittering words; spellbinders will go out all over the country, saying, "Put our party in power and we will lift this country out of the slough of despond," and then we will come here and betray them, as we have done over and over again in many cases so far as our pledged word is concerned.

I hope, Mr. President, that my friend from Iowa [Mr. BROOKHART] will not go out as the farmers' friend next fall when he is a candidate for reelection and still claim to be his friend when he has voted a 2½-cent a gallon tax on every farmer and citizen of his State, not for the use of the Government, but for the benefit of the 20 large oil companies, which at this hour have in their pipe lines a year's supply of oil without the necessity of buying a gill. And the next time he gives the railroads what, in many cases, is coming to them, I hope he will not overlook his vote on the oil tax, if he intends to vote for it, which I doubt very much, for I can not conceive him doing it.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. Yes; I yield.

Mr. BROOKHART. Am I to infer from the Senator's remarks that he is coming over to my side on the railroad question?

Mr. TYDINGS. I am coming over to the Senator's side a little, and I want to know if the Senator is still there when I get there. [Laughter on the floor and in the galleries.]

Mr. BROOKHART. I shall be there.

The VICE PRESIDENT. There must be no demonstrations in the galleries.

Mr. TYDINGS. I do not want to get there and find the Senator and Wall Street have gone out on a spree. [Laughter.]

Who are the users of this oil? The Navy alone will pay $8,500,000 more a year for the oil which its ships use than it pays now. That amount is $3,500,000 more than the Government will get out of such a tax, even taking the figures the Senator from Utah has shown in his written report.

The Post Office Department uses large quantities of fuel oil; so that the small amount we are supposed to get out of this so-called tariff for revenue purposes will be more than absorbed in increased expenses which the Government will be forced to bear, and every Senator here knows it.

Now, I will show how the large corporations are going to collect this $486,000,000. I want the farmers of Iowa and Maryland and Nebraska and of every other State in the Union to know how the big oil companies are going to take this money out of their pockets. The big companies would be the chief beneficiaries of the proposed tariff and not the so-called independents, who produce less than one-half the country's crude oil. A score of the big companies own 90 per cent of the pipe lines; they own 73 per cent of the refining capacity; they own 85 per cent of the retail distributing facilities and practically all the storage facilities.

They have got a year's oil supply now in their pipe lines or in their production, and they do not have to buy a gill for a year. They can say to every independent producer who wants to sell his oil, "Take my price or wait one year before I buy a gill of it"; and in times like these no producer can wait more than 10 minutes to get the few dollars that the oil companies are going to pay.

The 20 large oil companies own 90 per cent of the 633,000,000 barrels of oil in storage at this hour. When this storage is reinventoried on a basis of 2½ cents a gallon increase on gasoline and one-half cent a gallon increase on fuel oil, we find an immediate profit to the 20 large oil companies of $500,000,000 which the American consumers will pay this year, and not a dollar of which will find its way into the Treasury of the United States.

I desire to put in the RECORD at this point some comments upon the Tariff Commission's report on the cost of production of oil at home and abroad. It has been misrepresented on this floor over and over again. Therefore I ask to have inserted in my remarks the report of the Tariffs Commission, which does not show that the difference in the cost of production in this country and abroad is $1.03 a barrel on oil generally, as has been claimed here over and over for it.

The VICE PRESIDENT. Without objection, the report will be printed in the RECORD.

The matter referred to is as follows:

COMMENTS UPON THE TARIFF COMMISSION'S REPORT ON COST OF PRODUCTION AT HOME AND ABROAD

Last year before the Senate Committee on Commerce the remarkable argument was presented that there was not necessarily any relation between the price of crude and gasoline. This statement has been assiduously peddled by propagandists, circulated broadly through the press, and presented to Congress committees with the obvious intent of disarming the public mind in relation to the inevitable increase in the cost of gasoline.

The Federal Trade Commission, the American Petroleum Institute, and other competent and disinterested organizations have repeatedly shown its falsity.

Until their appearances this year before the Finance Committee and the Ways and Means Committee, Mr. Franklin and his associates have repeatedly argued that the price of fuel oil was too low, and that the purpose of the bill was to increase the price at the well. These statements have now been discarded and both the Finance Committee and the Ways and Means Committee this year were informed that the proposed tax would not affect the price of fuel oil to the consumer.

Last year crude oil was as low as 10 cents a barrel at the well—this year it is ranging around $1. A year ago Governor Murray of Oklahoma mobilized the militia to stop wasteful overproduction and proclaimed to the world that his ambition was to compel curtailment of production in the hope that oil would again sell at the well for $1. Governor Murray has realized his ambition, not through the barriers afforded by an embargo or a protective tariff, but through the oil-fashioned method of applying a little common sense to the end that the laws of supply and demand be respected.

Having completely failed to reverse the laws of trade by the remarkable premise that there is no connection between the price of crude and gasoline the proponents of this measure are now attempting to use the recent report of the Tariff Commission to establish their contention that there is a differential in favor of imported oils of $1.05 per barrel.

Any literate person could not knowingly make such mistakes as they have done. There is no such differential in favor of the importers. There is none at all. This phase of the controversy was discussed in considerable detail before the Finance Committee. It will be found in the testimony of Paul H. Harwood, pages 457–471 of the Finance Committee hearings:

"The Tariff Commission, in its report for the years 1927–1930, reports not a difference in cost of $1.03 per barrel, as alleged by Mr. Franklin, but of 46 cents, on the basis of 'like or similar products' as required by the tariff act (p. 3), but calls attention to three disparities in its calculation to the disadvantage of the Venezuelan product, each of which would, when properly determined and taken into account, reduce this difference in cost.

"1. It admits that in figuration of cost to produce crude it has applied to the foreign oil the same rate of interest and depreciation as applied to the domestic crude. It admits (p. 59) an adjustment of interest charges would increase the cost of foreign crude 5 cents per barrel.

"Adjustment of depreciation, recognizing that foreign crude is produced in tropical climates where destruction is rapid, would add another 5 cents per barrel.

"These items, properly taken into account, would lower the difference of 46 cents per barrel to 36 cents per barrel.

"2. It calls attention (p. 2, last paragraph) to the fact that while actual bare cost of transportation has been used to calculate the cost of landing Venezuelan oil on Atlantic seaboard, 49 cents per barrel has been used in calculating cost of landing domestic crude oil here, this being an average, not of cost of pipeline transport, but of actual published pipe-line charges. Interstate Commerce Commission's reports show that for 1930, the last year covered by this report, the ratio of operating expenses, taxes, and 6 per cent interest to operating revenue is 60 per cent.

"3. In its figuration of comparative values of yields from the two crudes the commission admits that the value of the gas and fuel-oil yield out of Venezuelan crude is much below that of the higher quality gas and fuel-oil yields out of domestic crudes. (It

admits value of foreign yield is only 2.55 cents per gallon while domestic yield is worth 2.93 cents per gallon, a difference of 0.38 cent per gallon.) But it states that nevertheless it applied the higher domestic value to both crudes in calculation of total value of yields of both oils. The report states (p. 54):

"'The significance of any overvaluation of the gas and fuel oils from foreign crude is evident from the fact that these oils constitute considerably over 30 gallons of the product obtained from each barrel of crude (42 gallons) * * * there may be an overstatement of the value of the products from foreign crudes due to the method used, amounting to 10 to 15 cents per barrel, or even more.

"'The overvaluation of gas and fuel-oil derivatives in each barrel of foreign crude might then amount to 15 cents per barrel, which, subtracted from the remaining 16.4 cents, practically wipes out the remaining apparent advantage for Venezuelan crude oil.

"'Therefore the correct interpretation of the Tariff Commission's report for the year ending in 1930 is that there is no appreciable advantage in cost of Venezuelan crude, as compared with like or similar domestic products.

"'The supplemental report of the commission to the Ways and Means Committee, covering year 1931, shows still lower domestic costs due to the development of the cheaper but highly valuable crude of east Texas, and that the average domestic delivered cost at Atlantic points, without adjustment for lowered pine-line rates, has fallen 22 cents per barrel, or from $1.90, average for three years, to $1.68 per barrel.

"'Therefore, on the face of the two Tariff Commission's reports, there is no advantage in foreign crude costs; but on the contrary, domestic crudes are deliverable at Atlantic ports, value for value, at at least 20 cents a barrel under the foreign costs.'"

Mr. TYDINGS. Mr. President, I desire to put in the RECORD here a statement of the articles used by the farmer which are on the free list under the present protective tariff act of 1922:

Farm implements and machinery, building materials, fuels and lubricating oils, coal (anthracite and bituminous), coke, petroleum (crude); gasoline, kerosene, lubricating oil, composition fuel in which coal is the chief component material, fertilizer and fertilizer materials, and such articles.

I ask both parties, are you now going to take fuel oil and gasoline off the free list, after you have boasted all these years that you would not put a tariff on anything which was essential to the conduct of farming?

I desire to insert in the RECORD, to save time, some tables showing how an oil tariff will affect our foreign trade by taking the oil which is now coming into America and driving it in competition with the oil which we are exporting, so that if the imported oil is not sold here it will displace just that much American exported oil, and in the last analysis as much oil only will be sold from American wells as is now sold; so that the producer will not sell 1 gallon more than he now sells. I ask permission at this point to have these tables inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

HOW AN OIL TARIFF WILL AFFECT OUR FOREIGN TRADE

Our dwindling foreign commerce would be further injured. Venezuela and other countries trade their oil for American goods. If oil imports are excluded, this trade will go elsewhere. Further tariff reprisals from foreign countries would follow, like those provoked by the Hawley-Smoot tariff.

Exports of petroleum and its products in 1930 ranked third among major export groups, having a value of $494,000,000, or 13 per cent of all exports. Gasoline exports made up $250,640,000 of this total, an increase in volume, though a slightly smaller value than the year before.

Imports of all oils amounted to only 70 per cent of exports in quantity and 29 per cent in value. (Department of Commerce.)

Major oil companies operating in South America already are making or have made arrangements to divert production to European markets. European goods will be exchanged for this oil, to the detriment of American exporters.

The United States in 1930 imported crude oil and refined products valued at $143,600,000, of which Venezuela furnished $25,600,000, the Netherland East Indies $77,500,000 (South American oil), Colombia $19,800,000, and Mexico $9,800,000, a total of $132,700,000. (Tariff Commission Rept. 30, 1931, p. 113.)

In turn we sold to those countries in 1930:

Venezuela	$35,200,000
Netherland East Indies	36,000,000
Colombia	24,600,000
Mexico	112,600,000
This is a total of	208,400,000

The export business of the United States in petroleum and its products would be jeopardized by the tariff, and the same is true for coal, lumber, and copper.

The balance of exports over imports for these commodities in 1931 was (Journal of Commerce, May 6, 1932):

Petroleum and products	$177,758,000
Coal	54,984,000
Lumber, rough and sawed	23,820,000
Copper	6,003,000
Coke	3,494,000

Recent figures from the Department of Commerce show the extent of trade with those countries most affected by an oil tariff:

VENEZUELA

	Total United States imports	Total United States exports
1930	$36,868,010	$32,967,369
1931	26,844,756	15,645,112

	1930		1931	
United States imports of crude petroleum	*Barrels* 25,299,349	$24,519,138	*Barrels* 21,121,744	$15,633,220

COLOMBIA

	Total United States imports	Total United States exports
1930	$97,138,947	$25,130,463
1931	75,480,444	16,052,349

	1930		1931	
United States imports of crude petroleum	*Barrels* 14,204,000	$19,859,745	*Barrels* 12,329,017	$12,509,009

MEXICO

	Total United States imports	Total United States exports
1930	$80,293,493	$116,135,365
1931	47,610,620	52,365,390

	1930		1931	
United States imports of—				
Crude petroleum	*Barrels* 10,093,333	$8,231,681	*Barrels* 8,207,073	$6,061,752
Petroleum, topped, including fuel oil	1,619,651	1,103,490	1,310,025	672,244

PERU

	Total United States imports	Total United States exports
1930	$21,284,283	$15,720,481
1931	8,973,868	7,935,075

	1930		1931	
United States imports of crude petroleum	*Barrels* 1,281,010	$2,877,770	*Barrels* 224,541	$490,927

Mr. TYDINGS. I showed yesterday how this tariff would affect road building, which the farmer needs more than anything else. He is already taxed for a lot of road funds and for the State highways. It is proposed in this bill to increase the cost of the asphalt and the oils used in road building, so that he is going to get less for his road money than he has gotten heretofore. As that has already been inserted in the RECORD, I do not think I need put it in again.

I also want to put in the RECORD some quotations from the Federal Oil Conservation Board under the general heading, "Shall We Abandon Our Long-Standing Conservation Policy?" so ably expressed, so forcibly expressed, and so logically

expressed by the senior Senator from South Dakota [Mr. NORBECK] yesterday; also, some quotations from President Coolidge. There was a day when the mention of that name was an open sesame through which the Senator from Utah [Mr. SMOOT] would go as into a haven, where all cares were expelled and only prosperity resided.

I ask permission to have these short quotations, and so forth, inserted in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

SHALL WE ABANDON OUR LONG-STANDING CONSERVATION POLICY?

Since the war successive administrations have interested themselves in insuring for this country an adequate supply of oil for future needs. America produces and consumes, and has for many years, about two-thirds of the world's oil, although its known reserves are only about 18 per cent of the world's total.

The uncontrolled exploitation of an irreplaceable and essential natural resource several years ago brought demands for conservation, to be accomplished in two ways: (1) Control and restriction of domestic production and (2) acquisition and development of foreign sources of oil under American control.

American companies which had developed foreign fields supplied the Allies with the oil needed for victory in the World War. Again in 1920–21 foreign oil supplies tided the country over a period of shortage.

The country after the war realized the growing importance of oil in national defense, industry, and world-trade competition. The automotive industry was expanding, bringing increased demands for gasoline. Consumption was increasing much more rapidly than production and the exhaustion of domestic supplies was foreseen in the not distant future. This country had been slow to realize the necessity of supplementing its resources from outside, while other countries, notably Britain, had obtained extensive and valuable concessions throughout the world.

President Coolidge in 1924 set up a Federal Oil Conservation Board, with the Secretaries of War, Navy, Interior, and Commerce as members, to consider the problem of maintaining adequate oil supplies.

"It is even probable that the supremacy of nations may be determined by the possession of available petroleum and its products," he said at that time.

The board in its first report said:

"While the production of oil upon our own territory is obviously of first importance, yet in failure of adequate supplies the imports of oil are of vast amount. * * * The fields of Mexico and South America are of large yield and much promising geologic oil structure is as yet undrilled. That our companies should vigorously acquire and explore such fields is of first importance, not only as a source of future supply but supply under control of our own citizens. Our experience with the exploitation of our consumers by foreign-controlled sources of rubber, nitrate, potash, and other raw materials should be sufficient warning as to what we may expect if we shall become dependent upon foreign nations for our oil supplies."

Each subsequent report of the conservation board has reiterated this conviction. In 1929 we find this:

"The United States is exhausting its petroleum resources at a dangerous rate. * * * The depletion rate of our resources can be brought more into accord with that of foreign resources only in one way—by importing a greater quantity of crude petroleum. The present imports of Mexican and South American crude oil come largely from American operators, and, while not obtained from United States oil sands, they are the product of American engineering and enterprise. Cooperation in the development of foreign oil fields, through technical assistance and the further investment of American capital, would seem to be a logical conservation measure."

The Bureau of Mines in 1931 reported through the Secretary of the Interior to the Senate Commerce Committee:

"Foreign crude which is being imported into the United States is predominantly the output of American-owned and operated companies.

"* * * These American companies consistently receive the assistance of the United States Government in their efforts to explore and develop oil lands in foreign countries * * *.

"Having thus encouraged American oil companies to develop foreign oil production, in order that other nations would not control an undue share of the world's oil resources, it might be considered that there has been established an implied obligation to continue in the assistance of American companies engaged in foreign oil production, and that the restriction or refusal of admission to the United States of the oil so produced would be contrary to the encouragement which these companies have received while engaged in foreign oil exploration and development work."

This was in accord with the national policy which President Coolidge had defined in a public address in New York in April four years ago:

"Our country consumes vast quantities of oil and gasoline in its use of automobiles, gas engines, and oil-burning furnaces. If these products are to be kept within a reasonable price, which is very important to a great body of our citizens, our people who go abroad to develop and to increase supply ought to have the encouragement and support of our Government. The person and property of a citizen are a part of the general domain, even when abroad."

The importance attached to the acquisition of foreign oil lands by the State Department was shown by diplomatic correspondence after the war. There was a protracted and at times almost belligerent exchange of notes with Great Britain over the policy of that Government in attempting to exclude nationals of other countries from oil lands in domain under British control, and to secure for herself alone the right to exploit lands in mandated territories. There were also diplomatic conflicts in Central and South America over concessions; the State Department stood firmly in opposition to Mexican land laws, which it was held threatened American oil developments with confiscation.

Senator KEY PITTMAN in 1920 went so far as to propose a Government-owned oil corporation which would enter competition with the British and others. The British then were boasting that they already had acquired a third or a half of the world's oil lands and that the United States was permanently at a disadvantage.

Last year a tariff on oil was opposed by members of the Senate Finance Committee and Secretary Wilbur, who favored free entry as a means of conservation. Wilbur was quoted as saying:

"In the future the country with the oil will dominate civilization. In it will be centered the wealth. America must conserve her supply. If we waste our oil reserves now we will pay foreign countries through the nose for every barrel we import later. If I were landlord of this country I would see that we used as much imported oil as possible and let the other fellow waste his reserves."

During the last three years there has been an apparent plethora of oil, due to overexpansion and uncontrolled output and not to imports, which have comprised only 10 per cent of the total supply. Oklahoma, Texas, California, Kansas, and other States have intervened to check this overproduction, and in Oklahoma and Texas the fields were brought under control only by the use of military force.

The demoralization of the oil industry in this country, in fact, was largely brought about by the riotous exploitation of the fabulously rich east Texas field in 1930–31. The Oil and Gas Journal for January 28, 1932 (p. 56) captions a leading article:

"East Texas depressed whole industry—production of crude oil in United States last year held down everywhere else by continued proration."

The voluntary committee on petroleum economics reported to the Federal Conservation Board last year that curtailment was "in the nature of an emergency measure and should not be expected to provide a cure for the fundamental economic maladjustments existing in the petroleum industry." It added that the industry is overcapitalized and overdeveloped and "rests upon an unsound method of offset drilling."

Thus Congress is asked, through an embargo tariff, to put the petroleum industry on its feet and to make the public pay for the errors and excesses which it has not been able to correct for itself. It is asked to become party to the more rapid exhaustion of dwindling reserves and upset a wise and well-established national policy of long standing.

It is interesting to note how American companies operating abroad have replied to appeals for restricting output. During the years 1930–31 eastern production declined 10⅘ per cent. Mid-continent increased 2⅕ per cent; Gulf coast declined 17⅐ per cent; Rocky Mountain 13 per cent; California 17 per cent—and imports of all oils were curtailed by 19 per cent. (Bureau of Mines figures.) The mid-continent field, whence comes the most vociferous demands for a tariff, actually increased its output.

Consolidated for the country these figures show:

Year	Domestic production	Percentage decrease under preceding year	Percentage decrease under 1929	Imports	Percentage decrease under preceding year	Percentage decrease under 1929
1929	1,007,323,000			108,565,000		
1930	898,011,000	10.85	10.85	105,618,000	2.71	2.71
1931	850,261,000	5.32	15.59	86,082,000	18.50	20.71

Mr. TYDINGS. Now, Mr. President, much to the surprise of everybody, so far as I am concerned, we are going to vote. I just want to say this in conclusion:

When this vote is taken a motion to reconsider is going to be made, no matter which side wins; and, after we have decided it, we are going to debate at a later date all over again whether or not we are going to keep in the bill the policy which we will shortly adopt. There are going to be amendments offered; and I now ask permission to offer 500 amendments.

Mr. SMOOT. Of course, the Senator——

The VICE PRESIDENT. The Senator does not need to have permission.

Mr. TYDINGS. I am asking whether I have to or not.

Mr. SMOOT. I object.

Mr. TYDINGS. I ask that they be printed and lie on the table, and that, if copper, lumber, coal, and oil are to receive consideration, these items, too, receive consideration; although I am frank to confess that I am willing to let my State's tariff needs, either higher or lower, go by the board and pass this tax bill now and reassure the country. That is my preference.

The VICE PRESIDENT. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS] to the amendment of the committee, on which the yeas and nays have been ordered.

Mr. TYDINGS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hawes	Robinson, Ark.
Austin	Costigan	Hayden	Robinson, Ind.
Bailey	Couzens	Hebert	Schall
Bankhead	Cutting	Howell	Sheppard
Barbour	Davis	Hull	Shortridge
Bingham	Dickinson	Johnson	Smith
Blaine	Dill	Jones	Smoot
Borah	Fess	Kean	Thomas, Idaho
Bratton	Fletcher	Lewis	Thomas, Okla.
Brookhart	Frazier	Logan	Townsend
Broussard	George	Long	Trammell
Bulkley	Glass	McGill	Tydings
Bulow	Glenn	McNary	Vandenberg
Capper	Goldsborough	Metcalf	Walcott
Caraway	Gore	Neely	Walsh, Mass.
Carey	Hale	Norbeck	Watson
Cohen	Harrison	Norris	Wheeler
Connally	Hastings	Nye	White
Coolidge	Hatfield	Oddie	

The VICE PRESIDENT. Seventy-five Senators have answered to their names. A quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, I ask the attention of the Senate to a request about to be submitted and will take the privilege of making a brief statement before submitting it.

It is manifest that a large number of Senators feel that tariff items should not be included in this bill. The course of the debate, in so far as it has proceeded, indicates that it may be indefinitely prolonged and the passage of the revenue bill deferred to the detriment of the country.

In the hope that the request I am about to make may tend to clarify the atmosphere and to bring about a prompt conclusion, I ask unanimous consent that it be in order to make the motion and that the Senate proceed without further debate to vote upon a motion to strike from the bill all tariff items.

Mr. LONG. Mr. President, I object.

The VICE PRESIDENT. Objection is made.

Mr. GLENN. Mr. President, appreciating, I believe, the great and extreme importance of the matter which is now before the Senate, I have endeavored to approach it with an impartial and an unbiased and open mind, and have listened with attention and interest to a very large proportion of the debate upon the subject.

Mr. President, I come from a State in which great as it is and situated as it is, every interest upon every side of these items which are now under consideration is represented. We have in the State of Illinois, from which I come, the greatest bituminous-coal region in all the world. There the miners and operators have been in distress, not for months, but for years, and I know something of the misery, the poverty, the want, and the care which have confronted all those engaged as operators or as laborers in that once great industry.

We have in Illinois oil fields of some consequence and moment. While we do not have lumber interests or forests in our State, or copper mines in our State, there are great financial institutions centered in Chicago and in the other large cities of our Commonwealth in which large holdings, and the ownership of copper mines and lumber companies, are centered. We also have within the State more than seven and a half million of the ordinary, common people, who will be affected by the action of this body.

I have looked at this situation as carefully and as intelligently as I have been able to, and I have looked about the country, and have seen this critical time in America. Nothing can parallel it in its extremity, in the terrific importance of events, and in the crisis which confronts us—nothing, at least, since the dark days of the War between the States.

Everyone who is a student of affairs knows that even in the direst times of the World War America was in no such crisis as she is in to-day. I say, as was said by the Senator from Maryland [Mr. TYDINGS], that every man in this body should be big enough and brave enough and strong enough to rise above sectional and State lines, and think, for once, to-day, only of his Nation, and the people, wherever they be, in every section of our land.

Parties mean nothing in this crisis; and I am glad that there is in America a man so courageous and so intelligent and so wise as the leader of the Democratic Party, the last candidate of the Democratic Party for the Presidency of the United States, former Governor Smith, of New York, who, by his great speech within the last few days, has reared himself to a point in the esteem of sound-thinking Americans which is second almost to that of no man in the Republic, within or out of public office; a man big enough and brave enough and unselfish enough to say to the American people the things which his brain and his heart led him to believe were for the best interests of America. We here should follow his example. We should disregard political and selfish ends. What honor is there to any of us if we cast our votes to-day upon this matter, so vital to our country, influenced by partisan or selfish political purposes, or for political advantage?

Much has been said about those upon whom should rest the burden of the imposition of these tariff rates in this bill, if they are finally inserted in the bill; and, strange to say, the whole debate has proceeded upon the theory, almost unchallenged, that we are asked to do a thing here which, when it goes back to the country and the country has reflected upon it, will be looked upon, not as an honor to its sponsors but as a disgrace and a shame to those who fathered it. Upon one side of the aisle and then the other the question is advanced as to which party shall bear most of the burden of the shame which will come upon us if we insert into this revenue bill these tariff items.

I approach this matter as one who voted for a tariff on oil when it was proposed during the consideration of the last tariff bill enacted. I thought the oil people made a good case. I listened to the arguments of the distinguished Senator from Oklahoma [Mr. THOMAS], and he convinced me that they were entitled to a tariff on oil in that tariff bill. I began voting with him, I think, at a dollar a barrel, voted with him then at 80 cents, then at 60 cents, and on down, five or six times, until it was apparent that no tariff upon oil would be inserted in the bill. Then, and only then, when the case was hopeless, did I quit voting for a tariff upon oil. So I say I do not approach the subject as one biased in mind.

I have come to the conclusion, Mr. President, that the country demands and requires now—not months from now, but soon—the passage of this revenue bill. With the whole country tottering on the brink of a great and bottomless precipice, we need to attempt to balance the Budget, to sustain the financial credit of the country, to protect us from within and from without.

We are confronted here with a situation more serious because we have neglected in the Congress of the United States our first imperative duty, which was to cut drastically the expenditures of the Federal Government. Everybody else has been cutting expenses. All lines of industry, all lines—mercantile, manufacturing, transportation, finance, every line of endeavor, except the operation of our governments, local, State, and Federal—have been cutting expenses. But we sit here idly, refusing this item and the other item of economy, and, after the whole program has been argued day after day and week after week, we will submit to the people of the country, the taxpayers of the country, a most pitiful and puny accomplishment in the way of economy.

We talk about mergers and consolidations of the departments of the Government when we should be talking about cutting them off, abolishing them, curtailing and preventing the interference of Federal and State officials in private business enterprise.

The great and growing army of Federal employees and State employees, all functioning at the expense of the overburdened, the almost destroyed taxpayers, must be stopped. The time will come—it will not come at this session, but it will come—when we will return to Illinois, to California, to Maine, to the States of the South, and all over the country, and meet the taxpayers, our constituents, face to face, and learn of their disasters, of their sorrows, of their bankruptcies, and we will come back here then—those of us who are allowed to return to Washington—chastened in spirit, not in the same attitude of mind we are in now, but fresh from the people who pay the taxes, bankrupt and homeless, hungry and starving. Then, and only then, I predict, will the American Congress do that which is so plainly its imperative and pressing duty, cut off these expenses, abolish commissions, bureaus, and the other activitities which we can abolish, and go back to the primary functions of the Federal Government. There will then be some hope in America for industry and for business and for the individual.

We are not going to do that now; it can not be accomplished, because when one item comes up, while everybody is for the general theory of great economy—all are for it—if we touch an item people spring up, as has been said, like locusts—yes, like mushrooms—from every section of the land with arguments as to why that item should be preserved in the appropriation bill. We have to go back to our people. We will be back here in December, and there will be a different story then.

I said two months ago in this body that I believed that the soundest thing and the most popular thing the President of the United States could do would be to send the word out to his followers in this land and in the Congress that drastic and severe reductions must be made forthwith in the expenditures of the Federal Government, and I am convinced that there would have been great effect in the Congress. But it is coming next December or next January. In the meantime we must go on and raise the revenue to run this Government, and, as has been said here, there is not very much time before us if it is to be done before the end of the fiscal year.

Think of it a deficit of $3,000,000,000; growing, growing, growing every day, expenses not reduced, but receipts reduced, shrinking, diminishing every hour of every day.

Talk about Nero sitting by idly and fiddling while Rome burned! We have in the American Congress not a fiddler but a jazz band performing while America is burning.

I sat here the other day, as we all did, and heard the spirited argument for and against a tax upon beer, and the technical and interesting and invigorating descriptions of the effects which beverages of certain alcoholic contents would have. We saw that proposal voted down in this body at a time when America is needing money as she never did before by a vote of almost 3 to 1, and within a few moments, practically without discussion, we saw placed upon wort, out of which nothing can be made except intoxicating beer, a heavy and substantial tax, Senators on both sides of the aisle, Democrats and Republicans, wet and dry, raising their voices in unison when the question was put, and voting "aye" unanimously. I say there is no consistency in that situation. The time will have to come when this question will be squarely and courageously met. I believe, after all the discussion in the House on the proposed sales tax—I happened to be over there when the vote was taken—that it is coming soon.

I may be wrong, of course, but I think we should go back; and I am not so sure but what we will return before this bill is finally passed to reasonable income taxes, reasonable inheritance and gift taxes, reasonable excess-profits taxes—if we ever have any profits again—and that we will join with those a fair and reasonable sales tax, a thing which will not then be an unreasonable burden upon anybody in the country and from which we can receive the necessary revenue to operate the Government without destroying and crushing any of our businesses, our industries, or our individual citizens.

I know what will happen here. Why is it? What argument can be advanced which says that we will open this revenue measure and make a tariff measure out of it? We will revise the tariff, but we will revise it only upon four or five items. In my judgment, there is no intellectual honesty in such a proposal. I mean that it is scarcely fair to say to every industry in the country except four or five that "We will revise the tariff upon those four or five ailing industries; but while you need it as badly as they do, we will refuse you even consideration." We can not do those things in America. We have coal and oil in Illinois, of course, and these other things, but what argument can I advance to my people to justify a vote to revise the tariff on oil and lumber and coal and copper but deny them the opportunity to be heard on their other interests? It is not fair; it is not right; it is not just.

There are many industries, not to be counted upon the four fingers of one hand, which need help. We can not count them upon the fingers on all the hands in the Senate. They are in just as desperate condition as are coal and oil and lumber and copper. There is no controversy about it. The Senator from Iowa [Mr. BROOKHART], with whom I sometimes disagree, is going to offer an amendment to protect the growers of corn through a tariff upon blackstrap molasses. Have not the corn growers of my State, with their farms being sold out, their homes foreclosed, their stock carried away by the sheriff, the same right to be considered here as has the operator of a copper mine or the operator of a coal mine or the owner of the other favored industries which are to be considered here? What can I say to the farmers of my State if they ask me, "Why did you vote for these four items and against all others? Why did you penalize me?" What honest thing can I say to them? I know of no reply that I can make.

Logrolling? It is said there is logrolling. I am not shocked or startled at that. I do not doubt that there was much of it. The distinguished senior Senator from Wisconsin [Mr. LA FOLLETTE] has referred to logrolling, and I think if there is an able lumberjack in this whole body it is the distinguished senior Senator from Wisconsin, so I assume he spoke whereof he knows. Perhaps that is all right. I am not complaining about it. I say we can not do these things and justify our action to the people. I fear that we can not open up this revenue bill and make a tariff bill out of it and consider item after item after item, scores and scores of them, and finish here before the beginning of the next regular session of Congress. It took 16 months to consider the last tariff bill. Why should we believe it would take any less time in the consideration of the matter now except that the next session comes in December?

I am humble in my opinion and not trying to impress it upon anyone except in the ordinary and reasonable way, but I think we should proceed now to carry on the measure as a revenue measure, to strike out all the amendments pertaining to the tariff, to go on with the revenue measure as rapidly as possible, and let the country know that pretty soon they will have a tax bill of some kind, so they can provide accordingly. That is my judgment as to what should be done. We are worrying about getting away for the conventions. I think it would be a ludicrous thing for either party, first the Republican Party and then the Democratic Party, their Members here in Congress, to adjourn with 10,000,000 people in want, with industry and finance and all our interests paralyzed, to desert the people here, to cease our efforts at least to solve these problems, and go to Chicago and write lengthy and glowing and glorious laudatory planks in the platforms of our efforts to save the common people and our friends in America. Let us stay here until this revenue bill is enacted, until the appropriation bills are enacted, until emergency relief measures are provided, and then, Republicans and Democrats alike, we can proceed home and meet our people fairly and squarely with

the consciousness of having at least attempted to serve our people and do our duty.

Mr. GORE. Mr. President, I shall be glad to yield at any moment for a roll call on the pending amendment. I will yield at any moment for a unanimous-consent agreement to vote on all tariff amendments to the bill, to vote on all tariff amendments that may be proposed, to vote on all tariff items, without debate and without adjournment.

Mr. President, I do not agree with those who think that the President of the United States should intervene in this tariff controversy. There are some Senators who insist that the President ought to intervene and that he ought to intervene on the side of the Standard Oil Co., that he ought to intervene against the people of the United States. Sir, I am not the keeper of the king's conscience. The President of the United States has a constitutional right to submit in writing his recommendations concerning legislation to the Congress. Any President of any party who goes farther than that, who violates the spirit and the form of our institutions, separated into the legislative, executive, and judicial departments, any President who undertakes to exercise his power and his prestige, any President who undertakes to exert pressure upon the Congress of the United States, either to enact or to defeat legislation, ought to be impeached.

Mr. President, I shall not undertake to decide whether the tariff duties in this bill are revenue rates or protective rates. Many protective rates raise more or less revenue. Many revenue rates yield more or less protection. I do not intend to discuss that point. The Democratic convention in Oklahoma declared in favor of a tariff on oil. That plank was inserted in our platform without my contrivance, my connivance, or my consent. I accepted it, however, as an imperative mandate, and I pledged myself to support that declaration in good faith. I have attempted to keep the faith. I am not a protectionist. I do not profess to be; I do not pretend to be. I made that statement without reserve in the presence of a convention of the independent oil producers of the United States. I am obeying the behest of my master; I am acting rather as a delegate than as a representative.

It happens that my valued friend from Maryland [Mr. TYDINGS] represents a great Commonwealth, in which is situated the Pan American Refining Co. It happens that that company has large concessions in Venezuela, is one of the largest oil producers in Venezuela, is one of the largest oil importers into the United States, and that its imported crude oil is refined in the State of Maryland. As I am, so is the Senator from Maryland, representing his constituents, as he has the right to do. I only question his right to identify the interests of the Pan American Petroleum Co. with the general welfare of all the people of the United States.

I agree with those who insist that we should balance the Budget. That I regard as our immediate duty. That I regard as our supreme duty. I desire to expedite the discharge of that duty.

Mr. President, this tariff controversy can not be charged to the Senate of the United States; neither can it be charged to the Finance Committee of the Senate. This quarrel is not of our choosing. Under the Constitution of the United States the House of Representatives is vested with the power to originate all revenue measures. That power was vested in the House, not in the Senate; the House represents the people in this country and the purse strings were for that reason placed in the hands of the House. The House of Representatives, in the discharge of its constitutional duty, inserted in the pending measure a tariff on oil and a tariff on coal. The amendments incorporating those items were adopted by an overwhelming majority of the House. The House laid this measure on the doorsteps of the Senate.

Senators who are espousing speed, I think, are courting delay if they hurl defiance at the House of Representatives and eliminate coal and oil from this measure. That will not stop a tariff controversy; that will start one with the House of Representatives. I do not believe the House would recede. I have never doubted that expedition in this crisis recommends acquiescence at least in the tariff items inserted in this measure by the House. The Senate committee, after deliberate consideration, inserted two other tariff items. I do not doubt that expedition at least recommends the acceptance of those items.

Mr. President, I think that entirely too much emphasis has been laid upon the fact that these are tariff items inserted in a revenue measure. That point has been insisted upon as if, indeed, it were fundamental, as if there were something in the nature of things which made it repugnant to include tariff items and revenue items in one and the same measure. I think that is a false emphasis. Mr. President, our entire income-tax system was originated in a tariff measure. The Underwood-Simmons measure, which was enacted in 1913, a tariff measure comprehending three or four thousand tariff items, included our first legislation imposing a tax upon incomes; the high and signal credit for that service belonged more to the Senator from Tennessee [Mr. HULL] than to any other Member of either House of Congress. I happened to be a member of the subcommittee of the Finance Committee which handled the income tax legislation in that measure. That provision was in the handwriting of the Senator from Tennessee; and I have joined his legion of admirers in rendering him tribute for that splendid service. I had no thought that he had violated any principle or any rule of taste or propriety in the insertion of an income tax in a tariff measure. It reminds me of the house fly that lit upon the dome of St. Peters Cathedral, and, discovering a speck of mildew, it was so shocked, it was so horrified that it lost sight of the dazzling splendor of that gilded dome.

We should not pass this measure, it is contended, because it contains tariff items. Whence comes this supersensitive objection to a union which has been sanctioned, if not consecrated, in the legislative annals of this Congress?

In Lilliputia the fundamental issue between the political parties was the question as to whether an egg should be broken at the big end or at the little end. That controversy typifies this dispute about the inclusion of tariff items in a revenue measure.

No, Mr. President; whether or not tariff items shall be inserted in a revenue measure is not the issue here now joined. The issue is far deeper, is far more significant; the issue is shall this measure serve the Standard Oil Trust or shall it serve the independent oil producers of this country. That is the issue joined here to-day, whether Senators choose or not.

I shall not embark on a discussion of the economic effect of a protective tariff. The Senator from South Dakota [Mr. NORBECK] on yesterday made an impressive argument upon that subject and insisted that a protective tariff on oil would enhance the price of oil to the consumer. Can a protectionist be heard to make that argument? Mr. President, we live under a protective system; we live under a protective-tariff system. Why, then, should oil be an outcast? We are either living or dying under a protective-tariff administration. Can the argument be heard from the lips of a protectionist that a protective duty enhances the price of the article protected?

Mr. SMITH. Mr. President, will the Senator allow me to interrupt him?

Mr. GORE. I would rather not yield at this time, if the Senator pleases.

Mr. SMITH. Very well.

Mr. GORE. If that be a valid argument against any protective-tariff duty, then it is a valid argument against all protective-tariff duties. If I were a protectionist, as I am not, I would try to hold fast to the maxim: "If protection be a blessing, let everybody share it; if protection be a burden, let everybody bear it."

But I do not intend to embark upon that discussion. I can not underwrite the future; I can not underwrite the consequences of the pending legislation.

With it the independents may not survive. Without it they are almost certain to perish.

I do know that apart from that argument there are only four other arguments against the adoption of the proposed tariff on oil. First, the Standard Oil Co. of New Jersey;

second, the Standard Oil Co. of Indiana; third, the Gulf Oil Co.; and fourth, the Royal Dutch Oil Co. Those are the four arguments against this proposal, and, whether we would or not, we must choose this day whether we will serve God or whether we will serve Baal; we must choose which we will serve.

Mr. President, those familiar with the economic and legislative history of this country know that it required a generation to secure the enactment of laws to restrain the power of the trusts and monopolies in this country. The Standard Oil Co. had its genesis about the year 1870. The South Improvement Co. was organized on the 2d of January, 1872. That was the predecessor of the Standard Oil Co.—the Standard Oil Trust. Even in that distant day it arranged with the Pennsylvania, the Erie, and the New York Central Railroads for a rebate of from 40 cents to $3.07 a barrel on oil transported by any of those railway lines. Its record was one of defiance toward the rights of the people and toward the laws of the land. The officers and directors of that concern were indicted for blowing up the plant of their competitors; they were indicted for murder. But I do not mean to rifle the tomb or resurrect the ghost of the dead past.

The Standard Oil Co. was organized as a trust in 1882, and not until 1890 did public opinion prevail upon the Congress of the United States to enact legislation to curb this mighty monopoly and to safeguard the rights of the people against its tyranny and its oppression. The Standard Oil Trust was the actuating cause of the enactment of the Sherman antitrust law in the year 1890. It required the efforts and the exertions of another generation, through the assistance of the executive department prosecuting the Standard Oil Trust, finally to secure a decision of the Supreme Court of the United States adjudging that organization to be a monopoly and ordering its dissolution. It was dissolved on May 15, 1911. It resolved into its constituent parts some 30 different concerns having been adjudged to be participants in the trust.

I have sometimes wondered whether the Standard Oil Co. in that dissolution did not typify the fabled jointed snake. I know that southern Senators, at least, heard at their nurse's knee of the fabulous jointed snake. Strike it and it would fly to pieces; leave it alone and the several joints would seek each other out and reunite themselves and form the original serpent once again.

I sometimes wonder if that does not typify the history of the Standard Oil concerns of this country subsequent to the decision of the United States Supreme Court dissolving that organization. Its spirit, if not its body, still survives; and this statement is abundantly proven by the celebrated report submitted to the Senate by the late Robert M. La Follette, sr., of Wisconsin. Here, in this place which he honored, I honor his memory. He was the friend of the people. He was the enemy of their enemies. He held true to that character without variableness or the shadow of turning.

In this report he divided the oil interests of this country into two distinct factions, I may say. On the one hand he arrayed the Standard Oil Trust and its former subsidiaries, still allies and associates. On the other hand, and in express terms, he segregated the independent oil producers of this country; and, as all who knew him would expect, he expressed the profoundest solicitude for the preservation of the independent oil producers against the insidious and oppressive measures of the Standard Oil group. He insisted upon their preservation in behalf of the people.

Mr. President, I ask leave to insert in the RECORD several quotations from this La Follette report. There will be other insertions which I shall wish to make, and I should like to reserve the right now, so as not to interrupt myself or the Senate.

The PRESIDING OFFICER (Mr. WHEELER in the chair). Without objection, the matter referred to will be inserted in the RECORD.

The matter referred to is as follows:

SUGGESTED REMEDIES

It must be obvious from the facts set forth in this report that the business can not go on as at present organized and conducted. It is essential to the life of the industry and vital to the public also that neither the public nor the small independent producers and refiners shall be left as at present to the mercy of a combination which advances or depresses prices as it pleases. Unless some means can be found to prevent the manipulation of prices by the large companies, and particularly the Standard group, it is as certain as any future event can be that gasoline prices in the near future will be so advanced as to put gasoline beyond the reach of the public generally as a motor fuel. Great as the capital invested in the business has become, important as the business is to thousands who are engaged in it and to other thousands who receive dividends from it, there is a still more important interest to be reckoned with, and that is the interest of the public. Petroleum and its products have become an absolute necessity.

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It is to be remembered that the decree of the Supreme Court quoted in an early portion of this report forbids any "implied" contract or agreement, as well as an express one, to arbitrarily fix prices or to restrain trade. The facts developed in this investigation tend strongly to show the existence of such an agreement. A more complete investigation, we believe, will reveal additional evidence tending to support such a charge. If the facts warrant, after a searching investigation, all the parties to such agreement should be cited before the court for contempt of the decree made when the dissolution of the Standard Oil Trust was directed by the court.

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If the independent operators in the oil industry could be given an equal opportunity with the Standard companies, there is strong reason to believe that they would be able to restore and maintain healthy competition. The Standard Oil companies are largely uneconomical organizations; most of them are burdened with parasitical subsidiaries which serve no good purpose, but add greatly to the expense of the companies. The attention of those companies has not been directed toward economy of management or conservation of crude oil and its products, but rather toward combinations and practices which would increase the volume of their business without regard to the public interest or the rights of others engaged in the business.

* * * * * * *

It is not expected that these remedies will immediately correct all the distressing conditions existing in the oil industry, but it is believed that they will go far toward accomplishing that purpose and do much to break the monopoly control of the business now existing. They will give the independent operators in the business an opportunity to compete on more nearly equal terms with the great Standard companies which now dominate the industry, and will protect the public from extortionate prices.

Respectfully submitted.

ROBERT M. LA FOLLETTE.
CHAS. L. MCNARY
SMITH W. BROOKHART.
E. D. SMITH.
A. A. JONES.

Mr. GORE. Mr. President, when the United States Supreme Court decreed the dissolution of the Standard Oil Co. it was acclaimed throughout this country as a great triumph over the trusts. It was acclaimed as an emancipation of the people, as an emancipation of the common man from the tyranny of the trusts. It was said that after all popular government could assert its sovereignty and the sovereignty of the people over their allied enemies.

What happened? Private capital had been hesitant to enter into the oil industry in this country on account of the dominance of the Standard Oil monopoly. Private capital was willing to assume the risks of the industry—and the oil industry is nothing but a calculus of risks. It is founded upon risk, builded upon chance, erected upon the law of averages—the law of probabilities. The drilling of every oil well is a gamble, and yet it has grown to be the third largest industry in the United States.

When the Supreme Court dissolved the Standard Oil Trust private capital regarded that as an invitation on the part of its Government to enter into the oil industry, which theretofore had been a forbidden land. Private capital and private enterprise, remembering that the legislative department had enacted a law against trust and monopolies, remembering that the executive department had led a long fight in prosecution of trusts and monopolies, and remembering that the Supreme Court of the United States had sentenced this monopoly to death, embarked upon this hazardous enterprise.

Prior to the crash it is estimated that twelve billions of capital had been embarked in the oil business in this country. Some five or six billions of that was ventured by private enterprise, by concerns distinguished from the Standard Oil Co. and its survivors, invited by their Government,

guaranteed by their Government that they need not fear future molestation at the hands of this monopoly which had been subjected to judicial execution. So we have billions of capital invested in the oil business to-day that entered on the assurance of their Government that they would be protected and that are now relying upon their Government to make good that protection and that assurance.

Not only that, Mr. President, but about that time a crusade was begun in this country to preserve our natural resources, particularly our oil resources. They were narrowly limited. We were threatened with famine. The liberal and optimistic prophets said, "Our resources might serve us for a quarter of a century." The conservative and pessimistic prophets said that they would serve our needs for six limited years and that then we might expect to face a famine.

The oil industry, with a spirit of enterprise unexampled in the history of our race, set itself to devise new ways and means for the detection and the discovery of oil in order to supply the economic and the social needs of their threatened country. Science, guided by inventive genius, inspired and financed by private capital, led to new methods, known as the geophysical methods, the torsion balance, and other methods for detecting reservoirs of oil down under the ground. Prior to that time they were limited to the natural eye and to surface indications where nature had left proof of her frolics and had left signs of her buried treasures.

As a result of that campaign new methods were devised, new resources were discovered, and the oil industry itself has been overwhelmed by the hidden treasure which it has discovered and has impressed into the service of mankind. They searched the hidden places of nature, and made her render up not only her secrets but her treasures; and the oil industry is now struggling beneath the deluge raised by its own efforts to serve not itself alone but to serve society and to protect the race against a threatened famine.

The Senator from Maryland [Mr. TYDINGS], and I believe the Senator from Wisconsin [Mr. LA FOLLETTE], complain that overproduction is the real grief of the oil industry to-day.

Mr. President, overproduction may have commenced the grief of the oil industry back in 1929; and I wish to say in passing that the oil industry in this country was in the throes, was in the depths of a depression peculiar to itself, shared only by the farmers of this country, when the terrific panic burst upon us in October, 1929. From that day till this the oil industry has been struggling against a double trouble, if I may use the phrase. From May, 1929, until the crash in October, 1929, the stock of independent oil companies had declined from 20 to 30 per cent, while other stocks were soaring. The stock of the Standard Oil Co. of New Jersey had gone straight up, in company with the general advance in prices, to $86 a share. When the crash came the independent oil producers and the farmers were the first and the worst to suffer. The stock of independent oil companies to-day is selling for about one-tenth of the peak price of 1929. The stock of the Standard Oil Co. of New Jersey is selling at about one-fourth of the peak price of 1929. This shows that the independent oil producers are unable to battle against heavy weather as is the Standard, the survivor of the ancient trust.

Mr. President, there are two characteristics of the oil business which render it impotent to protect itself in heavy weather as other industries may do for themselves.

A manufacturer can limit and control his output—can cease production entirely at will. The operator of an iron mine or a zinc mine can discontinue operations at will. That is not true of the oil industry. It is not the master of its own affairs.

There are two reasons, and I may tax the patience of the Senate to state them. Customs of the trade, in accordance with which the business is conducted, and in accordance with which alone the business can be conducted, is one. Oil companies do not own the land upon which they drill. The land is owned by the average citizen, generally by the farmer. The company pays a royalty to the owner of the land. These leases, commercial leases, generally run for five years, with a stipulation that a well will be drilled during that period, and that, pending drilling operations, rentals will be paid upon the land. It sometimes happens that large bonuses are paid in addition to the rentals.

The oil company must drill a well on its lease in order to hold the lease, whether it would do so or not, or else throw up the lease, or let it expire. The oil operator may drill a well on such a lease knowing that it is to his disadvantage and to the disadvantage of the industry as a whole. The oil man often has no choice.

I refer now to the other characteristic peculiar to the oil business. The oil operator in his lease stipulates to protect his lease by drilling offset wells. Suppose the Senator from Nebraska [Mr. NORRIS], the author of the pending amendment, held an oil lease on 40 acres. There might be as many as a dozen leases adjoining or cornering on this 40-acre lease.

Oil is a fugitive substance. It is not in place, like metal deposits. If I should drill a well on my lease adjoining that of the Senator from Nebraska, should drill a well offsetting his lease, he would be compelled to drill an offset well or to forfeit his lease. Each of the dozen adjoining leases, if drilled by the lessee, would compel the Senator from Nebraska to drill an offset well whether he would or not. He would have to drill those wells in order to save his lease, and in order to save his oil, which flows hither and thither in the bowels of the earth.

The Senator might know that it was to his disadvantage to drill a well. He might know that the market was flooded with overproduction and that an additional well would aggravate the general distress; yet he would have no choice but to drill or to forfeit his lease. He would not be the master of his own conduct.

This accounts largely for the deluge of oil in the east Texas field. Small leases prevail largely in that unexampled oil field. Numerous wells were drilled on those small leases, and offset wells had to be drilled under the terms of the adjacent leases. That accounts in part for the deluge of which the Senator from Maryland and the Senator from Wisconsin complained.

The oil operators are not responsible for their plight. They have done their best under the circumstances, and I say that their efforts to save themselves stand unprecedented in the business annals of our country.

Mr. President, I agree with the philosophy of Thomas Jefferson, that the individual should not call upon the State for any service which the individual can render better than the State. I agree with the principle that the State should not call upon the General Government for any service which the State can render better than the General Government. Let each discharge the task and perform the duty for which it is best appointed.

Now, attend to the record of the independent oil producers of this country, wrestling with a threatened disaster. The independent oil producers of this country formed an organization, formed committees, and entered into proration agreements among themselves to curb and curtail their daily production from these flush wells and these flush fields. Not only that, Mr. President, but the independent oil producers were not able to protect themselves. They appealed to their States to render such service and such protection as their States could render. The States responded to those appeals. The States passed conservation laws. The States created commissions, authorized to sanction proration agreements, in an effort to protect this industry, and to enable it to survive.

Not only were the civil authorities invoked but, sir, the armed forces of the States were called into the oil fields to enforce those proration agreements and to save the lives of the independent oil producers which were threatened.

The individual oil operator has done his best. He has done all that he could to mitigate the evils which he could not prevent. He can do no more. The oil States have done their best. They can do no more. They have gone to the shores of the sea. They can not cross the sea. King Canute

said to the waves, "Thus far." The waves now say to the king, "Thus far."

They have turned their eyes upon the only authority which, under our Constitution, can render them further assistance, and can help them where their own power has failed, after the finest courage, the most extraordinary courage, has been exhibited.

Mr. President, how far did these oil producers go in their effort to protect themselves against this deluge and this disaster? In the Oklahoma City oil fields it costs $100,000 to drill an oil well. The oil wells in that vicinity are a mile deep. Yet the owners of those wells have entered into an agreement, enforced by military authorities, to cut their daily production down to 2 per cent of their potential capacity.

At one time they cut their production down to 1 per cent of capacity. To-day the order is 2 per cent of their capacity, and they have not only agreed to that but they have insisted upon it, not alone as essential to their safety but as essential to their existence.

Mr. President, what does 2 per cent capacity mean? It means they will run seven days in the year. It means that they will run at full capacity 1 week in 52 weeks, that they will run 7 days at full capacity in 365 days. What railroad could run seven days in the year and survive? What bank could run seven days in the year and survive? What other industry could run seven days in the year and survive? No other industry could do it. No industry can do it. The oil industry itself can not survive if they must continue to do that. They can not now make their running expenses. They can not pay the lifting cost of the oil under these regulations.

They do not expect to survive under these limitations. They are waiting for rescue. They are calling for rescue. They are waiting until the lifeboat can come alongside their sinking craft.

There are two great interests in the oil business in this country, the Standard group and the independent group. The independent oil producers are here now pleading with the Congress for this legislation. They believe it is essential to their survival. They believe that it is essential to protect them against the maw of monopoly. They think it indispensable to protect themselves and to prevent the Oil Trust from again asserting dominion over the industry in this country and tyrannizing over the consumers.

Mr. President, the Senator from Maryland said the Oil Trust favored this legislation. Representatives of the Standard group of oil companies appeared before the Finance Committee protesting against this legislation. If the legislation would serve the interests of the Standard group, would they protest it? The independents think this measure will serve their interests and preserve their lives. I do not know.

Let us see what else the independents have done in an effort to preserve their lives. Under proration agreements they have cut domestic production down from the peak of August, 1929, more than 700,000 barrels a day. Under the proration agreements in 1930 they reduced the total production of oil in this country, as against 1929, by 109,000,000 barrels.

They made that sacrifice. They controlled themselves as far as they could and they reduced production 109,000,000 barrels. But what happened? The four great importing companies imported 105,000,000 barrels in that year. Just so far as the independents made their sacrifice and diminished the production in the domestic market, these four great importing concerns took advantage of their sacrifice.

In 1931 the oil producers in this country reduced production below 1929 by 146,000,000 barrels. They reduced the production in 1931 as against 1930 by 48,000,000 barrels, and the importers brought into this country 86,000,000 barrels. The independent oil producers could make their sacrifice, their States could go to their assistance, but neither oil operator nor State could meet these importers at the shore and say "Our home producers are sacrificing themselves on the altar of their industry. You sit in and help them." That was not done.

The oil industry has been bearing either directly or indirectly more than its share of the burdens of state. The gasoline tax imposed by the several States aggregates more than five hundred millions a year. This tax has constructed our highways. If the oil business could be relieved of this burden; if it could be relieved of this one-half billion a year, the price could be reduced and the consumption would be increased—the independents might then be able to survive without raising the "Macedonian cry"—without invoking this relief legislation.

Mr. President, often it happens that a high tariff does afford shelter to a trust or to a monopoly by shielding it against foreign competition. If an agreement can be arrived at here in the domestic market, a monopoly can be formed and the people can be oppressed. But economic conditions sometimes modify the operation and the effect of economic policies and sometimes of economic laws themselves. It happens in this instance that a protective tariff would shield the independents against the surviving members of the trust. It happens that free trade in oil operates in favor of the monopoly and against the independents. Four large companies practically control the Venezuelan oil field and oil output, and they import practically all the oil brought into the United States from foreign fields. With this cheap oil produced in foreign lands they are able to hammer down the price of oil produced in this country by independent oil operators.

It shows what the organized power and resources of a dismembered monopoly can still do to manipulate, to dominate an economic situation. Adjudged an outlaw here in their own country, they have gone abroad and, like Captain Kidd or Lafitte, the Baratarian chief of old, they operate in some other land and prey upon the producers in their own country. When their machinations succeed, then the consumers will render tribute once again to this trust which has been reenthroned.

Mr. President, when this reenthroned trust has crushed the domestic independents, who will undertake to guarantee the American consumer against the oppressive prices of earlier days? These three concerns—I say three now, because the Standard of New Jersey is taking over the Pan American Petroleum from the Standard of Indiana. The Standard of New Jersey is one of the largest concession owners in Venezuela. The Pan American is one of the largest owners, now controlled by the Standard of Indiana, but the Standard of New Jersey is taking over the Pan American from the Standard of Indiana and is consolidating its interests with their own in the Republic of Venezuela.

How does the consumer fare in the land of the monopoly? Gasoline to-day is selling in Venezuela at 22 cents a gallon, and only a short time ago gasoline was selling in Venezuela at 30 cents a gallon, not including the tax of 8 cents a gallon. At what price is gasoline selling in Peru? It is selling at thirty-eight and a fraction cents a gallon, but recently it was more than 40 cents. At what price is gasoline selling in the United States of Colombia? Forty-seven cents a gallon. That is where these four concerns produce their oil. That is where the dissolved trust has been reenthroned again and the disjointed serpent has wrapped its coil around the unprotected consumer. That is what the consumer of this country may expect when the only competitors of the Standard have been destroyed and when the trust has been once again enthroned in this land of the free. The little finger of the trust will be found heavier than the loins of the independents.

Mr. President, I have here a circular sent out by a broker's concern in Chicago. I understand it is confidential. I hope Senators will treat it so. I send it to the desk to be read.

The PRESIDING OFFICER (Mr. THOMAS of Oklahoma in the chair). Is there objection? The Chair hears none, and the clerk will read as requested.

The legislative clerk read as follows:

[Sales bulletin from Republic Sales Corporation]

THE OIL SITUATION

CHICAGO, ILL., *March 13, 1931.*

The time to push our Standard Oil Trust is now. Papers refer to the present situation as a "crisis in the oil business." Do not let yourself be disturbed by that. It is just when these cries do occur that Standard Oil gets the benefit of its dominating position.

We want you to bear in mind that the crisis is not for the Standard Oil Co., but rather for the independent producers and also for numerous of the good-sized concerns, the latter being concerns whose activities do not cover every angle of the oil business, such as is the case with the Standard Oil Co.

The so-called crisis is brought about by reason of the fact that for years the independents and those concerns who confine themselves to producing oil have gone hog wild in driving more wells and bringing in more oil than the world could consume. When these independents and other producers heretofore could not get a good market for their oil, they always turned for an outlet to Standard Oil Co., because of its millions of cash reserves and because of its storage facilities. Therefore, when the price got sufficiently low to interest the Standard Oil it would step into the market and buy, and later on as the market improved it would sell.

History is repeating itself, hence what they call the present crisis—that we are now going through—is a house-cleaning period when all small independents will have to stop bringing in more wells until the present stocks are consumed. That this so-called "crisis" will have little or no effect on Standard Oil is shown by the item in this morning's paper, which reads: "First quarter dividends of Standard Oil companies were near record level." A chart accompanying the article shows that the earnings of Standard Oil companies for the first quarter of the fiscal year 1931 equal those for the same period of 1929 and were but 7 per cent less than for the same period of 1930.

This, therefore, is the time to push our Standard Oil Trust and to make valuable friends while so doing.

Mr. GORE. Mr. President, the point in the circular is that in this period of distress, when the independent oil people are beaten down to their knees, now is the time for the Standard to profit by the calamities of the independents.

Now this is the Law of the Jungle—
As old and as true as the sky;
And the Wolf that shall keep it may prosper,
But the Wolf that shall break it must die.

That is the law of the jungle, and that is the ethics of the monopoly. That is their method of rendering just aid and of typifying the ministering of the Red Cross in the hour of agony. There was once another cross, and it was red with blood. I seek nothing but to mind the wolf back out of the sheep fold.

Mr. President, I have another article from the Wall Street Journal of December 19 last, which I send to the desk and ask to have read.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

[From the Wall Street Journal, Saturday morning, December 19, 1931]

Gulf Oil Corporation of Pennsylvania is using its cash to buy up power companies at bargain prices. This explanation of the omission of the quarterly dividend of 37½ cents December 11 has been given by an official of the company. He said that while the omission was a difficult step to take, it will prove to have been the most desirable policy for stockholders from a long-range viewpoint. * * * It is now shown that Gulf is not merely completing expansion starting in the past year; it is taking advantange of temporary demoralization of the oil industry to acquire distress properties which will be shown to be of considerable value in the future when overproduction will have been eradicated.

Mr. GORE. Mr. President, the Gulf Co. is administering the coup de grâce—that is, the blow to end the victim's agony. Murder committed in the name of mercy! They are taking advantage of the situation to buy distressed properties. The Gulf is one of the four large producers in Venezuela. The Gulf is one of the large importers from Venezuela. Can it be doubted that the Gulf is using its power, and its imports, to aggravate the distress, to speed the end of its intended victims? I repeat that the Standard group, including the Gulf, are opposed to this legislation, while the independent producers regard it as a refuge essential to their lives. I will have one or two paragraphs read from the Oil and Gas Journal to show that these large importers from Venezuela—the Senator from Idaho may be startled, but marvelous to tell—have been in conference this week with the representatives of red Russia, if you please, looking to the formation of an entente, including Russia, that will embrace and girdle the globe.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

OIL LEADERS TRY TO INDUCE RUSSIAN DELEGATES TO LIMIT PETROLEUM EXPORTS

NEW YORK, May 9.—With the arrival here of J. B. Aug. Kessler, managing director of the Royal Dutch-Shell; William Fraser, deputy chairman of the Anglo-Persian Oil Co. (Ltd.); and Robert I. Watson, managing director of the Burmah Oil Co., and director of the Anglo-Persian Oil Co. and Shell Transport & Trading Co., a series of conferences on world oil problems, with particular reference to the marketing of soviet oil, will be launched. Leading American oil company executives will participate in these meetings, which will be informal in character.

* * * * * * *

Even in the event of the failure of the rank and file of the industry to cooperate in such a move, designed to harmonize American production with proration in other world oil-producing countries, the major companies in this country would still be in position to make American cooperation largely effective through close control of their own operations.

Mr. GORE. Mr. President, it seems that this boa constrictor, which, after two generations, after more than half a century of incessant warfare, was unwound from around the American people, is again being revived; is again reforming itself, not only to establish and to assert its mastery over the United States but to assert and establish its mastery and its dominion over the globe itself. We are asked to-day to contribute to that process—to that consummation.

Mr. President, all that the Standard group want the Senate to do is nothing; all the Standard group want any Senator to do is nothing—all that they ask is to be let alone. When Colbert, the great French financier, asked the manufacturer what he could do to promote his industry, the manufacturer answered laissez nous faire—let us alone. All that the Standard Oil monopoly desires now is to be let alone; and when you stand still you serve the Standard Oil group; when you stand still, when you refuse to act, you give aid and comfort to the Standard Oil group.

Sir, it took affirmative action to secure the passage of the Sherman antitrust law; it took affirmative action to prosecute the Standard Oil monopoly in the courts of this country; it took affirmative action on the part of the Supreme Court of the United States to dissolve that omnipotent monopoly.

It will take affirmative action once again to prevent the return of that tyranny and if once reestablished the struggle of half a century must once again be waged in order to emancipate the suffering people of this country. Do nothing and you serve the Standard. If Baal be God serve him.

Senators have urged this argument—that our petroleum exports exceed our imports and that therefore a tariff duty would be ineffectual if not hurtful. Ordinarily I would agree with that reasoning and accept that conclusion but this situation is unique. Our imports consist almost entirely of crude petroleum. Our exports consist almost entirely of the refined products and by-products—gasoline, kerosene, and lubricating oil. The three large concerns which control the bulk of our imports also control the bulk of our exports. They are at once our chief importers and our chief exporters. Their business is organized, perhaps the best-organized industry on the globe. Their business is integrated indeed, the source of their power and dominance here in the domestic market is the fact that they are integrated. They own producing wells; they own pipelines; they own refineries; they own tank cars; they own filling stations; they own tank ships and they pretty much own "the earth and everything that is in it." It is worth mentioning, however, that during the last five or six weeks our daily imports have exceeded our daily exports by about 70,000 barrels a day.

There is one argument which I desire to address to the progressives on the other side of this Chamber. It is the

argument in regard to conservation. I believe there are three schools of thought in regard to conservation. With some it is a habit or attitude of mind; with others it is a conviction; and I believe with others conservation is a mere fad; but the question of conservation is involved in this tariff on oil.

Mr. President, there are 250,000 oil wells in this country producing 2 barrels a day or less. You say, "That is a trifle; why worry?" Each individual well is perhaps a trifle, but in this great war against monopoly these little oil wells constitute the infantry; the middling wells constitute the cavalry, and the flush wells constitute the artillery. These 250,000 wells produce a half million barrels a day. They constitute really the ballast of the business. Their output is worth nearly one-half million dollars a day. The capital invested in these wells might well be estimated at $500,000,000. Will Senators say they are not concerned in this production? Will they say they are not concerned in the vast capital invested in these wells? To-day, Mr. President, these wells are not making expenses; they are not paying the lifting costs. They continue in the hope that better days are "just around the corner" and that if they can survive this crucifixion they may rise again from the dead.

That is not all. If the stripper wells, these baby wells, so to speak, are once abandoned, they are abandoned forever and a day. There are hundreds of millions, there are perhaps billions, of barrels of oil in the sands that are served by these diminutive wells, and once abandoned, these wells and all that vast treasure, instead of being conserved, instead of being impressed into the social and economic service of this country, will be lost forever, will be utter waste, will be irretrievable waste. I appeal to progressives in the name of conservation to save the lives of these struggling wells.

Mr. President, I know that Senators on this side of the Chamber shy at the word "protection." I share their principles and I will go farther and say I share their prejudices. I desire, however, to have read at this point an extract from a celebrated report of Thomas Jefferson, one of the most famous reports prepared while he was Secretary of State, on the subject of commerce and its restrictions.

The VICE PRESIDENT. Without objection, the Clerk will read as requested.

The legislative clerk read as follows:

[Extracts from The Writings of Thomas Jefferson, Vol. VI, pp. 480, 481, 483]

But should any nation, contrary to our wishes, suppose it may better find its advantage by continuing its system of prohibitions, duties, and regulations, it behooves us to protect our citizens, their commerce and navigation, by counter prohibitions, duties, and regulations also. Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them. * * *

Where a nation imposes high duties on our productions, or prohibits them altogether, it may be proper for us to do the same by theirs; first burdening or excluding those productions which they bring here in competition with our own of the same kind; selecting next such manufactures as we take from them in greatest quantity, and which at the same time we could the soonest furnish to ourselves or obtain from other countries; imposing on them duties lighter at first but heavier and heavier afterwards, as other channels of supply open. * * *

It is true we must expect some inconvenience in practice from the establishment of discriminating duties. But in this, as in so many other cases, we are left to choose between two evils. These inconveniences are nothing when weighed against the loss of wealth and loss of force which will follow our perseverance in the plan of indiscrimination. When once it shall be perceived that we are either in the system or in the habit of giving equal advantages to those who extinguish our commerce and navigation by duties and prohibitions, as to those who treat both with liberality and justice, liberality and justice will be converted by all into duties and prohibitions. It is not to the moderation and justice of others we are to trust for fair and equal access to market with our productions, or for our due share in the transportation of them; but to our own means of independence and the firm will to use them.

Mr. GORE. Mr. President, Thomas Jefferson, whose memory I join others on this side in cherishing, said that the way to challenge the respect of other nations was to return blow for blow in wars of commerce and navigation. If other countries level prohibitions against us, we should retaliate with prohibitions; if other countries level high protective-tariff duties against us, we should answer in kind and should impose high protective duties against the importation of their goods, wares, and merchandise.

That, sir, is the rule of conduct prescribed by the founder of the Democratic Party.

Let us bring this situation to the test prescribed by Mr. Jefferson.

The pending tariff item is one-half cent per gallon on imported petroleum. The House imposed a duty of 1 cent per gallon on imported petroleum. Of course, the only source of importation that concerns us is Venezuela. How does Venezuela, with her vast reservoir of oil, welcome oil shipped into her ports by the independent producers of this country? Venezuela to-day has a duty of 1⅓ cents a gallon on American oil imported into Venezuela. Why we have not imposed a countervailing duty I do not know.

How does Venezuela treat gasoline brought into her ports from the United States? To-day Venezuela has a tariff duty of 4½ cents a gallon on gasoline coming in from the independent refineries of the United States, and yet we must keep our gates ajar lest we offend the supersensitive feelings of some of our neighbors to the south!

I was interested in the very powerful address delivered on yesterday by the Senator from South Dakota [Mr. NORBECK]. But, Mr. President, Venezuela to-day has a tariff of $2.66 a hundred pounds on wheat brought into her ports from the fields of South Dakota. Two dollars and sixty-six cents a hundred pounds, a tariff duty of $1.80 a bushel must be paid before South Dakota wheat can enjoy the hospitality of our southern neighbor.

On corn the duty in Venezuela is more moderate—is only $1.17 a hundred pounds—four times the quotation on yesterday; and the duty on wheat is three times the quotation on wheat in Chicago on yesterday. Do their gates stand ajar to accommodate the products brought from the fields of South Dakota?

I turn to my friends from the States where cotton was once king; but its crown has fallen from its brow, and its scepter has departed from its hand. What hospitality does Venezuela extend to cotton, and how would Thomas Jefferson reciprocate that treatment?

It is not consequential; but Venezuela to-day imposes on cotton coming in from Georgia and Mississippi a tariff amounting to $13 a bale. What would Thomas Jefferson do? He would strike back. And what does the Senator from Georgia [Mr. GEORGE] propose—out of his high sense of chivalry that fears to offend his neighbor?

And yesterday the doors of the Senate swung ajar—raw head and bloody bones came to council, came to judgment. Peru has fulminated a threat against this affrighted Republic. She says that if this Congress is naughty she will retaliate and discipline the Congress of the United States by imposing a duty 300 per cent higher than her existing duties against imports from the United States of America.

Well, of course, I was duly terrified; and after investigating I can appreciate the multiplied calamities that will overwhelm this country if that sulphurous threat be carried into execution. But Peru now—she has such a long start on us—has a tariff on cotton to-day. Senators from the South lend me your ears: Peru has a tariff to-day on cotton imported from the United States amounting to $33 a bale. Cotton to-day is selling for about $27.50 a bale. Peru has a tariff of $33 a bale on southern cotton; and she now threatens to raise it 300 per cent—threatens a supertariff of $99, which would reach a summit of $132 a bale.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Georgia?

Mr. GORE. Yes; I do.

Mr. GEORGE. I should like to ask the Senator please to give to the Senate the increases made in the duties of Peru and Venezuela since the passage of the Smoot-Hawley Act.

Mr. GORE. Mr. President, I have not the schedule. In fact, I obtained these figures only to-day; and I am unable, therefore, to give the history of their ascent. I join the Senator, however, in commiserating the South and the cot-

ton producers of the South if Peru actually carries this threat into execution and imposes a tariff of $132 a bale on our cotton. Oklahoma produces a million bales of cotton; and I am afraid that a tariff like that would obstruct and interfere with the importation of cotton from Oklahoma into Peru.

So, Mr. President, that threat, with all its violence, should not terrify us beyond self-restraint; and if the spirit of Thomas Jefferson should animate the Senate, Peru might have occasion to learn that other countries have weapons as well as she, and that other countries can strike blows in their own defense as well as she.

Mr. President, I apologize to the Senate for having detained it so long. I merely wish to repeat that it takes action to preserve the independent oil producers. It takes action to protect the American people. It takes action to shield the consumers of this country against the tyranny of the trust. Inaction is the ally of the monopoly. These independent oil producers, in good faith, acting upon the invitation of their country, embarked their capital and their enterprise in this indispensable business. Their success has been their own undoing. Now they are to be punished for their enterprise. Now they are to be penalized for their success. Now, are they to be crucified for their service? Are they to be pilloried between foreign monopoly upon the one hand and domestic monopoly upon the other? Are the independent oil producers now to be forsaken when their calamities have come upon them?

Mr. President, whether I have fought a good fight, others must judge. I hope none will deny that I have kept the faith.

[Extract from speech of Senator T. P. GORE delivered before Governors' Oil Relief Conference in Washington, D. C., January 16, 1931]

I have a report here, unanimously agreed to by your committee, and I am pleased to report that the agreement is unanimous, signed by Mr. Bullington, of Texas, and myself, among others. You will not find on Capitol Hill a more pronounced protectionist than my good Texas friend, Mr. Bullington. You will not find there a more pronounced antiprotectionist than myself. I do not pretend to believe in a protective tariff, yet I have signed this agreement. This ought to be a good omen. If Bullington and I can agree, there are no two people on earth or on Capitol Hill that ought to be obliged to disagree.

Let me say further that the Democratic State Platform of Oklahoma, upon which I was elected, declared that the Democracy of our State believed in placing agriculture and oil, the two leading industries of Oklahoma, upon a footing of economic equality. The platform declared against tariff discrimination which militated against oil and against agriculture. I think that declaration was justifiable. The platform also declared in favor of a tariff on oil.

Gentlemen, I was not obliged to retain the Democratic nomination and make the race on that platform—but I did. Upon that platform I won, and I feel bound to stand upon it and carry it out in good faith. That I intend to do.

[Extract from Democratic platform adopted at State convention at Tulsa, Okla., September 17, 1930]

We demand an immediate revision of the tariff downward, free from discrimination against the consumer as well as the producer. * * * We favor placing oil and agriculture on a basis of economic equality with other industries in keeping with the time-honored Democratic principle of a tariff based on the cost of production at home and abroad.

Mr. WHEELER. Mr. President, I send to the desk a resolution, which I ask to have read by the clerk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution will be read.

The resolution (S. Res. 216) was read, as follows:

Whereas the officers and directors of the Standard Oil Co. of New Jersey and the Standard Oil Co. of California are reported to be seeking to consolidate these two companies into one organization, notwithstanding the decisions of the Supreme Court of the United States, and notwithstanding the provisions of the Sherman Antitrust Act: Now, therefore, be it

Resolved, That the Attorney General of the United States is requested to advise the Senate what, if any action, his department has taken or intends to take with a view to preventing the consolidation of the Standard Oil Co. of New Jersey and the Standard Oil Co. of California.

Mr. WHEELER. Mr. President, I assume that there will be no debate on this resolution; and, out of order, I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Is there objection?

Mr. MOSES. Mr. President, until I have had a chance to talk with the Senator, I shall have to object.

The VICE PRESIDENT. The Senator from New Hampshire objects, and the resolution will go over under the rule.

The question is on the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. GEORGE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kendrick	Shipstead
Austin	Dickinson	Keyes	Shortridge
Bailey	Dill	King	Smith
Bankhead	Fess	La Follette	Smoot
Barbour	Fletcher	Lewis	Steiwer
Barkley	Frazier	Logan	Stephens
Bingham	George	Long	Thomas, Idaho
Blaine	Glass	McGill	Thomas, Okla.
Bratton	Glenn	McNary	Townsend
Brookhart	Goldsborough	Metcalf	Trammell
Broussard	Gore	Morrison	Tydings
Bulkley	Hale	Moses	Vandenberg
Bulow	Harrison	Neely	Wagner
Capper	Hastings	Norris	Walcott
Caraway	Hatfield	Nye	Walsh, Mass.
Carey	Hawes	Oddie	Walsh, Mont.
Cohen	Hayden	Pittman	Watson
Connally	Hebert	Reed	Wheeler
Coolidge	Hull	Robinson, Ark.	White
Copeland	Johnson	Robinson, Ind.	
Costigan	Jones	Schall	
Couzens	Kean	Sheppard	

The VICE PRESIDENT. Eighty-five Senators having answered to their names, there is a quorum present.

Mr. SHIPSTEAD. Mr. President, certainly by this time no one can deny that the four industries producing copper, lumber, oil, and coal are in a sad state. Certainly no one in the Senate would be willing to do anything but render assistance to those industries wherever that was possible.

I want to have the attention of Senators who have spoken so eloquently in behalf of these industries and have enumerated the various conditions which exist which make their situation so deplorable. I am not going to take the time of the Senate to enumerate the many other industries in the United States which are in the same condition described as that of the four industries. It would take too long for me to do so, because there are so many of them.

I find no fault with Senators who believe that a remedy is to be found in a higher tariff. If a remedy for the condition of these industries can be found in a higher tariff, then certainly a remedy can be found for the condition of the other industries of the country in a new tariff bill.

My personal opinion is that we can raise the tariffs as high as we please and the descending price level of the raw products will drop and drop and drop faster than we can raise the tariffs. We are in the grip now of an entirely different economic force than that with which we had to contend during the last half century. Assuming that a remedy is to be found through raising tariffs, why confine our action to the four industries producing these raw materials? I have not sought to make the pending bill a tariff bill; but if it is to be a tariff bill, it will be necessary for me to offer many amendments in behalf of other industries, if the assumption that tariffs are going to remedy the situation is found to be the correct assumption.

I need not mention the mining industry producing manganese ore, which is necessary for the manufacture of steel in the United States; or the paper pulp industry; or the great farming industry, the men engaged in which, in my opinion, have always paid about five times more than they ever got out of a tariff.

Here are four raw materials which the farmer must buy, and the Senate Finance Committee comes in with a proposal to put a tariff on those four materials, which would result in raising the prices of the commodities to every farmer in the United States. What is there in this bill to compensate the American farmer for the extra taxes levied through tariffs in the bill?

If this is to be made a tariff bill, and if we are to increase the prices of these products to the ultimate consumer, to the farmer, suppose we do levy, through these protective tariffs, an extra tax upon the farmer of $5 a week. In self-defense

we shall have the necessity of offering some amendments to the bill to try to collect at least a few cents for every dollar that is collected through these increased tariffs.

Mr. President, I wish I could believe that the present economic situation could be remedied by tinkering with tariffs. In 1928, when a tax bill was before the Senate, I took occasion to present an amendment, including a comprehensive list of agricultural products asking for tariff protection. The Senate voted that amendment down on the ground that it was improper to inject tariff legislation into a tax bill.

At that time the Washington Post, in an editorial, accused those who defended that tariff amendment with having entered into a conspiracy for the purpose of defeating the tax bill and for the purpose of embarrassing the President. I will read from that editorial, which appeared on April 18, 1928:

> The tax reduction bids fair to meet a political death at the present session of Congress. There are increasing signs that enemies of the administration intend to make certain that any revenue measure passed will be unacceptable to the President. The theory of the antiadministration strategy appears to be that the Republican Party will be weakened if they fail to bring about some popular schedule of taxation.
>
> The latest proposal, sponsored by Senator SHIPSTEAD, of Minnesota, is evidently designed only as an embarrassment.

So a tariff amendment to a tax bill in 1928 was held by the Washington Post to be a conspiracy aimed at the objective of defeating the tax bill, and was also criticized by various Senators, who, on that occasion, took the floor and said it was an improper piece of legislation to offer to a tax bill. That amendment, as I said, embraced a comprehensive list of agricultural products asking for protection.

The two party conventions met in 1928 and pledged equality for agriculture, pledged that agriculture should be placed on a parity with industry in the economic picture of this country.

Both parties have been accused of not keeping faith. I do not like to accuse anyone of not keeping faith. There was only one of two ways in which agriculture could be placed on a parity with industry. One way was to lift agriculture up to the level enjoyed by industry, and the other was to pull industry down to the level of agriculture. The latter seems to have been the way pursued in order to bring on parity.

I find that Senators who voted at that time against that tariff amendment because they held it to be improper to place tariff legislation in a tax bill are now on the floor in this session of Congress advocating tariffs in a tax bill. I have the vote here, but it is not necessary to read the names.

The question is not whether or not this is a proper item to insert in a tax bill. The thing to be decided here of utmost importance is whether or not we are going to confine this bill to an internal tax bill or make it a tariff bill. If we make it a tariff bill, certainly Senators know that we will be here this summer.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Georgia?

Mr. SHIPSTEAD. I yield.

Mr. GEORGE. If it will not interrupt the Senator, I should like to say at this point that the important fact seems to have been entirely overlooked by some Senators who have spoken here and reminded the Senate that in previous tax bills or tariff bills items of one or the other character have frequently been placed. The important fact is that never before in the history of the Senate have we been faced by such an enormous deficit, nor impelled by every proper consideration to the immediate meeting of that deficit.

I beg the Senator's pardon, but I wanted to make that observation.

Mr. SHIPSTEAD. I am very glad to yield to the Senator.

I quote now from the same editorial of the Washington Post, April 18, 1928, in reference to writing tariff legislation on tax bills:

> A rider to a tax reduction bill providing for increased duties on farm products may attract considerable Democratic and Progressive support, but it will not be approved by President Coolidge. The tariff can not be considered in any such piecemeal fashion. The structure of tariff legislation is too complicated and interdependent for any such procedure to be followed. Many Members of Congress know this, but they are more intent upon making political capital than drafting legislation.

That is not my language. I am not accusing Senators who are speaking in behalf of these industries here of seeking to make political capital. I realize their position. I doubt very much that they want to remain in session here all summer to revise the tariff from top to bottom, and after having done so, in my opinion, coming to the conclusion after the lapse of time that it was love's labor lost.

I am not one of those who believe, much as I regret it, that the depression which now engulfs us can be solved by any piecemeal tinkering with the tariff. I have had no sympathy with those who for the past three years have said prosperity was just around the corner and the depression was simply a state of mind. I have never had any sympathy with the so-called economic experts who have advised us from day to day that the depression would be over in 30 or 60 days. I am not going to take the time of the Senate nor can I find words to express my opinion of men in public life who have had so little conception of what we were confronting. I believe Compte said, "In order to be able to govern successfully one must be able to anticipate" or to foresee successfully. We have not been able to anticipate nor have we been able to foresee successfully.

I am one of those who believe depressions come as a result of definite causes which are the result of policies which have been pursued and therefore could have been avoided. I am not one of those who believe we are going to get out of this depression by continuing the policies that brought it about. I am not one of those who believe that after having pursued the policies we have for the past 15 years, a magician can by some get-rich-quick panacea blow the clouds of depression away and restore prosperity overnight or in 30 or 60 days. I am one of those who believe, and I hope I am not wrong, that it is necessary to change the policies that caused the depression and pursue a different line of policy than we have followed here for the past 15 years. We have pursued policies that have been so inconsistent and so incompatible that they could lead to nothing but disaster. When a nation of 120,000,000 people, governed by a government that pursues such incompatible policies as huge importations of foreign capital with prohibitory tariffs, that nation is bound to get into trouble.

I do not want to be understood to say that pursuing these two incompatible policies alone brought on or caused the depression. However, I believe a great deal of the trouble we now experience is due to these two. Because we are considering tariff amendments here I want to take just a little of the time of the Senate to show what have been the results at least from circumstantial evidence which we have from officials sources, the results of pursuing such policies.

As a result of this exportation of capital we exported something like $25,000,000,000. Foreign countries owe here about $4,500,000,000, leaving a possible investment abroad of something like $20,500,000,000. There is a standing interest charge in our favor coming to us each year of $1,000,000,000 that must be paid in gold or in kind. Of course, the debtor nations have not got the gold. I am not talking about the war debts only. I am talking about entire allied war debts and other loans abroad to municipalities, industrial concerns, of a private character, but payable in interest on this side of the Atlantic in the amount of $1,000,000,000 a year. How can they pay it with international exchange? How can they pay it in gold when they have not got it? How can they buy gold with goods if no one will buy their goods?

When Great Britain decided to become a great international creditor she abolished her corn laws and sacrificed her agricultural communities and her tariffs, because she knew that the two were incompatible and inconsistent, and as such built up a great international trade all over the world. We tried to eat our cake and have it too. Let us see what happened.

From May 28, 1929, up until the present time, American consumption has gradually decreased, unemployment has increased, values have gradually declined. The impossibility of being able to sell and buy goods here, the inability to buy here, and at the same time pay the interest on the debt owed here. The result was inevitably foreseen by the nations of the world as well as industrialists and others in our own country.

When the House of Representatives on May 28, 1929, passed the last tariff act proposing over 800 increased duties on the then high tariff wall, what happened? Up until the 1st of June the international statistical abstract, the Department of Labor statistics of the Government of the United States, and Department of Commerce reports all show that production was increasing all over the world in the first six months of 1929. Labor in the United States increased in employment up until the 1st of June, 1929. These official statistics will show that in every country in Europe and in the United States and in Canada the first six months of 1929 reached the highest point of world prosperity since the World War. Within 30 days after May 28, 1929, according to the Census Bureau, new orders for factory goods dropped 16 per cent; unfilled orders for transportation equipment, including automobiles, declined 23 per cent in 60 days; unfilled orders for steel dropped 640,000 tons in 90 days; cotton consumption by textile mills fell 17 per cent in one month; total factory pay rolls dropped to 106 in July as compared with 111 in May; automobile production dropped 38 per cent from April to October.

On August 9 the Federal reserve banks raised their rates 5 to 6 per cent, evidently sensing that trouble had already started.

On September 4 the Senate Finance Committee reported the tariff bill to the Senate. The following day the stock market started its swift decline, developing into a panic. Share values on the stock exchange shrank $2,000,000,000 in 30 days and $24,000,000,000 more by November 1.

The following June the Senate sent the tariff bill to the White House. To the White House also went petitions from this country's leading economists and industrialists, and also the official protest of 36 foreign countries who the year before had purchased $4,000,000,000 worth of farm and factory products in the United States produced by American farmers and American laborers.

In the year following the House vote 1,100,000 factory workers alone lost their jobs and bank failures had exceeded the volume of deposit liabilities of the combined totals of the panics of 1893, 1908, and 1921, and the total number of unemployed had increased 2,451,000.

The President signed the bill on June 17. By November 1, 600,000 more workers had lost their jobs, and industrial share values had dropped another $18,000,000,000, making a total loss of $44,000,000,000 since September 5, 1929, or the day after the Senate Finance Committee reported the tariff bill to the Senate.

Since that time 23 countries have raised retaliatory tariff walls against our products, and 170 manufacturing plants have been built in foreign countries by American capital, hiring foreign labor and buying foreign raw material in order to make there the finished products which the retaliatory tariffs would not permit us to send them from here.

Last summer I asked a German statesman this question, "You raised your tariff last spring on agricultural products, although you have been importing about $800,000,000 of agricultural products a year. Why did you do that?" He said, "We were shut out by tariff walls from selling to other countries the products we can produce, and so we have nothing with which to pay, and, as we already owe more than we can pay with gold and are not able to sell our goods, we had to keep agricultural products out in order to stimulate agricultural production at home. The United States and other countries started this tariff war all over the world; we can not buy if we can not sell, and if we can not sell to you we can not buy from you, because we can not pay."

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Maryland?

Mr. SHIPSTEAD. I yield.

Mr. TYDINGS. I was interested in the Senator's statement as to the number of factories which had moved abroad. Will the Senator state the number again. I think he said 157.

Mr. SHIPSTEAD. The number stated by me was 170.

Mr. TYDINGS. I was just wondering if the Senator had any fairly reliable estimate as to the number of men such factories employ or as to the amount of capital invested in them?

Mr. SHIPSTEAD. No; I can not say as to that. I will say, however, to the Senator that 170 is not the correct number. The data I am using were gathered last October and they have not been brought up to date. It has been very difficult to bring them up to date. I have seen notices in the press from time to time that other plants had been established in foreign countries, thus exporting further capital, and, so to speak, exporting further plants. I have merely been giving an enumeration of facts for consideration now in order to show the consequences of pursuing inconsistent policies.

The Treasury deficit of over $2,000,000,000 reflects the falling revenues and the depressed business conditions of our country.

Why do I say that the tariff vote of May 28, 1929, was an epoch-making event in the history of depressions? I say that because until that date the year 1929 had marked the high peak of world prosperity since the war.

Data published by the Commerce Department and Federal Reserve Board indicate that the high level was reached in May and that the first drop came here in June, the first month following the tariff vote.

The Commerce Yearbook for 1930 states:

> British industrial activity was officially estimated to have been 5.8 per cent greater in 1929 than in 1928, and employment also improved for the first three quarters of the year; the third quarter showed distinct improvement, but the fourth quarter of the year showed a clear-cut falling off.

Employment in Great Britain steadily increased until October, 1929. The decline in Great Britain did not start until four months after it started here.

The same source of information shows that in Germany the production index stood at 112, compared with 100 in 1928. Steel production was 11 per cent larger in 1929 than in 1928. The coal industry had a very prosperous year. The production of coal, lignite, and coke was the greatest since the war. Agricultural production was well above the average of the five preceding years, and railway freight tonnage was the highest since the war. Exports of German products in 1929 established a new high level for all time, amounting to $3,210,000,000, an increase of 11 per cent over 1928. Of the 2,662,000 unemployed workers in Germany in February, 1929, 1,600,000 went back to work in the following six months, as reported by the United States Bureau of Labor Statistics.

Manufacturing activity in Canada was about 30 per cent greater during the first four months of the year 1929 than during the same period in 1928. A decline in general industrial activities set in in August, and by December Canadian production had fallen 25 per cent.

This increased activity in all industry in the countries above mentioned was proportionately manifested in Czechoslovakia, Belgium, Denmark, France, Irish Free State, Portugal, Spain, Russia and the Scandinavian countries.

It is to be noted that the business decline was not observed in Canada and European countries until the fourth quarter of the year 1929, while in the United States it made its appearance in the second quarter and within 30 days following the House tariff vote. It, therefore, appears on the official testimony of the Commerce Yearbook and the International Statistical Yearbook that the claim made by some people that the depression originated in Europe has no foundation in economic fact.

I found in Europe a disease that has been very prevalent here. I found that all over Europe statesmen, bankers, and industrialists were blaming all their troubles on the United States. Answerable to their people for their leadership, they had to give an excuse for the conditions prevailing in their respective countries. In this country statesmen, bankers, and industrialists have blamed Europe for our own troubles. Mr. President, it has always been my opinion, and is now a confirmed conviction, that we are not suffering from the troubles of Europe to any greater extent than we have made Europe's troubles our own, to any greater extent than that we have mixed into their affairs and assumed their liabilities. To that extent we are suffering from the troubles of Europe.

From what I know of European conditions, and from what I think I know of conditions in the United States, I think it will come very well within the province of Congress and the province of the White House to confine our activities and our thoughts to solving the problems of the United States. There are plenty of people in Europe working on their problems. While I admire the spirit of those who say we should give moral leadership to the world, if we have an exportable surplus of moral leadership, let us see if we can not find it and make use of it at home.

The records to which I have referred show:

First, that increased production during the first half of 1929 was general abroad and that the only decline in 1929 was in the closing months of the year after the American decline had set in, with the resulting stock panic and depression.

Second, that employment had increased in 1929 throughout the countries representing 90 per cent of foreign industrial production.

Third, that in a majority of countries abroad the highest prosperity was reached in 1929 of all years since the World War.

The decline in industry anticipated the stock-market crash of October, 1929, with its resulting bankruptcies and destruction of purchasing power, which caused and inaugurated a secondary decline in price levels, which has, so to speak, fed upon itself and continued with increased force and intensity until the present day, when 8,000,000 men are out of employment.

The year before the tariff act was passed foreign countries had bought $5,283,000,000 worth of American products. Not being able to continue to sell to or buy from us, there were five things they could do, all of which worked together to undermine our economic and industrial structure and the New York stock market.

First, they could stop ordering American goods.

Second, they could cancel American export orders unfilled.

Third, they could file protests at the White House, which 36 countries did.

Fourth, they could levy retaliatory tariffs against American goods, which 23 countries have done.

Fifth, they could unload their American shares and liquidate their American speculative investments and realize their profits.

The record shows that they did all these things, and did them in abundance. From the date of the tariff vote to July 1, 1931, exports dropped $3,569,000,000. And all over the world the battle of the tariff wall is going on. In self-defense Great Britain has called an economic conference to meet at Ottawa in July to discuss an intercolonial money policy, intercolonial tariffs, intercolonial economics from practically every point of view. The far-reaching consequences of that conference to the United States and the other nations of the world can not be estimated at this time.

Mr. President, I have called these matters to the attention of the Senate, not for the purpose of making an attack upon the protective-tariff policy as such, but to protest against the inequalities always imposed on agriculture by its unfair discriminations imposed by those in control of tariff making and to show the disastrous consequences of a nation of 120,000,000, with such vastly varied sources of production, pursuing the policy of exporting huge amounts of capital, while at the same time raising tariff walls against the goods that are produced by the people of other countries from whom we expect to collect the capital we have invested and interest thereon, and also payment for the goods which we sell.

The evidence of what is to come certainly must have been manifest here during the last three or four days. Will those who are now trying to make a tariff bill out of this tax bill assume the responsibility of having this debate continue for possibly 2, 3, 4, or 5 months? Is this the time in the history of this country, with present conditions as we find them, to have another such session of Congress as we had beginning in 1929 and running up to June, 1930?

I have been one of those who think the balancing of the Budget has been greatly overemphasized by propaganda in the press of the country. I do not believe that the Budget will be balanced. I do not think it can be done. The only way to balance the Budget of the Government of the United States is first to inaugurate and initiate policies that will balance the budgets of the corporations and the citizens of this country. The Government Treasury is becoming empty because the individual citizen's pockets and the treasuries of our corporations and our employers are becoming empty. When the private individual has no income he pays no taxes, and, consequently, the Government has no income. The way to fill the Treasury of the Government of the United States is first to fill the treasuries of the American people so that they have an income with which to pay taxes, and then our Treasury will be automatically filled and our Budget will be balanced.

Raise taxes now, cut down all possible expenditures now, pursue the policies that have brought about this condition, and how long will it be before our Budget is unbalanced again, and the deficit in the Treasury is as large as it is now?

If we do succeed momentarily in balancing the Budget by increasing taxes and cutting expenditures wherever they can be cut, and we find at the end of the next fiscal year that we have another deficit, what are we then going to do? Are we then going to raise taxes again, take men out of employment again, cut expenditures, and continue to pursue the policies that have destroyed the incomes of the American people and therefore the income of the Government of the United States?

That system of balancing the Budget and conducting the Government of a great people is something that feeds upon itself as the depression, the descending price level feeds upon itself. If we pursue that policy to its ultimate conclusion we will keep on taxing the people until we have taxed them out of everything they have and they have nothing in their pockets, and then there will be nothing in the Treasury of the United States either.

I am not so worried about balancing the Budget. I am much more concerned with eliminating and stopping the policies that have brought about the destruction of income to the great mass of the people, the destruction of purchasing power on the part of the great mass of the people. Restore that purchasing power, and the corporations of the country, the industries, the producers of raw material, will be able to employ labor, and we will not have to borrow money and give it to the various communities of the United States in order that they may have something with which to feed their hungry people.

I do not believe that it would be good policy to take the entire summer to talk about tinkering with tariffs. With the present trend of the economic situation in the United States, I have an idea that by November there will be very few people in the United States who will be interested in tariffs.

I do not want to delay the passage of the tax bill. I had not intended to speak as long as I have spoken; but in view of things that it at least seems to me I could foresee, I did not want this to become a tariff bill without protesting. In view of the present situation I think it would be unwise, it would be uneconomical, it would have a bad effect on the country, and I can not see where it will give any substantial relief.

I want to say also in this connection that I regret very much that the Congress did not stay in session last summer, preparing for the conditions we are asked to legislate to meet now. To be called here in December and about every 15 or 20 days to be presented with a measure that we are told must be passed at once in order to stop the depression, I say, with all due respect to those who disagree with me, is not the course of wise statesmanship. It is making an effort and a gesture after the horse is taken out of the barn. We can not legislate for hindsight. We must legislate according to our foresight; and I hope we shall have a little more foresight in the future than we have had in the past.

The VICE PRESIDENT. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. HULL. I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Tennessee suggests the absence of a quorum. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Schall
Austin	Cutting	Kean	Sheppard
Bailey	Davis	Kendrick	Shipstead
Bankhead	Dickinson	Keyes	Shortridge
Barbour	Dill	King	Smith
Barkley	Fess	La Follette	Smoot
Bingham	Fletcher	Lewis	Steiwer
Blaine	Frazier	Long	Stephens
Borah	George	McGill	Thomas, Idaho
Bratton	Glass	McNary	Thomas, Okla.
Brookhart	Goldsborough	Metcalf	Townsend
Broussard	Gore	Morrison	Trammell
Bulkley	Hale	Moses	Tydings
Bulow	Harrison	Neely	Vandenberg
Capper	Hastings	Norbeck	Walcott
Caraway	Hatfield	Norris	Walsh, Mass.
Carey	Hawes	Nye	Walsh, Mont.
Cohen	Hayden	Oddie	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Howell	Reed	White
Copeland	Hull	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, I am not going to speak on the question. I want to take just a moment of the Senate's time, however, to explain the parliamentary situation as I understand it.

The pending amendment seeks to amend the committee amendment. It has occurred to me, after consulting with quite a number of Senators, who take the same view of this situation and who are opposed to any tariff on oil, that nothing can be gained by two votes. The reason why the amendment was offered was on account of the ruling of the Chair, which, in effect, said that there would be no opportunity to vote directly upon the question of tariff or no tariff upon oil unless the Senate rejected the committee amendment.

With the idea that some of us who were opposed to any tariff law, if we could not get what we wanted, would rather have as low a tariff as possible, I offered the pending amendment. But it is quite apparent, I think, that if those who are opposed to a tariff on oil have a sufficient number of votes to carry the amendment I have offered, they would likewise have a sufficient number of votes to vote down the committee amendment.

If that is done, then, under the ruling of the Chair, it will be in order to strike out the text of the House, and if it is done, I expect to offer such a motion unless somebody else offers it. But in order that we may get a vote directly upon the question, I now withdraw my amendment so as to permit the vote to be taken directly on the committee amendment.

The VICE PRESIDENT. The yeas and nays having been ordered on the Senator's amendment to the amendment of the committee, it will be necessary to get unanimous consent to withdraw the amendment. Is there objection to the request of the Senator from Nebraska to withdraw his amendment? The Chair hears none, and the amendment to the amendment is withdrawn. The question is on agreeing to the committee amendment to strike out, on page 242, beginning in line 23, and to insert on page 243 the first paragraph in italics.

Mr. NORRIS. I ask for the yeas and nays on the committee amendment.

The yeas and nays were ordered.

Mr. TRAMMELL. Mr. President, I desire to address the Senate for a moment.

As I consider the pending proposal to be one to impose upon the American people a tribute in the interest of the oil companies of this country approximating probably half a billion dollars, or perhaps a billion dollars, if they manipulate it as the oil companies of this country have often manipulated their business affairs, I am reminded of the appeals which have been coming to me, and doubtless to every Member of the Senate, for the past four or five months, for relief to the American people from what they term extravagant Government expenditures, duplications in bureaus, and the great cry for the balancing of the Budget.

I take it that these expressions coming from the American people are based upon a sentiment which they entertain that the burdens they have to carry at the present time and in the present condition of depression which exists throughout the country are more than they feel able to bear. I can not distinguish between a burden imposed for the purpose of raising revenue for the maintenance of the Government and a burden that is placed upon the American people for the special benefit of a special private interest.

Certainly those who are advocating that we shall impose an import tax of 2½ cents a gallon upon gasoline contemplate and expect that such legislation will be helpful and beneficial to them. If they contemplate that, whether or not they will realize their expectation is problematical. That has been fully illustrated in the past in dealing with tariff problems, and this is nothing but a tariff. You might call it an import tax, or whatever you wish, but it is nothing more or less than a tariff.

If the sponsors of the tax realize that expectation, if they boost the price of gasoline to the 26,000,000 users of automobiles in America even 2½ cents a gallon, and if they advance the price of oil, according to the statistics here, only to that extent, then they will impose upon the American people, in their depressed and poverty-stricken condition of to-day, with industry paralyzed, with eight to ten million people out of employment, an additional burden they will have to contribute of approximately half a billion dollars.

Mr. LONG. Mr. President, will the Senator yield?

Mr. TRAMMELL. Certainly.

Mr. LONG. Does not the Senator think the tariff we already get on lemons and automobiles would help pay that?

Mr. TRAMMELL. It might help pay it; but when those duties were imposed, we were considering a tariff bill, we were surveying the tariff field, and the situation was quite different from having three or four industries only placed in a bill; and those who are supporting the tariffs proposed in this measure will oppose any other industries having a tariff provided.

If there could be an adjustment of the entire situation on the part of all other industries in this country in this measure, then the question of a tariff being injected into this bill would present altogether a different situation. But I am not so blind that I do not know and realize that if those who are seeking to impose this burden of at least half a billion dollars upon the American people, not for the Government's maintenance but for the assistance of one industry in the country, succeed in imposing that burden upon the American people, they will just as cheerfully decline to allow other industries having other tariff items enacted into law at this time.

They will cheerfully defeat any amendment, probably, to reduce certain tariffs which the entire American people, practically, believe are unjust and unreasonable, and it will resolve itself into the question of the Congress of the United States and of the Senate bowing down in submission or in favoritism to one or two industries, and placing a burden upon the American people as a result of such favoritism. It is the height of favoritism, considering the conditions in the country at this time.

I do not care to have the price of gasoline increased 2½ cents a gallon in my State, and if the advocates of this tariff do not do that, they will not do what they contemplate doing, and those who are supporting the provisions of this bill providing for the tariff are giving to them a weapon for the purpose of imposing this enormous burden upon the American people. There is no escape from that conclusion.

I am not willing to have the people of my State, industrially paralyzed as they are, the farmers stricken into poverty practically—and that is less prevalent in Florida than it is in most of the other States of the Union—I am not willing to have them imposed upon to the extent of saying, "We will take about three or four million dollars more a year from you"—I think it amounts to $6,000,000 in my State—"for the purpose of helping these people who are engaged in the oil industry."

That is what it means. Of course, in larger States, the tax and the tribute which the Congress would impose upon the people in their present distressed circumstances, for the benefit of the oil people of the country, would be far in excess of what it would be in my own State.

I hold no brief for any of the oil companies. It might be that the Standard, in its conquest for supremacy and domination, has probably gotten some advantage of the so-called independents. It is regrettable if they have. But are we going to attempt to go into all the business enterprises of this country and settle the conflict which has been waged, and which exists among certain elements in industry, and pass the burden on, if you please, to the backs of the already overtaxed American people merely for the purpose of assisting private industry?

In my own State and throughout the Union we have from time to time witnessed the merchant who has been reasonably successful maintaining his private business, and we have seen the chain-store idea gradually increasing and spreading and spreading, until the chain stores have driven from the mercantile field those who have been engaged in it, perhaps for years, almost completely throughout this country. Why not try to enact some legislation in this bill for the purpose of adjusting that situation?

There used to be a good many independent automobile builders and manufacturers in the automobile industry. Gradually the octopus in the automobile industry has reached out, until it has destroyed practically all or a large majority of the independent dealers of the country. But Congress never legislated for the purpose of assisting either one side or the other in its manipulations, although deplorable.

I think that if there were some way by which we could reach by legislation, or put a double proposition into the tariff item in this bill, to control the prices of gasoline and crude oil and other petroleum products to the consumers of the country, then there would be some justification for going to the rescue of one or the other element in the oil business and the gasoline business. But that is not proposed. The advocates and the champions of this increased burden upon the American people, if it works out as contemplated, are going to allow the Standard—the monopoly—and all the other companies engaged in this industry, if they please, to increase the price of gasoline to the consumers of this country to any amount which they wish.

I think it more important to protect the interests of the consumer of gasoline and of oils than it is to enact legislation which will furnish a weapon for the producers and the sellers of these products to try to take more money from the American people, and that without limitation, as far as the legislation is concerned.

I have seen the manipulation in the gasoline price-fixing business, to the detriment and the heartache of the people throughout this entire country. My own people have often suffered under the price-fixing and monopolistic tendencies which have been exercised by the oil industry of the country. I have witnessed them advance the price one week from 14 to 16 cents a gallon, the next week from 16 to 18 cents a gallon, the next week from 18 to 20 cents a gallon, pyramiding the prices for a period of, say, four weeks, until they had the consumers paying 8 or 10 cents a gallon more in that period of time, and that operation was not restricted to the Standard. Every other oil company enjoying the field, within my State at least, cooperated in the activity, and increased their prices just as rapidly as the Standard did, and on the same day that they increased the prices.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. GORE. I think there was some error in the Senator's statement, or he attributes the result to wrong causes. The price of gasoline at the refinery to-day is 3½ cents, and casing-head gasoline sells for as low as 1½ cents a gallon. I do not believe that the price of ordinary gasoline at the refinery has ever been much more than 7 cents, and I think the Senator's own State to-day imposes a tax on gasoline of 7 cents a gallon, 200 per cent of the refiner's price.

Mr. TRAMMELL. The Senator proposes to increase that, and to make an additional imposition of 2½ cents a gallon, if his machinery operates.

Mr. GORE. Even that would be only one-third of what the Senator's own State imposes on its own people.

Mr. TRAMMELL. That is a different situation entirely. In that instance the revenue derived from the tax imposed is for the maintenance of Government, the construction and maintenance of roads, and for other governmental purposes. In this instance the proposal is to tax for a contribution and tribute to private industry. That is the distinction between the two.

I am very happy the Senator lives in a State where they can buy gasoline so cheaply. Most of the States are not so fortunate. I speak for my own State because I know a good deal about it. There is a monopoly of this product. Gasoline may be purchased at times for 14 cents a gallon and at the same time we have to pay 20 cents a gallon in my State and in most of the States throughout the South.

Mr. SHEPPARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Texas?

Mr. TRAMMELL. Gladly.

Mr. SHEPPARD. Under conditions such as now prevail any increase in the price of gasoline occasioned by this tax would be absorbed by the few big oil powers, and would not be passed on to the consumer.

Mr. TRAMMELL. From past operations and manipulations and experiences, I very seriously question that. Of course, I know the Senator is sincere in his contention, but I do not accept that as an absolute certainty at all. I do not think the monopoly are going to allow themselves to have to absorb this 2½ cents a gallon on gasoline or the tax imposed on petroleum and petroleum products. They do not seem to be built that way. There is an enormous amount of money that has been made by the Standard and other groups in the oil industry. It has not been restricted alone to the Standard group. They are not likely to do as the Senator from Texas suggests.

I would be very glad to help any of these concerns that have been unfairly treated, that are unfortunate; but I do not propose in doing that to take money from people who are even more unfortunate, people who are more stricken with the depression which prevails throughout the country to-day. That is the only construction I can put on the situation. It is proposed to take from a great number of people and from the entire country an enormous amount of additional contribution and turn it over to private industry; and the very people from whom it is proposed to raise this contribution are in worse condition, at least 80 or 90 per cent of them, than the people to whom the money is to be given.

I do not believe anyone can establish anything other than that. Consider the agricultural interests in the country. The statistics were given by the Senator from Maryland as to the contribution to be made by agriculture. Is there any Senator who will take the position that agriculture is more prosperous than the oil institutions which it is proposed to assist by assessing agriculture? I have not heard anybody saying that.

Another thing that appeals to me in passing upon the question is the fact that agriculture has pleaded, has begged, and has entreated Congress for the past four or five or six months for some assistance and some relief. In the main no contribution has been made to agriculture. If there was as much zeal in behalf of the farmers and tillers of the soil in this country as there is in behalf of the oil companies, many of whom are rich, those who are back of the proposition would have some amendment to the bill promotive of the interests of the farmers of America.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Louisiana?

Mr. TRAMMELL. I yield.

Mr. LONG. Did I understand the Senator to say that most of the oil companies are rich?

Mr. TRAMMELL. I did not say most of them. I said many of them.

Mr. LONG. There are only four.

Mr. TRAMMELL. There are rich companies who are paying their officers enormous salaries. They have floated stocks upon the people of the country and overcapitalized themselves until they have filched from the American people millions and millions of dollars in watered stocks.

Mr. LONG. I understand there has not been a single oil concern that the Senator has described of that character that is for the tariff. On the contrary, the four major oil companies, the only ones who have been in a position to make money, are the ones who have always been for the tariff. There is no getting away from the facts.

Mr. TRAMMELL. I do not know who are for it or who are against it among the oil people. I do not know who is going to benefit among the oil concerns of the country. I take it for granted they all hope to benefit under it. But of one thing I am certain, and that is that the contribution which it is hoped to realize is going to be imposed upon the people of America who are already overburdened and who are unable to make this contribution for the purpose of assisting one industry in the country.

I would much prefer to have seen this item taken up in a tariff bill. There has been a good deal of discussion about tariff bills ever since Congress convened, but there has been a lot of dodging around and everybody seemed to think we should not have a tariff bill considered at this session. There are some industries that probably would like to have some additional protection. There are a great many who entertain the idea that certain tariff items should be reduced. I am honestly of the opinion that the sentiment throughout America to-day is that our present tariff law has worked harmfully instead of beneficially to our country and to the industries of the country. If that is true, why not consider the entire tariff question instead of selecting a favored two or three industries in the country?

These matters should be considered entirely upon their merits in a tariff bill. If we start to consider a tariff bill, then all other items that would go to make up a tariff bill might be proposed to be considered, but here nothing of the kind is proposed. It is the desire absolutely to choke off everybody else. The only purpose for which it is desired to use the other industries in the country, for which it is desired to use agriculture in the country, is to make contributions to these favored industries which it is proposed to assist through this bill. It is proposed not only to deny to other industries in the country the privilege of a hearing and the consideration of the merits of their contention either for or against a tariff on certain items or for a reduction or increase in certain items of tariff, but it is proposed to use them as convenient vehicles for the purpose of making this contribution and this tribute to the oil companies of the country. So far as I am concerned I do not think we should have taken up a tariff item in the bill. Then, speaking to the merits, I certainly shall not contribute my vote toward making the stricken people of my State and of the United States contribute $500,000,000 or possibly $1,000,000,000, if the scheme works out for the benefit of special interests.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on which the yeas and nays have been ordered.

SEVERAL SENATORS. Let the amendment be read.

The VICE PRESIDENT. It will be read.

The CHIEF CLERK. On page 242, after line 22, the committee report to strike out:

(4) Crude petroleum, fuel oil derived from petroleum, gas oil derived from petroleum, and gasoline, 1 cent a gallon; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

And to insert in lieu thereof:

(4) Crude petroleum, ½ cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, ½ cent per gallon; gasoline or other motor fuel, 2½ cents per gallon; lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound; natural asphalt and asphalt and bitumen derived from petroleum, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. I withhold my vote. If permitted to vote, I should vote "nay."

Mrs. CARAWAY (when her name was called). I have a pair with the senior Senator from Illinois [Mr. GLENN]. I should vote "yea" if I were at liberty to vote, and the senior Senator from Illinois would note "nay" if present.

Mr. DAVIS (when his name was called). I have a pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence I am compelled to withhold my vote. If permitted to vote, I would vote "yea."

Mr. HASTINGS (when his name was called). I have a pair with the senior Senator from Alabama [Mr. BLACK], and therefore withhold my vote. If permitted to vote, I would vote "yea."

Mr. JONES (when his name was called). I have a general pair with the Senator from Virginia [Mr. SWANSON], who is necessarily absent. I find, however, that I can transfer that pair to the Senator from Colorado [Mr. WATERMAN], which I do, and vote "yea."

Mr. LEWIS (when his name was called). Mr. President, I have a pair with the Senator from South Carolina [Mr. BYRNES]. I may be able to secure information a little later as to how he would vote if present. At present I can only announce my pair.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Chamber on account of illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. TYDINGS. Mr. President, I should like to change my vote from "nay" to "yea."

Mr. ASHURST. I object until there shall be a recapitulation of the vote and we know how the Senator voted. Let the vote be recapitulated.

Mr. TYDINGS. I do not have to wait for a recapitulation; I can change my vote at any time.

The VICE PRESIDENT. The Senator has a right to change his vote.

Mr. FESS. I desire to announce that the Senator from Missouri [Mr. PATTERSON] is paired with the Senator from New York [Mr. WAGNER]. The Senator from Missouri is absent on account of illness. If present, he would vote "yea." The Senator from New York is unavoidably detained, and I understand if present would vote "nay."

Mr. SHEPPARD. I wish to announce that the senior Senator from Alabama [Mr. BLACK] is out of the city, and the junior Senator from Kentucky [Mr. LOGAN] is detained on official business. I also wish to announce that the senior

Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate on official business. If present, he would vote "nay." I further wish to announce that the junior Senator from South Carolina [Mr. BYRNES] is necessarily detained from the Senate by illness in his family. If present, he would vote "nay."

The result was announced—yeas 43, nays, 37, as follows:

YEAS—43

Ashurst	Dickinson	McGill	Steiwer
Austin	Dill	McNary	Thomas, Idaho
Barkley	Frazier	Metcalf	Thomas, Okla.
Bingham	Gore	Neely	Tydings
Bratton	Hale	Oddie	Vandenberg
Broussard	Hatfield	Pittman	Walcott
Capper	Hayden	Reed	Walsh, Mont.
Carey	Johnson	Robinson, Ind.	Watson
Connally	Jones	Sheppard	Wheeler
Couzens	Kendrick	Shortridge	White
Cutting	Long	Smoot	

NAYS—37

Bailey	Costigan	Hull	Robinson, Ark.
Barbour	Fess	Kean	Schall
Blaine	Fletcher	Keyes	Shipstead
Borah	George	King	Smith
Brookhart	Glass	La Follette	Stephens
Bulkley	Goldsborough	Morrison	Trammell
Bulow	Harrison	Moses	Walsh, Mass.
Cohen	Hawes	Norbeck	
Coolidge	Hebert	Norris	
Copeland	Howell	Nye	

NOT VOTING—16

Bankhead	Dale	Lewis	Swanson
Black	Davis	Logan	Townsend
Byrnes	Glenn	McKellar	Wagner
Caraway	Hastings	Patterson	Waterman

So the committee amendment was agreed to.

Mr. TYDINGS. Mr. President, I wish to enter now a motion to reconsider the vote by which the amendment just adopted was agreed to.

The VICE PRESIDENT. The motion will be entered.

Mr. TYDINGS. In addition to that, I wish to offer 500 amendments to the tariff law, which I ask may be considered as pending as soon as we pass through the amendments now before us.

The VICE PRESIDENT. The amendments intended to be proposed by the Senator from Maryland will lie on the table and be printed.

Mr. NORRIS. I offer a proposed amendment to the pending bill, which I ask may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. BULKLEY. Mr. President, I desire to enter a motion to reconsider the vote by which the committee amendment on page 241, commencing in line 20 and extending over to page 242, line 5, was agreed to.

The VICE PRESIDENT. The motion will be entered.

Mr. REED. I make the point of order that it is too late for the Senator from Ohio to enter the motion to reconsider.

Mr. BULKLEY. This is the second day after the amendment was adopted.

The VICE PRESIDENT. The motion of the Senator from Ohio may be entered to-day. The next amendment will be stated.

The CHIEF CLERK. The next amendment is, on page 243, after line 13, to strike out:

(5) That an excise tax shall be levied, collected, and paid upon the hereinafter described articles when imported from any foreign country into the United States upon coal (anthracite or bituminous), coke, or coal or coke briquettes, 10 cents per 100 pounds.

And in lieu thereof to insert:

(5) Coal of all sizes, grades, and classifications, coke manufactured therefrom; and coal or coke briquettes, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, and shall not be imposed upon any such article if during the preceding calendar year the exports of the articles described in this paragraph from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of the articles described in this paragraph.

The VICE PRESIDENT. The question is on the amendment reported by the committee.

Mr. BORAH. Mr. President——

Mr. REED and other Senators asked for the yeas and nays, and they were ordered.

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Idaho addressed the Chair before the yeas and nays were ordered.

The VICE PRESIDENT. The Chair did not hear the Senator from Idaho. He has, however, plenty of time in which to speak.

Mr. BORAH. Mr. President, I do not desire to speak, but I should like to obtain a little information before the vote. What is the amendment upon which we are voting? I did not fully understand it as read by the clerk.

The VICE PRESIDENT. Let the amendment again be reported.

The Chief Clerk again stated the amendment.

Mr. BORAH. Mr. President, I should like to ask the Senator in charge of the bill or some other Senator how much revenue the proposed tariff tax on coal is expected to realize?

Mr. HARRISON. The estimate of the Treasury Department is that it will raise half a million dollars.

Mr. KING. In my opinion, that is too much.

Mr. BORAH. What is the amount of our imports of coal?

Mr. REED. At the present time it is eight hundred and thirty-six thousand and odd tons.

Mr. BORAH. And what are our exports?

Mr. REED. About 13,000,000 tons, 11,000,000 of which go to Canada.

Mr. ROBINSON of Arkansas. May I ask the amount of coal imported from Canada?

Mr. REED. The amount is comparatively small—under 200,000 tons.

Mr. KING. It is 160,000 tons.

Mr. REED. Under this amendment coal imported from Canada would not be taxed.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BORAH. I yield.

Mr. KING. Is the Senator sure that he stands upon valid substantial grounds in thus discriminating against a country?

Mr. REED. It is not a discrimination against a country. It is a discrimination in favor of those countries that import more from us than they send to us.

Mr. KING. Is not that a discrimination against those countries with which we have treaties?

Mr. REED. It did not seem so to the committee. Every other country can enjoy the same privilege if it will patronize this country.

Mr. KING. Speaking for myself, it seemed to me, as a member of the committee, to be a discrimination.

Mr. ROBINSON of Arkansas. Mr. President, what is the country, or what are the countries, that will pay the tax under this amendment?

Mr. REED. Principally Soviet Russia.

Mr. ROBINSON of Arkansas. What amount of coal was imported from Soviet Russia last year?

Mr. REED. In the calendar year 1931 I am told there were 216,990 tons imported, but I may supplement that by saying that the rate of imports has very greatly increased since the first of this year.

Mr. BORAH. What is the present rate of imports from Russia?

Mr. REED. I will get those figures for the Senator; I have not them before me.

Mr. FLETCHER. Let me inquire of the Senator what is the character of coal imported into this country?

Mr. REED. The coal that comes from Russia is mostly anthracite coal from the Donetz Basin in southern Russia.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Maryland?

Mr. BORAH. I will yield as soon as I ask the Senator from Pennsylvania a question. How much coal are we importing from Great Britain?

Mr. REED. I have the figures. In 1931 we imported from Great Britain 305,000 tons of Welsh anthracite.

Mr. BORAH. What was the quantity we imported from Russia?

Mr. REED. We imported from Russia 216,000 tons.

Mr. BORAH. Then the heaviest exporter of coal to this country is Great Britain?

Mr. REED. The heaviest exporter of coal to this country was Great Britain, but it is not now.

Mr. BORAH. Which is the heaviest exporter of coal to this country now?

Mr. REED. Soviet Russia.

Mr. BORAH. What is the quantity of coal coming in from that country?

Mr. REED. As I said to the Senator a few moments ago, I have not the figures at hand, but the volume has very much increased since the first of this year.

Mr. BORAH. I venture to say, when the Senator ascertains the figures, he will find that Great Britain is still the heaviest exporter of coal to this country.

Mr. REED. I believe not, but I will obtain the figures for the Senator very shortly.

Mr. TYDINGS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I will yield if I have the floor, but I think the Senator from Idaho still has the floor.

Mr. BORAH. I think I am through, having obtained the information I desired.

Mr. TYDINGS. Mr. President, will the Senator from Pennsylvania tell us how much Canadian coal now comes into the United States?

Mr. REED. About 57,000 tons, I think, comes from the mouth of the St. Lawrence River and goes into the New England States, and a little coal comes from British Columbia into the State of Washington; not very much.

Mr. TYDINGS. How much do we sell to Canada?

Mr. REED. We send to Canada about 11,000,000 tons a year.

Mr. TYDINGS. Does not the Senator think our treatment of Canada is very generous when we send 11,000,000 tons into Canada as against 50,000 tons coming in here?

Mr. REED. They put a tariff on our coal going into Canada. The Senator will understand that reciprocity began in advance under this suggestion.

Mr. TYDINGS. But the Senator is going to be generous enough to let 50,000 tons of coal come from Canada in every year without any tariff in the hope that our 11,000,000 tons can go into Canada without paying the tariff?

Mr. REED. I rather hope so.

Mr. TYDINGS. Does not the Senator think that Canada will probably have something to say about it?

Mr. REED. I do not see why Canada should mind this arrangement, because it does not apply to her in the slightest.

Mr. ODDIE. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Nevada?

Mr. REED. I do.

Mr. ODDIE. I should like to ask the Senator from Pennsylvania if he does not believe that under the 5-year plan Russia will soon be able to send into this country an enormously increased tonnage which will be decidedly injurious to the American coal industry?

Mr. REED. Yes, Mr. President; I think that the ability of Russia to export coal will increase fairly constantly. I do not know that I would say an enormous quantity, but certainly enough to disrupt the markets in eastern United States, along the coast.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I do.

Mr. BORAH. I understood the Senator to say that Russia is now, according to the last figures, exporting to this country about 216,990 tons of anthracite.

Mr. REED. That is what she sent in last year.

Mr. BORAH. That is less than a single day's production in the United States.

Mr. REED. That, of course, is less than a single day's production of all kinds of coal in the United States; yes.

Mr. BORAH. No; of anthracite.

Mr. REED. I do not think so.

Mr. BORAH. I think the Senator will find that it is.

Mr. REED. I have not calculated the figures. I know, however, that the imports of Russian anthracite into northeastern United States constitute about 10 per cent of all the anthracite that is burned in the Massachusetts or Boston area; and the effect of these importations upon the price of all fuels throughout New England is felt far back from the coast, in country into which the Russian coal has not actually come.

If the Senate will bear with me for a very few minutes, I should like to describe the troubles through which we have gone in the effort to stop this Russian anthracite from coming in.

All of the coal that comes from Russia is mined in a basin called the Donetz coal basin in southern Russia. Whether it is mined by forced labor within the meaning of our tariff law of 1930 is a question which we have debated with the Treasury Department for the last couple of years. We have proven by American engineers who have lived there since 1928 that the coal miners who work down there in that basin live in barracks guarded by soldiers; that the miner is theoretically free to leave the barracks, theoretically free to leave that employment, but that if he does leave it he can secure no other employment, and he can not secure the bread cards and food cards that entitle him to his subsistence. Theoretically, I say, he is free to leave. Practically he can not get a passport to migrate from Russia; practically he can not get any other job; and, practically, he can not get anything to eat if he gives up the job by exercising his theoretical right to leave. It is perfectly true that he does not work in chains, and it is probably true that nobody will shoot him if he undertakes to walk away from a mining district; but just as surely as the sun rises he will starve, because he can not get anything to eat, and he can not get any other work.

We have proved that to the Treasury Department, to the apparent satisfaction of the Commissioner of Customs. We have proved it to the satisfaction of everybody except the Secretary of the Treasury.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Nebraska?

Mr. REED. I yield to the Senator.

Mr. NORRIS. The way the Senator describes it, the Russian coal miner is still in better shape than the coal miner in the United States who has an injunction hanging over him not to quit work.

Mr. REED. I am happy to say that there are not any such injunctions in Pennsylvania.

Mr. President, under the tariff law of 1930, if it can be shown to the satisfaction of the Treasury that an article is produced by convict or forced labor, it is the duty of the Treasury Department to put an absolute embargo upon the importation of that article. I am not going to weary the Senate with a narration of the competitive troubles of our American coal mines in trying to sell coal along the coast where that Russian coal is offered. I can put it all in a nutshell if I say that the Russians have over and over again stated that whatever price we quote they will quote 25 cents a ton less. That is pretty stiff competition for American miners to meet.

It is all right to call attention to the total production of coal of all kinds in the United States of America and to say that this eight hundred and odd thousand tons of imports constitutes less than one-fifth of 1 per cent. That is true; but it is like a toothache. A very small spot can give a very big pain; and that is what this importation of Russian coal is doing to the anthracite coal-mining industry of the United States.

Mr. DAVIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to his colleague?

Mr. REED. I do.

Mr. DAVIS. Is it not a fact that if the coal that is now coming in from Russia and Indo-China were mined in the anthracite region of the United States it would mean work for a thousand men every day in the year for the next year?

Mr. REED. I think it means more than that, Mr. President. I am told by a representative of the anthracite service that if we take into account the importations of oil also, they have displaced 60,000 men, which, at the rate of 270 days per year per man, amounts to 16,200,000 workdays, and means a loss of income to American workingmen of $64,800,000. That includes oil, of course.

Mr. DAVIS. I am not referring to how oil has displaced the coal miner, but to the actual coal that is imported into the country.

Mr. REED. I did not catch the figure. How many men did my colleague say would be displaced?

Mr. DAVIS. A thousand men working every workday during the year. With the long lines of people asking for relief in the hard-coal region it is a question as to whether we are going to have the thousand men working in the United States or in some other country.

Mr. REED. I thank the Senator; and yet, as he and I know the conditions in our coal regions, it means more than a thousand men. It means probably 2,000 men working half time, and 8,000 more people dependent upon them who to-day are going hungry.

Mr. ROBINSON of Arkansas, Mr. KING, and other Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Arkansas?

Mr. REED. I do.

Mr. ROBINSON of Arkansas. Mr. President, is the pending amendment intended to impose an embargo against the importation of coal?

Mr. REED. No.

Mr. ROBINSON of Arkansas. Then why does the Senator argue that the adoption of the rate carried in the amendment will give employment to the very large number of men he has referred to?

Mr. REED. It will give employment to a very considerable number, because it gives us a chance in that competitive market, which we have not to-day. The cost of bringing that coal over in soviet ships—and that is what they use—plus this duty of $2 per short ton, will just about equalize the railroad cost of taking that coal from Scranton to Boston. That sounds incredible, but one can transport coal from the Black Sea ports to Boston as cheaply as it can be sent from Scranton to Boston under the present level of railroad rates in this country.

Mr. TYDINGS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Maryland?

Mr. REED. I yield to the Senator.

Mr. TYDINGS. What percentage of the Russian coal is now going into Canada?

Mr. REED. I do not know.

Mr. TYDINGS. Does not the Senator believe that if we put the tariff that he proposes on Russian coal coming into America that coal will immediately displace and perhaps in time take over the entire Canadian market, because by our tariff policy we will encourage the Canadians to buy the cheapest coal?

Mr. REED. There is not any sign of it yet; and certainly the coal can not come to us through Canada.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator pardon me?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. There could not be a sign of it until the duty was imposed; but it would be a natural result that if we impose this comparatively high tariff on coal from Russia she will take it to our best customer on the north and sell it there to the Canadians, and we will lose our trade both with Canada and with Russia.

Mr. KING. Mr. President——

Mr. REED. I am advised by my colleague [Mr. DAVIS], who knows more about coal in a minute than I do in a longer time, that Canada now has a duty of 75 cents a ton that applies against Soviet coal as well as American coal.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. KING. I was going to ask the Senator how many men we are displacing in Canada by shipping to her anthracite coal amounting to 3,760,000 tons annually.

Mr. REED. I do not think Canada produces anthracite coal.

Mr. KING. Oh, yes; she produces some anthracite coal.

Mr. REED. Not in large quantities, certainly.

Mr. KING. And obviously if, as indicated by the Senator from Maryland, we drive out of our market Soviet Russia, although she ships but little here, she will capture the market in Canada.

Mr. REED. I am not sure that is obvious, with the Canadian duty; but I do not know.

Mr. KING. I was going to ask the Senator one other question, however, if he will pardon me. In view of the question propounded by the Senator's colleague as to the number of men that would be thrown out of employment by reason of this Russian coal——

Mr. REED. Not "would be," but "have been."

Mr. KING. I was wondering how many American citizens, men working in factories and in mills, have been thrown out of employment during the last year or two years by reason of the diminution of our exports to Russia.

A year or two ago Russia was buying from us more than $70,000,000 worth of goods, principally fabricated and semi-fabricated products. Now she is buying but little, because of our tariff and other policies. So we, by reason of losing that Russian market, have driven out of employment a large number of Americans, thousands and perhaps tens of thousands, who worked in factories and mills in order to supply the exports that went to Russia.

Mr. REED. Russia is like most human beings in this world. She buys where it is to her selfish interest to buy, and where she can buy the cheapest. In order to pay for the purchases that have been necessary under her 5-year plan, she has been dumping things like the Donetz coal anywhere she can find buyers, and her conduct has not been influenced in the least by our trade policy toward Russia. She has been desperately anxious to establish dollar credits and pound credits and franc credits and whatnot.

Mr. TYDINGS. Mr. President——

Mr. REED. I yield to the Senator from Maryland.

Mr. TYDINGS. A moment ago the Senator made the statement that Canada now levies a tariff of 75 cents a ton against American and soviet coal.

Mr. REED. I am so advised.

Mr. TYDINGS. This bill levies a tax of $2 a ton against soviet coal, does it not?

Mr. REED. That is right.

Mr. TYDINGS. In other words, then, there will be a differential in favor of the Russian selling to the Canadian, where we now have an outlet for 11,000,000 tons of our coal, of $1.25 a ton as against the United States.

Mr. REED. The Senator can figure that out to suit himself.

Mr. TYDINGS. If the Senator will yield just a moment, I make the prediction here and now that it will not be two years before the American coal industry will find that the Russian exporter of coal has taken the Canadian market from it.

Mr. REED. The answer is that on the coal which goes into Canada from Ohio, and West Virginia, and Maryland, and Pennsylvania, and up across the Great Lakes, the carriage is very much cheaper than the cost of carrying the Russian coal so far inland.

Mr. TYDINGS. Why pass the tariff provision against Russian coal, then? Russian ships can be sailed up the St. Lawrence.

Mr. REED. They can not deliver into the upper Lake ports for anything like the same rate of freight for which they can deliver on the seaboard.

Mr. TYDINGS. But the point I make is that a large industrial part of Canada can be reached from the sea, at least a great deal of it.

Mr. REED. It is a very difficult process, a long and expensive one.

Mr. TYDINGS. It is a shorter journey from Russia to Canadian ports than it is from Russia to American ports.

Mr. REED. It depends on what Canadian port one is talking about.

Mr. TYDINGS. Up the St. Lawrence is closer than the ports of Philadelphia or New York or Baltimore.

Mr. REED. These industrial plants are not up the St. Lawrence; they are on Lake Erie and Lake Huron.

Mr. DAVIS. Mr. President, I wanted to say to the junior Senator from Utah [Mr. KING] that the Canadian Government is now granting a subvention of 20 cents a ton on coal, and also, as I understand it, the railroads are granting three-eighths of a cent a mile to bring the coal from the Province of Nova Scotia and from the western Provinces to their central market.

Mr. KING. Mr. President, I have here the order in council which was issued.

Mr. DAVIS. I am familiar with that order in council.

Mr. KING. I was not sure that the Senator was.

Mr. DAVIS. I think the Senator from Georgia [Mr. GEORGE] presented it yesterday.

Mr. KING. I had it and handed it to the Senator from Georgia, who presented it. I am glad the Senator from Pennsylvania has become acquainted with it. I challenge his attention to another fact which the Senator from Georgia put into the RECORD yesterday, that the premier of British Columbia has gone to Ottawa and is there proposing to impose a tariff of $5 a ton upon American coal, our bituminous and other coal, which will, of course, be prohibitive. So that we will lose a market for eleven to sixteen million tons of bituminous annually.

Mr. DAVIS rose.

Mr. KING. That is not all, if the Senator will wait a moment. In addition to that they propose to place an inspection upon our citrous and other fruits, and they propose to put a prohibitive tariff upon oil. Canada has been buying from the United States considerably more than $100,000,000 worth of oil and gasoline annually. We are going to lose that market by reason of this foolish and unwise policy we are about to pursue in the Senate of the United States and in the Congress of the United States.

Mr. REED. Mr. President, that has nothing to do with the tariff on coal, has it? This tariff does not apply to Canada at all.

Mr. KING. I doubt what the Senator says.

Mr. DAVIS. Mr. President——

The VICE PRESIDENT. The Senator from Pennsylvania.

Mr. GEORGE. It applies to Canadian lumber, and it applies to other Canadian products.

Mr. REED. We are not talking about lumber now; we are talking about coal.

Mr. WALSH of Massachusetts. Mr. President——

Mr. DAVIS. I would like to say something to the Senator from Utah.

Mr. WALSH of Massachusetts. May I have the floor?

The VICE PRESIDENT. The junior Senator from Pennsylvania has the floor. The senior Senator from Pennsylvania yielded the floor and the Chair recognized the junior Senator from Pennsylvania, who now has the floor. The Chair will request those desiring to interrupt to please address the Chair, so that there will not be two or three Senators talking at the same time.

Mr. BARKLEY. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. DAVIS. Let me speak for just a moment for the benefit of the junior Senator from Utah.

Mr. KING. I am sure it will benefit me.

Mr. DAVIS. In Nova Scotia, I understand, it costs $4.20 in order to get coal to the tipple, because they have to bring it about 2 miles from under the sea, and I would not be a bit surprised if this extra tax were not imposed by the Canadian Government for the purpose of protecting that coal in Nova Scotia, because if they shut down the mines in Nova Scotia there are communities which will be wiped out.

Mr. KING. May I say to the Senator, if he will yield, that the proposition of levying $5 a ton does not come from the east, but from the western part of Canada, where they ship about 160,000 tons annually to the United States.

Mr. DAVIS. But they could not put a tax on in Canada without affecting all of Canada.

Mr. KING. I understand that. Of course, that is obvious.

Mr. BARKLEY. Mr. President, I wanted to ask the senior Senator from Pennsylvania a question, as to whether under his interpretation of the language of the Senate committee amendment this item would not apply between the United States and Canada?

Mr. REED. It is clear that the Canadian coal would not be subject to the duty.

Mr. WALSH of Massachusetts obtained the floor.

Mr. GEORGE. Mr. President, will the Senator yield for just a moment?

Mr. WALSH of Massachusetts. I am going to occupy the floor for but a moment or two.

Mr. GEORGE. I merely want to make this statement, that it makes no difference whether this tariff will apply to Canadian coal or not. The companion tariff to this coal tariff, which applies to Canadian lumber, is already the subject matter of protest, and already the announcement has been made that Canada will apply her tariffs where she pleases, that although we are treating her coal fairly, she does not think we are treating her lumber and other products fairly. I put into the RECORD last night a statement of the Premier of Canada that he proposes a duty of $5 a ton on American coal.

Mr. WALSH of Massachusetts. Mr. President, this issue is a very, very narrow one. We have very properly heard from the mine operators, who have lost some business to the consumers of anthracite coal in New England, particularly in and about the port of Boston.

There are two reasons for it which ought to dispose of this whole question. First, the consumers in New England resorted to the purchase of some anthracite coal from Russia and Wales because they were disgusted with the character of anthracite coal they were getting from Pennsylvania due to its inferior qualities.

The second point, an unanswerable one, is that the Russian coal is superior to the Pennsylvania coal and actually costs from 50 cents to $1 a ton more. That is not my statement. I read the evidence presented in a letter from the Massachusetts Chamber of Commerce, dated April 23. It is as follows:

MASSACHUSETTS CHAMBER OF COMMERCE,
Boston, Mass., April 23, 1932.

Hon. DAVID I. WALSH,
Member Finance Committee,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In determining its opposition to the proposed tax upon imports of anthracite coal, the Massachusetts Chamber of Commerce has endeavored to base its action upon an intelligent understanding of the probable effect of this tax upon New England.

According to advices from numerous wholesalers of domestic coal, previous lack of competition in the high-grade fuel field resulted in New England being regarded as a dumping ground for so-called second and third class anthracite for several years. Since the advent of imported coal the quality of domestic coal sent to New England has necessarily been far superior to that available prior to that time. Producers of domestic coke have found it necessary to materially improve their facilities and product in order to meet this new type of competition. Some of our larger distributors who handle domestic coal exclusively advise us the quality of household fuel available to New England would immediately deteriorate as soon as a prohibitive tax is placed upon coal imports.

It has been suggested, as an opinion secured through numerous contacts, that the rapidly increasing popularity of imported coal might in the course of time result in a decrease in the exorbitant freight rates now charged for coal transport to New England from the Pennsylvania fields.

It seems to be generally agreed by both consumers and retail distributors that the imported coal is of a quality superior to the domestic article. Those consumers who have become accustomed to it would naturally prefer to continue its use. It is admitted they could revert back to domestic coal with reasonably satisfactory results, provided the quality after the shutting out of imported coal by a prohibitive tariff would be comparable with that now available. However, we do not find anyone who is confident that favorable situation would be maintained.

We believe we have established personal contact with all coal importers in New England. These are unanimous in their opinion that the proposed tax would be virtually an embargo and immediately put a stop to all coal imports. Three large importers state it would immediately put them out of business. Others who also handle domestic coal state it would clean up the importing branch of their business.

This letter is being written with the thought that the reasons for the opposition of the Massachusetts Chamber of Commerce to the proposed tax on coal imports may be of interest. It is offered for the purposes of information only, and does not necessarily require an acknowledgment or reply.

Very truly yours,

C. C. MOWRY, *Secretary.*

That is signed by the secretary of the Massachusetts Chamber of Commerce.

Mr. President, let us revert to the record of imports, and see from what countries the coal comes. In the year 1931 the imports of anthracite coal amounted, as has already been stated, to 569,599 tons, from the following countries:

	Tons
Belgium	12,790
Germany	22,107
Great Britain	305,495
Russia	216,999

Let me add that anthracite from Great Britain, as well as anthracite from Russia, is imported into Boston.

	Tons
Canada	2,207
Mexico	133

The total is 569,599 tons.

Mr. President, I now call attention to another table, showing the imports and exports during the period of the last three years, which shows that there has been no appreciable increase in the imports of anthracite coal.

In 1929 the imports of anthracite were 434,975 tons. In 1930 they were 634,169. In 1931 they amounted to 569,599.

The exports of anthracite coal were:

	Tons
1929	3,041,401
1930	2,278,267
1931	1,587,775

The imports were only one-third of the total exports of anthracite coal.

Mr. President, the purpose of this legislation is to give an absolute monopoly to the anthracite mines which are located in the State of Pennsylvania and occupy an area approximately 3 miles in width and 100 miles in length, where, as a matter of fact, these very mines have a virtual monopoly under existing conditions.

A tariff on anthracite coal has never been written into any tariff bill in the history of this country. Should this bill be enacted the present high prices would be maintained against a necessity of several million consumers of anthracite coal in the eastern section of the United States where anthracite coal is used for heating the homes. This tariff, in the language of the supporters themselves, is not offered for revenue but for embargo and protection. It is clearly an effort by an industry powerful in its ramifications already in control of 99 per cent of the business to completely monopolize and to eliminate competition and under the guise of protection demand votes from those committed to honest protection policies.

According to Department of Commerce figures, the amount of anthracite imported into the United States is less than 1 per cent of the amount of anthracite produced in the United States (bituminous coal is not a factor in this bill because 174,000 gross tons of the total imports of 176,000 gross tons came from Canada in 1931, and we export sixty times as much coal to that country as we import from it—to wit, 1,580,000 gross tons anthracite and 9,350,000 gross tons bituminous, or a total of 10,930,000 gross tons). By excluding the imported coal the potential domestic market will be enlarged only by one-fifth of 1 per cent:

	Gross tons
Total importations, 1931	836,769
Total exports, 1931	13,088,259
Total importations, 1931, anthracite	570,000
Total exports, 1931, anthracite	1,580,000

Mr. FLETCHER. Mr. President, I am prompted to inquire, if there is no duty on coal from Russia to Canada, and no duty from Canada to the United States, whether it is not possible and practicable for those countries to send their coal to Canada, and then have it come from Canada here, without the payment of any duty?

Mr. WALSH of Massachusetts. I assume it is.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. In a moment. Something has been said about Chinese coal. One shipload, 5,000 tons of anthracite coal, came here in 1931 from China, and the expense of hauling the coal that distance was so high that that has been abandoned. Yet one of the arguments for a tariff is the threat of importations of coal from China.

Mr. TYDINGS. Mr. President, I am unable to follow this debate. If the senior Senator from Pennsylvania [Mr. REED] will give me his attention, he said a moment ago that the imposition of this tariff would result in putting about 2,000 men in the United States to work digging out the coal which would replace that which now comes from Russia. Then, when he was asked the question, "Will not this coal come in anyhow?" he said, "Yes; it will come in anyhow." So we have both sides of it. First, it will not come in, and these 2,000 men will be put to work, and then it will come in anyhow, and there will be the revenue.

Mr. REED. I am so sure of the Senator's good understanding that I can only conclude he was not listening carefully.

Mr. TYDINGS. The Senator may be right.

Mr. REED. Undoubtedly this tariff will act as a check upon the imports. Undoubtedly it will not act as a complete embargo.

Mr. TYDINGS. To what extent will it act as a check?

Mr. REED. I am not competent even to guess.

Mr. TYDINGS. The Senator does not mean he has considered a duty that will check these importations?

Mr. REED. Yes.

Mr. TYDINGS. To what extent?

Mr. REED. I should be very happy if it would be one-half.

Mr. TYDINGS. Then if it be one-half, it will only affect one-half of the number of men employed.

Mr. REED. Yes, naturally.

Mr. TYDINGS. Then it will only raise one-half of the revenue that has been expected?

Mr. REED. Oh, no.

Mr. TYDINGS. That is on the basis of the total importations?

Mr. REED. I beg the Senator's pardon. The total importations from Great Britain and from Soviet Russia were 400,000 tons last year, and the coal is coming in faster now. The Treasury's figure of $500,000 of revenue was based on an estimated importation of 250,000 tons.

Mr. TYDINGS. The Senator himself said that he expects this rate will stop over half of it from coming in.

Mr. REED. I hope it will.

Mr. TYDINGS. Then if we got 400,000 tons last year we will only get 200,000 tons this year at most.

Mr. REED. Oh, not a bit of it. We are getting it right now at the rate of half a million tons a year. It has been increasing.

Mr. WALSH of Massachusetts. Mr. President, there is another feature of the coal question which ought to be called to the attention of the Senate and particularly the attention of the Senator from New York [Mr. COPELAND]. Everyone

in this Chamber will agree that commodity prices have dropped, and dropped very sharply. There is one commodity for which prices have not dropped, and that is anthracite coal. The wholesale price of anthracite coal in New York City in 1929 was as follows: Pea coal, $8.75 a ton, and buckwheat, $7.15. In 1930 pea coal was $9.25 a ton and buckwheat $7.15. In 1931 pea coal was $10.50, against $9.25 in 1930 and against $8.75 in 1929, while buckwheat coal was $7.50 in 1931, against $7.15 in 1930 and in 1929.

These figures are astonishing in view of the sharp decline in commodity prices throughout the country. It is because the anthracite coal industry is a monopoly. They have no competition. They have it in Boston because of the superior quality of the Russian coal and because the people of that vicinity have protested against the inferior domestic coal they were receiving for many years. It is only fair to say that there has been a decided improvement even in the domestic coal since competition came into the field. Of course, when competition exists there is an improvement in the quality and there is promise of a decrease in price.

Senators from the mining section have presented their case. I have tried to present the views of the consumer in my section of the country. Suppose both sides are mistaken. Suppose both have exaggerated. Suppose Senators can not decide the precise facts as presented by either side. Is not the right thing to do to let the situation remain as it is and has been always and impose no duty upon coal?

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Massachusetts yield to the Senator from Pennsylvania?

Mr. WALSH of Massachusetts. Certainly.

Mr. DAVIS. I wish to ask the Senator a question. Did I correctly understand the Senator to say a moment ago that Russian coal is superior to American anthracite?

Mr. WALSH of Massachusetts. I read a letter from the Massachusetts Chamber of Commerce, and I was impressed—and I think everyone must have been impressed—with the impartial character of it. There seemed to be no bias or prejudice. They simply stated the fact. They say that the foreign coal is superior. They say from their investigations among those who have been using it, it is superior, and all the advices that come to me from those who are interested make that same assertion. I have no question about it myself. An ex-Congressman who was in Washington recently interested in preventing this duty told me that he himself had used Russian anthracite coal and he could certainly bear testimony as to its superior quality.

Mr. DAVIS. The people of New England would not want to buy foreign coal just because it was better than local coal, I am sure.

Mr. WALSH of Massachusetts. I do not think there is any danger of the people of New England abandoning the anthracite coal of Pennsylvania. I think we still find it useful and easy to obtain, and that deliveries can be made promptly. I think the market for anthracite coal from Pennsylvania will always remain in New England. We found a little competition beneficial. Indeed, over 93 per cent of the anthracite coal consumed in New England—7,000,000 tons—is domestic and only 7 per cent is foreign coal.

Mr. DAVIS. It has been said many times that British woolen goods are far superior to New England's woolen goods.

Mr. WALSH of Massachusetts. I think some of them are, and if Americans want to pay more for them, they should have them.

Mr. DAVIS. Yet we have given protection to the New England woolen industry.

Mr. NORRIS. Mr. President, as I remember it, the Senator from Massachusetts stated that Russian coal in Boston commands a higher price than Pennsylvania coal.

Mr. WALSH of Massachusetts. Yes; from 50 cents to a dollar a ton.

Mr. NORRIS. If the people are buying it and paying more money for it, that would be pretty good evidence that they believe it is better. Perhaps that is not good logic, but it looks like a logical proposition.

Mr. BORAH. That is good logic in New England.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee.

Mr. BORAH. Mr. President, the anthracite coal in this country is owned and controlled and distributed by a monopoly or a monopolistic combination. The history of the business discloses that. The United States Government has had to make laws for the purpose of trying to control that monopoly. We have changed our transportation system for the purpose in some respects of limiting to some extent the power of that monopoly. We are now asked to put on a tariff for the purpose of aiding that monopoly. I wonder if that is a sound position for us to take?

Here is a great natural resource, indispensable to the welfare of the people of this part of the country, owned and controlled by a great monopoly, with power to fix prices so it can fix the price against this exceptional depression, and yet we are putting on a tariff.

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. DAVIS. I do not quite understand that it is a monopoly. There are competing companies in the anthracite region. There must be more than half a dozen companies there competing for the business of supplying anthracite coal.

Mr. BORAH. Do they not all sell at the same price?

Mr. DAVIS. I do not think so. I think there is competition among them.

Mr. BORAH. There is no competition that ever reaches the point where it reduces the price below that which is agreed upon by all.

Mr. DAVIS. Of course, they do not want to reduce the price below the cost of production.

Mr. BORAH. No; I would not expect that, of course. Even if there was competition, I would not expect them to reduce it to that point.

Mr. DAVIS. I know that prices have come down on anthracite coal.

Mr. REED. They have come down within the last month. They do not undersell one another if they can help it.

Mr. DAVIS. There have been two or three reductions in the price of anthracite coal during the last year and a half.

Mr. BORAH. Any reduction that took place, however, took place by reason of agreement among the people who are producing anthracite coal. This fuel, so essential, is now controlled, I venture to say, by a monopolistic combine. There may be half a dozen companies—I do not know anything about that—but they control the price of it and we are asked to put a tariff on in addition to that.

Mr. HARRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Mississippi?

Mr. BORAH. I yield.

Mr. HARRISON. May I ask the Senator a question? When this provision was written in by the House it applied to bituminous coal as well as anthracite coal, and there was no provision, such as that which is incorporated now on the recommendation of the Finance Committee, that it shall not apply to a country to which we ship more than is being shipped in of this particular article. Does the Senator recall any provision in any tariff law similar to this?

Mr. BORAH. I have no recollection of any such provision.

Mr. HARRISON. I do not think that anyone can cite any provision like that.

Mr. TRAMMELL. Mr. President, I would like to ask the junior Senator from Pennsylvania a question.

Mr. BORAH. Wait just a moment! I have the floor. I have no objection to answering questions myself, but I prefer not to have a debate between two other Senators while I have the floor.

Mr. TRAMMELL. I beg the Senator's pardon.

Mr. BORAH. In addition to the proposition I have already stated, which I think is true, there is now being imported from Russia about 216,000 tons, less than a day's production

in the anthracite-coal field. This is the menace against which we are going to impose almost an embargo. We have some coal coming from Great Britain, but all combined it does not amount to a three days' production in the anthracite-coal field. Does anyone think really and sincerely that the condition of labor in the anthracite-coal field is due to any condition or fact other than the absolute control of this matter by a monopoly, and that they fix the price and fix the wage also?

Mr. WATSON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. Certainly.

Mr. WATSON. I do not know anything about the anthracite monopoly of which the Senator speaks.

Mr. BORAH. I do not see how anybody can be ignorant of the fact that we have an anthracite monopoly in view of what has taken place in legislation and of reports on file during the last 20 years.

Mr. WATSON. I am wondering, if there be such a monopoly as the Senator states, why it is not subject to the provisions of the Sherman antitrust law? Why can it not be prosecuted if there be an absolute monopoly that fixes the price of the output and if there be an agreement among all its producers? Why can not it be prosecuted under the law?

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. REED. It is because it is much easier to make that kind of charges on the floor of the Senate than it is to prove them.

Mr. BORAH. The enlightenment which comes to me by reason of the remarks of the Senator from Pennsylvania will be very helpful in this discussion. I know it is easier to make the charge here, but it has been made in such a way that the legal department of the United States Government have taken notice of it. Why they do not prosecute I do not know.

Mr. WATSON. I do not know anything about it. I am just interested to find out whether or not there is a monopoly. If there be and notice has been taken of it, what notice has been taken of it by the department, and if any notice has been taken, why has not it proceeded to ultimate prosecution?

Mr. BORAH. I know it; and I could just as well say why have they not prosecuted a dozen other monopolies which could be named?

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the junior Senator from Pennsylvania?

Mr. BORAH. I yield.

Mr. DAVIS. I would not attempt to discuss the legal side of this matter with the Senator from Idaho.

Mr. BORAH. It is not a legal question. It is a question of fact.

Mr. DAVIS. I do know that if we continue to receive imports of coal from foreign countries it means idle men for us in our coal mines in this country. I do not believe in the bituminous industry we could have a monopoly any more than we could have a monopoly in agriculture.

Mr. BORAH. I am talking about anthracite, and for the present I would rather not get off on the subject of bituminous coal. The suggestions I have made relate only to anthracite.

Mr. President, let me call attention to another point: This amendment exempts or excepts coal coming in from Canada. Canada is now making a trade agreement with Russia. There is no reason under this amendment why anthracite coal from Russia should not go to the Atlantic coast from Canada just the same as it is coming now from Russia. In other words, in order to exempt Canada from the operation of this amendment, it has been made perfectly practicable and perfectly possible for this coal to come in from Russia by the way of Canada.

Let us see what is the situation. There has been some testimony taken before the Treasury Department. I invite attention to the testimony of Mr. Oswald. He and his partner in Boston, as I understand, are the sole importers of Russian coal into the United States. There is just one firm importing coal from Russia, and that is the firm of which I am now speaking.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. BORAH. I will.

Mr. REED. Is it not a fact that the Belknap outfit have a monopoly agreement with the Russian Government by which they are made exclusive agents?

Mr. BORAH. I do not know as to that. Possibly it is so. One can find a monopoly anywhere almost in the coal business.

Mr. BELKNAP. We appreciate this opportunity to be heard, Governor Lowman, and we shall try to proceed as expeditiously as possible. First I shall call upon Mr. Oswald. Mr. Oswald, will you please state your full name, your position, and your address?

Mr. OSWALD. George P. Oswald, vice president of the George E. Warren Corporation, headquarters 2732 Grand Central Terminal Building, New York, N. Y.

Mr. BELKNAP. What business is the corporation engaged in?

Mr. OSWALD. Buying and selling coal.

Mr. BELKNAP. You are merchants?

Mr. OSWALD. Operators, merchants, and agents.

Mr. BELKNAP. How long have you been in business?

Mr. OSWALD. About 30 years.

Mr. BELKNAP. Do you sell American anthracite and bituminous coal?

Mr. OSWALD. American, foreign, and bituminous.

Mr. BELKNAP. American anthracite, American bituminous, and foreign anthracite; is that correct?

Mr. OSWALD. That is right.

Mr. BELKNAP. Does your company import anthracite coal from Soviet Russia?

Mr. OSWALD. We do.

Mr. BELKNAP. When did you start making such importations?

Mr. OSWALD. We started our negotiations in the fall of 1928. We brought the first coal here in the spring of 1929.

Mr. BELKNAP. Approximately how many tons did you ship into this country during the year 1931?

Mr. OSWALD. In 1931 we shipped approximately 230,000 tons.

Mr. BELKNAP. Will you state, if you know, what percentage of the total American anthracite production during the year 1931 that represented?

Mr. OSWALD. Approximately one-half of 1 per cent.

One-half of 1 per cent of the anthracite production of the United States.

Mr. BELKNAP. Will you compare the relative prices at which you sell your Russian anthracite and your American anthracite to dealers?

Mr. OSWALD. Our price to dealers on the foreign anthracite is based on the price of American anthracite.

Mr. BELKNAP. Is it higher or lower than the price at which you sell your American anthracite to dealers?

Mr. OSWALD. Our price to the dealers is approximately the same as for the American anthracite, but on account of the quality the dealers get a higher price.

Mr. BELKNAP. How do you know that?

Mr. OSWALD. We know what our dealers are getting. We have it on file with the Department of Commerce; and we sent at their request around 200 letters from representative dealers all over New England giving the prices at which they were selling Russian anthracite and the prices they were selling American anthracite. The premium for the Russian anthracite varied from, I think it was, a minimum of 25 cents a ton to, I believe, up as high as $1.50 to $2 a ton. The Department of Commerce made photostatic copies of those originals, and they have them on file.

Mr. BELKNAP. Am I correct, then, in summarizing your reply by saying that out of 200 letters from your dealers stating the prices they were getting for the Russian coal none showed a price under American anthracite; and the smallest excess over American anthracite was 25 cents and the largest was $1.50 to $2.

So, Mr. President, the coal coming in from Russia commands a premium of from 25 cents to $1.50 or $2 because of its superior quality. The effect of this amendment will be, of course, to preclude those who desire this coal from having it. Perhaps it will not preclude them entirely, because it is supposed by the Senator from Pennsylvania that some of it will still be imported, but that will be the tendency or will be the effect, generally speaking.

Mr. OSWALD. You are absolutely safe in saying that there was nothing under the price of American anthracite. I am only speaking from memory, fixing the premium.

Mr. BELKNAP. You are fixing the limitation?

Mr. OSWALD. I think that the limitation or range was a minimum of 25 cents premium and a maximum of somewhere around $2, but I would have to look that up.

Assistant Secretary LOWMAN. This is all very interesting, but it has nothing to do with the issue here.

Mr. BELKNAP. I just wanted to lay the foundations and give you a picture of what these people were doing. Mr. Oswald, you yourself have not been in Russia since the fall of 1929, is that correct?

Mr. OSWALD. That is correct.

That, Mr. President, seems to establish conclusively the superior quality of the coal which is coming in, and it seems to establish the fact that such coal is not underselling the American anthracite. It is not beating down the price of the domestic article. If there is cheap labor in Russia, it is not evidenced by the price which is being paid in the United States for that coal.

Mr. REED. I am surprised, Mr. President, to hear a lawyer so able as is the Senator from Idaho charge crimes such as violations of the Sherman law without adducing any proof of the crimes which he charges. If there does exist in the anthracite region such a monopoly as he asserts, it is a crime under the statutes of the United States. For 20 years and longer the Department of Justice, spurred on by Congress, has been bedeviling the anthracite companies and the anthracite-carrying railroads, and by legislation which we have adopted the Government of the United States has compelled a complete separation of the railroads from the mining companies. All manner of proceedings under the antitrust laws have been instituted, and for many years it has been a favorite stump argument and a favorite congressional argument to say that the anthracite regions were governed by a monopoly, but there never is furnished any proof of that assertion.

The best proof that there is no monopoly in that industry is furnished by the results of the operation of their business. I am told that in the boom year of 1929, when everybody, whether a monopoly or not, seemed to be making money, the anthracite companies collectively showed a net profit of 0.79 of 1 per cent on the value of their production. If they had a monopoly, can anyone imagine such restraint as obtaining a profit so infinitesimal as about three-quarters of 1 per cent on the gross of their production? On their invested capital, as determined by the Interstate Commerce Commission, the earnings of the anthracite companies in that boom year of 1929 were less than one-half of 1 per cent on their invested capital. And since 1929, in 1930 and 1931 and the early months of the present year the anthracite companies earned less than nothing on their invested capital, but on the contrary have shown a deficit each year. What monopoly shows any such record as that? If this industry were a monopoly, which it is not, it would be the most impotent and helpless monopoly the world ever saw, that can not earn one-half of 1 per cent on its investment in a boom year and can not earn anything in the years that have followed 1929.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield to the Senator from Nebraska.

Mr. NORRIS. I should like to ask the Senator if the only competition that the anthracite operators have is not bituminous coal.

Mr. REED. By no means. They have the competition of the bituminous coal from the Virginia fields and the northern fields——

Mr. NORRIS. I understand that.

Mr. REED. They have the competition of the oil from the Texas region and from Venezuela; they have the competition of coke, which comes at them from all directions and which affords a smokeless fuel which is really competitive with anthracite; and they have the competition of hydroelectric power, which, as the Senator knows, is available throughout practically all the eastern portion of the United States.

Mr. NORRIS. I have often read and heard people say—I have no personal knowledge of it, of course—that during the war cities, for instance, such as Washington, which prior to that time had prohibited the use of bituminous coal on account of its smoke had abandoned it as a matter of necessity during the war, and that that had been going on more or less all over the country, just as it happened here in Washington, where we did have some personal knowledge of it.

Mr. REED. I think that is true.

Mr. NORRIS. That trend was all to the detriment of anthracite coal, and, having lost the field, I have been often told that that was the reason why the anthracite producers found themselves in a distressful condition. That would apply to them, whether they were a monopoly or whether they were competing among themselves.

Mr. REED. Certainly; the anthracite industry has had to take one blow after another since before the war. In the first place, the anthracite industry is completely unionized. It is the only extensive coal region of the United States about which I know anything that is 100 per cent unionized. That forces a relatively high scale of wages. Then, there have been a good many labor troubles, which have resulted in intermittent supply due to interruptions with the service. Then there has been a surplus of oil in the United States. Then there has been developed a remarkably fine deposit of low-volatile coal in the Pocahontas field, which burns almost as completely without smoke as does the anthracite. There is a combination of all those factors, and in addition, the invention of the oil furnace and the oil burner. So people have turned more and more from this fuel, although it is an ideal fuel. The anthracite industry has had its troubles right along. But as for its being a monopoly, we only have to look at our newspapers to see how the different anthracite producers advertise to compete with one another; we only have to open the circulars that come to our houses to realize the competition between the different varieties of anthracite; we only have to talk to operators in the anthracite region to realize how hard they are trying to get one another's business. I assure the Senator that if he would go to Scranton and through the anthracite region, he would come away with the conviction that while anthracite may be a mighty poor investment, it certainly is not a monopolized industry.

Mr. President, the argument is made that because of this supposititious monopoly in Pennsylvania we should refrain from putting a tariff on soviet coal. If on the face of this globe there ever was a monopoly it is in Soviet Russia.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. I yield.

Mr. LONG. I understood the argument was made here a few moments ago that there was a better coal produced in Soviet Russia than American coal, and that American purchasers are entitled to the best coal. As a matter of fact, there are some far better fruits produced in Mexico than are produced in Florida. There are better fruits produced below the Rio Grande Valley than can be produced in Florida, but that did not prevent the representatives of the State of Florida from coming here and getting a tariff on all their fruit products.

Mr. REED. If that is the question—and a question is all I yielded for—I will answer the Senator and say, No; it did not.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. REED. Just a minute. Let me finish.

Mr. TRAMMELL. I wish to say that nobody in America knows that except the Senator from Louisiana. He is the only one who possesses that character of judgment.

Mr. REED. Mr. President, turning from Florida back to Russia, the Senator from Idaho [Mr. BORAH] has undertaken to attack the Pennsylvania anthracite industry as a monopoly. Now, let us see what the industry is that he is defending.

There is a monopoly, stained with blood, having no capital investment, because every acre they mine and every tipple they use in mining was stolen from the original owners; and no one dares to enter business against them. Labor is forced to work as slaves—literally slaves—in their mine. The tipples are manned by slaves. Their cars and their ships are loaded by slaves—men who would starve, who can not find

any other employment. What wonder that they can sell for less than Pennsylvania can sell and send over the specially picked coal which pretends to have a higher quality because some slaves picked it over to make it look of better quality? What wonder that they can undersell us when their capital charge is zero, when their interest charge is zero, when the poor devil who used to own the mines is rotting in his grave because they killed him as they stole from him? And we are asked to refuse this tariff on the ground that there is an imaginary monopoly in Pennsylvania, and all for the enrichment of a blood-stained monopoly in Soviet Russia!

Mr. BORAH. Mr. President, there is no blood-stained monopoly in Great Britain; and the Senator from Pennsylvania would be the last man to intimate it.

Now, let us see about the blood-stained monopoly in Russia.

The Senator from Pennsylvania, like myself, has never been to Russia. I want to read a paragraph from Charles A. Gill, superintendent of motive power of the Baltimore & Ohio Railroad Co. He says:

> Labor turnover continues to be a great problem, as the average Russian desires to travel and see what is going on in the various parts of his country. Increased wages and more attractive living conditions are helping to solve this problem. However, labor turnover in some of the railroad shops with which I was connected was so great that it was necessary to offer premiums and other inducements to keep the men from leaving. We had a total of 200,000 men, divided between the back shops and roundhouses, and a total of over 1,084,000 men in all branches of railroad service, which represents one of the largest organizations in Russia. As I was closely connected with the details of the various departments, as well as with other American engineers who handled different departmental work from time to time, I can freely declare that there was absolutely no evidence of forced labor.

What reason is there to doubt this man's statement? He is in the employ of one of the great corporations of the United States. He is a man responsible as to position and as to character. He has been there. He was in a position to know.

> From my general observations of labor conditions in the Soviet Union I can state that while in some respects these conditions differ from those in the United States, the Russian worker is free at all times to quit his job and apply elsewhere for work.

There might be a great deal more evidence of that kind produced, but I think it is unnecessary.

The Senator from Pennsylvania seems to think that I was outside of the proprieties of the situation in saying that there was a monopoly, and thereby charging a crime. Monopoly is in a sense a crime, although in modern society it is no longer regarded as an odious one. It is rather a popular one. Nobody takes umbrage at being called a monopolist. It is rather a badge of honor and distinction in some respects. I certainly did not mean to charge a crime in the sense in which we ordinarily use that term; but I repeat that, in my judgment, the evidence is at hand to disclose that the anthracite coal field of this country is in the control of a monopoly which fixes prices. It is in control of a combination which fixes the prices at which its members sell coal, and it is a combination which agrees upon the wage which is to be paid. Whether it technically comes within what the Department of Justice would regard as necessary in order to prove it, I do not know; but for the purpose of legislation, in arriving at what is just and equitable in this situation, it is a monopoly.

As to bloodstained workmen, there have been some in Pennsylvania. We had an investigation here a year and a half ago which disclosed conditions just as bad as have ever been disclosed in Soviet Russia.

Mr. HULL. Mr. President, I merely wish to call attention to some additional phases of the significance of our action in voting this tariff on coal.

I do not think we should undertake to fool ourselves in any sense as we proceed to vote this $2 a ton tariff on coal. If it were possible to offer a proposal based more or less on false pretense, I think this one contains more of the elements of false pretense than most others of this nature.

In the first place, it is written down here in the bill, in a semiserious manner, as an excise tax. That is a misnomer, and, of course, a transparent disguise.

In the second place, it is represented that protection against imports from other countries is thoroughly justified by this coal-tariff proposal.

Mr. President, I think 50 per cent of the Smoot-Hawley bill was based on fear. The other 50 per cent was based more or less on selfishness.

In this particular instance, it is virtually conceded by the able Senator from Pennsylvania that the entire coal-tariff proposal is based upon fear—and remote or speculative fear as well.

There is not a scintilla of basic fact on which to predicate a tariff on coal. No more sleeveless case could be presented so far as bituminous or soft coal is concerned. It can not offer a remote claim for tariff protection. And yet, Mr. President, this committee and this legislative body are proposing seriously to violate the doctrine of equality as contained in our present international policy of unconditional favored-nation treatment.

In one breath we announce to the world by this provision that we will give every nation alike a $2 per ton rate on coal. In the next breath we announce that we will make an exception in the case of Canada and discriminate in Canada's favor and against all the other nations of the world, in outright violation of our solemn moral obligations under the unconditional favored-nation doctrine which we profess to stand for unequivocally.

That is the first rank discrimination that creeps out in this proposal.

In the next place, Mr. President, we are undertaking to challenge or invite other nations by a purely sleeveless tariff enactment here, as we have been doing for some years, to construct retaliatory tariffs or similar obstructions against us. Canada has been our best customer. We have been selling Canada more goods in the past, each year, than we have sold any other nation in the world. Since our new and unnecessary system of tariffs has been prescribed against Canada in recent years we have seen our exports to that country fall first from $950,000,000 in 1929 to $670,000,000 in 1930, and to three hundred and odd millions in 1931. Our export trade is drying up as rapidly as is humanly possible; and it arises largely from the fact that this Nation has led the world during the past three or four years into the most general and bitter economic war that has ever raged in time of peace.

We have not only invited but, as stated, we have challenged other countries everywhere to retaliate against almost every sort of a trade obstruction that our imagination could conceive and install.

Mr. President, I desire to make further record of the fact that in enacting this additional tariff item we are still farther departing from every policy that would contemplate the development of any important foreign-trade interests on the part of this Nation. We are turning our backs literally away from every commercial policy except one of production and consumption here at home.

I was surprised to see the distinguished junior Senator from Pennsylvania [Mr. DAVIS] rise and call attention to the fact that the little driblet of coal imports coming in here displaced a thousand coal miners in Pennsylvania. Why, Mr. President, at that very time we were shipping and selling abroad fifteen times the amount of coal that was being imported, and giving to American miners in fifteen times the number the Senator from Pennsylvania refers to employment at good wages. From the demonstration here, we would imagine that this country is about to be overwhelmed by sluices and floods of imports of oil and coal and lumber and a long list of other products.

Mr. President, I know how agreeable this tariff proposal is to the distinguished senior Senator from Utah. He is often fair, even in making tariff estimates, if he did bring out some surprising figures of estimates on yesterday.

The point I wish to emphasize here—and I shall then pause for any Senator to rise and contradict me—is that we are engaging to-day and this week in the enactment of purely embargo tariffs, not moderate tariffs, not high tariffs, not merely tariffs which might even by accident permit a sporadic import now and then, here and there, but we are deliberately and premeditatedly enacting embargo tariffs against four great international commodities.

The Finance Committee, steeped in high tariffs as it is, was unwilling to stultify itself by even pretending that any revenues would be derived from these items. Much as the Treasury is in need of revenue, urgent as is the necessity to rake and scrape together Treasury estimates as large as possible from every conceivable source, the Treasury has too much decency to become a party to offering estimates of revenues which now could not possibly arise under a set of embargo enactments.

After all this discussion, and this attempt at defense by the Senators from Pennsylvania, we find that the Treasury has estimated a return of only the purely nominal sum of $500,000 of revenue from the enactment of this coal tariff, and the Finance Committee likewise had the decency to O. K. that estimate and to solemnly bring it into the Senate with the stamp of its approval.

I challenge any Senator on this floor to rise in his place and deny that this is not purely an embargo tariff, and a tariff that was never less needed at any time in the history of this Nation, a tariff that will cost us $10 in exports for every 10 cents that we shut out in imports. I pause for any Senator, whether he calls himself a Republican or a Democrat, whether he has any kind of stable economic philosophy or has none, to rise in his place and say that this is not a purely open, unadulterated, bald, embargo tariff.

If we have come to that, I am not censuring anybody for supporting it, although I dissent most emphatically. I merely want to make a record of what is going on here in the Capital of the Nation, in order that the tens of millions of unemployed laborers may know just why they are unemployed.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. HULL. I yield.

Mr. TYDINGS. Is any better proof needed than to review what took place here a half hour ago? First the senior Senator from Pennsylvania [Mr. REED] plead that we put the unemployed people in Pennsylvania back to work, and he asserted that if this tariff were passed, it would stop the importation of the coal that was coming in, and that 2,000 men would be put to work to mining in America. Then, upon cross-examination, he said only 1,000 would be so employed. Then, right after that, he said, "The idea of this coal coming in from this bloodstained monopoly across the sea," which disclosed his real purpose, showing he did not want any of it to come in at all.

Mr. DAVIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the junior Senator from Pennsylvania?

Mr. HULL. I yield.

Mr. DAVIS. The Senator from Maryland is talking about the importation of coal. I wonder whether he is interested more in the miners who mine the coal in some other country than he is interested in the miners who are employed here?

Mr. TYDINGS. Mr. President, will the Senator from Tennessee permit me to answer that question?

Mr. HULL. Yes.

Mr. TYDINGS. I want to say to the Senator from Pennsylvania that I am just as certain of what I am about to say as I am that I am standing here facing him, that what this tariff is going to do is to drive the coal which has been coming to this country into Canada, and the Russians sooner or later will realize the possibilities of the Canadian market, and the 11,000,000 tons of coal which American miners are now mining and shipping to Canada, are going to be displaced by coal shipped in by the Russians.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. I yield.

Mr. KING. May I say to my friend from Pennsylvania that I believe that this whole tariff measure before us, plus the lumber tariff, will lose the American market in Canada for 16,000,000 tons of American coal annually, will close down scores of American bituminous mines, and throw out of employment tens of thousands of American miners? While the Senator is pleading for a thousand men working in a monopolistic business in two counties in Pennsylvania, where the anthracite coal is controlled by monopolistic organizations, he is advocating a measure which would drive out of employment thousands of American miners who are now engaged in producing bituminous coal which we ship across the line to Canada.

I repeat what I said a few moments ago. I handed to the senior Senator from Georgia [Mr. GEORGE] a report which came from Montreal, showing that the premier of British Columbia had gone to Ottawa, and, in part retaliation for tariff legislation in this country, Canada proposes to impose a tariff of $5 a ton upon American coal. That, of course, will foreclose us from selling to Canada and shipping to Canada the twelve to sixteen million tons annually which have been going to Canada.

It is proposed also practically to embargo American fruits, and we find in Canada a market for millions of dollars' worth of American citrus and other fruits.

Mr. DAVIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Pennsylvania?

Mr. HULL. I yield.

Mr. DAVIS. I do not agree with the Senator from Utah that there is a monopoly in Pennsylvania in anthracite coal; but I do want to point out to him what the Senator from Idaho a few moments ago said, that Belknap & Co. are the agents of Russia here in selling coal, and if they have the exclusive agency of it, I am going to have some fear that there is going to develop a great monopoly in Russian coal, and what will that do to coal in this country? It will do just the same as it has done in every other line that has come in where the Russians have been given a monopoly.

Mr. TYDINGS. Mr. President, will the Senator from Tennessee permit me to answer that?

The VICE PRESIDENT. The Chair will state that the Senator from Tennessee really has the right to yield for only a question; and, if the Senator continues to yield for speeches, the Chair will hold that he has yielded the floor.

Mr. TYDINGS. Mr. President, will the Senator from Tennessee yield for a question?

Mr. HULL. If I do not lose the floor.

The VICE PRESIDENT. The Senator will not lose the floor if he yields for a question.

Mr. TYDINGS. Mr. President, I will ask the Senator from Tennessee to ask the Senator from Pennsylvania this question: If it is so wrong for us to buy coal from the Russians, a mere pittance of three or four hundred thousand dollars' worth, it seems to me to be a greater crime to sell them $70,000,000 worth of stuff with which they can become prosperous and spread their propaganda all over the world.

Mr. HULL. Mr. President, if it is permissible, I will proceed now.

The VICE PRESIDENT. The Senator from Tennessee has the floor.

Mr. HULL. Mr. President, I have some language before me of very distinguished Republican origin relating to the situation which confronts us.

I would like to say, in the first place, that if Alexander Hamilton, or Thad Stevens, or Garfield, or Blaine, or McKinley, or Dingley, or even Payne, were back here and could see one connected string of embargo tariffs making their way steadily through this Capitol, they would be utterly astonished and wonder at their own moderation.

This is the culmination apparently—and I am not personally complaining, except that I desire to record the full significance of what is going on—this is the culmination apparently of a policy of tariffs upon tariffs, and then still tariffs upon tariffs, until it is literally run to seed.

Mr. President, when we talk about imports displacing American labor, in my opinion, we are unwittingly creating an entirely false impression as to the full picture that is presented. In the first place, I recall that in 1929 this Nation shipped and sold automobiles, machinery, textiles, cotton, wheat, and other surplus commodities to sixty-odd nations of the world to the amount of $3,798,000,000, thereby giving employment in this country to some two and a half to three million families.

My distinguished friend the Senator from Pennsylvania, speaking about the thousand wage earners who were displaced by the importation of a little driblet of coal from somewhere, seem oblivious of the fact that these unnecessary tariffs which are being piled up here so recklessly and indiscriminately, have already caused the flight of many billions of capital from America, including a billion and a half to Canada, to employ Canadian labor instead of American labor, to manufacture aluminum, and automobiles, and 75 other staple commodities, and ship and sell them to all the nations of the world.

There is an illustration, the constant flight, on an increasing scale, of American capital to all the nations, in order that it may earn something by manufacturing and selling behind the tariff walls of other countries, which have been run up in retaliation primarily against this country.

We are proceeding openly and deliberately, Mr. President, along the lines of that policy. We, as the greatest creditor and surplus-producing nation, are deliberately turning our backs upon every consideration of foreign markets for our surpluses.

We are doing this in the face of the fact that this Nation to-day is literally glutted with surpluses in scores of important lines, with the further result that labor, of course, is out of employment for the patent reason that there is nowhere to sell our products. We propose, blindly and merrily, to proceed along that impossible course which can not possibly have any but a disastrous end.

Now I come to the next item. I am attempting to give a résumé briefly of what we are actually doing as I honestly view it. Here is lumber. Again the Treasury had too much respect for itself and the Finance Committee, headed by the able Senator from Utah [Mr. SMOOT], had too much respect for itself to bring in a false report about the possible revenue that would be derived at the customshouse from imports of lumber under this $3 per thousand item that is contained in the bill. The manifest reason was that this is an embargo provision, another bald, stark, unadulterated embargo provision. I pause again for any Senator of any political persuasion to rise and challenge that statement, because I will prove it on him by the Treasury and by the solemn action of the Finance Committee as well as the physical facts.

Yet we have herded ourselves together here for the amazing spectacle in the twentieth century civilization to go back virtually to the old mercantile policy of the sixteenth century and undertake to live here unto ourselves upon the absurd theory that we can consume what we produce. There is nothing more fantastic. I shall stand here, Mr. President, though I may be the only Senator to do it, and call attention to what I think are the sound and true economics of our situation, to what I think is the proper place that America occupies in the world economic situation. Of course, I shall continue in vain to plead with my associates in support of the policy of the domestic market plus an ever-increasing foreign market for our ever-increasing surplus production in this country.

Mr. President, I want to close by quoting the statement of the very able gentleman who is now at the head of the national administration in his speech in Boston in 1928. I quote President Hoover. He said:

> To insure continuous employment and maintain our wages we must find a profitable market for our surpluses.

Then he said:

> Our total volume of exports translates itself into employment for 2,400,000 families, while its increase in the last seven years has interpreted itself into livelihood for 500,000 additional families in the United States.

Mr. President, that is 50 per cent of the number of wage earners that are employed in the whole manufacturing industry of America to-day. The 8,000,000 to 9,000,000 that are usually employed, under the devastating influences of this panic and under the impossible condition of marketing the surplus they produce have been laid off to the extent that there are scarcely more than 5,000,000 in employment, which is but double the number that the foreign market some years ago would have furnished full-time employment for here at home at full wages.

Mr. President, I assume that the deficit in the Treasury has been filled. While we have been oblivious of the condition of the Treasury, I am going to assume that the deficit has already been composed and taken care of.

I am not going to insult the intelligence of this body even by pretending anything else, because I know that this great membership would not turn away from a great national emergency upon which hinges the very credit of the Nation itself, and go off into a long indefinite period of logrolling and trafficking and trading with respect to purely selfish matters that are wholly foreign to any serious proposal to raise revenue or even to remotely think about the condition of the Treasury. If we are to depart entirely from that, of course, I shall not undertake to support any bill that is labeled a Treasury tax-relief measure. I am sure that the gentlemen who are foisting these tariff things into this measure would not expect many of us any longer to take them seriously enough as the sponsors of a tax bill to relieve the Treasury, to give our support to such a bill on its passage, or to give further serious thought to such a bill.

Now that we have turned entirely to tariff matters based largely on the purely speculative remote possibility that at some time during the next generation a few lumps of coal might filter in here from Russia, now that we have gone out upon such a wild chase as that, I think I shall offer an amendment which will propose a 15 or 20 per cent reduction in the present rates on all imports above a rate of 40 per cent. This will deal with that higher and more prohibitive range of embargo rates in the Smoot-Hawley bill that would not call for the assistance of a Tariff Commission; and in the event that some time in the future the membership of this body should give it a majority approval, it would serve notice upon other countries that America has finally reached the limit of her wild tariff debauch, that she is now ready to halt and instead of leading the world through further bitter economic war she will join in leading it back in the opposite direction.

President Hoover complacently vetoed the measure that contemplated such confidence and such concerted action among the nations of the world as would have resulted in halting these wild movements of trade obstructions upward and all the nations somewhat in concert moving through their respective parliamentary governments at home in their own way back in the direction of moderation. Failing to secure presidential approval of that, the alternative in my judgment is to seek some kind of expression from the people's representatives in Congress to the effect that we are in a state of mind to halt these mad movements ever upward and face in the opposite direction.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of business to-day the Senate recess until 11 o'clock to-morrow morning.

Mr. ROBINSON of Arkansas. Mr. President, I had understood there was to be a proposal to adjourn early to-morrow, but I shall not object to the Senator's request.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. LONG. The Senator should have asked to recess at the end of to-day's business.

Mr. SMOOT. That is what I asked, and the order has been entered accordingly.

Mr. WALSH of Massachusetts. Mr. President, I think we have been diverted somewhat from the issue. The question is not, so far as the Congress is concerned, between the anthracite operators of Pennsylvania and the anthracite operators of Russia. It is not even between the coal miners of Pennsylvania and the coal miners of Russia, except remotely. It is a question between the consumers of America and the anthracite monopoly of Pennsylvania. It is a question whether we are going to vote to give this monopoly an embargo and increase the tax on coal $2.24 a ton.

We have heard a good deal about and we all sympathize with the unemployed. It is time for the Senate to give consideration also to the consumers. I want to read a letter from a clergyman living in the hills of New Hampshire who voluntarily wrote me this letter after the House had taken action upon this matter. I think he speaks the sentiments of the consumers of this country on this issue. He wrote as follows:

MY DEAR SENATOR: I am writing this hurried note relative to the exorbitant tax the House placed on coal, a tax of $2 a ton. It means for me $100 more for my winter's supply of coal. This is indeed a very poor way of helping the poor in this time of distress. The Senators who will vote to eliminate this from the tax bill will deserve the highest praise of the people. If it becomes law, it will cause untold suffering among the poor next winter. It is crime. I hope the Senate will be merciful enough to vote this down. With low wages and unemployment and such high taxes, what is to become of the poor? If the lawmakers could but hear the public, they would be slow in voting such burdens. I hope, my dear Senator, you will align yourself with the poor.

Mr. President, I think that letter puts the issue very clearly and very directly.

Here is a monopoly with 99 per cent of the domestic production in its control. It is proposed to levy a tariff here that is equivalent to an embargo in order to give it complete control of the domestic market and permit it to raise prices to the extent of $2.24 per ton indiscriminately. I inquired, Will this monopoly raise the prices? Something was said in the early part of the debate about that, and I sent to the Senate Office Building for my files, because I knew a telegram had reached me recently on that subject. Will the prices go up? I have read the record of anthracite-coal prices in New York during the years 1929, 1930, and 1931, showing that anthracite coal was one of the few commodities as to which there had been a steady increase in price. If you want proof whether anthracite operators constitute a monopoly or not and intend to raise prices if they can hold their monopoly, let me read a telegram of—

May 6—

Of this year—

despite public announcement Anthracite Institute—

Despite the public announcement of the Anthracite Institute—

that producers would not take advantage of proposed import tax to increase price, wholesale prices, standard sizes anthracite, increased May 1, 15 cents per ton.

MASSACHUSETTS CHAMBER OF COMMERCE.
C. C. MOWRY, *Secretary*.

I want no mistake about what this vote means. Whatever may be said about any other item, certainly coal with this outrageous tariff duty is indefensible. This action of ours in imposing this duty means that the few bushels of coal that have been helpful in keeping down the prices of coal along the Atlantic seaboard will be denied access to our shores. It means that we shall give this monopoly, controlling this valuable natural resource, absolute control of the American market, and subject the people of the northeastern and northern part of the country to the burden of an increased tax upon anthracite coal, the deposits of which are so close at hand.

I will not review the other arguments with reference to this subject, nor will I dwell upon the fact that the Russian coal, which has been referred to, is superior in quality and is bringing a higher price. It seems to me that there is not anything in support of this proposition except that it fits into the combination here to make a majority vote for all these tariff duties by exchange of votes.

As the clergyman said in his letter to me, it is a crime to deal with the public in this manner, especially with the people in the cold regions of this country who must buy anthracite. The well-to-do are now using oil, but the poor still have to buy anthracite.

Mr. LONG. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH of Massachusetts. I yield.

Mr. LONG. I am very much impressed by what the Senator from Massachusetts has said about monopolies, but I was going to say that it would seem that the regulation of monopolies could be brought about better through the law than by leaving our workmen unprotected. Like the Senator from Massachusetts, I do not think we ought to permit monopolies; but, assuming there is a monopoly, nevertheless, we want the American worker protected in this country. The way to get rid of a monopoly is through trust laws; and if we have not got strong enough laws for that purpose, we ought to amend them.

Mr. WALSH of Massachusetts. Of course, the way to deal with a monopoly is through the legislation restricting their excesses and their abuses; but, as the Senator from Louisiana knows, we have not had very much success in doing that. However, we are dealing with consumers here. Again and again in the discussion of these tariff duties we hear the side of the operators or of the importers or the American producers presented, but rarely, if ever, is there a voice raised here to call attention to the fact that this is a tax and that the tax is paid by the public. The question of whether or not it is burdensome to the consumer is rarely ever discussed, and the question of whether or not it is just to him is rarely ever discussed.

Mr. President, let the roll be called and let it be known what this rate means—monopoly on one side and the consumer protesting the paying of $2 a ton more for their coal on the other side.

Mr. President, I ask to have incorporated in the RECORD some correspondence I have had on this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[Extract from the minority Finance Committee report in opposition to duty on coal]

COAL

The proposed duty on coal and coke as carried in the present bill, in our judgment, is utterly preposterous. According to Department of Commerce figures we exported 13,088,259 tons of coal and coke in 1931 and imported only 836,769 tons, a ratio of 16 to 1 in favor of our exports. The total production of coal and coke in the United States in 1931 was 459,716,104 tons, so that our imports of 836,769 tons represent less than one-fifth of 1 per cent of our total coal and coke production. It is to eliminate this almost infinitesimal amount of imported coal, which does not undersell domestic coal but in fact commands a higher price than the domestic product, that this tariff duty of 10 cents per 100 pounds, $2 per short ton, is in the bill. It will raise no revenue whatever. By the exclusion of the imported coal it will enlarge the potential domestic market by one-fifth of 1 per cent. The proponents of this tariff have but one objective. They hope to displace 600,000 tons of imported anthracite coal now sold in New England with an equal amount of Pennsylvania anthracite.

BRIEF AGAINST COAL TARIFF TAX IN REVENUE BILL

(Submitted by George E. Warren Corporation, New York and Boston)

No tariff duty on imported coal was contained in the revenue bill as reported by the House Ways and Means Committee. The House itself accepted an amendment (without a record vote so far as coal tariff alone was concerned) levying an excise tax on "coal (anthracite or bituminous), coke, or coal or coke briquettes" at the rate of 10 cents per 100 pounds, or $2 a short ton. This amendment was sponsored by representatives of the anthracite-coal monopoly in Pennsylvania and was put into the House bill without previous consideration, and with only the briefest discussion, and at a time when only half the House membership was in the Chamber. Once in the bill the parliamentary situation in the House precluded separate roll call on the coal paragraph.

The Senate Finance Committee retained the coal tariff tax in the bill as reported to the Senate; Title IV, section 601 (c) (5);

but with an important qualifying sentence as follows: "The tax * * * shall not be imposed * * * if during the preceding calendar year the exports * * * from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of such articles, etc. * * *."

The explanation of this exemption is the fact that approximately 11,000,000 tons of American coal—anthracite and bituminous—find a market in Canada, while less than 200,000 tons of Canadian coal comes into the United States. By exempting Canadian coal from the operation of this tariff the proponents of the tariff are cherishing the delusion that our own coal industry will escape retaliatory tariff tactics by Canada and save the annihilation of our present export coal trade to Canada. In our judgment, the bituminous-coal operators who now have a share of the Canadian coal market are destined to have a sad awakening if this coal tariff becomes law.

1. Our coal imports are negligible.
2. A coal tariff will yield no revenue.
3. No report by Tariff Commission on coal.
4. A coal tariff will bring foreign retaliation.
5. Our export-coal business menaced.
6. Unemployment relief not an issue in coal tariff.
7. The Chinese-Russian bogey.
8. The American consumer.

Why this coal tariff tax should be rejected

I. IMPORTS OF COAL AND COKE CONSTITUTE LESS THAN ONE-FIFTH OF 1 PER CENT OF THE TOTAL COAL AND COKE PRODUCTION WITHIN THE UNITED STATES

(Four hundred and fifty-nine million seven hundred and sixteen thousand one hundred and four tons total production; 836,769 tons total imports in 1931)

Never in the long history of the protective tariff has it been seriously proposed to levy an import duty under such circumstances. Most of this tiny trickle of foreign coal now entering the country is a high-quality anthracite and none of it undersells domestic anthracite. Actually the foreign coal commands a premium of around a dollar a ton.

II. THE PROPOSED COAL TARIFF PRODUCES NO APPRECIABLE REVENUE

That a $2 import tax on coal will yield little or nothing to the Treasury is not merely the contention of the opponents of this tariff absurdity. It is a fact conceded by both sides. The Treasury submitted a nominal estimate of $500,000 revenue on this item, which has since been reduced by the proposal to permit free importation of Canadian coal. But the Pennsylvania anthracite operators are proceeding on the theory that this tax will act as a complete embargo, otherwise it is of no conceivable benefit to them.

III. THE TARIFF COMMISSION HAS NEITHER RECOMMENDED NOR REPORTED, NOR EVEN INVESTIGATED—THE COAL-TARIFF PROPOSITION

In this as in other aspects of the case, the coal tariff clause in the present revenue bill is positively unique and without even semblance of plausible claim for protection. Oil and copper and lumber have been the subjects of recent exhaustive Tariff Commission reports. As to coal, nothing.

IV. THE IMPOSITION OF A COAL TARIFF INVITES FOREIGN RETALIATION DETRIMENTAL TO OUR FOREIGN TRADE IN COAL AND IN OTHER COMMODITIES

Certainly it ought to require the most desperate need of protection (of which in the present instance there is not the slightest need) to warrant incurring the risks to our foreign trade involved in levying any new tariffs at this time. Such tariffs add fuel to the flames of present foreign resentment. The "joker" inserted in the coal paragraph in the Senate bill intending to exempt Canadian coal, in the hope of avoiding Canadian exclusion of American coal, is in reality an open invitation to Canada and Great Britain to put into effect a similar edict. This would operate in reverse fashion and exclude our coal from their market, for we sell to them more than we buy. But is there any reason to suppose that retaliation will necessarily be limited to coal? Instead there is every reason to expect it will go beyond that.

V. OUR EXPORTS OF COAL AND COKE ARE IN THE RATIO OF 16 TO 1 WITH OUR IMPORTS

(Thirteen million eighty-eight thousand two hundred and fifty-nine tons of coal and coke went out of the country last year and 836,769 tons came in.) The value of our coal exports was $54,984,000 and of coke $3,494,000. Shall we jeopardize this trade at the behest and for the imagined benefit of a small group of coal operators in a small area of a single State (Pennsylvania)?

VI. DISTRESS AND UNEMPLOYMENT IN COAL INDUSTRY NOT VALID ARGUMENT FOR THIS TARIFF

The proponents of the coal-tariff embargo have adroitly sought to capitalize our national sympathy for the vast army of unemployed coal miners. The fact is that there are two coal industries, bituminous and anthracite. Imports of coal and its exclusion or otherwise has not the remotest relation to the predicament of the bituminous industry or its relief, for it requires a miscroscope to discover any imports of foreign bituminous coal. As to the Pennsylvania anthracite industry, the exclusion of foreign anthracite from the New England seaboard market (the only point in the country where it is sold) might conceivably permit the increase of sales of Pennsylvania anthracite by less than 1 per cent. (Pennsylvania now supplies 93 per cent of all the anthracite sold in New England.) What a travesty to contend that this trivial item is a major factor in the employment problem!

VII. THE MYTH OF THE MENACE OF CHINESE AND RUSSIAN COAL

(of which the proponents of a coal tariff have made so much talk.)

No coal from China last year—one cargo of approximately 5,000 tons this year—no more in sight. If China gave its coal away it would rarely pay to freight it across the Pacific to our own shores. From Russia, 216,990 tons of anthracite reached our shores last year. That is less than a single day's production in our own anthracite-coal field. The Finance Committee record disclosed that shipments of Russian coal are not increasing—and will not increase. Coal is not like matches. Freight and handling are the major costs. Transoceanic shipments of coal require ships. The most cursory examination of the facts evidences that Russia's ambitions to expand her foreign trade won't work when it comes to coal. An occasional shipload of selected anthracite at a premium price for a seaboard customer—yes. But a deluge, no. And as for the talk about Russian convict labor, we already have law enough on the statute books to bar the import of any product of convict labor. So far as the present fight on the coal tariff is concerned, this is just one more bogey man to frighten Congress and befuddle the issue.

VIII. LAST, BUT NOT LEAST, THE AMERICAN CONSUMER

His interests certainly are not promoted by establishing an embargo, whether it be on imported coal or on any other commodity. The granting of monopolies is not usually supposed to tend either to lower prices or to improve quality and service. The question of fuel is a vital one to the home owner. Why prejudice his interests in so vain and preposterous a proposition as this coal-tariff-tax embargo?

WASHINGTON, May 17, 1932.

BOSTON, *March 28, 1932.*

Hon. DAVID I. WALSH,
Senator from Massachusetts, Washington, D. C.

DEAR SENATOR: I note that the House favors a tax of 10 cents each 100 pounds on foreign anthracite and coke. This tax will yield no revenue; it will act as an embargo. A revenue tax of 25 or 35 cents a ton would yield not over $250,000.

Our company owns and controls some of the largest mines in the United States. We are also importing some foreign coal and coke. The total importations of foreign anthracite coal, compared with the production in the State of Pennsylvania alone, amount to slightly over 1 per cent. The bulk of this foreign anthracite coal and coke has been coming to New England and has been to the public benefit.

In order to meet foreign competition the Pennsylvania anthracite companies have vastly improved the quality of their product, removing the slate and bone from their coal, which they formerly shipped to this market.

Speaking for myself, I hope you will use your influence against an unreasonable tax on coke and coal, which would act as an embargo and not a revenue producer.

Yours very truly,

THE NORTH AMERICAN COAL CORPORATION,
By JOS. W. GORMAN, *Vice President.*

P. S.—We export many times the amount of coal we import. If you care for exact tonnages, I will be glad to furnish them to you.—J. W. G.

BOSTON, *May 6, 1932.*

Hon. DAVID I. WALSH,
Senate Chamber, Washington, D. C.

MY DEAR SENATOR: I note what you are doing for the consumer in New England about the proposed tariff on coal. I have also read Walter Lippmann's views with approval.

I happen to be not only a constituent in Massachusetts, where anthracite coal comes in to the consumer, but also a corporate officer in a landlord corporation in Pennsylvania. The tenant operating company ships anthracite coal to Toronto, Canada, which there is sold to the house of industry and depended upon for supplying the unemployed with coal to keep them from freezing in winter.

The retaliatory duty on American anthracite which Canada would undoubtedly put on would have two results.

The Toronto unemployed would be much colder and suffer hardships.

A perfectly good Pennsylvania industry would be ruined. The general ruin in that business in selling anthracite to Canada would far exceed any benefit to be obtained by putting a duty on the anthracite which comes into Boston by water.

Yours very truly,

RICHARD W. HALE.

[From New York Herald Tribune, April 27, 1932]

TO-DAY AND TO-MORROW

By Walter Lippmann

COAL AND OIL TARIFFS: HAS THE DEMOCRATIC PARTY SURRENDERED?

Under the pretense of raising revenue the House has proposed to erect tariffs against petroleum products and coal. The Senate Finance Committee has tentatively added a copper tariff and there is a powerful agitation for additional tariffs on lumber.

The insincerity of the performance is visible in the House bill. For the petroleum and coal taxes differ from all the other excise taxes, such as those laid upon toilet preparations, furs, jewelry, automobiles, in that these taxes "apply only with respect to the importation of such articles." Plainly the object is not to raise revenue but to prevent imports. Thus the coal tariff, which is at the rate of $2 a short ton, is estimated to yield only $1,500,000. Were the same tax applied for revenue purposes to all coal consumed in the United States in 1930 (I do not have the figures for 1931) it would yield theoretically a billion dollars. Obviously the House was not interested in revenues. It was interested in stopping the imports of Canadian and British coal. This proposal has nothing to do with the raising of revenue.

Let us look then at the meaning of this coal tariff. In 1930 the United States produced 70,000,000 tons of anthracite. It exported 2,500,000 tons and imported 675,000. In other words, it imported less than one ton for every 100 tons produced and consumed. It exported more than four tons for every ton imported. On what theory of tariffs does an industry with a monopoly of more than 99 per cent of the domestic market and, in addition, an excess of exports, require protection?

Take next bituminous coal. In 1930 there were produced 630,000,000 tons. There were exported nearly 16,000,000 tons. There were imported only 241,000 tons. What fraction of 1 per cent is 241,000 in relation to 630,000,000? Can it be denied that the bituminous and coal producers of the United States have more than 99 per cent of the domestic market? At whom are they aiming the tariff?

They are aiming it at Canada. There is a trifling amount of coal produced in Nova Scotia and Alberta, in Saskatchewan and New Brunswick. A little of it finds its way into Maine and Vermont and into Washington, Montana, Idaho, and Alaska because transportation conditions are favorable. This is the trade that Congress proposes to stop. But just consider the mentality of this proceeding. While we buy from Canada a microscopic fraction of 1 per cent of the coal we consume, we sell to Canada 85 per cent of our coal exports. Though we receive from Canada almost none of the coal we consume, we sell to Canada as much coal as Canada produces.

Thus in order to stop a fraction of 1 per cent of our consumption from coming in we are proposing to endanger 85 per cent of our export trade. For it is humanly certain that Canada will not tamely submit. On July 15 an imperial conference meets at Ottawa for the purpose of uniting the Empire under preferential tariffs. Could there be greater folly than to select this moment to impose a punitive tariff against a Canadian industry?

Really, when one examines the facts, when one considers what Congress is risking for an insignificant advantage to an insignificant part of the American coal trade, it is difficult to refrain from wondering whether Congress is in its right mind.

The proposed oil tariff is a little bit more complicated, but not much. The demand for this tariff comes from the so-called independent producers in Texas and Oklahoma who believe that domestic oil would replace imports and the price of oil would rise if prohibitive duties were imposed. They are supported by the coal producers, who hope by raising the price of oil to discourage the complication of oil with coal.

In 1931 the total value of our exports of petroleum products was three times as great as the value of our imports. This is fairly conclusive evidence that whatever else the industry may be suffering from it is not suffering from inability to compete in the world market. Indeed the figures bear out this conclusion. In 1930 the United States produced 63.3 per cent of the crude oil of the world. It imported about 7 per cent of what it produced. Thus the domestic producers had 93 per cent of the domestic market. Does anyone think they can monopolize the American market and hold their own in the world markets as well? Not in an era when every country in the world is under the strongest pressure, owing to our unbalanced position as a creditor nation, to buy as little as possible from the United States. The oil producers are playing with dynamite when they adopt a policy of tariff aggression. They are penny wise and pound foolish.

Here, then, are two tariff measures which might be described as farthest north in the effort to strangle international trade. Not even the authors of the Hawley-Smoot tariff ventured to enact measures so patently indefensible. Yet the coal and oil tariffs were voted by a House controlled by the Democrats. Democratic votes are deciding the issue in the Senate committee.

What are the Democratic leaders going to do about this scandal? It makes ridiculous their whole case against the Republican tariff policy. Is it possible that the presidential candidates who have been criticizing the tariff in general terms, that the Democratic Party which has given out tons of printed matter on the tariff, will do nothing to stop these silly tariffs which, if enacted, can only stultify the Democrats completely on one of the chief issues of the coming campaign?

If the Democratic leaders are ever going to speak out, this is the time for them to do it. Once these tariffs are made law the country will laugh at their protests.

DOMESTIC FUEL CORPORATION,
New York, May 10, 1932.

The Hon. DAVID WALSH,
United States Senate, Washington, D. C.

DEAR SIR: We are attaching hereto an article by Mr. Walter Lippmann, which is along the lines of articles written by Mr. Claude Bowers, of the Hearst publications, and Mr. Kent, of the Baltimore Sun.

We believe that this article expresses the situation very concretely as to the proposed tariff items in the revenue bill, from the Democratic viewpoint.

We are, of course, most directly interested in the coal and coke tariff, and we feel that most of the coal trade is against the proposed coal tariff, and that retaliation from Canada will do far greater harm than the tariff could possibly do good. On the other hand, for the coke tariff there is absolutely no justification at all, as it was pointed out to the Finance Committee that the coke imports to this country over the past five years decreased over 40 per cent, whereas coke production along the Atlantic seaboard in New Jersey, New York, and Massachusetts increased in these States, respectively, 2½ per cent, 20 per cent, and 44½ per cent. We feel that under such conditions the most zealous protectionists in the world could not advocate a tariff for the monopolized coke industry.

We sincerely hope you will use your efforts to defeat the proposed coal and coke tariff embargo, or at least reduce it to a fair amount of, say, 50 cents per ton for the coal, which might bring in some revenue and would not be an absolute embargo and, on the other hand, eliminate coke entirely.

Yours faithfully,

J. P. ROUTH, *President.*

BRIEF OF SENATOR WALSH OF MASSACHUSETTS AGAINST THE DUTY ON COAL

THE COAL TARIFF

House bill, 10 cents per 100 pounds.

Senate Finance Committee, 10 cents per 100 pounds.

The Finance Committee, although it retained the House rate, added the following provision:

"The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, and shall not be imposed upon any such article if during the preceding calendar year the exports of the articles described in this paragraph from the United States to the country from which such article is imported have been greater in quantity than the imports into the United States from such country of the articles described in this paragraph."

The effect of this provision is the placing of a duty only on the imports of coal from those countries who export to this country more than this country exports to them. Great Britain and Russia are the only countries who export more coal to the United States than they import from us. In 1931 we imported 305,945 tons from Great Britain and 216,990 tons from Russia, while our exports to both of these countries were negligible.

The inclusion of taxes on imported commodities in a revenue bill sets a dangerous and unwise precedent. Particularly is this true when the rates levied on the several commodities are so excessive as to constitute absolute embargoes, thereby eliminating all possibility of raising any revenue by them.

The rate of 10 cents per 100 pounds of coal, equivalent to $2 per net ton and $2.24 per gross ton, provided for in the revenue bill as it passed the House, and retained in the bill approved by the Senate Finance Committee, is acknowledged by tax experts, proponents and opponents, as constituting an embargo. It is not expected nor estimated that this provision of the revenue bill will raise revenue. Upon what theory of tax-bill legislation is a tax that does not raise revenue made a part of a revenue bill? Even if the deplorable condition of the coal industry warranted and could be improved by the tariff protection provided, there is no justification for making it a part of a revenue bill.

This is an outrageous example of legislative "hitch-hiking," because the distress in the coal industry can not be alleviated through tariff or revenue legislation, a fact disclosed by thorough investigation.

The Department of Commerce figures for the year 1931 show that we exported in total 13,088,295 tons of coal and coke, and during the same year we imported a total of 832,769 tons of coal and coke, or an export balance in our favor of about 16 to 1. The above total export figures are made up as follows:

	Tons
Bituminous coal	10,827,000
Anthracite coal	1,587,775
Coke	673,484
Total	13,088,259

In 1930 this country exported 14,176,236 tons of coal.

In 1931 our total import figures on coal and coke were:

	Tons
Bituminous coal	179,947
Anthracite coal	569,599
Coke	86,223
Total	832,769

In 1931 the production of coal and coke in the United States was as follows:

	Tons
Bituminous coal	378,110,000
Anthracite coal	59,115,378
By-product coke	32,454,604
Beehive coke	1,273,000
Total	470,952,982

Let us analyze the meaning of these figures. In 1931 we produced over 470,000,000 tons of coal and imported considerably

less than 1,000,000 tons, the ratio of imports as compared with domestic production being less than one-fifth of 1 per cent.

Our exports were over 13,000,000 tons, exceeding imports by 16 to 1. Think of it—for every ton imported this country exported 16 tons. On what theory of tariffs does an industry with a monopoly of nearly 100 per cent of the domestic market and, in addition, a tremendous excess of exports over imports, require embargo protection?

It is a generally accepted principle that tariff benefits should only be extended in cases where the imported article undersells the American-produced commodity. Even the relatively infinitesimal amount of coal imported into this country is sold at from 50 cents to $1 more per ton than domestic coal of the same grade. Furthermore, it is interesting to note that it is held by many industrial experts that one of the great ills with the anthracite-coal industry, the coal group that is principally demanding a coal tariff, is that coal prices are entirely too high in relation to other commodities.

Astounding as it may be when one considers the universal decline in commodity prices, the prices of pea and buckwheat anthracite, which constitute 70 per cent of the coal consumed in New York City, have been increased during the past three years, as shown below:

Pea:	
1929	$8.75
1930	9.25
1931	10.50
Buckwheat:	
1929	7.15
1930	7.15
1931	7.50

The sponsors of this measure have aroused our sympathy by painting a true and doleful picture of the widespread unemployment in the coal industry. It is estimated that 40,000 American coal miners are entirely destitute of remunerative occupations, and it is maintained by the advocates of this tariff that its enactment would result in returning these unfortunate miners back to work in the domestic coal mines. Such an achievement would be doubly commendable in times such as these, but they deceive themselves in supposing that the exclusion of all of the coal imported into this country would appreciably affect the unemployment problem.

According to the statistics on coal appearing in the latest publication of the Bureau of Mines Coal in 1929, Table 1–A, pages 824–825, the average output per man per day is 1.93 gross tons, and the average number of days worked is 225.

The idle miners have, therefore, a productive capacity of 80,000 tons per day, and 20,000,000 tons per year. Imports, however, only amount to 2½ per cent of their productive capacity, which means that even the most sanguine view of the matter can not anticipate the reemployment of more than 1,000 of the idle miners, and this is based upon the maintenance of the present export volume.

The crux of this coal-tariff problem is, can this country adopt an embargo policy on coal imports and at the same time retain our present foreign markets for American coal?

Ninety per cent of our coal and coke exports go to Canada; 65 per cent of our imports come from England and Canada. Canada and Great Britain are bitter over the American high-tariff policy; both have passed drastic retaliation tariffs since the enactment of the Smoot-Hawley bill. The present Canadian Government won office a year and a half ago on the anti-American tariff issue. Other units of the British Empire have likewise been aroused.

This July the British Empire Tariff Conference is scheduled to begin its sessions at Ottawa, Canada. The Dominion Government is expected to lead the fight at the imperial conference for a tighter all-British tariff union in general, and a stiffer front against the United States in particular.

With the whole British Empire already incensed because of our tariff law and threatening to enlarge upon the severity of the retaliatory measures they have already adopted, our statesmen propose the diplomatic procedure of adding this and several other embargoes to our present list of excessive tariffs. It is adding insult to injury.

The British Empire is our best customer. We should be making every effort to placate their bitterness, but if instead we adopt this coal tariff, our exports to Canada are going to be shut out.

Consider the mentality of this procedure. While we buy a microscopic fraction of 1 per cent of the coal we consume, we sell to Canada 90 per cent of our exports. We sell to Canada almost as much coal as she produces, our exports amounting to over 11,000,000 tons a year.

The Canadian coal producers have for a long time been demanding that their Government increase their present coal tariff. The tariff we propose to enact will exclude every ton of coal Great Britain now ships to us. It is inevitable that at the July conference in Ottawa Great Britain will request the Dominion Government to provide a market for the British coal the United States has been receiving, and past experience indicates that Canada will raise her tariff against non-British coal imports. The Dominion Government will undoubtedly adopt an embargo tariff at least as high as ours.

If we pass this coal tariff, the American coal miners will be the losers. For the insignificant advantage of shutting out about half a million tons of coal we will lose a market for 11,000,000 tons. Unemployment and distress in the coal regions will be greatly aggravated. Many members of the domestic coal and coke trade recognize this danger and are not sympathetic with the Finance Committee proposal, because it places their industries in greater jeopardy.

A great deal has been said about the imports of Russian indentured or forced-labor coal and coolie-mined Chinese coal threatening the American market. There is already a law prohibiting the importation of articles mined or produced by forced labor, and if any such coal is coming in from Russia the Treasury Department should stop it. Less than 25 per cent of the coal imported in 1931 came from Russia.

Chinese coal will never be imported in substantial quantities. In 1931 only 5,000 tons came in. The only American company that has imported coal from China testified that it was a very unprofitable venture. Twelve thousand miles of sea transportation is too long a voyage. Shipping rates are too high, and the three months consumed in shipping the cargo ties up the money invested, thus adding greatly to the high cost of financing such a business.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, I am indeed pleased to learn that the Committee on Agriculture and Forestry reported another agricultural measure this morning, being Senate bill 4536, which has the indorsement of the National Grange, the National Farmers' Union, and the Farm Bureau Federation. I can assure the distinguished chairman of the committee that this action will indeed hearten the farmers throughout the land.

This measure gives two mandates to the Federal Farm Board. First, the board must conduct its investigation to see what the conditions are relative to any commodity when requested to do so by an agricultural advisory committee, cooperative organization, other farm organization, or on its own motion. Second, after certain conditions are found to exist the Farm Board must put into operation the equalization fee, the debenture, or the allotment plan, or combination thereof.

Whenever the board, after investigation, finds the following conditions to exist, it is required to make a public declaration of these findings and to assist the farmers to secure at least the cost of production for that portion of the crop sold in the domestic market, by utilizing one of the three alternative plans authorized in the bill. The conditions to be determined are:

First. Whether there is or may be a seasonal surplus or a year's total surplus.

Second. Whether the provisions of section 5 of the agricultural marketing act, providing for loans to cooperative associations and stabilization corporations, will be effective to control such surpluses.

Third. Whether the cost of production is in excess of the prevailing market price secured by growers and what quantity of the commodity will be required for domestic consumption.

Fourth. Whether the durability, methods of marketing, and conditions of processing of the commodity make it adaptable to marketing under any of the plans authorized in the bill.

Whenever the board undertakes one of the three plans, it is required to continue its operations until the conditions making necessary such operations have been corrected and further operations are unnecessary or inadvisable.

The board is directed to ascertain the cost of production of the commodity in question and it shall be the goal of the operations conducted under any of these three plans to secure a price to the farmer which will at least return his cost of production.

Title I of the bill embodies the equalization-fee plan; Title II of the bill embodies the export-debenture plan; Title III of the bill embodies the domestic-allotment plan.

I do not desire at this time to detain the Senate with a detailed exposition of any of these plans. The equalization-fee plan is quite familiar to most of the Senators, as it has been passed by Congress twice. The export-debenture plan likewise is familiar, having been considered and approved by the Senate previously. The domestic-allotment plan, although it has not been considered on the floor of this body as much in detail as the other plans, has been introduced at length before both Agricultural Committees and by Congress. Senators will find a detailed explanation of these

plans in the hearings of the Senate and House Committees on Agriculture of this Congress.

There is nothing novel or new about giving the board several alternative plans with which to cope with the agricultural problem. We have done the same thing with reference to other Federal agencies. For example, the Federal Reserve Board is cloaked with a variety of powers in aiding the banking industry of this country; the Interstate Commerce Commission has numerous other powers besides rate-making powers; the United States Shipping Board likewise has numerous alternative proposals available for promoting the shipping industry. The agricultural problem is so diverse and conditions are so different in various parts of the country, and also so different with reference to the marketing problems of various commodities, that perhaps no one plan is best suited for all commodities under all conditions.

The three plans embodied in this bill represent the three outstanding proposals for dealing with the surplus problem. Each of them, in one form or another, has been approved by eminent economists. By placing at the disposal of the Federal Farm Board all three methods of coping with the surplus problem, its power and ability to really solve this problem are immeasurably enhanced.

One of the most significant things about this measure is that for the first time the national farm organizations of the country have agreed upon one bill. This measure was presented to and explained to both the Senate Committee on Agriculture and the House Committee on Agriculture by Chester H. Gray, Washington representative of the American Farm Bureau Federation, on behalf of the National Grange, the National Farmers' Union, and the American Farm Bureau Federation. It represents, therefore, the matured judgment of the three farm organizations. Organized agriculture is united as never before in the history of this country. They have decided after years of study and numerous conferences upon a specific plan which they believe will bring relief to agriculture and restore it to its rightful place in this Nation.

I wish to commend the Senate Committee on Agriculture and its distinguished chairman for heeding the recommendations and pleas of the farmers of this country by deciding to report favorably the measure which the farmers desire.

The burden of responsibility, therefore, is now clearly upon this body. The farmers have presented their appeals again and again to Congress. They have presented a specific proposition which they believe will bring adequate relief. Shall Congress turn a deaf ear to organized agriculture? Is it going to ignore the distress of the farmers from coast to coast, or is it going to be satisfied to adjourn and confess to the farmers that they heard the pleas of their spokesmen in Washington but did nothing about it, despite the recommendations of its Agricultural Committee?

Mr. President, it is difficult for me to believe that this body, having so many Members representing predominantly rural constituencies, and having no Member who does not represent a substantial number of farmers, will deliberately slap the farmers of the country in the face by hearing their pleas for relief and doing nothing about it. As a practical matter, however, it is time that we faced frankly and courageously the fact that the session is drawing rapidly to a close, unless we are to continue far into the summer. We must act quickly if we are to bring agriculture relief. I appeal to this body not to put off this long-deferred responsibility but promptly to pass this measure, which the farmers have requested, following the disposal of the tax bill, thus rendering possible relief to some extent during this calendar year.

Mr. President, agriculture must be rescued.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COPELAND presented a resolution adopted at a community mass meeting held in celebration of World Good Will Day, May 17, 1932, at Brooklyn, N. Y., favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Meat Cutters and Butchers Local, No. 1, A. M. C. & B. W. of N. A., of Syracuse, N. Y., favoring the adoption of a plan for an adequate prosperity loan to finance construction of public works, which was referred to the Committee on Manufactures.

He also presented a resolution adopted by the Central Trades and Labor Assembly of Syracuse and vicinity, Syracuse, N. Y., favoring the floatation of a bond issue, the proceeds to be devoted to a great national program of public works, which was referred to the Committee on Manufactures.

He also presented a petition of sundry citizens of Homer, N. Y., praying for the passage of the so-called Brookhart bill to regulate the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also presented a petition of sundry citizens of Rochester, N. Y., praying for the adoption of a 25-year debt moratorium plan, as suggested by railroad leaders, etc., which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Rockville Center (N. Y.) Republican Club, favoring the prompt repeal of the eighteenth amendment of the Constitution and the passage of legislation legalizing the manufacture and sale of light wines and beers, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Oriskany Falls, N. Y., favoring the adoption of dry enforcement planks in the national party conventions, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Lavere-Harrington Post, No. 2320, Veterans of Foreign Wars of the United States, of Oswego, N. Y., favoring the passage of the so-called Gasque bill, for the benefit of widows and orphans of veterans of the World War, which was referred to the Committee on Finance.

He also presented a paper signed by sundry citizens of New York City and vicinity, N. Y., indorsing the petition for a redress of grievances recently presented to Congress by the National Economy Committee, praying for retrenchment in Federal expenditures, etc., which was referred to the Committee on Finance.

He also presented a resolution adopted by Lavere-Harrington Post, No. 2320, Veterans of Foreign Wars of the United States, of Oswego, N. Y., protesting against cuts in appropriations for the Army, training camps, officers, enlisted men, etc., which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Washington Heights Welfare League and Tenants Association, New York, opposing any reduction in the compensation of postal clerks and carriers, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Utica (N. Y.) Chamber of Commerce, favoring retrenchment in governmental expenditures, and protesting against the passage of the so-called Goldsborough bill, to stabilize the purchasing power of the dollar, etc., which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Dansville (N. Y.) Board of Trade, favoring retrenchment in governmental expenditures and the balancing of the Budget, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Square Table Club, of New York City, N. Y., protesting against the passage of legislation "withholding the pay and allowance of 2,000 officers of the Regular Army, on the ground that such action would cripple our system of national defense," which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Rochester, N. Y., praying for reductions in governmental expenditures to the extent of $600,000,000, so as to balance the Budget, and the adoption of the general sales tax plan in

the pending revenue bill, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Rochester, N. Y., praying for support of the economy and tax program of the President of the United States, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Rome (N. Y.) Chamber of Commerce, favoring the prompt balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the common council of the city of Olean, N. Y., favoring the granting of Federal unemployment relief to municipalities, which was ordered to lie on the table.

He also presented memorials of sundry citizens of the State of New York, remonstrating against the imposition of taxes on the automobile industry, and favoring the adoption of some form of general tax in place thereof in the pending revenue bill, which were ordered to lie on the table.

REVENUE AND TAXATION—AMENDMENT

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment reported by the committee proposing an import tax on coal, on which the yeas and nays have been ordered.

Mr. DAVIS. Mr. President, for the information of the Senate, I should like to say that there are over 80 companies in the anthracite region competing for business; that there is at the present time a price war on among all these companies; that the price of anthracite has been reduced by from 75 cents to $1.50 a ton; and the competition is very keen among them. I wanted Senators to know those facts before they vote on the particular item in the revenue bill which is now pending.

Mr. BORAH. Mr. President, notwithstanding the statement made by the Senator from Pennsylvania, I desire to say that these prices are fixed by a combination who own the anthracite coal fields. There is not any competitive price in this matter. There is no use in trying to mislead the Senate into the supposition that there is any competition as to prices. I ask to insert here several pages from the report of the United States Coal Commission.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

SUMMARY ANALYSIS

The United States Supreme Court has formally decided in several cases that combinations in restraint of trade exist in the anthracite coal-mining industry. Orders for dissolution have been made. Proceedings are now in progress before the United States District Courts for the Eastern District of Pennsylvania and the Southern District of New York with the object in view of restoring at least in part competitive conditions in the production and distribution of anthracite coal.

MONOPOLY CONDITIONS WHICH HAVE PREVAILED

The monopoly and other conditions which have been condemned and ordered dissolved by the Supreme Court have manifested themselves as follows:

1. Concentration in ownership and control of coal-mining operations and of coal-land reserves by the railroads traversing the different anthracite fields.

2. Development of a community of interest between the seven anthracite coal-carrying railroad systems. This community of interest has prevented the construction of competitive transportation facilities, and which has stabilized traffic and allocated tonnage to each railroad in accordance with certain agreed-upon ratios of the total anthracite output.

3. The imposition of unwarranted capital charges upon the industry. Indefensible costs have been imposed upon the industry by the payment of excessive prices in order to secure possession or control of coal lands. Large issues of excess capitalization have also been made to buy out or consolidate competing coal companies or projected railroads. Losses sustained by the railroad coal companies in discriminating against and eliminating independent producers have also been capitalized.

Prior to the war practically many of the coal-producing companies of the combination were operated at a loss and were maintained by advances made by the parent railroad corporation. The major part of these losses were afterwards capitalized and the dividend and interest requirements for these securities, as well as for the excess capitalization issued to overcome competition in other ways, constitute a permanent burden upon the consumer of anthracite coal. Profits, largely derived from freight rates that have been adjudged excessive, also have been capitalized by means of stock dividends.

4. The concealment of excessive monopoly profits. Primarily to evade antimonopoly and freight rate laws, separate corporations or legal entities have been created to carry on the production and distribution of coal. Before 1900, by charging excessive freight rates and granting indirect rebates to their own coal-producing and coal-selling companies, the anthracite railroads made it impossible for most of the independent operators to mine and ship coal at a profit, and, although the mining companies owned by the railroads so far as information was available showed operating losses, these were more than offset by the monopoly gains secured by the combinations through the imposition of unreasonable freight rates.

Prior to the war, therefore, as a general rule, the main profits of the combination were taken by the railroad companies. However, with the increase in the price of coal, and the elimination of competition because of excessive freight rates, not only were large monopoly profits taken by the transportation companies, but at the same time, margins of profit also accrued to the coal-producing and coal-sales companies—the other branches of the monopoly which previously had in general been profitless. These latter margins of profit, however, were all that came to public notice and even the information as to these profits was not complete. The producers of anthracite coal were therefore enabled to contend that the profits of the industry were not excessive, when, as a matter of fact, there were large and unwarranted elements of additional profits to the combination, such as those accruing from coal-sales companies and high freight rates, which, on the surface, seemed to arise from independent undertakings and did not appear to be constituent elements of unwarranted monopoly gains.

5. Coordination and stabilization attained through the fiscal agents of the combination. From a superficial view of the monopoly conditions in the production and distribution of anthracite coal, it appears that the combination consists of seven independent groups of corporations, each group centering about one of the seven anthracite coal-carrying railroads. More exhaustive investigation, however, leads to the conclusion that these seven seemingly independent and competing groups are actually coordinated and carry on their operations in thorough accord through a common community of interest and according to a well-defined policy of coal monopolization and stabilization of railroad traffic conditions. The history of the anthracite industry since 1900 shows united action in eliminating competition in the production and sale of coal by interests outside of the combination and in preventing the development of railroad systems to compete with those in the combination. Moreover, there has been a clearly defined and constantly maintained apportionment of traffic to each of the seven railroad systems in the anthracite combination.

The investigations made by the Interstate Commerce Commission and other official agencies, such as the so-called Money Trust investigation in 1913 (report of committee to investigate the concentration of control of money and credit, 1913, 3d sess., 62d Cong., H. Rept. No. 1453), as well as the evidence presented to the United States District and Supreme Courts, clearly demonstrate that this coordination of all the elements in the anthracite monopoly have been effected through the fiscal agents of the anthracite railroads. A group of private bankers and financiers, headed by the banking house of J. P. Morgan & Co., originally moved, no doubt, by the laudable purpose of bringing about stability in the production and traffic of anthracite coal, have been the coordinating and integrating factors in working out the anthracite monopoly. They have not only devised policies but have been the agents of the anthracite interests for eliminating competition, and for securing a common control of coal production and reserves and of railroad facilities. They have also been the medium for apportioning and assuring to each of the units of the combination a proper division of traffic and maintenance of profits.

6. Extension of combination to retail trade. The movement toward consolidation in the retail trade, with close affiliation with the railroad producing interest, culminated in January, 1923, with the incorporation of the National Coal Corporation under the laws of New Jersey. According to the Commercial and Financial Chronicle, this corporation has been organized for the purpose of taking over the most important retail distributing companies of New York, Boston, and Chicago.

THE FUNDAMENTAL QUESTION AT ISSUE

These are the conclusions which are apparent from the judicial and administrative investigations of the anthracite industry during the past 20 years. There can be no doubt as to the existence of monopoly conditions. The Supreme Court of the United States in 1920 finally decided that such conditions exist and ordered their elimination.

The Supreme Court, however, is restricted to legal considerations. It can only dissolve an illegal combination or one which contravenes the actual or technical prohibitions of the law. The significant question in the present situation, therefore, especially in the light of past developments in the industry, is whether or not the firm and unequivocal action of the Supreme Court in the pending cases can actually result in the dissolution of the anthracite monopoly, or whether there will be a dissolution in form only while the community of interest and the monopoly conditions will continue to exist with all of their present disadvantageous economic and social effect.

The history of past attempts to accomplish this same object, as well as an examination of the underlying economic facts and forces themselves, clearly indicate that, although the efforts of the Department of Justice and of the Supreme Court may be effective from a legal standpoint when the problem is considered from its more fundamental economic and social aspects, judicial efforts to break up the anthracite combination will probably be entirely barren of result. The community of interest may still obtain and unreasonable profits may be merely shifted from one agency to another. On the other hand, the question presents itself as to whether the restoration of conditions of free competition would be beneficial from a public standpoint. Stabilization in output and regularity in meeting consumption might thereby be destroyed, and profits and prices increased beyond the level established by the existing combination.

Mr. DAVIS. Mr. President, I insist that there is real competition among them. As I understand, now, since prices have dropped, Russian anthracite coal sells a little higher; but I have been reliably informed that a few months ago Russian anthracite was selling below the price of Pennsylvania anthracite.

The PRESIDING OFFICER. The question is on the amendment of the committee.

Mr. DAVIS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to develop the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kendrick	Shipstead
Austin	Dickinson	Keyes	Shortridge
Bailey	Dill	King	Smith
Barbour	Fess	La Follette	Smoot
Barkley	Fletcher	Lewis	Steiwer
Bingham	Frazier	Long	Stephens
Blaine	George	McGill	Thomas, Idaho
Borah	Goldsborough	McNary	Thomas, Okla.
Bratton	Gore	Metcalf	Townsend
Brookhart	Harrison	Morrison	Trammell
Broussard	Hastings	Moses	Tydings
Bulkley	Hatfield	Neely	Vandenberg
Bulow	Hawes	Norris	Walcott
Capper	Hayden	Nye	Walsh, Mass.
Carey	Hebert	Oddie	Walsh, Mont.
Cohen	Howell	Pittman	Watson
Connally	Hull	Reed	Wheeler
Coolidge	Johnson	Robinson, Ark.	White
Copeland	Jones	Robinson, Ind.	
Costigan	Kean	Sheppard	

The PRESIDING OFFICER. Seventy-eight Senators having answered to their names, a quorum is present.

The question is on the committee amendment as to coal, upon which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and will vote. I vote "yea."

Mr. GORE (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. GLENN]. In his absence, I withhold my vote.

Mr. HASTINGS (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. BLACK] and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent. I do not know how he would vote if present. I am unable to secure a transfer, and therefore will have to withhold my vote. If at liberty to vote, I should vote "yea."

Mr. LEWIS (when his name was called). I am paired with the Senator from Minnesota [Mr. SCHALL].

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. BINGHAM. Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. I have a general pair with the Senator from Virginia and therefore withhold my vote. If he were present, he would vote "nay"; and if I were at liberty to vote, I should vote "yea."

Mr. HAWES. I have a pair with the Senator from New Mexico [Mr. CUTTING]. I transfer that pair to the Senator from South Carolina [Mr. BYRNES] and will vote. I vote "nay."

Mr. WALSH of Massachusetts (after having voted in the negative). For the purpose of moving a reconsideration at a later stage, I desire to change my vote from "nay" to "yea."

Mr. HAYDEN. I wish to announce that the junior Senator from Alabama [Mr. BANKHEAD] is necessarily absent and that he is paired with the Senator from Vermont [Mr. DALE].

Mr. SHEPPARD. I wish to announce that the junior Senator from South Carolina [Mr. BYRNES] is necessarily detained from the Senate by illness in his family. If present, he would vote "nay."

I also desire to announce the necessary absence from the city of the Senator from Alabama [Mr. BLACK], the Senator from Virginia [Mr. SWANSON], and the Senator from New York [Mr. WAGNER].

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. MCKELLAR] is necessarily absent from the Senate on account of illness.

Mr. FESS. I desire to announce the following pairs:

The Senator from Michigan [Mr. COUZENS] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The result was announced—yeas 39, nays 34, as follows:

YEAS—39

Ashurst	Dill	McNary	Smoot
Austin	Frazier	Metcalf	Steiwer
Barkley	Hale	Neely	Thomas, Idaho
Brookhart	Hatfield	Nye	Thomas, Okla.
Broussard	Hayden	Oddie	Vandenberg
Capper	Howell	Pittman	Walcott
Carey	Johnson	Reed	Walsh, Mass.
Connally	Kendrick	Robinson, Ind.	Watson
Davis	Long	Sheppard	White
Dickinson	McGill	Shortridge	

NAYS—34

Bailey	Copeland	Hull	Shipstead
Barbour	Costigan	Kean	Smith
Blaine	Fess	Keyes	Stephens
Borah	Fletcher	King	Trammell
Bratton	George	La Follette	Tydings
Bulkley	Goldsborough	Morrison	Walsh, Mont.
Bulow	Harrison	Moses	Wheeler
Cohen	Hawes	Norris	
Coolidge	Hebert	Robinson, Ark.	

NOT VOTING—23

Bankhead	Cutting	Jones	Schall
Bingham	Dale	Lewis	Swanson
Black	Glass	Logan	Townsend
Byrnes	Glenn	McKellar	Wagner
Caraway	Gore	Norbeck	Waterman
Couzens	Hastings	Patterson	

So the amendment of the committee was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I desire to enter a motion for a reconsideration of the vote by which the amendment was agreed to.

The PRESIDING OFFICER. That motion will be entered.

Mr. BULKLEY. Mr. President, I desire to enter a motion to reconsider the vote by which the Tydings beer and reconstruction amendment was rejected.

The PRESIDING OFFICER. That motion will be entered. The clerk will state the next amendment.

The next amendment was, on page 244, after line 5, to insert:

(6) Lumber, rough, or planed or dressed on one or more sides, $3 per thousand feet, board measure; but the tax on the articles

described in this paragraph shall apply only with respect to the importation of such articles.

Mr. JONES obtained the floor.

Mr. TRAMMELL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. TRAMMELL. Mr. President, I desire to offer an amendment to the paragraph which has just been reported.

The PRESIDING OFFICER. Does the Senator from Washington yield for that purpose?

Mr. JONES. I yield.

The PRESIDING OFFICER. The clerk will state the amendment for the information of the Senate.

The LEGISLATIVE CLERK. On page 244, line 7, after the word "measure," the Senator from Florida proposes to insert the following:

(8) Phosphate rock (phosphorites, collophane, and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per hundred pounds.

Mr. JONES. Mr. President, is that intended as an amendment to the committee amendment?

Mr. TRAMMELL. It is proposed as an amendment to the lumber amendment.

Mr. JONES. Mr. President, of course I shall ask a separate vote on the committee amendment, which is distinct from what the Senator from Florida suggests.

Mr. TYDINGS. Mr. President, will the Senator from Washington yield so that I may get an understanding of what is going on?

Mr. JONES. I yield.

Mr. TYDINGS. Is what the Senator is about to discuss an amendment exactly the same as the amendment contained on page 244?

Mr. JONES. It is the committee amendment with reference to lumber.

Mr. TYDINGS. I mean the Senator has offered no amendment different from the wording on that page?

Mr. JONES. No; I have not.

Mr. TRAMMELL. Mr. President——

Mr. JONES. We will pass on the amendment of the Senator from Florida when it comes up, I suppose, at the proper time.

Mr. President, I shall not take the time of the Senate to repeat the arguments and the statements which have been made with reference to these other amendments. They are applicable to the pending amendment just as they were applicable to the other amendments, and I think even more so.

I do not dispute that this is a protective tariff amendment, although it is not particularly intended as such. If it were a distinctively protective tariff amendment it would be framed differently.

This is an amendment which I proposed in the committee in the interest of the laboring men of my State. I do not think it would affect the interests of the consumers at all. It would not increase the retail price of lumber in New York or the other lumber markets of the United States to any degree whatever. The consumer of lumber, the purchaser at retail rates, would have to pay just as much for lumber if this amendment were not agreed to as he would have to pay if it were agreed to.

The main thing I want to call to the attention of the Senate is labor, the condition of labor, and the conditions in the lumber sections of the country. I think the conditions with reference to lumber are considerably different in that respect from the conditions in connection with the production of the other articles covered by the amendments which have been proposed to the pending bill.

The lumber affected by this paragraph is largely the lumber of Washington, Oregon, and northern Idaho. The lumber that would be affected by it is the principal product of that section of the country. Upon it depend thousands of homes, representing hundreds of thousands of people. Men, women, and children are practically absolutely dependent for their livelihood, their prosperity, and their happiness upon the lumber products in those sections of the country.

Take away the prosperity of that industry and you take away the prosperity and the livelihood and the happiness of hundreds of thousands of people. It is estimated that in the western part of the State of Washington, for instance, the lumber industry furnishes over a million people with their main element of prosperity, the main basis of wealth; and the happiness of those people rests upon the lumber industry primarily.

What is the condition of that industry to-day? It is practically blocked from any development so that the people who are dependent upon it can get any support from it. It is estimated that there are one hundred and twenty-five or more thousand laborers employed in the lumber industry. It is generally conceded that at this time at least 100,000 of those laborers are idle. Probably taking northern Idaho, western Washington, and Oregon there is a greater number even than that absolutely idle. They have no means of support, they have no labor, aside from the labor furnished by the lumber industry.

That industry is practically idle. As I have said, out of 125,000 laboring men it is conservatively estimated that there are less than 25,000 employed, and they are employed only two or three days out of the week.

The condition of those people can only be imagined. The condition of the localities which are dependent upon that industry can only be imagined. Towns are deserted; cities are without activity. The condition, of course, can be duplicated to a certain exent all over this country of ours, but I do not know of any similar section of the country where those engaged in a particular occupation make up the great mass of the population. The source of prosperity and of happiness to those people and to the communities they inhabit is the lumber industry.

It is in behalf of those people, it is in behalf of those localities and that industry that I am appealing to the Senate for the adoption of this amendment.

I want to say frankly that I do not know whether it will bring the relief we hope for or not. I hope it will bring relief. It may bring some revenue. If imports of lumber come into this country, of course, we will get revenue under this tax. If no such imports come in, then there will be no return from the tax, or whatever we may call it. It is not to be levied upon the people, it is not levied upon the different localities, it is simply to be levied upon the imported articles.

If no lumber from other countries comes in, I expect a development of our own lumber industry. Our imports of lumber from Canada during the last period for which I find information amounted to something over six or seven hundred million feet, mostly of the class of lumber covered by this amendment. So that if no imports from Canada enter our country, we may expect an impetus to our own industry.

There will be some market in this country, possibly. We hope it will improve, and that our people will get it, assuming that there are no imports. As I said, if lumber is shipped in under the tax, we will get the revenue, and to that extent it is a revenue proposition.

The Treasury states that on the ordinary imports which we may expect now the revenues would amount to a million dollars; but the primary purpose, I am frank to confess, is to help our people if we can possibly bring them any help.

I appreciate the argument that is made that this provision should not be in this bill; but it is here, and the other tariff items have been put in. If this will bring some relief to labor, if it will help the labor of our country and furnish them support for themselves and their families, it will be well worth the approval of the United States Senate under the conditions which confront us now.

As I said, the lumber industry is the main industry of those sections of the country. There are no other great industries there. Of course, all the industries in the country are affected by the general stagnation; but where there is a section of the country which depends so largely upon an industry of this character the suffering and the distress

are far greater when that great industry is upon its back. That is the situation which confronts us to-day in the lumber industry.

This may not bring the relief we would like to have. We hope that it will. If it does not, it will hurt nobody. This relief ought to be given. It appeals at least to me even more strongly than the other items which we have passed upon, but I have been glad to give my support to them. I am especially glad to give my support here, and to appeal to this body to give the relief that we naturally expect to come from the imposition of a tax which, as I said, will not add one cent to the price paid by the consumer. It will add no burden to anybody in the country if nothing is done by it, and it may help start these mills to work which employ the men who are now without employment and who will get the wages that will furnish comfort and happiness to their homes and families.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Louisiana?

Mr. JONES. Certainly.

Mr. LONG. The lumber industry is one industry which no one can accuse of being a monopoly. It is scattered among thousands and thousands of different people. There is no tariff duty that I know of which would be so generally distributed among so many thousands of people in the business as a lumber tariff.

Mr. JONES. The Senator is right in that suggestion. I appreciate very much his statement in regard to it.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Maryland?

Mr. JONES. Certainly.

Mr. TYDINGS. I am totally unfamiliar with the lumber situation. I wonder if the Senator can tell us what is the annual production of lumber and what the importations are and from what countries the importations come?

Mr. JONES. The total production of lumber in this country, according to my recollection, although I have not looked it up especially, is something like 4,000,000,000 or 5,000,000,000 feet. I think it is even greater than that, although I do not know just what the exports are. We did export 2,000,000,000 or 3,000,000,000 feet. The principal source of competitive production is right adjoining our country. The fir and spruce and classes of lumber like that are produced largely in British Columbia. According to the report of the Tariff Commission, which was made just a short time ago, they could lay their lumber down in New York City at about $3.50 less than we could.

It is also true that they have the advantage of all sorts of transportation facilities. On the sea they have foreign ships as well as local ships. Our people are confined by our law to the coastwise trade. It is also true of Canadian lumber interests that they are favored by the railroads and their transportation facilities. The railroads give rebates of various kinds. If they want to encourage an industry, they do it directly. They do it many times by their railroads giving better rates to the industry. They give better rates and they give rebates for the transfer of their lumber products and the products of their lumber industry to get them to the markets of the world. This gives the Canadian lumber interests a very great advantage. They have all sorts of advantages of that sort.

I have had some complaints from the fruit section of our State. They say if we give this rate, Canada will take advantage of it and retaliate against us. Canada is already doing that. Canada has been doing it. I do not say they have been doing it for retaliatory purposes. I say they have put upon the products that come into their country such duties as they think are to their interest. I do not complain of that. Of course, if it is intended as a retaliatory measure, if it is intended to retaliate, that is a different proposition; but if they are looking after their interests, looking after the interests of their own people and their industries, that is exactly what I want the Congress to do for our interests. That is what I want our people to do—to do that which will develop our own industries and those things which will favor our own people and help them in every way that it is possible to do.

What have I said to those fruit producers? "Your market is already gone if the restrictions of Canada will take it away," but further the very best market that can come to our fruit people is the market of a prosperous, happy, and contented labor in the United States. The 125,000 people with their dependents of 200,000 or 300,000 will make a far better market for the fruit of the Yakima Valley and the Wenatchee Valley and other fruit-producing sections of the State of Washington, than any market they can possibly get in Canada. If we can produce our fruit cheaper than they can, they have the market for it and they will come and take it unless perchance they may think we are trying to retaliate against them. That we are not attempting to do. We are simply looking after the interests of our own people and our own industries.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. KING. I hope I am not interrupting the Senator in the continuity of his argument. I ask the Senator if it is not a fact that during the calendar year 1929 the total production in the United States of lumber was nearly 30,000,000,000 feet whereas the total importations of Canadian lumber were only 1,315,000,000 feet.

Mr. JONES. That may be true. As I said a while ago, I do not remember the exact figures.

Mr. KING. And our exports exceeded our imports.

Mr. JONES. That may be true. This is a great country. This is a great people. We may produce a great deal of lumber in this country and consume a great deal of lumber, but the kind of lumber that competes with Canada and that may be displaced by the forests of Canada comes from a certain section. That is especially the class of lumber against which we are seeking to protect our people. But the main thing, as I said, is the possible help that may be given to encourage the development of the lumber industry from the condition in which it now is.

The general principles of a tariff apply to this article just as much as they do to others. The condition which confronts this industry, the condition which confronts our people now, is the condition which we hope to deal with at least to some extent. It will not harm our people. It may help them. We do not know whether it will help or not, but if it does keep any foreign lumber out and we need something to take its place, we will furnish it and we will have it and that will start American labor to work and will start our mills to operating.

Mr. SMITH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from South Carolina?

Mr. JONES. Certainly.

Mr. SMITH. The Senator is pleading now for pure protection and not for revenue. If there is any revenue it will be incidental. What he is pleading for is that there shall be an embargo or stoppage of this foreign lumber so that the producers of the American product may have the advantage of the American market.

Mr. JONES. I do not think it is an embargo; but, practically, that is what I am appealing for. I will say that frankly to the Senator.

Mr. SMITH. It is very refreshing to hear the Senator state just what we are driving at in a tax bill. [Laughter.]

Mr. JONES. I do not think that is a proposition about which we should worry. When the bill came over from the House of Representatives it had two items in it, not for revenue but for protection. We have a perfect right to put them in here, and if the Senator can present any proposition that compares with the lumber situation, the situation which confronts our people, I shall be glad to vote for it.

Mr. SMITH. I am not attempting to excuse those who are responsible for the initiation of this bill. I do bemoan

the fact that the old historic party to which I belong and to which I have paid allegiance should, in this hour of the travail of America, when we are now considering a bill for the home builders, when there is a bill pending now to provide a plan by which the poverty-stricken and the homeless may have homes, in the same breath be seeking to put an additional price on the material that those poverty-stricken classes must depend upon. Is it true that because it has been contemplated that we shall advance money to those that are without homes in order to enable them to get homes, yet now we are providing the means by which the money that they spend shall go into the pockets of those who produce lumber and not in aid of those who build the homes?

Mr. JONES. Because we do not do one good thing is no reason why we should not do another good thing. I will help the Senator on matters of that kind. I am willing to stay here as long as necessary to take care of situations like that. But does the Senator think that is an excuse for not taking action that we think will do good? Of course, I do not ask the Senator to violate the fundamental principles in which he believes, and I do not criticize him for not doing it; but, as I have said from the beginning, while, of course, this is to a certain extent a protective measure, it is not framed as it would be framed if it were primarily intended as a protective measure. It is intended to meet a peculiar situation that confronts our people and in which at least 750,000 are directly interested; and if it does good, so much the better.

It may be like some other proposals we carry out in the belief that they would do some good, but we eventually find they do not. If it shall do some good, as I believe and hope it will, it seems to me we are justified in doing it, especially under the circumstances presented to us. Of course, it is in accordance with the fundamentals in which I believe, so that I have no compunctions whatever in supporting it.

I do not complain of the Senator looking at it in another way, but I do appeal to Senators, under the peculiar conditions that confront us, with the possibility of some aid to 750,000 people, not to stand upon some technical proposition that this is a tax bill and not a tariff bill, but to relieve these people under the peculiar conditions that confront us.

Mr. SMITH. I just want to make this one further observation. I am just as sympathetic with those who are dependent upon the production of lumber for a livelihood as I am with any others who are suffering.

Mr. JONES. I know the Senator is.

Mr. SMITH. But I can not get the viewpoint of an American legislator that in order to help 150,000 or 200,000 people he should multiply the burden upon 120,000,000 people. That is the vice of this class legislation called the protective tariff. I would join the Senator in voting three or four dollars a thousand on lumber if I could devise some means by which I could furnish the purchasers of the lumber the extra three or four dollars per thousand to buy it. But I do not feel that I am justified in benefiting a certain class and at the same time subtracting from the other class that which they can ill afford to pay.

Mr. JONES. I am not going to take the time to argue the principles of a protective tariff. In my judgment, there will not be a solitary cent of the $3 added to the price which the retailer will get for his lumber or which the actual consumer will pay when he gets his lumber. The Senator may not agree with me in that, but I am just as strongly of that opinion as I can possibly be.

Mr. NORRIS. Mr. President——

Mr. JONES. I yield to the Senator.

Mr. NORRIS. The Senator said a few moments ago that one reason for taking this item up was because the House had put it in the bill. I am unable to find it in the House bill.

Mr. JONES. I did not mean that the House had put the lumber item in the bill. The Senator misunderstood me.

Mr. NORRIS. I obtained that impression from what the Senator said.

Mr. JONES. No. The House put in the bill the oil and coal items, which made the pending measure what might be called a tariff bill, and so we were justified in putting in the lumber item.

Mr. NORRIS. Following the same theory, the same justification would apply to any other commodity that any Senator feels ought to have additional protection?

Mr. JONES. I have no question about that at all.

Mr. NORRIS. I am glad to have the Senator's honest judgment as to that, and I commend him for it.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Florida?

Mr. JONES. I yield.

Mr. FLETCHER. Will the Senator tell us what the existing duty on lumber is? Is it $1 a thousand?

Mr. JONES. The existing duty is $1 a thousand where the lumber is planed and dressed on more than one side. I think that is the provision of the existing law; I have it before me.

Mr. FLETCHER. Would this item increase that duty?

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. JONES. I yield.

Mr. STEIWER. Mr. President, in answer to the question propounded by the Senator from Florida, let me say that the present duty under the existing tariff law is $1 a thousand upon five botanical species of softwood lumber, provided the lumber is dressed upon more than one side. In practical operation about one-half of the softwood lumber that is brought into this country comes in duty free and the other half is dutiable at the rate of $1 per thousand.

Mr. JONES. That is correct. I have the provision of the law before me, and will read it to the Senator from Florida if he desires.

Mr. FLETCHER. I read it not long ago, and I do not care for the details. I think I understand the present law. I was trying to secure information as to the pending item. As I understand, it provides a different classification and increases the present rate of duty?

Mr. JONES. It increases it, I will say to the Senator frankly. It provides for the same tariff on undressed lumber as on dressed lumber. In other words, as I said at the beginning, I did not frame this amendment for the sole purpose and idea of carrying out the protective-tariff theory. If I had done that, I would have framed it differently, but I framed it not only for that purpose but in order to get revenue and to meet the situation which appeals most strongly to me and most strongly to the section of the country from which I come.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield.

Mr. KING. My understanding is that the Tariff Commission made an investigation and found no justification whatever for an increase in the tariff upon lumber. Is my information correct?

Mr. JONES. The Senator's information is correct, but let me say that that report was made last fall.

Mr. KING. Oh, a few weeks have passed.

Mr. JONES. The Senator does not think that amounts to anything, but conditions have been getting worse and they are still getting worse in that section of the country. They were bad enough at that time. I may say, however, that I do not think the Tariff Commission were justified in making the report which they did make. For instance, they found that Canadian lumber can be laid down in the city of New York for more than $3 a thousand less than our lumber mills can lay it down there. That in itself makes a very great difference.

Mr. KING. May I interrupt the Senator further?

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER. To whom does the Senator from Washington yield?

Mr. JONES. I yield first to the Senator from Utah.

Mr. KING. Our Republican friends—and I say it in the utmost kindness and not for the purpose of paying them a compliment—have indorsed the Tariff Commission and have said that if we could have a commission scientifically to investigate certain factors involved in production the zenith of perfection would be attained and that we could then have scientific tariff measures. Now, the Senator from Washington, one of the ablest men in public life, and a man whom we all love, is abandoning the fetish which he and his associates have worshiped and is admitting that the Tariff Commission and its findings are unimportant.

Mr. JONES. The Senator is not justified in making that statement, and I am quite sure he does not intend that it should be taken just the way it sounds. The Tariff Commission may make some mistakes once in a while; it is not a perfect body; but I believe in it; I think it is a good thing. I frankly said to the Senator it found as a general rule that the cost of production in Canada was substantially the same as in this country. It does find, however, that Canada can lay down lumber for about $3 a thousand cheaper in New York City than we do. That is quite an item. Our market is along toward the East and in the eastern cities, and, as I have said, the conditions are worse in our section than they were even last fall or last year. That is the condition that we want the Congress to correct. That is the condition that we want the Senate to try to do something to help us to meet and better just a little bit if it possibly can.

I am not going to argue with the Senator about the merits of the Tariff Commission. I myself believe in that body; I believe very much in it as it is now constituted.

Mr. KING. Theoretically.

Mr. JONES. No; I think that practically it is about all right.

Mr. KING. Mr. President, will the Senator yield further?

Mr. JONES. I yield.

Mr. KING. By way of levity, may I say that while the Senator denies infallibility to the Tariff Commission, he certainly gives infallibility to the President of the United States.

Mr. JONES. No.

Mr. KING. And the President has approved the findings of the Tariff Commission by not changing them.

Mr. JONES. Oh, no, Mr. President. I do not even give infallibility to the President of the United States; I do not care to bring the President of the United States into this matter. Of course he has approved the report of the Tariff Commission, but probably he has not given it the study and consideration that the Senator and I would give to a matter of that kind, because we have much more time, perhaps, than has the President.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. JONES. I yield.

Mr. STEIWER. I do not like to intrude upon the remarks of the Senator from Washington, but I should like, in my humble way, to assist him in relieving the distress of mind from which the Senator from Utah obviously is suffering. It is my understanding that, although the report of the Tariff Commission was finished comparatively recently, the inquiry was made as of the year 1929. In that year the consumptive requirements for all lumber in this country were over 34,000,000,000 feet. In the last year the consumptive requirements were something like 12,000,000,000 feet, a loss in consumption of nearly two-thirds of the entire amount. For the present year the prospect is for a still more limited market. Besides that, a great differential has been created between the currencies of the two countries since the year in which the investigation was made by the Tariff Commission. That differential of 10 per cent applies not only upon the original sales price but upon the delivered price, and includes the cost of carriage, so that there are added to the differential which the Tariff Commission actually found in favor of the Canadian manufacturer, and which, as the Senator from Washington said, is something like $3 a thousand feet laid down in New York, these new differentials which create an actual difference in the cost of production of something like five or six dollars per thousand.

So, Mr. President, it is no reflection upon the Tariff Commission, nor does it imply that anyone is criticizing the Tariff Commission if to-day we contend for something against which the Tariff Commission found in the year 1929. I have no doubt at all that if the Tariff Commission would investigate anew this question they would find the differences in the cost of production abroad as I am stating them here.

However, there is one consideration which seems to be utterly lost sight of, and that is that the Tariff Commission, as the Senator knows, can not remove an article from the free list to the dutiable list. Substantially one-half of all the lumber that is brought in is now on the free list, and as to that lumber there is not any hope in the world of the American producer getting any relief through the Tariff Commission. The only relief they can secure is the relief proposed by this bill in this Congress.

Mr. TYDINGS. Mr. President, will the Senator from Washington yield for a question?

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Maryland?

Mr. JONES. I am ready to yield the floor.

Mr. TYDINGS. I desire to ask a question, merely for information. The Senator knows more about the lumber situation than I do. I have had no opportunity to study it. I should like to ask him what amount of revenue does he think the proposed tariff duty on lumber will yield?

Mr. JONES. The Treasury Department reported they thought it would yield $1,000,000.

Mr. TYDINGS. Would it constitute a complete embargo against foreign importations?

Mr. JONES. I do not think so.

Mr. TYDINGS. Does the Senator think that about as much lumber as now comes in would come in if the tariff duty were imposed, except that it would have to pay the tax?

Mr. JONES. I would not be surprised if substantially as much would come from Canada as heretofore, although, as I have said, I should like to see much of the foreign importations eliminated so as to encourage development in this country.

Mr. TYDINGS. I appreciate the Senator's frankness; he is always frank; but what occurred to me is that, of course, if lumber does not come in, we will not get revenue; and if lumber does not come in, our men will not get the jobs in connection with lumbering, so that we have either got to give up revenue or work; and I was wondering which or what portion of each we would lose.

Mr. JONES. I tried to make it plain a while ago that that is what might happen. I do not know for sure what will happen, but if lumber does come in we will have that much more revenue, and if it does not come in, then our people will be encouraged that much more. I am not sure which will happen.

Mr. TYDINGS. Of course, if it does not come in we will not have the revenue.

Mr. JONES. No; if it does not come in, we will not get the revenue; but if the market demands more lumber, our people then will furnish it and our labor will get the benefit of it. That is what I hope will happen.

Mr. TYDINGS. I appreciate that, and what I hoped was that, simply for my own information, I could elicit on the floor from someone who has made some study of the question, whether or not we were more likely to get the revenue or were more likely to get the work which would be available to American workmen if lumber were not imported.

Mr. JONES. I am willing to confess to the Senator that I hope we will get the work.

Mr. TYDINGS. And get no revenue?

Mr. JONES. And get no revenue.

Mr. TYDINGS. The Senator is an honest man in a body that sometimes is not quite as candid as is he.

Mr. JONES. Mr. President, I have said all I care to say. What ought to be said has, I think, already been said here, and so I yield the floor.

Mr. SMITH. Mr. President, before the Senator from Washington sits down, I should like to ask him a question for information. Has the Senator the figures showing the consumption of lumber in 1929, 1930, and 1931? I understood that the consumption in 1929 was something like 30,000,000,000 feet, was it not?

Mr. JONES. The Senator from Utah read those figures, and I have no doubt they are correct. I do not know what year it was, whether it was 1929 when everybody was prosperous and things were going rapidly, or not.

Mr. SMITH. I should like to ask the Senator from Oregon a question. I understood him to say a few moments ago, when he was making a statement in the time of the Senator from Washington, that there was a decrease in the consumption of lumber in 1930 and 1931 as compared to 1929. Will the Senator repeat the figures as to the consumption of lumber in this country?

Mr. STEIWER. For the year 1929 the figure was something like 34,000,000,000 feet. I think I did not state the figure for 1930, but in 1931 the figures supplied to me showed a consumption of something like 12,000,000,000 feet.

Mr. SMITH. That is lumber consumed in this country?

Mr. STEIWER. Yes.

Mr. SMITH. To what does the Senator attribute the falling off?

Mr. STEIWER. The Senator is asking a very difficult question.

Mr. SMITH. The Senator was talking about free lumber coming in. It seems as if the freer a commodity is and the cheaper it is, the more would be consumed; but it appears that in the case of lumber the consumption has dropped off more than a half. So instead of there being 34,000,000,000 feet, as in 1929, there were only about 12,000,000,000 feet consumed in 1931. The only thing that I could attribute that to would be the poverty of the building industry, their inability to get money wherewith to build, and the inability of the people who wanted houses to pay for them. Now, in order to aid that situation it is proposed to add about $3 a thousand more on them so as to encourage the use of lumber. The higher the price is put the more the people, poverty stricken as they are, are expected to use. Where is it proposed to sell the stuff? If, when it is free and cheap, the consumption drops off two-thirds, what does the Senator expect it to do when the price is raised?

Mr. JONES. Mr. President, I desire to refer to that statement. This $3 is not put upon a foot of lumber that is produced in this country. This $3 is put upon the thousand feet that is imported into this country.

Mr. SMITH. Exactly.

Mr. JONES. If it is not imported, it is not put on anything.

Mr. SMITH. Yes, sir; and if the people can not get that lumber they will have to buy yours and pay $3 more for it.

Mr. JONES. No; they will not. There is where the Senator is wrong about it.

Mr. SMITH. Then they will not buy any lumber at all.

Mr. JONES. Yes; they will buy lumber.

Mr. SMITH. What sort?

Mr. JONES. There is competition among those people, and they will sell their lumber at just what the market will give them. There is competition, you know, in this country. The lumber is not all sold or handled by one firm out in our country.

Mr. SMITH. I understand that.

Mr. JONES. I do not know how it is in the Senator's country.

Here is the only answer I have: This $3 is put on foreign lumber.

Mr. SMITH. I know it is.

Mr. JONES. The man who buys domestic lumber does not pay a cent of it.

Mr. SMITH. I know he does not; but the Senator will have to excuse me. The people are buying foreign lumber because they can get it cheap, and they put your people out of commission. Now, you want to put a duty on that foreign lumber and stop its importation, and force them to buy yours. Of course not a dollar of this money would be spent with the foreigner, for, by George, he could not get his lumber in here, but it would be spent with you.

Mr. JONES. Apparently there is no use in our spending any time in arguing that, because, in my judgment, the purchaser would not pay a cent of that $3 to me unless I had a monopoly of the domestic lumber and there was a great demand for it. I would not get a cent of that $3 in that instance. If the Senator can not see it any other way, however, and thinks that because Congress authorizes a tax of $3 a thousand on foreign lumber the domestic producer will put $3 on his product, I can not convince him to the contrary. I know to the contrary, but the Senator has not the same knowledge that I have. He does not look at things in the way that I do.

Mr. DILL. Mr. President, will my colleague yield for a suggestion?

Mr. JONES. Yes; I am through.

Mr. DILL. I desire to call the attention of the Senator from South Carolina to the fact that since 1929 the average price of lumber has decreased from $20.63 per thousand to $13 per thousand, and it is still going lower; and the oversupply of lumber now on hand is so great that there is not a possibility within the next year, at least, and probably two years, of this import tariff affecting the domestic lumber.

Mr. SMITH. Yes; Mr. President; and the price of everything else has gone down. The price of cotton has gone from 30 cents to 5 cents, the price of wheat has gone from $2 a bushel to 25 cents a bushel, and the wages of the laborers of the country who are fortunate enough to have jobs have been cut half in two and the balance of them turned out in the blotting-paper crowd. If we are going to bolster up these industries, in the name of the God of Justice let us give back these people their jobs and give them full wages. If we are to come here and bolster up lumber, bolster up oil, and bolster up copper, in the name of the God of Justice let us bolster up the jobs and the wages of the laboring people.

This is a country for us all. It is not right for us to stand here and pick out some favored classes and legislate for them and leave the mass of the American people helpless and bankrupt.

Mr. TYDINGS. Mr. President——

Mr. SMITH. I yield.

Mr. TYDINGS. The Senator from South Carolina is in only the first phase of this matter, may I say, because I want to point out to him that first of all we are going, as he says, to increase the price of lumber, but later on in the session we have a bill coming in here known as the home bill, to take care of the home. Then we are going to do the usual thing. We are going into the Federal Treasury to get the money to lend to the man who wants to build a home upon whose materials we have already increased the price by this tariff.

Mr. SMITH. And we are going to have the money we provide paid to the man who is the beneficiary of the tariff, namely, the man who furnishes the lumber.

Mr. TYDINGS. That is right. It comes right back where it started.

Mr. SMITH. My mentality is such that I can not grasp these great, big problems that with just a turn of mind can make black white and make white black. I can not do that. I can not see how we can add to the price of a thing and not add to the price. I am unable to see how we can add $3 a thousand to lumber and not increase the price of lumber. I utterly fail to see that.

Mr. President, this paradox that confronts me in my limited mental processes seems to have confronted us all. Here we are in the midst of the greatest distress that America has ever seen. Those who just a few months ago were rich are now poor and those who were then poor are now paupers. The leveling process of this deadly thing has brought about a condition that has bankrupted the States.

They can not meet their obligations. It has even threatened the Federal Government, we are told. In the midst of this universal poverty, we come here with a bill adding still greater burdens to those that the people already are groaning under, committing suicide under, and losing their homes under. We come here with a tax bill of a billion dollars that reaches into every home and adds a Federal tax to every commodity in the country, for we need not deceive ourselves. When we impose a tax, be it an income tax or any other, it will, under the natural law of gravitation, settle upon the man on the ground.

Here we are in the midst of this distress. Instead of finding a means of starting the wonderful wealth of this country to moving, instead of breaking the crust and letting commodities begin to move, we are here spending our time and our energy in attempting to bring about the restoration of prosperity through the imposition of tariffs at the top of the list; and what has happened with the two-billion-dollar Reconstruction Finance Corporation? From the day of the enactment of that law until now the market has either been stagnant, static, or has gradually declined.

The mass of the people have no voice here. I have sat here and listened to this plea for oil; I have listened to this plea for coal; I have listened to this plea for lumber; I have listened to pleas to increase the price of these few representatives of the great, diversified industries of this country; but I have not heard one word as to what we are going to do to increase the consuming capacity of the masses of the people. When we begin to talk about extending aid to those who are in dire need of it we are met with the expression, "They have had too much credit already."

It reminds me of what Pat said to Mike when Mike was riding an old horse so poor that every time he took a step he reeled. Pat said, "Mike, why in the name of God, don't you put more flesh on that horse's bones?" Mike replied, "Hell! He can hardly walk with what he has got. What would he do with any more?" [Laughter.] That seems to be the philosophy of our legislatures in reference to the masses of the people.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Massachusetts?

Mr. SMITH. I yield.

Mr. WALSH of Massachusetts. The Senator has very ably pointed out the burden which these tariff duties would impose upon the masses of the people at this particular time. I desire to call his attention to the fact that this duty on lumber of $3 per 1,000 feet is the same upon the lumber that the poor buy at $12, $15, and $20 per thousand as it is upon lumber that costs $150 and $200 and $250 per thousand feet, used as mahogany paneling in the homes and in the offices of the well-to-do. In other words, in addition to the serious general burden upon the poor that all tariff duties are, this tariff levies an ad valorem duty of 33⅓ per cent upon the lumber of the farmer and the poor home owner, and a duty of only 1 per cent upon the lumber of the well-to-do.

Mr. SMITH. I thank the Senator, and, Mr. President, while I am on this point, there is another contradiction in terms.

We have an organization for the conservation of natural resources. One of the main things I have heard discussed on this floor, and have heard the changes rung upon it, is the preservation of our forests, the reforestation of our depleted watersheds, the rapid disappearance of our standing timber. When other countries say, "All right; just rest a while from the destruction of your forests and we will furnish you all the lumber you need cheaper than you can furnish it yourselves," with one breath we vote to spend money to save our forests and with the next breath we vote to levy a duty to keep other people from helping us do it.

Mr. STEIWER. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. STEIWER. There was a time in this country when the rate of cut was greater than the rate of growth, but under present conditions the rate of consumption is so curtailed that all the authorities agree that we are producing lumber faster than we are using it. So the old conservation argument that was made 25 years ago no longer has the force that it formerly had.

At the time that we were destroying our timber stands faster than they were growing the conservation argument was a valid and proper argument to be used, but I submit to the Senator that now, when all of the authorities say that the reproduction is considerably in excess of what we can cut and use, the conservation argument is no longer what it used to be.

Mr. SMITH. Mr. President, I can speak from experience, and more or less authoritatively, about my section of the country. In the old days there was no timber in the world known to the timber people which could compete with the yellow pine of the South. It was so rich in turpentine that it preserved itself. Stumps in some of the fields in my section of the country were there during the Revolutionary War. They are practically indestructible. That forest is gone now forever. We have a quick growth, comparatively, known as the old field or slash pine, but it takes from 15 to 20 years for it to reach anything like milling condition, and when it does reach it, it is a very inferior kind of lumber. So that I know that in my section the available lumber trees have gone, and another generation will pass before we will have anything like lumber again.

Be that as it may, I say that the American people, home builders and home lovers, are entitled to get the lumber to build their homes wherever they can get it the cheapest. You have no right to subject the home builder to the necessity of having to pay an additional price for his home for the benefit of another American citizen, without granting that home builder some means of getting the extra price to pay for it.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. LONG. On the theory of a home owner having the right to build his home at the very best price, what would be the Senator's objection to letting Chinese labor come in without immigration restriction to build the houses for these people?

Mr. SMITH. Somehow or other I think there is a difference between a man and a house; though sometimes I doubt it. What I mean to say is that when it comes to the question of the American people being protected unless we can protect them all; we have no right to protect a few at the expense of all.

Now, Mr. President, I want to say something about this bill. I think it is a shame that this bill has been brought into the Senate to balance the Federal Budget before we have aided the people to balance their budgets, as the Senator from Idaho said the other day. There is not a State in the Union which could to-day take the income it has and meet the outgo. Or, if there are such States, there are very few of them. The teachers of the youth of the land throughout the several States are deprived of their salaries. Teachers of the city of Chicago can not collect their salaries, due to shortage in the municipal income of that city. Teachers in my State are asking that the certificates from the State shall be made eligible for discount at the member banks of the Federal reserve system, so that with an amendment to the act the Reconstruction Finance Corporation can benefit those people who have devoted their lives to teaching. Throughout the country we find bankruptcy, mortgages, and debt, and we are here to-night, as the result of the maladministration of our affairs, adding a billion dollars to the already overburdened and distressed American people.

The Senator from Oklahoma, speaking here to-day, said the doctrine of Jefferson was that when you were hit you should hit back. The other nations of the earth followed Thomas Jefferson, and when we erected that crime known as the Smoot-Hawley law they hit back, every nation on earth hit back. They said, "You have all the gold; we can not buy without gold. You demand that we shall pay you

in gold; we have not the gold, but we will pay you in kind." We said, "No; you shall not dump on us, either." We had all the gold, and erected tariff barriers; and here we are drowning in our own fat.

The whole trouble began when we erected a tariff wall against the outside world, which had been depopulated and financially ruined, not because of any selfishness on our part but because we had been favored with almost illimitable resources, and to the beleaguered nations of the earth we extended credit and succor during the time of the war. Thank God, we furnished the men and the means that brought a happy ending to the miserable world conflict. We extend them aid and sent them men; and then, when pay day came, we found ourselves in possession of a major part of the monetary gold of the world.

The nations asked to trade with us. They had no other means of reviving their industry; they had no other means of even paying us in part. We said, "We will not become a dumping ground." Therefore we erected that monstrous thing known as the Smoot-Hawley bill; we shut the door to the nations of the world and kept out gold, but demanded that they pay us in gold. They did not have the gold with which to pay us, and we refused to accept their exchange in kind. So we have arrived to-night at the logical consequence of this miserable thing known as a high protective tariff. It is the logical result.

Thank God, I have one thing to my credit, if nothing else. I voted against every schedule in that miserable thing and then voted against the whole bill. I had the unique distinction of being the one genuine, simon-pure, unreconstructed and unterrified Democrat in this building. [Laughter.] Thank God, the result has justified my position.

Mr. SMOOT. Mr. President, I do not want to answer the Senator, but his statement is very easily answered.

Mr. SMITH. I know it is.

Mr. SMOOT. I would like to get this bill passed; and if it is going to do any good, let it come just as quickly as possible.

Mr. SMITH. You started in in a poor way to do good. Here you are going to add to the iniquity you have already perpetrated. [Laughter on the floor and in the galleries.]

Mr. SMOOT. The "iniquity" I have already perpetrated is the Senator's opinion.

Mr. SMITH. Yes.

The PRESIDING OFFICER. The Senate will be in order. The Chair desires to admonish the galleries that the rules of the Senate forbid demonstrations. The Chair will ask the occupants of the galleries to please respect the rule.

Mr. SMITH. Mr. President, I would be lenient with the audience. God knows they have very few things to divert them in these days of Republican rule; and if in this performance they can get anything to divert them from the horrors they have at home, let them laugh. I do not object at all.

Mr. President, I do not feel, honestly I do not feel, like bringing a railing accusation against my colleagues on this side. It is not a very pleasant duty. But those over on the other side are so clever, and their association has been so intimate, that they have horribly corrupted some on my side. That is what is the matter. [Laughter.]

Mr. President, there is no use going over the same thing. A false principle wrought into real law will work itself out in disaster, and for 60 long years and more an intensive form of high protection has been the order of the day, with just minor checks given by two Democratic administrations. Here in 1932, with more textiles than we know what to do with, with more wheat than we know what to do with, with more meat than we know what to do with, with more building material and more facilities for fabricating homes and the comforts of home than we know what to do with, 10,000,000 people are barefooted, hungry, and naked, and those who are not that low, stand terror stricken, knowing not what to-morrow may bring forth an indictment of the intelligence of those of us who presume to fashion the law under which these trusting individuals live.

Tantalus standing chin deep in water and finding it impossible to get a drop to drink.

Wheat rotting in the bins and men starving on the streets.

Meat actually piling up in our abattoirs and men hungry. Tatters and rags, the Red Cross hunting old clothes to dole out to an American citizen, and wool and cotton can not find a market.

We certainly are an intelligent bunch. [Laughter.]

In former years we might have said this condition arises because we are more or less dependent upon foreign markets, and can not hear for a good long time from those markets. The facilities for transportation and communication are so perfect now that China is nearer to this Chamber than the White House was 50 years ago. We are one great big family, encircling the globe with our radios and our telegraph, carrying our mail and our light merchandise through the air and in palatial merchant vessels, making us one great community, a democracy of the universe. Yet, with a stupid adherence to an effete financial system, we allow the peoples of the earth to be poverty stricken and beggared because we have not the courage to face the issue and find the solution.

Here to-night and this afternoon, invoking an old policy that has bankrupted America; here to-night, on a little handful of coal that slips into the city of Boston, you penalize every shivering individual who seeks to warm himself in the bitterness of winter, in order to protect a coal monopoly. You are sending the poor, shivering individual who has been made homeless by this stupid attitude of our lawmakers out on the street to wander about because he can not pay the additional $3 a thousand on lumber. You will take the cotton and wheat growers of the West and the South and add a half a billion dollars annually on their backs to meet the modern method of motive force and power in the form of the internal-combustion engine, because some man bores a hole in the ground and taps that which God manufactured for us. You will penalize every man who ought to be the beneficiary of this providence of God that is placed in the bowels of the earth against our need and the development of our genius.

You are penalizing every man who adapts himself and uses this motive force, and you lay upon the impoverished farmers of this country a half billion dollars in order to enrich a few so-called independents.

Mr. President, in the name of the American people, who is going to pay these bills? Stripped now, what is the use of making a plea to the people? They do not pay anything in at election time. Trace this infamous proceeding back and it will be found to wind up where the contributions came from to carry an election. We are not fooling anybody. Perhaps it is enough for me to wind up what I have to say in the wonderful words of that marvelous genius where he said:

> Through tatter'd clothes small vices do appear;
> Robes and furr'd gowns hide all. Plate sin with gold,
> And the strong lance of justice hurtless breaks;
> Arm it in rags, a pygmy's straw does pierce it.

Oh, Mr. President, that is the theory and that is the philosophy which is governing us all. Cumulative to that, Woodsworth put into the mouth of Bob Roy the slogan of all time:

> The good old rule
> Sufficeth them, the simple plan,
> That they should take who have the power
> And they should keep, who can.

Under modern conditions that doctrine will bring warfare, rioting and bloodshed, and God knows how far we are from it in this country at this time. Just how much further can we go without opening the doors of opportunity to these millions who are sitting in these galleries and outside filled with a nameless fear? Just so sure as there is a God above us, the people of this country are losing confidence in their government, both local and national, and God help us when that confidence is entirely gone.

I have sat here day after day. I have not been so discouraged in all my life as I have been in the consideration of this tax bill. It was enough, God knows, that you and I were called upon to add one jot or tittle to the suffering of the masses of the people. It seemed to be necessary that we must get some revenue direct and not in the form of bonds to meet the expenditures of the Government. But when there was injected into it the opportunist, who saw some kind of an excuse to slip in the greedy hand of a protective tariff for the benefit of a few at the expense of the many, I gave up.

Mr. President, I do not believe that democracy has ceased to exist—the grand old doctrine of equal rights to all and special privileges to none. Have we heard the cry of special privilege in this the hour of the Nation's travail? I would have felt sad enough and disappointed enough if I had heard it from those whose immemorial doctrine was "fleece the masses for the benefit of the classes." But when that doctrine found a foothold on my side of the Chamber in this hour it was almost more than I could bear. It was bad enough when we were discussing a pure tariff bill, but when, in the sad task of taxing an impoverished people, we are asked for a rake-off for certain monopolies and corporations, it was going too far. I will join any Senator in doing what the Senator from Idaho [Mr. BORAH] said we should do: Let us balance the people's Budget and thank God they will balance ours; but if we unbalance theirs, as we have done, they will unbalance ours.

Mr. President, I am afraid to go on any further. I really am. I want to get back to the old doctrine. It is the only thing that will ultimately save the country, and that is that no matter how expedient it may seem; no matter how plausible it may seem; no matter how one's promotion and election may hang on it, he has no right to tax all the people for the benefit of a special privileged class. He can not justify it, I do not care how good the principle may be.

Mr. LONG. Mr. President, will the Senator yield?

Mr. SMITH. No; I will not yield now. I expect to yield the floor in a moment.

It does not make any difference how good the principle may be, I state this as a fact, that no matter how theoretically and abstractly perfect a principle may be, if the only policy that you can adapt to it impoverishes some and enriches others, you have no right to put it into operation.

Mr. President, I can not understand the viewpoint of those who are willing in this hour to impose even the burdens of this tax bill on the American people. I have been in the Senate 23 years. I never heard before about balancing a Budget. Sometimes I think it is a camouflage to hide something else, but I shall not dwell on that. If we can issue $2,000,000,000 of bonds to underwrite the papers of certain industries that seem to be in jeopardy, why could we not issue $2,000,000,000 of bonds to meet our obligations and amortize them over a period of years and not impose this burden on the American people in this way? I do not feel like voting for a single thing in this bill, not a single thing. Taxing the American people who are coming to us and pleading with empty hands and breaking hearts for relief, we answer them with this stone. Asking us for bread, we give them $1,000,000,000 in taxes. Asking us for a home, we charge them $3 extra on the lumber. Asking for the power to move themselves, we place an extra tax upon their oil and gasoline. They say, "We are cold and want warmth." We say, "All right; go and pay a tribute to anthracite and bituminous coal companies, and then get warm if you have the wherewith to get the coal."

So far as copper is concerned——

Mr. BROUSSARD. Mr. President, why not give the people 2.75 per cent beer and let them have what they want? [Laughter.]

Mr. SMITH. The Senator knows he would not be so unkind as to fill an empty stomach with alcohol. It would make them sick. He should fill the stomach with food and then let them take the beer.

Mr. BROUSSARD. But it is medicine, recognized under the Volstead law. [Laughter.]

Mr. SMITH. Oh, yes; but they have too much medicine now. [Laughter.]

No, Mr. President; unless I change my mind I do not think I shall vote for a single thing as to excise taxes in this bill. It may sound to the wiseacres like a radical statement, but they may hear a different sound before the snow flies. When you begin to add to the burdens of an already nervous and restless people, the breaking point may come somewhere. I would join with my colleagues to go to any length to try to relieve the situation of the masses. Let us start at the ground.

Mr. BROUSSARD. Why not permit them to drink 2.75 per cent beer? If they had that we could get enough revenue from that source to pay all of the bills.

Mr. SMITH. Why, my dear Senator, I would be tickled to death if I could just get the American people's pockets full of money and their stomachs full of food, and then we would discuss the Senator's beer proposition.

Mr. BROUSSARD. But we need the money now.

Mr. SMITH. So far as that is concerned, I do not want to——

Mr. BROUSSARD. Mr. President, will the Senator yield?

Mr. SMITH. Not now. I positively saw the Senate the other day get intoxicated just talking about beer, and I do not want to discuss it to-night. [Laughter.]

Mr. President, I have expressed myself as a Democrat, and I leave this question, of course, to the consciences of those who have to meet the issue.

Mr. SMOOT. Mr. President, I hope we may now consider the bill. I again call the attention of the Senate and of the country to the fact that every day that we delay consideration of the bill is costing the Treasury of the United States over $2,000,000.

Mr. GEORGE. Mr. President, I invited the attention last night of the Senator in charge of the bill to the danger into which we were running. I invited the attention of the country to the fact that the majority party had it in its power, when the bill was in the Finance Committee, to eliminate these tariff items. I went so far as to suggest at least that the President of the United States might still rescue this measure from almost inevitable disaster. Notwithstanding that fact, Mr. President, the Senate has proceeded to confirm the duties upon two products imposed in this bill, when under no protective theory yet evolved can one of those duties be justified, and the other is involved in extreme doubt.

I have long thought that in this time of crisis no man charged with public responsibility can afford to indulge in idle language or meaningless generalities; and I now recur to the oft-repeated statement made during the debate on the oil amendment, namely, that there were four arguments against the oil tariff—the Standard Oil of New Jersey, the Standard Oil of Indiana, as I recall, the Dutch Shell, and the Gulf Oil Co. I now say that there are four arguments for the oil, coal, copper, and lumber tariffs, and I enumerate them: They are oil, coal, copper, and lumber. They are the arguments.

Mr. LONG. Mr. President, will the Senator yield?

Mr. GEORGE. No; I do not yield.

The PRESIDING OFFICER. The Senator from Georgia declines to yield.

Mr. GEORGE. They are the arguments. Now, those in charge of the bill urge the Senate to make speed with the bill which they have deliberately wrecked, which, with full warning and knowledge, they have run into a condition from which it may be difficult to extricate it.

What course is open to those of us who have insisted, wholly without regard to the merits or the demerits of these particular tariff items, that they be not retained in this bill? As for myself, the course lies straight ahead of me. It is to vote for the 1918 income-tax rates and against every excise tax in the bill. If Senators want tariffs, they have the choice of taking them in an hour like this, when the credit of the Nation is at stake, or saying that no industry such as that of oil, with its shadowy history, with its slimy course running through the Harding administration, shall put

its strong hand at the throats of the American people until special grants have been made to oil producers and coal producers and now lumber producers and to-morrow copper producers.

If these industries have a case, let them present it when a tariff bill is before the Congress, and we may properly consider tariffs; let them submit the case when all customs duties may be properly weighed and evaluated; but for the majority party, speaking through the distinguished chairman of the Finance Committee, now to warn us that every moment is precious and that we ought to make speed with this tax bill, makes it necessary, Mr. President, for me to say what I have said on this occasion; and I now again say, my friends on the other side of the aisle may pass the bill with tariffs in if they will, but so far as I am concerned they must take their choice between the bill without tariffs or the 1918 rates.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Florida?

Mr. GEORGE. I yield.

Mr. TRAMMELL. I merely want to ask the Senator if he does not think that probably the motive prompting all this haste is to enact this law with these special provisions in it so that the private interests may begin to take from the public perhaps two or three or four million dollars a day to support their industries?

Mr. GEORGE. I have finished what I have to say.

Mr. LONG. Mr. President, it might be in order——

Mr. SMOOT. Mr. President, will the Senator yield to me for a moment?

Mr. GEORGE. I yield for a moment.

Mr. SMOOT. The Senator from Georgia [Mr. GEORGE] has referred upon two or three occasions to the fact that the Republican Party is responsible for initiating the tariff items in this revenue bill. The House of Representatives is controlled by the Democratic Party; this bill came from the House of Representatives, and that body entered the tariff field and sent over to the Senate a duty upon crude petroleum, and also sent here a provision in the pending bill levying a tax upon coal and coke. It was not the Republican Senate that initiated tariff items in the bill—not at all—but, so far as I am personally concerned, after the field was entered and the items were voted into the bill in the Finance Committee, not by one party in that committee but by a majority consisting of Senators of both parties, if we are going to retain two tariff items in the bill, I see no reason why the other items should not be included, because the industries producing the commodities affected are exactly in the same unfortunate condition as the other two upon which the House acted.

AN UPLIFTED DEMOCRACY

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I do not want to yield further to the Senator from Utah, if I may help it, at this time, if he will permit me.

Mr. SMOOT. Certainly; I merely wanted to say what I have said; and I thank the Senator for yielding.

Mr. LONG. I just have something I want to read, and then I will turn the floor over to the Senator, if he desires.

Mr. President, I want to say that I have listened to the eloquence of the Senator from Georgia; I am one of those who have listened to every word he has said in this debate; but I have a responsibility to the Democratic Party, and I do not want the Senator from Georgia to take away the credit that is due the Democratic Party because of this bill. We deny, as Democrats—and coming, as I do, from the leading Democratic State of this Union, as proved by the last presidential vote—I deny that the Republican Party is due any credit at all, if we can help giving them any credit, for these tariff items.

Furthermore, we call the attention of the public to the fact that in the 1928 platform of the Democratic Party we went on record for the kind of protection—and a great deal better protection—that is afforded by this bill.

Furthermore, if there is anybody who is going to lecture Democrats because Democrats vote for tariff items, there is nobody whose shining example is better than that of the Senator from Georgia. I have his tariff record; and it is one of the things that we intend to present in the coming campaign to the intelligently equipped voters of this country who want to vote for a tariff that protects their people. We are going to submit the record of the Senator from Georgia in my State to prove that the Democratic Party does stand for protection at least on everything that is raised in Georgia. [Laughter on the floor and in the galleries.]

The PRESIDING OFFICER. The Senate must be in order.

The present occupant of the chair will announce that unless occupants of the galleries maintain order the galleries will be cleared. The Senator from Louisiana will proceed.

Mr. LONG. Mr. President, here is the record of the Senator from Georgia on the tariff. I want to take occasion to read it, because he has been designated, I am sure, by a number as a disciplinarian of the Democrats and the Republicans for the stand they are taking here on this bill.

Mr. GEORGE. Mr. President, I am speaking for myself, and for myself alone.

Mr. LONG. I assume that to be so, Senator, but I mean there are many here who, at least, take comfort in what the Senator says.

On October 4, 1929, the Senator from Georgia voted for Mr. BLAINE'S amendment for a 5½-cent rate of duty on casein. The House rate was 2½ cents; the Senate Finance Committee rate was 3½ cents, but the Senator voted to raise it to 5½ cents.

On November 5, 1929, the Senator from Georgia voted for the amendment proposed by the Senator from Nevada [Mr. PITTMAN] to restore the duty on silica, crude and suitable for pigments.

On January 28, 1930, the Senator from Georgia voted for the amendment of the Senator from Idaho [Mr. THOMAS] to increase the duty on vegetable oils. That was a righteous vote. Why? Because we produce cotton in the South, in Louisiana, and in Georgia, and the Senator from Georgia, like myself, wants the oil industry of the cotton-growing States protected; but when he gets to the oil that Georgia does not produce it is a terrible thing, it is a horrible affair, to tax 120,000,000 people for the oil that others produce, but it is all right to protect the oil that is squeezed out of the cottonseed that comes from the State of Georgia.

Mr. GEORGE. Mr. President, of course I will follow the Senator, but I want to suggest to him now that when I came here in response to the President's special message asking the Congress to equalize the condition of agriculture with industry by giving to agriculture suitable tariff rates, I voted for all such rates that I thought were reasonable.

Mr. LONG. Yes, sir; and I think the Senator voted right in every vote he cast for the tariff. I disagree with the Senator in voting against tariff rates on commodities in which his State is not interested but with which I am concerned in Louisiana. I am going to vote for all the tariff items the Senator has voted for, and I will vote to increase some of them.

I simply do not think that he should make fish out of one and fowl out of the other, and I do not want him to do the harm that he is now doing, because the record of the Senator from Georgia reflects credit upon the Democratic Party. Because he has stood here to protect the people of the United States from slave labor and slave trade, I would not now want him to go so far afield as to discredit the Democratic Party and lodge in the Republican Party the credit for the magnificent protective record which he has and of which his party is going to know when the fall campaign comes on. As I have said, I myself intend in my State to publish the record of the Senator from Georgia, so that the people of Louisiana may know that they can safely rely upon the Democratic Party as a protective party in this country. I think the Senator from Georgia is right.

If the Senator from Utah wants to dispute that the Republican Party is due the credit for protection, if he wants to admit that at last the old Republican Party is not anything but a free-trade party anyway, I will admit it myself, because the people of the United States do not favor leaving this country unprotected.

I want to read a little further from this record.

On February 18, 1930, the Senator from Georgia voted for Mr. CONNALLY'S amendment to increase the duty on cattle. That was a proper vote, and I would have voted that way. I will vote to increase it again.

On February 19, 1930, the Senator from Georgia voted for Mr. HAYDEN'S amendment to increase the duty on dates in packages.

On March 3, 1930, he voted for Mr. SHORTRIDGE'S amendment for a duty on long-staple cotton.

Mr. President—and I am sorry the Senator from South Carolina [Mr. SMITH] has left the Chamber—we have been told all the time that the Southern States needed no tariff, because cotton was strictly an exportable crop. But the time has come, Mr. President, when in Turkey and in Egypt and in Russia and in India they are raising plenty of cotton, and not only is it going to be necessary for long-staple cotton to have a tariff, but the time is not far distant when there is going to be a tariff on all cotton.

I see my friend from Mississippi [Mr. HARRISON]——

Mr. HARRISON. Mr. President, I hope the Senator will lay off the Senator from Mississippi, because the Senator from Mississippi will be liable to respond. Just leave out my tariff record. I have not spoken on oil yet, nor on copper, nor on lumber; but I can if I am invited. I can speak on it at length.

Mr. LONG. The reason I am mentioning the Senator from Mississippi is strictly a compliment.

Mr. HARRISON. It may be a compliment in the Senator's opinion, but it may not be in my opinion.

Mr. LONG. I am sorry the Senator thinks that his record would be anything but complimentary to himself. I do not believe the Senator from Mississippi would disown his own record; and I believe the Senator will agree with me that his record on the tariff and on all other public matters reflects great credit on the Senator.

Mr. HARRISON. Yes; I agree to that, and I am glad the Senator agrees with me in one thing and wants to applaud one effort that I have made. I am just saying to the Senator, however, that I am not in this controversy, and it will afford me much pleasure if he will leave my name out of it. He is proceeding on the Senator from Georgia; so let him go after the Senator from Georgia but not after me, because I shall feel obliged to respond, and I do not want to respond. [Laughter.]

Mr. LONG. The Senator knows that we have followed the Democracy of the Senator from Mississippi before the Senator from Georgia ever came to this body.

Mr. HARRISON. Yes; and as long as the Senator followed me he was right on Democracy.

Mr. LONG. All right. Well, then, the Senator from Mississippi was persuaded to vote for a tariff of 7 cents a pound on long-staple cotton. Mississippi probably produces more long-staple cotton than any other State in the Union.

Mr. ASHURST. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arizona?

Mr. LONG. Yes, sir; I yield.

Mr. ASHURST. I make a bid for apology to the Senator from Louisiana for what I have to say. I beg him not to believe that I rise out of any attitude of attempted censoriousness; and I hope that the handsome, vital, and vivid young Senator from Louisiana will believe me when I say that I doubt if we promote our cause by exploring the records of our brethren.

There is no man in the Senate who has been here any considerable time who can say, "There is the white light of consistency, and I have followed it without a shadow of turning." If he can truly say such, then he has done nothing in the Senate.

We appreciate the efforts, the vitality, and the vigor of the Senator from Louisiana. I do not agree with the Senator from Mississippi on these items. I do not agree on these items with the Senator from Georgia. I listened enraptured to the speech of the Senator from South Carolina [Mr. SMITH]. I do not agree with him on these items, but he charmed me. I am certain that every vote these three Senators and others, all of them, have cast has been the result of an honest mental operation, guided by a clear conscience.

I again ask the Senator from Louisiana to believe that I rise not out of any attempted censoriousness. I am anxious to have a vote on these items, lumber and copper, to-night, if possible. We ought to vote; and, not trying to be facetious, I like to listen to the Senator from Louisiana. What he says is fresh and it is breezy [laughter]; but I ask him to withhold any further discussion at this time, because I see clearly that we are going to plunge into a long and bitter discussion which will consume not only this evening but possibly all of to-morrow.

If the Senator will allow me, I will ask that we vote now on these items.

Mr. LONG. I am ready to vote.

Mr. GEORGE. No, Mr. President; when the Senator is ready to yield I shall be glad to take the floor.

Mr. LONG. All right. I am ready to vote, Mr. President. I have been ready to vote on this lumber question for some time. We have already voted on two other items after two days of discussion, and I thought we were going to vote on this third item; but after several hours were taken up in oratory I considered that I ought not to let my party be stabbed without rising to its defense.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. Yes.

Mr. SMOOT. Let me appeal to the Senator not to say anything further on the subject now. I should like very much to get a vote upon this matter.

Mr. LONG. I should, too. I shall be through in just a minute; but we have more oratory coming. As the Senator from Arizona has suggested, I could see that that spirit of oratory had reached uncontrollable limits by the time I came to the Senate about the fourth time for a vote; and I concluded that some reply should be made to the charge that irreparable harm is going to be done to the masses of this country, which they think is Democratic doctrine. I do not think it is.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. LONG. Yes, sir; for a question.

Mr. TRAMMELL. I desire to state that there will not be a vote within three minutes after the Senator yields the floor. I have an amendment to the paragraph in regard to lumber. I have had no opportunity whatever to say a word about it, and I am going to have an opportunity to say something about it. Do not yield the floor thinking that you are going to get a vote in three minutes.

Mr. LONG. If the Senator from Florida is going to say something, we know that he usually does say something that we will all want to listen to; and I thank him for his contribution.

However, Mr. President, I am not going to take time to read all the record of any one of the Senators. There are several more lines to be read upon the votes of the Senator from Georgia [Mr. GEORGE]. I think the Senator from Georgia knows—whether he does or not, I can assure him that it is a fact—that there is nobody in this body or in his native and beloved State who regards the motives and the integrity of the Senator more highly than I do myself. No one believes more firmly than I that he has been guided not only by a good conscience but by a proper judgment in all of his tariff votes.

On March 13, 1930, he voted for concurrence in the amendment for a duty on long-staple cotton.

On March 14, 1913, he voted for reconsideration of the vote adopting the amendment reducing the rates on wrap-

per tobacco; and the Senator made a speech on the subject. This is something that I am glad is in the RECORD, because it will be possible for us to send out this speech as a part of the CONGRESSIONAL RECORD free of cost, showing how the Democratic Party stands. As one of the members of the party, I intend to avail myself of the franking privilege to send this speech through the mails, free of cost, to show that the United States is represented in this body by good, sound, protection Democrats.

The Senator from Georgia said this. I read from page 5699 of the CONGRESSIONAL RECORD of November 18, 1929:

> Mr. GEORGE. Yes; I understand the Senator's argument, and I think the Senator has very well stated the case. I would like the case to be very well understood because it is a very clear case of conflict between manufacturers and producers. It is one of the clearest illustrations in the entire tariff bill. The rate of $2.50 on unstemmed wrapper tobacco will not increase the cost of the 5-cent cigar.

Just as we told you that the rate on oil is not going to increase the price of gasoline. The fact that there was a tariff on wrapper tobacco going into the making up of cigars, the Senator very appropriately said, was not going to increase the price, but it was a good protection.

> The Senator is quite right about it. I am willing to make that statement on my own responsibility so far as it may go. A rate of $1.60, such as the Senator from New York proposes, will not reduce that price.
>
> So what is the situation before us? We have the plain case of whether we desire to give more profit to the manufacturer. We have a clear-cut case of whether we desire to give certain manufacturers of cigars more profit or whether we wish to give the producer a better chance to control his market.

That is the logic from the Senator from Georgia. He made a long speech to that effect; but the Senator from Georgia is not the only man in the Senate on this side of the Chamber who has a tariff record to be proud of. I take one or two at random, that they may be considered.

The Senator from New York [Mr. COPELAND] has a good record. He voted for 19 increases and against 35 decreases.

The Senator from Utah [Mr. KING] voted for some increases and against some decreases—not so many.

The Senator from Arkansas [Mr. ROBINSON], the leader of this side of the Chamber, has a fair record himself on the tariff—not as good, however, as others.

My predecessor in the Senate, Senator Ransdell, who was in Congress for 32 years from the leading Democratic State of America, had 34 votes for increases, and 44 votes against decreases.

The junior Senator from Mississippi [Mr. STEPHENS] voted in connection with the Smoot-Hawley tariff bill for nine increases and against three decreases.

The Senator from Florida [Mr. TRAMMELL] has a record that to the heart that loves liberty is more enchanting than romance. [Laughter.] He voted for 21 increases and against 23 decreases. Lemons; fruits—I do not know whether there is a tariff on alligators or not, or other products of the State of Florida. We have some of them in Louisiana. Florida products, according to the investigation, I have made of this situation, are better protected than the products of any other State in this Union under the Smoot-Hawley tariff bill which we are living under to-day, thanks to the Florida Senators.

It is just a question of whose ox is gored.

The Senator from New Hampshire [Mr. MOSES] very clearly stated the case from the floor here the other day when he, from the Republican side, was engaged in some kind of an argument with the Senator from Georgia [Mr. GEORGE], each charging the other's party with being responsible for the tariff bill; but, so far as I can find from the RECORD, the Senator from New Hampshire has voted to protect everything that is in New Hampshire, and the Senator from Georgia has voted to protect everything that is in Georgia. When, however, it comes to a proposition of giving protection to about 350,000 workingmen engaged in the business of making a living out of the oil industry, they both turned around here and gave to the Mexican laborer and to the Venezuelan laborer and to the Colombian laborer a differential which they would not have been willing, according to the RECORD, to have inflicted upon an industry of Georgia or of New Hampshire.

What kind of fairness is that? The Senator from Arizona [Mr. ASHURST] very properly says that no Senator here can be consistent on his tariff votes. I do not know how long I shall be here, but my record will be consistent on tariff votes. After I have undertaken to get for my people a tariff on everything that we grow and produce in my State, in order that the people of Louisiana, one of the 48 States, can live and thrive and work and eat, I will never be found going into another part of the country and saying to that other State, "You are not entitled to a tariff."

Take this tariff on lumber. Some of us here have worked in sawmills and know something about them. I have worked in one a little myself. I have cut the logs that were carried to the sawmill. I have worked in the mills. I have stacked the lumber, and I know something about the business. I have graded the lumber, I have checked the lumber, and many other Senators sitting here have done the same thing.

The way the lumber industry is treated is the most unfair thing ever heard of toward an industry that you can not say is monopolized, and which has not even been charged on the floor of the Senate as being monopolized. There is no industry that is as free for competition as the lumber industry. There are thousands and hundreds of thousands of men whose families are dependent for a living upon the business of cutting timber. There are railroad men hauling the timber in cars; there are many men in the mills cutting the timber into lumber, stacking it, and doing everything connected with the lumber industry, hundreds of thousands of people. I would hesitate to say how many; and yet I was told by a friend of mine the other day that right in the town of Texarkana, a town half in Arkansas and a half in Texas—I believe the home of the senior Senator from Texas [Mr. SHEPPARD]—some foreign lumber was laid down in that town, practically the center of the sawmill country of the Southwest, for $2 a thousand cheaper than the cost of manufacturing it and selling it there on the ground.

Yet you call that a fair deal from the State of Georgia and from the State of New Hampshire, regardless of whether it is the Democratic Party or the Republican Party. You call that a fair deal, to close up the sawmills of this country, shut down the State of Arkansas, shut down the State of Louisiana, shut down the State of Washington, shut down the State of Oregon, and talk about this being a tradeout and a washout, 4 to 4, and all that. Instead of it being 4 and 4, if I had been sitting in the seat of the Senator from New Hampshire or the seat of the Senator from Georgia when they produced that tariff item in the Smoot-Hawley or any other revenue bill or tariff bill—because a tariff bill is a revenue bill—I would have been voting for the protection of the other man if I was undertaking to impose protection for my own interests.

The Senator from Georgia is a very learned attorney, and a just one. He is known throughout the South and the Southeast as being one of the most thorough lawyers in this country, and any man who knows the law as well as the Senator from Georgia knows it, knows that we impose a tariff under the taxing power, under the revenue-producing power, of the Constitution of the United States, lodged in Congress, the only ground for doing it, and practically all of the test cases that have gone to the Supreme Court of the United States are cases in which the income tax or other forms of taxes were combined with the taxes that were levied on imports coming into this country.

If there is any precedent on this matter, certainly the precedent ought to be that Congress, without any question whatever, has followed the policy of putting tariff rates into revenue bills. And you have a case here where you ought to do it.

I voted for the 1918 war-time rates on incomes. They ought to have carried, in my opinion. I will vote that the rates on inheritances be raised. I think they ought to be raised. However, if you are going to raise funds to support the Government, and undertake by this bill to do the least harm and the most good, what more could you do than to

make it possible to open up the sawmills of this country? You created a subsidy, the Reconstruction Finance Corporation. You have had another subsidy in the form of the moratorium. It will be better than all the subsidies if you open up the coal mines and the oil fields, if you open up the copper mines, if you open up the sawmills, and put the people in the lumber camps, and get these people back to work. That will be a great deal better than any other form of subsidy you can grant here. And you are not only adopting the right kind of a subsidy, but you will be collecting funds for the support of this Government, and starting the wheels of industry to moving again, and putting these people to doing something useful, instead of providing that you will leave the products of this country where they can not meet the competition of Soviet Russia and the slave-trade labor of Venezuela, Colombia, and other foreign countries.

The Senator from Mississippi asked me not to mention him, and I know the Senator does not mean that, because I only mention him as a matter of helping the party. I understand there is no rule of the Senate, in discussing the merits of these various provisions, against my undertaking to give certain credit to the Democratic Party, and I only undertake it at this time because it is not very long before the next political campaign, and I think the Senate, and I think the Nation, should certainly be informed upon the principal matters.

I have been fair in my discussions here in the Senate. I have stated the things the Democratic Party has done which I did not think were to the credit of the Democratic Party, and I am sure that the Senator from Mississippi is not now going to ask me to refrain from stating the things which I think do credit to the Democratic Party.

In that connection I would refer to the single instance I was going to use, of the tariff on long-staple cotton, 7 cents a pound. It ought to be 7 cents, anyway. It ought to be more than 7 cents, and there will have to be a tariff on other cotton.

The Senator from Mississippi stated on the floor of the Senate something for which I was going to take credit and pride for my State, that he is a graduate of the Louisiana State University. He is one of the great examples of great good, and great service that is being performed by the Louisiana State University. The Louisiana State University was founded by William Tecumseh Sherman. General Sherman was the president of the Louisiana State University when the war broke out between the States, and we "loaned" General Sherman to the United States during the pendency of that war; and made a rather bad swap. [Laughter.]

However, that great university was receiving a tariff—not a tariff, a tax—on oil produced in Louisiana, all the way from 3 or 4 to 11 cents a barrel, and as a result of the oil tax we have been able to extend that school, until it not only opened its arms to the Senator from Mississippi but to-day there are hundreds of young men and young women who have come to the Louisiana State University from the State of Mississippi.

The Oil Trust said to us, however: "We are not going to pay these taxes," and in order to avoid it they proceeded to go to Venezuela and Colombia, and within sight of that great State university, which was a haven and an institution for the learning and for the embellishment of this Nation, they proceeded to bring in the tariff-free oil from these foreign countries, and it was impossible for the State of Louisiana to collect a tariff on its domestic production because the domestic producers could not produce oil upon which they had to pay a tax of 11 cents a barrel in competition with oil brought from Colombia, on which there was no tax or tariff whatsoever.

I am pleading here now for funds for that school, and for the other schools in my State, because the oil of Colombia and of other foreign countries has been brought in there duty free, so that $1,000,000 a year has been taken from the educational funds of the State of Louisiana and that great institution. There are many in this body who know it and who love it. That great institution to-night turns its arm as it is being stabbed by those who promote the foreign oil trade, as it is being attacked, robbed, and ravaged as a result of a law which enables the slave traffic oil to come into that country and deprive that institution of the tax upon the products produced in that State; that institution, which has opened its arms to the Senator from Mississippi, looks to him to-night and appeals to him as it gathers together whatever garment it has to protect itself from the stabs of this slave traffic; and as it looks to the Senator from Mississippi, who ought to be voting, we feel, for the protection of that institution, as he did for the protection of the cotton fields in Mississippi, as it looks to him sitting among contrary Senators it says, "Et tu quoque, mi fili."

Mr. GEORGE. Mr. President, perhaps I ought to pass unnoticed the wholly irresponsible talk of the Senator from Louisiana. But no Senator has the authority to lecture me or to criticize me, and the Senator from Louisiana will not be accorded that privilege.

I stated to the Senator, and I have stated to him repeatedly, that my record in this body is an open book, that I have voted for agricultural tariffs. I did my best to give a fair degree of protection to the farm products, whether grown in my State or in any other State. Long-staple cotton is not grown in my State, but I voted for a tariff on it, nevertheless.

During the consideration of the Smoot-Hawley bill, I voted repeatedly for the lowest duties we could insert upon many products manufactured in my State. I was compelled to vote against the steel people of my State. I was compelled to vote against many other manufactures of my State, and for duties which they earnestly pleaded with me not to support.

I voted in the consideration of that bill as I shall vote now, against the tariff on lumber, although lumber is manufactured in my State.

I will vote against a tariff on copper, in this bill, although there is a copper mine in my State.

I have no record of having favored duties merely because the industries to be affected by them were in my State, sir. I have no such record as that. But I have voted against high duties when the interests in my State demanded them, and the difference between the Senator from Louisiana and myself is that I am not amenable to the demands of special interests whenever they call me to register a vote simply and solely because they happen to have an interest in my State.

Every duty that has been asked upon a product in my State has been weighed upon its merits, and no promise or threat, and no pressure by anyone within the State, has yet induced me to support such a duty when I did not think it was a fair and just duty.

On the contrary, I voted for very many more reduced rates upon products made within my State than for increased rates upon products and articles produced in my State. I have no apologies to make for my record. I am going to suggest to the Senator from Louisiana now that it would be far better for him to leave the Republican Party to answer rather than come to its defense when one of his colleagues feels impelled to stand upon this floor and to say frankly to the chairman of the Finance Committee, when he pleads for speed, "Twenty-four hours ago I pleaded for speed," and that his plea comes too late if he intends to carry within the cradle of this bill the protective tariffs which have been written in the bill.

Mr. President, I do not want to indulge in mere personal denunciation or mere personal condemnation of the Senator from Louisiana. The Senator has not been here very long. I think perhaps that when he has been here longer, he will respect the conscientious convictions of his colleagues. He probably will consult with them more than he does with the Republican leadership on the other side of the aisle. He will not be concerned about the record that his colleagues have made. It will be, I dare say, a sufficient test of his strength to take care of his own record. Neither the Senator from Louisiana nor any other Senator can lecture me.

I said, when I rose to reply to the Senator from Utah [Mr. SMOOT], that four arguments had been made according to the advocates of the oil tariff against that tariff, and that

they were the four great oil companies. I replied, mincing no words or language, that the four arguments for the tariff rates in this bill are coal and oil and lumber and copper.

I have never traded a vote in this body for the vote of a single Senator for a single item affecting my State; and I would walk out of the Senate to-night, never to enter its doors again, rather than trade my vote to procure a grant of special privilege for a single industry within my State. But, if the Senator from Louisiana can gather comfort or consolation from that unholy alliance and combination of which he is a part, he is quite welcome to that consolation.

Of these four items in the bill, half of them—copper and lumber—represent important industries in my State. Appeals have been made to me to support those industries. I have said that when the credit of the country was at stake, I would not inject these tariff items into the tax bill. I have never said that we could not properly include them in a tariff bill. But I question the wisdom even of the Senator from Louisiana when he holds his hands at the throat of the Nation itself, now in need of revenue, and demands special privileges for the industries of his State as the price of an adequate revenue bill for the relief of his country.

Now, if the Senator from Louisiana wishes to produce my record hereafter, he may do so; or if he wishes to lecture me, he may do so. I have no unkind feeling for him. I have gone on here in the way that seemed to me fitting and proper and presented my views. I always have presented them seriously. I never have fought a sham battle and I never will. My State may demand special privileges, and it does need help from any worthy source; but I will not stand here when I realize the dire distress of this country—a condition which my party has not created, but that is not involved—and insist upon such special privilege or even the consideration of a measure that might under other conditions and circumstances be just and proper and thereby delay the enactment of the tax bill. That, Mr. President, is the head and front of my offending.

Mr. President, I am entirely indifferent to buffoonery and clownishness wherever it appears. Let me caution—or, if I may put it the other way—let me admonish the Senator from Louisiana that he may serve his country well if he will leave to the Senators on the other side of this Chamber—the party whose President has converted the Treasury of the United States not only into a community chest but into an empty community chest—to offer their own defense at the bar of public opinion in this country.

I come back to the words that I uttered a while ago—that it has seemed to me for more than 20 months that no public man could afford to indulge in idle generalities, in meaningless language. I again assert that the election made by the party in power in the Senate, whoever is responsible for the form in which the bill found itself when it reached the Senate, has made clear my course, and that is to vote for the 1918 rates and against every excise tax in the bill.

If we are to give to coal and to copper and to lumber and to oil a privilege, not for the enrichment of the Treasury—because at most only an incidental benefit can flow to the Treasury—but a privilege for their own enrichment, whether deserved or undeserved, then I shall elect to stand upon my rights and vote for a tax bill which my judgment approves.

Mr. President, I beg the pardon of the Senate for having spoken again. I would not have done so but for the fact that the Senator from Louisiana, following a Senator as he tries to do his duty with what he pleases to call the record of the Senator, rising upon this floor endeavoring to embarrass, without the slightest sense of courtesy—I was about to say decency—seemed to make it necessary that at least I resent that sort of conduct, and that I defend myself against that sort of insinuation and insult.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. GEORGE. I yield.

Mr. LONG. I am sure the Senator did not object to my reading the record. What is it that I have said that he objects to? I am unconscious of anything except having read that record.

Mr. GEORGE. I do not object to the Senator having read my record. I have never objected to that. But if the Senator is unconscious of what he has done, he confirms, without more from me, what I have said about him. He is utterly lacking in the sensibilities which usually characterize the intercourse between men in this body.

Mr. DILL obtained the floor.

Mr. SMOOT. Mr. President——

Mr. DILL. Does the Senator from Utah want to go on to-night?

SEVERAL SENATORS. Vote! Vote!

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. The Senator from Washington has the floor.

Mr. DILL. I merely yielded to the Senator from Utah to learn whether he wanted to take a recess. If so, I do not care to speak to-night.

Mr. SMOOT. I know of about four more speeches to be made upon the subject. It is now after 10 o'clock. I think perhaps it would be just as well to take a recess now, but if there is objection I shall not make that motion.

Mr. DILL. I am perfectly willing to do so.

Mr. SMOOT. I have already secured unanimous consent that when we conclude our business to-day, we shall recess until 11 o'clock to-morrow.

Mr. WALSH of Massachusetts. Mr. President, there has been no argument advanced by members of the committee who filed a protest against the bill. Are we not going to have a chance? I hope the Senator will move a recess at this time.

Mr. SMOOT. I am perfectly willing to do so, and if there is no objection that is what I shall ask the Senate now to do.

Mr. President, in conformity with the unanimous-consent agreement previously entered into, I move that the Senate take a recess until 11 o'clock to-morrow morning.

Mr. HARRISON. Mr. President, before the question is put let me say that I had understood that we were going to recess until 10 o'clock to-morrow morning.

Mr. SMOOT. I tried to get an agreement to recess until 10 o'clock, and to have an early adjournment in the afternoon, but it was impossible to secure it.

Mr. HARRISON. It was impossible to reach such an agreement?

Mr. SMOOT. It was. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and the Senate (at 10 o'clock and 15 minutes p. m.), under the order previously entered, took a recess until to-morrow, Saturday, May 21, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 20, 1932

The House met at 12 o'clock noon.

Rabbi R. B. Hershon, of Temple Beth El, Asbury Park, N. J., offered the following prayer:

Almighty God, frail humanity stands bewildered in this great confusion which has covered the face of the earth. Prostrated before this untoward desolation of peace and confused by the colossal problems of the day they know not whither to turn. Man, who has vainly tried to pyramid gigantic power and derisively challenged the prophetic dictum to love mercy, to pursue justice, and to walk humbly with thy God, stands like a beggar with his cap in his hand at Thy throne, O God, seeking now Thy protection and imploring Thy guidance.

Upon these blessed United States and this august assembly a major proportion of this world's responsibility fate seems

to have placed, to give succor to the needy, aid to the weary, help to the stricken, and hope to the world.

Bless us, then, O God, that the deliberations and the convocations of this House may be forever guided by Thy wisdom, and that from the lips of those whose voices reverberate in these Halls may there always come an echo of humility and prayer. For the purest offering of prayer is that which springs from our sympathy with the afflicted and our compassion with the downtrodden. Free from all selfish motives it inspires the love of our fellow men and sanctifies the purposes for which we strive. As the sweet singer of Israel saith, "The Lord is my portion, saith my soul; therefore will I hope in Him."

So be with us, O God, this day and evermore. We ask this in Thy own name, O Heavenly Father. Amen. Amen.

The Journal of the proceedings of yesterday was read and approved.

GOV. CHARLES B. AYCOCK

Mr. WARREN. Mr. Speaker, I would like to make a brief statement. I am requested by the Governor of North Carolina and the Aycock Statue Commission to invite the Members of the House to attend the exercises this afternoon in Statuary Hall at 3 o'clock, when North Carolina will present to the United States a statue of former Gov. Charles B. Aycock.

ELIZABETH D. HARTNEY

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts.

The SPEAKER. The gentleman from North Carolina offers a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 216

Resolved, That there shall be paid out of the contingent fund of the House to Elizabeth D. Hartney, widow of Benson B. Hartney, late an employee of the House, an amount equal to six months' compensation and an additional amount, not exceeding $250, to defray funeral expenses of the said Benson D. Hartney.

The resolution was agreed to.

PAY-ROLL RECORDS OF THE HOUSE OF REPRESENTATIVES

Mr. WARREN. Mr. Speaker, I call up House Resolution 227, to authorize public inspection of pay-roll records of the disbursing officer of the House of Representatives and ask unanimous consent for its immediate consideration.

The SPEAKER. The gentleman from North Carolina calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 227

Resolved, That the Clerk of the House of Representatives is hereby authorized and directed to keep open for public inspection the pay-roll records of the disbursing officer of the House of Representatives

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I did not grasp what the resolution is. May we have it again reported?

The SPEAKER. Without objection, the resolution will again be reported.

There was no objection.

The Clerk again read the resolution.

The SPEAKER. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

CALL OF THE HOUSE

Mr. GOSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is no quorum present.

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 80]

Abernethy	Corning	Igoe	Reid, Ill.
Allgood	Crowther	Jenkins	Robinson
Auf der Heide	Curry	Johnson, Ill.	Seiberling
Bacon	Davenport	Johnson, Wash.	Shallenberger
Baldrige	Dickstein	Karch	Shannon
Beck	Douglas, Ariz.	Kendall	Shreve
Beedy	Doutrich	Kennedy	Simmons
Bloom	Drane	Lamneck	Sirovich
Bohn	Dyer	Lea	Stokes
Boylan	Erk	Lehlbach	Strong, Kans.
Britten	Eslick	Lewis	Sullivan, N. Y.
Browning	Estep	Lindsay	Sullivan, Pa.
Bulwinkle	Fiesinger	McDuffie	Tucker
Burdick	Freeman	Mitchell	Vinson, Ga.
Cary	Gibson	Mouser	Watson
Celler	Gifford	Murphy	Welsh, Pa.
Chapman	Golder	Nelson, Wis.	Withrow
Chase	Goldsborough	Norton, N. J.	Wood, Ind.
Clark, N. C.	Granfield	Oliver, N. Y.	Yon
Collier	Hall, Miss.	Owen	
Connery	Hoch	Perkins	
Cooke	Hollister	Ragon	

The SPEAKER. Three hundred and forty-six Members have answered to their names; a quorum is present.

Mr. COX. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

THE PRESENT ECONOMIC SITUATION

Mr. CRISP. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by inserting therein a radio speech delivered by me last evening.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. CRISP. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by me over the radio on Thursday evening, May 19:

For 10 years past the Republican Party controlled all branches of the Federal Government. Under legislation for which they are responsible less than 10 per cent of our people own 90 per cent of the wealth of our country—a calamitous condition for any nation. High tariff laws are principally responsible.

Nothing has contributed more to the economic undoing of the world than the Smoot-Hawley tariff bill, which has caused retaliatory tariffs to be levied against us by foreign countries, thus destroying our export market for cotton and other agricultural and industrial products. With our foreign market destroyed and these commodities selling below the cost of production, our agricultural interests are bankrupt and the purchasing power of 30,000,000 people destroyed, inevitably affecting every industry. With the retaliatory tariffs against us, if we alone should now reduce our tariffs without some concession from foreign nations, our economic plight might be made worse. Seeking to correct this evil, the Democratic House passed a tariff bill requesting the President to call an international conference with leading nations of the world to consider reciprocal tariff agreements. Such a law should help the situation, but the President vetoed it.

In my judgment, there can be no complete economic recovery until there is an increase in the price of basic commodities. To bring this about it is essential that there be some sound expansion of the currency and bank credits to stabilize the purchasing power of the dollar, now abnormally high as to its purchasing power as applied to agricultural commodities. The purchasing power of the dollar must be stabilized based on the average prices of commodities for the years 1921 to 1929. This would make cotton to-day worth above 15 cents a pound, wheat over $1 per bushel, and hogs 10 cents per pound. A debt contracted two years ago by the farmer who could produce ten bales of cotton, ample at that time to liquidate the debt, would require twenty-eight bales today to liquidate the debt. A debt contracted by the farmer even last year based on the belief that his production of ten bales of cotton would pay the debt will require twenty bales today to pay it. The same is true as to the wheat producer and every other individual who has contracted debts. Congress must find some solution to this problem. In my judgment, there must be some expansion of the circulating medium to meet the situation. The Democratic House has passed a law known as the Goldsborough stabilization law, which directs the Federal Reserve Board to expand currency sufficiently to bring this about.

The Federal Reserve Board, admittedly, under the law can expand currency $5,000,000,000, amply secured by eligible discount paper plus 40 per cent gold reserve, insuring the stability of the American dollar on the gold standard. It is the duty of the President to require the Federal Reserve Board to do this, as he has the power to remove from office the members of the board if they do not act. Nothing will benefit the masses more than such a policy, and I am earnestly advocating it.

It is deplorable that in the last two years the Government has spent over $3,000,000,000 more than its revenues. It is daily spending $7,000,000 more than its receipts. The Republican Party is responsible for this deficit. The Constitution of the United States

places the duty upon the House of Representatives to levy taxes to pay the debts of the United States. In this critical national emergency it is indefensible to place partisanship above the country's welfare. Realizing, of course, the unpopularity of levying taxes, nevertheless the Democratic House of Representatives measured up to its constitutional responsibility and passed a tax bill that would balance the Budget, based on the assumption that there should also be at least $200,000,000 reduction in Government expenditures. The bill is now pending in the Senate.

Personally I believe a $4,000,000,000 Budget in peace time is excessive, burdensome, confiscatory, and destructive of love of Government, and that it should be reduced at least five hundred millions. To accomplish this, overlapping activities in the various bureaus should be eliminated, useless expensive boards and commissions abolished, governmental expenditures cut to the bone, and salaries from the highest to those affording a minimum wage reduced—and this Democratic House has passed a bill reducing by 11 per cent salaries over $2,500, including, of course, those of Congressmen, whose salaries are reduced $825 per year. I voted to reduce all salaries of over $1,000, but a majority voted against it. I regret the emasculation of the recent economy bill in the House, but some of the items eliminated were controversial both as regards the efficiency of our national security and as to actually effecting economy, for example, the consolidation of the Army and Navy. The bill as passed is estimated to save $42,000,000 directly and many millions indirectly. It also confers upon the President the power—subject to veto by Congress within 60 days—to consolidate and abolish bureaus.

My friends, do not believe these are the only savings effected by this Congress. The supply bills as passed by the House were reduced a hundred and sixty-six millions below the President's recommendations for appropriations, and the Senate is still further reducing them. All reductions to date below the President's recommendations total over two hundred and sixteen millions, and they should and I am hoping they will reach two hundred and fifty to three hundred and fifty millions of dollars. The appropriations passed by this Congress, taking into account cuts made by the President in his Budget recommendations, are about six hundred millions below appropriations for similar objects for the current fiscal year. If further substantial reductions are to be made in governmental expenditures, no new large appropriations can be authorized. It may interest you to know that 25 cents out of every dollar spent by the Government goes to the veterans in the way of hospitalization, compensation, insurance, etc., and another 25 cents goes for interest on the national debt and its retirement. Thus 50 cents out of every dollar, or $2,000,000,000 yearly, or half of our total Budget, is chargeable to war. All agree that it is the bounden duty of the Government to care for its disabled heroes and their dependents. Is not the Government measuring up to this sacred duty? The Ways and Means Committee has decided adversely as to the immediate payment of the adjusted-service certificates, which, if paid now, would cost the Government about two billions four hundred millions more than was originally contemplated when the law was passed in 1925.

The condition of the Treasury and the tax burdens resting upon the people, in my judgment, prevent payment to our brave veterans of this colossal sum at this time. I will not vote for it. The people demand that Government extravagances cease and that taxes be reduced, and I am in perfect accord with them.

To-day organized minorities control legislation. The only way to remedy this is for the unorganized masses of the people to become aroused, take an interest in elections, and support actively those candidates who are seeking to serve them. The preservation of the people's interest, if not their self-preservation, dictates such a policy. If they speak in no uncertain tones, legislators will hear and obey them. In this Congress, during this critical period of our country's economic distress, and with the suffering of our people greater even than while we were at war, in my capacity as a Congressman, I have eschewed politics and have placed country above party and self, and I shall unswervingly adhere to such a policy. Would that the members of the President's household, notably Secretaries Hyde and Hurley, would do likewise while the President is urging cooperation between the parties during this emergency.

I am glad the President is at last aroused to the necessity for economy. Would that he had evidenced an active interest in it for the past two years before the huge deficit in the Treasury became a reality. Do you know that the Alien Custodian Property Bureau and the war-time Railway Administration are both flourishing, with personnel drawing good salaries, 13 years after the war? It is also regrettable that when the House Democratic Economy Committee asked of the Cabinet officers how savings could be effected in their departments they received little aid. The Attorney General stated that the appropriation for his department could not be reduced without closing the courts and the Secretary of State advised that his could not be reduced without closing 10 or more embassies abroad.

May I not say in conclusion that I am whole-heartedly in favor of reducing Government expenditures and will cooperate with the President and others interested to the fullest extent? Believing that without a balanced Budget there can be no economic recovery, I deem the paramount duties of Congress to be to balance the Budget, based on a substantial reduction of Government expenditures; to enact some economically sound relief measure to give employment; to provide for some regulated expansion of the currency; and to adjourn.

CONTROL OF FLOODS ON THE MISSISSIPPI RIVER AND ITS TRIBUTARIES

Mr. COX. Mr. Speaker, by direction of the chairman of the Committee on Rules, I call up House Resolution 167.

The SPEAKER. The gentleman from Georgia calls up a resolution, which the Clerk will report.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 4668, a bill to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes," approved May 15, 1928.

That after general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Flood Control, the bill shall be read for amendment under the 5-minute rule.

At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. COX. Mr. Speaker, of the time at my disposal I yield 30 minutes to the ranking minority member of the Committee on Rules to be disposed of as he sees fit.

Mr. Speaker, the purpose of this resolution is to provide for consideration of the bill H. R. 4668, which is a bill reported by the Committee on Flood Control proposing an amendment to section 3 of the flood control act of 1928. This section as it now stands is as follows:

Except when authorized by the Secretary of War upon the recommendation of the Chief of Engineers, no money appropriated under authority of this act shall be expended on the construction of any item of the project until the States or levee districts have given assurances satisfactory to the Secretary of War that they will (a) maintain all flood-control works after their completion, except controlling and regulating spillway structures, including special relief levees; maintenance includes normally such matters as cutting grass, removal of weeds, local drainage, and minor repairs of main river levees; (b) agree to accept land turned over to them under the provisions of section 4; (c) provide without cost to the United States all rights of way for levee foundations and levees on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of Passes.

It is proposed to insert immediately preceding the section as now written the following:

SEC. 3. In the execution of the adopted project, the United States shall provide flowage rights over all lands including compensation for damages to improvements thereon at the time of the taking, which are not now between the existing levees and the low-water channel of the Mississippi River and which will be between the levee lines of the adopted project and the low-water channel of the Mississippi River by reason of setbacks, extensions, or other changes in the levee lines on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of the Passes. The States or levee districts may provide for the United States, upon its request and at its expense, such flowage rights, and the United States shall reimburse the States or levee districts in full for all payments made and expense incurred in providing such flowage rights upon proof that they have been obtained at fair valuation and at reasonable expense.

And to add at the end of the section this language:

This act shall take effect from and after the date of the enactment of the flood control act of May 15, 1928.

By this bill an attempt is being made to make effective the intention of the Congress at the time of the flood control act of 1928 was adopted. The House appreciates the fact that the act was the outgrowth of two unprecedented floods that had recently occurred in the lower valley of the Mississippi. It was the flood of 1927 which resulted in the destruction of more than $200,000,000 of property and a loss of more than 200 lives that so aroused the country as to bring about a determined demand for some comprehensive legislation that would take care of such conditions.

In the act of 1928 Congress first gave recognition to the principle of national responsibility for the control of the flood waters of the river. It was not the first expression of Congress of an interest in the subject, because Congress had many years previously set up the Mississippi River Commission which had, from time to time, done work toward the

improvement of the river. While, of course, as expressed in all the legislation, the purpose of the Government in the execution of these works under the supervision and control of the Mississippi River Commission was to improve navigation, the improvement of the river for purposes of navigation involved the question of flood control; but there had been no acknowledgment or admission of national responsibility so far as the control of flood waters was concerned.

In 1928 the Congress adopted the act referred to as the flood control act, and while the principle of local responsibility to the extent that there should be exacted some local contribution was recognized, yet the Congress in this act, and with specific reference to the project it adopted, declared that local interests had contributed to the control of the flood waters in the alluvial valley to the full extent of their responsibility, and whatever the cost of the construction of protective works might be that would effectively control flood waters was upon the General Government.

In section 2 of that bill there is found this language:

That it is hereby declared to be the sense of Congress that the principle of local contribution toward the cost of flood-control work, which has been incorporated in all previous national legislation on the subject, is sound; as recognizing the special interest of the local population in its own protection, and as a means of preventing inordinate requests for unjustified items of work having no material national interest. As a full compliance with this principle, in view of the great expenditure estimated at approximately $292,000,000, heretofore made by the local interests in the alluvial valleys of the Mississippi River for protection against the floods of that river; in view of the extent of national concern in the control of these floods in the interests of national prosperity, the flow of interstate commerce, and the movement of the United States mails; and in view of the gigantic scale of the project, involving flood waters of a volume and flowing from a drainage area largely outside the States most affected and far exceeding those of any other river in the United States, no local contribution to the project herein adopted is required.

Now, mark you, in so far as the execution of the adopted project is concerned, there was a declaration made by the Congress that no contribution of any amount, in addition to what had already been made, should be exacted of local interests.

This brings me to a consideration of the conditions with which this bill deals.

In the execution of the project it was found by the engineers of the War Department, in many instances, that by abandoning protective works that were the result of more than 100 years of effort on the part of local interests, and contributed to by the General Government, in that the Government, through the Mississippi River Commission, had adopted the levee lines that had been set up by local interests and had been maintaining and otherwise improving these levee lines through all the years for the purpose of controling the river, in order that it might advance and improve its conditions, so far as navigation is concerned. Along the river there are certain bends which the engineers found, in the execution of the project after the act had been adopted and after the declaration of Congress was made that local interests should not be required to contribute, might be cut off and entirely new levee lines constructed, which would result in a considerable saving to the Government; and the engineers in the exercise of their discretion in the execution of this project have deviated in many instances from the original levee lines and have set up levees which cut off into the intended main channel of the river areas, which, in effect, dedicate the properties in question to a public use, and there is resistance on the part of the War Department to the demand for just compensation.

Let me direct your attention to one specific case that I have in mind. It is down in Arkansas, and involves the land known as Pecan Point. Let me illustrate it here on this chart. Here is a bend in the river that comes back within 2 miles of where the first bend occurs.

This is not an extreme case; it is a fair illustration of all other cases where land has been taken through arbitrary and seemingly senseless changes in the original levee lines made by the engineers of the War Department and in reckless if not willful disregard of the rights of landowners whose property has been destroyed.

As I say, you find the river makes this bend here and comes back within 2 miles of where the bend began. Along the banks of the river there are levees, and they have been there for more than a hundred years. They are the development of local enterprise, and the Government has, since the creation of the Mississippi River Commission, helped to maintain them.

In destroying this tract of land by this cut-off levee the Government saved $400,000—the difference between the cost of strengthening the levee around the bend by revetment and otherwise and the cost of the cut-off levy. The cost of improving the original line was estimated at $600,000 and that of new line at $200,000, and still there is objection to compensating the owners of this land that has been taken from them.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. COX. I yield.

Mr. WILLIAM E. HULL. Can the gentleman state what is the value of the land proposed to be flooded?

Mr. COX. I regret that I can not; but the value of this particular tract would hardly run over $100,000. Certainly flowage rights could be acquired for this amount.

Mr. COOPER of Tennessee. I can give the gentleman from Illinois a direct answer. The land in question consists of 3,200 acres in this point, 3,000 of which is highly cultivated and in splendid shape, with valuable buildings upon it.

Mr. WILLIAM E. HULL. What is the value per acre?

Mr. COOPER of Tennessee. I have forgotten that; but it is fine agricultural land.

Mr. WILLIAM E. HULL. My purpose in asking was to ascertain whether the value was being taken into consideration in the expenditure.

Mr. COOPER of Tennessee. Oh, the valuation of the land justifies the cost of its protection. I would like to ask the gentleman from Georgia if it was not shown in the hearings that a certain property owner in that area did take the matter up with the Government engineers to ascertain whether it was the purpose of the Government to continue the levees as located, and that he had the assurance of the engineers that that was their purpose?

Mr. COX. A witness came before the committee and testified at length, and as a part of his testimony he filed a letter that he had from an engineer of the War Department, in charge of river work, which was in response to an inquiry from him, if it was the intention of the War Department to ever cut this point off into the main channel of the river, and in that letter the representative of the War Department declared that such was not the intention of the Government; and the man, with that assurance, bought part of the property and erected on it a magnificent country home.

Mr. JOHNSON of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. JOHNSON of South Dakota. There is no one in the War Department who would have any right to commit the Congress of the United States on any policy.

Mr. COX. Of course not; but that was the assurance given the prospective purchaser, and with that the purchaser bought the property; but that is beside the question. This property here, during all of the years, never has been subject to overflow from the river, and the construction of this line of levee was simply to eliminate a bottleneck in the river which, it is presumed, the engineers thought would result in the piling up of flood waters and the making of it more difficult to control at other points on the stream.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. SNELL. As I understand it, this bill applies to the whole river from Cape Girardeau down through?

Mr. COX. It does.

Mr. SNELL. Will the gentleman tell me how many acres of land the Government will have to buy if the bill is enacted into law?

Mr. COX. I can not answer the gentleman's question. I do not know.

Mr. SNELL. Does anybody know?

Mr. REID of Illinois. Yes. They would not have to buy any land. All they would have to do would be to use good engineering sense and follow the original plan, which provided that the levees should be rebuilt where they are, and we appropriated $100,000,000 in the flood control bill in order to protect the levees from falling in, so that it would not cost one penny if the Army engineers would use good engineering sense. Is not that true?

Mr. COX. That is true.

Mr. SNELL. Let me ask this question. As I read the provision in section 3 it is that this shall be provided, the flowage rights—that is, at the expense of the Federal Government—and they shall be obtained by the State. What does that mean?

Mr. COX. The evident intention of that language is to secure State aid in obtaining needed lands at fair prices. The sole obligation that was put on local interests in the first instance was furnishing the beds for the levees where relocation became necessary. There was no intention upon the part of anyone—and certainly it was not the intention of the Committee in reporting the bill, and, if I may say so, not the intention of Congress when it enacted it into law—to make any demands on local interests for contribution of anything in the way of property or otherwise other than the mere beds for the levees that they might find it necessary to relocate.

Mr. SNELL. The gentleman will admit that when we had the bill before the House the real discussion centered around the point of whether the Federal Government should buy land down there or not.

Mr. COX. That related to the backwater areas.

Mr. SNELL. I admit that is true; but there are going to be some backwater areas here if you go through with this bill, and what I want to know is how many acres you are providing for that we may possibly have to buy? The gentleman from Illinois [Mr. REID] says that we will not have to buy any.

Mr. COX. You might obtain flowage rights.

Mr. SNELL. How many acres, and how much will it cost? If the engineers are in favor of it, why are they opposed to it at the present time?

Mr. COX. It is no surprise to me that the engineers are against this bill. As the gentleman says, they are. They were against the original legislation as it passed out of this House. From earliest times man has encroached upon the banks of rivers for the use of the rich soils in the valleys, and from this contest with the elements there was evolved the rule that everyone has the right to protect his property with dikes of levees to keep back the waters, without being responsible to his neighbors or to the owners on the other side of the stream. It was recognized that they have the equal right to protect themselves by similar means. On the other hand, there grew with the doctrine another of equal force, that "the free flow of water in rivers was secured from undue interference or burden created by obstructions to the flow, by deflections in its course, or any other act limiting the right to enjoy the flow or causing additional burdens by changing it." It follows that if the private individual who constructs a levee for the protection of his own property, so long as he does not interfere with the natural flow of the stream, is not liable to others for the effect thereof; neither is the Government, the State, levee boards, nor other similar agencies which contribute to or assume control of such works for the benefit of the public. The War Department probably takes the view that in improving the river for the public good there is no taking of the property in question, but only a subjection of it to a servitude to which it has always been liable.

In other words that—

> So long as the owner remains clothed with the legal title to the land and is not ousted from the physical possession thereof his property is not taken, no matter to what extent his right to use it is invaded or destroyed or its present or prospective value is depreciated. This is an erroneous view. The right of property, as used in the Constitution, has no such limited meaning.

Mr. Justice Day said:

> Property is more than the mere thing which a person owns. It is elementary that it includes the right to acquire, use, and dispose of. The Constitution protects these essential attributes of property.

Mr. BRIGGS. Mr. Speaker, has a case deciding this question been before the Supreme Court?

Mr. COX. This case here, this particular case?

Mr. BRIGGS. Yes.

Mr. COX. In United States *v.* Cress (243 U. S. 716) the court, through Mr. Justice Pitney, said:

> Power of the Federal Government to improve navigable streams in the interest of interstate and foreign commerce must be exercised, when private property is taken, in subordination of the fifth amendment.

Mr. BRIGGS. I was under the impression that there was some litigation growing out of this.

Mr. COX. There was a case, Hurly et al. against Kincaid, decided by the Supreme Court February 23, 1932, but did not settle the question here involved.

Mr. BRIGGS. Has there not been some judicial determination by the final court of the United States upon this subject?

Mr. COX. Yes; there had been some. The question was decided in United States *v.* Lynch (188 U. S. 445) and in the case of Pumpelly against Green Bay—I do not recall the volume in which it is reported—and there are many other cases.

Mr. GARBER. Will the gentleman yield?

Mr. COX. I yield.

Mr. GARBER. The gentleman is making a very informative statement, but it is very natural for the members of the committee to inquire, those who are in sympathy with this legislation, as to the extent of the mandate to the United States Government to provide flowage rights for certain lands described in the bill. May I inquire the approximate area and the approximate value?

Mr. COX. I think the cases that are given in the report of the committee which reported the bill cover practically all the cases.

Mr. GARBER. But it does not state the area; neither does it state the estimated value.

Mr. COX. Well, I can not give the gentleman that information.

Mr. LOZIER. Will the gentleman yield for a question?

Mr. COX. I yield.

Mr. LOZIER. Is it not true that both the Federal and States courts have held, since the foundation of our Government, in considering the Federal and State Constitutions, that the damaging of property is a taking within the meaning of the Constitution?

Mr. COX. The Supreme Court has held that the Government, in the improvement of the levee line of the river for navigation purposes, is not liable if some one down the river, miles away, suffers as a result of the water being thrown on his land, stating that it is consequential and must be suffered without damage; but that principle does not apply where the Government through the change of leases imposes a servitude which deprives the owner of land of the enjoyment of any of its elements of value—designed servitude is a taking within the meaning of the Constitution, so the gentleman is correct in his statement.

The constitutional rights of the people at certain points on the river are being invaded, and that, too, by agents of the Federal Government. In their desire to improve the public condition they are seeking to achieve by a shorter cut than the constitutional way of paying for what they take, and in this connection let me quote Mr. Justice Bradley in the case of Boyd *v.* United States (116 U. S. 616, 635), who said:

> Illegitimate and unconstitutional practices get their first footing by silent approaches and slight deviations from legal methods of procedure.

Having specific reference to the effort of the agents of the Government to escape the responsibility that is imposed under the fifth amendment of the Constitution.

Quoting further:

> This can only be obviated by adhering to the rule that constitutional provisions for the security of person and property should be liberally construed. A close and literal construction deprives them of half their efficacy and leads to gradual depreciation of the right, as if it consisted more in sound than in substance. It is the duty of courts to be watchful for the constitutional rights of the citizen and against any stealthy encroachments thereon.

Mr. SNELL. Will the gentleman yield?

Mr. COX. I yield.

Mr. SNELL. We will admit all of that. What we would like to know is how many acres it is proposed to buy and how much it will cost?

Mr. COX. I can not answer that question.

Mr. SNELL. Other gentlemen here have said they can.

Mr. COX. But there is no mandate in the law that the Government shall go out of the appropriation already made and authorized in the payment for any property which the Government, in the execution of the project, has found it necessary to take. The saving that will be effected by reason of change will probably be sufficient to pay for the property taken, but if not sufficient, this is no excuse for refusing to pay.

The question that should challenge the minds of Members of Congress is, Has the Government, under the circumstances that have been stated, taken property of its citizens? If it has taken it, then under the fifth amendment to the Constitution it is required to compensate the citizen to the extent of his damage.

Mr. BECK. Will the gentleman yield?

Mr. COX. I yield.

Mr. BECK. If that is so and there be a taking, there is no amendment required. There is a remedy to get full compensation for the taking.

Mr. COX. I expected that that question would be asked, and expected the gentleman to ask it. I take the position that under the law as it is, a private citizen has the right, when the Government comes in and seizes his property and dedicates it to public use, to go into the courts and enforce his constitutional rights. That has been done. A citizen of the State of Louisiana sought to obtain injunctive relief. The district court held with him. The circuit court of appeals held with him. The Government prosecuted the case to the Supreme Court, and the Supreme Court held that he had no right of injunction under the law. So, as the owner of a small tract of land, he is subjected to the expense of going over the whole ground again. Such an attitude on the part of the Government means, due to expense of long litigation, the small property owner is deprived of his constitutional rights, and, that too, by the Government itself. The purpose of the proposed amendment to the flood control act is to require the Government to compensate the owner of land at the time of the taking, and in good conscience this should be done.

The SPEAKER pro tempore. The time of the gentleman from Georgia has expired.

Mr. GOSS. Mr. Speaker, I make the point of order that there is not a quorum present.

The SPEAKER pro tempore (Mr. HORNOR). The Chair will count. Evidently there is not a quorum present.

Mr. COX. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 81]

Abernethy	Browning	Corning	Fulmer
Allgood	Burdick	Crowther	Gasque
Almon	Cary	Davenport	Gibson
Andrew, Mass.	Celler	Dickstein	Gifford
Auf der Heide	Chapman	Doutrich	Golder
Bacharach	Chase	Dyer	Granfield
Bacon	Clark, N. C.	Erk	Hartley
Baldrige	Collier	Eslick	Hollister
Bloom	Collins	Estep	Hull, Morton D.
Bohn	Condon	Fiesinger	Igoe
Boylan	Connery	Fish	Jenkins
Britten	Cooke	Freeman	Johnson, Ill.
Johnson, Wash.	Loufbourow	Prall	Sullivan, Pa.
Kendall	Ludlow	Ragon	Sumners, Tex.
Kennedy	Mitchell	Seiberling	Swing
Kerr	Murphy	Shallenberger	Tucker
Kunz	Nelson, Wis.	Shreve	Turpin
Kurtz	Norton, N. J.	Sirovich	Watson
Lamneck	Oliver, N. Y.	Smith, W. Va.	Welsh, Pa.
Lea	Owen	Stokes	Wood, Ind.
Lewis	Perkins	Strong, Kans.	Yon
Lindsay	Person	Sullivan, N. Y.	

The SPEAKER pro tempore. Three hundred and forty-four Members have answered to their names; a quorum is present.

Mr. COX. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

Mr. PURNELL. Mr. Speaker——

Mr. BANKHEAD. Mr. Speaker, will the gentleman from Indiana yield to me for an inquiry?

Mr. PURNELL. I yield.

Mr. BANKHEAD. It is apparent, of course, that for some reason there is a filibuster in progress to prevent a vote on the rule. I wonder if the cause of the filibuster might be removed by some form of agreement with reference to the distribution of the time or otherwise?

Mr. PURNELL. I will say to the gentleman from Alabama I have no knowledge of any filibuster.

Mr. BANKHEAD. The gentleman from Indiana has been in the Chamber and is a rather observant gentleman, usually.

Mr. PURNELL. I have some requests for time, and I was proceeding to continue the debate as far as I have it within my power to yield time.

Mr. BANKHEAD. I merely desire to suggest to the gentleman from Indiana if this procedure is continued it will merely penalize consideration of the Private Calendar. Of course the gentleman knows this measure will be the continuing order of business until it is disposed of.

Mr. PURNELL. I have no disposition to delay consideration of the matter, I will say to the gentleman. I only want to take about one minute before I yield to somebody who is opposed to the resolution.

The resolution was reported out by the Rules Committee on the 7th of March, almost two months and a half ago. I had no notice until I came into the Chamber this morning that the resolution would be called up to-day, although I have the honor of being the ranking Republican member of the Committee on Rules.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. PURNELL. I yield.

Mr. COX. I undertook to communicate with the gentleman a week ago. Not finding him in attendance upon the House I talked at length with the gentleman from Michigan [Mr. MICHENER], the next ranking member of the committee, and then informed him this resolution would be taken up immediately after consideration of the appropriation bill which was disposed of yesterday.

Mr. PURNELL. The gentleman is no doubt correct.

Mr. COX. Further than that, I have yielded the gentleman from Indiana half of the time on the rule.

Mr. PURNELL. I am not now finding fault with the fact I received no notice. I can not yield farther.

I am not finding fault, but I am merely offering that as an excuse for what I am about to say. I know nothing about the resolution or the bill which it makes in order. I have a very hazy recollection of having had the gentleman from Louisiana appear before the committee and make a statement with reference to the bill. As far as I personally am concerned I have an open mind. I am not now opposing this resolution. I am in the position of one seeking information. There are some facts about which I personally should like to have further enlightenment. No one has yet satisfied me that the bill does not involve, directly or indirectly, further appropriations from the Federal Treasury. That is one of the things I wish to have cleared up.

In order that we may proceed and in order to take care of requests for time which have come to me I shall use no further time myself.

Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, I want to take two or three minutes to call the attention of the House and of the committee to the rather anomalous position we are in at the present time, when Congress is using every effort to balance the Budget, making every effort to practice every economy possible, and when we had a statement from the distinguished Speaker of the House on yesterday that enormous additional expenditures might be necessary to meet the unemployment which stares us in the face at the present time; and yet in the face of all this the Democratic majority bring in a special rule for the consideration of a bill that from the best information I can get will open wide the doors of the Treasury, and there is no limit to the expense that may be incurred by reason of it.

I do not know who is back of this bill nor who is for it. It is absolutely impossible to find out from reading the report how many acres of land it is proposed to buy, how much the cost will be, or anything definite in regard to the whole proposition.

Mr. WILSON. Will the gentleman yield?

Mr. SNELL. I will be glad to yield.

Mr. WILSON. If we can adopt this rule and take up the consideration of this bill, we will probably have time to give some information in regard to the bill.

Mr. SNELL. I have read the report presented to the House and find there is not a single definite statement in the whole report that would give anyone a reason to vote for this proposition.

Mr. FREAR. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. FREAR. Will the gentleman from Louisiana agree to give us some time on this side?

Mr. WILSON. Yes.

Mr. FREAR. I can not get time over here.

Mr. BANKHEAD. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. BANKHEAD. I want to express my surprise, in view of what the gentleman from New York has just said, that at this late period in the session, after practically all of the opportunities for economy have passed, the gentleman has just waked up to the necessity for some economy.

Mr. SNELL. I have been awake on this question of economy all the time and the gentleman well knows it. I want to say to the gentleman I did not vote for the $132,000,000 road bill, nor a lot of others for which the gentleman voted. This action here just proves what I have said before, that you people are only talking economy. You do not really want it. I say right here and now that there is not a word in your report that would justify anyone voting for this bill. There is not a word of real information in it. You do not tell us anything about how much this is going to cost, how many acres you want to buy, or where it will lead. As far as any information I can get, the Army engineers, the people who have always worked on these propositions, the only people who have any definite knowledge about it, are absolutely opposed to what is proposed to-day.

Mr. DRIVER. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. DRIVER. I want to suggest to the gentleman that it will be an impossibility for this matter to be determined by any other organization than the engineers in charge. If an opportunity is afforded we will give the number of acres now involved.

Mr. SNELL. Why was not that information carried in the report? Why does not the report tell us something about it? In the bill you are providing for the payment of these lands, if I can read it correctly. This is the provision:

> In the execution of the adopted project, the United States shall provide flowage rights over all lands, including compensation for damages to improvements thereon at the time of the taking.

With some exceptions, and so forth, and the Army engineers' report definitely against it.

Mr. COX. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. COX. The gentleman very properly is concerned about the question as to what additional money will be exacted from the Public Treasury if this bill is passed. Will the gentleman permit me to call his attention to the fact that in the change of the engineering plan, which has called for the offering of this resolution, there will be a saving of many millions of dollars?

Mr. SNELL. I can not yield further. I want to say to the House that I called the office of the Chief of Engineers this morning. I did not get the chief but I did get in touch with his ranking man. He said the estimate was entirely indefinite; that they knew nothing definite about it but felt it would be an extremely large expense and, in their judgment, it threw the doors of the Treasury wide open. If you gentlemen want to take the responsibility of doing that at this time, the responsibility is upon you and not upon us. But I want the country to know we are opposed to any such proposition or imposing any such unjustified or uncalled for authorization at this time.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. DALLINGER].

Mr. DALLINGER. Mr. Speaker, I do not like to differ with my dear friend from Louisiana, for whom I have the most profound respect, he having been the chairman of a committee of which I was a member. However, I can not support this rule nor the bill which the rule makes in order.

At the time the original flood control bill was under discussion it was seriously suggested and urged that when the taxpayers of the country were asked to engage in this enormous expense—which may amount to one thousand millions of dollars before it is over—that the people whose lands were to be protected, and the States and counties immediately concerned should make some contribution. It was decided otherwise finally, and because of the awful devastation of that flood the Representatives from other States, though paying a large share of the taxes of the country, voted for it.

Now, Mr. Speaker, in the part of the country where I come from, betterment assessments are assessed against property that is improved. We all know the danger to which all of the property in the lower Mississippi Valley is subjected and that its value at present, on account of the danger of flood, is seriously impaired. If, therefore, the Nation is to protect this property and greatly increase its value, the people owning it ought, in fairness, to share the expense instead of asking for consequential damages.

Mr. Speaker, this bill proposes to place an extra charge upon the Treasury which the proponents of the original act were not able to have inserted when the act was passed, and it opens the doors of the Treasury of the United States to the expenditure of untold millions for flowage.

Now, one particular case was called to the attention of the House on this map by the gentleman from Georgia. If any property is taken under the Constitution, the owners have their remedy under the Constitution. Something was said about an injunction which is an equitable process being denied by the Supreme Court of the United States; but under the Constitution, private property can not be taken for public use without just compensation.

Mr. COX. Will the gentleman yield there?

Mr. DALLINGER. No; I can not yield.

As I have already pointed out, this bill puts an extra charge upon the Treasury that was not in the original bill. If a special case of hardship should arise, a private bill can be introduced; or if there are a number of such cases, Congress can refer them to the Court of Claims; but we should not pass this bill at a time when we are trying to cut down expenses and when we are trying to balance the Budget, because its enactment would open the door wide to the expenditure of untold millions from the Public Treasury. Mr. Speaker, I can not understand how any Member who is sincere in his desire to balance the Budget can vote for either the rule or the bill which the rule makes in order. [Applause.]

I yield back the balance of my time.

Mr. PURNELL. Mr. Speaker, I yield eight and a half minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, never before have I known any instance where the Congress of the United States has sought to pay to these levee districts that under the law have paid for the rights of way the amounts that they have disbursed. This bill under the last section would compel the National Government to do this, because it is to be effective from the date of May 15, 1928, when we passed the flood control bill, and the amount of money that under the law the levee districts were obligated to pay runs into the millions.

Mr. REID of Illinois. Will the gentleman yield?

Mr. STAFFORD. Let me make my preliminary statement and then I shall yield.

In that fundamental act it was stated as the declared policy and declared to be the sense of Congress that the principle of local contribution toward the cost of control work should be continued, referring to the fact that the local levee districts in flood control had spent up to that time $292,000,000.

Later on in this act, in section 4, what do we find as the declared policy of Congress? Listen, gentlemen:

> Provide, without cost to the United States, all rights of way for levee foundations and levees on the main stream of the Mississippi River from Cape Girardeau, Mo., and the Head of Passes.

There was the obligation and the express condition on which the Congress entered upon this work.

Mr. WILSON. Will the gentleman yield?

Mr. STAFFORD. After I make my preliminary statement.

What was this policy? Take the hearings on the War Department appropriation bill of this year with respect to committing the Government on this flood-control work. Prior to the enactment of the general act we had been spending on the average $10,000,000 a year for flood control. In the act we passed yesterday there is appropriated $35,000,000 for flood control on the Mississippi River as a part of a total cost to the National Government under this act, as you will find on page 141 of the hearings, of $325,000,000.

Now you are seeking, just because your levee districts, perhaps, are in a little financial distress, to have the National Government take upon itself the payment of the rights of way for these levees that may have to be removed because the water has undermined the present existing site.

Mr. WILSON. Will the gentleman now yield?

Mr. STAFFORD. I shall yield later. I have some facts here which the gentleman did not have.

Let me call attention to what General Brown stated at page 144 of the hearings on the War Department appropriation bill as to the status of this levee work:

> General BROWN. The main-line levees including those on the tributaries to protect the side basins are about half completed now and they will probably be completed in 1935.

Of the $325,000,000 of obligation that the National Government took upon itself, under certain conditions which I have read, we have appropriated, including the $35,000,000 appropriated yesterday, $123,000,000.

What do you now propose to do? Under that act we did take upon ourselves the obligation to pay for all the flowage rights by basins back of New Orleans and these other two or three places, which were to divert the flood waters to protect these essentially dangerous places in case of heavy floods, and we are assuming that obligation and we are not attempting to dodge that obligation; but so far as levees are concerned, the established policy of the Government for 75 years, up to this moment, as declared in this act and all prior acts, as was stated in the act, has been that the procurement of the rights of way for these levees should be upon the local levee districts.

Mr. REID of Illinois. This bill does not change that.

Mr. STAFFORD. But you propose that when they move back the levees the National Government, instead of the levee districts, shall arrange for any damages that may be entailed, and I will say to you that these damages will be much more if this burden is thrown upon the National Government than if it is borne by the local levee districts, for the reason that many times when the levee is moved back a little distance, the land between can be safely tilled by constructing minor drainage works, but we all know that when the National Government is called upon to hold the bacon, then regardless of section of the country, and even here in the District, they will pile up their damages until Uncle Sam is further and further burdened with such expenditures.

I have tried in every way to vote consistently for economy, and here we have the testimony of the Chief of Engineers that the levee work is going on satisfactorily and will be completed within two years. There is nothing in his testimony on the War Department appropriation bill or in the hearings before the Flood Control Committee to show wherein the work is being held back, because the levee districts are not taking upon themselves their true obligation.

How many instances are there since May 15, 1928, when the localities under the promise sanctioned in the law agreed to pay for the rights of way? How many are there? Sixty or more, involving damages that have been paid of from $10,000 to $150,000.

Why do you not adhere to the bond that was entered into when we took this tremendous burden upon ourselves to the extent of $325,000,000? Why do you not adhere to the wording of the bond where it is expressly stated——

Mr. REID of Illinois. Will the gentleman now yield?

Mr. STAFFORD. I decline to yield now.

Where it is expressly stated that the levee districts shall provide, without cost to the United States, all rights of way for levee foundations and levees on the main streams?

Are you going to take the position now, that you got the Congress of the United States to agree to these terms under a false promise—a false promise in that you would call on Congress to abdicate that position—after Congress has appropriated the money that under the law it obligated itself to pay?

There are other districts in the country that are hard pressed. We have flood control in Milwaukee. We are not calling on the National Government to control the floods in the Milwaukee River. We have done more in the flood control of the Mississippi River to protect the great alluvial lands there than in any other section of the country. But, apparently, you are not satisfied with that. In these pressing times of economy you want to have the entire bag turned over to Uncle Sam.

For goodness sake, gentlemen, for one time try to be consistent in your pleas for economy. The $132,000,000 appropriation for good roads at this session is a long time past, but do not resurrect the same ghost of extravagance by disregarding your promise as stated in the law of 1928. [Applause.]

I now yield to the gentleman from Illinois [Mr. REID].

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Speaker and gentlemen of the House, when this bill was first before the House in 1928, Chief of Engineers, General Jadwin, estimated that, as passed by the Senate, it would reach about a billion and a half dollars for all reservoirs and many millions for flowage lands and other flowage propositions previously reported by the committee, of which my friend the gentleman from Illinois [Mr. REID] was chairman.

That bill as reported to the House and passed by the Senate was opposed by the President of the United States and by the entire Engineers Department of the United States. We opposed the bill here for five days in the House, and President Coolidge, with the advice of General Jadwin who had opposed it and helped in the fight, then through conferees cut it down from one and one-half billion dollars to about $318,000,000. A saving of more than a billion dollars was secured from the bill reported by a majority of the House committee as urged by a minority re-

port I submitted. The Senate passed the House bill in just two hours debate, but it was thoroughly exposed when it reached the House.

We do not have much chance in this debate. The time is controlled by flood-control exponents on both Republican and Democratic sides, by Members in favor of the rule and a bill that may carry a hundred million dollars or several times that amount. Nobody knows what it will cost, but it involves a vast acreage that must be bought and paid for by the Federal Government at prices often ten times the actual value of the land taken. I have asked for 10 minutes to discuss the proposition and finally have been given time by the Republican side of the Rules Committee.

Mr. REID of Illinois. Will the gentleman yield?

Mr. FREAR. No; I regret I can not yield. The gentlemen now on the committee had charge of the extravagant Senate bill when last before the House, but we defeated them. Here is the situation: The gentleman from New York [Mr. LAGUARDIA], who helped me with the opposition when the Senate bill was then before the House, on my suggestion proposed one amendment, that only three times the total amount of assessed valuation of property should be recovered against the Government by local parties as damages for occasional flowage. That was opposed, because it was said by our Democratic friends it was a reflection on the people along the lower Mississippi River that they would not be fair. Senator Ransdell, of Louisiana, afterwards tried to explain to the Senate why the damages demanded and paid were ten times the total assessed value found on the Bonnet Carre flood way near New Orleans by a local board. Ten times the assessed value of the land was to be paid by the Government for occasional flowage. My colleague from Wisconsin [Mr. STAFFORD] has just explained that $123,000,000 has been appropriated to date since 1928, and the cost will probably exceed the $318,000,000 estimated in that bill because of land the Government is compelled to buy that is for flood protection of adjoining lands.

Will you get a fair estimate of values to be paid by the Government from any local boards?

Of course the Government will not. It has resulted as we predicted when we said the Government would be held up for many times the actual value of land that the States and localities ought to contribute for flood ways.

I want to read to the House from the Army engineers' report of 1931, which opposes these demands on the Government. It was going to cost $1,500,000,000, when reported to the House at the beginning. We put a stop to that in the House and cut it down, as stated, to less than one-quarter of that amount, but bills like the one before us will add hundreds of millions of dollars to be paid by American taxpayers for many times the value of flowage lands that ought to be contributed locally as the Government is paying for levees and all other flood protection to protect these people and lands against floods.

Let me read briefly what the Government engineers' report of February 28, 1931 says:

> That the adjustment of the equities of protection and lack of protection be left to those who alone can apply economically the benefits derived to such purposes, namely, the States and other local governmental agencies.

Again the report advises Congress:

> Provided that no protection works other than levees along the main stream or its tributaries shall be built by the United States in any State until, by appropriate legislation, the State shall have protected the United States from all claims on account of flood damages of any kind whatsoever within the State.

Again I quote from the report:

> Local interests shall furnish all rights of way and all flowage rights necessary for the execution of this project, except such as the United States has heretofore obligated itself to acquire at Bonnet Carre, La., and at Birds Point-New Madrid, Mo., and has actually acquired at other localities. The furnishing of rights of way and flowage rights by local interests is a condition precedent to entry by the United States on the work to which they pertain.

That is the advice of our Government engineers, but this bill demands that the Federal Government shall buy the land and pay all damages at prices to be fixed by local boards. The law department of the Government to which Congress always looks for advice, warns us:

> That no protection works other than levees along the main stream or its tributaries shall be built by the United States in any State, until by appropriate legislation, satisfactory to the Secretary of War, the State shall have protected the United States from all claims on account of flood damages of any kind whatsoever within the State.

We have here a proposition with no limit of expenditures put upon it. When first introduced the estimate was a billion and a half dollars, which, through threat of President Coolidge's veto and opposition in the House, was reduced to $318,000,000. This bill starts a heavy and new Government cost. You can not estimate what it will be now or ever, and yet you are asked to pass this enormously wasteful bill urged by our Democratic friends in an economy administration. Are you gentlemen on the Democratic side going to vote for a proposition of that kind? I ask you to help defeat the rule that has been suddenly presented.

Mr. Chairman, the last report referred to contains the following detailed advice:

> Reference is had to the report of the Chief of Engineers to Congress dated February 28, 1931, and to the marked clauses on pages 8, 13, and 14.

You will note the Chief of Engineers specifically recommends such an amendment, and the amendment above suggested is in almost the exact language of the recommendation of the Chief of Engineers.

The background of the situation is this: The act provides for three definite diversion constructions—New Madrid, Birds Point, and Bonnet Carre. The first diversion project is to protect the city of Cairo and the second another area in Missouri and the third the city of New Orleans. Each of these project constructions diverts water in the areas which would not be flooded under any circumstances except for the diversion constructions.

On the other hand, in time of flood it is expected that the water will flood the basins known as the Boeuf Basin and the Atchafalaya Basin. These basins are natural basins through which the flood water has always flowed in time of flood. To protect these basins and to localize the flow, the project provides for what is known as protection levees, also known as setback levees, which would guide the water, confine it to a smaller area, and prevent widespread flooding.

Under the Birds Point, New Madrid, Bonnet Carre diversions, the Government has also intended to acquire flowage rights over the land involved, and the Government is proceeding through condemnation to acquire such flowage rights. The prices that the Government has to pay for these flowage rights are extraordinarily exorbitant. In the great majority of cases, although the lands will be flooded probably not oftener than once in 12 years, we are paying more than the actual fee value of the land. In other words, the landowner is eating the cake and keeping it too.

But on the Boeuf and Atchafalaya Basins there is no intention on the part of the United States to pay for any flowage rights in those basins. The people who live in those basins, however, are insisting that flowage rights be acquired over all their lands, too, a claim which, in view of the amount of land involved, will ultimately obligate the Government to spend in the neighborhood of $500,000,000 to acquire flowage rights simply because of the action of the Government in attempting to protect that general section of the country.

When the flood control act was sent to Congress by President Coolidge, President Coolidge remarked in his message that it was to be expected that the local States would pay the larger part of the expense. Sufficient pressure was brought on Congress, however, so that Congress assumed the duty of carrying, as a national obligation, the entire flood-control project. In other words, the entire United States agreed to protect these lands from floods. Whether this was a good thing or not it at least was an act of unparalleled generosity on the part of the United States toward a section which has been deemed valuable because of its

rich land, despite the floods. Not content with getting such generosity from the Government, these people now want the Government to pay, through the nose, for the very ground upon which the protection levees are to be built, and practically to buy all of the land between the protection levees, paying therefor more for the flowage rights, which may never be exercised, than the land itself is worth in fee simple.

The original flood control act contemplated the expenditure of approximately $300,000,000 after reduction from nearly five times that figure. There was no intention to pay for these flowage rights above referred to. If, however, flowage rights are to be paid for and we use our experience as to the prices we have had to pay at Birds Point, New Madrid, and Bonnet Carre, it will cost the United States $500,000,000. This $500,000,000 is simply a holdup. It is looking in the mouth of a gift horse with a vengeance.

Consequently, the Chief of Engineers, as you will notice, recommended that none of these protection levees be constructed unless the United States was freed from responsibility for flowage rights and the cost of levee sites. The bill proposed by the rule is vicious and should be defeated.

There is pending now in the Supreme Court the Kincaid case, which will probably be decided within the next two or three weeks, in which all of the work is being enjoined until the United States pays for these flowage rights. There is very great pressure, and there will be additional pressure in this Congress, to get the United States to affirmatively agree to pay not only for the levee system but for the ground on which it is built and then buy the land protected also.

Mr. Speaker, that statement is to be overruled and the court's decision set aside by this high-handed attempt to pass a wasteful and extravagant bill without previous notice. The rule should be defeated. [Applause.]

Mr. PURNELL. Mr. Speaker, I yield three minutes to the gentleman from Illinois [Mr. REID].

Mr. REID of Illinois. Mr. Speaker, I appreciate the kindness of the gentleman from Indiana [Mr. PURNELL] in yielding me three minutes. I hope no one will be misled by the misleading statements that have been made up to the present time. The two gentlemen from Wisconsin, both together, do not know what this bill is about. The former bill provided that the Government should pay for the flowage rights. You are not amending that or touching it. The Army engineers submitted a plan, and this House passed it, to rebuild the levees as you see here, following the contour of the river. We passed that, and that is the law at the present time. The Army engineers decided that it would be easier from an engineering standpoint, and cheaper from a governmental standpoint, not having to take into consideration the cost of the land that would be thrown out and that would be useless, so they decided to cut across a short distance. In other words, you have one leg of a triangle. For that reason they have changed the plan. Is it fair to have these private owners who came down from Iowa and Indiana, and I think one individual from New York, and purchased the land under the present Army plan of flood control—now to have their land thrown in the flood way?

It is just like a sewer district in your town getting permission to put a sewer in a street in front of your home and then deciding, as long as it did not have to pay any damages, to cut across your front yard with the sewer system. That is all this is. Not one dollar need be spent. The people do not want this land taken; they want the engineering plan followed that we adopted. These gentlemen are all wrong when they say there is a lot of money involved in this. We supplied $11,000,000 a year extra for channel stabilization and river regulation and to shore up the banks to protect the levees from caving. This change that has been made is not necessary from an engineering standpoint, and merely makes the private people down there throw their land into the flood way without payment. It will just be like Mr. STAFFORD and Mr. FREAR throwing in their coats to help this economy program.

Mr. SCHAFER. What is the total approximate estimate of cost?

Mr. REID of Illinois. There should not be a dollar spent if the Army engineers will follow the plan they made and go around the point instead of cutting across with the levees.

Mr. SCHAFER. Make a provision to that effect.

Mr. REID of Illinois. You can not do it in this bill.

The SPEAKER. The time of the gentleman from Illinois has expired. All time has expired. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. SNELL) there were—ayes 63, noes 87.

Mr. COX. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 136, nays 186, not voting 110, as follows:

[Roll No. 82]

YEAS—136

Almon	Ellzey	Kelly, Pa.	Patterson
Arnold	Englebright	Kemp	Peavey
Bankhead	Fernandez	Kleberg	Person
Barton	Fitzpatrick	Kniffin	Polk
Bland	Fulbright	Kopp	Ramspeck
Blanton	Fuller	Kunz	Rankin
Boehne	Gambrill	Kvale	Reid, Ill.
Briggs	Garrett	Lambeth	Rich
Buchanan	Gasque	Lanham	Romjue
Bulwinkle	Gilbert	Lankford, Ga.	Rudd
Busby	Gillen	Larrabee	Sanders, Tex.
Butler	Glover	Larsen	Sandlin
Canfield	Goldsborough	Linthicum	Shannon
Cannon	Green	Lozier	Sinclair
Carden	Greenwood	McKeown	Spence
Carley	Gregory	McMillan	Steagall
Cartwright	Griffin	McReynolds	Stevenson
Chavez	Griswold	Major	Swank
Cole, Iowa	Guyer	Maloney	Swing
Cole, Md.	Hall, Miss.	Manlove	Tarver
Collins	Hancock, N. C.	Mansfield	Taylor, Colo.
Cooper, Tenn.	Harlan	May	Taylor, Tenn.
Cox	Hastings	Miller	Thomason
Cross	Hill, Ala.	Milligan	Vinson, Ga.
Crump	Hill, Wash.	Mobley	Vinson, Ky.
Cullen	Hopkins	Montet	Weeks
Davis	Howard	Moore, Ky.	West
Delaney	Hull, William E.	Nelson, Mo.	Whittington
DeRouen	Jacobsen	Niedringhaus	Williams, Mo.
Dies	Jeffers	Overton	Williams, Tex.
Disney	Johnson, Mo.	Parker, Ga.	Wilson
Doughton	Johnson, Okla.	Parks	Wingo
Doxey	Johnson, Tex.	Parsons	Wood, Ga.
Driver	Keller	Patman	Wright

NAYS—186

Adkins	Douglas, Ariz.	Lambertson	Schuetz
Aldrich	Douglass, Mass.	Lehlbach	Seger
Allen	Dowell	Lichtenwalner	Selvig
Amlie	Eaton, Colo.	Lonergan	Shott
Andresen	Eaton, N. J.	Loofbourow	Simmons
Andrews, N. Y.	Evans, Calif.	Lovette	Smith, Va.
Arentz	Finley	Luce	Smith, W. Va.
Ayres	Foss	Ludlow	Snell
Bachmann	Frear	McClintock, Ohio	Snow
Baldrige	Free	McCormack	Somers, N. Y.
Barbour	French	McFadden	Sparks
Beam	Garber	McGugin	Stafford
Beck	Gavagan	McLaughlin	Stalker
Beedy	Gilchrist	McLeod	Stewart
Black	Goodwin	McSwain	Strong, Kans.
Boileau	Goss	Magrady	Strong, Pa.
Bolton	Hadley	Mapes	Stull
Bowman	Haines	Martin, Mass.	Summers, Wash.
Brumm	Hall, Ill.	Martin, Oreg.	Sumners, Tex.
Buckbee	Hall, N. Dak.	Mead	Sutphin
Burtness	Hancock, N. Y.	Michener	Swanson
Cable	Hardy	Millard	Swick
Campbell, Iowa	Hare	Moore, Ohio	Taber
Campbell, Pa.	Hart	Morehead	Temple
Carter, Calif.	Haugen	Mouser	Thatcher
Cavicchia	Hawley	Nelson, Me.	Thurston
Chindblom	Hess	Nolan	Tierney
Chiperfield	Hoch	Norton, Nebr.	Tilson
Christgau	Hogg, Ind.	Palmisano	Timberlake
Christopherson	Hogg, W. Va.	Parker, N. Y.	Treadway
Claglue	Holaday	Partridge	Underhill
Clancy	Holmes	Pettengill	Warren
Clarke, N. Y.	Hooper	Pittenger	Wason
Cochran, Mo.	Hope	Pratt, Harcourt J.	Watson
Cochran, Pa.	Hornor	Pratt, Ruth	Welch, Calif.
Condon	Horr	Purnell	White
Cooper, Ohio	Houston, Del.	Rainey	Whitley
Coyle	Huddleston	Ramseyer	Wigglesworth
Crail	Hull, Morton D.	Ransley	Williamson
Crosser	Jones	Reed, N. Y.	Withrow
Crowe	Kading	Reilly	Wolcott
Culkin	Kahn	Robinson	Wolfenden
Dallinger	Kelly, Ill.	Rogers, Mass.	Wolverton
Darrow	Ketcham	Rogers, N. H.	Woodruff
De Priest	Kinzer	Sanders, N. Y.	Wyant
Dieterich	Knutson	Schafer	
Dominick	LaGuardia	Schneider	

NOT VOTING—110

Abernethy	Cooke	Igoe	Owen
Allgood	Corning	James	Perkins
Andrew, Mass.	Crisp	Jenkins	Pou
Auf der Heide	Crowther	Johnson, Ill.	Prall
Bacharach	Curry	Johnson, S. Dak.	Ragon
Bacon	Davenport	Johnson, Wash.	Rayburn
Bloom	Dickinson	Karch	Sabath
Bohn	Dickstein	Kendall	Seiberling
Boland	Doutrich	Kennedy	Shallenberger
Boylan	Drane	Kerr	Shreve
Brand, Ga.	Drewry	Kurtz	Sirovich
Brand, Ohio	Dyer	Lamneck	Smith, Idaho
Britten	Erk	Lankford, Va.	Stokes
Browning	Eslick	Lea	Sullivan, N. Y.
Brunner	Estep	Leavitt	Sullivan, Pa.
Burch	Evans, Mont.	Lewis	Sweeney
Burdick	Fiesinger	Lindsay	Tinkham
Byrns	Fish	McClintic, Okla.	Tucker
Carter, Wyo.	Fishburne	McDuffie	Turpin
Cary	Flannagan	Maas	Underwood
Celler	Freeman	Mitchell	Weaver
Chapman	Fulmer	Montague	Welsh, Pa.
Chase	Gibson	Murphy	Wood, Ind.
Clark, N. C.	Gifford	Nelson, Wis.	Woodrum
Collier	Golder	Norton, N. J.	Yates
Colton	Granfield	O'Connor	Yon
Connery	Hartley	Oliver, Ala.	
Connolly	Hollister	Oliver, N. Y.	

So the resolution was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Fiesinger (for) with Mr. Turpin (against).
Mr. Drewry (for) with Mr. Bacon (against).
Mr. James (for) with Mr. Seiberling (against).
Mr. Yon (for) with Mr. Kurtz (against).
Mr. Curry (for) with Mr. Johnson of South Dakota (against).
Mr. Karch (for) with Mr. Maas (against).
Mr. Browning (for) with Mr. Smith of Idaho (against).
Mr. Eslick (for) with Mr. Woodrum (against).
Mr. Collier (for) with Mr. Granfield (against).
Mr. Boylan (for) with Mr. Bohn (against).
Mr. Byrns (for) with Mr. Gifford (against).
Mr. Ragon (for) with Mr. Gibson (against).
Mr. Chapman (for) with Mr. Fulmer (against).

General pairs:

Mr. Crisp with Mr. Bacharach.
Mr. Corning with Mr. Davenport.
Mr. Rayburn with Mr. Hollister.
Mr. Oliver of New York with Mr. Wood of Indiana.
Mr. Montague with Mr. Connolly.
Mr. Brunner with Mr. Murphy.
Mr. McDuffie with Mr. Kendall.
Mr. Kennedy with Mr. Burdick.
Mr. Underwood with Mr. Andrew of Massachusetts.
Mr. Auf der Heide with Mr. Crowther.
Mr. Weaver with Mr. Shreve.
Mrs. Norton with Mr. Yates.
Mr. Pou with Mr. Jenkins.
Mr. Sullivan of New York with Mr. Golder.
Mr. Lindsay with Mr. Fish.
Mr. Lamneck with Mr. Dyer.
Mr. Abernethy with Mr. Perkins.
Mr. Tucker with Mr. Brand of Ohio.
Mr. Connery with Mr. Colton.
Mr. O'Connor with Mr. Erk.
Mr. Oliver of Alabama with Mr. Johnson of Washington.
Mr. McClintic of Oklahoma with Mr. Hartley.
Mr. Bloom with Mr. Lankford of Virginia.
Mr. Allgood with Mr. Britten.
Mr. Celler with Mr. Johnson of Illinois.
Mr. Drane with Mr. Stokes.
Mr. Sabath with Mr. Tinkham.
Mr. Brand of Georgia with Mr. Estep.
Mr. Kerr with Mr. Freeman.
Mr. Clark of North Carolina with Mr. Doutrich.
Mr. Dickstein with Mr. Carter of Wyoming.
Mr. Evans of Montana with Mr. Nelson of Wisconsin.
Mr. Prall with Mr. Lovette.
Mr. Sweeney with Mr. Sullivan of Pennsylvania.
Mr. Shallenberger with Mr. Cooke.
Mr. Dickinson with Mr. Chase.
Mr. Sirovich with Mr. Fishburn.
Mr. Cary with Mr. Mitchell.
Mr. Lewis with Mr. Boland.
Mr. Burch with Mrs. Owen.
Mr. Flannagan with Mr. Igoe.

Mr. JAMES. Mr. Speaker, if permitted to vote, I would vote "aye."

The SPEAKER. Was the gentleman present in the Chamber and listening when his name was called?

Mr. JAMES. I was not.

The SPEAKER. The gentleman does not qualify.

Mr. BYRNS. Mr. Speaker, I would like to vote "aye."

The SPEAKER. Was the gentleman present in the House and listening when his name was called?

Mr. BYRNS. I was not.

The SPEAKER. The gentleman does not qualify.

Mr. FULMER. Mr. Speaker, just as I entered the Chamber I heard my name called, but I was unable to answer.

The SPEAKER. The gentleman does not qualify.

Mr. FULLER. Mr. Speaker, my colleague the gentleman from Arkansas, Mr. RAGON, is unavoidably absent. If present, he would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague the gentleman from Massachusetts, Mr. GIFFORD, is unavoidably absent. If present, he would vote "no."

The result of the vote was announced as above recorded.

PRIVATE CALENDAR

Mr. BANKHEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, with Mr. BANKHEAD in the chair.

The CHAIRMAN (Mr. BANKHEAD). The House is in Committee of the Whole House for the consideration of bills on the Private Calendar under clause 6 of Rule XXIV of the House.

The Clerk will call the first bill on the Private Calendar.

FRANKLIN D. CLARK

The Clerk called the first bill on the Private Calendar, H. R. 927, for the relief of the estate of Franklin D. Clark.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Chairman, reserving the right to object, I think it might be well, Mr. Chairman, for the distinguished Chairman of the committee to state, as this is the first bill to be considered under the new rule adopted by the House about six weeks ago, what the privileges of the Members are with regard to objecting, and in the consideration of the bills.

As I understand, a Member who is opposed to a bill may have the right to proceed for five minutes. Then the Member in favor of the bill may proceed for five minutes. Then the Chair is obliged to submit the question whether the bill shall be considered, and if three objections are made, it goes over. If not, it is given consideration.

The CHAIRMAN. The Chair so understands the rule.

Mr. STAFFORD. Mr. Chairman, I ask for recognition in opposition to the bill.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. STAFFORD. Mr. Chairman, when this bill was originally called for consideration I asked the indulgence of the House for five minutes to read a decision found in Forty-fourth Federal, page 516, which upheld the right of the Board of Managers of the Soldiers' Home to withdraw pension money, which the inmates have received from time to time, and transfer it to the post fund. I then stated that had it not been for the fact that during the six years I was out of Congress I had a most worthy case, on which occasion I looked up the law, I would not stand here and cite the law and register my opposition to a bill that has been introduced by my colleague the gentleman from Wisconsin [Mr. SCHAFER].

The case that came to my attention was a very meritorious case and the facts were similar to the case here. Congress established the policy that as far as pension money was concerned, where there is no widow or minor child living, the money may be transferred to the post fund; and if there is no widow or minor child living, then the estate will not have the right to get the fund. I have here a well-considered opinion upholding a former Member of the House, Judge Peters, in the United States district court, in which the respective laws of Congress are construed, and in which they uphold the right of the Congress.

I will only read very briefly, because I do not wish to take up more time than necessary. This is the most recent decision, rendered in 1930. I read:

The construction contended for by the Government in this case, and upheld in the court below, appears to be the only reasonable one. The intent of Congress, by which it is provided that every inmate of a home, on entering the home, enters into an agreement that all personal property he may possess at his death, in case he dies in the home, leaving no heirs at law or next of kin, and not disposed of by will, shall vest in the Board of Managers of the home for the benefit of the "post fund" of the home.

In this case there were two executors appointed. There was a will, where the property had been transferred over, and yet the circuit court of appeals upheld the decision of the lower court and held that that was the intent of Congress.

I was in this body when the law was passed as a rider on an appropriation bill. The law had as its basis the protection of the Government, and provided that if we are paying pension money to inmates of the home, it should have the right to withdraw it for the benefit of the post fund, and that it should not be diverted from the post fund unless a widow or minor children survived.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. COCHRAN of Missouri. The decision the gentleman just read states, "unless the man leaves next of kin or a will."

This man left next of kin, a daughter, with several children; and he left a will. In that will he stipulated he wanted her to have the money for the benefit of the children, and he specifically provided that he did not want a certain son to have any of the money.

Does the gentleman mean to say he does not want the grandchildren of this man who left a will to have his money at his death? They are not friends; they are children of his daughter.

Mr. STAFFORD. I take the position that the Congress of the United States has established a policy in the enactment of a law, and it is not right to have a special law for one set of favorites and another law for others.

Mr. Chairman, I object.

Mr. COCHRAN of Missouri rose.

The CHAIRMAN. Does the chairman of the committee desire recognition?

Mr. COCHRAN of Missouri. Mr. Chairman, I desire to yield to the gentleman from Massachusetts, the author of the bill.

The CHAIRMAN. Under the rule the gentleman from Missouri, the chairman of the committee, is entitled to recognition for five minutes.

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from Wisconsin [Mr. STAFFORD] has read the decision handed down by the court in 1930.

The decision stated that where the soldier did not leave next of kin, or a will, the money was to revert to the home. If that were the case in this bill, there would be no use to take up the time of the committee arguing. This soldier accumulated over $1,000. I repeat he left a will, in which he provided that the money should go to the children of his daughter, whose husband, as I recall it, was sick and could not work.

The committee brought the governor of the soldiers' home to Washington and kept him here for two days, not only on this bill but in order to go into the entire question. At that hearing it was disclosed that money properly belonging to veterans and their heirs was being diverted to the post fund. The post fund is supposed to be used for the purpose of providing amusements, and so forth, for the inmates of the home. However, it was disclosed in the hearings that money in the post fund had even been used to buy fire apparatus.

We are considering a clean-cut case where a veteran of the Civil War wanted what he possessed left to the children of his daughter and specifically provided in the will that his son should receive none of it.

Mr. DALLINGER rose.

Mr. COCHRAN of Missouri. I yield to the gentleman from Massachusetts.

Mr. DALLINGER. Mr. Chairman, I reported this bill after a hearing before a subcommittee, and it was subsequently——

Mr. STAFFORD. Mr. Chairman, I rise to a question of order.

The CHAIRMAN. The gentleman makes the point of order the gentleman from Missouri can not yield any of this time to the gentleman from Massachusetts. The point of order is well taken.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Massachusetts; I do not yield the floor.

The CHAIRMAN. The gentleman from Missouri is entitled to the floor. The gentleman from Missouri, in the opinion of the Chair, can yield to the gentleman from Massachusetts for a question or for a statement.

Mr. COCHRAN of Missouri. Mr. Chairman, I yield to the gentleman from Massachusetts to refresh my memory on what occurred in the subcommittee.

Mr. DALLINGER. Mr. Chairman, our subcommittee found that the United States Code, section 136 of title 24, which gives the intention of Congress in regard to this matter, states that personal property owned by such applicant at the time of his death, including money and choses in action held by him and not disposed of by will, shall go to the home.

In this case the man left a will. It is perfectly evident that never did Congress intend that money which belonged to a man should not go to the people to whom he left it by his will.

Mr. COCHRAN of Missouri. Mr. Chairman, I think the chairman of the subcommittee has properly presented this case to the committee.

Mr. SCHAFER. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. SCHAFER. Is it not a fact that after holding extensive hearings and after Mr. Wood, the president of the Board of Managers of the National Home for Disabled Volunteer Soldiers, had testified, the subcommittee of the Expenditures Committee unanimously recommended favorable action on the bill and so reported to the full committee, and that then the full committee voted the bill out without a dissenting vote, after considering the facts brought to its attention by the subcommittee?

Mr. COCHRAN of Missouri. That is a fact. Further than that, the committee was to consider legislation amending this law.

Mr. SCHAFER. It was the opinion of the committee that the Board of Managers had specifically violated clear mandatory provisions of law written by Congress.

Mr. COCHRAN of Missouri. That was brought out not once but half a dozen times.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. EATON of Colorado. This case and others like it are all based upon the technical consideration of the law by the comptroller without looking back either into the law under which he is acting or the preceding laws which were reenacted in the statute of 1910.

Mr. COCHRAN of Missouri. To a certain extent that is true.

[Here the gavel fell.]

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Chairman, I object.

The CHAIRMAN. Three objections are required. The Chair hears but one objection. The Clerk will report the bill.

Mr. STAFFORD. Mr. Chairman, will the Chair permit me to submit a parliamentary inquiry?

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. I wish to state to the Chair that I think I inadvertently misled the Chair into the ruling made a moment ago. The rule, as the Chair will see, provides an initial 10 minutes of general debate, 5 minutes controlled by the Member offering the objection or reservation and 5 minutes controlled by the chairman of the committee report-

ing the bill or in his absence by any Member supporting the bill. I think the word "controlled" would grant to either the Member objecting or reserving the right to object, and to the chairman of the committee or the proponents of the bill the right to control five minutes' time. I would like to have a ruling by the Chair on that, as we are starting on this initial procedure.

The CHAIRMAN. Without very carefully examining the rule, the Chair is inclined to accept that interpretation.

Mr. BACHMANN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BACHMANN. Mr. Chairman, does that mean that the Member in control of the time may yield time to some other Member of the House?

The CHAIRMAN. He can yield for a statement or a question.

Mr. SWING. Mr. Chairman, may I follow that with another parliamentary inquiry?

The CHAIRMAN. The gentleman will state it.

Mr. SWING. Frequently the chairman of the committee does not know the facts. There should be a liberal interpretation in order to get the facts before the committee. It seems to me the chairman should be permitted to yield to the Member who is the author of the bill, if he so desires.

The CHAIRMAN. If the gentleman from California will refresh his recollection about the rule, he will find that under the rule the control of the time is specifically given to the chairman of the committee, or, in his absence, to some Member who is in favor of the bill.

Mr. SWING. I think he ought to be permitted to yield time.

The CHAIRMAN. That question is not before the Chair at this time. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the board of managers of the National Home for Disabled Volunteer Soldiers is hereby directed to pay to the executor of the estate of Franklin D. Clark, late of Company F, Twenty-eighth Regiment Wisconsin Volunteer Infantry, Civil War, $1,468, which was the amount of undrawn pension in the hands of said Board of Managers at the time of the death of the veteran, and which amount was not paid to the executor of the estate as directed in said Franklin D. Clark's last will and testament dated May 19, 1922, but diverted into the post fund of the National Home for Disabled Volunteer Soldiers.

The CHAIRMAN. Is there any opposition to the bill? If not, the Chair will recognize the chairman of the committee to make a motion that the bill be laid aside, to be reported back to the House with a favorable recommendation.

Mr. COCHRAN of Missouri. Mr. Chairman, I move that the bill be laid aside to be reported back to the House with a favorable recommendation.

The motion was agreed to.

Mr. EATON of Colorado. Mr. Chairman, I ask unanimous consent to insert at this point a short brief upon the subject covered in this bill, and which gives the history of the statutes.

The CHAIRMAN. Is there objection?

There was no objection.

The brief is as follows:

This is H. R. 927, introduced by Mr. SCHAFER, for the relief of the estate of Franklin D. Clark. It is No. 1 on the Private Calendar. A Civil War veteran at the National Home for Disabled Volunteer Soldiers saved a part of his pension money and by will devised his saved pension, but upon request of the executor of his estate payment was refused by the Comptroller General of the United States.

The gentleman from Wisconsin [Mr. STAFFORD] has objected to this bill and cited in support of his position Durack *v.* National Home for Disabled Volunteer Soldiers (44 Fed. (2d), 516), which is a decision by the United States Circuit Court of Appeals of the First Circuit of a Maine decision.

The decision refers to the statutes of 1881, 1882, 1902, 1910, and 1912 and supports the action of the home in refusing to pay money to an executor, but that case does not show that the soldier willed any part of the money to any person, as appears here.

The act of 1881, as amended in 1882 and 1912, provided for disposition of the balance of pension money on discharge of veteran in express words. The act of 1881 and its amendment in 1882 designated the disposition of funds in case of death of veteran, and included "legal representatives" in the classification of those who were rightful beneficiaries.

By act of 1902 the class was limited to widow, minor children, or dependent mother or father, in order named.

The act of 1910 did not change the previous statutes, but prescribed the contract to be entered into with a veteran and provided that all personal property owned and held by the veteran at the time of his death, "and not disposed of by will, whether such property be the proceeds of pensions or otherwise derived" should pass to the post fund of the home. I emphasize—only the money not disposed of by will might go to the home. As a matter of construction and good faith, note that by the contract required by statute to be made, there is expressly reserved and saved to the veteran the right to dispose of his personal property by will, including money saved from his pension.

This right has not been the subject of any legislation since 1910.

In 1912 a statute amended some details of the then existing statute in regard to the payment of pensions and forgery of indorsements upon pension checks, and contained a saving clause stating that it should not "be construed as amending or repealing" the statute of 1882. No reference was made to the statute of 1902 limiting the class to "widow, minor children, or dependent mother or father."

Now, what is the necessary and logical conclusion? Whatever reasons may be advanced for the passage of the act of 1910, it is clear that in the next session of Congress it was intended to give full faith and credit to the statute of 1882 and to declare what property rights might be the subject of the contract by which the right of the veteran to enter the home was defined.

One of those rights was to dispose of his unused pension by will. Of what benefit is the right if the exercise of it is denied? Are the words to be entirely disregarded because the next Congress expressly saves the law as it was prior to 1910 and 1902 and leaves in existence the old laws of 1881 and 1882 as incorporated therein?

I submit that the conclusion must be that when the statute of 1912 prescribed only the manner of payment of the pension money and provided punishment for forgery of a pension check, its words and saving clause should not be perverted to cover the disposition of the money after it had been deposited in the home by or on behalf of the veteran, and that his statutory contractual right should be respected.

Therefore, if the veteran did dispose of his pension savings and other personal property by will, his testamentary disposition is to be respected as to any property willed to a named legatee, and no ruling of the Comptroller General should interfere therewith.

Under the circumstances shown in the report of this bill, Congress should pass this relief bill to order payment of the money to the executor for delivery to the legatee named in the will.

I suggest that the committee reporting this bill have drafted a new statute expressly repealing all of the old ones hereinabove referred to, saving any and all rights accrued thereunder, and either make the new statute conform with the 1910 statute or else amend the latter so that no more similar disputes may arise.

WILLIE LOUISE JOHNSON

The Clerk called the next bill, H. R. 799, to extend the benefits of the employees' compensation act of September 7, 1916, to Willie Louise Johnson.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Chairman, reserving the right to object——

Mr. BLACK. Mr. Chairman, do I understand the gentleman objects?

The CHAIRMAN. Under the rule the gentleman from Wisconsin is entitled to recognition for five minutes.

Mr. STAFFORD. I did not get much support when the former bill was under consideration, but I was consistent in my position. I had taken that same position when the bill was first considered. I gave the committee the benefit of the study I had made of the matter and I did not receive much support. So I do not know whether my position in respect to this bill will have any support.

Mr. Chairman, this bill, according to the report of this Congress, as well as the last Congress, shows that this claim was submitted to the United States Employees' Compensation Commission and that commission turned it down.

I may say right here I do not intend to go through with this seemingly wasteful effort in trying to protect the Treasury if I am not to receive some support. The Treasury means no more to me than it does to you. I am frank in my position. I am not trying to take up any time unnecessarily. I have gone over this report and I am going to state my position. I am not seeking to prevent any person getting his just deserts.

Now, what do the facts show? Here is a claim that was presented in due season immediately after the accident. The man was employed in the navy yard and had a slight abrasion or contusion on the head. The Employees' Compensation Commission found that this accident did not cause the death of this man and turned the claim down. Now, this bill provides "It is hereby authorized and directed," which is a mandatory provision against the position taken by the Employees' Compensation Commission, that this injury did not result in this man's death, but did result in his death.

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. I yield to the gentleman from Texas.

Mr. BLANTON. I simply want to find out "where we are at." There are 809 bills on this calendar, some of them involving several hundred thousand dollars. Under the new rule if a Member can not get up here and in five minutes convince his colleagues that the bill ought not to be passed the measure passes ipso facto. Is not that the situation?

Mr. STAFFORD. Surely.

Mr. BLANTON. Where will that lead?

Mr. STAFFORD. It will lead to hundreds of thousands of dollars being drained out of the Federal Treasury, and this was the position I took in opposing this rule before the Committee on Rules.

Mr. BLANTON. It will mean governmental bankruptcy practically. That is what it is going to mean. And we must organize and stop these bad bills from passing.

Mr. STAFFORD. I took that position, as I have stated, before the Committee on Rules and stated that the Democratic majority of the House in these times could not afford to adopt such a policy. We are trying it out now.

Here is the statement of the Assistant Secretary of the Navy on this bill:

> In drilling holes in a tank the motor hung, causing him to fall and strike his face against the edge of the tank, causing a contusion of the right side of the face. He was attended by the medical officer of the yard, but was not incapacitated as the result of this injury nor did he lose any time on account thereof.

I submit the matter to you. I have done my duty and I am not going to take up any further time.

I object, Mr. Chairman.

Mr. BLACK. Mr. Chairman, I yield three minutes to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, I would like to say to the gentleman from Wisconsin that this is the case in which I gave him the report of the coroner's inquest.

It was not the blow on the head that caused his death. Here was a man who had been working for 20 years and had not missed a day for over a year. The machine struck him over the kidneys, and within four or five days after this blow the man died.

Mr. STAFFORD. I have fallen in sawing off limbs of trees and have fallen on my head, and I have never made any claim against anybody.

Mr. LANKFORD of Virginia. Within four or five days after this accident this perfectly healthy man died. The doctor made a wrong diagnosis in the case.

Mr. BLANTON. Mr. Chairman, there are more than three objectors here; why take up any more time with this bill?

The CHAIRMAN. The Chair will state to the gentleman that we have not reached that stage in the procedure.

Mr. LANKFORD of Virginia. Mr. Chairman, I hate to take up the time of the committee unnecessarily, but I am thoroughly convinced of the justice of this case. Here was a perfectly healthy man, who had worked for 20 years and had not missed a day in the last year. He received this blow in the side and died in four days. The naval surgeon who attended him said he had hysteria within a few hours of the time of his death. They also called in a private physician, who properly diagnosed his trouble, but the man died in the greatest agony. He has left a widow who is practically penniless and helpless. This is a case where the United States Compensation Board turned the claim down on the basis of the diagnosis of the naval doctor, which I submit was a mistake.

The blow which this man received was over the kidneys, and that is what killed him.

I wanted to give the committee the facts, and these are the facts in the case.

The CHAIRMAN. Is there objection?

Mr. PATTERSON, Mr. BLANTON, Mr. STAFFORD, and Mr. GRISWOLD objected, and the bill was referred to the deferred list.

HOWARD LEWTER

The Clerk called the next bill, H. R. 808, to extend the benefits of the employees' compensation act of September 7, 1916, to Howard Lewter.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Reserving the right to object, to-day a procedure is being inaugurated radically different from that under prior calls of this Private Calendar. I might say to those who have not attended night sessions that it has been the rule of those who have been charged with scrutinizing the Private Calendar not to extend the privileges of the compensation act, which was passed in September, 1916, to any injury that occurred prior to that date. This bill seeks to extend the compensation act of 1916 back to an injury happening in 1913. It would be quite a heavy burden if we opened up the Treasury to claims of all kinds for injuries that happened prior to 1916, as this bill proposes.

There was an act in force prior to 1916, which granted a year's compensation to all who received injuries in the Government service.

Now, I think that mere presentation shows that it would be unwise policy to open up the gates of the Treasury to injuries that occurred prior to 1916.

Mr. MOUSER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. MOUSER. There are a number of cases where injuries occurred prior to 1916, where claims would be made if this bill establishes such a precedent.

Mr. STAFFORD. Yes; there are hundreds of them.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. EATON of Colorado. This is a typical case, where the claimant was entitled to compensation under the old law, but payment was completed before the compensation law of 1916 went into effect. Now, 16 years after the compensation law went into effect, he comes in and wants to be reinstated, and asks for full compensation for the intervening 16 years and from now on.

Mr. STAFFORD. Not only that, but he asks us to establish a policy of allowing compensation beyond 1916.

Mr. BLANTON. And the department says that the bill if enacted would give the claimant greater compensation than was allowed by the legislation in force at the time of the injury.

Mr. COCHRAN of Missouri. Mr. Chairman, the objectors seem to be adopting a policy for the entire House. As we all know, three Members can stop the passage of one of these bills. I believe it is very important to get more information as to the interpretation of the rule that we are working under.

Mr. STAFFORD. Let me say that I stated the policy that we were working under, those of us who are charged with the duty of scrutinizing these bills.

Mr. COCHRAN of Missouri. Well, the whole House is charged with that, if it does its duty.

Mr. STAFFORD. That same observation applies to those unconscionable claims that are reported from the Committee on Claims.

Mr. COCHRAN of Missouri. Let me ask the gentleman——

Mr. STAFFORD. Mr. Chairman, I decline to yield further. The gentleman can make a statement in his own time. Mr. Chairman, I merely stated what I thought should be the policy, and it rests with the House to determine whether we should follow that policy or not. If we are going to adopt a policy that every person injured prior to the compensation act of 1916 is to be entitled to the benefits

of that act, let us be fair and pass general legislation, and not favor this one or that one under political favoritism.

Mr. BLACK. Mr. Chairman, if I have a right to yield the time, I yield to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Chairman, I want to explain the reasons for filing this claim. This boy is the son of an old colored woman, almost 80 years of age. He is a cripple, he is on crutches, and can not walk without the crutches and a cane. He has been in that condition for 16 years. It seemed to me that if there ever was a case which deserved consideration of the Government it is this case. He was climbing up an electric pole in the navy yard and was shocked. He fell; and he will be in that condition all of his life, with this old colored woman his only support, and she is between 70 and 80 years of age. She can hardly walk. If you are going to adopt the rule that you will not go back of any of them, I have nothing to say. This is a pathetic case, and I felt justified in asking the consideration of Congress for it.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. MOUSER, Mr. EATON of Colorado, Mr. STAFFORD, and Mr. BLANTON objected, and the bill was referred to the deferred list.

MORRIS DIETRICH

The next business on the Private Calendar was the bill (H. R. 1034) for the relief of Morris Dietrich.

The Clerk read the title of the bill.

The CHAIRMAN. Is there objection?

Mr. PATTERSON. Mr. Speaker, I object.

Mr. BLANTON. I object.

Mr. EATON of Colorado. I object.

The CHAIRMAN. Under the rule, the sponsor of the bill or the chairman of the committee has a right to explain its provisions.

Mr. PATTERSON. Mr. Chairman, I rise to a point of order. I quote from the rule:

When the Clerk shall have read the bill the same shall be considered unless objection or reservation of objection is made to immediate consideration. Should objection or reservation of objection be made there shall be 10 minutes' general debate to be divided, 5 minutes controlled by the Member offering the objection or reservation, and 5 minutes controlled by the chairman of the committee reporting the bill, or in his absence by any Member supporting the bill. If, after such debate, three objections are not forthcoming the bill shall be considered under the 5-minute rule: *Provided, however,* That the total debate under the 5-minute rule shall not exceed 20 minutes.

The CHAIRMAN. The Chair is familiar with the rule. What is the gentleman's point of order?

Mr. PATTERSON. The point of order is that three objections will cut off debate.

The CHAIRMAN. That is not the construction of the rule by the Chair. A careful reading of the rule it seems to the Chair would lead to the fair construction that, although the objection of three Members will prevent the consideration of the bill and send it to the deferred list, at least the spirit and even the letter of the rule provides that opportunity be given to those who desire to explain the bill and for those making the reservation of objection to be heard. In the opinion of the Chair that is a right conferred upon the members of the committee, and the Chair overrules the point of order. In the opinion of the Chair the reason for that construction is that if a reasonable opportunity be given to debate the merits of the bill it might remove possible objection to its consideration. Is there objection?

Mr. PATMAN. Mr. Chairman, I reserve the right to object.

The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

Mr. PATMAN. Mr. Chairman, instead of criticizing the Members of the House who are spending so much of their time investigating these bills, I commend them. I know it requires a great deal of time and effort to properly prepare themselves to present their objections to the House. They have to read the reports of committees and they have to get information from the different departments. They have to spend considerable time and go to lots of trouble that otherwise they would not have to do. I have not been spending any time on these private bills because I have not had the time, and I was perfectly willing to accept the judgment of the gentleman from Texas [Mr. BLANTON] and the judgment of the gentleman from Wisconsin [Mr. STAFFORD] and other Members of the House who have been giving these private bills considerable attention and study. I think the old rule is a better rule than this one.

I want to invite attention to criticisms that have been urged against Members of the House of Representatives that I do not think should be urged. I have before me a statement that is being published all over the country against Members of the House of Representatives. It is untrue. It is unwarranted. The facts do not justify it at all.

It is as follows:

Not many of us ever thought that we were furnishing Congressmen and Senators free eating in the congressional café, but we are. We doubt if any of us ever thought we furnished a most elegant barber shop in the Capitol Building, where our lawmakers, between their speeches on economy, can have hair cuts and shaves, shampoos, hair and whiskers dyed, blackheads extracted from the noble noses of the solons, and shoes shined, all free; but we do.

Did you know we pay for a free shaving mug for every one of these Representatives and Senators and that we pay $36 a dozen for golf balls for them to play with?

The above statement appeared in the Marshall Morning News, Marshall, Tex., under the heading Public Office a Private Snap, and has been reprinted in other newspapers. It is an amazing statement. I am unwilling to be put in the attitude of condoning such outrageous conduct. There is a café in the House wing of the Capitol. It is a great convenience to the Members. It is quite a distance from the Capitol to the nearest point where a café could be located on private property. Congress meets at 12 o'clock noon. Members usually attend committee meetings until the House meets. By getting their noonday meals at the Capitol they are near by in the event of a vote or other important proceedings. The café does not render free service. The price charged is higher than any café I have ever visited in Washington. It is necessary to charge high prices so as to make it self-sustaining, since there is only one meal served each day. A barber shop is also maintained in the Capitol for the convenience of the Members of the House of Representatives. The price of a shave is 25 cents. The price in most of the shops in Washington is 20 cents. Hair cuts are 60 cents. The price in most of the shops in Washington is 40 cents and none over 50 cents. Shoe shines are 10 cents, the customary price. I have not received any of the other services mentioned in the newspaper item; but my information is that every service is charged for and no Member of the House of Representatives receives free service in a barber shop but pays a higher price than is charged in other shops in the city. No Member of the House has a shaving mug furnished to him free, neither is he furnished golf balls.

MOTHER-IN-LAW ON PAY ROLL

The item states further:

And not only this but it appears that the great majority of these servants (?) of ours have their relatives on the Government pay rolls, wives, sons, daughters, nephews, nieces, mothers-in-law, brothers-in-laws, and all kinds of in-laws.

I can not speak for other Members. I do know that I have never placed a relative on my pay roll. I have a secretary and an assistant secretary who earn their salaries, and who are paid by the Government. It is often necessary to have an additional employee in my office, and to have considerable stenographic and clerical work done by others. When this is necessary, it is done without expense to the Government, and without deductions from the salary of either of my employees.

CONDUCT OF A PUBLIC OFFICIAL

I have always maintained that a public office is a public trust; that an officeholder should so conduct the people's business that no criticism of his official conduct would be corroborated by unexplained facts. We should not do things

that are all right, but have to be explained; and certainly it is wrong for an officeholder to do something secretly that he would not do publicly. Much has been said about the pay rolls of the Members being secret. I made a speech in the House May 9, 1932, in which I denounced the policy of expending public funds secretly. All public funds should be expended subject to public inspection. To-day a resolution was passed permitting public inspection of all current expenditures of the House of Representatives. A law should be passed making all income-tax returns subject to public inspection. Tax money is collected and refunded in secret. All expenditures of the Reconstruction Finance Corporation should be subject to public inspection. Secrecy is a badge of fraud. When the tax bill was before the House I endeavored to secure the passage of an amendment making all tax returns and refunds subject to public inspection; the amendment lost. I hope such an amendment is put on in the Senate.

As a member of the Legislature of Texas for four years, and as district attorney of the fifth judicial district of Texas for five years, and as a Member of Congress for three years, it has been my policy not to accept free services of any kind—not even tickets to theaters or passes on railroads or busses. I have tried to refrain from placing myself in a position that might make it the least embarrassing for me to do my full duty in compliance with my oath of office.

CONGRESSMEN SUBJECT TO INCOME TAX LAWS

The report is being circulated that Members of Congress do not have to pay income taxes on their salaries. This is untrue. They pay income taxes the same as other people. Members of Congress have also voted at this session a reduction in their own salaries and voted to increase the income-tax rate on their incomes. In addition, a reduction has been voted for mileage and stationery allowance. Some people seem to think that if Congressmen would reduce their own salaries 50 per cent the deficit would be overcome. If Congressmen did not draw salaries for one year it would save the income-tax payer 15 cents on every $100 payment; if reduced 50 per cent, it would save 7½ cents on every $100 collected from income-tax payers.

DEAR DOLLARS AND CHEAP COMMODITIES OUR PRINCIPAL TROUBLE

The people have a right to complain about high taxes. However, it is not the increased governmental expenditures that is the whole cause of the trouble. It is the increased purchasing power of the dollar that has doubled taxes. A few greedy bondholders and other selfish interests that have charge of the financial system of the Government have caused a contraction of credit and the slowing up of the velocity of money and credits until every dollar is worth from two to four dollars measured in the commodities that our debts are paid in on the basis of the value of the dollar at the time most of the debts were contracted.

A correction of the money system will correct practically if not all our economic troubles.

Mr. PATTERSON. Mr. Chairman, a point of order.

The CHAIRMAN (Mr. BANKHEAD). If the gentleman will allow the Chair to make a statement, I think the Chair may anticipate what the gentleman has in mind.

A question has been raised, and upon it the present occupant of the chair rendered an opinion which, upon reflection and reconsideration, the Chair now believes was erroneous and improper.

A question was raised whether or not a proper construction of the rule did not provide that if there were instantly three objections to the consideration of a bill that would carry it over to the "deferred list," without the privilege of occupying the 10 minutes of debate.

In the opinion of the Chair, in reflecting upon the discussions upon the adoption of the rule before the Committee on Rules, and by a very careful reading of the proviso in the rule, the Chair is clearly of the opinion that the somewhat hasty decision reached a few moments ago is in error, and the Chair is now of the opinion that if a bill is called and three members of the committee rise and object to its consideration that automatically carries it to the "deferred list."

Mr. LINTHICUM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LINTHICUM. That is not the way the rule reads, Mr. Chairman.

The CHAIRMAN. The Chair is of the opinion that that is the proper construction of the rule.

Mr. LINTHICUM. I thought the reservation of objection was to give a Member a chance to explain his bill so that the House could know what the bill was before the time came for objection; and certainly the rule reads that way.

Mr. BUSBY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BUSBY. The rule further states that on reservation of objection the person making the reservation has the right to control five minutes of time allotted. Does the Chair construe the word "control" as requiring the one who makes the reservation of objection to actually use that time himself, or to control it in the sense that that term is usually used when a certain amount of time is allotted that may be reallotted by the person controlling the time?

The CHAIRMAN. The Chair has ruled upon that proposition. The ruling may be in error, but the Chair is convinced that the rule itself anticipated that the gentleman being recognized should control the time, five minutes, if he desired, and that he should not parcel it out by one minute or two minutes or one-half minute.

Mr. BUSBY. And that in order to control it he must use it himself?

The CHAIRMAN. That is the opinion of the Chair.

Is there objection to the present consideration of the bill?

Mr. BLANTON, Mr. STAFFORD, and Mr. EATON of Colorado objected, and the bill was referred to the deferred list.

Mr. LINTHICUM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LINTHICUM. When a gentleman objects to a bill, the rule provides that then there shall be 10 minutes' debate on the bill.

The CHAIRMAN. The rule does not provide for five minutes' debate if three objections are made. It is immediately carried to the deferred list.

Mr. FRENCH. Would the Chair hear me upon that particular construction?

The CHAIRMAN. Certainly. The Chair will hear the gentleman from Idaho.

Mr. FRENCH. It seems to me that the effect of the three objections made would be to leave discussion for five minutes on each side, and then if the three objections are persisted in, the bill would pass to the deferred list. On the other hand, if three objections are not had at the expiration of the 10 minutes, then further discussion would be had to the extent of 20 minutes. It seems to me that that is the meaning of the rule. The purpose of the 5-minute discussion on a side is to determine whether or not the objections or reservations may be withdrawn. It will be noted also that this 10-minute discussion is not included as part of the 20 minutes under the 5-minute rule.

Mr. BRIGGS. Mr. Chairman, if that is not the meaning of the rule, then what does the rule mean when it provides there be 10 minutes general debate?

The CHAIRMAN. It reads:

After the debate hereinbefore referred to, or when the bill is first called, if objection is made by three Members to the consideration of the bill, then the same shall be passed over and carried to a list designated as "deferred."

ESTATE OF KATHERINE HEINRICH

The Clerk called the next bill, H. R. 1130, a bill for the relief of the estate of Katherine Heinrich (Charles Grieser and others, executors).

Mr. MOUSER. Mr. Chairman, I reserve the right to object.

Mr. Chairman, I dislike to raise an objection to a measure introduced by the gentleman from Idaho [Mr. FRENCH] who is a very conscientious legislator, but in this instance it is

quite apparent the executor of the estate, the claimant for relief because of an excessive amount paid by virtue of the Federal estate tax, slept on his rights and was guilty of laches.

Under the law it was necessary to file within a period of four years an application for refund of excessive payments growing out of Federal estate taxes. In this instance the executors, through their attorneys, are supposed to have mailed a claim for refund to the internal revenue collector in Idaho. The letter was not sent by registered mail, or by special delivery, but by ordinary mail. There apparently was no inquiry addressed to the Internal Revenue Department of the Treasury within a period of four years. Finally, about a month after the expiration of this time, a second application was filed and received.

It seems to me the claimant has clearly slept upon his rights, and that it is a bad precedent to permit a refund of this nature under the facts as reported by the committee. Therefore, at the proper time I shall be compelled to enter my objection.

Mr. BLACK. Mr. Chairman, I yield to the gentleman from Idaho [Mr. FRENCH].

Mr. FRENCH. Mr. Chairman, the pending bill provides for the refund of $494.84 to the estate of the late Katherine Heinrich (Charles Grieser and others, executors), Genesee, Idaho, on account of an overpayment in this amount of Federal estate tax. The tax was paid November 10, 1921. The gentleman from Ohio has stated briefly the situation with this exception, that application for refund was made within a period of four years provided by law. In this particular case application for refund would need to have been made prior to November 10, 1925. As a matter of fact, application was made through the attorney for the claimants on March 6, 1923, or two and one-half years within the time fixed by law. The gentleman stated correctly that the application was not inclosed in a registered letter or sent by special delivery mail. It was mailed as ordinary mail. I have furnished the committee an affidavit of the lawyer, Mr. C. J. Orland, of Moscow, Idaho, who represented the executors to the effect that the executors did make the application and that they executed the application on forms or blanks furnished and that he found within his files a carbon copy of his letter of transmittal addressed "Collector's Office, Boise, Idaho," and dated March 6, 1923, and that to his best remembrance and belief he deposited said letter and application for refund in the post office at Moscow, Idaho.

Mr. Grieser, one of the executors, called repeatedly upon the attorney in the case, Mr. Orland, and reminded him of the fact that application had been made and that nothing had been heard from the Internal Revenue Bureau. However, Mr. Orland, accustomed as he was to delay in the department in acknowledgment of letters and refund of money, assured the executor that the fact that there was delay meant nothing other than the normal delay incident to matters of this kind.

Mr. MOUSER. Mr. Chairman, will the gentleman yield right there?

Mr. FRENCH. I yield.

Mr. MOUSER. I do not want to interrupt the gentleman's explanation, but the attorney did not write to the Internal Revenue Department to secure information as to the progress of the claim in behalf of his client. Is not that correct?

Mr. FRENCH. That is true; and I think he should have done it. On the other hand, he was going upon experience he had had during many years of practice, and was recognizing the delays that occur in matters of this kind in dealing with different departments of the Government. Mr. Orland is one of the ablest and most careful of lawyers.

Mr. EATON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. FRENCH. I yield.

Mr. EATON of Colorado. Is not this a case where the Government has the money and the executors had to make the effort to get their money back?

Mr. FRENCH. That is true; the Government has the money. If any Member here were in the place of the Government, he would not go to bed to-night before refunding the money to Mr. Grieser.

The fact of the matter is, the executors did not know they had overpaid until the department notified them. They then made application very shortly.

Finally, as the gentleman from Ohio has said, after the four years were up and they had heard nothing of their application they tried to find what had become of it, and found it had never been received by the collector's office. Immediately application was renewed and that application is the one the department states came too late.

I submit, Mr. Chairman, the executors did everything they were in duty bound to do. They did make the application within the proper time. There was no laches upon their part.

Mr. BLANTON. Will the gentleman yield?

Mr. FRENCH. Yes.

Mr. BLANTON. They had the right to come in and make their claim just the same as any other claimant?

Mr. FRENCH. And they did.

Mr. BLANTON. If they have exhausted their legal rights, why should they ask Congress to respond?

Mr. FRENCH. They did make the application within the proper time.

Mr. BLANTON. But they were turned down.

Mr. FRENCH. No; no. The application failed because the Post Office Department in some way failed to deliver the letter.

Mr. BLANTON. But the estate had an attorney, and the attorney should have looked after it.

[Here the gavel fell.]

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. BLANTON, Mr. MOUSER, and Mr. PATTERSON objected, and the bill was referred to the deferred list.

A. L. HEDDING

The Clerk called the next bill, H. R. 1350, for the relief of A. L. Hedding.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. GRISWOLD. Mr. Chairman, reserving the right to object, this is a bill to which I have already objected. The evidence in it is such evidence that could not be collected upon in any court of law. It attempts to collect damages for injury to a truck by a Government automobile, the claim being that the automobile was going uphill and had no lights on it when, as a matter of fact, according to the report, it was not required, under the law of California, to burn lights at that hour, the accident having happened at 5.41. I object to the bill.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado, Mr. BLANTON, and Mr. GRISWOLD objected, and the bill was referred to the deferred list.

BRUCE BROS. GRAIN CO.

The Clerk called the next bill, H. R. 1525, for the relief of Bruce Bros. Grain Co.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. PATMAN. Mr. Chairman, reserving the right to object, in regard to the criticism against Members of Congress, I want to invite again your attention to the criticism from which I read a few minutes ago. The charge was made:

> Not many of us ever thought that we were furnishing Congressmen and Senators free eating in the Congressional Café but we are.

I do not claim to know anything about the other side of this Capitol, that is, the Senate of the United States. I do not know whether that charge is true as to the Senate or not, but I do know it is not true as to the House of Representatives. I have never received a free meal at this

House restaurant and I do not believe any other Member of the House of Representatives has ever received a free meal. You pay the same price there, and more, than you pay down town or at any other restaurant in the city.

Mr. MOUSER. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. MOUSER. As a matter of fact, the House restaurant is self-sustaining because of the money paid by Members for their meals and in entertaining their visitors.

Mr. PATMAN. I thank the gentleman for that contribution.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BLANTON. Eight or 10 years ago the House restaurant did cost the Government $50,000 or $60,000 annually and put the Treasury in the hole every year, but that has been corrected. The House caused that situation to be overhauled. Our friend from North Carolina [Mr. WARREN] is now in charge of it; he is putting some business into it, and he is trying to get that institution on a business basis. And all of us must back him up 100 per cent. I think the criticism probably comes because of conditions that existed years ago.

Mr. PATMAN. Let me again invite your attention to this. It says:

> We doubt if any of us ever thought we furnished a most elegant barber shop in the Capitol Building where our lawmakers, between their speeches on economy, can have hair cuts and shaves, shampoos, hair and whiskers dyed, blackheads extracted from the noble noses of the solons, and shoes shined, all free, but we do.

Mr. BLANTON. That too, if my colleagues will permit, is absolutely untrue as to the situation at the present time, for as he correctly stated, we pay now full price for shaves, haircuts, shampoos, and massages. But some years ago there was a large sum of money spent each year by the Government on the House barber shops, with salaries paid, and other expenses that were subject to criticism, but the House of Representatives has long since stopped such abuses, and, as the gentleman said, there is not a word of truth in said newspaper criticism so far as the House of Representatives now is concerned.

Mr. PATMAN. There is not a word of truth in that as far as the House of Representatives is concerned. I do not claim to know anything about the other body. It says that each Representative is furnished with a free shaving mug. If there is a free shaving mug furnished to any Member of the House of Representatives, I do not know anything about it. I have not been in the barber shop very much, but I do not think a free shaving mug is furnished to the Members.

Mr. EATON of Colorado. Why not state that there is not a shaving mug in the barber shop?

Mr. PATMAN. I have never seen one there.

Mr. LINTHICUM. They are not sanitary anyhow and nobody uses shaving mugs any more.

Mr. DIES. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. DIES. Will the gentleman state where that paper is published?

Mr. PATMAN. The Marshall Morning News, of Marshall, Tex., published the statement.

Mr. DIES. In view of the fact that this paper is published in my district, I am sure they must have been misinformed. I want the gentleman to write the paper and see if the editor is fair enough to correct this statement

[Here the gavel fell.]

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. BLANTON and Mr. EATON of Colorado objected.

Mr. BLACK. Mr. Chairman, I want to make a point of order against objections being offered at this time. Reservations of objection have been made, and the Member making them has then proceeded to talk for five minutes about restaurants, barber shops, and golf balls.

Immediately when he is through three other Members get up and object to the bill, and the committee and the author of the bill are barred from any discussion.

I make a point of order against objections being made after the five minutes of time are exhausted. They should be made either before or after that time.

The CHAIRMAN. The point of order is overruled.

Is there objection to the present consideration of the bill?

Mr. EATON of Colorado, Mr. BLANTON, and Mr. STAFFORD objected.

Mr. COCHRAN of Missouri. Mr. Chairman, I would like to be heard. The rule provides for five minutes in favor of the bill.

The CHAIRMAN. The Chair was not apprised of the fact the gentleman desired recognition. The gentleman from Missouri is recognized for five minutes.

Mr. COCHRAN of Missouri. Mr. Chairman, in the absence of the gentleman who introduced this bill, who was just called from the hall, I would like to ask the gentleman from Texas [Mr. BLANTON] what are his objections to the bill?

Mr. BLANTON. Mr. Chairman, if the gentleman will give me 10 minutes to explain my reasons, I can convince the gentleman himself that he ought not to vote for this bill as a matter of sound Government policy, but in a few seconds of time no man on earth could state his reasons.

Mr. COCHRAN of Missouri. Mr. Chairman, I have read the report. This bill provides for an appropriation of $279.90 to correct a mistake made by an agency of the Government. We have a statement here from the then Secretary of Agriculture, Mr. Wallace, and I may say that the gentleman from Texas always looks at the report and tells the committee what the department states. Why not in this case? Mr. Wallace said:

> It would seem that the second appeal grade certificate was issued without regard to the regulations and under the circumstances should not have been issued at the late date of July 23. This was the first case of this kind which arose in the administration of the act and as soon as the matter was brought to our attention, steps were immediately taken to prevent a recurrence of the situation.

It is evident it was a mistake of the Government and it cost a private corporation $279.90.

I do not think the gentleman from Texas is in possession of the facts, because if he were, the gentleman could explain in less than 10 minutes. It is my opinion the gentleman should withdraw his objection. I can not agree with the gentleman that as a matter of sound Government policy the bill should not be passed. It appears to me to merit favorable consideration.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. MOUSER, Mr. EATON of Colorado, and Mr. BLANTON objected, and the bill was referred to the deferred list.

THOMAS H. DEAL

The Clerk called the next bill, H. R. 1928, for the relief of Thomas H. Deal.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. GOLDSBOROUGH. Mr. Chairman, I reserve the right to object.

I believe the members of the committee will be very much interested to know that the Common Council of Detroit on day before yesterday indorsed the bill H. R. 11499, passed by the House on May 2 last by a vote of 289 to 60, "to restore and maintain the purchasing power of the dollar"; also that the Board of Aldermen of Chicago passed a resolution day before yesterday requesting the Congress of the United States to pass legislation to raise the wholesale commodity price level to the 1926 level.

I would like to refer the members of the committee to an article in the Bulletin of the National City Bank, the second largest bank in the United States, of May, 1932, in which the statement is made:

> Able economists have maintained for years that the central banks of the world possessed the requisite organization and power,

acting in cooperation, to stabilize the state of credit and the general price level to such an extent as to prevent the wide fluctuations which result in panic and disorder.

I am reading this in connection with the widespread criticism of an uninformed press.

I also desire to call the committee's attention to an article in a very conservative financial weekly, Barron's, of April 25. It is the leading article, under the title "Will the Gold Standard Survive?" I read a short extract from this article:

With little foresight we have contracted to use this unrelated variable (referring to gold) for the repayment of all our mortgages and the fulfillment of all our contracts, and even for the taxes on the land itself. In the case of all mortgages we have, therefore, imposed upon our farms, our land, our railways, and our homes, which are the true constants, a promise to pay in terms of a variable. The result can be, and now is, disastrous. For the equity of a property—the value over and above the mortgage—fluctuates with multiplied violence, and the change in value of the equity is not imaginary but real.

I think it would be worth the while of every Member of Congress to read this article, which covers two or three pages of Barron's.

In the New York Herald Tribune of May 15 is an article dated London, May 14. I quote:

This position has produced in Britain, as well as in America, a growing demand for remedial action by the Government. Prices, it is declared, can be raised through appropriate monetary measures, and it is Government duty to adopt such measures with the least possible delay.

The debate in the House of Commons on the financial bill this week became almost a demonstration in favor of controlled inflation. Two former chancellors of the exchequer, Sir Robert Horne and Winston Churchill, led the way, and their pleas were echoed by members of all parties. Outside of political circles similar, if slightly more moderate, arguments have recently been published in a monthly review of the Midland Bank and in the Economist, among the most responsible and most conservative of financial reviews in the country.

Mr. ARENTZ. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ARENTZ. Assuming that it is necessary to discuss the merits of this bill, and that such discussion be had on the termination of the five minutes by those opposed to the bill, how is it possible for the proponents to present their arguments?

The CHAIRMAN. Any Member can make a point of order.

Mr. BLANTON. So as to get the position of the opponents of this bill before the committee let me say that the department held that there was no proof whatever of any burglary, and therefore we ought to defeat this bill.

Mr. BLACK. Mr. Chairman, I want to serve notice on the House that when gentlemen object or reserve an objection to a bill, they must confine their remarks to the bill. I do that in the interest of the committee, so that gentlemen who are entitled to state their objections may do so, and those entitled to respond may get time, and we can hear both sides.

Mr. ARENTZ. Does the gentleman intend to state the position of the proponents of this bill?

Mr. BLACK. This is a bill for the relief of a postmaster in Alaska. He wants a refund from the Government, because of a robbery, where certain Government property was stolen from a post-office safe. I think the Government treated the postmaster in a very harsh fashion. In the first place, the inspectors accused the man of participation in the crime. They charged him with robbing his own safe. That was never substantiated. The postmaster had his own bonds in the safe with the Government property. His bonds were taken with the other property.

The inspectors also said the postmaster was negligent, because he kept the combination in the drawer, and took it out in the daytime and opened the safe.

I do not think that is anything; the man might have had a bad memory, and he had to have the combination in an accessible place. I think the Congress ought to see that this man gets his money.

Mr. MOUSER. Will the gentleman yield?

Mr. BLACK. I yield.

Mr. MOUSER. Does not the gentleman think that the postmaster was responsible for keeping the post-office receipts in his safe at Fairbanks, one of the largest towns in Alaska? Did he not owe a duty to place the Government securities in a bank or in a safety-deposit box?

Mr. BLACK. Human nature is a selfish proposition. I think any man in the Government service who takes the same care of the Government's receipts as he does of his own property can not be charged with negligence in his responsibilities toward the Government. This man did that.

Mr. MOUSER. We can not afford to encourage negligence on the part of postmasters in the handling of Government funds. He might just as well have put the money and bonds in the drawer of his desk.

Mr. BLACK. He put them in a safe.

Mr. BLANTON. He might just as well have put them in the cuspidor. There are entirely too many postmasters over the country having burglaries, which, when investigated by the department, show that such postmasters were at least negligent, and should be held responsible. Postmasters over the United States must understand that they are the custodians of Government property, and that they must carefully guard it just as they would their own, and when they have losses that could have been avoided, they are going to be held responsible.

The CHAIRMAN. Is there objection?

Mr. MOUSER, Mr. BLANTON, and Mr. STAFFORD objected, and the bill was referred to the deferred list.

NOBLE JAY HALL

The next business on the Private Calendar was the bill (H. R. 1962) for the relief of Noble Jay Hall.

The CHAIRMAN. Is there objection?

Mr. GREEN. Mr. Chairman, I reserve the right to object. I trust there will be no point of order made, for I shall take just a moment. I am particularly interested in the unemployment program as advanced by the Speaker.

Mr. BLACK. Mr. Chairman, I make the point of order that the gentleman is not speaking to the bill.

Mr. GREEN. Mr. Chairman, I ask unanimous consent that I may be permitted to extend my remarks in the RECORD and include therein a short bill introduced by myself on the unemployment situation in so far as the public-building construction is concerned.

The CHAIRMAN. The gentleman should make that request in the House.

Mr. GREEN. I shall make that request later, and shall not object to the bill.

Mr. BLACK. Mr. Chairman, other gentlemen were on their feet ready to object, and I think the Chair should ask whether there is objection to the bill.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado. Mr. Chairman, I object.

Mr. STAFFORD. I object.

The CHAIRMAN. Two objections are made. Three are required. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $350 in full settlement of all claims against the Government of the United States to Noble Jay Hall, father of Bille Eugene Hall, who died as a result of injuries received in the laundry at Vancouver Barracks, Wash., July 26, 1928.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I was one of two Members to object to the consideration of this bill. The amount involved is rather small, but it involves a principle. I think the father of the child was more negligent than the Government, in view of the fact that the father neglected taking care of this minor child in his custody and allowed it to go on premises that were dangerous. I rise to register my objection so that the bill will not be used as a precedent in the future. No one wishes to raise objections at length to bills for small amounts, but there is no question that this bill is simply taking money out of the Treasury without justification.

The bill was ordered to be laid aside with a favorable recommendation.

FRANK W. CHILDRESS

The next business on the Private Calendar was the bill (H. R. 2595) for the relief of Frank W. Childress.

The CHAIRMAN. Is there objection?

Mr. PATTERSON, Mr. MOUSER, Mr. BLANTON, and Mr. EATON of Colorado objected, and the bill was referred to the deferred list.

EDWARD CHRISTIANSON

The next business on the Private Calendar was the bill (H. R. 2606) for the relief of Edward Christianson.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Chairman, I reserve the right to object. This bill was inadvertently objected to by a Member before he really appreciated the policy which was being followed—that in cases of injuries that occurred subsequent to the date of the compensation act, September 7, 1916, where the claimant was unaware of the law and was barred by the statute of limitations in that he had not presented his claim within one year he should be entitled to present his claim before the Compensation Commission. I told the author of the bill that I should have no objection to a substitute, which I shall propose, with the provision that no benefit shall accrue until the date of the enactment of the act, and also to a provision that the commission be empowered to investigate whether he is really entitled to the relief.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BLANTON. The gentleman is familiar with the fact that the Department of Commerce reports that it has no record of Edward Christianson having been poisoned by impure water during his employment on lightship *No.* 77, and that under the circumstances the approval of the bill would not appear to be warranted.

Mr. STAFFORD. This is the substitute which I shall offer and which I hope will be accepted by my colleague from Wisconsin [Mr. SCHNEIDER]:

Strike out all after the enacting clause and insert:

"That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Edward Christianson, a civilian employee of the United States Coast Guard, who claims to have been poisoned by impure water drunk while serving aboard the Peshtigo lightship *No.* 77, at Peshtigo, Wis., on or about December 15, 1919, in the same manner and to the same extent as if said Edward Christianson had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the enactment of this act."

Mr. BLANTON. If that is accepted, there could be no objection.

Mr. MOUSER. Is there any evidence that any other man on the ship was poisoned by this drinking water at the same time?

Mr. STAFFORD. The substitute proposes for the Compensation Commission to determine that question. He claims he was. We are not making any legislative determination of that.

Mr. SCHNEIDER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. SCHNEIDER. There was no test made as to whether or not the water that was consumed by Christianson was poison, as far as the Government was concerned. When he became ill he was taken off the boat and taken away from the light boat; but the doctors who treated him on several occasions and for several years all contended that it could come from nothing else other than water, from which such disease would come.

Mr. MOUSER. What kind of poison? Typhoid fever?

Mr. SCHNEIDER. No. It was not typhoid. It was a peculiar skin disease.

Mr. MOUSER. The compensation commission can make a proper investigation under the suggestion of the gentleman from Wisconsin [Mr. STAFFORD]?

Mr. SCHNEIDER. Yes.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. EATON of Colorado. I did not hear the gentleman from Wisconsin read a provision in the proposed amendment providing that no benefit should accrue prior to the approval of this act.

Mr. STAFFORD. Yes. That is included in the substitute also.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, are hereby waived in favor of Edward Christianson, a civilian employee of the United States Coast Guard, who was poisoned by impure water drank while serving aboard the Peshtigo lightship, *No.* 77, at Peshtigo, Wis., on or about December 15, 1919, and his case is hereby authorized to be considered and acted upon under the remaining provisions of such act.

Mr. STAFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Strike out all after the enacting clause and insert: "That the United States Employees' Compensation Commission is hereby authorized to consider and determine the claim of Edward Christianson, a civilian employee of the United States Coast Guard, who claims to have been poisoned by impure water drunk while serving aboard the Peshtigo lightship, *No.* 77, at Peshtigo, Wis., on or about December 15, 1919, in the same manner and to the same extent as if said Edward Christianson had made application for the benefits of said act within the 1-year period required by sections 17 and 20 thereof: *Provided*, That no benefit shall accrue prior to the enactment of this act."

The amendment was agreed to.

The bill was ordered to be laid aside with a favorable recommendation.

ELIZABETH T. CLOUD

The Clerk called the next bill on the Private Calendar, H. R. 3030, for the relief of Elizabeth T. Cloud.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. MOUSER. Reserving the right to object, Mr. Chairman, I would like to say a word in favor of this bill.

The CHAIRMAN. The gentleman is not entitled to recognition in favor of the bill.

Mr. MOUSER. I would like to explain the bill.

Mr. STAFFORD. Mr. Chairman, I ask for recognition in opposition to the bill.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. STAFFORD. Mr. Chairman, the report shows that this claimant slipped and fell on the steps leading to the lobby of the post-office building at Atlantic City. There is nothing in the report to show that there was any negligence whatsoever on the part of the Government as to the condition of those premises. It is so easy for a person to slip on granite or marble steps. There are several other bills on the calendar of like import. Certainly, the Government can not, because a woman slipped, perchance because her heels may have been a little uneven, and suffered some injury, be called upon to compensate her.

It is for these reasons that I intend to object.

Mr. BLACK. Mr. Chairman, I yield my time to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Chairman, the facts are stated in the report, and I will not take the time of the committee to go into them; but in this case the lady slipped upon marble steps leading into the post-office building at Atlantic City. The steps had become worn because of usage by the public. The steps were slippery, and the subsequent report of the custodian was to the effect that the steps as maintained by the Government, inviting the public to use them for the purpose of transacting postal business in that office, should have been replaced by concrete steps, or at least proper rubber or brass appliances should have been placed upon them for the purpose of protecting people. Take the House Office Building, for instance. Everybody knows that marble, when

worn, becomes very slippery. I maintain that the Government owes the public a duty to maintain a safe entrance to their public buildings where the public is invited to transact business.

Mr. STAFFORD. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. STAFFORD. The fact is that the entrance to the Atlantic City post office is in good condition to-day. It is a comparatively new building with granite steps instead of marble.

Mr. MOUSER. After the lady was injured granite steps were installed.

Mr. STAFFORD. Oh, no. The building was erected 25 years ago at North Carolina and Pacific Avenues.

Mr. MOUSER. Mr. Chairman, I do not yield for a speech.

Mr. STAFFORD. It is the main post office. Thousands upon thousands utilize it.

Mr. MOUSER. I do not yield for a speech.

Mr. STAFFORD. If we pass this kind of bills, we are just opening the gates of the Treasury.

Mr. MOUSER. The gentleman says in one breath that the building is new and in the next breath that the building has been in existence for 25 years. As a matter of fact, it was recommended after this accident to this lady that these steps be replaced by proper ones.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield further?

Mr. MOUSER. I yield.

Mr. STAFFORD. The fact is this injury took place in 1917. The bill has been pending here all these years.

Mr. MOUSER. That is one further reason this lady ought to be paid. I think this is a worthy claim.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. STAFFORD, Mr. EATON of Colorado, Mr. PATTERSON, and Mr. GRISWOLD objected, and the bill was referred to the deferred list.

ADA T. FINLEY

The Clerk called the next bill, H. R. 3633, for the relief of Ada T. Finley.

Mr. STAFFORD. Mr. Chairman, reserving the right to object, this is one of the bills where Congress is called upon to find that this claimant suffered injury in 1928. The claim has been rejected by the Employees' Compensation Commission.

To my way of thinking it is bad practice for us to give by legislation a certificate of revival when the Compensation Commission, the agency to pass upon these cases, has turned them down.

Is there to be no limit, Mr. Chairman, where we are to be relieved of these minor matters? We passed a law on September 7, 1916, to throw this burden upon the Compensation Commission. The Compensation Commission investigated the case. The evidence was not sufficient. The gentleman seeks to have Congress make a mandatory finding that the claimant is entitled to the benefits of the act. I think it is a very questionable practice indeed.

Mr. TARVER. Mr. Chairman——

Mr. BLACK. Mr. Chairman, I yield my time to the gentleman from Georgia.

The CHAIRMAN. The gentleman can not yield his time.

Mr. STAFFORD. Mr. Chairman, I reserve the balance of my time.

Mr. TARVER. I understand the gentleman can do that, Mr. Chairman.

Mr. EATON of Colorado rose.

Mr. STAFFORD. Then I yield, if I can, to the gentleman from Colorado.

The CHAIRMAN. The Chair can not recognize the right of the gentleman from Wisconsin to yield time to another Member.

The gentleman from Georgia is recognized for five minutes.

Mr. EATON of Colorado. Mr. Chairman, I ask the gentleman from Wisconsin to yield to me for a question before he yields the floor.

The CHAIRMAN. The Chair has recognized the gentleman from Georgia.

Mr. TARVER. Mr. Chairman, cases are presented in the House by the introduction of special bills for relief from action taken by the United States Employees' Compensation Commission to which the objections made by the gentleman from Wisconsin [Mr. STAFFORD] properly apply. There are other cases of an entirely different nature, and the gentleman should not object to the passage of a bill merely by stating that it is one of a general class of cases, and evidently without having examined the facts in the particular case.

Mr. EATON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. TARVER. Not at this time.

The gentleman stated this injury occurred in 1928. If the gentlemen of the committee will take the trouble to examine the report it will be found the lady interested in this case entered the employ of the Government on August 30, 1920, and served for five years as a follow-up nurse under the direction of the then Veterans' Bureau, and that she was relieved from duty in January, 1926, after approximately six years' service, because of physical disabilities, which had occurred during her service and which made it impossible for her to continue the performance of her duty.

A careful reading of the evidence in the report will disclose that Dr. J. D. L. McPheeters, an employee of the Government, a physician of the Veteran's Administration, or the Veterans' Bureau as it was then known, had direct supervision over Miss Finley, the claimant. He certifies to the extremely arduous nature of her duties and to the fact that, in his judgment as a physician, her disabilities arose because of, as they undoubtedly arose in the course of, her employment.

Mr. EATON of Colorado. Mr. Chairman, will the gentleman now yield?

Mr. TARVER. I am sorry, I can not yield to the gentleman. I have only five minutes.

Mr. Chairman, there is no evidence in the record showing this to be a case of the character which came up earlier in the evening, where some employee sustained a bruise on the head and it was claimed years afterwards that that resulted in his death.

During the last Congress the House passed without objection—and some of the gentlemen who are on the firing line to-day were officiating then in their laudable efforts to protect the United States Treasury—a bill which gave to a cow doctor working for the Bureau of Animal Industry compensation for a condition of tuberculosis that arose two years after he left the employment of the Government upon the assumption that his having had to do with tubercular cattle and their treatment during the course of his service had perhaps given rise to the condition of tuberculosis from which he suffered, a condition arising two years after discharge from employment.

Mr. BACHMANN. Will the gentleman yield?

Mr. TARVER. I can not yield.

Mr. BACHMANN. Will the gentleman yield in order that I may make a statement in his favor?

Mr. TARVER. With pleasure. I did not think the gentleman intended to make such a statement.

Mr. BACHMANN. I recall that during the last Congress I strenuously objected to this bill when I was handling the Private Calendar, and it did not pass. I have since thoroughly examined the report of the committee and the evidence, and I believe there is no question but what this case should be again sent to the Employees' Compensation Commission for their consideration, as a matter of justice and as a matter of right.

Mr. TARVER. I thank the gentleman.

The CHAIRMAN. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado, Mr. STAFFORD, and Mr. MOUSER objected, and the bill was referred to the deferred list.

Mr. BLANTON. Mr. Chairman, a point of order. I think we have worked long enough without a quorum. I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair desires to call the attention of the gentleman from Texas to the fact that in the event the committee should rise without the presence of a quorum it would be out of order to report these bills back to the House with a favorable recommendation.

Mr. BLANTON. I will withhold my point of no quorum if the gentleman from New York will move to rise.

Mr. BLACK. Mr. Chairman, I move that the committee do now rise and favorably report the bills laid aside.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House, reported that the committee having had under consideration bills on the Private Calendar, had directed him to report back to the House sundry bills without amendment, with the recommendation that the bills do pass, and a bill with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The following House bills, without amendment, were severally considered, ordered to be engrossed and read a third time, were read the third time, and passed, and a motion to reconsider laid on the table:

H. R. 927. A bill for the relief of the estate of Franklin D. Clark; and

H. R. 1962. A bill for the relief of Noble Jay Hall.

The following House bill, with an amendment, was considered, the amendment agreed to, and the bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table:

H. R. 2606. A bill for the relief of Edward Christianson.

Mr. STAFFORD. Mr. Speaker, I make a point of no quorum.

Mr. BLANTON. Will the gentleman withhold it?

Mr. STAFFORD. I will withhold it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BRUNNER, for the balance of the week, on account of illness.

To Mr. SEIBERLING, indefinitely, on account of injury.

To Mr. HAINES, on account of business.

To Mr. PETTENGILL, on account of business.

ORDER OF BUSINESS

Mr. BLACK. Mr. Speaker, I move that the House do now adjourn.

Mr. SNELL. Will the gentleman withhold that until I ask a question with reference to the program to-morrow?

Mr. BLACK. I will withhold it.

Mr. SNELL. Mr. Speaker, I would like to know what the program for to-morrow is to be.

The SPEAKER. To-morrow, ordinarily, is Private Calendar Day. Just what the House desires to do to-morrow, the Chair does not know.

Mr. SNELL. Is it the expectation that the Private Calendar will be called?

The SPEAKER. It is expected at the present time that the Private Calendar will be called to-morrow.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to address the House for one-quarter of a minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, as is well known, the National Press Club to-morrow is giving a barbecue. It is giving this barbecue in honor of the club and of the distinguished president of that club and also in honor of our distinguished Speaker. The Members of the Congress are invited. The House of Representatives has almost finished its work, and we are now at least a month ahead of the Senate. In a few days we will be found resting on our oars, adjourning three days at a time, waiting for the Senate to catch up with us. In view of the fact that we are meeting to-morrow mainly for the purpose of calling it a "legislative day," so as to give status to a certain measure Monday, we ought to have an understanding that we will transact no important business to-morrow but will promptly adjourn after meeting, so that the membership may attend this old-time Texas barbecue that the National Press Club is so generously giving us.

The SPEAKER. The gentleman from Wisconsin has made the point of order that there is not a quorum present. Evidently, there is not a quorum present.

ADJOURNMENT

Mr. BLACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 7 minutes p. m.) the House adjourned until to-morrow, Saturday, May 21, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, May 21, 1932, as reported to the floor leader by the clerks of the several committees:

INSULAR AFFAIRS

(10 a. m.)

Hearings—Samoa Islands.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PALMISANO: Committee on the District of Columbia. H. R. 8092. A bill providing for the closing of barber shops on Sunday in the District of Columbia; with amendment (Rept. No. 1390). Referred to the House Calendar.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 314. A bill to amend an act approved December 17, 1928, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment thereon, in claims which the Winnebago Tribe of Indians may have against the United States, and for other purposes"; with amendment (Rept. No. 1391). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARDEN: Committee on Agriculture. H. R. 5641. A bill to amend the filled milk act; with amendment (Rept. No. 1392). Referred to the Committee of the Whole House on the state of the Union.

Mr. PATMAN: Committee on the District of Columbia. H. R. 12096. A bill to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes; with amendment (Rept. No. 1393). Referred to the Committee of the Whole House on the state of the Union.

Mr. BUTLER: Committee on the Public Lands. S. 4070. An act to authorize the acquisition of a certain building, furniture, and equipment in the Crater Lake National Park; without amendment (Rept. No. 1396). Referred to the Committee of the Whole House on the state of the Union.

Mr. SWANK: Committee on Claims. Senate Joint Resolution 55. Joint resolution to amend section 2 of the act of February 25, 1927 (44 Stat. L., pt. 2, p. 336); without amendment (Rept. No. 1397). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. H. R. 2318. A bill for the relief of the Omaha Indians residing in school district No. 16, Thurston County, State of Nebraska; without amendment (Rept. No. 1398). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MAY: Committee on Military Affairs. H. R. 1041. A bill for the relief of Harry Gordon; with amendment (Rept. No. 1394). Referred to the Committee of the Whole House.

Mr. EVANS of Montana: Committee on the Public Lands. S. 2259. An act for the relief of Mathie Belsvig; without amendment (Rept. No. 1395). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOUSTON of Hawaii: A bill (H. R. 12196) to extend the benefits of the Reconstruction Finance Corporation act, approved January 22, 1932, to the banks and agricultural credit corporations of Hawaii; to the Committee on Banking and Currency.

By Mr. EVANS of Montana: A bill (H. R. 12197) authorizing the Secretary of the Interior to issue patents to school sections 16 and 36, granted to the States by the act approved February 22, 1889, by the act approved January 25, 1927 (44 Stat. 1026), and by any other act of Congress; to the Committee on the Public Lands.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12198) to provide for the acquisition by the United States of the Grand Caverns in Knox County, Tenn.; to the Committee on the Public Lands.

By Mr. STEAGALL: A bill (H. R. 12199) to extend the provisions of the national bank act to the Virgin Islands of the United States, and for other purposes; to the Committee on Banking and Currency.

By Mr. BRITTEN: A bill (H. R. 12200) to consolidate the civil personnel activities of the United States Government, and for other purposes; to the Committee on the Civil Service.

By Mr. RAYBURN: A bill (H. R. 12201) to amend section 4 of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. MANSFIELD: A bill (H. R. 12202) to extend certain provisions of the river and harbor act of March 3, 1899, to the Virgin Islands; to the Committee on Rivers and Harbors.

By Mr. DAVIS: A bill (H. R. 12203) for the preservation of the old stone fort near Manchester, Tenn.; to the Committee on the Library.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12204) to authorize the conveyance to the State of Tennessee of certain land deeded to the United States for the Great Smoky Mountains National Park and not needed therefor; to the Committee on the Public Lands.

By Mr. McMILLAN: A bill (H. R. 12205) to amend the Judicial Code to provide that petit jurors shall be returned from the division wherein the term of the court is held; to the Committee on the Judiciary.

By Mr. STEAGALL: Resolution (H. Res. 232) providing for the printing of additional copies of part 1 of the hearings on the bill (H. R. 10517) for increasing and stabilizing the price level of commodities, and for other purposes; to the Committee on Printing.

By Mr. BUCKBEE: Joint resolution (H. J. Res. 398) directing the President of the United States of America to proclaim October 11 of each year General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski; to the Committee on the Judiciary.

By Mr. CHRISTOPHERSON: Joint resolution (H. J. Res. 399) to authorize a compact or agreement between Nebraska and South Dakota with respect to hunting and fishing privileges and the establishment of game preserves on sand bars, islands, and shores of the Missouri River and other matters relating to jurisdiction on the Missouri River, and other purposes; to the Committee on the Judiciary.

By Mr. VINSON of Georgia: Joint resolution (H. J. Res. 400) limiting the disposition of cotton held by the Cotton Stabilization Corporation; to the Committee on Agriculture.

By Mrs. OWEN: Joint resolution (H. J. Res. 401) to authorize the transfer to the Department of Florida, United Spanish-American War Veterans (Inc.), of certain Federal funds now on deposit in the name of Cary A. Hardee, Governor of the State of Florida, in the Lewis State Bank, of Tallahassee, Fla., and providing for the distribution and use of such funds; to the Committee on War Claims.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALDRIGE: A bill (H. R. 12206) for the relief of Tom Larkins; to the Committee on Military Affairs.

By Mr. BUCKBEE: A bill (H. R. 12207) authorizing the erection of a memorial to Brig. Gen. Casimir Pulaski, at Savannah, Ga.; to the Committee on the Library.

By Mr. CANFIELD: A bill (H. R. 12208) granting an increase of pension to Lousa M. Gilliland; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 12209) granting an increase of pension to Catherine Sollinger; to the Committee on Invalid Pensions.

By Mr. CRAIL: A bill (H. R. 12210) for the relief of William Clair Wise; to the Committee on War Claims.

By Mr. HORNOR: A bill (H. R. 12211) granting an increase of pension to Sarah J. Coon; to the Committee on Invalid Pensions.

By Mr. HOOPER: A bill (H. R. 12212) granting an increase of pension to Belinda D. Overmeyer; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Texas: A bill (H. R. 12213) granting a pension to Martha J. Bess; to the Committee on Pensions.

By Mr. KELLY of Pensylvania: A bill (H. R. 12214) granting an increase of pension to Mary C. Hollihan; to the Committee on Pensions.

By Mr. LOVETTE: A bill (H. R. 12215) granting a pension to Lucy E. Huff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12216) granting a pension to Gideon H. Morgan; to the Committee on Pensions.

Also, a bill (H. R. 12217) granting a pension to A. J. Spriggs; to the Committee on Pensions.

Also, a bill (H. R. 12218) for the relief of Cleophas Forte; to the Committee on Military Affairs.

Also, a bill (H. R. 12219) granting an increase of pension to Roe Simerly; to the Committee on Pensions.

Also, a bill (H. R. 12220) for the relief of J. N. Patterson; to the Committee on Claims.

Also, a bill (H. R. 12221) granting a pension to Leon J. Collins; to the Committee on Pensions.

Also, a bill (H. R. 12222) for the relief of Carl Edgar Smith; to the Committee on Naval Affairs.

By Mr. PARKER of New York: A bill (H. R. 12223) granting an increase of pension to Minnie F. Perkins; to the Committee on Invalid Pensions.

By Mr. SEIBERLING: A bill (H. R. 12224) granting an increase of pension to Alice Eberhard; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 12225) granting an increase of pension to Myrtle M. Eminger; to the Committee on Invalid Pensions.

By Mr. TIERNEY: A bill (H. R. 12226) granting a pension to Thomas J. Barbour; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7845. By Mr. BOHN: Petition of citizens of Munising, Mich., protesting against a tax on automotive products; to the Committee on Ways and Means.

7846. By Mr. CHRISTOPHERSON: Petition of the City Council of the city of Chicago, Ill., proposing an increase in the supply of money in circulation; to the Committee on Banking and Currency.

7847. By Mr. CRAIL: Petition of members of the Altadena Women's Circle, Altadena, Calif., urging favorable consideration of House bills 1967 and 8549; to the Committee on the Judiciary.

7848. By Mr. EVANS of California: Petition signed by approximately 40 persons, urging the maintenance of the prohibition law and its enforcement; to the Committee on the Judiciary.

7849. By Mr. GRIFFIN: Petition of the trustees of the New York Public Library, Astor, Lenox, and Tilden Foundations, protesting against any change in the provisions of the existing copyright law that would tend to curtail the importation privileges of such libraries; to the Committee on Patents.

7850. By Mr. KELLY of Pennsylvania: Petition of residents of McDonald, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7851. Also, petition of residents of Castle Shannon, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7852. Also, petition of residents of New Bethlehem, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7853. Also, petition of residents of Kittanning, Pa., urging enactment of the Davis-Kelly coal stabilization bill; to the Committee on Interstate and Foreign Commerce.

7854. By Mr. LINDSAY: Resolution of the trustees of the New York Public Library, protesting against the curtailment of importation privileges now open to American public libraries and university libraries; to the Committee on Education.

7855. Also, petition of John Lohman, of College Point, Long Island, N. Y., urging support of Senate bill 4289 and House bill 11155, providing that commercial radio operators' licenses be issued to American citizens only; to the Committee on Merchant Marine, Radio, and Fisheries.

7856. Also, petition of the New York Florists' Club, favoring the international peace garden movement; to the Committee on Agriculture.

7857. Also, resolution of Railway Electric Supply Manufacturers Association, Chicago, Ill., opposing any additional payments on soldiers' bonus; to the Committee on Ways and Means.

7858. Also, petition of the Central Union Label Council of Greater New York, favoring the enactment of the O'Connor-Hull beer bill; to the Committee on Ways and Means.

7859. By Mr. MURPHY: Petition of T. P. Caniff, of Steubenville, Ohio, chairman of the Jefferson County Legislative and Nonpartisan Political Committee, representing 9,000 workers, urging the issue of $5,000,000,000 prosperity bonds; to the Committee on Ways and Means.

7860. By Mr. RUDD: Petition of the City Council of the City of Chicago, Ill., favoring increase in the money supply of our country sufficient to restore in the United States the average wholesale commodity price level of the year 1926; to the Committee on Banking and Currency.

7861. Also, petition of the trustees of the New York Public Library, New York City, protesting against any change in the provisions of the existing copyright law that would tend to curtail the importation privileges of libraries; to the Committee on Patents.

7862. Also, petition of the Norwegian News Co., Brooklyn, N. Y., favoring reduction in Government expenses; to the Committee on Appropriations.

7863. By Mr. SUTPHIN: Petition of State council, New Jersey Civil Service Association, protesting against levying a tax of 10 per cent on admission to motion-picture theaters and other places of amusement; to the Committee on Ways and Means.

7864. By Mr. WITHROW: Resolution of the common council of the city of La Crosse, Wis., protesting against the proposed abandonment by the Federal Government of the fish-rescue station and fish hatcheries at La Crosse; to the Committee on Merchant Marine, Radio, and Fisheries.

7865. Also, resolution of the Kenosha Aerie, No. 1055, Fraternal Order of Eagles, favoring House bill No. 1, known as the Patman bill, for adjusted compensation for World War veterans; to the Committee on Ways and Means.

7866. By Mr. WYANT: Petition of Kiski Valley Camp, No. 128, United Spanish War Veterans, Vandergrift, Pa., protesting against the abolishment of pension legislation now in effect as presented in the economy bill; to the Committee on Economy.

7867. Also, petition of Latrobe Hospital Association, Latrobe, Pa., protesting against section 807 of the revenue bill, H. R. 10236, for the reason that proposed change would work hardship upon hospitals out of proportion to the benefits accuring to Government thereby; to the Committee on Ways and Means.

SENATE

SATURDAY, MAY 21, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Costigan	Jones	Robinson, Ark.
Bankhead	Cutting	Kean	Robinson, Ind.
Barbour	Davis	Kendrick	Sheppard
Barkley	Dickinson	Keyes	Shipstead
Bingham	Dill	King	Smoot
Blaine	Fess	La Follette	Steiwer
Borah	Frazier	Logan	Thomas, Idaho
Bratton	George	Long	Thomas, Okla.
Brookhart	Goldsborough	McGill	Townsend
Bulkley	Hale	McNary	Trammell
Bulow	Harrison	Metcalf	Tydings
Capper	Hastings	Moses	Vandenberg
Caraway	Hatfield	Neely	Walsh, Mass.
Cohen	Hayden	Norris	Walsh, Mont.
Connally	Hebert	Nye	Watson
Coolidge	Howell	Oddie	White
Copeland	Johnson	Reed	

Mr. SHEPPARD. I desire to announce that the senior Senator from Virginia [Mr. SWANSON] is absent on official business attending the disarmament conference at Geneva.

I also wish to announce that the senior Senator from Alabama [Mr. BLACK] is necessarily out of the city.

I desire also to announce that the junior Senator from South Carolina [Mr. BYRNES] is detained from the Senate by reason of a death in his family.

Mr. BROOKHART. I wish to announce that the Senator from South Dakota [Mr. NORBECK], the Senator from Connecticut [Mr. WALCOTT], the Senator from Michigan [Mr. COUZENS], the Senator from Wyoming [Mr. CAREY], the Senator from Florida [Mr. FLETCHER], and the Senator from Virginia [Mr. GLASS] are detained in a meeting of the Committee on Banking and Currency.

The VICE PRESIDENT. Sixty-seven Senators have answered to their names. A quorum is present.

CHILD WELFARE—ADDRESS BY DR. RAY LYMAN WILBUR

Mr. SMOOT. Mr. President, in the RECORD of May 18 the Senator from Colorado [Mr. COSTIGAN] had inserted what purported to be excerpts from a speech by Secretary of the Interior Wilbur before the annual meeting of the National Conference of Social Work, Philadelphia, Pa., Monday, May 16, 1924. I ask now that the speech as it was actually delivered may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The speech is as follows:

CHILDREN IN NATIONAL EMERGENCIES

The most hopeful and outstanding quality of our present generation is that it has become child conscious. Who except the mothers worried about the children during the campaigns of Julius Cæsar or the Thirty Years' War or during the Napoleonic era? Individuals and nations have passed through many a crisis in the forward march of civilization. The importance of childhood was dramatized by the Commission for Relief in Belgium and the American Relief Administration. This came at a time when we were thinking in new terms. Medicine and science had brought new opportunities for the saving of lives. In our own

land large families and plenty of little graves about the church had been the order of the day.

Child labor was taken for granted with the first development of modern industry. To be bound out replaced high-school or college education for the great mass of American boys in the new agricultural portions of the United States before our own Civil War. Now, our experience with the White House Conference on Child Health and Protection at least tells us that our children come first. When trouble and danger threaten, whether it is on shipboard in a storm, or a disaster on land, or a financial crash in a family, men have learned to act to protect the future as well as to meet the present. It is this ability to think and plan that has pushed civilization ahead. The controlling idea in the saying, "women and children first," is an almost instinctive reaction of preparation for the future. In the century that we have been building up our present form of world civilization based on the striking advances made in information and in the practical application of inventions and discoveries, we have learned to think of our children in other terms than as prospective cannon fodder or as brainless working machines.

An advancing civilization is characterized by its preservation of dependents of all sorts. We can view some of these dependents as the inevitable heritages of our existence. I refer to the children who have not reached the self-sustaining age or the aged who have passed that period. The more we have of those who live upon others because of physical handicaps, diseases, injuries, mental states, or as pensioners the more difficult it is for us to navigate the craft of civilization. One of our newer conceptions is to make the handicapped do something to work at least a part of their way. One of the stark, cold facts that face us is that in the preparation for war, in the conduct of war, and in the payment for wars engaged in lies our largest source of unremunerative expenditures from the standpoint of the progress of the race. Every ex-soldier attached to the Public Treasury is an exhibit in the campaign which should be constantly waged for the prevention of war. From a broad social standpoint we must use prevention in this field as we do in that of disease and of social disqualifications of all sorts if we are to avoid the paralyzing handicaps of a burden which may become too great for us to carry.

Now, as a sequel to the insanity of a great war the ordered processes of society have been temporarily halted or deranged. We give this condition the name "depression," indicative of our point of view that we are below a normal and accepted level of activities. Experience, too, has shown us that our progress and activities have in them the rhythms of rise and fall that are characteristic of the tides of the sea and the beats of the heart. These have come and gone throughout the ages. One of our difficulties is to maintain during the sublevel period the fundamental verities of life so that we can use them as a basis upon which to build in order to return to normal, or even beyond that to one of those periods of supernormal, which gives us the greatest emotional satisfactions.

Let us analyze some of the factors of interest in this present instance in so far as they may concern children. We have been so close to the benefits derived from the discoveries of such men as Pasteur and Koch that I think we have failed to grasp the revolutionary effect that they have had upon the protection of childhood. Our new knowledge of nutrition, particularly of infant feeding, has had much to do with the improvement in our morbidity and mortality rates. At the same time, our Republic, from its very earliest days, has been increasingly successful in its goal of universal education. Out of all this and from many other sources new standards have been created for the nurture or handling of children. The White House Conference on the Care and Protection of Children took the measure of these present methods and outlined for us many undeveloped possibilities for the future.

Because of the past experiences of the race and our recent contact with the faulty nutrition of European children suffering from war and postwar conditions, there has been a rather universal fear that the American child would be unduly harmed by the difficulties through which we are passing. Personally, and speaking broadly, I think that unless we descend to a level far beyond anything that we at present have known, our children are apt to profit rather than suffer from what is going on. We must set up the neglect of prosperity against the care of adversity. With prosperity, many parents unload the responsibilities for their children on to others. With adversity the home takes its more normal place. There is no substitute for intelligent parental care exercised throughout the day, at mealtimes, and in controlling proper sleeping conditions at night. More important still, there is no substitute for the parent in the development of the spiritual, moral, and mental make-up of the child.

It is difficult to judge by figures just what is taking place, but the reduced mortality rate for infants and for children reported for the past winter certainly does not harmonize with the dire prophecies of those who are inclined to see both "blue" and "red" in the present situation. The interest of thousands of keen and well-trained people throughout our whole country in seeing that our children are properly fed and cared for has given many of them better and more suitable food than in past good times. Those economically able to care adequately for their children have been doing it better because of a willingness to accept the expert information which is available to a degree never before attained.

It is important not to be confused by the present situation regarding the adolescent and past adolescent youth of America and Europe. We must realize that they have been disturbed and markedly influenced by the disorder of the war period and the demoralization which has followed it. War makes deep wounds in the young people who live through it. Youthful crime is apparently more evident in European countries, as well as here, than before. I view it as the result of the breakdown in the normal conditions of the home and in the general attitudes of the community rather than to anything that is happening at the moment. We pay our bills slowly for the mistakes that we make with our children, but there is an inevitable quality about these debts that shows the need of our present planning. The war scars on our children will bring many of them down in the years yet to come.

This makes a careful analysis of what is going on with our children in this present emergency of great significance for the future. Was there ever a time in the history of the world when children as a group had the advantages of our own boys and girls of to-day? Compared with a century ago, we can say that as they have lost some of the protections of the home they have gained new protections in the community.

Our educational system has developed so that we have added greatly to the training of almost all of our boys and girls. At the same time, with public health organizations, recreational activities, playgrounds, and welfare organizations, we have new and necessary additions to our equipment in the care of youth. Fortunately, too, our conception of childhood has undergone an almost startling change. The browbeating, harsh discipline of a generation or two ago has become uncommon instead of being the rule. Again, we are much more conscious of our children and of what they are doing. Probably no generation has thought more about what youth is doing than has ours. Perhaps it is due to the fact that we have more ways of communicating with each other than other generations have had. There is a sense of collective responsibility for children that is reflected in beautiful school buildings, attractive playgrounds, fine hospitals, and subscriptions to the community funds. There are great and terrible gaps yet to be filled, but we are conscious of their presence.

The behavior problems of children have become of community as well as of family interest. In our endeavors to use the old faulty, arbitrary methods of punishment which we have inherited from the tyrannies, hates, and heedlessness of the past, as our children have been given range, we have been increasingly taking them under public control. A prison with children in it is a ghastly souvenir of horrid memories and a living evidence of incompetence. At the moment we are sensing that the application of well-tried but faulty methods to children is associated with a very high percentage of failure. The juvenile court is an attempt to make our legal and penal system apply to children. It does not and will not. We must view children from entirely fresh standpoints in their relationships to the community. Sin may mean something to you or me, but it takes much experimentation for it to mean anything to an aggressive child. Can we not free little children from the enmeshments of law and deal with them on a basis of training? Every child brought out of the criminal class and made self-supporting is a net gain for us all. Our pocketbooks pay for our failures. Do we ever stop to think when we read that some one has been sentenced for 10 years that it means that we must pay out several thousand dollars for custodial care? Certainly for youth at least these sums should go for reconstruction.

We now realize, too, that comparatively few children are born diseased and with addled mental or deficient physical equipment, and that there is no inborn general physical condition that leads to unsocial behavior, delinquency, and criminal tendencies in general. Certain physical defects and diseases and mental peculiarities have a relation to the incidents of misconduct, but they are not all controlling. Children are all different from each other and require individual handling. We recognize that the wildest horses properly trained and guided often make the best horses to ride. The child with daring qualities offers the most if properly directed. These qualities may be the forerunner of great power or of important discoveries or the trying out of those new experiments that are so significant in our progress. What we classify as misbehavior at the present time may become qualities that can be turned to use instead of misuse. The present emphasis on youthful crime may have the merit of forcing solutions.

This depression has made us sensitive to conditions which with prosperity would have escaped our notice. When things are going well a margin of failure is readily wiped out or not noticed. When they are not going so well failure must be analyzed and reduced. We need a new perspective instead of continuing to work up and down the old track. My diagnosis is that our present civilization is broken out with the hives. They irritate and bother us; they show us that we need some changes in our physical organization, but they are not evidences of fatal or fundamental weaknesses. Hives are as transitory as they are annoying, if proper living is had and appropriate remedies are taken.

National emergencies force realities upon us. In this present one we are now passing from the whining and blame-some-one-else period to one of counting our blessings every once in a while and getting ready to meet the situation. This has brought good fortune to our children in a number of ways. With real thought and discussion on the part of both parents and public alike, the expert is being asked what to do. This is a good combination, since the desire to do better can be hooked up with the knowledge of what to do and how to do it.

One difficulty with all of us humans is that we are apt to view problems from the standpoint of personal experiences. Those who are close to some cities in this country where the economic maladjustment has been marked and who have been devoting

their time to relieving distress are apt to see the whole situation from the standpoint of this painful experience. On the other hand, those who are associated with communities where everything is going reasonably well are inclined to think that conditions elsewhere are exaggerated. But in the broad I think we can say that this national emergency is being met in so far as children are concerned in new and satisfactory ways that can well encourage us for the future. We are cashing in on the health programs of the past. Our great educational mechanism is doing its job well in spite of reduced finances. There is a greater available food supply and more knowledge of how to use it than ever before. Again, we have playground, recreational, and other facilities that have been built up in the past few decades. Our whole scheme of physical training and athletic games gives us wholesome use for increased leisure time. Moreover, we can say that our present emergency has not driven millions of children into industrial labor. The machine has given us many problems but it has taken many hard tasks out of the weak arms of children. The emphasis upon amusement instead of recreation, the apparent decrease in substantial reading, and behavior problems of various sorts, give us real concern. The more widespread tendency to gambling by both adults and youth is one of the most demoralizing factors in our present American life. The gambling spirit gives just the wrong turn to growing children who need to think in terms of security, stability, and honest endeavor, rather than of chance.

Most important of all is the question of whether our national emergency is damaging for children those ultimate spiritual values that are so vitally needed. Religion has for many children taken on new and somewhat disturbing aspects. My contact with youth would indicate that they are wholesome, genuine, and fact facing in their points of view. Even in this period of change, which is also a period of stress when there is bound to be maladjustment, our children are riding out of the confusion with astonishing poise. They, of course, catch the uncertainties and worries of their elders. Since the greatest needs that children have are those of security and of the opportunity for growth, the significance of the family is of unique importance. If this national emergency will teach us that there is no possible method of replacing the family and the home, and that our economic and social scheme should include in it those factors that will do the most for the home, it will be worth the price. Home means so much. Yet it is a hideous hole for millions of our children. Low prices favor the efforts to blot out slums and transitional areas.

Regardless of material accumulation and the rapid growth of so-called wealth that has come to us in America, due to growth and industry, I am satisfied that the only really worth-while values in the human race are associated with children. Mothers in industry give me a sinking at the heart. We can afford to put more principal in our children and less in the savings bank. The national emergency should teach us that material gain is transient and that the figures used to measure it are not a suitable standard by which to judge achievement, happiness, or health. Our civilization will be measured by the children it produces and by the civilization they in turn produce.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from the Pauly Manufacturing Co., signed by A. A. Pauly, of Washington, D. C., relative to an amendment of the Reconstruction Finance Corporation act, permitting manufacturers to get loans directly from the corporation when they are able to give assurance that the money advanced will be used productively to create employment, producing, useful, standard commercial products at a cost insuring profit when marketed, which, with the accompanying papers, was referred to the Committee on Banking and Currency.

Mr. WALSH of Massachusetts presented a memorial of sundry citizens of the State of Massachusetts, remonstrating against the imposition of taxes on the automobile industry, and favoring instead some form of general sales tax, with necessary exemptions, to be included in the pending revenue bill, which was ordered to lie on the table.

TAXES ON THE AUTOMOBILE INDUSTRY

Mr. METCALF. Mr. President, I present memorials signed by Mr. Leonard B. Colt, of Providence, and 204 other citizens of Rhode Island, which read as follows:

> The undersigned earnestly oppose passage by Congress of a bill singling out automotive products for taxation. We urge that instead some form of general sales tax, with exemptions such as agricultural products, food, and clothing, be used to raise the necessary revenue, and that automotive levies be completely removed from the tax bill.
>
> We ask you to vote against automotive taxes as such and use your influence to prevent their imposition.

I ask that the memorials may lie on the table.

The VICE PRESIDENT. The memorials will be received and lie on the table.

EXECUTIVE REPORTS OF THE NAVAL AFFAIRS COMMITTEE

As in executive session,

Mr. HALE, from the Committee on Naval Affairs, reported favorably sundry nominations of officers in the Navy and the Marine Corps, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GEORGE:

A bill (S. 4718) for the relief of H. B. Arnold; to the Committee on Claims.

By Mr. BRATTON:

A bill (S. 4719) granting a pension to Joseph F. Haynes; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 4720) granting a pension to Margaret M. Miller (with accompanying papers); to the Committee on Pensions.

By Mr. BROOKHART:

A bill (S. 4721) authorizing the President to present in the name of Congress a medal of honor to Clarence D. Chamberlin; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 4722) for the relief of W. A. Peters; to the Committee on Claims.

A bill (S. 4723) for the relief of Henry Charles O'Dell; to the Committee on Finance.

By Mr. WALCOTT:

A bill (S. 4724) for the refund of income and profits taxes erroneously collected; to the Committee on Finance.

By Mr. HAWES, Mr. WALCOTT, Mr. McNARY, Mr. NORBECK, and Mr. PITTMAN.

A bill (S. 4726) to supplement the migratory bird conservation act by providing funds for the acquisition of areas for use as migratory bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the migratory bird treaty act and regulations thereunder, and for other purposes; to the Special Committee on Conservation of Wild Life Resources.

CHANGES OF REFERENCE

On motion of Mr. THOMAS of Idaho, the Committee on Claims was discharged from the further consideration of the following bills, and they were referred to the Committee on Indian Affairs:

S. 2613. An act for the relief of Lynn Brothers' Benevolent Hospital; and

S. 3188. An act for the relief of Dr. A. M. Newton, of Pocatello, Idaho.

REVENUE AND TAXATION—AMENDMENTS

Mr. BINGHAM and Mr. HULL each submitted an amendment intended to be proposed by them, respectively, to House bill 10236, the revenue and taxation bill, which were ordered to lie on the table and to be printed.

REPEAL OF THE EIGHTEENTH AMENDMENT OF THE CONSTITUTION

Mr. BINGHAM submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 31) proposing an amendment to the Constitution of the United States, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

> On page 2, line 2, insert before the period a semicolon and the following: "except that no State may prohibit the transportation of intoxicating liquors in bond across its territory if such liquors are shipped in interstate commerce between points wholly outside the territorial limits of such State."

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. TRAMMELL obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Florida yield to have the pending amendment read so it may appear in the RECORD?

Mr. TRAMMELL. I yield for that purpose.

The VICE PRESIDENT. The pending amendment will be read.

The amendment of the Senator from Florida to the amendment of the committee is, on page 244, line 7, after the word "measure," to insert:

Phosphate rock (phosphorites, collophane, and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per 100 pounds."

So as to make the committee amendment read:

(6) Lumber, rough, or planed or dressed on one or more sides, $3 per 1,000 feet, board measure; phosphate rock (phosphorites, collophane and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per 100 pounds; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. TRAMMELL. Mr. President, the previous votes on tariff items in the pending bill indicate that at least a majority of the Senate, though only a small majority, are favorable to the consideration of meritorious, as they see it, items for tariff. That being the declared policy of at least a majority of the Senate, I have felt it my duty to propose the amendment which is now pending respecting a very vital industry in my State, namely, that of phosphate mining, or phosphate products.

For a number of years under the antidumping provision of the law we have, in substance, had a tariff of about $2.62 on importations of phosphate. The Moroccan Government has been the principal exporter to this country of phosphate; and based upon the contention that the Moroccan phosphate was mined largely by convict labor, and that the producers there had carried on a dumping process in the United States, the customs appraiser at New York has held in regard to all the importations up to a very recent date that they were subject to the antidumping provisions of the law. He therefore has required the payment of a tax of about $2.62 per ton or else a bond for this amount pending the adjustment of the question.

The action of the customs appraiser was in recent months reversed by the Customs Court of Appeals. That decision is now on appeal. Should the decision finally be that this product is not subject to the antidumping provision of the law it would mean a removal of the present protection of about $2.62 per ton on phosphate. It is this situation which I seek to provide for in the amendment now pending.

The domestic phosphate industry has largely been driven from the field of exportation, due to Moroccan competition. The Moroccan Government on Government-owned land, with a subsidy, operates its phosphate mines and has set out upon a policy of endeavoring to monopolize the trade in practically all countries to which heretofore American producers have exported the product. They also have designs upon the American trade. On account of entering Austria with prices of about $4 or $4.50 upon phosphate, when American producers can not afford to sell it for less than $6 or $7 a ton delivered there, they have driven our American product from Austria, and they have gained a major portion of the trade in Spain, in France, and in Germany. I think the American industry has lost approximately a million tons of exportations to those countries within the last two or three years. The Moroccans started in upon a policy of bringing their product into America and offering it at a price, it is estimated, of $2.62 a ton below the price which the American producers could afford to market their own product.

If the court of last resort shall hold that the American phosphate industry is not entitled to protection under the antidumping law, it will mean that the Moroccan phosphate will have a differential of $2.62 over the American product.

I propose an amendment which, if adopted, will give our producers approximately $1.75 a ton protection, which will be a reduction of about 90 cents a ton below the protection which they have heretofore enjoyed under the antidumping provision of the present law. So the adoption of the amendment would not mean an increase of protection—it would mean a reduction of protection to the extent of about 90 cents per ton. Of course, the amendment is offered in anticipation that if the court of final resort shall reverse the decision of the appraiser that the antidumping provision applies, thus affording a protection of $2.62 a ton, the industry will, in that event, still have some protection.

The phosphate-mining industry is of great importance in my State. That is where the mines are operated far more extensively than elsewhere throughout the United States, although there are large deposits in Tennessee and a number of Western States. It is said that the largest deposits probably are in Montana or Wyoming, at any rate, in some section in the West.

This industry employs in prosperous times about 8,000 people in mining alone, and indirectly through its operation it provides employment for an enormous amount of labor on the railroads and at the ports. In prosperous times one can go to a port in Florida where phosphate is handled and see from 200 to 500 people working on the docks loading the ships with phosphate. I do not think I overestimate when I state that at least 50,000 people gain their sustenance through the operation of the phosphate industry in Florida, 8,000 connected directly with the mines, and the others employed in connection with various other aspects of the industry.

I witnessed on yesterday a majority of the Senate taking the position that the people of this country should be subjected to whatever effect a tax of $2 a short ton on coal or $2.20 on a long ton of coal would have. I witnessed a majority of the Senate voting for a tariff of 2½ cents a gallon on gasoline, 4 cents a gallon on lubricating oil, and 10 cents a hundred, as I recall, on asphalt; and yet I do not believe that in a single instance the industries for which protection has thus been afforded are so much in need of assistance or more deserving of a remedy for the conditions under which they labor than is the phosphate industry of Florida.

Mr. President, this amendment applies to phosphate that is used in the chemical industry only, but does not apply to the lower grades of phosphate which are used in fertilizer. When we had this question before the Senate once before, it was stated that the imposition of a tariff on phosphate probably would affect the price of fertilizer. This particular amendment, I repeat, would not apply to the lower grades of phosphate which enter into the making of fertilizer, but it applies only to the higher grades which are used in the chemical industry but not in the preparation of fertilizer. Even if it did apply to the phosphate used in fertilizer, it would not mean an increase in the price, because, as I have before stated, at the present time and ever since we have been threatened with competition from the Moroccan phosphate the industry has had the benefit of about $2.62 a ton protection under the antidumping clause of the act, and my amendment provides for a tariff of 90 cents per ton less than that. So the adoption of the amendment can not result in any increase in the prices of phosphate over the existing prices or the prices that have heretofore prevailed for years. Its only object is and its only result will be that if by the court of last resort the tax of $2.62 per ton which has heretofore been imposed under the antidumping clause of the law shall be declared inoperative and void, then the product will fall into a lower bracket and will have a protective-tariff duty of $1.75 a ton, a reduction of about 90 cents a ton from the present tax.

Mr. President, the phosphate industry has been one of the important activities in Florida for 30 or 40 years. It has operated without any substantial financial success; in fact, I may say that it has had to struggle all these years on account of domestic competition. There is no monopoly; there is no combination among the phosphate operators, but there is the strongest kind of domestic competition, and I have never heard from those who consume phosphate in this country or elsewhere that the prices have been exorbitant. The prices are remarkably low, considering the character of the operations, the enormous amount of capital invested, and the wages paid to the miners.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Washington?

Mr. TRAMMELL. I yield.

Mr. DILL. As I understand, the phosphate covered by the Senator's amendment is not the phosphate commonly used on the farm?

Mr. TRAMMELL. I so stated. The phosphate used in connection with fertilizer is of the lower grades, while the phosphate of the higher percentages is used in the chemical industry.

There is another point in favor of this amendment. Under the conditions which now prevail, and which have prevailed heretofore, the $2.62 a ton tariff which has been imposed under the antidumping act has applied to all grades of phosphates, while, on the other hand, the amendment which I have proposed applies only to the higher grades which are used in the chemical industry and are not used at all in connection with the making of fertilizer. So this amendment, considering existing conditions and those which have prevailed, would, if it should influence the market either up or down, influence it downward both on the product which is used in chemicals and that which is used in fertilizer, while it would not apply to the kind of phosphate that is used in fertilizer.

The policy having been declared of imposing a tariff, I feel that I am thoroughly justified in offering this amendment and most earnestly urging its adoption. It certainly will not harm anyone. It will not result in any increase in prices, and it will assist in maintaining a very important industry in my State, an industry involving as much labor and as much capital as a great many of the other items which have heretofore been recognized in dealing with the tariff and providing a remedy for protection of an industry.

The Senator from Pennsylvania [Mr. REED] yesterday stated that if this coal tariff could be put through, it would result in the employment of a thousand more men. In dealing with the phosphate industry, if it is left absolutely alone and unprotected, if the courts should set aside the existing tariff in substance of $2.62 per ton, it probably would result in driving out of employment some six or eight thousand people—not merely 1,000, but some six or eight thousand—and would destroy the employment which arises from, and is contingent upon, the maintenance of this great industry.

I hope very much that the Senate will see fit to adopt this amendment; and I am sure that those who voted for the tariffs on all the other items, and have made their declaration of policy that tariff items are proper in this bill, will cooperate with me in giving this protection to a very important American industry, and one of peculiar importance in my State.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of to-day's business the Senate shall take a recess until 11 o'clock on Monday.

The VICE PRESIDENT. Is there objection?

Mr. KING. May I inquire of the Senator what time he has fixed for a recess to-day?

Mr. SMOOT. I have not fixed any time.

Mr. KING. I think we had better fix it at 1 o'clock and have the two conjoined.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 927. An act for the relief of the estate of Franklin D. Clark;

H. R. 1962. An act for the relief of Noble Jay Hall; and

H. R. 2606. An act for the relief of Edward Christianson.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, as evidence of the extent to which the farmer does not receive a fair share of the consumer's dollar, I call attention to a study made by the Federal Trade Commission a few years ago concerning Competition and Profits in Bread and Flour, which showed that the farmer at that time received only 13.4 per cent of the retail price of a 1-pound loaf of bread. This study was based upon the period 1922–1924. During the same period the average farm price of wheat was $1.06 per bushel, whereas in April, 1931, the price received by farmers was 43.1 cents per bushel. The average retail price of bread in the United States for the period 1922–1924 was 8.7 cents, whereas the average price of bread in April, 1932, was 6.9 cents. Consequently the farmer to-day would receive a materially smaller percentage of the retail price of bread than in 1922–1924—21 per cent less.

Wheat is the principal ingredient of bread, and yet the farmer receives only a small percentage of the price paid by the consumer. In between the farmers are a host of middlemen, each one reaping a profit. The local elevator man who receives the wheat from the farmer, the railroad which hauls the wheat from the elevator to the terminal market, the terminal elevator which stores the wheat at the terminal market, the terminal-market broker who sells it to another broker—not to mention miscellaneous speculators in the futures market who buy and sell without any intention to deliver the product—the miller who purchases the wheat from the terminal-market broker, the railroad which hauls the wheat from the terminal market to the mill, the wholesale baker who buys the flour from the mill, the railroad which hauls the flour from the mill to the wholesale baker, and finally the retailer who sells the bread to the consumer—all take their toll of profit between the farmer and the bread consumer. It is now about 90 per cent to the middleman; 10 per cent to the farmer.

We have built up an elaborate and wasteful system of distribution, which results in the farmer receiving less than a just share of the retail price for his products and the consumer paying more than his just share for them.

Numerous other studies of the percentage of the consumer's dollar received by the farmer have been made by various agencies. These studies, which were made several years ago, indicate that the farmers received from 15 per cent of the consumer's dollar in the case of cotton goods to 71½ per cent in the case of butter, but the most frequent rate was between 25 per cent and 35 per cent of the consumer's dollar. In one-half of the total number of instances studied, the farmers received less than 36 per cent of the consumer's dollar.

Mr. President, I desire to insert in the RECORD at this point two tables setting forth the results of these studies.

The VICE PRESIDENT. Without objection, it is so ordered.

The tables are as follows:

Distribution of the consumer's price of a pound of bread for the years 1922–1924 [1]

[From Table I, p. 12, Report of Federal Trade Commission, 1928, S. Doc. No. 98, 70th Cong.]

Item	Margins		First cost, cents per pound of bread
	Cents per pound of bread	Per cent of retail price	
Producer of wheat (price received by producer, covering all costs and net profit on flour content of wheat required for 1 pound of bread)	1.145	13.40	
Country elevator (gross margin including all costs above wheat cost and net profit on flour content of wheat required for 1 pound of bread)	.068	.79	[2] 1.145
Transportation and terminal agencies for wheat (gross margin, including all costs and net profit on flour content of wheat required for 1 pound of bread)	.278	3.25	
Flour miller (gross margin, including all costs above wheat cost and net profit on flour required for 1 pound of bread)	.406	4.75	[3] 1.491
Costs above wheat	0.331	3.87	
Net profit	.075	.88	

[1] This table is for the bread manufactured by the exclusively wholesale bakers whose unit costs are included in this report.

[2] Cost to country elevator of flour in wheat required for 1 pound of bread.

[3] Cost to miller of flour in wheat required for 1 pound of bread.

Distribution of the consumer's price of a pound of bread for the years 1922–1924—Continued

Item	Margins		First cost, cents per pound of bread
	Cents per pound of bread	Per cent of retail price	
Transportation agencies for flour (gross margin, including all costs and net profit on flour required for 1 pound of bread)	0.263	3.08	
Wholesale baker (gross margin, including all costs above flour cost and net profit on 1 pound of bread)	5.110	59.77	[4] 2.160
All costs except ingredient	3.538	41.38	
Ingredient costs other than flour	.921	10.77	
Net profit	.651	7.62	
Retail grocer (gross margin, including all costs above bread cost and net profit on selling 1 pound of bread)	1.279	14.96	[5] 7.270
Total gross margins (retail price)	8.549	100.00	

[4] Cost at baker's door of flour required for 1 pound of bread.
[5] Cost of bread to retail grocer.

United States

PER CENT OF THE CONSUMER'S DOLLAR RECEIVED BY PRODUCERS—A COMPILATION OF MARGINS ARRIVED AT BY VARIOUS INVESTIGATORS AT DIFFERENT TIMES AND PLACES

Commodity	Per cent	Comments
Apples [1]	24	Mimeographed report, U. S. Department of Agriculture. Washington State winesaps sold to unit grocery stores in New York port district, February 2 to May 11, 1923.
Cranberries [1]	54	U. S. Department of Agriculture Bulletin No. 1109, 293 retail stores in 26 States. September to December, 1920.
Milk [1]	43–48	Mimeographed report of the U. S. Department of Agriculture, February, 1924. Retail price per quart of milk sold through grocery and delicatessen stores in Washington, D. C., June to December, 1923.
Potatoes [1]	31–47	Joint study by Massachusetts and U. S. Departments of Agriculture. Maine potatoes sold in Boston, May, 1915. September, 1920, to December, 1921, and September, 1922, to March, 1923.
Onions [1]	26–28	Massachusetts Experiment Station Bulletin 189, and Marketing of Connecticut Valley Onions, typewritten report of Massachusetts and U. S. Departments of Agriculture, 1922. Connecticut onions sold in Boston, 1915–16, and August, 1920, to December, 1921.
Oranges [1]	28–51	Department Bulletin No. 1261. Study of Citrus Fruit Growers Association. Fruit sold through fruit auctions to jobbers and retailers, 1917–1921.
Lemons [1]	21–44	Do.
Bread [1]	15–19	Mimeographed report of U. S. Department of Agriculture, February, 1924, An Analysis of the Retail Price of Bread in Seven Cities (New York, Boston, Chicago, Minneapolis, Kansas City, New Orleans, San Francisco), October, 1922, to March, 1923, inclusive.
Wheat products [1]	35–40	Estimate by division of statistics and historical research (L. H. Bean), Bureau of Agricultural Economics, for the United States based on rough estimates of farm value of wheat and consumption of flour evaluated in terms of the average retail price per loaf of bread and per pound of flour in the United States.
Cotton goods [1]	15–20	Mimeographed report of the U. S. Department of Agriculture, November, 1923. Sheeting, gingham, percale, and calico. Year 1922. "Retail prices of all cloths were secured from Bureau of Labor Statistics. During recent years that bureau has collected prices, quarterly, by questionnaires sent to several representative stores in each city. The questionnaire states that neither special sales, leader prices, nor prices on mill ends or seconds should be quoted. Prices from 10 cities, all east of the Mississippi River, were averaged together into a simple arithmetic average. Approximately 5 stores reported from each city."
Butter [1]	71.5	Butter Gossip, published by Fitch, Cornell Co., New York, October, 1923, and quoted in North Dakota Experiment Station Bulletin 182, October, 1924. Retail price of butter in New York City, 1923.
Do [1]	70	Swift & Co. 1927 Yearbook. Brookfield butter.
Beef [1]	58	Swift & Co. 1927 Yearbook, p. 32. Iowa beef at retail in Chicago.
Beef and by-products [1]	71	Do.
Meat, all kinds [1]	55–60	Swift & Co. 1927 Yearbook, p. 33.
Eggs [1]	55–60	Swift & Co. 1927 Yearbook, p. 34.
Apples	23.4	Northwestern winesaps in New York Market, 1922–23 season; fancy and extrafancy grades.
Juice grapes	35	In New York Market; sold at auction, 1927. From Marketing California Grapes, published by Policyholders Service Bureau, Metropolitan Life Insurance Co.
Table grapes	60	Sold at auction in New York Market, 1927. From Marketing California Grapes, published by Policyholders Service Bureau, Metropolitan Life Insurance Co.

[1] Data supplied unofficially by Bureau of Agricultural Economics, U. S. Department of Agriculture.

United States—Continued

PER CENT OF THE CONSUMER'S DOLLAR RECEIVED BY PRODUCERS—A COMPILATION OF MARGINS ARRIVED AT BY VARIOUS INVESTIGATORS AT DIFFERENT TIMES AND PLACES—continued

Commodity	Per cent	Comments
Milk:		
New Jersey grade B, test 3 per cent 1925, Orange City, N. J.	37.8	Computed from data on p. 16, the Marketing of Fluid Milk in the Oranges, J. W. Bartlett, June, 1926, Sec. IV.
New Jersey grade A, test 3 per cent, 1927, Orange City, N. J.	36.5	Do.
Corn	66	No. 2 yellow, shipped from Elk Point, S. Dak., to Chicago July 5, 1921. Sold to Chicago consumer July 8, 1921. Adapted from data in Cost of Marketing Grain, James E. Boyle.
Bread	13.4	Report of Federal Trade Commission on the Bakery Industry, 1928, covering period 1922–1924.
Corn flakes	21	Report of Joint Commission of Agricultural Inquiry, Pt. IV, pp. 210–211; data for year 1921.
Rolled oats	17.8	Report of Joint Commission of Agricultural Inquiry, Pt. IV, p. 213; data for year 1921.
Fresh beef	67.7	Report of Joint Commission of Agricultural Inquiry, Pt. IV, p. 217; data for year 1921.
Raw materials in men's suits:		
Excluding trimmings.	18.2	Report of Joint Commission of Agricultural Inquiry, Pt. IV, p. 220; data for year 1921.
Including trimmings.	28.8	Do.
Men's shoes	38.5	Report of Joint Commission of Agricultural Inquiry, Pt. IV, p. 222; data for year 1921.
California oranges	30.6	Report of Joint Commission of Agricultural Inquiry, Pt. IV, p. 224; data for year 1921.

Mr. HOWELL. A distinguished economist and authority on business conditions, Dr. Julius Klein, the Assistant Secretary of Commerce, recently stated in a radio address that the process of distribution has almost gotten out of hand, and that the unnecessary costs and waste in distribution totaled from ten to twelve and one-half billion dollars annually. Suppose this sum, which is wasted annually by inefficient and wasteful distribution processes, were to be distributed equally among all the 25,000,000 families in the United States; it would mean an increased income of $400 to $500 annually for each family. Suppose that this huge sum were divided equally between the producers on the one hand and the consumers on the other; it would mean an added income of from five to six and one-fourth billion dollars for each group annually. The farmers' share, distributed among 6,000,000 farmers, would mean, relatively, a very greatly increased income per year.

This enormous amount represents waste and unnecessary costs in the distribution process. Suppose we added to that sum the excess profits now exacted by middlemen between the farmer and the consumer; the total savings to the farmers and the consumers would be far in excess of that amount.

Yet what has *this* Congress done since the day it convened December 7 last to remedy this situation? True, we now have two farm bills on the Senate calendar. But what has Congress definitely accomplished to help the farmer obtain a fair share of the consumer's dollar? What has it definitely accomplished to relieve the inequality between what the farmer receives and what the middlemen receive for processing and handling the products of the farmer?

I again call the attention of the Senate to the fact that this Congress has not passed, nor even yet considered, one measure to restore equality to agriculture.

Mr. President, I submit that agriculture *must* be rescued.

CAUSES OF THE DEPRESSION

Mr. BROOKHART. Mr. President, this discussion of tariff issues is leading us only into confusion. No relief for this great depression will come out of this tax bill. In fact, there are many things about it that may intensify the depression.

I, therefore, desire to discuss to some extent the causes of the depression, and the things that I deem necessary and that this session of Congress can do, if it wants to do them, to restore us to a condition of prosperity.

Practically all of the general publicity is to the effect that this depression was caused by the World War; and it is passed off in that summary manner without any analysis of the real facts that have caused the depression.

I deny that the war caused the depression in the United States. I think it is responsible for the world-wide depression, but the United States has a distinctly different standing from the other countries that participated in the war.

At the beginning of the war we were a debtor nation. We owed other peoples five or six billions of dollars. In a short time, out of war profits, we paid all of those debts. Then, after we entered the war, that stimulated other great war profits and we levied taxes upon them, and collected enough so that our Government loaned about $11,000,000,000 more to foreign peoples and foreign nations. Then private interests in the United States collected other still greater war profits, and they have been able to lend fifteen or sixteen billion dollars more. We have that much earmarked. That makes about $32,000,000,000 of war profits which we can recognize.

On yesterday the distinguished chairman of the Finance Committee the Senator from Utah [Mr. SMOOT] estimated that our investments all together of all kinds in foreign countries are about $45,000,000,000; and, of course, those huge sums were realized out of the war in war profits or out of the aftermath of the war.

Mr. President, when a nation is a profiteer to that extent it can not go into depression. True, we have a national debt, but that has been paid down to about $16,000,000,000. If we would use the definite amounts loaned by the Government and private parties which we know, and subtract that from the thirty-one or thirty-two billion dollars we can earmark, there is still left a net profit of fifteen or sixteen billion dollars. If we add to that twelve or thirteen billion dollars of other investments, we have the enormous sum of about $45,000,000,000 in profits, instead of losses, growing out of the war.

Mr. President, I concede that the lending of this money to foreign countries and to foreign peoples would lay the foundation for a depression. If a farmer should sell his farm and then lend the money to somebody who could not or would not repay it, that would start him toward depression. The same is true of a nation. However, I do not think those loans and investments in and of themselves are great enough to cause this greatest of all our depressions, and I think we have to look into our own affairs and make an analysis of the laws of our own country and of their effect in order to determine exactly what is the trouble with the United States.

I concede that Germany, that Austria, that Russia, even France and England and Italy, who won the war, if anybody did win it, were thrown into depression as a result of the war, because, in spite of their reparations and all other collections, they were losers, and heavy losers, both in men and material, as a result of the war. The debts and obligations created against them are enough to put them into depression.

I have certainly pointed out how the United States is in altogether a different position. Then what are the causes of this depression in the United States? I think it is largely due to laws, laws passed by the Congress of the United States, assisted to some extent by certain State laws. I want to name some of those laws and briefly point out their effect in creating discrimination in our economic organization.

First let us take the transportation act of 1920. I will not go into the details of overcapitalization and watered value as a result of that law, amounting to over $7,000,000,000. I will not take up the details of the wastes of competition left under that law, of the capitalizations of unearned increment, and the excess profits of inside or subsidiary corporations. But altogether, Mr. President, that law raised railroad rates upon agriculture about 60 per cent. That 60 per cent of increase resulted in a decrease in the prices of farm products by the amount of that increase in rates, because, as we shall see, the farmer's price is fixed by the sale of his exportable surplus in the free-trade markets of the world, and he must pay the freight to those markets. Hence whatever increase occurs in either rail or ocean freight decreases the prices of his products in the world market.

That, Mr. President, was a little start toward the agricultural depression. That put an extra heavy burden upon agriculture and gave an extra special privilege to the owners of the railroads of the United States. But that was not the greatest of the causes. I think in ordinary times that might be 25 per cent of the cause of an agricultural depression in our country. But, perhaps, due to the greater cause, the deflation policy of the Federal reserve system in 1920, that percentage should be reduced.

I have told many times the story and the details of that depression policy of the Federal Reserve Board advisory council and the class A directors. I am not going to repeat that story to-day, but I am going to repeat the quotation from the Manufacturers' Record, official paper of the National Manufacturers' Association over in Baltimore, a paper, however, which has always told us the truth about this deflation policy of 1920.

It said that as a result of that policy agriculture was deflated in the whole sum of $32,000,000,000. That is billions, not millions. It takes a thousand millions to make each one of those billions. Eighteen of those billions it placed upon the decline in land values, and the other 14 upon the two crops of 1920 and 1921.

That is the greatest cause of the agricultural depression. In the fall of 1920 the Federal reserve system generally put on a policy of restricting its loans to member banks. In the spring of 1920 it had generally and uniformly encouraged the increase of those loans. I have seen many letters all the way from Cleveland, Ohio, to California, in which the reserve banking system encouraged its member banks to rediscount more paper, take that money home, lend it out to start new enterprises, to enlarge old enterprises, and to pass prosperity around. That was the general tone after the war was over, in the early part of 1919.

It was a Wall Street rumble in the latter part of the year which changed that, and said, "We are overinflated. There are too many Federal reserve loans, and they must be reduced." Then there followed a meeting of the Federal Reserve Board, on May 18, 1920, and meeting with that board were the class A directors and the advisory council of the Federal reserve system.

It is not necessary for anybody to speculate or guess about what was done in that meeting. I have here the minutes of the meeting, Senate Document No. 310 of the Sixty-seventh Congress, fourth session, presented by the junior Senator from Virginia [Mr. GLASS] himself. That meeting discussed three policies, first, that of general deflation, and by resolution officially indorsed Governor Harding's speech calling for such general deflation of Federal reserve loans.

Mr. President, I maintain that as an economic policy a reserve bank has no right ever to even consider a general policy of deflation. I say that is always an economic crime. I concede the right of a Federal reserve system to prevent inflation. It has the right to say "no" when its member banks are asking for loans which will amount to inflation. But after having approved those loans and, in this case, after having solicited such loans, then to turn around and put on a general policy of calling those loans, and thus destroying the enterprises created by them, or enlarged by them, I denounce as an economic crime always. Yet that meeting did that identical thing and passed that resolution.

There was another resolution passed, sending a committee to the Interstate Commerce Commission to ask an increase of railroad rates. I want Senators to draw a picture, for a moment, of this great board, with more economic power than any board ever created in this world, more economic power than that of the Kaiser and the Czar combined in their palmiest days. It met here for the purpose of considering a general deflation, but at the same time proposed to inflate the railroads by further increasing the rate.

I have listened to the defenders of that meeting. I have heard their apologies and their excuses; but when I have laid that railroad resolution down before them they have all backed away from it, and no word of defense for that has ever come to me.

Perhaps the most fatal part of that proceeding was in secret. All the proceedings were not secret. A resolution of the United States Senate had asked them something about the deflation passed the day before, and in answer to that they gave a statement to the Senate and the press of the country. But in that statement and in their publicity nothing was said about the secret policy which they considered, and which amounts to about two-thirds of all these proceedings. That policy was to force this deflation by raising the discount rate so high the member banks could not afford to pay it.

As the meeting adjourned Governor Harding said:

I would suggest, gentlemen, that you be careful and not give out anything about any discussion of discount rates. That is one thing there ought not be any previous discussion about, because it disturbs everybody; and if people think rates are going to be advanced, there will be an immediate rush to get into the banks before the rates are put up, and the policy of the Reserve Board is that that is one thing we never discuss with a newspaperman. If he comes in and wants to know if the board has considered the rates or is likely to do anything about the rates, some remark is made about the weather or something else, and we tell him we can not discuss rates at all. I think we are all agreed it would be very ill-advised to give out any impression that any general overhauling of rates was discussed at this conference.

Under that injunction of secrecy they adjourned.

Mr. President, ordinary people knew nothing about the secret policy that was considered there, but big business knew about it. Big business had its bankers right in that meeting. I have asked more than half a million people if they knew of that at the time, some of the biggest commercial organizations and chambers of commerce in the country, and no hand has ever gone up. Ordinary people did not know of it, ordinary bankers even did not know of it, many big bankers did not know of it.

I talked to the president of the American Bankers' Association, Walter W. Head, and his bank out in Omaha, Nebr., three years after that meeting was held and he knew nothing of this policy except as the junior Senator from Nebraska [Mr. HOWELL] and I showed him the minutes of it there that day. But big business knew about it, and big business went out immediately to get loans to protect itself through this depression that was sure to follow that action.

Armour & Co. borrowed $60,000,000, and they got it for 10 years' time, and they paid 8 per cent to get the money.

I told this story not long ago at the national convention of the retail meat dealers of the United States at West Baden, Ind., with Mr. Lee, president of Armour Co., sitting on the stage with me. His was one hand that ought to have gone up when I asked for hands, but it did not.

Swift & Co. got their $50,000,000 loan a little later, and Sinclair got a loan before this meeting was even held. They knew it was coming. These three are only samples of what happened to big business throughout the country. Henry Ford is the only one I know of who did not understand the situation. There may have been others.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the Senator from Iowa permit the Chair to ask him from whom the loans were obtained?

Mr. BROOKHART. Mr. George M. Reynolds sent the Armour paper out to the banks all over my State and in Illinois and other States to correspondent banks, and they sold it out like they do paper and bonds for banks. It was sold all over Iowa. I know of one Iowa Congressman who bought $2,000 of that paper. In that way in a very short time the company had its $60,000,000 and the other companies had theirs. They are only samples. They are not any worse than hundreds of others that went out and gathered up all the available credit in the country. But they did more than that.

When I first told the story of that meeting out in my State, an editor who had been Secretary of Agriculture got after me because I said he was sitting around and did not inform us about this at the time. He said they talked about deflation, but they did not deflate. Then he published the figures to show that they increased the Federal reserve loans several hundred millions of dollars after the meeting was held; and that is true. Why did they do that? By an official resolution and a unanimous vote they decided that we were overinflated, that there were too many Federal reserve loans and they must be reduced, and then immediately violated their own decision, immediately increased those loans several hundred million dollars more.

Mr. President, there is just one explanation of that. It was done by these men to get the credit they needed to tide them through the depression that was sure to follow. They were all set and all ready by October, 1920. Remember, this meeting was held on the 18th of May. Then they called in their member banks, but not till October. They even held public meetings. I attended one in Iowa where the representative of the Chicago branch of the Federal reserve bank said to us, "We have been awfully good to you out here in Iowa and loaned you $91,000,000 when your Federal reserve loan allotment called for only $36,000,000 for the whole State. You are $55,000,000 over your allotment right now. The time has come when the people entitled to that $55,000,000 want it, so you will have to sell your crops and reduce those loans." That was in October of 1920.

I stood up and asked who made this allotment of $36,000,000 of Federal reserve loans to the State of Iowa. He did not know. I have asked members of the Federal reserve clear through the system and nobody knows. The fact is no such allotment was ever made. There is no authority in the law for it and there is no sense in it. Iowa's original agricultural crop production was nearly $1,000,000,000 in those days, and in ordinary times it is $500,000,000 or $600,000,000. It is not that much in these extraordinary times now. The industrial production was $500,000,000 or $600,000,000 more. Against all of that to allot only $36,000,000 of Federal reserve loans is an indefensible idea to start with. It was simply a straw man set up to have a talking point, to force the deflation, and it was the Wall Street credit, the speculators' credit, which we are investigating now in the Banking and Currency Committee, that wanted the deflation.

It seems to me, as we look into that crowd, that what they want is things to be going up or down, and they do not care which way; but they want to know which way things will go so they can take the proper side for profit on the various markets.

Mr. President, when the reserve banks instructed their member banks to reduce their Federal reserve loans there was only one way the member banks could do it, and that was to call in their customers and require them to pay their notes. They would call in a farmer and tell him he must reduce his loan. He would say, "My stuff is not ready to go." Then he would be told, "But you have some Liberty bonds." He would say, "Yes; but I do not want to sell those. I bought them for my children." They would say the loan must be reduced and they would force him to sell those bonds, and they did force the sale of such bonds until Liberty bonds went down as low as 80 cents on the dollar, and I found one man in Ohio who sold his bonds at 79 cents on the dollar. He was forced to sell them at the time of the deflation.

Mr. President, after those bonds were forced down these men who had gathered up the credit of the country had money to buy them and there was an enormous profit to be taken out of the speculation in Liberty bonds themselves, and that when these people had bought these bonds to save the life of the Government itself. But the farmers did not have enough bonds to meet the demand and that forced them to sell their livestock, their grain, and crops generally, and the result was the greatest panic in farm prices in all the history of agriculture. Out of this panic it is that the Manufacturers Record figures the $32,000,000,000 of agricultural deflation and that estimate is not far different from the Department of Agriculture figures. The same authority says other business was deflated about $18,000,000,000. At that time other business was three times agriculture. Since the deflation it is seven times agriculture. Agriculture was deflated more than other business because it was deferred until October, when the crops were wholly matured and were ready for market, so they were able to deflate agri-

culture about six times as much in proportion as the average of all other business. That is not a fair statement to business either, because that $18,000,000,000 of other business fell mostly on the little business of the country. Big business largely protected itself through the special favor of the credits which I have outlined here.

Mr. President, that action threw agriculture down into the depression then. Agricultural depression began at that time and has not revived since. Some slight improvement has been made, but nothing of any substantial nature. Other business revived in 1922 through its control of the credit of the country, including even the credit, the deposits of the farmers themselves, through its collection of them into this banking system mainly over in New York, and it was able to put on the great inflation and greatest financial bubble in 1929 the world has ever known. That bubble burst, and that hit all business, including agriculture, and drove agriculture still deeper into the depression, where it had been in for nine years.

That is not all that affected agriculture in the depression. Under the tariff system which we are discussing here now the protected industry fixes the price of its product at the factory without foreign competition. It can at least raise its price to the top of the tariff rate before a foreigner can compete with it at all. But what about agriculture? It has a little surplus, only about 10 per cent of what it produces, and that little surplus must be sold by the farmer in the domestic market. He is not financed, so he can separate and segregate it from the domestic market. Agriculture is the only business in the United States so situated. Every other business that has an exportable surplus is financed under our system and does separate and segregate its surplus from the domestic market and never even offers it for sale in the domestic market, and then obtains for it the best price it can in the best world market, and nearly always they take a less price and a less profit, even when there are antidumping laws, then they charge the people of the United States.

But here is the farmer forced to sell the domestic demand, and the surplus, too, in the domestic market, and that floods the domestic market. That flood breaks down his tariff rates. We can talk about tariff rates and giving the farmer aid under the tariff rates of the Smoot-Hawley bill, but they are mere scraps of paper so far as benefiting him. Something else is necessary to make those rates effective. So the surplus, breaking down the tariff protection, flows over into the free-trade markets of the world and is sold in competition with all the world. The price fixed by that sale is cabled back to the board of trade or to the cotton exchange or the produce exchange in a few minutes and then the price of his whole product is fixed the same as the free-trade foreign price less the freight and expense of reaching that market.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senate from Michigan?

Mr. BROOKHART. Certainly.

Mr. VANDENBERG. I think, of course, there is no doubt about the Senator's philosophy that with the surplus it is impossible for the tariff to affect prices. I was wondering what the Senator's view was as to whether or not, aside from the question of fixing prices, there was any advantage to the American farmer in, for instance, the tariff on wheat.

Mr. BROOKHART. The tariff on wheat during 1929, after we passed the Farm Board bill, was no advantage at all. Wheat sold at 15 to 18 cents higher at Winnipeg all through the marketing season of that year than it did at Minneapolis. I checked the quotations day after day. The tariff was absolutely of no advantage on wheat at that time. But as soon as the Farm Board was set up to buy a part of the surplus they did get some benefit out of the tariff protection. Nobody in Canada would be fool enough to send wheat to the United States when he could get 15 to 18 cents more in his own country. That was the situation.

I know a banker at Humboldt, Iowa, who had a farm at Portal, N. Dak. Portal is on the Canadian line and North Portal is across the line in Canada. In 1929 when he harvested his wheat he hauled it across the line and sold it in Canada. He paid 12 cents a bushel tariff to the Canadian Government, and a dollar a load in addition, and had 9 cents a bushel left more than he was offered for the same wheat the same day on his own side of the street.

Mr. VANDENBERG. The Senator is continuing to discuss the question of price. I am asking, aside from the question of price, whether the tariff does not give an advantage to the farmer in retaining for him the domestic market.

Mr. BROOKHART. It is not much advantage to maintain the domestic market if it is forced down to the rest of the world market. It is a wrong premise to say that it retains the domestic market for him. It does not. It forces him down to the level of the world market anyhow; so he has, in fact, no domestic market.

Mr. VANDENBERG. But whatever that world level may be, would he not have less opportunity to sell his wheat in his home market at the world price if he did not have the tariff around him?

Mr. BROOKHART. I can not say that he would. It seems to me that the world price is fixed by the exports from all countries, and the tariff does not affect it one way or the other. So I can not see any force in the Senator's suggestion from that standpoint.

Mr. President, the situation under our tariff laws which gives to industry the special privilege and advantage of raising its prices under tariff protection, while the farmer must accept the prices for his product which are fixed by the free-trade markets of the world, constitutes a discrimination against agriculture that adds to the agricultural depression. The patent laws operate the same way and are a complete monopoly.

I want to mention one other contributing factor to the situation, and that is our corporation laws. Under the corporation laws capital has been combined into great units. Most of the corporation laws now are State laws; most of the corporations are created by the States. However, they are permitted to go into interstate and foreign commerce, and such commerce is under the control of the Congress of the United States. Since a corporation has no existence except what the law gives it, and the law is enacted by the sovereignty of the people, I maintain that that sovereignty has the right to dictate to a corporation the kind of life it shall lead and the amount of profits it shall earn for having been created a corporation. Further, when a corporation goes into interstate and foreign commerce, which are channels of trade for the benefit of all the people, and are under the control of Congress, Congress should dictate whether it be a National or a State corporation, what kind of a life it shall lead in that domain, and should fix the profit it shall charge in view of the privilege accorded it of being a corporation and of operating in interstate and foreign commerce, the domain of all the people.

However, Mr. President, Congress has not done that; it has not said one word to the corporations about what profits they shall charge. We enact antitrust laws, which are not enforced, but they are not based upon the theory that we shall control the profits of incorporated companies. So corporations come in just like birds of prey and charge "what the traffic will bear." That puts us in a constant state of economic warfare in our country, and in that warfare, according to Hon. George Wharton Pepper, a former distinguished Member in this Chamber, 92 per cent of American business ultimately fails even in ordinary times; and this depression is going to increase that percentage considerably. There is something radically wrong with a system that is faced with 92 per cent failure even before it gets off its own doorstep.

Mr. President, from this outline it is evident that agriculture went down in depression in 1920; that it has stayed down, and it is now going deeper down. I say to the Senate

that we can not strike down agriculture in that way, strike down one-third of the buying power of the American people, and almost entirely destroy its credit, without bringing on a general depression in the United States. So the greatest cause of the depression, greater than the war loans which we made, greater than all of the other causes, is the fact that agriculture's buying power was destroyed, mainly by the discriminations and special privileges which were given to other institutions in our country by laws. That condition, long continued, finally broke the credit of agriculture; stopped the wheels of industry; turned many men out of employment, which in turn broke down their buying power, which, in turn, stopped other wheels of industry, until there were no wheels turning except for the production of the bare necessities, and much of that was based upon charity, to 7,000,000 or 8,000,000 idle workers in the United States.

Mr. President, if my analysis of the present situation is correct, we have begun at the wrong place in an endeavor to get out of the existing depression. It was big business, in its grasping, that put us down into this depression and big business is not going to lift us out of it. Last year the American Telephone & Telegraph Co. had the greatest earnings in all its history, but it discharged thousands of its men.

A couple of weeks ago the president of the University of Maryland asked me to attend a vesper service at his university chapel. He said Rabbi Israel, of Baltimore, would speak at that service and that he was worth hearing. I went and the rabbi was worth hearing. Here is one of the things he told us that night. A big utility company of Baltimore—I do not recollect its name—set aside for depreciation in 1931 a million dollars more than its actual depreciation. It also set aside another million dollars for surplus. It further declared a 14 per cent dividend on its stock, but it discharged a thousand of its men. One of those men, who had worked for that company for 18 years at a bare living wage, within two months of his discharge was unable to pay his gas bill, and they shut off the gas. That is the attitude of big business, and there are some 173 other combinations in the United States in a similar situation to the two which I have just described.

But, Mr. President, there is another line of evidence as to the condition of big business in this depression which I wish to present. I think all the boys in the press gallery and all the expert financial writers obtain information about financial affairs for their newspapers all over the country, and their stories are published for the information of the public in general. However, the information that is given out in that way is not founded upon the facts, except when some committee of the House or Senate digs them out in investigations, or something of that kind. The big newspapers and big business men have their private correspondents; they have another set of reporters who write them confidential letters, and those letters tell them as nearly as it is possible what is the actual situation of things. Occasionally I get hold of one of those confidential letters. I have one here reviewing the 1931 period. The letter is dated January 25, 1932, and I want to read what it says about the year 1931:

> The most challenging economic statistics of the depression are that, in spite of the fact that production volume and wage payments have gone down together to barely more than half of the pre-war depression volume, the grand total of interest and dividend payments—

We know that many stocks have been changed into bonds and the holders get interest instead of dividends—

> The grand total of interest and dividend payments has been maintained higher than for any year prior to 1929.

How many of the newspaper boys get that sort of information about the big business of this country and let the people really know what happens in the lines of big business? Then again—

> Even the dividend payments of railroads this year—

That was 1931—

> have exceeded those for 1928 and for any previous year in railroad history.

Still the newspapers are filled with weird stories of the poverty of the railroads, and we had a demand for a 15 per cent rate advance. We were not able to defeat that demand entirely, but we did defeat it so far as it applied to rates on agricultural products.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. BROOKHART. I yield.

Mr. FESS. Does the Senator think that the practice of sending out private statements of the kind to which he has referred is general or is quite limited?

Mr. BROOKHART. I think among the big businesses of the country it is quite general. It is not general so far as the common folk are concerned.

Mr. FESS. If the Senator will permit me, I should like to say further—and I scarcely know whether I ought to make the statement or not—that an article was shown me by a very distinguished representative of a great newspaper and I was permitted to read it. To the article the reporter had attached a little memorandum to this effect, "I have written this article in accordance with your views and the policy of the paper, but the facts are as I state them in the memorandum," and they were entirely different. Does the Senator suppose that is very general?

Mr. BROOKHART. I hope not, but I am afraid since we entered upon the investigation of the Wall Street crowd and obtained the checks that were paid to writers for writing impartial news, that there is not much of it impartial. I am very fearful that that is so.

Mr. President, from this description, I do not think big business will help us out of this depression. Big business has taken care of itself pretty well, even in the depression. The railroads had $4,500,000,000 of surplus proved beyond any controversy whatever. They have enough for dividends for several years if they care to use it for that purpose.

The speculative line of big business, of course, will be able to make immense profits out of the depression by the control of credit and by the use of surplus funds to buy back properties at their present low prices. To-day in the Banking and Currency Committee it was revealed that a company promoted the selling of its stock—I refer to the Warner Bros. outfit—at a high figure; it employed some expert writers to give expert advice to the country, and sold, as I recollect, some two or three hundred thousand shares at a high price through promotion activities, and then turned around, beat the price down, and bought that same stock back and retained all the profits. Such are the schemes of big business throughout the United States. That is why big business is not opposed to depression. Big business wants depression.

Colonel Ayres, the noted statistician, I think the most noted statistician in the United States, who served as statistician of the United States Army during the war, has prepared a chart of American business covering 50 years. I had the chart placed on the wall of the Senate Chamber not long ago. That chart shows that in 50 years we have had eight major depressions in the United States. Through the middle of the chart there runs a straight line representing the normal level of business. When business was booming the tracing line of course rose up above the normal and when business was depressed it dropped down below normal.

When Colonel Ayres was before the committee, I myself asked him how many major depressions we had had during the last 50 years, and presented to him his own chart. He counted them up and said, "Eight major ones, and then there were seven other little ones thrown in for good measure." I then asked him how much of the time business had been on a normal level during the last 50 years. He hesitated, and then I told him that I had made the computation that I could not find 30 minutes during the whole 50 years when business had been on the normal level. He admitted that that was about right; that we were either climbing up into inflation or dropping down into depression.

In the last few days a new financial deal has been organized to bring back prosperity, it is said. It is like some of

the others we had. First we had a moratorium. That was to bring back prosperity. For a few days it boomed stocks. Then we had the National Credit Corporation. It put on a big bluff and started a little stock boom for a few days, and then it faded out. Then finally, when Congress assembled, Congress took a hand, and we created the Reconstruction Finance Corporation. I think the Senator from Utah must have regarded that as a Budget-balancing institution, because the first thing it did was to appropriate $500,000,000 out of the United States Treasury.

What was the Reconstruction Finance Corporation for? It had $500,000,000 of direct appropriation and $1,500,000,000 of liability of the Treasury on bonds. That money was to be loaned to these railroads that declared more dividends in 1931 than any year of their history except 1929; and it was to be loaned to these big banks that had some bonds and other stuff frozen up in railroads and perhaps in some foreign and other institutions.

The bill creating the Reconstruction Finance Corporation did not provide in the beginning for any loans to closed banks, and we had quite a contest over that matter. Mr. Traylor, of Chicago, came in and said we needed $500,000,000 for that purpose; that that would do more good than any other part of the functions of the corporation, because it would relieve people who were actually in distress and who had their deposits and their savings tied up in these closed banks. We lost out in the Banking and Currency Committee of the Senate, and we lost out on the floor of the Senate, and the bill passed without any provision whatever for the relief of closed banks in the United States. I voted against the bill in that form.

I then interviewed the House committee, and Mr. Traylor did likewise. The House committee listened to us better, and they put in the bill those amendments providing for the relief of closed banks. That called for a conference, and when the conference met Mr. Eugene Meyer showed up in opposition to that part of the bill. Because of his opposition we were finally compelled to compromise and got a limit of $200,000,000 for closed banks.

I want to say, however, that Mr. Eugene Meyer as administrator has made that provision almost valueless. He has made only a few loans. We got one through out in Iowa after appealing to General Dawes and raising a general row all along the line. It is approved. I have a letter to that effect from the general this morning. But Mr. Meyer, following his policy in the old War Finance Corporation, following his policy in the land-bank system of a general restriction of credit, and his policy with reference to the intermediate credit bank system, has not used those funds and has not brought to the country the relief it demands. The result is that agricultural prices are lower and the agricultural depression is deeper at this moment than it was when we passed the bill back in February.

That is not helping us out. Loans have been made to some 200 banks out in my State. That has helped those banks temporarily. It has postponed the day when they will be forced to close; but if hogs stay at 2.75 cents or 3 cents a pound and corn at 23 cents a bushel, they will not be able to pay their loans or interest, either, to the Reconstruction Finance Corporation when they come due. Instead of curing the depression, that sort of thing is only delaying it and digging a deeper pit in which we will fall at the end of the time.

What can be done to end the depression? No ordinary thing will do it. Agriculture was put down by laws of the Congress in its discriminations in railroad rates, in the administration of the Federal reserve system, and, to some extent, in the very law of the system itself, which forces over into New York the surplus credit of the country over and above the reserves; by the tariff laws, which fix the farmer's price in the free-trade markets of the world; by the patent laws and by the corporation laws that create these combinations against agriculture and against every other independent business in the country.

Those are the things that have gradually forced this deep depression upon us. Add to that the gigantic speculative operations in the stock exchange and in the boards of trade, and we have the present situation; and it has gone beyond the calculations of any financial crowd in this country. They themselves have lost control, and every move they have made has turned out and gone in the wrong direction from what they predicted. Besides, they are not inclined to risk their own fortunes any farther than they have to in order to end this depression.

Notwithstanding that, Mr. President, last year, in 1931, we had a national income of $60,000,000,000. That is the estimate of the National Industrial Conference Board by their representative before the Banking and Currency Committee, and I think it is a sound analysis of the situation. Sixty billion dollars means $2,500 for every average family in the United States. In 1930 we had a national income of $71,000,000,000, and that means about $2,800 for each average family in the United States.

Mr. KING. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. KING. A year or two ago I attempted to discover the basis upon which those figures were predicated; and I was never able to satisfy myself, though I had a conference with one of the representatives of the organization just referred to. I was wondering if the Senator does not think that those figures are rather speculative and are not founded upon real facts.

I assume from what I have learned that they took for granted that though a farmer's profits at the end of the year might be nil, his income was two or three or four thousand dollars, based upon what they supposed he and his family were worth in the daily labor that they performed upon the farm. Carrying the same principle into all of the activities and industries, it seemed to me that they reached a fictitious and altogether unsound basis upon which to predicate the figures which they submitted.

Mr. BROOKHART. I think the Senator is mistaken about that. The estimate does not represent the net income. It is rather a gross income that it represents.

Mr. KING. I understand.

Mr. BROOKHART. But I think it is as accurate an estimate as it is possible to make of income in the United States or anywhere. The farmer had some income, even if he does not have enough to pay his expenses and taxes. Everybody has some income; and sixty billions of gross income, if it were distributed out, would keep our wheels of industry going. It would maintain our buying power so that we would not have this depression at all. I think it is all a question of distribution.

In our prosperous years the national income ran eighty-five or eighty-six billion dollars. So with $60,000,000,000 of income we had enough resources to correct the situation; but there is just one institution in our country that is big enough and has power enough to do it to mobilize those resources, and that is the Government of the United States.

"Oh, yes; but," you say, "that puts the Government into business." Well, that old slogan is what put Harding in as President. We had too much government in business and not enough business in government, he said. So Harding came in, and we put business in government, with Daugherty and Fall and Mellon and Eugene Meyer. That is the way we got business into government, and this is the result. The result of this business in government is the depression.

I am ready now to try the other method. What is the best thing in our civilization, anyhow? I think it will be conceded that it is the public-school system—a government institution, mostly by the States, but by the United States in the District of Columbia and in the Territories and in the Canal Zone.

What is the next best thing in our civilization? I think the next best thing is the public-road system. There is a little element yet of business in government in toll bridges, but we will get rid of that by and by. It is a government system, promoted by the States and the Government of the United States, though the Government of the United States is not paying its just share.

What is the next business? I think the post-office system is the next. I think it is the most efficient business of its magnitude in the world to-day. Notwithstanding the discrepancies that the Senator from Utah and others have pointed out in it, it is still the most efficient business in our whole country. Why, the salary of that one man Grace in the Bethlehem Steel Co. represents more inefficiency than you can find, probably, in half of the whole Post Office Department—a $12,000 salary and a bonus of $1,750,000 on the side! That is the inefficiency of big business in its operation in grabbing the profits and the earnings of the people through these various sources.

If any of the newspaper boys in the press gallery represent the newspapers that are fighting me and cartooning me up, I have something for them in regard to the Post Office Department. These papers that fight me out in my own State—and that is most of them—say the Post Office Department is not efficient because it has a deficit. I checked into it to see where that deficit comes from, and I find that over $100,000,000 of it, the big end of all of it, is on second-class mail matter, because the Government is carrying these newspapers at such a low rate that it does not pay the expense of carrying them. I propose that we raise that rate on all these profiteering newspapers. Their managers and their cartoonists get bigger salaries than a United States Senator, a good deal bigger. I should like to reduce them down to the salary of a Senator, though. I should like to tax them right down. I enjoy using the taxing power in that way; but I should also like to raise the rates on all those profiteering papers. We will exempt the little fellows that can not make anything; but the big ones ought to pay the cost of carriage of their papers.

A Congressman said to me, "We can not do that. Why," he said, "they will go into the express, and we will lose the business entirely." I told him, however, that over in the Senate we knew how to levy a tax on the express carriage of second-class mail matter so as to keep the newspapers in the mails, and there would be no trouble about doing that. So that is one little relief that we can put on that will help out in that way and help to balance the Budget.

But, Mr. President, there are big things that need to be done, that need to be done now, that are a thousand times, ten thousand times more important than the rate on lumber, or the rate on oil, or the rate on copper, or the rate on coal, on which we are spending so much time. These other things are a thousand times more important, and they need the immediate action of the Senate and of the Congress.

The first of these is to give the farmer a governmental set-up with enough funds and enough authority to handle his exportable surplus at a cost-of-production price, so that the home market will rise to that level and the buying power of agriculture—a third of the American people—can be restored, and that can be done in one day. That was done in 1919 and 1917, and it worked successfully, and it can be done now. It will require some amendments to the Farm Board law, which I will discuss a moment later in connection with the bill which has been proposed by the farm organizations.

If we will provide the funds and the authority, many of the wheels of industry will start, some of the furniture factories over in Grand Rapids can be opened up, at least, and the same will be true of factories all over the United States. That is the first step toward a sound restoration of prosperity. That is vastly different from reconstruction finance loans to railroads, whose traffic will not increase because of the loans, or to banks, whose day of closing will only be postponed. This is at the foundation and the bottom of things.

The next thing that is necessary to do is to provide Government funds and authority to start Government works enough to employ the unemployed. We do not need to employ all of the unemployed of the country, but enough of them so that they will send their orders out into private business, and in the end that will result in the employment of all the unemployed labor of this country.

Mr. President, where will we get the money to do this thing? We can get the money by another perfectly sound operation in the stabilization of the dollar itself. I think nobody denies now—I think everybody sees—that the standard of value has gone too high and has put the prices of all commodities down too low. So something is necessary to stabilize that money standard at this time.

I think that if we would issue a billion dollars to the Farm Board of Treasury notes to get the money, that would be enough. The chairman of the Farm Board said $1,000,000,000, with what they have already, would take care of the exportable surplus of agriculture at this time. That would have a tendency in itself to lower the money standard of value and to raise the prices of all commodities, which need it so much, and it would help all commodities, as well as farm commodities, but farm commodities have fallen more than other commodities and would probably be helped more.

I have here a chart that was presented to the Committee on Banking and Currency showing what has happened to all the various commodities since 1929, and we find that the prices received by the farmers—not those that are paid by the customers after the middlemen's profits are added, but the prices received by the farmers—have declined very much more than the prices of any other commodities in the United States.

Economists tell us that if we cheapen the money standard, it will increase the price of those things which have gone lowest more, in proportion, than the prices of other commodities, and that will help agriculture a little more than the other businesses of the country.

Mr. President, I do not believe that a billion dollars of Treasury note issues will restore a normal price level in the United States, but I think that if two or three billion more were issued for the starting of public works and the employment of the unemployed, that would bring us back to a normal, or somewhere near a normal, price level in the United States.

We have a guide; everybody but the Federal Reserve Board considers it a scientific guide by which to gage and measure the issue of Treasury notes. We have $346,000,000 of those Treasury notes, which came over from the Civil War. They are just as good money as we know to-day, those old greenbacks, and they are in circulation now, and our Government, with its $60,000,000,000 national income in depression, eighty-five or ninety billion dollars in time of prosperity, is better able now to sustain a Treasury issue of $5,000,000,000 or $10,000,000,000 than it was the $346,000,000 at the close of the Civil War, when our Government was almost broken down. Is it not a sensible thing to do? Why should we cling to this fetish of an arbitrary money standard, when it destroys our prosperity? We were told that the gold standard put us on a basis of eternal prosperity, and we have been in depression every few years since, with ups and downs, because the standard itself is a subject of speculation, and that has contributed largely to bringing on the various depressions.

How do we generally balance the Budget? Of course, in ordinary times there is no doubt that it ought to be balanced by tax levies. Everybody will concede that. But in war times we do not balance it that way, nor should we in emergencies of any kind. In war times we balance it with some twenty-four or twenty-five billion dollars of bond issues, and those bond issues are a heavier burden upon the Government than a Treasury-note issue; and why? There are two reasons for that. First, the bond issue carries an interest rate, and that is an extra burden on the taxing power of the Government. There is no other thing behind a bond issue except the taxing power of the Government. That is the one thing upon which it can rest. A Treasury-note issue has the same support, and is less burden to carry. So it would be sounder and easier to maintain than bonds, and besides, the Treasury notes have a legal tender power, which also is a great help in sustaining their par value.

Mr. President, there is nothing unsound in the situation. It is just a question of reasoning it out according to plain common sense, and we can go ahead and issue Treasury notes in these depressions until our price level is restored, and then we can stop, and the Treasury can be required to

expand and contract so as to maintain a normal price level. That will stop the ups and downs of business in our country and contribute greatly toward a stable business, which we do not have under the present system.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. JONES in the chair). Does the Senator from Iowa yield to the Senator from Michigan?

Mr. BROOKHART. I yield.

Mr. VANDENBERG. Does the Senator think there is any limit to which it would be necessary to confine ourselves in these Treasury note issues?

Mr. BROOKHART. I certainly do.

Mr. VANDENBERG. What would be the Senator's limit?

Mr. BROOKHART. The limit would be when the labor index of commodity prices reaches what they call the normal level. The 1926 level is generally taken as normal.

Mr. VANDENBERG. How much currency issue would be permitted at the present time on that basis?

Mr. BROOKHART. It would be impossible to tell exactly, but we could start with one billion, and see its effect, and then we could issue another billion, and in a short time we would find out what the effect would be. I know how those values fluctuate. The first day I was in Berlin I bought 57,000 marks for a dollar. The last day I was there I bought 80,000 marks for a dollar, and I know that prices change if the money is inflated in that way. If the inflation is in less proportion, the change would be in less proportion.

In Russia they were transacting their business on the chervontzi basis, but they had no money printed. That was the standard, and it was practically Irving Fisher's standard, and the combining of commodity prices.

When I came to pay my hotel bill, it amounted to so many of the chervontzi things, and they translated them into the depreciated rubles, and I paid 4,164,000,000 rubles for five days' lodging and six meals.

Mr. VANDENBERG. If the Senator will yield further, he has referred to the postwar German mark. I have in my hand a German bank note for 100,000,000,000 marks, which would have had a presumptive face value in 1923 of about $25,000,000,000. In other words, this would have paid the entire American national debt on that basis. This hundred billion marks ultimately stabilized at 2½ cents. The total issue ran to 486 quintillion—a figure with 18 ciphers. The danger in starting such a system is that it never stops. I assume that the Senator is not talking about any system in America which would lead in any such direction as that.

Mr. BROOKHART. No, indeed. I am talking about a system which can be sustained by the taxing power of the Government of the United States.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. BROOKHART. I yield.

Mr. COUZENS. I was wondering where the Senator would place the taxes and how we would hold them intact to take care of the currency.

Mr. BROOKHART. As I said before the Senator came in, I think, there are $346,000,000 of Treasury notes now that do not need any tax behind them. They are going right along, and have done so since the Civil War. They depreciated because they were not made full legal tender in the beginning, but since they were brought up, they have been at par ever since.

The only way we can sustain money or get gold is by using the taxing power. I think the commodity index published now by the Department of Labor is a sound guide which we can follow for Treasury issues, which we did not use to have, even at the time of the Civil War, and gaging our issues to that, figuring out what the normal level is, and stopping when we reach that, and expanding and contracting to stay as near to that as possible, I think is the soundest basis of any money system

Mr. COUZENS. Mr. President, the Senator is willing to leave this to all the weaknesses of human nature in figuring the commodity level.

Mr. BROOKHART. What is the present system left to?

Mr. COUZENS. It is left to a general average of people and not to one class.

Mr. BROOKHART. This Government ought to be made up of the general average of people. It ought to really represent the people.

Mr. COUZENS. That is what I am afraid is the matter with the Senate.

Mr. BROOKHART. That it does not do that?

Mr. COUZENS. Yes.

Mr. BROOKHART. I agree with the Senator in that. If it did represent the people, we would have had this depression cured long ago. Since they listened to the powers which have overthrown prosperity and bring on these inflations and depressions and call them cycles and all that sort of thing, we are in our troubles and going deeper still.

Mr. COUZENS. I think the Senator from New Jersey [Mr. KEAN] could straighten that out, with his long experience in finance and his good will.

Mr. BROOKHART. He might need some help.

Mr. President, when Colonel Ayres was before the Committee on Banking and Currency, I asked him, "Have we reached the bottom of this depression?" He said, "No," and almost with tears in his voice. There is no doubt about the honesty, integrity, intelligence, and ability of his answer. He probably knows this situation better than any other statistician in all our country. Then I asked him how long it would take us to come out of the depression after we did reach bottom, and he said, "It will certainly take longer than it did to get in."

I am sorry to see the Senator from Michigan has left the Chamber, because I want to say to him that that is the sentence of big business upon the people of this country. We are sentenced and condemned now to go down deeper into the depression and then to stay longer than we have already been in before they promise us any prosperity at all.

Do we have to serve that sentence? I do not think so. I think that if we will pass the bill which the farm organizations have presented we will begin at once to get away from the depression.

One trouble with the farm bills has been that there has always been disagreement among the farm organizations, which came with different plans and different remedies. Even when the McNary-Haugen bill was passed the Grange did not approve it. But at last the farm organizations have agreed upon a bill, and the Senator from Oregon [Mr. MCNARY] has introduced it, and it has been ordered reported by the committee, and will be reported soon.

That bill is not entirely adequate in all its features, but the Senate can amend it and make it thoroughly adequate. It does not provide, to my mind, a way for raising the money necessary to handle the exportable surplus as speedily as it ought to be done and as certainly as it ought to be done.

I would amend that by issuing enough Treasury notes to take care of the exportable surplus. Then I would want to make it safe so it might be financed under any conditions by providing that it ought to have authority to borrow such other money as it might need.

This was all done by a Democratic President and a Democratic Congress on the recommendation of Herbert Hoover and Julius H. Barnes, of the United States Chamber of Commerce, in 1919, after the war was over. There is not a thing in the recommendations that I am making that was not enacted into law and passed and worked successfully in handling the wheat surplus of 1919.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. BROOKHART. I yield.

Mr. KING. I am rather curious to know, in view of our tariff policy which contemplates as we are proceeding an ultimate embargo upon all imports, how we are going to find markets for our exportable farm products? The people of the world may be hungry for our farm products, but they have no gold with which to pay for them; and if we

put up an embargo tariff and refuse to receive their products or services in payment for things we ship abroad, obviously there will be no transactions.

Mr. BROOKHART. I think the Senator is right in that regard. I think there should be some method devised by which they could buy our products; the stabilization of the dollar would help that situation. Upon that point, however, they are not going to buy anything from us except what they have to buy. In view of our tariff policy they are fully justified in retaliating against us as they are doing. However, they do have to buy these food products. There has never been a six or seven year period in the history of the world when there was not a world demand that would use up all the agricultural products, including cotton, the greatest exportable item of all.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Illinois?

Mr. BROOKHART. Certainly.

Mr. LEWIS. Did I understand the Senator from Iowa to say that a new bill designated as the McNary-Haugen bill is about to be reported for agricultural relief?

Mr. BROOKHART. The three great national farm organizations—the Union, the Bureau, and the Grange—appeared before the Senate committee and formulated the bill. The committee have approved it and ordered it reported, and the Senator from Oregon [Mr. MCNARY] has told me he will report it soon.

Mr. LEWIS. I would like the Senator from Iowa to give me his view as to whether the present new bill meets the objections of President Coolidge when he vetoed the previous bill? Are the elements of the present bill so stated as to avoid the objections made by the President of the United States when he vetoed the bill?

Mr. BROOKHART. I do not know that they will avoid those objections. I think we have more of that same kind of objections in this bill, because this is a better bill than the other one was. The objections made to that bill were not sound as I look at the situation. This bill is a pretty good bill and will go a long ways toward handling the exportable surplus at a cost-of-production price. It is a price-fixing bill and nothing else will accomplish the purpose.

Mr. LEWIS. The Senator did not approve the reasons advanced by President Coolidge and President Hoover for the veto of the farm bills previously?

Mr. BROOKHART. No. I interviewed President Coolidge myself and tried to change his opinion on the subject, but he would rather talk to me about rifle shooting than about a farm bill.

Here are the amendments I would suggest to the bill. First, I think the Farm Board should have funds enough. That is the first necessity for handling anything, and the exportable surplus can be handled with $1,000,000,000 more than they have now. The chairman of the board himself said so before the committee. I would provide these funds so they could go to work at once. That is not provided directly in the bill.

Then I would give them authority to borrow more. One little item in the bill puts a duty on cotton. I think that should be dropped out in the Senate and let the House put it in the bill for constitutional reasons; but I think it should go in the bill, though it is not high enough.

Then I think the debenture rates in the bill are too low. They ought properly to be about double and some of them more than that.

I shall not take the time now to discuss the bill in any detail. Oats should be named specifically. It is more important even than wheat. It is left out and has such a small exportable surplus that it is easy to handle. The whole exportable surplus is a little over 50 per cent of cotton, which is the big one and the hard one to handle, but that 50 per cent or more of cotton is about 65 per cent of the world demand for cotton, so if it is financed adequately and held back we will have something to say about the world price of cotton which we do not have now with 40 or 50 outfits exporting cotton and competing with each other in selling cotton.

Next is wheat, about 20 per cent. We have had some little experience with handling wheat. Then comes corn, less than 1 per cent; oats, less than 1 per cent; and livestock products, only 7 or 8 per cent. If those small percentages were handled, the surplus problem would be settled as to those items.

Mr. President, in conclusion, let me say that the Congress ought not to adjourn or think of adjourning until it has given the farmers this cost-of-production price for their products, as both political parties have promised in their platforms. It ought not to adjourn until unemployed labor is provided with jobs. I say to a country with $60,000,000,000 of national income in a time of depression and $80,000,000,000 to $90,000,000,000 of national income in time of prosperity that it owes a job to every man who will work. That done, we should then correct the dollar so the man who owes debts can pay them in the same money standard in which they were contracted. Now, those debts must all be paid in a money standard that is two or three times the value of the money when they were contracted.

If we will stabilize the dollar by Treasury-note issues and bring its value down so that the debts can be paid in the same level of values where they were contracted, that will also help to stabilize the situation.

Those three things will give us a genuine prosperity. If the Congress adjourns without doing those three things, it is going to be unsafe for many Members of Congress to return to their homes.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. FLETCHER. Mr. President, I ask permission to have printed in the RECORD a statement in support of an excise tax on phosphate rock issued by Martin H. Grace.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

BRIEF IN SUPPORT OF AN EXCISE TAX ON PHOSPHATE ROCK

IMPORTS OF PHOSPHATE, 1926–1930

The importations of phosphate rock into the United States, 1926–1930, as taken from statistics published February 3, 1932, by the United States Department of Commerce in Phosphate Rock in 1930 (Bertrand L. Johnson), were as follows:

	Long tons	Value
1926	17,378	$192,611
1927	28,195	292,871
1928	45,812	431,238
1929	44,899	469,171
1930	32,658	377,177

CONDITIONS IN THE UNITED STATES

The phosphate industry is active in Florida, Tennessee, Idaho, Wyoming, and Montana, with invested capital of $67,000,000 and furnishing employment directly to 3,500 or 4,000 men, with sales in 1930 of 3,926,392 tons, at a value of $13,996,830. The entire product was carried by the railroads, thereby adding substantially $6,000,000 to their revenue. Coastwise vessels, which by law must be registered under the United States flag, transported about 1,500,000 tons and benefited to the extent of more than $2,500,000.

GENERAL

The principal threat to the American phosphate industry is in the operations in the French protectorate of Morocco, where the Moroccan Government exercises a monopoly in the production and sale of phosphate rock, employing Arab labor, who are paid wages of about 25 cents a day. The material is transported from the mines over Government-owned railroads to Government docks at the port, and the total cost of mining, drying, refining, and transporting figures up to $2.80 per gross ton free on dock Casablanca, Morocco, at which point it is placed aboard vessels at a cost for wharfage and handling of less than one-fifth of the sum paid in the equivalent Florida ports.

Moroccan phosphate is of high quality, approximately equal to the highest quality produced in the United States, for which quality the United States enjoys at present a market for something less than 1,000,000 tons. The cost of production for this quality in the United States is approximately 70 per cent higher than the cost of the more widely used lower grades. The cost of

the Moroccan high-grade production f. o. b. Casablanca is just about the same as the bare operating cost of the American lower grades, without including anything for amortization, interest on capital, and taxes, which items the foreign Government owned monopoly escapes.

At a lower unit cost the high-grade article will displace the lower grades entirely—this has been the history of all phosphate business.

The importance of the Moroccan threat to the American industry can be judged not only by the comparative cost of the foreign and the American article but also by—

(a) Size of the Moroccan operation and its rate of growth, and
(b) Morocco's marketing policy.

SIZE OF THE OPERATION AND ITS RATE OF GROWTH

The Moroccan operations commenced in 1921, in which year 8,100 tons was produced and sold. In the year 1930, 1,779,000 tons was produced and sold.

MARKETING POLICY

The policy of the Moroccan Government monopoly is to dominate the high-grade markets of the world at any price. This was shown prior to the time when sterling went off gold by Morocco's prices, which in places where they were seeking to establish themselves, such as Japan, Australia, South Africa, and the United States, bore no relation to prices in Europe where they are established. Subsequent to the drop in the gold value of the pound sterling, Morocco reduced her price to Europe from an average of $7.58 per ton, as found by the experts of the United States Treasury Department, to a level of about $5 to $5.25 per ton f. o. b. Casablanca. At the same time her price to Japan, which was $4.50 per ton f. o. b. Casablanca when England and Japan were on the gold basis, has been reduced almost correspondingly.

It might perhaps be argued that this drop in gold prices was to meet the drop in gold prices of phosphate produced in nongold countries, but an examination of world production indicates that the total 1930 production in countries that are now nongold countries was 1,091,415 tons out of a total of 10,614,701 tons, or 10 per cent.

Another factor that may have affected Morocco's decision was that 75 per cent of the production in nongold countries, or over 900,000 tons, was what is known in the trade as high-grade phosphate of the same general quality as Morocco, and of which the United States produces less than 1,000,000 tons per annum.

The newly established level of European prices for Morocco will render our claim of dumping, which was heretofore just and fair, nugatory and useless, while the low ocean freight rates now available will enable Morocco to land her product in United States ports for even less money than the $7 per ton heretofore protested. As will be seen in Phosphate Rock in 1930, heretofore quoted, the asking price for 75 per cent pebble phosphate f. o. b. mines is $5.50. To bring this to a competitive point like Baltimore one must add rail freight and terminal charges of $1.20 (the railroads are now moving to increase this to $1.44), vessel freight, loading and discharging costs of $1.75, or a total of $8.45, which with the newly proposed railroad freight increase will be $8.69.

MOROCCO IMPORTATION TO THE UNITED STATES

When Morocco commenced importations to the United States in 1927 at a price of $4 a ton f. o. b. Casablanca the American miners resorted to the antidumping provisions of the tariff law and upon application the Secretary of the Treasury found dumping as per his decision of February 9, 1928, which said:

"After due investigation I find that phosphate rock from Morocco is being sold in the United States at less than its fair value and that the industry of mining and selling phosphate rock in the United States has been, and is likely to be, injured by reason of the importation of phosphate rock into the United States from Morocco."

Since this decision the matter has been in litigation and will come for final review and decision before the United States Court of Customs and Patent Appeals at the October term of court this year.

From the history of the case, from a knowledge of the economic situation in Morocco and the rest of the world, from their estimate of the intention of Morocco to seize the market that United States producers now enjoy for approximately 1,000,000 tons of high-grade phosphate, from the knowledge of the marketing policy of the Moroccan Government monopoly as observed throughout the world, it is the universal opinion of the miners of American phosphates that the handing down of the court's decision, whether favorable to the contentions of the Americans or the reverse, will be the signal for the deferred fulfillment of contracts previously made in this country looking to a movement of 200,000 tons and the placing of such other and further contracts as will deprive the American producers of their market and affect not only the production of a million tons of high-grade phosphate in the United States but every ton of phosphate produced by American miners of no matter what grade by the reduction of the whole body of the price schedules. The destruction of the entire industry will surely follow the destruction of values in the leading quality. The pro rata declines in the price of lower-grade qualities which must inevitably follow will render it an impossibility for any of the American mines to operate, so that we take into view the possibility of Morocco phosphate entirely supplanting the American product.

WHAT PLANS HAS MOROCCO MADE TO SUPPLY THIS POTENTIAL DEMAND?

The productive capacity of the present installations at Khouriga based on the port of Casablanca, Morocco, is 2,500,000 tons per annum plus 1,000,000 tons already mined ready for shipment. For the past several years the Moroccan Government have been building up a new port known as Safi and has been constructing a new railroad from this port to new phosphate mines at Louis Gentil. The phosphate monopoly is active prosecuting the work at this new mine for the erection of a plant that will be capable of producing an output duplicating that of the mines at Khouriga. Consequently it can be seen that the French Government has already taken adequate steps in contemplation of the invasion of this market. The railroad from the new mines to the junction at Ben Guerir with the existing railway will be completed in 60 days.

WHAT ECONOMIC ADVANTAGES CAN BE DERIVED BY THE IMPOSITION OF AN EXCISE TAX?

The primary economic advantage to be derived is the maintenance of present operations in the mining of phosphate rock in the several States of Florida, Tennessee, Montana, Idaho, and Wyoming. Assuming that 4,000 workmen would be thrown out of work by the cessation of this mining and upon the basis of five persons to a family, this would amount to 20,000 people whose means of support would be taken away from them should phosphate-mining operations in the United States cease, besides the collateral effect upon the railroads and the coastwise vessels and upon those who supply raw materials consumed in the mining operations, such as machinery, electric power, fuel oil, etc.

The miners of phosphate in this country, who as aforesaid have invested more than $67,000,000 in their operations and whose taxes have increased by 500 per cent since 1913, are entitled to reasonable protection so that the food producers of this country may not find themselves obliged to rely upon a foreign monopoly for their supplies of this important commodity.

Once this foreign monopoly dominates the American market by shutting down the American mines, the prices of phosphate in the United States will be raised to a far higher level than that of to-day, which is the result of free competition among freely competing fields and between freely competing producers in each field with capacity easily sufficient to supply twice the normal consumption of the United States.

We know that the Moroccan Government has got all its plans set for the invasion of this market and that headquarters have been established in New York City. We do not think it can be entirely repelled. We believe that even if an excise tax of one-tenth cent per pound should be imposed, nevertheless there would be an increased movement of phosphate from abroad into this country and that the figure of 250,000 tons is not too much to be expected and that if our request for such an excise tax is granted the Government would derive a revenue of approximately half a million dollars per annum.

MORGAN H. GRACE.

NEW YORK CITY, *May 3, 1932.*

Mr. FLETCHER. As bearing on the pending amendment I ask to have printed in the RECORD a communication from the Southern Pine Association relating to an import tax on lumber.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter and resolution were ordered to lie on the table and to be printed in the RECORD, as follows:

NEW ORLEANS, U. S. A., *May 11, 1932.*

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.

DEAR SENATOR FLETCHER: We wired you last night regarding the resolution adopted at a meeting of Southern Pine Manufacturers, held in New Orleans yesterday, regarding the necessity for the inclusion in the pending revenue bill of an import tax on lumber. We are inclosing an additional copy of that resolution.

Because of the peculiar nature of our present-day foreign competition, as set forth in this resolution, and because of the extremely low domestic demand, the lumber industry is in dire need of the protection that would be afforded by the proposed import tax.

There were a large number of operators from Florida present at the meeting, and it was at their suggestion that we immediately telegraphed to you the resolution setting forth their views. We certainly hope that this measure may have your full support.

Yours very truly,

SOUTHERN PINE ASSOCIATION,
C. C. SHEPPARD.

LUMBER IMPORT TAX

Whereas the lumber industry of the United States is now operating at approximately 20 per cent of capacity, and with the many communities in the South dependent entirely upon the sawmills, thousands of families are undergoing extreme hardship and privation because of the forced curtailment of lumber production; and

Whereas Canadian trade agreements with Australia, South Africa, England, Ireland, and Scotland, preferential duties of other countries, and the general depreciation of foreign currency have

practically eliminated the exportation of lumber by the United States to countries which heretofore have consumed tremendous quantities; and

Whereas, with only the domestic markets remaining, and these being on an extremely subnormal basis of consumption, the lumber manufacturers are faced with the dumpage of surplusage by Canadian producers, who are protected by higher prices in British-controlled territories, and with importations of lumber produced in Russia from confiscated timber with convict or forced labor; and

Whereas the Senate Finance Committee, recognizing the principle of protecting the natural resources of this country and the labor engaged in their conversion, has incorporated in the pending revenue bill import taxes on certain commodities, including lumber: Therefore be it

Resolved, That we, manufacturers of southern pine lumber, representing all of the Southern States, in meeting assembled, urge upon our Congressmen and Senators the vital importance to their constituents and to the country at large of this tax on lumber imports; and be it further

Resolved, That copies of this resolution be mailed to Congressmen and Senators of the United States from all of the States represented at this meeting, with the recommendation that party principles be brushed aside during the existing emergency, and that they give their full support to this measure, which will not only serve to provide additional Federal revenue but will relieve a basic industry of uneconomic competition and more quickly provide employment for the hundreds of thousands of men and women whose only means of livelihood is provided by the lumber industry.

UNEMPLOYMENT IN MASSACHUSETTS

Mr. COOLIDGE. Mr. President, I ask permission to have inserted in the RECORD an article appearing in the Boston Herald under date of May 16, showing conditions in Massachusetts regarding per capita expenditures with reference to the unemployment situation in the Commonwealth. The article is entitled "Massachusetts Staggering Under Fifty-Million Dole for Year."

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

MASSACHUSETTS IS STAGGERING UNDER FIFTY MILLION "DOLE" FOR YEAR—PER CAPITA EXPENDITURE OF $15 A PERSON—BOSTON EXPECTS TO SPEND $14,000,000, OR SIX TIMES THE TOTAL FOR 1928

By Edward Allen

Massachusetts this year is staggering under the burden of a $50,000,000 "dole."

This sum does not include the cost of running expensive State municipal, county, and Federal hospitals and institutions. It does not represent money paid out by the State for public welfare or cash expended by the Federal Government for veterans' compensation and pensions.

It includes merely the cost of operating welfare agencies in the cities and towns for the immediate relief of the unemployed or extraordinary suffering caused by the death or incapacity of the family provider.

It amounts to a per capita expenditure of about $15 a person. Each taxpayer has to bear many times that amount.

In Boston the "dole," public and private, is expected to exceed $14,000,000 this year.

The overseers of the public welfare alone are distributing more than $1,000,000 every month.

The $3,000,000 raised in the united Boston unemployment campaign was barely sufficient to maintain the institutions for which it was collected for 10 weeks.

Soldiers' relief, due to the discharge of veterans employed on the Kenmore Square subway extension project, is mounting rapidly. In April, 1931, the department spent $26,142. Last month it distributed $105,014.

Since then 103 veterans have been laid off, with the expectancy that the figure would reach 500 within a few days. The rest have been placed on part time.

At the present rate, soldiers' relief will cost the city more than $1,125,000 this year. The cost for the first four months of 1932 was $275,956 as compared with $170,000 in 1931.

In addition, private charities received from the privately collected unemployment fund a third of the $3,000,000 which was successfully raised. Their share does not include the income from large gifts, endowments, and other regular sources.

In March, 1932, the Family Welfare Society of Boston distributed $49,148.12 as compared with $20,333.06 a year ago. The expenditures of other private charitable organizations increased proportionately.

The Worcester "dole" is now in excess of that paid by Boston in 1928, in spite of the fact that Boston is more than four times as large as the central Massachusetts city.

The Worcester Public Welfare Department spent $444,182 in 1928. Last year it expended $1,239,038.39. So far this year it has distributed $680,026. In addition, the city raised $628,404 for its private charities in the annual community fund campaign.

Boston's overseers of the public welfare spent only $2,200,000 in 1928—a sixth of what they will expend this year, if present conditions continue.

Newton, with its admirable system of coordinating private and public charity, is able to account for every penny expended on the unemployed.

In the first four months this year, Newton distributed for various forms of charity $96,010.15, or more than the entire 1928 expenditure of $85,703.35. The 1931 figure was $204,358.

Because of the multiplicity of systems employed in the various municipalities and because of the overlapping between payment for labor and the "dole" for involuntary idleness, comparison of the cost of relief in the various cities and towns is virtually impossible.

The Newton figures include soldiers' relief, mothers' aid, old-age pensions, the mayor's welfare committee, which spent $36,000 of private funds for labor last year, and the welfare bureau, another organization dispensing private funds.

The Cambridge public welfare roll will cost more than $1,000,000 this year. In nine months last year the figure was $477,000. In 12 months of 1928 it was only $194,000.

The Brookline welfare list for the first four months of 1932 cost $75,629, more than twice the entire 1928 figure of $37,211. The 1931 expenditures were only $110,801.

BIG BELMONT GAIN

In Belmont, welfare relief cost $8,733 in 1928; $17,505.86 during the first four months this year.

Concord welfare department have shown a decrease. The expense for the first four months this year was $3,700. Last year it was $4,600. The total last year was $1,000 less than 1928, when the figure stood at $13,000.

Haverhill's expenditures for the same department during the first four months this year were $129,461—in excess of the entire 1928 figure. The 1931 total was $294,183.67.

Lexington in three months this year outstripped its entire 1928 expenditure of $7,226. Its 1931 total was $16,413.

In Lawrence, exclusive of mothers' aid, the welfare cost in April was $46,585. The expense for the first four months was $174,916, as compared with $281,268 for 12 months last year.

In Watertown, the expenditure was $53,699 in 1928, $204,564 in 1931, $111,596 so far this year.

In Waltham the city paid $124,093.22 in 1928, $314,714 last year, $86,689 so far this year.

Needham spent $15,915 in 1923, $40,686 last year, $4,716 in April.

Milton spent $1,500 from public funds and $3,200 from the Cunningham fund in April. In 1928 its entire relief costs were only $12,297.

The smaller cities and towns are keeping pace with Boston in the increase of expenditures for soldiers' relief. Wakefield spent $6,000 for this item in 1928, $19,210 in 1931, $12,356 so far this year.

Reading spent $6,599 in 1928, $10,962 last year, $3,157 in three months this year.

Fall River spent for welfare relief, mothers' aid, and soldiers' relief in 1928, $449,328; in 1931, $750,425; so far this year, $292,021.

Chelsea spent more than $410,000 for general and soldiers' aid in 1931 and has spent nearly $190,000 already in 1932.

Revere spent for welfare relief in 1931, $155,177 and, exclusive of administration expenses, has spent $73,110 this year.

Winthrop spent $28,180.40 for welfare and soldiers' relief in 1931. The figures so far this year are not available.

Natick's welfare and soldiers' aid expenses in 1928 were nearly $35,000. In 1931 they had mounted to $119,000. In addition, $9,931 has been spent in recent months from a privately collected fund.

WELLESLEY SPENDS $750 A WEEK

Wellesley's relief list in 1928 cost $12,000. Last year showed a slight increase—to $15,743. However, an additional $35,000 was spent for "made" work for the jobless in 1931 and the present expenditure is $750 a week.

Somerville spent for welfare and soldiers' relief in 1928 $220,526; last year, $509,578.54; estimated for 1932, $839,600.

Melrose spent more than $57,000 for soldiers' relief and public welfare in 1931. So far this year it has spent more than $27,000.

Medford spent $158,490 in 1931 for the same items; this year it has spent nearly $86,000 in four months.

Everett spent $490,000 in 1931 for soldiers' and public welfare; this year it spent $250,000 in four months and estimates the cost of relief alone for the year at $625,000.

POLITICAL ACTIVITIES IN POST OFFICE DEPARTMENT

Mr. KING. Mr. President, a few days ago the Second Assistant Postmaster General attended a convention of postmasters at St. Louis, and upon that occasion he advised them in effect to engage actively in support of Mr. Hoover, to engage in political activities, and that if they did not do so he would be in Washington within a few days and would be glad to receive their resignations.

In view of the compliment paid this morning by the able Senator from Iowa [Mr. BROOKHART] to the Post Office Department, I feel constrained to challenge attention to that statement and to the statement made some time anterior thereto by the Postmaster General, in which, as I recall it, he stated that postmasters might engage in political activity outside of office hours.

The New York Herald Tribune of Tuesday, May 17—and that is a good Republican newspaper—contains an editorial

entitled "Cracking the Whip," in which it castigates the Second Assistant Postmaster General for his position. I ask that the editorial may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

CRACKING THE WHIP

What is the first duty of a postmaster? To maintain the efficiency of the Postal Service? Not at all. According to W. Irving Glover, our Second Assistant Postmaster General, a postmaster is filling his job just as long as he is campaigning for the administration that gave him that job, and no longer. Mr. Glover invited all Missouri postmasters who won't "get out on the firing line" for President Hoover to resign. The Missouri postmasters, strangely enough, appear neither to have thrown anything nor to have invited Mr. Glover to resign himself if he could not enlarge his conception of the duties of a public servant.

There are two kinds of postal employees: Those who are classed under civil service and are therefore forbidden by statute to indulge in party politics, and those who are presidential appointees, outside of civil service, therefore vulnerable to all the lashings of stupid and intolerant partisanship.

In a postal class by himself stands Mr. Glover, who seems to be earning a salary (contributed out of our taxes) by his ability to make a noise with the whip. Won't somebody please take the whip away from him?

Mr. KING. At the same time I offer an amendment to the Post Office Department appropriation bill proposing that no part of any appropriation provided therein shall be used for the payment of salary or compensation to the present Second Assistant Postmaster General. While we may not remove him, we certainly may refuse him his salary.

The amendment was referred to the Committee on Appropriations, and ordered to be printed in the RECORD, as follows:

At the proper place in the bill insert:

"That no part of any appropriation provided herein shall be used for the payment of salary or compensation to the present Second Assistant Postmaster General."

Mr. KING. Mr. President, I can not conceive that the Post Office Department should be used for political purposes as it has been for some time, and evidently as it is intended by the administration that it shall be used in the future. I think we might restrain, by proper amendments to the Post Office Department appropriation bill, the execution of the plan which apparently is in the minds of those in charge of the administration. I offer an amendment with that object in view.

The amendment was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Amendment intended to be proposed by Mr. KING to the bill (H. R. 9699) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1933, and for other purposes, viz: At the end of the bill insert the following new section:

"SEC. 9. No part of any appropriation made by Title II of this act shall be used for payment of salary or compensation to any postmaster unless and until he submits a statement under oath that (1) during the period for which such salary or compensation was payable he has not used or permitted to be used any part of the post-office building as a meeting place for any political club or organization or in connection with the conduct of political activities of any sort, and (2) that during such period he has not engaged in any political activities."

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 927. An act for the relief of the estate of Franklin D. Clark; to the Committee on Finance.

H. R. 1962. An act for the relief of Noble Jay Hall; and

H. R. 2606. An act for the relief of Edward Christianson; to the Committee on Claims.

GUARANTEE OF BANK DEPOSITS

Mr. FLETCHER introduced a bill (S. 4725) providing for the guarantee of bank deposits, and for other purposes, which was read twice by its title.

Mr. FLETCHER. Mr. President, the bill is a short bill but of great importance as such a bill if passed would immediately put an end to hoarding, would cause a return to the banks probably of $2,000,000,000; would end the possibilities of a run on the bank; would restore the confidence of bank officials, bank directors, bank stockholders, as well as their depositors, and would enable the bank to feel so great a sense of security that they would no longer be disposed to contract credit. They would be encouraged to make loans for productive purposes to the extent of their capacity where the security was satisfactory. Moreover, the bank depositors being likewise relieved of fear would undoubtedly take advantage of the extremely low prices of property at present to invest, and we should immediately have a rise and a justified rise in the value of real estate and all forms of property, including stocks that were sound and bonds that were good. The rise in property and commodity values would stimulate a restoration to prosperity, would increase consumption and production, and carloadings, and the national income from which revenues could be obtained for government of counties, cities, States, and of the United States. This would contribute in an important way in balancing the Budget permanently, would enable the people to pay their taxes, settle their debts, and do so without sacrifice. It would make unnecessary nuisance taxes, and enable the tax rate to be reduced on incomes and on commodities.

The bill provides a guarantee fund of $167,000,000 from the sums paid the United States as a franchise tax from the Federal reserve banks; $100,000,000 from the surplus of the reserve banks, both of which funds have been the earnings arising from the deposits of the people; and a further fund of approximately $100,000,000 per annum arising from a tax of 5 cents a quarter per $100 of average deposits for the quarter.

These funds would be of the greatest abundance, as demonstrated by the reports of the Comptroller of the Currency, which show that the losses to the depositors of the national banking system since it was founded in 1865, 67 years ago, has only been about $82,000,000 up to January 1, 1930. During the last two years, because of the stock-market collapse of 1929, the failures have been numerous, but a repetition of such a catastrophe can be prevented and, I assume, will be prevented by suitable legislation and proper safeguards.

Under this bill a number of safeguards are provided, to wit, that the deposits of no bank are guaranteed unless there is a capital and surplus of at least $25,000 as a primary guaranty; that the management of the bank and its condition shall be kept acceptable to the guarantee board.

The bill does not tax the banks and will probably cost the banks nothing. It taxes the depositor a very small sum for an insurance of his own deposit, and this insurance premium can, in all human probability, be discontinued after three or four years as unnecessary, as the earning of the guaranty fund invested in United States securities should by that time be abundant as a guarantee fund.

This bill has the advantage of affording equal safety to both National and State banks. The safety of the entire system is of great importance to the stability of business, as the checks against the deposits of the banks of the United States amount to over $700,000,000,000 annually and comprise the real "money" of the country, the "means of payment" by which payments are made and credits established. By checks probably 95 per cent of the business of the country is done, and the volume of these checks measures the volume of business transactions.

I regard the immediate payment of the depositor in case the bank fails as of great importance to the value of the plan proposed and that the payment of the insurance premium by the depositor is sound in principle and will be acceptable both to the depositor and to the banks.

The limitation of interest paid on deposits is intended to prevent unsound banking and unfair competition.

I request that the bill be printed in the RECORD for the information of Senators and of the public, and referred to the Committee on Banking and Currency.

There being no objection, the bill was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

A bill providing for the guarantee of bank deposits, and for other purposes

S. 4725

Be it enacted, etc., That there is hereby established a "guarantee fund" consisting of an amount contributed by the Secretary of the Treasury equal to the sums heretofore paid to the United States as a franchise tax by the Federal reserve banks and of future payments from the same source; the sum of $100,000,000 to be held by the Federal reserve banks from their surplus in proportion to their assets, subject to call of the guarantee board and the insurance premiums to be collected of the depositors as provided in section 3 of this act. Such fund shall be administered by the guarantee board and shall be invested in United States bonds. From this fund the deposits insured by this act shall, in the event of insolvency, be paid immediately that such deposits are definitely ascertained.

The guarantee board shall consist of four members, with the Comptroller of the Currency ex officio as a fifth member. The President shall appoint, by and with the advice and consent of the Senate, such members for a term of two, four, six, and eight years, respectively; the successor of a member of the said board, upon the termination of his term, shall be appointed for a term of eight years. Not more than two members shall be of the same political party. The President shall designate a governor of the guarantee board. Each member shall be paid from the guarantee fund a salary of $10,000 per annum, payable monthly, and his actual traveling expenses when on official business.

SEC. 2. The deposits of all national banks and of all member banks of the Federal reserve system shall be insured by the guarantee fund under the conditions of this act. The deposits of all State banks, trust companies, and mutual savings banks applying therefor and contracting with the guarantee board in the manner and form required by the said board shall likewise be insured by the guarantee fund. The deposits of no bank shall be insured under this act whose capital, surplus, and undivided profits are less than $25,000, or unless the condition and management of such bank is established and maintained to the satisfaction of the guarantee board and up to the standards of security established by the national banking system.

SEC. 3. The banks whose deposits are guaranteed under this act are hereby required on and after July 1, 1933, to collect from each depositor an insurance premium quarterly of 5 cents per $100 or less of average deposits for the preceding quarter and in multiples of $100 at the same rate. On or berore the 10th day of the month following the banks whose deposits are insured shall remit the insurance premiums as instructed by the guarantee board under penalty of forfeiting the insurance. When the net funds so collected shall total the sum of $300,000,000 the guarantee board may reduce the premium. The double liability of stockholders of national banks is hereby repealed.

SEC. 4. When deposits are ascertained and paid the receipt of the depositor shall contain an assignment of his claim against the bank and comprise a lien on its assets in favor of the guarantee board. No bank whose deposits are guaranteed under the terms of this act shall after this act becomes effective hypothecate its assets for any special deposit, and no official of the United States shall demand the assets of a bank as security for a deposit, but all such deposits of the United States shall pay for its insurance as other depositors.

The guarantee board shall have authority to negotiate with the officials of any State to make effective the contracts with State banks, trust companies, and mutual savings banks in accordance with the laws of such State. No bank whose deposits are insured, except savings banks, shall pay interest exceeding 3½ per cent per annum for time deposits or exceeding 1 per cent per annum for demand deposits.

The insurance of bank deposits under this act shall go into effect on and after July 1, 1933.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock a. m. on Monday next.

The motion was agreed to; and the Senate (at 1 o'clock and 15 minutes p. m.), under the order previously entered, took a recess until Monday, May 23, 1932, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES

SATURDAY, MAY 21, 1932

The House met at 12 o'clock noon.

The Rev. John Compton Ball, of the Metropolitan Baptist Church, Washington, D. C., offered the following prayer:

We come to Thee, our Heavenly Father, with a word of praise upon our lips for Thy watchcare over us through the night; that Thou hast permitted us to enter into the light and the activities of a new day, and to pray that Thy blessings may rest upon all that we think or say or do. We read in Thy word that all those in civil authority are ministers of Thine. May we wait upon our ministry this day and may the words of our mouths and the meditations of our hearts be acceptable to Thy sight, O Lord, our Savior and our Redeemer. We pray that Thou wilt hasten that day when the great blanket of depression shall be lifted from the earth and driven away as the rising sun drives away the mist of the valley, and that we may hear the hum of activity in city and in hamlet, and there may be no hungry child, no worn-out mother, no hands of men unemployed. To this end, bless the deliberations of this House, for Christ's sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

ECONOMY

Mr. MAAS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of economy.

The SPEAKER. Is there objection?

There was no objection.

Mr. MAAS. Mr. Speaker, several days ago I completed, after three months of intensive survey and study, a comprehensive program of governmental policy in retrenchment and revenue raising and introduced in Congress bills to carry it out. It is not presented merely as a temporary expedient but as a guide to permanent future policy, with substantial immediate benefits.

This program, if adopted, will do much to relieve the present emergency and prevent its repetition in the future so far as a balanced Budget is concerned.

The program consists of four major changes in governmental policy, and a fifth as an immediate expedient. Merely temporary expedients, engineered under high pressure and adopted under the lash of a shrewdly organized propaganda whip that threatens political punishment, will not afford genuine nor lasting relief. Those interests, who first obtained from Congress their dole, amounting to a billion dollars by way of the Reconstruction Finance Corporation, and other aids to banks and the larger corporations, and who are now seeking to avoid their proper share of the burden of these appropriations and who seek to avoid their just share of taxation by transferring the burden to the masses and those of moderate means by way of wage and salary reductions and a sales tax are doing more to endanger the country than they themselves realize. In order to high pressure their selfish demands they are deliberately indulging in a campaign of deceptive propaganda to further terrorize the public to force their wishes upon Congress. The grave danger is that they may turn this depression into a real panic and their selfish efforts to escape their just burdens will become a boomerang that will return to destroy them.

Nothing was said about the absolute necessity of immediately balancing the Budget and drastically reducing Federal expenses by serious wage cuts while they themselves were at the doors of Congress earlier in the year seeking relief for themselves aggregating more than two and one-half billion dollars.

It was not until they safely got theirs that they launched into this frenzied campaign to deny relief to everyone else, and to cut the wages and thereby lower the American standard of living, the maintenance of which is the basis and only hope for economic recovery.

We must plan for long-time operations and this program provides for that, although relief will start from the beginning and grow as the program expands.

The first step to accomplish lasting and effecting economy is a resolution providing for a joint House and Senate committee to make a comprehensive and exhaustive study of all Federal governmental activities and agencies.

These are to be classified in three divisions:

First. Those functions and expenditures absolutely essential for the main purpose of government, namely, to maintain peace, provide common defense, insure domestic tranquillity, establish justice, and protect the rights of the citizens.

Second. Those functions and expenditures that provide for these purposes in the second degree or that are collateral

to it, principally to promote the general welfare of the people, guide and regulate business, cooperate in vital matters with the States, but functions which are not absolutely necessary to maintain a Federal Union.

Third. All of those functions and their expenditures which are not directly related to the main purpose of government but are aids to and participation in the private business of citizens, States, counties, and municipalities, such as all Federal-aid welfare work, ship and air mail subsidies, farm boards, and many activities that are really luxurious services performed gratuitously by the Federal Government but that are in reality the responsibility of the individual, local community, organized group, or various industries themselves and are not properly related to the strict business of government as such.

When such a survey is completed and a report presented to Congress the public can then decide on a future policy and revamp the whole governmental machinery to any degree that meets their desire and purse.

The people will have to decide just how far they want the Government to go in its service to the public and how much they are willing to spend for these services that extend beyond the pure function of a government to maintain the Union. They will be able to receive only so much as they are willing to pay for. It is for the people to review the whole situation and decide where they want to strike the balance. Only in such a manner can a definite policy be established that will be well balanced, related, and coordinated.

The second step provides legislation that will permit the President to set up a flexible pool of Government employees that will be elastic enough to serve practically all purposes for which new bureaus and commissions are constantly being created.

This pool will have a permanent skeleton staff, and for the rest will temporarily borrow employees and officials from any Government department. Frequently one Government department has a slack period in its work, while another is at its peak load. The usual practice is to at all times carry the maximum number of employees that will be needed at peak load. This bill will permit temporary interchange of personnel by assignment from one department to another as well as to the pool. The pool itself could take over immediately the functions of many existing bureaus and commissions, thereby also eliminating much needless duplication and extravagance. Much of the work of these bureaus and commissions is, in reality, temporary and seasonal, yet complete and elaborate organizations are maintained permanently.

It would save at the most expensive place, particularly the higher-paid management and direction of these various agencies, by consolidating under one trained, nonpolitical, and nonpatronage head the administration of these more or less routine functions.

Of particular benefit there will be the avoiding in the future of the setting up of new bureaus and commissions every time some additional function is to be performed. Once established by law these bureaus have a way of fastening themselves on the body politic, acquiring political influence and perpetuating themselves from then on. This flexible-pool plan will permit temporary acts to be administered while the need lasts and then ceasing when the actual purpose is served.

These bureaus, now once established, reach out for ever-increasing power, usurp rights of the people, and become seekers after growing appropriations ever after. It is this condition that is largely responsible for the present spread of the intolerable bureaucracy that has grown up in this country.

This can be eliminated by this plan.

The third provision is a constitutional amendment to permit taxing securities that are at present tax exempt. The main difficulty to-day in reaching the large fortunes to get them to bear their fair share of the tax burden is their investment on a large-scale basis in tax-exempt securities. This amendment, if adopted, will make the income tax actually effective, which it is not now in the higher brackets. It will prevent the inordinate accumulation of superfortunes in nonproductive isolation but will keep money in productive circulation.

The fourth step is to adopt a policy of accumulating Federal surpluses in times of prosperity for use in times of stress. When the country is faced with threatened decline in general business the Government should do two things. It should lower taxes and increase expenditures.

It can do so only if there is a long-time planning policy of public work and the accumulation of surpluses in the Treasury. It is in such times as the present that the Government should do most of its public building and lend its aid to States in the matter of road building and education.

It has been the greed of the large interests that has made this impossible in the past. As soon as a surplus became apparent, demands were made that the tax rate, especially in the higher brackets, be reduced and the surplus immediately converted into tax rebates. These rebates seldom, if ever, went to the benefit of the employees of concerns receiving them nor to the general public who paid them.

I propose that a policy be adopted of setting aside a percentage of the governmental revenues to be invested in the Government's own securities as a revolving fund, to be built up in normal and prosperous times, to be used to ease the tax burdens in stringent times and do such public work then as will absorb unemployment at such times. This will have the effect of narrowing the margin between the high and low times we now experience and will tend to stabilize business and diminish the extremes of the present cycles.

The fifth and immediate plan for relief is to abolish the prohibition forces of the Federal Government at once, turning the enforcement over to the States under the joint provision of the eighteenth amendment, and thereby save $50,000,000 a year. No useful purpose is served by the attempted prohibition enforcement and it entails a heavy tax burden upon the people. Collateral with this is a provision to legalize and tax wine and beer under the eighteenth amendment until it can be repealed and thereby produce a revenue, which is most sorely needed, of at least $600,000,000.

This whole program taken in conjunction with measures already passed by Congress, or in the legislative process, will halt the downward trend and soon effect a healthy and permanent stabilization. The real object of all our efforts is to revive business and restore the sources of revenue. Having voted over a billion dollars to banking and industry to save and stabilize them, we can not now encourage nor foster a program of shifting the burden to the little men in the masses and at the same time restrict or destroy his purchasing power. If we do, we will be forced into the position of giving him his dole, too, as we have to organized business. It is to avoid reducing this country to the state where a general dole will be necessary that I present the above program, in the hope of maintaining the American standard, preserving the individual home, reviving business by increasing the purchasing power of the masses, and prevent thereby a complete collapse and consequent disastrous radicalism.

The whole system of private capital and individual property rights is at stake. It will take courage, self-sacrifice, loyalty, and united patriotic devotion to preverve our present benefits. We are now facing that test. Hysteria and panic-stricken propaganda will not aid in the solution. We need cool heads, calm judgment, and the benefit of every experience and lesson of the past. Hysterical backbiting and senseless, frenzied political attacks will only tend to further destroy the people's confidence and further complicate and delay the solution. It will take patience, courage, and vision. New and daring departures will have to be resorted to. The great bankers and industrial leaders led us into the present situation, and with all of their copybook formulas they have not been able to get us out of it in the three years that they have had their chance. Now, we must try new and different methods.

H. R. 4668—FLOOD CONTROL

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks on the bill amending the flood control act.

The SPEAKER. Is there objection?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under the leave to extend my remarks on H. R. 4668, which is an amendment to the flood control act of May 15, 1928, to require the Government to pay the costs of setback levees along the Mississippi River, I desire to correct the erroneous statements made and the misapprehension of many Members of the House with respect to the meaning and effect of the amendment.

The matter came up yesterday, Friday, May 20, on the resolution reported by the Rules Committee to provide for the consideration of this amendment. The time for debate was under the control of the Rules Committee and limited to 30 minutes on each side. The members of the Flood Control Committee intended, of course, to discuss the merits of the bill upon the passage of the resolution. The House, by a vote of 186 to 136, defeated the resolution of the Rules Committee providing for the consideration of the bill. There was thus no opportunity for the members of the Flood Control Committee to discuss the merits of the act, except the three minutes allowed the gentleman from Illinois [Mr. REID].

The gentleman from New York [Mr. SNELL] stated that the Assistant Chief of Engineers had informed him that it was difficult to estimate the costs of the bill. The gentleman indicated that it would cost an enormous sum. He was anxious to know the number of acres that would be thrown out that the Government would be compelled to purchase if the act passed. I asked him to yield and offered to supply the information. By leading the fight for the defeat of the resolution for consideration, the gentleman prevented the Flood Control Committee from supplying the House with the facts.

As I shall hereafter show, at the time of the passage of the flood control act of May, 1928, Gen. Edgar Jadwin, then Chief of Engineers, estimated that the costs of the rights of way for levees to the local levee boards would be approximately $4,000,000.

In the execution of the project, now from 50 to 75 per cent complete, the actual facts and accurate estimates show that the costs will be approximately $8,000,000. In no event, therefore, would the costs to the Government exceed $4,000,000. The main-line levees are located along the States of Missouri, Kentucky, and Tennessee, but for the most part, along the States of Arkansas, Mississippi, and Louisiana. I speak accurately and by the record. The Flood Control Committee was prepared to give the House data with respect to acreage and costs. They were denied this privilege by the defeat of the resolution for consideration.

Approximately 300 miles of main-line levee are located along the district in Mississippi that I represent. General Jadwin estimated the the rights of way for these levees would be approximately $1,168,420. This is not guesswork. I am giving his exact language from the hearings. As disclosed by pages 143 to 148, inclusive, of the hearings in January, 1932, on the pending bill, the costs of rights of way are practically double the estimate of General Jadwin. The work is about 60 per cent complete. As shown by page 147 of the hearings, about 8,700 acres of land, including 359 lots in the city of Greenville, were acquired from May 15, 1928, up to February 1, 1932, including the fiscal year 1931, at an average cost of $102 per acre. I am familiar with the area, and I estimate that approximately 3,000 acres of the average value of $50 per acre were thrown out. Again, on said page 147, for the fiscal years 1932 and 1933, the estimates are that 11,017 acres would be thrown out and that this amount has actually cost $269,080. There will probably be 2,000 acres additional in this district before the entire project is completed, at an estimated cost of from $25 to $50 an acre.

The figures that I have given are the acreage of the Mississippi levee district, with a levee line of approximately 210 miles. The upper or Yazoo Delta levee district has a levee line of approximately 90 miles, and as shown by page 145 of the hearings on the pending bill the loops or setbacks have cost approximately $399,600, and my estimate is that some 3,000 acres will be thrown out in said district. There is no guesswork about the matter. There will be no large costs to the Government. If the bill passes, in Mississippi the Government would not be required to purchase flowage rights over more than from 18,000 to 19,000 acres, and the costs, including improvements, would be approximately $800,000 to $1,000,000.

The rights of way, including the setbacks, are costing in Mississippi twice the amount that General Jadwin said they would cost. The same ratio obtains in Arkansas and Louisiana.

The additional costs are largely because of setbacks, especially under the administration of General Jadwin, Chief of Engineers. The flood control act provided for revetment for caving banks. Eighty millions dollars was allocated for this purpose. The Government engineers are building setbacks more cheaply than they can construct revetment. The cost to the Government is less, but the cost to local interests is more.

The purpose of the act is to prevent as much as possible the setbacks by requiring the Government to assume only the costs of flowage rights between the new levee lines and the river. It has developed that if setbacks are constructed instead of revetting the banks, and if the Government pays for flowage rights resulting from setbacks, the ultimate costs to the Government would be much less than if the banks were revetted as required by the adopted project.

If the engineers had followed the adopted project, if levees had been located as indicated by the Government engineers instead of setbacks to provide a life for the levees of 30 years, whereas the adopted project contemplated 20 years, if setbacks had not been made, and if revetments had been constructed, the Flood Control Committee would not have reported the pending bill. Setbacks have been largely used, although the general setback plan was rejected by General Jadwin because it was too expensive.

The gentleman from Wisconsin [Mr. STAFFORD] opposed consideration of the bill, and he asserted that the levee boards had repudiated their undertaking to furnish rights of way. The gentleman has not carefully considered the amendment. He gives attention to so many matters that frequently he does not examine bills as carefully as he otherwise would. The pending bill clarifies section 3 of the flood control act of 1928 and includes, word for word, the first paragraph of section 3. It reaffirms that the States and local levee boards are to provide all rights of way for levee foundations. There is no disposition on the part of the people in the lower Mississippi Valley to ask for relief from any of the provisions that Congress placed upon levee boards at the time it adopted the flood control act of 1928. The whole purpose of the amendment is to clarify.

The gentleman from Wisconsin [Mr. FREAR] repeated the arguments that he made four years ago as to the enormous costs of the project, which were then refuted by the House. His statement is completely refuted by the statement of Maj. Gen. Lytle Brown, Chief of Engineers, that while less than half the $325,000,000 authorized has been expended the work is 60 per cent complete. It is passing strange that Mr. FREAR and men like him would make wild and extravagant statements when it is so easy to ascertain the real facts. He can not reconcile his statement that the adopted project would cost $1,000,000,000 or $1,500,000,000, when the House passed the flood control act of 1928 by a vote of 254 to 91 over his opposition, and when the Chief of Engineers stated or disclosed by the hearings that less than one-half of the authorization has been expended and the project is more than one-half complete.

The pending bill makes no substantial change in the flood control act of May 15, 1928. The States and local interests will still be required to pay every dollar, and vastly more

than it was intended they should pay. The costs of rights of way will amount to more than the estimates of General Jadwin. The local interests will pay more than $4,000,000, but under the laws of Louisiana and Arkansas, as disclosed by the hearings, there is no provision for compensation either by the Federal Government or the States to the landowners for lands that are thrown out by reason of the unusual setbacks made in the execution of the project.

I am astounded at the statement of the gentleman from Massachusetts [Mr. DALLINGER] who says, and who argues, that landowners whose property is taken by levee construction and thrown out by setbacks have their recourse either in the Court of Claims or by filing suits against the Government. He is usually careful. I am surprised at such a hasty statement on his part. He spoke without being advised and without investigation. The Supreme Court of the United States has decided in a number of cases that damages resulting from the construction of levees on the Mississippi River for the public good are not a taking of property, but are merely incidental to the exercise of a servitude, to which it is always subject. (Gibson *v.* U. S., 166 U. S. 271; Bedford *v.* U. S., 192 U. S. 233; Jackson *v.* U. S., 230 U. S. 1; Hughes *v.* U. S., 230 U. S. 24.) The gentleman also states that the property owners should pay local assessments. They are now furnishing rights of way. The costs of these rights of way in the execution of the project annually since the flood of 1927 have been burdensome. The gentleman overlooks the fact that the property owners of the lower Mississippi Valley have expended $292,000,000 in constructing levees prior to the great flood of 1927. He overlooks the fact that the two levee boards in Mississippi had expended in the past 45 years approximately $45,000,000 in building the levees to the 1914 grade and section under the direction of the Mississippi River Commission.

The citizens were under the impression that the Mississippi River Commission, the agency of the Government, was right and that they would be protected. Bonds were issued to enable the levee districts to contribute to the construction of practically the entire levee line in Mississippi up to the 1914 grade and section. Instead of merely paying assessments, State and local levee boards have paid much more than the Government has expended or will expend under the adopted project for levees.

It is to be regretted that the merits of the bill were not considered and that no opportunity was afforded for an analysis of the act. Its provisions are reasonable. The costs have been substantially determined. There is no speculation. The levee boards have borrowed the money, and the lands have been acquired. I have given the acreage and the costs from the actual hearings. If the levee boards are reimbursed, as provided by the act, the reimbursement will be for only the flowage rights between the new levee lines and the river. The local interests will be required to bear the costs of rights of way for the levee foundations. I repeat that a reasonable estimate of the cost to the Government would not exceed $4,000,000. Some 18,000 to 19,000 acres of land in Mississippi, much less in Arkansas, and about 35,000 or 40,000 acres in Louisiana are involved. The principal levee lines are located along these States.

The gentleman from New York [Mr. SNELL] referred to the fact that the Chief of Engineers had not approved the pending bill. As I shall hereafter show, he virtually admitted that an injustice had been done to property owners. It was his opinion that the Government ought not to bear the entire costs of the setbacks, but a fair conclusion from his statement is that the Government should bear a part of the costs of setbacks. Members of the Flood Control Committee considered his report and his testimony and also the report of the Acting Secretary of War. The question of payment is an economic proposition. The members of the committee felt that their conclusions with respect to economic questions were entitled to as much weight as the conclusions of either the Acting Secretary of War or the Chief of Engineers. It is fair to say that under the administration of Gen. Lytle Brown, Chief of Engineers, a more liberal policy toward landowners has obtained.

In a word, the bill provides that the Government assume the costs of setbacks. The bill further provides that the State or levee districts may acquire flowage rights to relieve the Government of condemnation suits. The matter is optional with the Government. The Secretary of War has the right to condemn in the first instance. This provision was inserted in the bill for the benefit of the Government. There are no other changes or amendments in the existing law. I repeat, to emphasize, that, if the bill passes, the local interests will be relieved of no obligation, either to furnish rights of way, maintain the levees, or otherwise under the flood control act.

I now refer to the essential provisions of the flood control act of May 15, 1928. I will set forth the purpose of the pending bill after making an analysis of its provisions. I will make reference to the hearings as to the costs of the amendment.

The United States should provide flowage rights by reason of setbacks in the levee lines on the Mississippi River, inasmuch as they were not contemplated in the adopted project.

H. R. 4668 is an amendment to the flood control act of May 15, 1928, to require the United States to compensate property owners for flowage rights over all lands situated between the levee lines of the adopted project by reason of setbacks on the Mississippi River. Its purpose is to clarify and effectuate the intent of Congress with respect to local contributions. It requires no authorization and involves no additional appropriation.

Under the flood control act of May 15, 1928, Congress authorized the appropriation of $325,000,000 for the flood control of the lower Mississippi River. Section 2 of the act declared that there had been a full compliance with the principle of local contribution. Under section 3 the States or local levee boards are required to provide all rights of way for levee foundations on the Mississippi River between Cape Girardeau, Mo., and the Head of Passes.

The flood control act adopted the so-called Jadwin project for the control of floods of the lower Mississippi Valley. There were extensive hearings during 1927 and 1928. Every phase of the subject was studied and investigated. The Chief of Engineers furnished the Flood Control Committee of Congress with his estimates of the costs of rights of way along the main river under the adopted project, and they are found on page 4830, parts 6 and 7, of the hearings, 1927–28. The estimates amounted to $4,088,790. When the bill was passed, the States or levee districts understood that they would be called upon to pay this amount for rights of way for levees.

The adopted project provided for enlarging, raising, and strengthening the levees along the main river and for revetment of caving banks. Eighty million dollars of the authorization of $325,000,000 was to be used for revetment and in aid of navigation. Caving banks occur in the bends of the river.

In the execution of the project it has been found to be more economical to construct levees across points in the bends than to revet the caving banks. In many cases the lands in the bends are highly improved and very valuable. No compensation was provided for flowage rights over these lands in the adopted project. It was anticipated that they would be protected. The result is and has been that the local interests have been required to pay a great deal more for rights of way than was anticipated, and in many cases property owners have been paid nothing for lands taken.

It was necessary to improve the levees on the south bank of the Arkansas and on the south bank of the Red Rivers. Under the adopted project the Government is to furnish the rights of way for levees along these two tributaries, with the result that no unusual setbacks have occurred and but small areas of lands have been left unprotected. Where the Government is required to furnish rights of way, lands have been protected, whereas, on the main river, where the local interests are required to furnish rights of way, valuable lands have been left between the new main levees and the river and are thus unprotected.

ANALYSIS

The purpose of the pending bill is to remove the injustice to landowners under the adopted project. The Committee on Flood Control reported substantially the same bill on February 16, 1931, when the Republicans were in control of the House. The difference between that bill, which was H. R. 17074, Seventy-first Congress, third session, and the pending act is that the amendment under consideration includes compensation for damages to improvements on the lands between the new levees and the river. The language clarifies rather than changes the meaning of H. R. 17074. The Flood Control Committee has conducted numerous hearings on the subject of setbacks and relocations.

The act reported by Mr. KOPP, of Iowa, on February 16, 1931, was the bill upon which the Flood Control Committee agreed after Mr. WILSON, of Louisiana, had introduced H. R. 11548, which also required the Government to furnish rights of way. A report was submitted by the Acting Secretary of War on H. R. 11548, and the material part of the report is found in the hearings of 1930, part 5, page 1290. I quote from the report of the Acting Secretary of War as follows:

> There is more of a question in this proposed amendment than the mere rights of way of levees. In the setback of a levee the question of abandoning considerable amounts of the best land in the valley will arise. The question is, Who shall pay for the land abandoned, if it should be paid for at all? At present the burden falls on those whose business it is to procure the rights of way, namely, the local people, and they should, in my opinion, be required to bear at least a part of such burden. The proposed amendment does not cover this feature as it should.

The bill on which the report was made required the United States to pay not only for flowage rights but for rights of way. The substance of the report of the War Department, as well as the substance of the testimony of Maj. Gen. Lytle Brown, Chief of Engineers, is that the local interests should be required to bear at least a part of the burden. The Flood Control Committee thereupon amended the bill on which the report of the Acting Secretary of War was submitted and unanimously reported H. R. 17074 on February 13, 1931, and again on February 15, 1932, unanimously reported the bill under consideration, H. R. 4668.

The amendment provides that the United States shall pay for flowage rights. It also provides that the States or levee districts may acquire the flowage rights for the United States and that the United States shall reimburse them upon proof that the flowage rights have been obtained at a fair valuation and at reasonable expense. The United States is thus relieved, unless there is an imperative necessity of resorting to direct condemnation suits to acquire flowage rights. This practice obtained in securing the rights of way on the south bank of the Arkansas and on the south band of the Red River. All the hearings disclosed that the Chief of Engineers was entirely satisfied with the values on these tributaries and there was cooperation between the local interests and the Government.

PURPOSE

As I have stated, and as I could better show by maps, in the execution of the adopted project and particularly during the tenure of General Jadwin as Chief of Engineers, it was found more economical for the Government to build levees across points than to revet the caving banks. The local interests were thus required to pay much more than was ever contemplated under the adopted project. The result has been burdensome and in some cases the local interests have been unable to provide rights of way. Citizens have not been compensated for large areas of land between the setbacks and the river. A very great injustice has been done. Levees are cheaper than revetment. It will not be necessary, even if levees are constructed, where revetments might be built, to increase the authorization or appropriation, inasmuch as levees are more economical than revetment. Justice, however, will be done to citizens and to landowners.

NINETEEN FOURTEEN GRADE

Along the States of Arkansas, Mississippi, and Louisiana there are approximately 1,000 miles of main-line levees. These levees prior to the great flood of 1927 had been substantially built to the 1914 grade and section under the supervision of the Mississippi River Commission. The people of the lower Mississippi Valley had either built the levees or contributed approximately two-thirds of the cost of construction upon the assurance of the Mississippi commission, the agency of the Federal Government, that protection would follow.

I represent the Delta district of the State of Mississippi. There are approximately 300 miles of main-line levees between Memphis and Vicksburg. Prior to the flood of 1927 the levee lines had been completed, with the exception of about 12 miles between Brunswick and Vicksburg. As shown by page 4613 of the hearings of 1927 and 1928, the Mississippi River Commission estimated that it would cost the Mississippi Levee District approximately $330,000 to complete the Brunswick Levee and to bring the entire levee line up to the 1914 grade and section. I may say that there are two levee districts in Mississippi, the Yazoo Delta District, with about 90 miles of levee, and the Mississippi Levee District, with about 210 miles of levee. The entire levee line in the Yazoo district was above the 1914 grade and section. These two levee districts had expended in the construction of their levee lines and in local contributions for construction by the engineers of the Federal Government prior to the flood of 1927 approximately $42,000,000. There were outstanding bonds for levee construction. It is necessary to repair and maintain the levees as well as to furnish rights of way, and large annual taxes are required for these purposes under the flood control act.

Under the adopted project, as shown by the testimony of General Jadwin, Chief of Engineers, it was estimated that the costs of rights of way in the said two Mississippi levee districts, as shown by page 4830 of the hearings, aggregated $1,168,420. As shown by page 4805, the rights of way for the Yazoo Delta or upper Missippi district were estimated by General Jadwin at $68,796.

As shown by page 4803, the outstanding bonds of the Yazoo Delta District amounted to $4,444,000, while, as shown by page 4802, the outstanding bonds of the Board of Mississippi Levee Commissioners amounted to $3,126,000 at the time of the adopted project. These bonds will mature in annual installments during the next 20 years. Taxes to retire the bonds and to provide for maintenance and rights of way are levied and collected annually on all property, real and personal, in the two levee districts.

MISSISSIPPI LEVEE BOARD

The taxpayers in the Mississippi Levee District assumed, as they had the right to do, and as shown by page 4830 of the hearings on the testimony of the Chief of Engineers, that they would be called upon to pay $1,099,624 for rights of way, which is the difference between the total costs of rights of way for the State of Mississippi, $1,168,420, and the costs of rights of way for the Yazoo Delta, $68,796.

As disclosed by the hearings, part 4, Seventy-first Congress, page 1218, and as disclosed by the hearings on the pending bill, Seventy-second Congress, first session, page 147, the Mississippi Levee District, for rights of way from May 15, 1928, to February 1, 1932, actually paid $887,282, and the estimated cost of rights of way for 1932 and 1933 projects is an additional amount of $436,775, aggregating $1,324,057.

The work will probably be 75 per cent complete and approximately $500,000 for rights of way will be required to complete the main line levees in this district. The difference between the amounts actually expended by the Mississippi Levee Board and the amount of General Jadwin's estimate grows out of the fact that as disclosed by the hearings of 1930, page 1218, approximately $861,730.23 had been expended on account of setbacks. The rights of way are thus costing twice as much as estimated by General Jadwin in this district.

YAZOO DELTA LEVEE DISTRICT

As shown by the 1932 hearings, page 145, the Yazoo Delta Levee District had expended for rights of way up to February 11, 1932, approximately $846,118. The levee line in

this district is approximately 60 per cent complete. Additional large amounts will be paid for rights of way.

As shown by page 4805 of the hearings, 1927–28, General Jadwin estimated that the total costs of rights of way in this district were $68,796. This levee board has already spent more than twelve times as much as General Jadwin testified they would be called upon to spend for rights of way. If revetments had been constructed and there had been no setbacks or loops, the costs to the local district would have been approximately one-half. The Government should keep faith with the people. I can offer no better illustration and no better evidence in support of the necessity for the pending legislation than the facts I have given from the record in the execution of the project in the Yazoo Delta Levee District.

COSTS

The question naturally arises as to what the passage of the pending bill will cost the Government. In practice it will provide for the transfer of funds that would otherwise be used in revetment to levees. I have given facts and figures. In the upper Mississippi district the costs under the bill would be approximately $400,000, while the costs in the lower or Mississippi River district would be approximately $600,000. As I have stated, there are about 300 miles of levee in Mississippi.

The costs of rights of way in Arkansas and Louisiana, according to the hearings before the committee, largely as a result of setbacks and loops, are from two to three times as much as the amount submitted by General Jadwin. General Jadwin estimated, as I have pointed out, the costs of rights of way in the lower Mississippi Valley to be approximately $4,000,000. In practice and as the result of economy, at the expense of citizens and taxpayers, in the construction of setbacks and loops, rather than in building revetment as provided by the project and as disclosed in the hearings, the costs will be approximately $8,000,000. The costs, therefore, under the pending bill for flowage rights, which the Government will be required to pay, will in no event exceed $4,000,000.

The passage of the amendment will in no wise interfere with the requirement of the flood control act of 1928 that the local interests furnish rights of way. In fact, section 3 of the flood control act of May 15, 1928, is embodied in the pending amendment.

The necessity for the immediate passage of the pending act is that under existing conditions the levee districts are unable to bear the burden. In some cases these districts are unable to provide rights of way, and the districts that are able to protect are the sufferers. The proposed amendment will provide for the integrity of the levee system and for the protection of the lower Mississippi Valley.

The amendment is really a clarification of the existing law. Its provisions have worked well on the south bank of the Arkansas and the south bank of the Red Rivers. No additional appropriation will be required. No further authorization is provided. Local taxpayers will not be relieved from any of the provisions of the flood control act of 1928, as disclosed by the hearings and according to the intent of Congress. The pending amendment should be adopted. The levee districts, after the adoption of the pending amendment, will certainly be required to pay for rights of way, as provided by the flood control act of 1928, more than General Jadwin estimated, as disclosed by the hearings, and more than the local interests anticipated they would be required to pay.

The respective contributions of the United States and the local interests to levee construction along the lower Yazoo Valley are economic questions. The Chief of Engineers furnishes Congress with the facts. It is for Congress to pass upon the economic questions involved. The flood control act of 1928 settled the matter as to local contributions required. I urge the passage of the bill to effectuate the intent of Congress as to local contributions and as a matter of justice. Good faith requires the passage of the bill.

PUBLIC SERVICE

Mr. DOUGHTON. Mr. Speaker, I have a request from my colleague, Mr. ABERNETHY, coming through his secretary, asking unanimous consent that he may extend his remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, during my 10 years as a Representative in Congress I have tried to represent the third North Carolina congressional district as well as the State and Nation as a whole. Every moment of that service has been a genuine pleasure to me and my constituents have honored me by returning me to Congress each term with an increased majority. There is no way that I can express the gratitude in my heart to the people of my district for this confidence and trust. There is no way that I can hope to repay them except by striving even harder in their behalf.

I now am faced with opposition at a time when I am recuperating from a long and serious attack of influenza. There were two years of my present term when opposition might have come to me from any source, but no one chose to oppose me until it was thought that I was so ill that I would be unable to return to my district and answer the many unjust and unfair attacks that have been made upon me. I wish to warn my friends now that there will be false and scurrilous last-minute attacks made upon me, which has been the habit of my opposition each and every time I have been opposed for renomination. It was no doubt the hope of this opposition that I might not have the time to answer any of these attacks.

I am running for renomination purely and solely on my record of 10 years of service in Congress. This, I feel, entitles me to the confidence and support of the people of my district.

The opposition which comes to me is not based on any merit that the opposition may claim, but is predicated solely on an underhand effort to discredit and abuse me. This has been the method employed against me each and every time I have had opposition in the past. Every supposed issue that is being raised against me in this campaign has been raised heretofore and completely answered as evidenced by the large majorities I have received.

One issue raised against me in the 1930 primary was broadcast throughout the district, and yet I received the largest majority ever received by a Representative in Congress from this State. The same issue is being raised against me again which I answered two years ago.

I have fully explained heretofore the situation about the clerk hire in my office. No portion of any clerk hire comes to me or to anyone connected with me, directly or indirectly. Every cent apportioned by the Government to the clerk hire in my office is distributed to the clerks and workers in my office.

I answered the issue in reference to my opposition on reduction of Federal salaries in my speech on the floor of the House of Representatives on April 6, 1932.

I stand now and have always stood for the strictest economy in government. I have favored at all times the abolition of the many useless commissions and bureaus with which the Republican administration has burdened our country.

The House of Representatives has recently voted to decrease the Federal salaries in the higher brackets 11 per cent under the provisions of the bill approved by the Economy Committee of the House of Representatives. This I did not oppose.

There has never been any hesitancy on my part to accept any personal sacrifice for the welfare and interest of the people of my district.

The main reason I have opposition now is because I have dared to stand in the Halls of Congress and champion human rights above dollar rights.

It is a sad situation and one which will never lift us out of this depression, when we consider that more than 80 per cent of the wealth of this Nation is controlled by less than 20 per cent of the people. I stand committed to a program of legislation that will redistribute this wealth among the people of this Nation who have helped to earn and produce it. Our country can not survive and prosper under a system

where a small group of wealthy interests can control the circulation of our currency. One of the causes of our many bank failures is due to this condition. The Government has the right and the power to control the value of money and to regulate the circulation of money and if, as in England and Canada, the Government controlled the value and circulation of money, the number of our bank failures would have been decreased.

I have consistently voted during my 10 years in Congress for every bill introduced for the benefit of our soldiers and veterans who served our country during the Great War. This group of individuals represents largely the downtrodden and suffering masses of our Nation. The wealthy and influential classes of our citizens represent a small percentage of this group. The men who went to war and stood in the trenches and faced gunfire gained little from the war. The big interests that waxed rich at the expense of our soldier boys on the front should be made to bear the brunt of the burden of appropriations passed by Congress for the benefit of the veterans.

My district is now suffering in this great depression. Many of my constituents are in need of the bare necessities of life; suffering and hunger are abroad in the land. The Democratic House of Representatives has tried in vain to remedy this situation, but the administration of our Government, though professing great concern for the welfare of the people, has lent its power and influence in shielding the wealthy interests from a just tax and a just proportionate burden of the upkeep of our Government.

There has been the digging, deepening, and improving of 38 waterway projects in my district and eastern North Carolina during my tenure of office, about which the people of my district know.

I have worked for and voted for every farm-relief measure offered which had for its purpose the benefit of the farmer. The farmer's problems are many and varied. It has always been my aim and purpose in the past to help work them out. I have earnestly striven to do so. I shall continue to work to this end.

I feel that I have been of benefit to the many truck growers and shippers in my district in aiding them in working out better railroad schedules and in their fight for express refrigeration service. I have worked with the Interstate Commerce Commission and with others in bringing about better conditions. Those who have received the benefits know what has been done.

The establishment of Moores Creek National Military Park at Currie, N. C.; the securing of the Fort Macon Military Reservation to the State without cost; the passage of the bill for the erection of the monument to Vice President William Rufus King at Clinton, N. C., his birthplace; these and many other activities, too numerous to mention, have, I hope, proven beneficial to my district. The establishment of many rural mail services and extensions secured by my efforts have, I hope, improved the postal service in my district.

The addition to the Federal building at Goldsboro, the securing of new Federal buildings at Mount Olive and New Bern, and improved quarters for post offices in the various towns of my district have engaged my most serious attention and efforts.

In my speech delivered in the House of Representatives on April 29, 1930, I introduced a complete index showing my work in Congress to that date. I do not have the space to set these items out in detail here, but I will be glad to furnish a copy to any of my constituents upon request. The CONGRESSIONAL RECORD, however, does not show the many personal calls made upon me by the people of my district. It has been a great pleasure to serve them personally and individually in many matters which have come up before the departments in Washington.

Since I first came to Congress I have striven to respond promptly to every reasonable request made of me by my costituents, making it a rule to answer promptly all letters and inquiries, and whenever possible to try to carry out their wishes. This has necessarily increased my work, but I have always felt that my first duty was to the people of my district.

There are few homes in my district that I have not served in some way during my term of office. I ask these many friends I have helped to sustain me at this time. The Members of Congress who have been outspoken and active in behalf of the individual rights of the people as against the wealthy interests of the country have met opposition in many of the State primaries throughout the Nation, and these forces will do anything within their power to defeat any Member of Congress who has championed human rights above dollar rights.

One of the things that weakened my resistance to the attack of influenza which I had in Washington was the vigorous fight I made on the Federal sales tax proposed at this session of Congress, which would have placed upon the people of my district and the people of the Nation as a whole a burden of over $2,000,000,000 in taxes. Having taken an active part in the defeat of this legislation and fighting to put the bulk of this tax burden upon the wealthy interests of the country has brought upon me at this time the opposition not only of these wealthy interests but of a number of the large newspapers that have gone so far as to even distort statements I have made upon the floor of the House of Representatives.

It is regrettable that the opposition to me at this time resorts to a campaign of abuse and criticism. I shall continue to fight for the rights of the people of my district, State, and Nation, and I shall never betray them.

I ask to be sustained on my record, and I hope to be continued in the service of my people.

WASHINGTON BICENTENNIAL AND POSTOFFICE DAY, JULY 26

Mr. KELLY of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD in connection with the bicentennial plan of celebrating postoffice day July 26.

The SPEAKER. Is there objection?

There was no objection.

Mr. KELLY of Pennsylvania. Mr. Speaker, for every tick of the clock through the entire year more than 500 stamps bearing the likeness of George Washington are attached by Americans to mail matter intrusted to the United States Postal Service. Still that is not the most important fact as to the relationship of Washington with the Postal Service. There are 28 post offices in the United States bearing the name of Washington, a greater number than those having any other identical name, but that is not the real proof of Washington's connection with the United States Post Office.

Washington's supreme life purpose was symbolized by the Postal Service, that great agency for the promotion of intercommunication and mutual understanding. During his entire career he labored to break down barriers, to eliminate dividing lines, and to build a great community through communication. Born in the East, he died only a few miles from his birthplace, yet no man of his age visioned a mighty American empire as did Washington. As youthful surveyor, road builder, commander of armies, member of legislature and Congress, President of the Constitutional Convention, and President of the United States, he struggled to make a united nation out of disconnected fragments and out of disunion to bring unity. Naturally, indeed, he promoted the cause of postal communication, and his efforts in that direction were of the greatest value.

Washington always realized the importance of the Postal Service and he was a pathfinder and road builder in the days when the chief postal problem was that of finding ways through the wilderness. For eight years of his life Washington was Commander in Chief of the Continental Army, but for more than 50 years he was the outstanding champion of the intercommunication which alone could make possible a people's Government. In war he created nationality; in peace he fostered the intercommunication which alone could preserve the Nation.

It was the year of his birth, 1732, which saw the entrance of his native State into the intercolonial postal system. Sev-

enty-five years before, in 1657, the Virginia Assembly had passed an act which required that "all letters shall be immediately conveyed from plantation to the place or person they are directed to, under a penalty of one hogshead of tobacco for each default." However, this was a postal regulation which applied solely within the colony, even though more drastic than the action of any other colony.

When the British Crown gave Thomas Neale a postal monopoly in 1691, providing for the establishment of an intercolonial system, with postage rates to be fixed by agreement with the legislatures, Virginia refused to enter into any agreement. Then when the Crown had taken over the monopoly in its own name and Parliament had passed Queen Ann's Act arbitrarily fixing postage rates, Virginia protested mightily. Her cry that postage rates, so established, constituted unjust taxation was the first to be heard, although the argument was raised in all the other colonies after the stamp act a half century later. Virginia kept out of the system by such drastic legislative requirements for postmasters and post riders that no one would undertake the work.

As population increased and business connections widened, Virginia's complete isolation was impossible, and in 1732 she reluctantly entered the circle of the Royal Mail.

When Washington was 5 years old Benjamin Franklin was made postmaster at Philadelphia, and soon after became surveyor of post offices. With his invincible energy he made a tour of all the post offices, over the almost impassable roads and laying out plans for improvements and betterments. So successful was his work and so apparent were the results that in 1753 Franklin became Deputy Postmaster General of the American colonial system. He remained in that position until 1774, when he was dismissed by the British Government.

During this period Washington was receiving a first-hand education as to the vital performance of the means of communication and transportation. He saw the possibilities within the crude and primitive postal system and realized that its progress depended upon better roads.

At the age of 16 he started on a surveying trip across the western mountains. He was not superstitious, for he began his journey on Friday, March 11, 1748, and returned home on the 13th of April. In his diary kept during this trip he sets down repeatedly the belief that the existing roads were the "worst ever trod by man or beast." On one occasion he had to wait for three days until a swollen river went down sufficiently for his horse to swim its torrent. Undoubtedly, this experience made a deep impression upon the youthful mind and led to his lifelong determination to help improve the all-essential means of communication between the different parts of the country. He thus set himself to help solve the biggest problem in America.

In 1754 Washington helped to build the first wagon road to the western country and laid the foundation for what is now the National Old Trails Highway, the only road built solely by the National Government and the longest stretch of paved highway in the world. This road was then known as the Cumberland road and was used by the troops commanded by Washington, which were defeated at Fort Necessity.

A year later Washington came over this road again, this time with the ill-fated expedition under General Braddock. Three years later the Braddock defeat was wiped out by General Forbes, who captured Fort Duquesne and renamed it as Fort Pitt on the site of the present-day Pittsburgh. With this victory Washington's road became the gateway of the West, and settlers poured over it to the western country.

In 1784 Washington came over the Cumberland road again and made it a central feature of his comprehensive plan for roadways and waterways between the Atlantic Colonies and the West. It was in that year that a cross post was established to Pittsburgh, and mail in ever-increasing volume went forth to help hold in the Union those settlers in western Pennsylvania who, according to Washington, were so nicely balanced in their allegiance that the touch of a feather might incline them either to the United States or to a new nation of their own. In tipping the balance toward the side of the Union the Postal Service performed benefits beyond the power of the mind to compute.

The early roads were built and maintained by the able-bodied men of the community, who gave a specified number of days to the work. On November 30, 1784, Washington wrote to Patrick Henry:

> Do you not think, my dear sir, that the credit, the saving, and the convenience of this country all require that our great roads, leading from one place to the other, should be straightened, shortened, and established by law, and the power of the county courts to alter them be withdrawn? It is equally clear to me that, putting the correct valuation upon the labor of the people who work upon the roads under the existing law and the customs of the present day, the repair of them by way of contract to be paid by assessment upon a certain district would be indefinitely less burdensome upon the community than the present mode.

In 1774 Washington introduced a bill in the Virginia House of Burgesses providing for the improvement of the Potomac River for 150 miles above tidewater. Up to the day he went to Cambridge to accept the responsibilities of Commander in Chief of the Continental Army he kept up his work as the great champion of communication. While still in command of the army at Newburgh, N. Y., he took a journey to the headwaters of the Mohawk and Susquehanna Rivers, seeking improved means of communication. When the war of independence was won and he had laid down his command in Annapolis in 1783, he renewed his life task of binding the new Nation into one unity through lines of communication. Washington had been invited by Lafayette to come to Europe to receive the plaudits of the people, but he replied that he must go into the western land to map out the highways and waterways in order that the Nation, established with such suffering, should not die from disunion. At this time also he laid out the Cumberland road and mapped the Chesapeake and Ohio Canal, which was designed to connect the Atlantic with the Gulf of Mexico, through the Potomac, Youghiogheny, Monongahela, Ohio, and Mississippi Rivers. In 1785 he wrote to Edmund Randolph:

> The great objective which I wish is for the navigation of the Rivers James and Potomac to connect the western territory with the Atlantic States. All others to me are secondary.

As President, Washington continued his interest in highways of communication. He made personal tours of the country everywhere, urging better means of communication. The first macadam road in the new world was the Philadelphia and Lancaster Turnpike, built in 1792, during Washington's administration. It was the forerunner of thousands of miles of improved highways which to-day link every part of the United States into one great community.

Washington and the United States Postal Service have been alike in their willingness to encourage every new method of speedier communication and transportation.

On September 6, 1784, Washington was at Bath, Va., where he was shown the model of a boat constructed by the ingenious Mr. Rumsey "for ascending rapid current by mechanism." Without hesitation Washington gave Rumsey a certificate in which he declared:

> I have seen the model of Mr. Rumsey's boat constructed to work against stream; have examined the power upon which it acts; have been an eye witness to an actual experiment in running water of some rapidity; & do give it as my opinion (altho' I had little faith before) that he has discovered the art of propelling boats by mechanism & small manual assistance, against rapid currents;—that the discovery is of vast importance—may be of the greatest usefulness in our inland navigation—& if it succeeds, of which I have no doubt, that the value of it is greatly enhanced by the simplicity of the works, which when seen & explained to, might be executed by the most common mechanic.—
> Given under my hand at the town of Bath, county of Berkeley, in the State of Virga. this 7th day of September, 1784.

The confidence expressed by Washington in this new-fangled contrivance must be weighed against the skepticism of Benjamin Franklin, when John Fitch brought him his model of a steamboat and asked help. The eminent scientist failed for once, for he saw no good in the invention and took the inventor aside and offered him some money which Fitch indignantly refused.

Washington, whose name stood for solidity and practical wisdom, was willing to risk his reputation on his belief that steam could be harnessed to wheels. Every mail train and mail boat of to-day is proof of the sureness of his vision.

A still greater proof of Washington's faith and courage in accepting new ideas was shown in 1793, when he sponsored the first air flight in the United States. Washington was President of the United States, but in the face of the ridicule of the unthinking, he accompanied Jean Blanchard, the French balloonist, to the old prison yard in Philadelphia, which thus became America's first airport.

Washington gave Blanchard the first air mail letter in American history. It was addressed "to all to whom these presents may come," and was as follows:

The bearer hereof, Mr. Blanchard, a citizen of France, proposing to ascend in a balloon from the city of Philadelphia at 10 a. m. this day, to pass in such direction and to descend in such place as circumstances may render most convenient.

These are there to recommend to all citizens of the United States and others that in his passage, descent, return, or journeying elsewhere they oppose no hindrance or molestation to the said Mr. Blanchard; and that, on the contrary, they receive and aid him with that humanity and good will which may render honor to their country and justice to an individual so distinguished by his efforts to establish and advance his art in order to make it useful to mankind in general.

Given under my hand and seal at the city of Philadelphia, this 9th day of January, 1793, and of the independence of America the seventeenth.

Blanchard floated to Woodbury, N. J., a distance of 15 miles, in 45 minutes. If he were to return to-day, Washington would scarcely be surprised at the sight of the air mail planes carrying 8,000,000 pounds of mail a year, for he visioned such a result more than 130 years ago. In that far-off yesterday there was promise of to-day. Washington was first and foremost a promoter of the communication which is the aim of the Postal Service.

His first public activity was as a trail maker, and in his farewell address he gave his final admonition as to the value of intercommunication to those he addressed as "friends and fellow citizens." He urged the "progressive improvement of interior communication of land and water," prophesying that such action would bring about an "indissoluble community of interest as one Nation."

Time has vindicated his prophecy. His community through communication has been accomplished, not so much by constitutionalism as by the spirit of unity, in the formation of which the United States Postal Service has been chief factor. For a half century Washington was the master road-builder, in a Nation to be built on common ideals through common and complete communication.

The colonial postal service proved a vital factor in bringing about the war for American independence. What do we mean by the Revolution? Old John Adams wrote to Thomas Jefferson in 1815, "The war? That was no part of the Revolution; it was only an effect and consequence of it. The Revolution was in the minds of the people and this was effected from 1760 to 1775, in the course of 15 years, before a drop of blood was drawn at Lexington." The Postal Service had its full share in creating that Revolution in mind. It was an intercolonial system of communication and the improvements of the roads and the increase in messages brought about mutual understanding and common counsel. Massachusetts would never have defied the power of the British King if she had not felt that Virginia would be at her side. Pennsylvania would not have joined the great uprising if she had not felt sure of the cooperation of New York and New Jersey. There could have been no Continental Congress without the intercommunication made possible by the Postal Service. Paul Revere was a post rider and there were many others like him who were riding with messages of warning and sympathy and help. Besides this situation, the high postage rates enforced by the British Parliament made the colonists refuse to send a great part of their letters under the seal of the Royal Mail. The American post riders carried the letters at a fraction of the regular postage charges and in this way the colonists could be patriotic and save money at the same time.

The most graphic picture of the Postal Service of this critical time is found in the Journal of Hugh Finlay, who was British postal surveyor over the entire territory from Quebec to St. Augustine. After he had visited many offices and talked with postmasters and post riders, he sent a message to London in which he said: "These Americans are to be governed by laws of their own framing and no other." This was in 1773 and it embodied the coming Revolution in a sentence. He pointed out that it is a delight for the colonists to give their mail and payment to the rider, ignoring the King's monopoly. He stated that "if an information were lodged against these violators—but an informer would get tarred and feathered—no jury would find the fact." He found that "it is the constant practice of all the riders between New York and Boston to defraud the revenue of as much as they can in pocketing the postage of all way letters. Every postmaster making complaint begs that his name be never mentioned as having made any of these representations."

Finley found stage coaches on the road between Boston and Portsmouth in 1773, which was 11 years before they were introduced in England. Six horses were used and the arrival of the mail coach heralded by the horn which only the mail carrier could use, was an important event to the inhabitants of every village.

Events led on to the outbreak of the Revolution. There was communication and there was a schedule of postage rates which gave grounds for the charge of oppressive taxation. On Christmas Day, 1775, the postmaster of New York, formally announced the termination of the Royal Mail, and the American Postal Service held the field exclusively.

George Washington was a Member of the Continental Congress which established the United States Post Office. On May 29, 1775, he voted for the creation of a committee headed by Benjamin Franklin, which was to draft the plans for the constitutional post office, to displace the Royal Mail. When that committee reported on July 26, and the resolution creating the United States Postal Service was enacted, Washington was in Boston as Commander in Chief of the Continental Army.

The Continental Congress itself was really a meeting place of the committee of correspondence of the several Colonies, which had been organized in the words of Patrick Henry, "in order to maintain correspondence with sister colonies." In a vital sense this world-shaking Congress grew out of the need for postal communication. One of the resolutions of this Congress declared that "communication of intelligence with frequency and dispatch from one part to another of this extreme continent is essentially requisite to its safety."

During the years that tried men's souls the National Assembly took time to enact many measures dealing with the Postal Service. The first act dealt with the pay of the deputies or postmasters, and they were allowed to retain 20 per cent of the revenues collected up to $1,000 and 10 per cent of the amount above that sum. On October 17, 1782, it was decreed that the postmasters might have 20 per cent on all sums collected, and 11 days later it was provided that they should have allowance for franked letters as though they had paid postage.

One of the earliest acts was that which gave the right of franking letters to General Washington and his officers and this was later broadened to include all soldiers of the Continental Army. The ordinance of October 18, 1782, provided that letters, packets, and dispatches to and from Members while actually attending Congress, to and from the Commander in Chief of the Armies, or commander of a separate army, and to and from the heads of the Departments of Finance, War, and Foreign Affairs, sent on public service, should be carried free of postage.

The postage rates during the Continental Congress period were substantially as follows: On a single letter carried 30 miles, 6 cents; from 30 to 80 miles, 10 cents; from 80 to 150 miles, 12½ cents; from 150 to 400 miles, 18¾ cents; over 400 miles, 25 cents.

The dead-letter office was established October 17, 1777, by a resolution which provided for the appointment of an inspector of dead letters, with a salary of $100 a year. This office was required to examine all dead letters at the end of each quarter and to communicate to Congress any which contained inimical schemes or intelligence. He was prohibited from taking copies of any letters or divulging their contents to any but Congress or those whom they might assign for the purpose.

In the ordinance of October 18, 1782, the postmasters were required to publish the list of unclaimed letters at the expiration of the quarter. If they still remained unclaimed, these letters were to be sent to the dead-letter office.

In 1784 the Congress provided for contracts for the carrying of mail by stage coach even at much higher rates than the same mail could have been carried by post riders. It was declared that the purpose of the act was to encourage passenger-carrying vehicles between the various towns.

The Post Office Establishment during this period when the Continental Congress operated under the Articles of Confederation was administered by a Postmaster General named by Congress.

Benjamin Franklin served from July 26, 1775, to November 7, 1776, and then gave way to his son-in-law, Richard Bache. This postal chief was succeeded in turn by Ebenezer Hazard on January 28, 1782, and he held office until the Constitution went into force in 1789.

The Postal Service then was only an acorn, but it contained the germ of the mighty institution we prize so highly to-day.

In March, 1776, Deputy Postmaster Ebenezer Hazard, of New York City, who later became Postmaster General, sent a memorial to Congress stating that he had no money to employ an assistant and was compelled to leave New York in order to keep near the headquarters of the Army "who are almost the only persons now receiving mail." He asked for a horse to avoid the indignity of following the Army on foot.

Out of Washington's desire for communication came the Constitution of the United States. The assembly of 1786 at Annapolis, which adjourned to meet in Constitutional Convention in Philadelphia the next year, was called the aftermath of conferences at Mount Vernon. Action by the States was required in carrying out the highway and waterway plans of Washington. Representatives gathered in the Maryland city and decided that fundamental questions of government were involved in the interstate communication. When the delegates met in Philadelphia by common consent the work of framing a new character of government was undertaken.

The fatal defect of the postal system under the Articles of Confederation had been the control of the mails within the separate States by the States themselves. The National Government was powerless to enforce uniform regulations, and chaos resulted.

This same weakness prevailed throughout the entire framework of government, until all thinking men realized there must be either remedy or collapse.

The Constitutional Convention formulated the remedy by framing the Constitution of the United States, which solved the postal problem by giving exclusive control to the National Congress.

George Washington was chairman of the convention, the unanimous choice of the delegates. No one can doubt that he helped to make sure that there should be no divided authority in the great national enterprise of the post office.

There was no disagreement on this vital point, and two amendments to provide that Government revenues should be raised through postage charges were speedily and decisively rejected.

In the State convention called to ratify the new charter of Government the clause dealing with the post office was never attacked. It was universally agreed that the Post-Office Establishment should be a national enterprise, and that it should not be used as a revenue-producing agency.

When Washington assumed the duties of the Presidency he named the first Postmaster General under the Constitution and the Postal Service entered upon its long career as a national service institution.

As President he was a consistent and continuous friend of the Post Office Establishment. In his first message to Congress, on January 8, 1790, he earnestly emphasized the importance of "facilitating the intercourse between the distant parts of our country by a due attention to the post office and post roads." "Knowledge is the surest basis in every country for public happiness," he declared, and none knew better than he the value of the post office in diffusing knowledge among the people.

In his message of October 25, 1791, he again advocated encouragement and promotion of the Postal Service.

The importance of the post office and post roads—

He declared—

on a plane sufficiently liberal and comprehensive as they respect the expedition, safety, and facility of communication, is increased by their instrumentality in diffusing a knowledge of the laws and proceedings of the Government, which, while it contributes to the security of the people, serves also to guard them against the effects of misrepresentation and misconception. The establishment of additional cross posts, especially to some of the important points in the western and northern parts of the Union, can not fail to be of material utility.

He returned to the subject of his message of November 6, 1792, with a plea for easier transmission of newspapers through the mails.

It is represented—

He said—

that some provisions in the law which established the post office operate against the transmission of newspapers to distant parts of the country. Should this, upon inquiry, be found to be a fact, a full conviction of the importance of facilitating the circulation of political intelligence and information will, I doubt not, lead to the application of a remedy.

The House of Representatives, in its response to this message, expressed its determination to carry out the President's suggestion, since newspapers are—

Justly reckoned among the surest means of preventing the degeneracy of a free government as well as recommending every salutatory public measure to the confidence and cooperation of all virtuous citizens.

No public man in American history has ever felt to a greater degree the whips of scorpions of unjust newspaper criticism than George Washington. The present-day attacks upon officials are like a gentle breeze compared to the tornado of press assaults upon Washington. Still Washington builded upon the faith that a free press and a despotic government can not live together. Once he declared that the cry against Jay's treaty in certain newspapers was "like that against a mad dog." Yet he trusted the common sense of the people; and when the House of Representatives had voted for the appropriations necessary to carry out the treaty, he declared, "Nothing but the torrent of petitions would have procured the favorable vote."

So strong was his conviction that there should be the widest possible dissemination of political information that he was willing to have newspapers carried through the mails free of all postal charges. In his message of December 3, 1793, he said: "But here I can not forbear to recommend a repeal of the tax on the transportation of public prints. There is no resource so firm for the Government of the United States as the affection of the people, guided by an enlightened policy; and to this primary good nothing can conduce more than a faithful representation of public proceedings diffused without restraint throughout the United States."

To this plea the House of Representatives responded a few days later: "We can not refrain from particularly expressing our concurrence in the policy of removing any impediments that may be found in the way of a faithful representation of public proceedings throughout the United States, being persuaded with you that no resource is so firm for the Government of the United States."

President Washington repeatedly urged in his messages the establishment of a national university. In all the years since Congress has never authorized such an institution. Still, in its promotion of the Postal Service for more than 140 years Congress has, in effect, established a national university. The post office, of course, does not originate knowledge, but neither does a university. Both gather knowledge and transmit it to those who wish it. To any man who can read the Postal Service opens up the world of knowledge. Whether he lives in a city or isolated section, for a 2-cent stamp he can send out his call for knowledge. The newspaper, magazine, or mail-order catalogue; the correspondence courses, the books from the library, or the publications of the Government will be delivered to his door by this postal university. During the eight years of Washington's administration the Postal Service assumed its present character. It was but an acorn, but within it was the germ of the mighty oak of to-day, whose branches reach out in many directions, bringing benefits to more than 120,000,000 Americans.

On September 26, 1789, Samuel Osgood, of Massachusetts, was named by Washington the first Postmaster General under the Constitution, and Jonathan Burrall was made First Assistant Postmaster General. The seat of the new Government was in New York City and Washington occupied the Osgood home on Cherry Street, near Franklin Square, from February 23, 1789, to May 1, 1790.

Postmaster General Osgood served until August 12, 1791, when Timothy Pickering, of Pennsylvania, succeeded him, and Charles Burrall became Assistant Postmaster General. On February 25, 1795, Joseph Habersham became Postmaster General, serving throughout the remainder of Washington's administration and all of John Adam's administration.

The first report of Postmaster General Osgood was dated December 9, 1789, but it was not included in the bound reports in the Congressional Library. Instead, No. 1 in the bound reports is that which is dated January 20, 1790. I can discover no reason for this omission, although it is true that the report for 1790 contains practically the text of the earlier report in addition to many more details.

These early reports are addressed to the Secretary of the Treasury, since the Postmaster General was not a member of the Cabinet and did not take his place in that body until President Jackson's administration.

The first report points out that the Postmaster General was responsible for everything. He appointed the postmasters, made all contracts for carrying the mails, opened all new offices, and established all new routes. The difficulty inherent in such a situation is quaintly expressed by General Osgood. "On the accountability of the Postmaster General," he observes, "I beg leave to observe that no man can, however great his industry, however cautious and sagacious he may be in his appointments, without subjecting himself to a certain loss, be accountable for the conduct of his deputies. If he has not a salary sufficient to compensate such loss, he must transact the business and keep the accounts in such a manner that the Treasury shall not be able to charge him with more money than he chooses to be charged with, which has in fact been the case, I believe, since the Revolution. Or, he may hold the office until he shall find he can not preserve his reputation and credit and then, if he is an honest man, he will resign."

The two horns of his dilemma were exceedingly sharp. He must either juggle his accounts or resign his place. General Osgood for a year or more found he could remain as the postal chief and retain his reputation and credit.

In his second report, that of January 20, 1790, General Osgood went into great detail as to the Postal Service, but took great care not to make statements which might be deemed too positive. He ventured to say that there "may be so few letters written that it will not amount to anything considerable." He insisted that "franking of letters may have been carried too far." He thought that "the rates of postage may have been too high in some cases and too low in others." He suggested that "stage drivers and post riders may have carried many letters outside the mails." Also he believed it might possibly be true that "postmasters may have consulted their own interests in preference to those of the public."

As to all of these possibilities, General Osgood was confident that a remedy could be applied for all save for that of the lack of letters. He went into a lengthy calculation to prove the size of the task ahead. The receipts were at the rate of $25,000 a year and yet there were demands for service which would require a considerably greater sum. In order to have revenue of $500,000 at some time in the future, it would be necessary for 100,000 persons to send 30 letters each through the mails each year. Or 25,000 persons would have to send 120 letters each. The old postal chief was frankly pessimistic over the possibility of such a craze for letter writing. Yet the fact is that there are the equivalent of 287 letters carried through the mails each year for the 122,000,000 men, women, and children in the United States.

General Osgood pointed out that postage rates were unjustly burdensome in some cases. He declared that while every part of the country should have easy and cheap access to the seat of government, a single letter from Georgia to New York cost thirty-three ninetieths of a dollar and thus prohibited Georgians from keeping in touch with Congress.

In a letter to the House of Representatives dated April 26, 1790, General Osgood called attention to another difficulty and suggested a remedy. He stated that the department had no map of the roads of the United States and was at a great disadvantage in letting contracts. He submitted a plan to measure the roads by a perambulator at the rate of one-eighth of a dollar per mile. Since there were about 3,000 miles of roads, the cost would be about $375. The postal chief, while recognizing the magnitude of this expense, still ventured to urge Congress to act favorably "in the public interest."

The statement of General Osgood to the House of Representatives showing the list of post offices, the receipts and expenditures from October 5, 1789, to January 5, 1790, is a graphic picture of this infant service, which has developed into the mightiest organization of its kind in the world.

There were 75 post offices, and they reported receipts of $7,510.65 for the quarter. The postmasters' salaries amounted to about $1,900, which left a revenue of $5,533. When the contractors' compensation for carrying the mails was paid, there was a deficit for this first three months of postal history under the new Government amounting to $34.84. It may be seen that the deficits which have aroused so much comment recently had a very early beginning.

In the list of post offices, Virginia was in first place, having 15.

There are several post offices now which have more revenue every day than the entire Postal System brought in in a year in Osgood's time. Still, the seed of the present enterprise was there, and only time and encouragement were needed to bring it to complete fruition.

Postmaster General Pickering submitted a report for the year ending October 5, 1791, which showed that the revenues were $42,255.14. The prize contractor at this time was John Holmes, who carried the mails between Alexandria and Suffolk, Va., from Richmond to Norfolk, and from Suffolk to Savannah. He received in all approximately $11,000 a year.

As far as the official records go, General Pickering's main difficulty was the attempt of New Jersey to levy a tax of $400 a year on stage lines which carried the mails. Vigorously he protested to Congress against this interference with the mails and imposition upon mail contractors.

If the sums exacted from the proprietors of the stages—

He complains—

were expended in reparations of the roads, no passengers would complain of paying enhanced prices for safer and easier seats in the stages, but such an appropriation is not even thought of. The avowed design is to increase the revenues of that State. And thus the citizens of the United States have to purchase permission to travel on the roads of New Jersey. By a reasonable computation the annual increase of transporting the mails six times a week between Philadelphia and New York would be $2,400. But the

contractor has engaged for that sum to carry it for one year and five months. He was induced to offer such moderate terms because he intended to erect a line of stages and hoped to be relieved from the imposition of the tax.

In the records is found a letter from Charles Burrall, Assistant Postmaster General, which describes better than volumes could do, the conditions in these beginning days of the United States Post Office. His letter is dated December 20, 1794, and is addressed to the House of Representatives. He explained that contracts had been made for two mail routes in Georgia and South Carolina. He stated that the service was understood to be in operation on October 1, but on November 4 "I received information that no provision had been made for the service." Inquiries developed the fact that the contractor, Thomas Sumpter, had been busy in Philadelphia, securing the contract, and while there had fallen ill. He had sent a letter to his father to get the mails started, but the letter had never been received. One of the earliest alibis in postal history to explain delays in the service is that of Mr. Burrall when he explained to Congress:

The failure in the execution of Mr. Sumpter's contract was not to have been suspected, because of the known ability of himself and his father to perform it.

When Washington assumed the Presidency of the United States, there were only 75 post offices in the entire domain of the new Nation and the post roads covered a distance of 1,175 miles.

When he turned over the reins of office to John Adams, there were 554 post offices and the mileage of post roads had grown to 16,100. The revenue had increased from about $37,000 to $214,000 annually.

When the first Congress had assembled in City Hall, New York, under Speakership of Frederick Muhlenberg, of Pennsylvania, it undertook by resolution to continue the Post Office Establish under the regulations which had been enacted by the Continental Congress. The measure which provided for this extension was signed by President Washington on September 22, 1789.

Under these provisions Members of Congress had the franking privilege on letters they mailed but not on those they received. There is extant a letter from Congressman Jonathan Dayton, of New Jersey, in 1789, to a constituent, in which he said:

Do not send your packets by mail; I was obliged to pay 6 shillings and 8 pence for the last one.

The postage rates, high as they were under the Continental Congress, were continued in force, and as a matter of fact were carried in succeeding legislation with only trifling changes for more than 50 years.

Acts dealing with postmasters' salaries were enacted in 1792, 1794, and 1797, each one increasing in small degree the percentage allowed on revenues collected. In 1792 the maximum for postmasters was $1,800 a year, but two years later it was provided that the postmaster at New York City might receive $2,700 and the postmaster at Philadelphia $3,500.

The last increase was in part due to a report by Representative Thatcher, who informed the House that a great many postmasters had resigned on account of inadequate compensation. He urged a "moderate advance to give them satisfaction and to secure faithful officers for the department."

The first act of Congress which provided generally for the post office was that of February 20, 1792. It established postage rates, fixed the salaries of postmasters, dealt with franked mail and other matters connected with the postal service.

On April 4, 1796, a committee of the House reported after an investigation in various complaints of the Postal Service. The committee stated that printers put newspapers in the mail before the ink had dried and they became a wet mass so that it was "impossible to ascertain to whom or what office they were directed or to read their contents." These were the first wet newspapers in the United States.

Another cause of complaints was the practice of throwing out the contents of a portmanteau at post offices in order to find the mail for that office. "At such times," said the committee, "papers and small packages are taken away by persons present at the opening of the portmanteau, without the knowledge or privity of the postmaster or the carriers of the mail."

The first provision for delivery of mail by letter carriers is contained in the act of May 8, 1794. It provided that the Postmaster General might select the offices where letter carriers were to be employed. The pay of the letter carriers was a 2-cent fee for each letter, to be paid by the addressee.

The last postal measure of Congress during Washington's administration was the act of March 3, 1797, the day before John Adams assumed the Presidency. This law provided that all letters and packets to George Washington, after the expiration of his term of office and during his life should be received and conveyed by post free of postage. By the act of March 2, 1799, such privilege was extended to all mail both to and from George Washington. After Washington's death, Congress granted the franking privilege to Martha Washington during her lifetime.

It will be most appropriate to celebrate Post Office Day in connection with the bicentennial of the birth of George Washington. Great events crowded the calendar of that dynamic year of 1775, but not one was more important in its effects than the establishment of the United States Postal Service on July 26.

There will be a series of special postage stamps issued in 12 denominations, from one-half cent to 10 cents, inclusive, each paying tribute to the Father of his Country.

The one-half-cent stamp will bear the likeness taken from the miniature painted by Charles Willson Peale.

The 1-cent stamp will contain a reproduction of the profile bust of Washington by Jean Antoine Houdon, made in 1785.

The 1½-cent stamp will bear the Virginia colonel's portrait by Peale. The 2-cent stamp will have the Stuart likeness of Washington.

The 3, 4, and 5 cent stamps will bear likeness of Washington as painted by Peale.

The 6 and 7 cent stamps will contain reproductions of the Trumbull portraits.

The 8-cent stamp will have the reproduction of the crayon drawing of Charles Mekrin.

The 9-cent stamp will have the Williams portrait and the 10-cent stamp will have the Gilbert Stuart portrait of 1795.

There will also be a series of Washington Bicentennial envelopes. This issue of Washington stamps and envelopes will form a splendid memorial to Washington. I have suggested in addition to this program that July 26 be especially celebrated in 1932 as the birthday anniversary of the United States Post Office, in remembrance of Washington's close connection with this great service enterprise. The Bicentennial Commission has enthusiastically accepted the suggestion, so that we will witness for the first time in history a nation-wide celebration of the post-office birth date. In its suggested program for the nation-wide George Washington celebration, the Bicentennial Commission has made July 26 Post Office Day, with this comment:

A celebration on July 26, 1932, of the one hundred and fifty-seventh anniversary of the birth of the United States Postal Service will be especially appropriate in view of the special interest of General Washington in this branch of the Government. Congress on July 26, 1775, passed a resolution to establish the Continental Post, naming Benjamin Franklin as first Postmaster General. General Washipgton was one of the founders of the Postal Service. From the age of 16 until his death he was the great champion of communication. He guarded the Postal Service during the Revolution and he named the first Postmaster General appointed after the adoption of the Constitution. Repeatedly in his messages to Congress he urged the extension of the service.

Special services could be held on July 26 in the 75 places where post offices were located in 1789, when Washington was inaugurated. One of the old-time mail coaches could be started from the northernmost of these cities and driven to the post office farthest south, with driver and equipment as they were in 1789. Appropriate celebrations might be staged on that day by every post office in the United States in honor of the birthday of the service.

Without Washington and the Postal Service the phrase "the United States" could never have been fulfilled. Both have been creative powers leading Americans to more abundant life and greater unity.

America as we know it to-day can not be conceived without the Postal Service. Let the Postal Service cease to function for one day and the interests of many millions would be injured. It is the very heart of our American system of government and business.

From a little service having only a few dollars a year in revenue the United States Post Office has grown to an enterprise with $700,000,000 in revenues. The few post riders and postmasters of 1789 have become an army of 371,000 servants of the public good. Yet the service is fundamentally the same and very few of the new developments were not visioned by George Washington. He sowed for our reaping; he laid out the paths we have followed.

No nation is ever established without a leader who sees his country as one unit, bound together by common ideals and a common purpose, with comprehensive lines of communication, for the diffusion of knowledge of those ideals and that purpose.

George Washington was that leader for America. Like Moses of old he stood alone on the mountain top; and though the wilderness was all around him, he saw a goodly land which he believed with all his heart was to become the glory of the whole earth. His mind visioned highways and waterways—yes, and railways and airways, too—over which would speed a nation's messengers linking great cities and little hamlets into one mighty neighborhood.

When George Washington died the United States Post Office had become an institution built of solid rock. It is true that it was so primitive that the news of the passing of the great patriot could not be conveyed from Mount Vernon to Boston, a distance of 485 miles, in less than 10 days, even though the post riders spurred night and day through the winter storm. Still there were needed only improved methods of communication to bring about the present commonplace of mail from Washington to Boston in less than four hours.

The path led in the right direction, and there was no need to retrace steps, but only to go forward. From 1799 there has been steady progress with the Postal Service achieving a noble record creating a mighty institution.

The post office has been the creation of unnumbered human minds and hands, but high on the roll of its architects and builders stands the name of Washington. On its first feeble marches he was leader of the vanguard, and the roads he built for the future must not be forgotten in the present.

It seems to me that when the people of a democracy like ours have accumulated experience from Washington to Hoover along one consistent line, there should be such agreement on successful policies that there can be no room for chance or change. I believe with Victor Hugo that "if God had intended that man should go backward, He would have given him an eye in the back of his head."

The question as to whether the United States Post Office is a service institution or a money-making agency should not to-day be open to debate and disagreement. The Washington who urged that a great branch of mail matter be carried free and who took pride in the diffusion of governmental information without postage charge, would not be panic stricken over a deceptive postal deficit. He would never hesitate between postal service and postal curtailment.

He would urge ever-increasing facilities, evermore comprehensive service, firm in the faith that the greatest of all national dividends is not money but enlightenment and understanding. Washington was of that immortal company who love light as the best assurance of liberty and justice for humankind.

PERMISSION TO ADDRESS THE HOUSE

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

Mr. SNELL. Reserving the right to object, if we are going to have a very long program to-day, I think we ought to have a quorum present.

Mr. BLANTON. A quorum comes first, because we have about 800 bills on the Private Calendar that ought to be properly considered, and we can not handle them properly without having the Members here, and I join with the gentleman from New York in demanding that a quorum should be present.

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes. I have obtained important information which would indicate that the Ways and Means Committee of the House, as well as the Finance Committee of the Senate, were deceived by misinformation given them by certain witnesses who appeared before them and this is the only means of getting it before the Senate.

Mr. BLANTON. Could not the gentleman do that much better on Monday when the entire membership will be present?

Mr. LAGUARDIA. I can not appear on the floor of the Senate, and they are not having any hearings. It is very important that this be gotten before them to-day.

Mr. CHINDBLOM. What is the nature of the gentleman's information?

Mr. LAGUARDIA. It is on the stock-transfer tax.

Mr. GREEN. Reserving the right to object, Mr. Speaker, I shall not object to the gentleman from New York being given 10 minutes if I can follow him for 3 minutes.

Mr. BANKHEAD. Reserving the right to object, the gentleman from Illinois [Mr. RAINEY] wishes to make some statement in reference to the program.

Mr. RAINEY. I want to say that it is important that the statement by the gentleman from New York [Mr. LAGUARDIA] be made to-day. I know what it is, and I hope he will be permitted to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE STOCK TRANSFER TAX

Mr. LAGUARDIA. Mr. Speaker, during the hearings before the Ways and Means Committee of the House on the tax bill the subject of a stock-transfer tax was presented. Comparisons were made between the proposed tax and taxes in other countries, and I am sure that many gentlemen will recall that officials of the New York Stock Exchange stated that if a stock-transfer tax were imposed they could easily transfer their transactions to the London exchange and the Canadian exchange. The stock-transfer tax came up toward the end of the hearing before the Committee on Ways and Means, and this House passed a tax of one-quarter of 1 per cent. It was a very live subject before the Senate Finance Committee in its hearings on the bill, and the reason I asked for time this morning is that they are now considering the tax bill on the floor of the Senate.

It is quite necessary that the Senate should be informed on the stock-transfer tax in England. The reason is that it has not received correct information. Were the Senate committee still in session I would appear before it and present the information that I have. This is the only means now available to inform the Senate that when the president of the New York Stock Exchange appeared before it and was asked specifically to furnish the committee with information on stock-transfer taxes and taxes on transactions on the London Stock Exchange, the committee was deceived. Anyone reading the testimony of Mr. Richard Whitney, president of the New York Stock Exchange, and the table of taxes which he put in, omitting the real stock-transfer tax, can not escape the conclusion that a willful misrepresentation was made, a deliberate and willfu omission, in order to deceive the Senate in the hope of defeating the stock-transfer tax placed in the bill by the House. The House transfer-tax provision was eliminated by the Senate committee.

The president of the New York Stock Exchange, Mr. Whitney, appeared before the Finance Committee, and in reply to a question as to the stock-transfer tax in England stated that he had the information, that he would supply the Senate committee with the information; and on April 18, 1932, he furnished the information—which will be found on page 1231 of the Senate hearings—sent it with a covering letter of that date, prepared a comparative statement of the tax

in Canada and the proposed tax in the United States and the English tax. When he gave the English tax he submitted only what is known as the contract-note stamp tax, which is only 1 cent on stock transactions of $75 to $150, while the proposed House tax, coupled with the New York State tax, would be 41½ cents. By so doing he deliberately misrepresented the English tax, because he must have known, and his experts must have known—as they deal on the London exchange—that there were two additional taxes which were maliciously and willfully omitted from the table submitted by Mr. Whitney, the president of the New York Stock Exchange, to the Finance Committee of the Senate. He thereby led the Senate committee to believe that there was no stock-transfer tax and that the only tax was what is known as the contract-note stamp tax.

This is quite in keeping with the omission of information in the Kreuger-Toll bond issue, in stock flotations, and in the daily paid publicity stock brokers send to their customers in order to sell securities and stock at inflated, artificial prices. As a witness to that I call upon the millions of American investors who have lost billions and billions of dollars since 1929.

When I saw this statement—I knew there was a transfer tax in England; I had referred to it on the floor of the House—I asked the State Department to inquire here in this country from the British Embassy. The State Department informed me that there was a stock-transfer tax in England on stock-exchange transactions, according to the information which they had obtained. Mark you, Mr. Speaker, this is in conflict with the phrase that has been repeatedly given to members of the Ways and Means Committee and to the Senate Finance Committee—that "transactions carried on in the ordinary course of business between members of the stock exchange are excepted from the British transfer tax."

The matter was vitally important, in the face of these contradictory interpretations from such important and authoritative sources. I therefore asked the State Department to cable London and get the actual correct information right at the stock exchange.

I did not want to take any chance whatsoever in charging the New York Stock Exchange officials with deliberately misleading the Senate Finance Committee and our own Treasury Department in stating that they did not think such a tax would be workable. The State Department was kind enough to cable London, and I have here a reply, dated May 19, 1932:

Transfer tax is 1s. for each £5 sterling or fraction thereof up to £25 sterling; 5s. for each £25 sterling or fraction thereof up to £300 sterling; 10s. for each £50 sterling or fraction thereof above £300 sterling. These taxes apply to both stock exchange and private sales. Short and long transactions subject to transfer tax only when terminated by payment and transfer of title. No separate tax applicable to private sales. For carry-over sales see commercial attaché cable to Commerce No. 391, dated March 3.

ANDREW W. MELLON.

And, Mr. Speaker, that is signed by a financial authority—Andrew W. Mellon, present ambassador to the Court of St. James, and former Secretary of the Treasury, himself.

Here is the cable referred to, which was sent to the Department of Commerce. It is dated March 3, 1932, and it becomes important by reason of the fact that the Treasury Department officials appeared before the Finance Committee a month later and must have had this information, which the Department of Commerce tells me was availble to the Treasury Department. The cablegram is as follows:

[Transcript of cable No. 391, to Department of Commerce, March 3, 1932]

Contract-note stamp required on all contracts evidencing purchase of stock on stock exchange.

Both contract-note stamp and conveyance (transfer) stamp required in all cases of purchase of registered stock involving conveyance (transfer) thereof to the stock broker or banker, to be held as security for customer on time or margin.

Conveyance (transfer) stamp not required when stock purchases involve bearer stocks and stock that pass by indorsements.

Authorities indicate that title passes to customer in case of purchase made by banker or stock broker for customer on time or margin.

Broker and banker have what is known here as a possessory lien and stock to cover debt of customer incurred in connection with the purchase and for general balance owing the banker or stock-broker.

The procedure known as carry-over provides a method of continuing a stock purchase from one settlement to another. With each continuance a continuing contract note is executed requiring a contract-note stamp.

COOPER,
Commercial Attaché, London Embassy.

They clear over there every 14 days. If there is an order for a sale or purchase of stock and that is not cleared, that is "continued" and requires another contract-note stamp, and as soon as the sale is executed, whether short or on margin, or otherwise, the stock-transfer tax applies.

I will, with the permission given me, insert a comparative statement in the RECORD showing a comparison of the present British stock-transfer tax with what was proposed in the House.

To give you an idea, on a stock selling for $10 the British sale tax would be 2½ per cent. Under the tax bill passed by the House it would be one-fourth of 1 cent and with the minimum provision of the House bill it would only be 4 cents. The minimum in England is 1 per cent, while the highest that was proposed here was one-quarter of 1 per cent.

To illustrate, a $200 sale of stock in England would pay $2.50, while under the House bill it would only pay 50 cents.

I will insert the entire comparison in the RECORD. The following comparison is based upon the sale of one share of stock of $100 par value:

Selling price ($100 par value)	British tax (transfer)		United States tax		
	Amount	Per cent	Present law	House bill	Senate Finance Committee
$10	$0.25	2.59	$0.02	$0.04	$0.04
$20	.25	1.25	.02	.05	.04
$30	.50	1.66	.02	.08	.04
$40	.50	1.25	.02	.10	.04
$50	.50	1.00	.02	.13	.04
$60	.75	1.25	.02	.15	.04
$70	.75	1.07	.02	.18	.04
$80	1.00	1.25	.02	.20	.04
$90	1.00	1.11	.02	.23	.04
$100	1.00	1.00	.02	.25	.04
$125	1.25	1.00	.02	.31	.04
$150	2.50	1.66	.02	.38	.04
$175	2.50	1.43	.02	.44	.04
$200	2.50	1.25	.02	.50	.04

(This information was sent to us by L. H. Parker, chief of staff, Joint Committee on Internal Revenue.)

I also insert the following table for comparison of the figures given to the Senate Finance Committee by Richard P. Whitney, president of the New York Stock Exchange, and the true transfer tax figures on transfers of securities in England as furnished by Mr. L. H. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation.

Comparative table showing figures given to Senate Finance Committee by Mr. Richard P. Whitney, president of the New York Stock Exchange, contrasted with true figures regarding English tax on transfer of nonnegotiable securities

Selling price per share	Tax figures given to Senate Finance Committee (p. 1232 of hearings) by Mr. Whitney (London contract stamp tax)	True minimum tax on English stock transfers [1]
$1	$0.000009	$0.125
$2.50	.000009	.125
$5	.0000075	.125
$10	.0000075	.25
$25	.000035	.25
$30	.000035	.50
$50	.000052	.50
$60	.00007	.75
$75	.00007	.75
$100	.00007	1.00
$150	.0105	1.50

[1] As given by Mr. L. H. Parker, chief of staff, Joint Committee on Internal Revenue Taxation.

Now, gentlemen, I submit that the tax in England is five times what we propose on a $200 sale and proportionately larger on other stock transfers. Responsible officials of the New York Stock Exchange appeared before the committee and only disclosed one of the three taxes applicable to the transaction on the London Stock Exchange. It is not only startling and shocking but it is something which should not remain uncensured. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. LAGUARDIA] has expired.

PUBLIC BUILDING

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker, my purpose is to offer to the House, as a portion of such relief plan as the House may later determine, a public building bill. It is a bill which it was my pleasure to introduce at the last session of Congress—and also at this session of Congress—which would provide for distribution, by congressional districts, of such funds or portion of such funds, as we may have appropriated for Federal construction.

I believe that the bill will be of special interest to my colleagues, and, at the conclusion of my remarks, I shall ask permission to print it in the RECORD. The bill is H. R. 7120 and provides for construction of post-office buildings to relieve unemployment and economic depression, and for other purposes. It would expend about one-half million dollars in each congressional district, giving buildings for practically all second and third class offices. It provides for local architects, local engineers, local material, where possible, and for local labor. All sections of the country would benefit equally and alike under its provisions. If the Garner plan for relief is adopted by the Congress, then this bill, if adopted, will carry out that portion of the plan pertaining to the proposed Federal construction program.

In addition to this bill I desire, if I may, to again call the attention of the House to the importance of at least a partial reimbursement for losses sustained by Florida growers during the Mediterranean fruit-fly campaign. I hope to address the House on that subject next week.

Mr. Speaker, I ask unanimous consent to print in my remarks this bill for Federal building.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. GOSS. Mr. Speaker, reserving the right to object, would not the gentleman be willing to refer to the bill by number instead of printing the entire bill in the RECORD? It is five or six pages. If the gentleman will just refer to it by number the membership will be able to get copies of the bill. Therefore I shall have to object.

Mr. GREEN. All copies have been exhausted.

The SPEAKER. Objection is heard.

The time of the gentleman from Florida has expired.

STOCK-TRANSFER TAX

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I shall not object to this request; but I will make a point of order when the gentleman finishes.

There was no objection.

Mr. CHINDBLOOM. Mr. Speaker, of course no Member of this House—and certainly not I—could have any possible objection to a contribution for the information of the House, and perhaps the information of the Senate, of the character that was given to us a moment ago by the gentleman from New York [Mr. LAGUARDIA]. I have not had an opportunity to check on the facts presented by the gentleman, but I have no doubt they are substantially correct. Whether misrepresentations were made before the Finance Committee of the Senate by a representative of the New York Stock Exchange, it seems to me is hardly a matter for very prolonged discussion in the House, but might better be presented to another forum, preferably the Senate itself.

However, Mr. Speaker, I arose to say that if we are to pattern our revenue system after the revenue system of Great Britain we have yet far to go. We will be on the road toward very serious consequences in the United States if we adopt that policy. Great Britain fortunately, with its homogeneous population devoted to the single cause of preserving and saving that country from the verge of bankruptcy, has been able to impose most drastic taxes upon all of its lines of business and classes of property.

By way of comparison, I might say that under the present income tax law in the United States, a man with a wife and one dependent, having an income of $5,000, at the present time pays $12.38 income tax. In Great Britain he would pay $650.22. A person with an income of $10,000, similarly situated, in the United States under the present law would pay $92.25, while in Great Britain he would pay $1,799.93. Under the pending revenue bill, as passed by the House, the corresponding payments would be $29.50 and $194; and under the proposals of the Senate Finance Committee they would be $44.25 and $271, respectively.

We have not attempted to impose any such taxes upon the people of the United States, nor have we attempted to impose upon business, whether it be the business of the stock exchanges or of the produce exchanges, or the business of the farmer or of the manufacturer or the merchant or anyone else, any such burdens. Let us hope we may not be compelled to impose upon our people any such taxes as are imposed upon the people of Great Britain.

We should rather rejoice than complain that it has not yet become necessary in this country, in comparison with the unfortunate tax burdens of other nations, to practically cripple commerce, agriculture, industry, trade, or even the promotion of the arts and sciences among our people.

Mr. Speaker, under the leave to extend my remarks, let me say that I do not believe the Treasury Department made any effort to advise either the House Ways and Means Committee or the Senate Finance Committee as to the British tax on stock transfers. I am advised that the system of handling stock sales and making settlements of them is so different in England from what it is in the United States that it is hard to make a fair comparison. There was really nothing new in Ambassador Mellon's cable of May 19, presented here by the gentleman from New York. The transfer tax, amounting roughly to 1 per cent, as the cable states, applies to "short and long transactions subject to transfer tax only when terminated by payment and transfer of title." On the other hand, cable No. 391, from Mr. Cooper, commercial attaché at London, states:

> Conveyance (transfer) stamp not required when stock purchases involve bearer stocks and stocks that pass by indorsements.

To determine to what proportion of all stock transactions the tax of 1 per cent applies, it would be necessary to ascertain what part of those transactions involve transfers of title and what part relate to other changes of ownership or control. The extent to which transfers of title are required in Great Britain in the case of registered shares is understood to be greatly reduced by the custom of having fortnightly settlements between brokers, so that what is required to be transferred at the time of settlement is the net balance instead of the aggregate volume of daily transactions. In all events, neither the amount of the British tax nor its method of application seems deserving of enthusiastic emulation by our Government.

THE TRAGEDY OF THE LINDBERGH CHILD

Mr. FULBRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein an editorial in the form of a letter appearing in the St. Louis Star of May 13, 1932, the subject matter of which is worthy of the consideration of the American people.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the RECORD as indicated. Is there objection?

There was no objection.

Mr. FULBRIGHT. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

A LETTER

TO CHARLES A. LINDBERGH:

To you and Mrs. Lindbergh has come a tragedy which turns the flame of life to ashes. The Nation would share and by sharing lighten a grief that is yours alone. Yet it is the Nation that has brought this grief upon you, and with all their sympathy and sorrow the people of this country will turn to-morrow to their tasks and pleasures, prevented by what little mercy there is in Providence from retaining the keenness of any suffering but their own.

The Nation brought this grief upon you by creating and nurturing the Caliban life that crept upon your home. This country created an institution of crime, played with it, surrendered to it, laughed at it even when it splashed the streets with blood—and when, in a different and nobler mood, the people seized upon your glorious exploit in aviation to make you a national hero, they unwittingly marked you and your household for the attention of the criminal demon they had nurtured.

Is nothing to come of this but the memory, softened by time, which you will bear?

At the present moment the American people are running true to form. Sincerely, emotionally, they cry that crime must be eradicated. They arm themselves to kill Caliban. Congress will pass a law, valuable in its terms, to help the States combat kidnaping. Police, prosecutors, judges, and juries will have a momentary spasm of vigorous activity; and then, if the Nation continues to run true to form, all will settle back as before, and America will continue to be what it is to-day—the most crime-ridden country on the face of the earth.

You, Colonel Lindbergh, and you alone, can prevent this. You can marshal the good will, the honesty, the sincerity, and even the emotionalism of the American people into a fighting force for their own preservation. You can destroy the tolerance of crime, the power of crime, the reign of crime in the United States.

If this war is waged, it must be fought on many fronts. It involves a new ideal in the profession of law, the breaking down of medievalism in the law itself, which has made the processes of justice a barricade for crime to fight behind. Go to Judge Samuel Seabury and ask him how the law protects and fosters crime in America. He is one of the few American lawyers not afraid to tell the story of Jeremy Bentham, who destroyed the medievalism of the law in England.

It involves the driving out of the underworld lawyer, who devotes himself to the protection of criminals by criminal methods, who lives on the profits of crime, yet is accepted in good standing by every court in America.

It involves the destruction of the alliance between crime and politics, by arousing the people to a deadly intolerance of weakness or corruption in public life.

It involves an attack on the sources of crime in the environment of children. Few men are by nature hard and merciless. Long years of training are necessary to brutalize men to the commission of such a deed as that involving your home. A thousand years ago, the Danish warriors who invaded England were trained for their work by tossing children in the air and catching them on spear points. In our city slums, in our juvenile gangs, we train unformed minds into a perverted, degraded, cold and passionless disregard of human feeling, and then, by our politics and our law, let the product of that perversion rule our lives.

It would be chimerical, and cruel, and foreign to your nature, to expect you to dramatize your own sufferings in a "drive against crime." But even as you charted the way across the Atlantic, you can chart the way to a new order in America, by quietly, persistently organizing the forces latent in this country, and letting that work stand as an enduring monument to your son.

Mr. BLANTON. Mr. Speaker, I make a point of no quorum.

Mr. WILSON. Will the gentleman withhold that a moment?

Mr. BLANTON. I withhold it.

H. R. 4668, AMENDING SECTION 3 OF THE FLOOD CONTROL ACT OF 1928

Mr. WILSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the flood control bill that was under consideration yesterday.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILSON. Mr. Speaker, the bill under consideration amends the first paragraph of section 3 of the flood control act of May 15, 1928.

Section 1 of this act adopts the project for flood control of the Mississippi River in its alluvial valley and for its improvement for navigation from Cape Girardeau, Mo., to the Head of Passes, and as outlined and set forth in House Document No. 90, Seventieth Congress, second session, and to be prosecuted under the direction of the Secretary of War and the supervision of the Chief of Engineers.

The main feature of this plan for flood control is a continuation in a more comprehensive and extensive way of the plan that had been approved by the flood control act of 1917 and of 1923, which provided for levee construction and bank revetment on the main channel of the river and on the tributaries, insofar as they were affected by the flood waters of the Mississippi River. In addition to this the adopted project provides for diversions and flood ways, but these are not involved in the present amendment.

Section 2 makes authorization for the appropriation required in the execution of the project and reads in part as follows:

As a full compliance with the principle (of local contribution) in view of the great expenditure estimated at approximately $292,000,000, heretofore made by the local interests in the alluvial valley of the Mississippi River for protection against the floods of that river; in view of the extent of national concern in the control of these floods in the interest of national prosperity, the flow of interstate commerce, and the movement of the United States mails; and, in view of the gigantic scale of the project, involving flood waters of a volume and flowing from a drainage area largely outside the States most affected, and far exceeding those of any other river in the United States, no local contribution to the project herein adopted is required.

To this declaration for completion of the project without local contribution there are three exceptions in section 3 of the act: (a) The States and local interests shall maintain to the extent of supervision the flood-control works after completion; (b) accept land turned over to them under the provisions of section 4 of this act; (c) provide without cost to the United States all rights of way for levees and levee foundations on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of the Passes.

It was the intention of Congress in the passage of the flood control act as declared in section 2 that the United States had undertaken the execution of this project at national expense and without local contribution, save as provided in the exceptions.

However, in the execution of the project, conditions have arisen making an amendment clarifying the situation absolutely necessary.

The amendment as first introduced eliminated entirely exception "c" of section 3, which would require the United States to bear all expenses, including the foundations for levees on the main stem of the river. When this amendment was submitted to the War Department the report of the Secretary of War in respect to levee foundations was as follows:

The proposed amendment eliminates the portion of the first paragraph of section 3 of an act for the control of floods on the Mississippi River and its tributaries, and for other purposes, published in Document 391, Seventieth Congress, by the omission of "(c) levee foundations and levees on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of the Passes."

The procurement of rights of way is a task that can be performed much more quickly and cheaply by local authorities than by the United States, and therefore the imposing of the responsibility of securing these rights of way on local authority is a wise provision of law that should not be abandoned.

The Committee on Flood Control has retained this provision that the local interests should provide the rights of way and foundations for the levees.

Prior to the passage of the flood control act rights of way had already been provided and furnished for levee foundations, and levees had been constructed upon such rights of way upon practically the entire stretch of the Mississippi River involved in the project. But the relocations, changes, and extensions in the levee lines since the adoption has placed upon the local interests a burden which has taxed their resources to the limit, and while in the execution of this great project we may still feel that this burden is somewhat unreasonable, that provision of the law has been retained.

Also, in respect to the lands and property subjected to the flood waters of the Mississippi River on the main channel

by reason of setbacks, changes, or extensions of the levee lines, the report says:

There is more of a question in this proposed amendment than the mere rights of way for levees. In the setback of a levee the question of abandoning considerable amounts of the best land in the valley will arise. The question is, Who shall pay for the land abandoned, if it should be paid for at all? At present the burden falls on those whose business it is to procure the right of way, namely, the local people; and they should, in my opinion, be required to bear at least a part of such burden. The proposed amendment does not cover this feature as it should.

As to this feature of the report relative to the lands and property abandoned by setbacks and changes in the levee lines, which is admitted to be some of the best lands in the valley, we feel that the construction placed upon the act to the effect that the "burden falls upon the local people" is not in accord with the intentions of Congress in the passage of the act. Besides, it places upon the local people a burden which under no conditions can be met, so the amendment was in that respect written to read as follows:

SEC. 3. In the execution of the adopted project, the United States shall provide flowage rights over all lands, including compensation for damages to improvements thereon at the time of the taking, which are not now between the existing levees and the low-water channel of the Mississippi River and which will be between the levee lines of the adopted project and the low-water channel of the Mississippi River by reason of setbacks, extensions, or other changes in the levee lines on the main stem of the Mississippi River between Cape Girardeau, Mo., and the Head of the Passes. The States or levee districts may provide for the United States, upon its request and at its expense such flowage rights, and the United States shall reimburse the States or levee districts in full for all payments made and expenses incurred in providing such flowage rights upon proof that they have been obtained at fair valuation and at reasonable expense.

It was suggested that the local interests could acquire the lands or the use thereof more quickly and cheaply than the United States, so the provision is made that the local authorities shall, upon the request of the United States, acquire the rights of way or flowage rights, to be reimbursed upon proof that they had been obtained at fair valuation and at reasonable expense. So under this provision there could be no unfair burden placed upon the Federal Government, because its authorities would compensate only upon reaching the conclusion that the valuation had been fair and the expenses reasonable.

We have not changed or transferred the burdens imposed by the act upon the local interests, although the changes and relocations of levee lines requiring new rights of way has greatly increased that burden.

The amendment also voids any conclusion that any unfair or unreasonable charge can be placed upon the Federal Government. We simply seek to make definite and clear that the purposes and intentions of the Congress in the passage of the act shall be carried out and complied with.

All admit that according to the adopted project the Government has undertaken the control of the flood waters on the main channel of the Mississippi River without local contribution except as therein set forth.

The lands placed between the newly located levees and the main-river channel are to be used by the United States for the purpose of the passage and control of its flood waters. The owners of such property are forced by the flood control act to surrender the same to the jurisdiction of the Federal Government for that purpose, and, as stated by the Secretary of War, "this comprises some of the best land in the valley." The lands in most instances are highly improved and comprise the homes and lifetime investments of American citizens.

The charges that the enactment of the proposed bill would place additional burdens upon the Federal Government not contemplated by the flood control act are unreasonable and unfounded. By virtue of the setbacks and changes in the levee lines on the main stem of the Mississippi River instead of raising, strengthening, and maintaining levee lines existing when the act was passed, there will be a saving in expenditures of sums in excess of what would be necessary to compensate for lands exposed as a result of such changes. I simply cite a few striking examples of this in the State of Louisiana:

ESTIMATES BY THE CHIEF STATE ENGINEER FOR LOUISIANA ON LANDS EXPOSED BY REASON OF SETBACKS AND CHANGES IN LEVEE LINES

United States Wilson Point new levee: Length, 19,289 feet (3.7 miles); cubic yards, 1,733,120; estimated cost, $423,633. Was adapted instead of raising and enlarging line around point: Length, 79,560 feet (15.1 miles); cubic yards, 6,649,315; estimated cost, $1,329,863. Saving to Government, $906,230.

There were 9,628 acres with improvements thereon thrown out here with an assessed valuation of $288,840,000.

In addition to saving $906,230 in actual cost of construction the new levee is on high ground and permanent location and therefore avoids the cost of maintaining by bank revetments or replacements in event of caving. The amount saved would, in this particular instance, be several times the sum necessary to compensate the landowners whose lands for all intents and purposes is made a portion of the channel of the Mississippi River. The same is true in the following instances:

United States Homestead new levee; United States Port Allen new levee; United States Port Allen Brusley new levee and enlargement: Length, 38,899 feet (7.36 miles); cubic yards, 2,469,321; estimated cost, $263,909.63. Was adopted instead of enlarging and raising old levee, length, 39,530 feet (7.48 miles); estimated cubic yards, 2,770,000; estimated cost, $498,600. Saving to Government, $234,690.37.

There were 102 acres with improvements thereon thrown out here.

United States Australia Point new levee: Length, 7,533 feet (1.4 miles); cubic yards, 900,000; estimated cost, $115,200, was adopted instead of raising and enlarging levee around point—length, 50,688 feet (9.6 miles); estimated cubic yards, 4,188,600; estimated cost, $628,290. Saving to Government, $513,090.

There were 3,350 acres with improvements thereon thrown out here with assessed valuation of $127,231.

This work is being done in the execution of a national project and under the provisions of the law adopted by the Congress with the direct provision that there should be no local contribution, except the States and local interests should furnish the foundations for the levees. This proposed amendment is simply asking that the law passed by the Congress be executed as intended, and it does not call for any additional authorization or appropriation and places no additional obligations on the Government that were not contemplated in the passage of the flood control act of 1928.

The setbacks, changes, and extensions in the levee lines in the execution of the project have placed upon the local interests costs for rights of way far in excess of what was contemplated when the flood control act was passed. Instead of transferring any additional burdens to the United States, the cost to local interests has been greatly enlarged. The cost for rights of way and levee foundations in the State of Louisiana was estimated by General Jadwin, Chief of Engineers, in the adopted project to be $867,000. As a result of the changes and extensions in the levee lines the amount actually spent in Louisiana has been $2,167,000, and as a result of new locations and changes a further prospective expenditure of $1,500,000 will be necessary. This would be $2,800,000 in excess of the original estimate.

The question has been raised as to the amount of lands involved. A fair estimate of the acreage that will be placed between the newly located levee lines and the main channel of the Mississippi River and used for the purpose of carrying these flood waters in the State of Louisiana is 37,000 acres, about 60 per cent of which is highly improved. If fair compensation is paid to the owners of this land taken and used for the purpose of the United States in the execution of this project, the cost to the Federal Government in final completion will be less by several million dollars than if the levees had been rebuilt and enlarged on the foundations existing when the act was passed.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. EVANS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the soldiers' bonus.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. EVANS of California. Mr. Speaker, I shall have to vote against the payment of the balance of the soldiers' bonus at this time. There are several reasons which compel me to take this attitude, and I shall endeavor to enumerate some of the most vital ones.

In order that a full understanding may be had of this proposed legislation it is necessary that we examine the law and ascertain what the Government undertook to pay the veterans in the way of extra compensation or bonus.

SEC. 201. The amount of adjusted-service credit shall be computed by allowing the following sums for each day of active service, in excess of 60 days, in the military or naval forces of the United States after April 5, 1917, and before July 1, 1919, as shown by the service or other record of the veteran: $1.25 for each day of oversea service and $1 for each day of home service, but the amount of the credit of a veteran who performed no oversea service shall not exceed $500, and the amount of the credit of a veteran who performed any oversea service shall not exceed $625.

It will be observed from the foregoing section that a veteran for home service was to receive $1 per day and for oversea service the sum of $1.25 per day, provided that in no event a veteran should receive more than $500 for home service and $625 for home and oversea service.

This was what the Government offered and the veteran accepted.

When on May 19, 1924, the foregoing section was enacted by Congress there was not sufficient money available with which to make cash payment, so the Government tendered the veterans a compensation—or insurance—certificate which was made up as follows: To the total amount due each veteran for both home and foreign service was first added a further bonus of 25 per cent of that amount; for example, the veteran whose certificate for home service amounted to $500 was to receive an additional $125, or a total of $625, and the veteran whose certificate for home and foreign service combined amounted to $625 was to receive an additional sum of $156.25, or a total of $781.25.

To this increased amount was added interest at the rate of 4 per cent per annum for 20 years, which actually more than doubled the amount of the veteran's enlarged claim, and he was then given a compensation or insurance certificate for the total, amounting to approximately $1,600 for overseas veterans. The same proportion of increase applied to every veteran according to the length of his service and the amount of his certificate, so the face value of the certificates issued the veterans in 1924, payable in 1945, was approximately two and one-half times the amount they were promised by the Government.

At the last session of Congress a strong drive was made by certain organized groups of veterans for payment of the full face value of these bonus certificates. The Congress felt, however, that in view of the fact that these claims had been increased two and one-half fold and would not be due until 1945, it would be unfair to the Government to undertake to pay the full face value, and in order to meet the pressing condition of veterans who were in need of help authorized a loan of 50 per cent of the face value of the bonus certificates. Allowing for the interest that had accrued on these certificates from the time of their issuance to February 27, 1931—the date on which the loan was authorized—each veteran who availed himself of the privilege of the loan received within $3 to $5 of the amount that he was promised by the Government. He has had the benefit of this insurance, which is in the nature of a life policy and which would have cost him about $15, based on the American Table of Mortality Rates.

Obviously there is no justification for immediate payment which, as above indicated, means payment of approximately double the amount due in the first instance.

I voted for the act passed by Congress on February 27, 1931, creating the loan of 50 per cent of the face value of the certificates, and to override the President's veto of the measure. Except in one instance recently, I have voted for all legislation for the benefit of veterans and their dependents since my service in Congress, and the only three votes I have ever cast to override the President's veto were for legislation for aid to veterans. I mention this to indicate my attitude as that of being friendly and endeavoring to be fair toward veterans of all wars.

Even if the veterans' compensation certificates were due at this time, I could not support the proposed plan of setting the Government printing presses to the task of printing sufficient money to pay them without any security available behind it except thin air. It would take $2,423,000,000 to pay the balance of the face value of the certificates if paid now. I have shown that they have received approximately this amount already as a loan on their certificates, and if they never received any further payment they would not be losers. The flooding of the country with unprotected currency of this kind would in all probability, according to the best financial minds of both political parties, take us off the gold basis and precipitate the country into a financial crisis which would prove disastrous.

I recognize the fact that many veterans are in great need of aid at this time. The same condition applies, however, in equal force to the remaining 120,000,000 citizens who are faced with the burdens of our present financial and economic crisis. If the veteran is disabled by his war service, he is receiving compensation and ample medical attention. If his disabilities have no service connection whatever, he still receives a pension and ample medical attention if his income is less than that exempted under the income tax law. This obligation to the disabled this country must under no condition neglect, and in order to properly meet its obligation to disabled veterans the country can not afford to divert unwarrantedly funds which must ever be held intact for them.

The controlling feature, however, of this proposed legislation is, in my mind, the fact that every soldier has secured or can secure to-day, if he so desires, his $1 a day for every day served in this country and his $1.25 a day for every day he served on the other side. It would be eminently unfair and unjust to the tax-paying public, of which the veteran is a part, to double his payment and undertake to pay him money in a form that would threaten the integrity of our whole financial structure.

EXTENSION OF REMARKS

Mr. GREEN. Mr. Speaker, I now renew my request to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Florida renews his request to extend his remarks in the RECORD, as indicated. Is there objection?

Mr. GOSS. Mr. Speaker, I object.

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, it is very evident we shall not be able to get a quorum to-day. I shall endeavor to arrange that some night next week we shall call the Private Calendar.

The SPEAKER. May the Chair state to the gentleman from Illinois [Mr. RAINEY] and the gentleman from New York [Mr. SNELL] that a number of Members have requested the Chair to ask the gentleman from Illinois and the gentleman from New York to confer with a view to arranging for a day or a night session to consider bills on the Private Calendar under the old practice. If it is possible, it seems to the Chair some arrangement should be made whereby the Private Calendar could be called, and in cases where there were no objections the bills could be considered and passed.

Mr. STAFFORD. Mr. Speaker, carrying out the proposal of the Chair, would it be agreeable to the gentleman from Illinois that next Friday night from 8 o'clock to 10.30 o'clock we consider bills on the Private Calendar unobjected to at the point we left off when the calendar was last considered?

Mr. BLANTON. Let us wait until Monday to agree on that.

Mr. STAFFORD. I may say it is entirely agreeable to me to have a meeting either Thursday or Friday night of next week.

Mr. BLANTON. Let us wait until next week to decide about that.

LEAVE OF ABSENCE

Mr. MOUSER. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Ohio [Mr. SEIBERLING] be given a leave of absence of 10 days beginning yesterday on account of injuries suffered in an automobile accident.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 25 minutes p. m.) the House adjourned until Monday, May 23, 1932, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

586. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a report dated May 20, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Indian Harbor and Canal, Ind., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SMITH of Idaho: Committee on the Public Lands. H. R. 6484. A bill to grant lands in Alaska to the Yakutat & Southern Railway, a Washington corporation authorized to carry on its business in the Territory of Alaska; with amendment (Rept. No. 1399). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JONES: A bill (H. R. 12227) to remove certain burdens on interstate commerce in agricultural commodities by providing means of limiting the amount of short future trading which may be done in such commodities, and for other purposes; to the Committee on Agriculture.

By Mr. JOHNSON of Texas: A bill (H. R. 12228) granting relief to American civilian employees of the Navy stationed in the Philippine Islands; to the Committee on Naval Affairs.

By Mr. STEWART (by request): A bill (H. R. 12229) to regulate the transportation of persons and property in interstate and foreign commerce by motor carriers operating on the public highways, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ERK: Concurrent resolution (H. Con. Res. 30) to create a joint committee on industrial and business restoration; to the Committee on Rules.

By Mr. LAMBETH: Concurrent resolution (H. Con. Res. 31) to print and bind the proceedings in Congress and in Statuary Hall upon the occasion of the unveiling of the statue of Charles Brantley Aycock, presented by the State of North Carolina; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAND of Ohio: A bill (H. R. 12230) granting an increase of pension to Mary J. Pyers; to the Committee on Invalid Pensions.

By Mr. WILLIAM E. HULL: A bill (H. R. 12231) granting an increase of pension to Harriet Stillwell; to the Committee on Invalid Pensions.

By Mr. LOVETTE: A bill (H. R. 12232) granting a pension to Robert H. Shuffield; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12233) granting an increase of pension to Minnie Pierce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12234) granting a pension to Garfield Hampton; to the Committee on Pensions.

Also, a bill (H. R. 12235) granting a pension to William R. Hunley; to the Committee on Pensions.

Also, a bill (H. R. 12236) granting a pension to Lena M. Burnett; to the Committee on Pensions.

Also, a bill (H. R. 12237) granting a pension to Frank Lawson; to the Committee on Pensions.

Also, a bill (H. R. 12238) for the relief of Wallace Hensley Welch; to the Committee on Naval Affairs.

Also, a bill (H. R. 12239) granting a pension to Jacob L. Walker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12240) granting a pension to Bruce Arthur Waddell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12241) granting a pension to Charlie Campbell; to the Committee on Pensions.

Also, a bill (H. R. 12242) granting a pension to Spurgeon C. Portwood; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7868. By Mr. CULLEN: Petition of the Uniformed Firemen's Association of Greater New York, memorializing the Congress of the United States to take action by voting a Federal bond issue of at least $5,000,000,000 to finance construction of public works and other undertakings which will provide employment for many idle men and point toward the Nation's economic recovery; to the Committee on Ways and Means.

7869. By Mr. KVALE: Petition of 59 citizens of Felton, Minn., urging all possible economies in Government expenditures; to the Committee on Economy.

7870. Also, petition of Bricklayers, Masons, and M. M. Benevolent Union, No. 1, St. Paul, Minn., protesting against Senate bill 3487; to the Committee on Labor.

7871. Also, petition of American Legion Auxiliary Post, No. 177, protesting against any change in World War veterans' act; to the Committee on World War Veterans' Legislation.

7872. Also, petition of Bricklayers and Masons Union of Minneapolis, opposing enactment of Senate bill 3847; to the Committee on Labor.

7873. By Mr. PARKER of Georgia: Petition of Carl M. Rushing and 74 other citizens of Claxton, Evans County, Ga., urging the repeal of the eighteenth amendment to the Constitution of the United States; to the Committee on the Judiciary.

7874. By Mr. RUDD: Petition of Railway Electric Supply Manufacturers Association of Chicago, Ill., opposing the soldiers' bonus; to the Committee on Ways and Means.

7875. Also, petition of Uniformed Firemen's Association of Greater New York, favoring a $5,000,000 bond issue to finance construction of public works to provide employment; to the Committee on Ways and Means.

7876. By Mr. WATSON: Resolution passed by the City Council of Philadelphia, relative to the creation of a Delaware River joint commission; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, MAY 23, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

THE LINDBERGH TRAGEDY—SERMON BY DOCTOR M'CARTNEY

Mr. MOSES. Mr. President, I ask permission to have printed in the RECORD a sermon delivered in the Covenant-First Presbyterian Church, of Washington, D. C., by Rev. Albert Joseph McCartney, based on the Lindbergh tragedy.

The VICE PRESIDENT. Without objection, it is so ordered.

The sermon is as follows:

"A LITTLE CHILD SHALL LEAD THEM"

(Scriptual Lesson—Judges xx, 1-18)

(Text—Judges xix, 30—"And it was so, that all that saw it said, there was no such deed done nor seen from the day that the children of Israel came up out of the land of Egypt unto this day; consider of it, take advice, and speak your minds."

Judges xx, 3—"Tell us, how was this wickedness?"

Isaiah xi, 6—"A little child shall lead them."

The disclosures of Thursday night swept aside our chosen theme, for right of way should be given in every pulpit in the land to the one subject that is absorbing the mind and heart of the world. On a February afternoon in 1909 I chanced to be in Newcastle, Pa., where I snatched an extra from a newsboy announcing the kidnaping of one of my Sunday school boys, Billy Whitla, the 8-year-old son of a prominent family in Sharon, near by. The search led to all quarters of the country. I witnessed in a most intimate way the anguish of that father and mother with whom I spent that first night. No tongue can tell, no pen can possibly describe the emotions of such a household. Six days later in my church study we wrapped up the ransom money, carrying out in every detail the instructions of the kidnapers, and Mr. Whitla boarded the train for Cleveland where his boy was returned that night.

A wave of joy swept the whole country which next morning came to a focus in Sharon as the lad was returned amid tumultuous rejoicing of thousands that thronged the main street of that city and surged up and around the residence of the father. There standing on the porch, the united family was greeted with great acclaim as that vast multitude broke into the familiar music of the Doxology.

We had hoped that some such scene would sooner or later stage the denouncement of this recent crime, but instead the whole Nation is broken in grief and shame and in place of the Doxology we must join in the dirge of David, when after the battle in the woods, he received the intelligence of his son's death, and climbed the stairs to his chamber over the wall, sobbing at every step: "O Absalom, my son, my son. Would God I had died for thee. O Absalom, my son! My son."

If this crime can not kindle such a flame of righteous indignation that shall help to purge this Nation of its lawlessness, then God pity America, for she is lost, utterly lost, and it is but a question of time till our boasted land of freedom shall find her common destiny and be one with Nineveh and Tyre.

In the closing chapter of the Book of Judges there is a revolting tale of a horrible crime committed against the virtue of a young Jewish girl by the criminal element in the city of Gibeah, belonging to the tribe of Benjamin, a somewhat indelicate tale which may be delicately told to our profit, against the background of what has happened at Hopewell. She and her betrothed husband had stopped for the night in this town where they were strangers and were preparing to camp out in the street when an old man had compassion upon them and extended them hospitality for the night. There an attack was made by a lawless element in the town, and after a night of bestiality, the poor creature was discarded on the doorstep of the old man's house where her lord found her dead "at the door of the house with her hand upon the threshold." He placed the corpse upon an ass and wended his way homeward across the mountains of Ephraim. Upon arrival there he did a dramatic thing. He severed the body into 12 pieces and sent a section thereof to the chiefs of the 12 tribes of Israel, with a detailed account of the crime that had been committed.

The moral reaction upon Israel was instantaneous. Men came from all over Palestine to the capital of the tribes at Mizpah, in religious frenzy to voice their indignation—400,000 of them armed to the teeth. Then they put this Levite upon the witness stand and he rehearsed in their hearing the horrible details and finished up with an appeal for justice to the government of the tribes. Then the people rose as one man, saying: "We will not any of us go to his tent, neither will any of us return to his house," and on the wave of a great indignation they hurled themselves repeatedly against the embattled Benjaminites who had refused to deliver up the criminals, till at the price of nearly 100,000 lives they practically wiped out the tribe of Benjamin.

The parallel that is moving in all our minds as I rehearse this tale of antiquity is obvious and has something to say to us here in America across all these centuries. It took a fearful and horrible crime against an innocent girl to arouse the people of Israel to the moral conditions in the tribe of Benjamin and to awaken them to such a sense of righteous indignation as to purge the land of that iniquity. "God moves in a mysterious way His wonders to perform." This crime that has so shocked the heart of the world is in no way a part of God's purposes, but God is capable of making even the wrath of men to praise Him, and I do believe that in the inscrutable providence of Almighty God this dastardly deed may serve to bring America to her senses and arouse the people of the land as one man in a determination to clean the Stygian stalls of our great cities and sever the alliance between the underworld and crooked politics, whose representatives are thugs and murderers, child stealers and extortionists, and root out the poison nests of crime that infest this land.

It takes some such tragedy to shock the world into its senses. It took the sacrifice of a young girl in that unspeakable crime yonder in the hills of Ephraim to galvanize the sluggish heart of Israel into moral action. It took the death of Edith Cavell to unite the Allies of the world in a deathless purpose. It took the death of the Son of God in the tragedy of the crucifixion to turn the moral tide for righteousness in the ancient world, and if the heart of this country, standing by the pitiful remains of yonder little child in Hopewell, can only be galvanized into a vast determination to change the whole face of human society, to have millions make a vow to God as one man to come away from our worship of false gods and our alliance with lust and adultery and greed and our casual attitude toward lawlessness, then some blessing may be distilled from this cup of woe. Unless we react to this crime after some such manner, then woe to our country, for there is nothing left but surrender to crime and lust and intemperance and anarchism, and the proud name of Columbia shall be brought low in the dust, and it will only be a question of time her destiny, I say, shall be one with Nineveh and Tyre. But, oh, that this foul and unspeakable murder might arouse anew the spirit of the real America, the spirit that made America, the spirit that was America!

Our first and natural reaction to these horrible disclosures is to unleash the bloodhounds of the law in every land and let the whole world be turned into a vast detective bureau and take the perpetrators of this crime and hang them high as Haman. If they may soon be overtaken by the law and such punishment meted out, then fortunate will they be, for to carry the burning burden of this crime a secret to the end of their days would seem to be a punishment which the human heart would be incapable of enduring.

But, my friends, what concerns us is not so much the manner and the meed of the punishment of this crime, but the future prevention of such crimes, and to do this we shall have to work toward the eradication of the motive. No degree of punishment, however severe, will suffice to turn the purposes of such criminals. We must change the whole atmosphere in regard to these things. We must do something more to organize society on a basis and inspire it with a soul where these things can not flourish.

1. Let us begin with the children. The trouble with us is that we have reared up a generation of young men and young women who have no real sense of God and, therefore, no sense of responsibility to society. The training of children in the ethics of life and religion has either been wholly neglected in the home or they have been turned over to the innocuous training of our third-rate Sunday schools by parents who are bankrupt of their own faith and long since have shifted all responsibility for the well-being of their children whom they have brought into the world. We scoff at Russia and her hordes of wandering children who have to forage like wild beasts for themselves, but that is not a bit worse than the lamentable conditions in large sections of respectable America where the children are left to shift for themselves so far as moral and spiritual feeding is concerned. Too many of our so-called first citizens have been sacrificing at the altar of Sunday morning recreation, which leaves no place for the encouragement of our children by an example in the matter of religious training, at the only time in the calendar in the whole week when such a thing can be made possible. Don't try to tell me that your children are just as fine and responsible to society as those brought up with religious care. The amazing thing is that so many of them are, but, my friends, they are living on the accumulated capital of their godly grandparents and great grandparents. But the blood is running thin, and that patrimony will not last forever, and you can't keep the social order on a high and sensible tone without God. Sooner or later it is bound to break down.

Let our answer, therefore, to this crime against childhood be, then, a rededication of American parenthood to the biggest business of all, the Christian training of our children. Shall we continue to bring them up with a casual attitude to adultery in the home and disregard for law through our own example and the worship of money as king in the household and the way of pleasure as the one to be constantly chosen? Let us rather build up in the minds of our children a sense of their responsibilities to society through a knowledge of their accountability to Almighty God. Therefore, I lift up my voice as with a trumpet and call to you parents, come back from the godless lives, come back from your careless conduct in the presence of your children, come back from your divorce courts and your creed of pleasure as the chief end of man and give some attention to the religious welfare of your households. On the battlefield of Gettysburg there is a stone whereon is chiseled this inscription: "The high watermark of the Rebellion." From that bloody angle the tide turned toward ultimate victory for the North. Let us make that little grave in Hopewell a national shrine that marks the high watermark of moral and spiritual rebellion in our Christian homes and turn our faces as one man to new resolve: "And a little child shall lead them."

2. Another answer to this crime can be a regard for the majesty of the law, so far as we ourselves are concerned. It is our lawlessness that creates the moral atmosphere in which these crimes that so outrage society to-day thrive and prosper. Lawlessness has reached the proportions of a national calamity. Statisticians have estimated our annual loss through crime and racketeering in billions of dollars. Perhaps our Nation can stand the loss of these vast amounts from the channels of legitimate industry, but we can not survive the loss of human character that is inferred. Every now and then we are furnished with revolting crimes which shock us into fresh consciousness of the moral pitfalls that are

around about our very homes, and we hold up our hands and wring them in holy horror at the revelations. Yet every time you get your boy out of trouble for speeding on the public highway, every time you bribe an officer of the law for your personal convenience, you make it easier for some one else to buy off the law and harder for the officer to do his duty. If you break the law with impunity, then your boy can break the law; and if your boy can break the law, then any other boy can break the law with impunity. I know it is the most popular pastime amongst us to dump all this lawlessness on the doorsill of prohibition, but I tell you where the trouble lies—in the homes of you, fathers and mothers, who haven't the moral backbone nor the patriotic ardor nor the Christian conscience to set your growing boys and girls a decent example.

Every time you patronize a bootlegger you contribute to the moral atmosphere that makes these fearful crimes possible and you are participating hand in glove with Al Capone and all his lecherous crew. You become a stockholder in the amalgamated crime of America. In his inaugural address three years ago President Hoover said: "It is as much the duty of the citizen to obey the law as it is the duty of the officer to enforce it." When liberty reaches such a pitch as to permit a crime of violence to wound the holiest and most venerable rights of life, it changes its name and becomes barbarism. O, my countrymen, let this crime kindle such a flame of indignation in all our hearts that under its illumination we may see clearly what a part we each have to share in this whole spirit of lawlessness that is blighting this land. In the name of patriotism, in the name of Christ, let us rise up like men and women and face the claims of law obedience ourselves and reassert our faith in the majesty of the law as the pillar and the crown of our Republic.

Another reaction to this crime is the utter futility of legislation, education, or police discipline to accomplish the ends desired in and of themselves. Only a change of heart in our country can bring this to pass.

What this country needs is a great revival of genuine religion. God seems to be shaking mightily the earth, reminding us in every way that a man's life consisteth not in the abundance of the things which he possesseth. He is saying to America in unmistakable language: "Let not the rich man glory in his riches, neither let not the wise man glory in his wisdom, let not the mighty man glory in his might, but let him that gloryeth glory in this, that he understandeth and knoweth Me." A personal experience of God is the only cure

The country is being surfeited with analysts and counselors for our national well-being. We listen to our fifth-rate radio economists and political fence menders, and the name of their panaceas is legion. Down underneath it all the explanation is plain—we have reared a generation that has lost its faith in God. A third of the people in America have frankly no religion at all for the census taker to record. Synagogues have been converted into social clubs and the Catholic and Protestant churches have suffered sufficient losses in the last 15 years to turn the scale in America from morality to immorality, from the time-honored respectabilities of our fathers to pleasure, booze, and divorce. What America needs is a mighty revival of religion. The heart cry of humanity is for God. In view of all this never did the church of Jesus Christ have such an open door of opportunity.

Where shall this revival begin? Where else than in your life and in mine? "It's not my brother, it's not my mother, it's not my sister, it's not my father—it's me, O Lord, standin' in the need of prayer." If your heart is hot with indignation over this tragedy in Hopewell, and if your hands reach out to take hold upon something that you can do to change things, there is one practical thing you can do; you can change your attitude to God. You can find out what are the barriers that seem to shut God out of your life, and if each one of us here should succeed under this vow to take those barriers down in his own life, what an eloquent answer that would be, how it might turn the whole tide for righteousness throughout the land. "It's not my brother, it's not my mother, it's not my sister, it's not my father—it's me, O, Lord! standin' in the need of prayer." "And a little child shall lead them."

WAR POLICIES COMMISSION

Mr. VANDENBERG. Mr. President, on May 6 the national executive committee of the American Legion met in Indianapolis, Ind., and unanimously adopted a resolution relating to the War Policies Commission, which I ask may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The resolution is as follows:

Whereas the American Legion has, since its convention in 1922, advocated legislation to give the President power, in case of any emergency declared by Congress, to mobilize all the material resources, industrial organizations, and services, for the purpose of carrying on war, including power to stabilize prices, not only for those commodities required by the Government but for the whole civilian population; and

Whereas it is our opinion that if all necessary stabilizing machinery can be made operative immediately upon the imminence of any emergency a long and important step forward will have been made in organizing the national defense in an orderly, equitable, and economical manner, and will, if properly administered, take the profit out of war and preclude in any future crisis many, if not all, of the economic ills, dissatisfaction, and unrest that have been the aftermath of the World War; and

Whereas on June 27, 1930, Congress enacted Public Resolution No. 98, creating the War Policies Commission, charged with the responsibility of studying this entire matter for the purpose of submitting a report to the President, who, in turn, was to submit it to the Congress; and

Whereas this commission, after extensive hearings, has made such a report, which report, findings, and recommendations are now before the United States Senate: Now, therefore, be it

Resolved, That the national executive committee of the American Legion hereby extends to the War Policies Commission its sincere congratulations for the thorough and exhaustive manner in which they went into this entire matter and for the splendid work they have done, and calls upon the Senate of the United States to speedily enact into law the legislative recommendations of the commission and thereby put into effect the program constantly advocated by the American Legion during the past 10 years, not only as a peace measure but as a sound national-defense policy.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal of May 19, 20, and 21 last.

The VICE PRESIDENT. Without objection it is so ordered.

CANADIAN OPINION ON UNITED STATES PROBLEMS

Mr. GEORGE. Mr. President, I ask unanimous consent to have printed in the RECORD a portion of the editorial from the Vancouver Sun of May 9, reproduced in the Atlanta Georgian of May 20, 1932, dealing with the problems of the United States and expressing a Canadian viewpoint.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

What is the objective economy of the United States? The accumulation of gold and the piling up of more and higher interest-bearing securities? Or an economy that will distribute goods, increase work and wages and buying power throughout the continent?

The President denies the use of the national prerogative to create business, by bonuses to soldiers, by the prosecution of public works, and by cooperative group planning for farmers, through the issuing of national currency for which the country has ample wealth. His cry of balancing budgets by reduced expenditures and increased taxation can result only in destruction of industry and the confiscation of the taxpayer's wealth.

Has it never dawned on the American President that after reasonable economies are effected the only way a budget can be balanced is by bringing the purchasing volume up to a nation's power to create, to produce, and consume?

Has this been done?

Rather than even attempt such a thing, the President of this great neighbor Republic seems determined to let depression do its worst and to let his people go jobless and hungry.

Every day the value of what Americans do and what Americans own is falling. Canadians, although sympathetically affected by actions of Washington, are just as helpless to suggest or interfere in the economy of the United States as they are to interfere with the religious but devastating economy of India.

The notion so often advanced that North America is simply passing through one more natural period of depression and panic, from which we shall recover, is wholly wrong.

The basic causes of this depression have world-wide roots which are exaggerated in industrialized North America. That cause is the multiplication of the power of people to produce without accompanying increases in their capacity to consume.

The defective, outlived attitude toward gold and money and the handling of credit has made it impossible for man to buy the goods he can now produce. And, confronted with a situation like this, the Hoover mind seems inert and helpless.

One hundred and twenty million Americans stand before a flood of food and machinery and science without a monetary medium to acquire for themselves and their families that portion that will give them food and work and hope.

Eight millions of those Americans are out of jobs and are, therefore, economically outlawed, with no hope of relief.

Yet, in the face of this appalling picture, the Hoover message to his Congress calls for nothing but further reductions in wages and consumption and an increase in sacrifice.

Under the deadening weight of the Hoover inaction America's masses seem slowly but surely heading to the condition of China and India.

From the Canadian side of North America the President's message sounds like the doom of a great nation or the doom of a great political party.

ADDRESS BY FRANKLIN D. ROOSEVELT

Mr. LONG. Mr. President, I ask unanimous consent to insert in the RECORD an address by Gov. Franklin D. Roose-

velt, delivered in Atlanta, Ga., on May 22, from which I want to read one paragraph:

We may build more factories, but the fact remains that we have enough now to supply all our domestic needs and more, if they are used. No; our basic trouble was an insufficiency of capital, it was an insufficient distribution of buying power coupled with an oversufficient speculation in production.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

[From the New York Herald Tribune, May 23, 1932]

RISE IN SCALE OF PAY ASKED BY ROOSEVELT—"FORGOTTEN MAN" WILL REVOLT UNLESS ASSURED A LIVELIHOOD AT CAPITAL'S EXPENSE, UNITED STATES WARNED—TRIAL AND ERROR METHOD ADVOCATED—EXPERIMENTS HELD VITAL; SPEECH IS KEYNOTE OF PRESIDENTIAL CAMPAIGN

By Ernest K. Lindley

ATLANTA, GA., May 22.—Speaking to-night at the commencement exercises of Oglethorpe University, Gov. Franklin D. Roosevelt advocated social planning to achieve a "more equitable distribution of the national income" and asserted that the country needs and demands "bold, persistent experimentation."

The country, Mr. Roosevelt said, can not afford to have its economic life controlled by "that small group of men whose chief outlook upon the social welfare is tinctured by the fact that they can make huge profits from the lending of money and the borrowing of securities."

WARNS OF REVOLUTION PERIL

The governor issued what was construed as a direct warning to conservatives, and to certain Wall Street interests in particular, that only by drastic correction in the faults of the American economic system can open revolt be averted.

"The country needs, and unless I mistake its temper, the country demands, bold, persistent experimentation," he said. "It is common sense to take a method and try it; if it fails, admit it frankly and try another. But above all, try something. The millions who are in want will not stand by silently forever while the things to satisfy their needs are within easy reach."

Governor Roosevelt's address was regarded by those who follow his campaign for the presidential nomination as the fullest and most straightforward expression of his credo of political and economic liberalism that he has yet made. By them it is viewed as a marking out of the ground on which he will make his fight for the nomination in Chicago, if a fight is necessary, and upon which, if he is nominated, he will make his campaign against President Hoover.

It is understood to be the first of two speeches which the governor had prepared for use before the Chicago convention to cement his following and insure the incorporation of his views in the Democratic platform. The second speech is expected to deal more concretely with certain specific methods.

BLAMES DEPRESSION ON WASHINGTON

Although Mr. Roosevelt mentioned no names, his address was replete with criticisms of the Coolidge and Hoover administrations, as well as of the Wall Street banking group, which is classed as hostile to his nomination. Alluding to the speculative mania of 1928, he said that "to the stimulation of belief in this dazzling chimera was lent not only the voices of our men in high office but their influence and the material aid of the very instruments of government which they controlled."

The governor asserted that "we are all suffering to-day from the comfortable theory" that the economic depression will come to an end through the natural operation of economic law.

Persons familiar with the recent speeches of Alfred E. Smith saw in one passage of Mr. Roosevelt's address a direct answer to the point of view advanced by Mr. Smith in indorsing the sales tax. The governor said that if one injures capital one strikes at the workingman.

Mr. Roosevelt said that "many of those whose primary solicitude is confined to the welfare of what they call capital have failed to read the lessons of the last few years and have been moved less by calm analysis of the needs of the Nation as a whole than by a blind determination to preserve their own special stakes in the economic order."

While capital will continue to be needed, said the governor, it is probable "that our physical plant will not expand in the future at the same rate at which it has expanded in the past."

"We may build more factories," he said, "but the fact remains that we have enough now to supply all our domestic needs and more, if they are used. No; our basic trouble was not an insufficiency of capital; it was an insufficient distribution of buying power coupled with an oversufficient speculation in production.

"Do what we may have to do to inject life into our ailing economic order, we can not make it endure for long unless we can bring about a wiser, more equitable distribution of the national income. It is well within the inventive capacity of man, who has built up this great social and economic machine, capable of satisfying the wants of all, to insure that all who are willing and able to work receive from it at least the necessities of life. In such a system, the reward for a day's work will have to be greater, on the average, than it has been, and the reward to capital, especially capital which is speculative, will have to be less."

Assailing what he termed "the Wall Street group," Mr. Roosevelt said: "We can not allow our economic life to be controlled by that small group of men whose chief outlook upon the social welfare is tinctured by the fact they can make huge profits from the lending of money and the marketing of securities—an outlook which deserves the adjectives 'selfish' and 'opportunist.'"

The governor said that after "the experience of the last three years" the average person would rather receive "a smaller return upon his savings in return for greater security for the principal than experience for a moment the thrill of the prospect of being a millionaire, only to find the next moment that his fortune, actual or expected, has withered in his hand because the economic machine has again broken down."

Mr. Roosevelt told his audience that for the attainment of the objective which he defined there would be needed "the courage of the young" and "enthusiasm, imagination, and the ability to face facts, even unpleasant ones, bravely." His parting injunction to the members of the graduating class was: "Yours is not the task of making your way in the world, but the task of remaking the world which you will find before you."

RECALLS DELUSIONS OF GOLDEN ERA

In leading up to his main argument, Mr. Roosevelt said:

"The year 1928 does not seem far in the past; but since that time, as all of us are aware, the world about us has experienced significant changes. Four years ago, if you heard and believed the tidings of the time, you could expect to take your place in a society well supplied with material things and could look forward to the not too distant time when you would be living in your homes, each (if you believed the politicians) with a 2-car garage, and, without great effort, would be providing yourselves and your families with all the necessities and amenities of life and, perhaps in addition, assure by your savings their security and your own in the future.

"Indeed, if you were observant, you would have seen that many of your elders had discovered a still easier road to material success—had found that once they had accumulated a few dollars they needed only to put them in the proper place and then sit back and read in comfort the hieroglyphics called stock-market quotations which proclaimed that their wealth was mounting miraculously without any work or effort on their part.

TO-DAY'S PLIGHT CONTRASTED

"How sadly different is the picture which we see around us to-day. If only the mirage had vanished, we should not complain, for we should all be better off. But with it has vanished, not only the easy gains of speculation but much of the savings of thrifty and prudent men and women, put by for their old age and for the education of their children. With these savings has gone among millions of our fellow citizens, that sense of security to which they have rightly felt they are entitled in a land abundantly endowed with natural resources and with the productive facilities to convert them into the necessities of life for all our population. More calamitous still, there has vanished with the expectation of future security the certainty of to-day's bread and clothing and shelter."

After discussing briefly a lack of plan in our society which he said led us to educate, for example, more teachers than we could find positions for, he plunged into the economic field.

"In the same way we can not review carefully the history of our industrial advance without being struck with its haphazardness," he said, "with the gigantic waste with which it has been accomplished—with the superfluous duplication of productive facilities, the continual scrapping of still useful equipment, the tremendous mortality in industrial and commercial undertakings, the thousands of dead-end trails into which enterprise has been lured, the profligate waste of natural resources.

"Much of this waste is the inevitable by-product of progress in a society which values individual endeavor and which is susceptible to the changing tastes and customs of the people of which it is composed. But much of it, I believe, would have been prevented by greater foresight and by a larger measure of social planning. Such controlling and directive forces as have been developed in recent years reside to a dangerous degree in groups having special interests in our economic order, interests which do not coincide with the interests of the Nation as a whole.

"I believe that the recent course of our history has demonstrated that while we may utilize their expert knowledge of certain problems and the special facilities with which they are familiar, we can not allow our economic life to be controlled by that group of men whose chief outlook upon the social welfare is tinctured by the fact that they can make huge profits from the lending of money and the marketing of securities—an outlook which deserves the adjectives 'selfish' and 'opportunist.'

"You have been struck, I know, by the tragic irony of our economic situation to-day. We have not been brought to our present state by any natural calamity—by drought or floods or earthquakes—or by destruction of our productive machine or our man power. Indeed, we have a superabundance of raw materials, a more than ample supply of equipment for manufacturing these materials into the goods which we need, and transportation and commercial facilities for making them available to all who need them.

"But raw materials stand unused, factories stand idle, railroad traffic continues to dwindle, merchants sell less and less, while millions of able-bodied men and women, in dire need, are clamoring for the opportunity to work. This is the awful paradox with which we are confronted, a stinging rebuke that challenges our power to operate the economic machine which we have created."

CALLS FOR COURAGE AND INITIATIVE

Governor Roosevelt summarized briefly some of the "multitude of views" upon how the economic machine could be set up in motion again, and after defining his own conception of the goal which should be borne in mind, he said:

"Probably few will disagree that the goal is desirable. Yet many of faint heart, fearful of change, sitting tightly on the roof tops in the flood, will sternly resist striking out for it lest they fail to attain it. Even among those who are ready to attempt the journey there will be violent differences of opinion as to how it should be made. So complex, so widely distributed over our whole society are the problems which confront us that men and women of common aim do not agree upon the method of attacking them. Such disagreement leads to doing nothing, to drifting. Agreement may come too late.

"Let us not confuse purpose with method. Too many so-called leaders of the Nation fail to see the forest because of the trees. Too many of them fail to recognize the vital necessity of planning for definite objectives. True leadership calls for the setting forth of objectives and the rallying of public opinion in support of these objectives."

It was here that the speaker urged "bold, persistent experimentation."

The honorary degree of doctor of laws was awarded to the governor. The commencement exercises took place in the Fox Theater.

Governor Roosevelt later motored back to Warm Springs. He announced he would leave there on Wednesday morning and arrive in New York the next morning.

PROBLEMS OF THE UNITED STATES

Mr. COPELAND. Mr. President, in this morning's New York Herald Tribune there is a very interesting interview with Judge Morgan J. O'Brien, of New York City. He is in many respects our first citizen. I regard this as a notable expression of opinion of a wise man regarding present-day issues. It is entitled "What's the Matter with the United States?"

Mr. O'Brien emphasizes our greed, our falling off in religion, the spread of sensuality, a loosening of the standards of personal probity, manners and morals, and our failure to dispose of our surplus products and to make reasonable tariffs.

I ask that the interview may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The interview is as follows:

[From New York Herald Tribune, May 23, 1932]

WHAT'S THE MATTER WITH THE UNITED STATES?—MORGAN J. O'BRIEN HOLDS THE NATION IS ALL RIGHT, BUT THE PEOPLE HAVE MANY GROWING FAULTS

By Edward Angly

In 80 years of living Morgan J. O'Brien has learned not to worry, whatever happens. He isn't worrying to-day. His sun-tanned brow is unwrinkled. With a long span on the New York Supreme Court bench far behind, he is still active as the head of one of the city's largest law offices. He continues to relish golf, a game he pioneered in this country.

When his legs were sturdier and his muscles more supple, Judge O'Brien used to clip off 18 holes with a score somewhere in the eighties. In those days he would get as sore as the devil whenever he flubbed a brassie shot or topped an intended pitch to the pin. Nowadays it is seldom that he breaks a hundred, but even that doesn't worry him. He takes the bad shots with equanimity and puffs out his chest and grins when he gets off a good one.

PLAYERS THEMSELVES TO BLAME

On days when scarcely a shot seems to click sweetly from woods and irons, the judge isn't the sort of fellow to find fault with the course. So to-day, when the great game of life is being shot far below par by tens of millions of duffers, he sees no excuse for howling about the condition that the fairways are in. The players have only themselves to blame.

"No; there is nothing the matter with the United States," the judge remarks. "The trouble is and for some time has been with our people."

The trouble with our people, as observed by the judge's keen gray-blue eyes, is multifarious, and its vitiating varieties are increasing rather than diminishing.

Insatiable greed, a falling off in religion, a spread in sensuality, a loosening of the standards of personal probity, manners and morals, a growing preference for reckless living instead of simple, temperate living, a lack of poise, "a failure to mind whatsoever things are elevated"—these are a few of the flaws Judge O'Brien picks in watching America's millions as they play the game.

Economically, he says, we have failed in the distribution of our surplus products, in the making of tariffs and in our hesitancy to help settle the international problem of reparations and war debts. Politically we have erred in botching the Constitution with amendments which have encouraged majorities to run roughshod over minorities. Ethically, we have slipped away from many a sound old mooring.

SAYS BRIAND HAD RIGHT IDEA

Judge O'Brien is hopeful that the depression will chasten us. The abuses of prosperity, he believes, blunted the consciousness which is the basis of right living. He is optimistic enough to feel that the world is making progress toward some sort of moral unity consonant with the fact that scientific advancements have knit the separated peoples of this earth into a more closely woven fabric than our fathers knew. He thinks Aristide Briand was on the right track with his idea for a loose economic federation that would have left each people with their separate languages, customs, and culture.

Lounging on a fine old brocaded sofa in the drawing-room of his home, Judge O'Brien outlined his case against his countrymen. Like the good lawyer that he is, he cited authorities to hammer in his points. De Tocqueville, Bryce, Emerson, Matthew Arnold, Madison, Jefferson, Gladstone, and Macaulay—all these, and others, he called upon to fortify his arguments.

And Jim Hill, too. Most people may remember James J. Hill only as a great big rail and securities man, an empire builder, as the Victorians called the industrial leaders in America's age of expansion. But Judge O'Brien has other souvenirs. He remembers, for example, that Hill, more than 25 years ago, had this to say of his compatriots:

"We are a profligate nation, spendthrifts not only of our natural resources but of our physical and mental energies as well. We are money-reckless, work-reckless, ambition-reckless, play-reckless, social-reckless, according to our spheres and our callings. Literally, in the heat of the day, we take no thought for the morrow. It is not the sane life any more than it is the simple life."

The core of our present-day troubles, Judge O'Brien seems to feel, is to be found in the disintegration of the simple, natural, disciplined life which had its center in the home. In his boyhood, he recalls, decent people drummed two fundamental ideas into the consciences of their children; they must be honest and they must tell the truth. Few homes were without religious influence.

LAMENTS FOR HONOR AND TRUTH

"In the old days," he says, "business assumed that a young man who had been reared in a respectable home possessed the virtues of honesty and truthfulness. His domestic background was his guaranty when he went out into the workaday world to find a job. But to-day an office will not consider a man unless he brings with him not only a letter of introduction, but four or five recommendations setting forth in black and white that he is of good character.

"One does not have to search for long to find evidence of the fact that dishonesty has become more and more frequent in business relationships. Year by year statements of the surety companies show astounding increases in payments made on personal bonds because of defaults. Insatiable greed has spread far and wide the desire to get hold of another's property, to accumulate wealth by whatever means are the easiest and speediest. That is the code of the hold-up man on the dark street. It is the code of many a business man in his lighted office. Perhaps it is not easy to live rightly, but it is the only way to live if one is to look back happily on the years that have passed and face the future with content and without worry.

"To-day we are losing not only religion but order, poise, and the appreciation of simple, natural things. Greed for money, greed for amusements, people may think they are finding happiness that way, but really they do not find it.

"I can no longer understand the behavior of some of the young women who come from what are considered our better class of homes. You have seen what goes on in our speak-easies. I have never entered one of those institutions, but I know pretty well, I think, what they are like. The picture of a decent young woman going up to a bar and ordering a whisky sour is one that could not have been visualized in the old days.

BEWAILS "DECLINE OF RELIGION"

"So many of our children are reared to-day not only without religious influence but in a decidedly antireligious atmosphere. Men of position go about preaching that science is the negation of religion. It isn't at all. Men have ever looked about them, seen and appreciated the beauty of growing things—flowers, grass, trees, birds—and felt a respect for the One who created it all. Humanity has always recognized the existence of a Supreme Intelligence.

"I can not understand intolerance in religion itself or among those who look upon religion with the eyes of irreligion. Long before Christ the philosopher Confucius said: 'All religions are good, but some are better than others.' That is true, eternally true. It is a thought that leaves it to every man to be satisfied with his own religion. Every man should think his own the best. If I did not believe that the one in which I was brought up is the best, I would change to the one I did think was the best."

As the judge spoke Mrs. O'Brien walked through an adjoining room. They have been married happily for more than half a century and are the parents of nine children. So when Judge O'Brien speaks of the making of a home one feels it to be a subject on which he is quite qualified to speak.

"One of the things I have always endeavored to have my children cultivate," he says, "is poise. Often when we are together I speak of it. As a people we are inclined to rush about nervously at the simplest provocation. I used to say to my children, 'Now, if you hear a voice in the street crying, "Extra! Extra! Read abloop the bolp-blopp-blopp," and you rush to the elevator and

the elevator doesn't happen to be at your floor at that very moment, don't get so excited that instead of waiting for it you must run all the way down the stairs. Keep your head, be calm, don't worry. Whatever has happened probably doesn't matter very much anyway.'"

WHAT OF THIS GROWING DISORDER?

With the general lack of poise Judge O'Brien also remarks an increasing disorder. In Manhattan, he says, a man who visits a friend's apartment for dinner never can be certain that he won't be held up on his way home. The judge recalls several recent stick-ups and temporary abductions which occurred in his own neighborhood—the East Sixties, which are supposed to enjoy a little more poise and quite as much good order as any other part of town. The judge remembers when that neighborhood not only was uptown but also all the way out into the country.

His opposition to prohibition is as whole-hearted as any man's, but he doesn't blame the growth of violence in this country entirely upon sumptuary legislation. He blames greed, too, and is not unmindful of the national exuberance which Jim Hill called recklessness.

"The Lord gave us a country blessed with wealth and resources such as no other country ever possessed," he says. "Our country contained coal, iron, copper, silver, gold, and other minerals, and in the fields we could produce everything needed for food and raiment, and these to an extent that we found there was more than we needed for our own people and that our surplus was available for export among other countries. Wherein we failed was in the distribution of our surplus. And we are to blame for tariff laws and barriers that have deterred the other countries from buying our surplus. Since we were the first to put up a high tariff I think we ought to be the first to take it down.

"A government was established by the fathers to secure 'life, liberty, and the pursuit of happiness.' These rights were embodied in a written Constitution. The fathers pledged 'their lives, their fortunes, and their sacred honor' in support of a 'government of the people, by the people, and for the people.' During the first hundred years these were secured and we enjoyed the benefits of what Gladstone, speaking of the Constitution, said was 'the greatest document that ever emanated from the brain and pen of man.' We had also in our personal, industrial, and commercial life unlimited opportunities to engage in any field of endeavor, and therefrom to secure for ourselves independence, peace, and happiness.

CITES CHANGES IN FAMILY LIFE

"In family life along simple lines we found peace and contentment. These latter have been impaired by luxury and fast living, resulting from the ill use of great wealth, so that the simple family life and the love for the home have been affected. In the wake of these changes came a disregard of the marriage tie and a loosening of the moral fiber of our people. These conditions brought about a disrespect for religion and were conducive to lax divorce laws.

"We departed from the lessons of the fathers by amendments antagonistic to the original structure of the Republic. To stem the tide of irreligion, immortality, and intemperance it was thought by many that prohibition was the panacea. And so, to experiment with it, we were willing to interfere with personal liberty and the sovereignty of our States. Whether it has failed in its purpose, whether it has brought in its wake crime and the greatest dangers to our growing generations, whether it has cost millions without resultant good, is one of the great issues that should be settled, definitely and finally, in the pending election if we are to have peace.

"Years ago Emerson, in speaking of the future of the Republic, said:

"'In this country, with our practical understanding, there is at present a great sensualism, a headlong devotion to trade, to trade and to the conquest of continent—to each man as large a share of the same as he can carve for himself—an extravagant confidence in our talent and activity, which becomes, whilst successful, a scornful materialism, but with the fault, of course, that it has no depth, no reserved force to fall back upon when a reverse comes.'

"Matthew Arnold, speaking with the authority of one of the world's great scholars and critics, in one of a series of American addresses said:

"'And the philosophers and the prophets, whom I at any rate am disposed to believe, and who say that moral causes govern the standing and the falling of the States, will tell us that the failure to mind whatsoever things are elevated must impair with an inexorable fatality the life of a nation, just as the failure to mind whatsoever things are just, will impair it; and that if the failure to mind whatsoever things are elevated should be real in your American democracy, and should grow into a disease and take firm hold on you, then the life of even these great United States must inevitably suffer and be impaired more and more, until it perish.'

FINDS WARNINGS WERE NOT HEEDED

"These warnings were permitted to go unheeded until the time when the world cataclysm as the aftermath of the war paralyzed the onward movement of trade and prosperity and our very civilization. It would have been well for us had we heeded the warnings against conditions which have engulfed not only our own country but the entire world in an industrial, economic, and social depression which now has lasted nearly three years. This has brought about financial and physical distress and has deprived the great body of our people of the chance of employment. Our financial system was endangered and we were naturally thrown into confusion.

"In an effort to stem the merciless tide which had set in and to find means to overcome distressing conditions it has taken, if we measure time by the intensity, a long time to find ourselves. The difficulty of the problems and the newness of the suggested remedies added for a while to our uncertainty and instability and destroyed in a large part the courage and the confidence of our people.

"However, while we may be critical of many suggestions which were made we must remember that nothing quite like the experience we are going through ever occurred in the history of the world. In the past we have had national panics and business depressions brought about by causes we could fathom. We successfully surmounted them. But this is a world affair and presents problems difficult and new to us.

"Slowly we are finding ourselves and returning to views and policies that are calculated to overcome this world deluge. Our President and Congress, breaking through partisan and political lines, are now whole-heartedly engaged in a direct and decisive way in the enactment of measures that should bring the needed relief. The strengthening of our fiscal and banking institutions was a great step forward, and now that we no longer are in doubt as to their ability to meet any strain that may be put upon them, we are prepared to go forward in restoring trade and commerce to normal conditions.

FEELS BUDGET MUST BE BALANCED

"There remain, however, other important steps to be taken which, with what has already been accomplished, should enable us to avoid the dangers which threatened our national life. As I view it, taking up the question of the needs of government, whatever may be the hardships and sacrifices to be made and however burdensome they may seem to appear, it is essential that we should balance our governmental Budget through taxes and economy.

"Another lesson which has been forced upon us is that we can no longer regard our problems as exclusively domestic. Instead of an American mind we must become world-minded. Let us forget we are Democrats or Republicans, but glory in the fact that we are Americans, loving our country with every fiber of our hearts. No people or nation can stand alone. The war, reduction of armaments, and our modern inventions and the trend and direction of population have brought peoples in clear touch with one another, and to a realization that it is the principle of cooperation between nations that alone can secure peace and world harmony.

"Our most serious international problem is that of the interallied debts. Our people entertain diverse views on the subject. This makes the problem of settling them difficult. Unless they are quickly disposed of they will keep the world disturbed and will unnecessarily delay the establishment of right relations between the nations. This question will be taken up at Lausanne in June, and unless then settled in some satisfactory manner it will continue to be a bone of contention and a source of delay in restoring normal conditions.

"Many have expressed themselves as if there were no interallied debts, contending that the moneys advanced were merely our contributions toward the expense of the war. There are others firmly of the opinion that they are just debts and should be paid. A third class insist that whether they are or not just debts is immaterial because they should be canceled. As Chancellor Bruening recently said, 'In the interest of the whole world the time has come for a decision.' If at Lausanne that subject is to be reopened and some new adjustments made on the basis of what would seem to be the amounts which the debtor nations are now able to pay, then if we are to avoid having the question of interallied debts remain a constant source of irritation and disturbance to the reconstruction of the debtor countries, it would appear to be but reasonable that we should accept the assurance of each of the debtor nations that they would pay 'when able.'

PAYMENT WAITS ON ABILITY

"We can not resort to force in order to obtain payments. In other words, we can never obtain the money due us unless the debtor nations are able to pay. Such a policy would allow time for the trade and commerce of the debtor nations to return to normal. Then there would unquestionably be a better chance to take up and dispose of the private and commercial debts, thus promoting trade and commerce among the various countries.

"With our international problems settled we can return with confidence to our domestic problems which are receiving the able and intelligent consideration of our President and Congress. With our banking system adjusted and strengthened, if we will speedily provide for a balanced Budget, if we will be sufficiently world-minded to come to an agreement with debtor nations, if we can dispose of prohibition so that its enforcement will no longer be a menace and a dangerous experiment, and if we will be more liberal with our tariff laws, there should be a favorable reaction in trade and business within a reasonable time. I have used the words 'within a reasonable time' because I feel that we must await the passing of the election period.

"Our national election always brings about a period of stagnation in business lasting several months before and after election. This brings up a question, often mooted, as to whether it would be advisable to extend the term of a President to six years and make him ineligible for reelection."

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ind.
Austin	Couzens	Johnson	Schall
Bailey	Cutting	Jones	Sheppard
Bankhead	Dale	Kean	Shipstead
Barbour	Davis	Kendrick	Shortridge
Bingham	Dickinson	Keyes	Smith
Blaine	Dill	King	Smoot
Borah	Fess	La Follette	Steiwer
Bratton	Fletcher	Logan	Stephens
Brookhart	Frazier	Long	Thomas, Idaho
Broussard	George	McGill	Thomas, Okla.
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Moses	Trammell
Byrnes	Hale	Neely	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Oddie	Walcott
Cohen	Hawes	Patterson	Walsh, Mass.
Connally	Hayden	Pittman	Walsh, Mont.
Coolidge	Hebert	Reed	Watson
Copeland	Howell	Robinson, Ark.	White

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Dansville (N. Y.) Board of Trade, favoring the balancing of the Budget and drastic retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by the Society of the Cincinnati, at Philadelphia, Pa., on May 5, 1932, opposing the passage of legislation granting additional compensation to veterans of the World War, and also curtailing personal liberties, and favoring the discontinuance of payments to veterans for nonservice disabilities, and the maintenance of the national defense, which were referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the board of directors of Lafayette Club, No. 2, of Oakland, Calif., favoring the passage of legislation to permit the manufacture, sale, consumption, and distribution of beverages with increased alcoholic content, which was ordered to lie on the table.

Mr. SMITH presented a memorial of sundry citizens, being barbers and beauty culturists, of Charleston, S. C., remonstrating against the imposition of a 10 per cent tax on toilet preparations in the pending revenue bill, which was ordered to lie on the table.

Mr. ASHURST presented a telegram in the nature of a memorial from C. P. Stephens, secretary of the Arizona Automobile Dealers' Association, of Phoenix, Ariz., remonstrating against the imposition of taxes on the automobile industry, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of Tucson, Ariz., remonstrating against the imposition of taxes on the automobile industry and favoring instead the adoption of some form of general tax in the pending revenue bill, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Lawyers' Club, of Niagara Falls, N. Y., favoring the immediate repeal of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Local Union No. 94, Uniformed Firemen's Association of Greater New York, N. Y., favoring the issuance of $5,000,000,000 of bonds to finance construction of public works and other undertakings, so as to provide employment for idle men, which was referred to the Committee on Manufactures.

He also presented a resolution adopted by Nassau County Camp, No. 115, United Spanish War Veterans, at Mineola, N. Y., remonstrating against cuts in appropriations for the Army which would result in retiring 2,000 Army officers and curtailment of Reserve Officers' Training Corps and citizens' military training camp activities, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the board of directors of the Troy (N. Y.) Chamber of Commerce, favoring the immediate balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the board of directors of the Syracuse (N. Y.) Chamber of Commerce, favoring the consolidation of duplicating Federal activities and bureaus, the adoption of the President's plan in the adjustment of the pay of Federal employees, and general retrenchment in governmental expenditures, and opposing further veterans' relief legislation except for disabled and incapacitated veterans, etc., which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens, being employees of the Schlegel Manufacturing Co., of Rochester, N. Y., praying for the balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens, being officers and employees of the Sheffield-Fischer Co., of Rochester, N. Y., praying for the balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Poughkeepsie, N. Y., remonstrating against the imposition of taxes on the automobile industry, and favoring instead some form of general sales tax, with exemptions, to be included in the pending revenue bill, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Brooklyn, N. Y., praying for protection for the rendering industry, especially the imposition of an import duty of 2 cents per pound on oils and one-half cent per pound on oil-cake meals and oil cakes, which was ordered to lie on the table.

GOVERNMENTAL FOREIGN SERVICES

Mr. VANDENBERG. Mr. President, I have procured a typical compilation showing how seven different departments of the Government maintain separate and distinct foreign services in various foreign countries. The exhibit touches the four capitals at Copenhagen, Vienna, Mexico City, and Buenos Aires. These capitals were not chosen invidiously. They are presented merely as a typical cross section. The situation is more or less the same in every capital. I am not intending to be critical. I am simply submitting the challenge whether this is not another of the opportunities for economy through concentrations and combinations and coordinations and eliminations. I am speaking of net economy without loss of essential efficiency. I ask that this exhibit be referred to the Appropriations Committee for the use of its special economy subcommittee, and that it be printed in the RECORD.

There being no objection, the exhibit was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

Buenos Aires

Embassy, State Department salaries:	
1 ambassador	$17,500
1 counselor	9,810
2 secretaries	10,830
3 clerks	8,000
1 translator	1,800
9 messengers, janitors, telephone operator, gardeners, etc	6,945
Total	54,885
Rent (residences)	5,885
Representation	3,000
Other expense	15,173
Total	78,943
Consulate general salaries:	
8 Foreign Service officers	27,390
15 clerks	22,640
2 messengers	1,020
Total	51,050
Rent (residences)	13,750
Other expense	16,400
Total	81,200

War Department:	
1 military attaché	$4,392
1 clerk	2,320
1 janitor	222
Total	6,934
Navy Department:	
1 naval attaché	4,945
1 clerk	2,200
Total	7,145
Other expense	6,580
Total	13,725
Commerce Department:	
6 officers	33,200
10 clerks	16,400
1 messenger	300
Total	49,900
Rent (residences)	7,800
Other expense	13,796
Total	71,496
Agricultural Department:	
2 officers	10,200
3 clerks	4,800
Total	15,000
Rent (residences)	1,875
Total	16,875

Total staff, 69 persons.
Total annual cost, $269,173.

Mexico City

Embassy, State Department salaries:	
1 ambassador	$17,500
1 counselor	9,630
4 secretaries	18,710
6 clerks	15,050
3 translators	7,000
16 messengers, janitors, guard, telephone operators, gardeners, etc	12,000
Total	79,890
Rent (residences)	12,166
Representation	3,000
Other expense	12,112
Total	107,168
Consulate general:	
9 Foreign Service officers	35,640
11 clerks	21,200
5 messengers, janitors, guards, telephone operators, etc	3,060
Total	59,900
Rent (residences)	14,682
Other expense	8,985
Total	83,567
War Department:	
1 military attaché	3,936
1 clerk	2,920
1 messenger	360
1 watchman	90
1 surgeon	2,000
Total	9,306
Commerce Department:	
4 officers	18,600
4 clerks	6,400
1 messenger	500
Total	25,500
Rent (residences)	4,500
Other expense	5,810
Total	35,810

Total staff, 70 persons.
Total cost, $235,851.

Copenhagen

Legation, State Department salaries:	
1 minister	$10,000
1 counselor	8,640
2 clerks	4,450
2 translators	2,785
3 messengers, janitor, telephone operators, etc	2,665
Total	28,540
Rent (residences)	5,696
Representation	1,500
Other expense	3,269
Total	39,005
Consulate general: Salaries:	
2 Foreign Service officers	15,020
13 clerks	17,720
2 messengers, janitor	960
Total	33,700
Rent (residences)	4,566
Other expense	4,815
Total	43,081
Commerce Department:	
2 officers	9,500
3 clerks	3,432
Total	12,932
Rent (residences)	2,400
Other expense	2,575
Total	17,907
Labor Department:	
1 technical adviser	3,700
Rent (residences)	1,020
Total	4,720
Treasury Department:	
1 surgeon	4,900
1 inspectress	1,020
Total	5,920
Rent (residences)	2,097
Total	8,017

Total staff, 34 persons.
Total cost, $112,730.

Vienna

Legation, State Department salaries:	
1 minister	$10,000
2 secretaries	11,480
3 clerks	7,250
2 translators	1,460
8 messengers, janitors, telephone operators, etc	4,550
Total	34,740
Rent (residences)	8,000
Representation	1,500
Other expense	5,487
Total	49,727
Consulate general:	
3 Foreign Service officers	16,970
20 clerks	18,570
5 messengers, janitors	1,740
Total	37,280
Rent (residences)	5,801
Other expense	7,334
Total	50,415
War Department:	
1 military attaché	7,200
1 clerk	2,220
1 translator	600
Total	10,020
Commerce Department:	
2 officers	11,400
6 clerks	6,030
1 messenger	480
Total	17,910
Rent (residences)	2,700
Other expense	3,455
Total	24,065
Labor Department:	
1 technical adviser	3,500
Rent (residences)	1,200
Total	4,700

Treasury Department:	
1 surgeon	$3,900
1 passed assistant surgeon	2,640
1 inspectress	300
Total	6,840
Rent (residences)	3,255
Total	10,095

Total staff, 60 persons.
Total cost, $149,022.

UNEMPLOYMENT PROGRAM

Mr. JONES. Mr. President, I have two copies of resolutions passed by a meeting of unemployed citizens of Auburn, King County, Wash. One of the resolutions urges the entrance by the Government upon the employment program, involving the expenditure of $4,000,000,000 or $5,000,000,000, and the other urges that a moratorium be declared with reference to mortgages on homes and other indebtedness. I ask that the resolutions may be printed in the RECORD and appropriately referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The first resolution was referred to the Committee on Manufactures, as follows:

Whereas the United States of America is suffering from a nationwide commercial, industrial, financial, and economic depression, which has resulted in the closing of thousands of industrial and commercial institutions throughout the United States during the past three years, as the result of which millions of laborers have been thrown out of employment and deprived of a means of providing the necessities of life for themselves and families;

Whereas there are now in the United States of America approximately 45,000,000 people who are directly and indirectly affected by such unemployment on the part of heads of families and others having dependents, whose standards of living are greatly reduced or whose means of livelihood are entirely cut off as the result thereof;

Whereas thousands of banks, savings banks, loan associations, and other investment and financial institutions have failed and suspended business during the past three years as the result of said depression, thereby depriving millions of people in the United States of their life savings and greatly depreciating or entirely wiping out the investments of many more millions of people who deposited and invested their savings through such institutions;

Whereas millions of destitute and hungry men, women, and children, as the result of the conditions to which reference is hereinabove made, are walking the streets and tramping the highways in every State, Territory, and community in the United States seeking in vain for employment, and will starve to death unless a wise and beneficent government spreads over them the shield of its protection and makes suitable provision for their sustenance;

Whereas the present and preceding administrations of the United States Government have repeatedly placed themselves upon record as being in favor of conserving the natural resources of the Government, consisting of forests, minerals, water powers, and other tangible and intangible property rights belonging to the people;

Whereas billions of dollars annually are collected by the United States and State governments in taxes to maintain the Army, Navy, and police forces of the United States, and the several States and municipalities of the Union for the purpose of conserving the public peace and of protecting public and private property, all of which is an indirect contribution to the principle of conservation;

Whereas the men, women, and children of the United States constitute the most vital, valuable, and important natural resources of the Government of the United States and of the several States of which it is composed;

Whereas the conservation of the life, health, happiness, and general welfare of the people of this Union is imperatively necessary to the prosperity and welfare of the Nation;

Whereas the Government of the United States of America has heretofore appropriated hundreds of millions of dollars for the relief of the farming class throughout the United States;

Whereas the United States Government has also appropriated more than $2,000,000,000 for the relief of banks, railroads, and other industrial and commercial institutions throughout the United States;

Whereas the Government of the United States has seen fit to declare a moratorium on international debts to the United States from European countries in the aggregate of more than $10,000,000,000;

Whereas William Randolph Hearst has proposed that the Government of the United States issue and sell its bonds in the aggregate of $5,000,000,000 for the purpose of creating a fund to be administered by the Government in the creation and construction of public works and public buildings throughout the United States, for the purpose of giving employment and relief to the unemployed;

Whereas the payment of an outright dole is contrary to the traditions of the American people, and would offend the pride and sense of propriety of many millions of persons who would be compelled to accept the same or starve, except as an absolute last resort; and

Whereas the United States Government could give employment and furnish relief to many millions of unemployed, hungry men, women, and children, and thereby enable them to maintain their self-respect, and at the same time to furnish to the Government full value for the means of their support by and through the Hearst plan of unemployment relief: Now, therefore, be it

Resolved, That the Unemployed Citizens' League, of the city of Auburn, county of King and State of Washington, does hereby approve the plan for the relief of the unemployed advocated by William Randolph Hearst, to which reference is hereinabove made, and does hereby petition the Congress and President of the United States to adopt and carry out such plan; and be it further

Resolved, That the president and secretary of this organization be, and they hereby are, directed to certify and forward copies of this resolution to the Washington delegation in Congress, and particularly to the two United States Senators from this State and the Congressmen from this district.

The annexed and foregoing resolution is hereby proposed by the following committee

ROSCOE ENSLEY.
A. L. FIELDS.
L. P. CLARK.

The undersigned, A. R. Walter and L. E. Tiffany, president and secretary, respectively, of the Unemployed Citizens' League of Auburn, King County, Wash., hereby certify that the annexed and foregoing instrument is a true and correct copy of the resolution passed by said Unemployed Citizens' League, at a regular meeting thereof, at Auburn, in King County, Wash., on the 13th day of May, 1932.

A. R. WALTER, *President*.

Attest:

L. E. TIFFANY, *Secretary*.

The second resolution was referred to the Committee on Banking and Currency, as follows:

Whereas the United States of America is suffering from a nationwide commercial, industrial, financial, and economic depression which has resulted in the closing of thousands of industrial and commercial institutions throughout the United States during the past three years, as the result of which millions of laborers have been thrown out of employment and deprived of a means of providing the necessities of life for themselves and families;

Whereas there are now in the United States of America approximately 45,000,000 people who are directly and indirectly affected by such unemployment on the part of heads of families and others having dependents whose standards of living are greatly reduced or whose means of livelihood are entirely cut off as the result thereof;

Whereas thousands of banks, savings banks, loan associations, and other investment and financial institutions have failed and suspended business during the past three years as the result of said depression, thereby depriving millions of people in the United States of their life savings and greatly depreciating or entirely wiping out the investments of many more millions of people who deposited and invested their savings through such institutions;

Whereas property of every kind and description in each State and community in the United States has greatly depreciated as the result of said depression, thereby greatly reducing or entirely cutting off the income of millions of people;

Whereas many millions of people in every State and community in the United States have been compelled, because of the conditions to which reference is hereinabove made, to place mortgages upon their homes in order to live, and are unable, because of want of employment or loss of income due to the conditions to which reference has been made, to pay said mortgages, or in many cases, the interest thereon;

Whereas millions of people in the United States will lose their homes as the result of foreclosures of mortgages due to the conditions to which reference is hereinabove made unless they receive relief from the United States Government;

Whereas the Government of the United States of America has heretofore appropriated hundreds of millions of dollars for the relief of the farming class throughout the United States;

Whereas the United States Government has also appropriated more than $2,000,000,000 for the relief of banks, railroads, and other industrial and commercial institutions throughout the United States;

Whereas the Government of the United States has seen fit to declare a moratorium on international debts to the United States from European countries in the aggregate of more than $10,000,000,000; and

Whereas the future stability and welfare of the Government of the United States depends primarily upon the owners of homes and other small property owners, each and all of whom are equally entitled to the considerations and paternal protection of the Government: Now, therefore, be it

Resolved, That the Unemployed Citizens' League, of the city of Auburn, County of King and State of Washington, be, and it hereby is, in favor of Congress and the President of the United States declaring a moratorium upon the payment of all mortgages

and other obligations upon homes in the United States; and be it further

Resolved, That the president and secretary of this organization be, and they hereby are, directed to certify and forward copies of this resolution to the Washington delegation in Congress, and particularly to the two United States Senators from this State, and the Congressman from this district.

The annexed and foregoing resolution is hereby proposed by the following committee:

L. P. CLARK.
A. L. FIELDS.
ROSCOE ENSLEY.

The undersigned, A. R. Walter and L. E. Tiffany, president and secretary, respectively, of the Unemployed Citizens' League, of Auburn, King County, Wash., hereby certify that the annexed and foregoing instrument is a true and correct copy of the resolution passed by said Unemployed Citizens' League, at a regular meeting thereof, at Auburn, in King County, Wash., on the 13th day of May, 1932.

A. R. WALTER, *President*.

Attest:

L. E. TIFFANY, *Secretary*.

BALANCING THE BUDGET

Mr. KEAN. Mr. President, I present a petition. I have a large number of these petitions, signed by more than 5,000 citizens of New Jersey, praying that we balance the Budget; stop all raids on the Treasury, including the cash bonus; that we cut Government expense to the bone but preserve the national defense; that we enact fair sales and stamp taxes, amend the Volstead Act, and tax light wine and beer. I ask that the body of the petition, without the names, be printed in the RECORD and that it be appropriately referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The petition was referred to the Committee on Appropriations, and the body of it is as follows:

MAY, 1932.

The Hon. HAMILTON F. KEAN,
United States Senate, Washington, D. C.

SIR: We, the undersigned citizens and residents of New Jersey, respectfully request you to use your influence in Congress to have the following items favorably acted upon with the least possible delay:

Balance Budget.
Stop all raids on our Treasury, including cash bonus.
Cut Government expense to bone but preserve national defense.
Enact fair sales and stamp taxes.
Amend Volstead Act and tax light wine and beer.

TROPICAL OILS AND THE FARMER

Mr. SCHALL. Mr. President, the farmers and the dairymen of Minnesota are opposed to the competition of the coconut cow. They are opposed to the tremendous importation of vegetable oils that tend to reduce to their own level of price animal fats.

The Minneapolis Tribune of April 21 contains an editorial precisely to the point. I ask to have it printed in the RECORD.

There being no objection, the editorial was ordered to lie on the table and to be printed in the RECORD, as follows:

TROPICAL OILS AND THE FARMER

The Hare bill, giving freedom to the Philippines, which is now before the Senate, is no doubt drawn in the interest of the Filipinos' political aspirations. But it gives little or no consideration to the American farmer whose market for the vegetable and animal fats produced on the American farms has been taken away from him.

The bill provides that for the next eight years the Philippines will be permitted to send to America, duty free, 200,000 long tons of coconut oil. This is an amount excessive of any inmportation from the Philippines up to the present time. The bill provides that the American farmer shall be in the same position in regard to his market for fats and oils for the next eight years as he is now.

To make the situation of the American farmers still worse, copra from all countries is admitted duty free into the United States. Even if the Philippines should reach the maximum amount of duty-free oil importations, they would still have the opportunity to send duty free into the United States an unlimited amount of copra which would be ground into coconut oil by the Pacific coast mills.

It makes no difference whatever to the American farmer whether the copra is ground into coconut oil in the Philippines or in the United States; he is robbed of his market just the same.

Congress and the two dominant political parties will be obliged, if they make any pretense of doing anything for the American farmer, to consider the whole field of tropical oil production.

Is it anything but absurd that we should be compelled to export 787,000,000 pounds of animal fats, while at the same time we import into this country 1,800,000,000 pounds of oils and fats?

It is true that we have a duty of 3 cents a pound on lard, but what does that amount to when we export 787,000,000 pounds? When we break down these figures of imports and exports the absurdity grows. While we export 787,000,000 pounds of animal fats which we are forced to sell in Europe at any price Europe chooses to offer us, we admit into this country 1,300,000,000 pounds of vegetable oils grown in the tropics. We import free of duty nearly twice as much vegetable oil as we export animal fats. While we are sending this 787,000,000 pounds of animal fats begging to the markets of Europe, we are bringing into this country copra, coconut oil, palm oil, Chinese wood oil, tung oil, inedible olive oil, palm-kernel oil, cod-liver oil, cod oil, vegetable tallow, sweet almond oil, croton oil, and rapeseed oil free of duty to a total of 1,300,000,000 pounds.

What has been the effect of this tremendous flow of tropical oils into the United States? The figures show that in the last 30 years, despite our tremendous gain in population, the number of hogs on American farms has not increased. In 1900, when the population of the United States was 76,000,000, we had 62,868,000 hogs on the American farm. In 1930, when the population of the United States was 122,000,000, the number of hogs on the American farm had decreased to 53,238,000.

In the face of these figures can anyone seriously maintain that the American farmer has been given the American market as has been promised him in every presidential campaign?

IMPORTATION OF LUMBER

Mr. FLETCHER presented a letter from Oliver P. Caldwell, New York City, N. Y., which was ordered to lie on the table and to be printed in the RECORD, as follows:

LUCKENBACH STEAMSHIP CO. (INC.),
New York, N. Y., April 28, 1932.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SIR: There are before Congress for consideration two matters which are of vital importance in so far as they affect one particular industry, and that is lumber.

The bills are amendments H. R. 10236 and H. R. 8688.

I have no financial interest directly or otherwise in the lumber business, but I am chairman of the lumber committee of the United States Intercoastal Steamship Conference. The troubles of the intercoastal steamship operators have had much publicity, regarding which you are undoubtedly fully posted.

I have given much thought to the effect of Canadian lumber on both United States lumber operators and United States steamship operators. How can United States lumber operators in present difficult times maintain themselves in face of—

Foreign exchange rates?
Foreign labor?
Foreign steamship rates?

Foreign lumber is to-day being brought into the United States on foreign steamers on a basis that makes it almost impossible for United States dealers to do business.

It is the consensus of opinion of intercoastal steamship operators that on stability of eastbound lumber largely depends stability of this very important branch of our merchant marine. How can that stability be maintained if the principal commodity is permitted to be distributed on a lower basis by foreign interests than by American interests?

In addition to your other burdens, permit me to urge your careful consideration of this very important subject.

I am not writing you as a result of any committee or conference action but to express conclusions arrived at after 12 years of close contact with and careful study of the intercoastal lumber trade.

That my business competitors are agreeable to my acting as chairman of the lumber committee may be taken as evidence I know my subject.

Very truly yours,

OLIVER P. CALDWELL.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BARBOUR:

A bill (S. 4727) to amend the Reconstruction Finance Corporation act for the purpose of providing for employment through the construction of works of a national character, to provide funds therefor, and for other purposes; to the Committee on Banking and Currency.

By Mr. TYDINGS:

A bill (S. 4728) to provide for separate patents in case of any invention constructed in types or forms suitable for different uses; to the Committee on Patents.

By Mr. NORBECK:

A bill (S. 4729) granting a pension to Mattie Gilbertson (with accompanying papers); and

A bill (S. 4730) granting an increase of pension to Malinda Beard (with accompanying papers); to the Committee on Pensions.

By Mr. BULKLEY:

A bill (S. 4731) granting a pension to Florella Roe (with accompanying papers); to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 4732) granting a pension to Fred Barker (with accompanying papers);

A bill (S. 4733) granting a pension to Laura F. Collins (with an accompanying paper); and

A bill (S. 4734) granting an increase of pension to Mary E. Watson (with accompanying papers); to the Committee on Pensions.

By Mr. HAYDEN:

A bill (S. 4735) to authorize the acceptance of relinquishments by the State of Arizona and the City of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association; to the Committee on Public Lands and Surveys.

By Mr. CAPPER:

A bill (S. 4736) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

REVENUE AND TAXATION—AMENDMENT OF THE AGRICULTURAL MARKETING ACT

Mr. NYE submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed.

FLOOD CONTROL, LOWER RIO GRANDE VALLEY, TEX.

Mr. SHEPPARD. Mr. President, I submit two reports on flood-control investigations of the lower Rio Grande, one being a special report on flood-control investigations and the other being a report on preliminary investigations for flood control of the lower Rio Grande Valley, Tex., to be referred to the Committee on Printing with a view to having them made Senate documents.

The VICE PRESIDENT. The reports will be referred to the Committee on Printing.

PHILIPPINE INDEPENDENCE

Mr. BINGHAM. Mr. President, I hold in my hand a very interesting letter which the Hon. W. Cameron Forbes, recently ambassador from the United States to Japan and former Governor General of the Philippines, has written to my colleague the junior Senator from Connecticut [Mr. WALCOTT] in regard to the Philippine bill introduced by the Senator from Missouri [Mr. HAWES] and the Senator from New Mexico [Mr. CUTTING]. In view of the great interest in the bill and the importance of the communication and the value of the opinion of former Governor General Forbes in this matter I ask that the letter may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

J. M. FORBES & Co.,
Boston, Mass., May 7, 1932.

Hon. FREDERIC C. WALCOTT,
United States Senate, Washington, D. C.

MY DEAR SENATOR: On our recent interview you were kind enough to ask my opinion regarding the Philippine bill introduced by Senators HAWES and CUTTING and favorably reported to the Senate by the Committee on Territories and Insular Affairs. I have now gone over the bill with some care, and, in my opinion, it is important that if adopted it should be strengthened by a few amendments, which I shall take the liberty of suggesting.

While I personally believe that the interest of the Philippine Islands would be best served by a continuance of American sovereignty, under the present law, with such changes and alterations in the development of self-government as conditions may counsel, I can not but recognize the fact that, with the strong feeling manifested by the recent vote in the House of Representatives, and which I understand prevails likewise in the Senate, some steps will undoubtedly be taken by our Government to end the present uncertainty and to stabilize the situation in the Philippines. It must be recognized that if some change in the political status of the Philippine people is not agreed upon now, it is practically certain that there will be a continuation of the agitation of recent years, with recurrent introduction of bills that would have an unsettling effect upon the people of the islands and a tendency to delay their progress.

I think the best compromise would be to pass some such measure as the Hawes-Cutting bill now before the Senate, with some amendments clarifying the provisions of the bill referring to the powers reserved to the United States during the period of transition in which American sovereignty would continue in the islands, thus making sure that conditions are such as will redound to the credit of the American Government and to the benefit of the Philippine people. In the report from the Committee on Territories and Insular Affairs of the Senate, accompanying the Hawes-Cutting bill, there appears under the heading, "Recognition of American Authority," the following statement regarding the transitional period:

"Pending the consummation of independence United States sovereignty will be represented in the Philippines by a high commissioner, who shall be recognized as such representative by all the departments of the Philippine government.

"The high commissioner will act as the representative of the United States, and he is vested with all the prestige and authority required for the discharge of such responsibility. He shall have access to all of the records of the government and have means at his disposal to acquaint himself with the manner in which the government of the commonwealth is conducted.

"Should any of the eventualities described in the bill, involving either the finances or the orderly functioning of the government, occur, the way is clear for the exercise of authority by the United States to remedy such condition.

"The governmental powers reserved to the United States and the United States high commissioner are effective to insure an efficient administration of public affairs in the Philippines."

I am in entire agreement with these views of the committee. In the report which General Wood and I submitted to President Harding in 1921, we said with emphasis that the United States should never find itself in the Philippines in a situation of responsibility without authority; and President Coolidge has expressed this view unequivocably. So long as our sovereignty obtains in the islands our responsibility must necessarily continue, and with this thought in mind I think the bill should express more clearly the authority reserved to the United States pending the grant of independence to intervene "for the preservation of the government of the Commonwealth of the Philippine Islands and for the maintenance of the government as provided in their constitution, and for the protection of life, property, and individual liberty, and for the discharge of government obligations under and in accordance with the provisions of their constitution." I also believe it necessary to include in the staff of the high commissioner a financial expert through whom a duplicate copy of the reports of the insular auditor should be submitted to the high commissioner and to whom appeals from the decisions of the auditor could be taken.

With the adoption of these suggestions I believe that the authority of the United States would be well defined and I then should find no valid reason to believe that a workable solution of the Philippine problem might not ensue.

With reference to the economic features of the bill, I think it is a matter of simple justice to the people of the Philippine Islands that if limitations are to be placed upon the quantities of certain products admitted into the United States free of duty, such limits should not be less than the amount of importations of such products at the present day. To lessen the amount would cause an undue hardship to established industries in the Philippine Islands and, moreover, would have the added disadvantage of tending to lessen their capacity for buying American products. Our foreign trade is none too great at the present time, and there is no question that the capacity of foreign countries or dependencies to purchase our goods will be measured, except for what is known as invisible exchange, almost directly by the amount of their goods which they can sell us.

The amendments to which I refer above and which I earnestly recommend are the following:

1. Add at the end of section 7, paragraph 2, the words "and also to take such action as in his judgment may be necessary in pursuance of the right of intervention reserved in paragraph (n), section 2, of this act."

2. Section 7, paragraph 4, delete, on page 31, line 13, the word "lawfully."

3. In section 7, page 31, line 19, after the word "Congress," change the period to a comma and insert the following: "including a financial expert or comptroller, who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor, and to whom appeals from decisions by the insular auditor could be taken."

I have hesitated to suggest changes in this measure, knowing the labor and time that the committee have given to the study of the bill. But in view of your kind request and of my deep interest in the welfare of the Philippine people and the good name of the United States in its relations to those people I have taken the liberty to propose these amendments in the light of my nine years' experience in the Philippine Islands, first as Secretary of Commerce and Police and then as Governor General.

Respectfully yours,

W. CAMERON FORBES.

Mr. HAWES. Mr. President, the senior Senator from Connecticut, chairman of our Committee on Territories and Insular Affairs, caused to be inserted in the RECORD a short while ago a very informative, thoughtful, and, may I add, I think an epoch-making letter.

The letter is from the Hon. W. Cameron Forbes, former American Ambassador to Japan, for nine years Secretary of Commerce and Police, Vice Governor, and Governor General of the Philippines. He is, in addition, the author of a standard work on the history and government of the islands, one of the great histories that Americans have produced. It consists of two volumes, and I have been informed that its preparation cost Mr. Forbes nearly $250,000.

A man of his vast experience in the Philippines, not only a student but a participant in its history, holding high official position, supplemented later by official life as Ambassador to Japan, finally fits him for an expression of opinion which I know will be welcomed by both the American and the Philippine people, for these latter hold him in very high esteem.

The letter of Ambassador Forbes is in keeping with the marked change of sentiment on this subject expressed by a change of editorial opinion of the press of the United States. In my own State, for instance, the press last year were almost unitedly opposed to the independence of the Philippines. They have practically all changed their editorial opinion to one favoring it.

The ambassador's indorsement of Senate bill 3377 is most welcome; his approval will clarify the situation and make more certain a settlement.

The Hare bill, the philosophy and contents of which are very similar to those contained in Senate bill 3377, passed the House of Representatives by a vote of 306 to 47, and of the absentees 42 additional have since stated that if present they would have voted for the bill, which would have given it the very unusual approval of an affirmative vote of 348 out of a total of 435.

Ambassador Forbes's letter speaks for itself. It will be noted that he approves the passage of what is called the Hawes-Cutting bill, with some clarifying amendments. After consulting with Senator CUTTING, these amendments have been prepared, covering even the exact language employed in Ambassador Forbes's letter, and I send them to the desk now, and ask that they be printed in the RECORD and lie on the table.

The three amendments intended to be proposed by Mr. HAWES and Mr. CUTTING to the bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 29, line 24, after the period insert the following: "The President shall also have authority to take such action as in his judgment may be necessary in pursuance of the right of intervention reserved under paragraph (n) of section 2 of this act."

On page 31, line 13, strike out the word "lawfully."

On page 31, line 19, after the word "Congress," change the period to a comma and insert the following: "including a financial expert or comptroller, who shall receive for submission to the high commissioner a duplicate copy of the reports of the insular auditor, and to whom appeals from decisions of the insular auditor may be taken."

Mr. HAWES. We believe these amendments should be adopted, especially as they come from such a high authority who has had such great and varied experiences in connection with the Philippine government and in the Far East in connection with all its problems.

Ambassador Forbes is right. As long as we retain the islands, there should be no question of the powers reserved to the United States during the period of transition from their status as a possession of the United States to the time of their independent nationhood.

I believe these amendments will make sure that conditions will redound to the credit of the American Government and to the benefit of the Philippine people.

In his letter Ambassador Forbes states:

I believe that the authority of the United States will be well defined, and then I should find no valid reason to believe that a workable solution of the Philippine problem might not ensue.

While Senate bill 3377 gave to the President the right to delegate to the high commission full authority to protect the sovereignty of the United States, the suggestion, followed by the amendments which I have introduced, gives this power direct to the commissioner, and strengthens the hands of the American fiscal agent.

The bill is intended to safeguard the interests of Americans for a reasonable term of years and the Philippine interests who were forced into a free-trade intercourse with the United States not by their own choice but by the direction of our Congress.

The ambassador in his letter wisely said:

I think it is a matter of simple justice to the people of the Philippine Islands that if limitations are to be placed upon the quantities of certain products admitted into the United States free of duty, such limits should not be less than the amount of importations of such products at the present day. To lessen the amount would cause an undue hardship to the established industries in the Philippine Islands, and, moreover, would have the added disadvantage of tending to lessen their capacity for buying American products.

It seems indeed fortunate that the ambassador, who has given so much of his time to the Far Eastern question and to a special study of the Philippine problem, should, near the close of the discussions which will set a definite date for the termination of our sovereignty, bring in practical suggestions and a harmonizing note. It is a fine thing for the American people and for the Filipino people that his rounded career should find this new place in history.

I am satisfied that this expression of opinion will have a far-reaching effect with the thoughtful students of this subject, and must impress itself upon the authorities both in the Philippines and in the United States.

Both the Senators from Connecticut have performed a valuable public service in giving this letter to the public and making it part of our national record, and it pleases both Senator CUTTING and myself to agree with the conclusions of the ambassador, and we shall urge the adoption of his proposed amendments.

This expression of opinion will clarify the situation so far as Japan is concerned, and the old oft-repeated "bugaboo" that Japan will seize the islands has been only part of the propaganda directed against independence in any form.

There are only 6,000 Japanese in the islands. They remain apart. They do not like the climate, and they have officially stated that they will sign articles of neutrality. The ambassador's statement furnishes another conclusive proof that there is no danger of such occupancy.

Mr. President, there is before the Senate an amendment proposed by the senior Senator from Minnesota proposing to place in this revenue act a tariff upon certain products coming from the Philippines. Time and again both committees in Congress and both branches of Congress have decided that until the Philippines become an independent nation or a definite date is set for their independence, it would be unjust to these people to place any restrictions upon their products. This applies to immigration as well as to their exports.

I have been requested by the Philippine commission now in the United States to ask for insertion in the RECORD, which I do now as part of my remarks, of a statement by this commission of the effect of the adoption of this amendment. The communication follows:

On May 16 Senator SHIPSTEAD submitted to the Senate an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, now pending before the Senate. The amendment was ordered to lie on the table and, as printed on page 10249 of the CONGRESSIONAL RECORD of that date, is as follows:

On page 245, after line 10, insert the following:

"(9) Copra; hempseed; palm nuts; kapok seed; palm nut kernels; tung nuts; rapeseed; perilla seed; sesame seed; rubber seed, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

"(10) Coconut oil, the product of the Philippine Islands; palm oil; perilla and sweet almond oil; tung oil; herring oil; pilchard

oil; whale oil; seal oil; sperm oil; crude, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

"(11) Palm-kernel oil; sunflower oil; sesame oil; rapeseed oil; olive oil; all the foregoing if in inedible form, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles."

In so far as it affects the Philippine Islands, the proposed amendments would impose a tax of 1 cent per pound on all copra coming from all parts of the world, including the Philippine Islands. Copra is now on the general free list of the United States tariff law.

The amendment also proposes to impose a tax of 2 cents per pound on "coconut oil, the product of the Philippine Islands."

In view of the provision that the "tax on the articles described in this paragraph shall apply only with respect to the importation of such articles," it is not clear whether the tax on copra is to apply to the Philippine Islands. However, taken in connection with the provision of the tax bill that "(5) Such tax shall be imposed in full notwithstanding any provision of the law granting exemption from or reduction of duties to products of any possession of the United States" (p. 240), it would seem that the real purport of the amendment is to include the Philippines.

The amendment proposed by Senator SHIPSTEAD is in effect an amendment to section 301 of the United States tariff act which provides free-trade reciprocity between the United States and the Philippines. On several occasions in the past attempts have been made to levy duty on the products of the Philippine Islands, principally sugar and coconut oil. All these attempts have failed. By overwhelming vote, both in the Senate and in the House of Representatives, during the last two years such proposals have been defeated on the ground that to levy duty on Philippine products while the islands remain under the American flag, the wards of America, would be unjust and discriminatory and in violation of the traditional policy of fair dealing which has always characterized America's administration of the Philippines. Moreover, it would seem unthinkable that the United States should restrict free imports from the Philippines or levy duty on their products while the Filipino people are compelled to admit duty-free into their market, without restriction, all American products and manufactures. This amendment, therefore, designs to accomplish by indirect process what Congress has repeatedly discountenanced when directly proposed in tariff bills.

The contemplated tax on coconut oil at 2 cents per pound in effect would apply to coconut oil coming from the Philippine Islands the rate which is fixed by the tariff act on all coconut oils coming from foreign countries. Such a tax would not only cripple but completely destroy the Philippine industry. Undoubtedly, it would result in stopping the importation of coconut oil from the Philippine Islands. Whatever advantages might accrue to American producers of fats and oils from this result, the real beneficiary would be not the American dairyman or farmer, but the American crushers of copra who would thus be freed from Philippine competition. The net outcome would merely be the transfer of the Philippine coconut oil-crushing industry to the United States, for coconut oil would continue to be used in competition with domestic dairy products.

The latest report published by the United States Department of Commerce shows that the shipment of copra into the United States for the first three months of 1932 was as follows:

Articles and countries from which imported	1931		1932	
	Quantity	Value	Quantity	Value
	Pounds		*Pounds*	
Copra	118,969,446	$3,376,065	138,319,915	$2,519,880
British Malaya	9,154,812	247,826	29,692,503	510,918
Netherlands East Indies	14,979,251	414,964	36,821,723	703,487
Philippine Islands	66,148,223	1,870,790	51,568,882	945,010
Australia	7,680,751	234,622	8,318,364	144,187
British Oceania	10,961,281	316,872	6,224,904	101,981
French Oceania	6,172,963	186,211	4,309,524	88,937

The same report shows the shipment of coconut oil, product of the Philippine Islands, for the same two periods to be as follows:

1931

Coconut oil, product of the Philippine Islands:
Quantity (pounds) ---------- 96,273,974
Value ---------- $5,237,354

1932

Coconut oil, product of the Philippine Islands:
Quantity (pounds) ---------- 71,940,571
Value ---------- $2,251,916

An analysis of these statistics shows a decided increase in the importation of copra from practically every source except the Philippine Islands, where there was a marked decrease. Again, the importation of coconut oil from the Philippine Islands this year is considerably less than during the corresponding period of last year.

The obvious fact is that more coconut oil enters the United States free of duty in the form of copra from other countries than enters as coconut oil from the Philippine Islands.

Free-trade relations between the United States and the Philippine Islands are a result of a development influenced principally by political and moral considerations. Since the inception of American sovereignty over the Philippine Islands free trade has been considered by the American Government as the "logical result" of the relationship thereby created.

This was clearly stated by the Ways and Means Committee of the House of Representatives in 1905. The Republican majority, speaking for the committee, said in its report:

"The only logical result from our possession of the Philippine Islands is free trade between the islands and the rest of the United States. It is definitely settled that we retain them until the people are prepared for self-government. * * * They are wards of the United States, a part of our common country, and are entitled to fair trade relations It is now as much our 'plain duty' to give them free trade as soon as practicable as it was in the case of Puerto Rico."

On the same occasion the minority stated the Democratic policy with regard to the Philippines, declaring:

"That all articles the growth and product of the Philippine Archipelago coming into the United States from the Philippine Archipelago shall hereafter be admitted free of duty."

In 1909, when free trade, with certain restrictions, which were later abolished, was established between the United States and the Philippines, Senator Elihu Root, in opposing the restrictions, said:

"You have the power. By the fortune of war the supreme, the irresistible power of this great Nation has been set over the weak and distracted people of the Philippines. But the possession of power carries with it an obligation that rises above all considerations of trade, all considerations of particular and of selfish interests—an obligation that we must recognize. If we do not, dishonor is the name of America. Terrible and arbitrary power that we exercise over these poor people, and they are helpless! They must accept our words.

"I for one, sir, am not willing to vote for a bill which, in my judgment, secures this great and powerful Nation an undue advantage over the weak people of the Philippine Islands."

"I believe, sir, that we have now upon us a duty we can not escape but must perform, and that we shall be engaged in the performance of that duty doubtless with many protests and many expressions of dissatisfaction but with fine, faithful, and loyal purpose on the part of the American people. I am not one of those, sir, who think that my country will be the worse for the great performance of this great act of unselfish altruism which befits the mission of liberty and justice to the poor and the weak of the earth that is a part of our heritage from our fathers."

In 1913 when the Democratic Party came into power and all restrictions on the free importation of tobacco, sugar, and rice from the Philippines were eliminated, Mr. Underwood, financial leader and spokesman of the Democratic majority in the House of Representatives, thus defined the stand of his party on this question:

"The change in this paragraph of the bill is largely striking out the limitation on the importation of sugar, filler and cigar tobacco and wrapper tobacco * * *. We may leave the limit where it is * * * but we would leave it where it is to the shame of every American citizen. We could not honestly face these dependent people who give us free trade in their markets if we close our doors to the only imports that they might possibly send here * * *. Because we do not want to stand and face the world in such a position as that and say [to the Filipinos] that 'under our law we command you to open the door, so that American goods can flow into your country,' because we have the power to do it, and then turn around and say to them that on the only thing that they can import, practically, into our country and make a market for we will close our doors and prevent them developing their trade. I say that no true-born American citizen who faces this question fairly and squarely and understands the situation will consent to that."

These pronouncements reveal the evident unanimity of policy pursued by both political parties as regards American-Philippine trade relations. Republicans and Democrats alike contributed their share of generous altruism in the treatment of the Philippines that has brought about the present reciprocal free-trade legislation. To this may be added that it was President Taft, first civil governor of the Philippines, who initiated this policy; but it fell to the lot of President Wilson to carry it to full accomplishment.

Free trade between the United States and the Philippine Islands has aided in the development of that country. But the advantages have not all been one-sided. With increased production the Philippines has enlarged its purchasing power as a market for American products and manufactures. During the first three months of the current year the Philippine Islands purchased more dairy products of the United States than any other country. It was first in the purchase of cotton cloth from the United States. And during this period when there was a marked decrease of cotton-cloth exports from the United States the exports to the Philippines were more than double those of the preceding year. The Philippine Islands was fifth of all countries in the purchase of wheat flour from the United States. It was first in the purchase of cigarettes from the United States. It was second in the purchase of oranges from the United States. It was third in the purchase of automobile tires from the United States. It was second in the purchase of book paper, and was one of the largest purchasers of machinery and of petroleum and its products from the United States.

Proposals to discriminate against Philippine products entering the United States bring up not merely economic questions but political questions. They involve not only the tariff but the

political relationship between the United States and the Philippine Islands. They concern not only copra and oil but raise moral issues of tremendous import in the eyes of 13,000,000 Filipinos.

The approval of the proposed amendment would make the Philippines a domestic territory for one purpose and foreign territory for another. It would make the Philippines a part of the United States in so far as it is to America's advantage to make it so, but a foreign country, outside of your tariff walls, when its interests may in any way, real or imaginary, conflict with the interests of American producers and investors.

Such treatment would be extremely injurious to the Filipino people. It would mean a reversal of America's traditional policy with regard to them. It would place the United States on a course of economic exploitation of a dependent people.

There are now pending before the Senate the Hawes-Cutting bill and the Hare bill, both providing for a final and definite settlement of the Philippine problem, and pending independence regulating trade relations between the United States and the Philippines under terms which are considered adequate to safeguard the interests of both countries. The Hare bill passed the House of Representatives by a practically unanimous vote. The Hawes-Cutting bill has been included in the legislative program of the Senate, and it is to be expected that together with the Hare bill it will soon receive due consideration. It would seem only just and fair, therefore, to defer action on proposals such as those contained in the Shipstead amendment until the Philippine independence bills are laid before the Senate and the whole Philippine problem discussed in all its different phases.

Believing that you will not fail to see the injustice and unfairness of the proposed amendment as it affects the Philippine Islands, we make bold to hope that the amendment will be rejected.

Very respectfully,

For the Philippine mission:

SERGIO OSMENA.
MANUEL ROXAS.

BUSINESS OF THE SESSION—LETTER FROM DISTINGUISHED CITIZENS

Mr. ROBINSON of Arkansas. Mr. President, yesterday I received a letter signed by a number of distinguished citizens. The letter was addressed to the Senator from Indiana [Mr. WATSON] as majority leader in the Senate; to myself as minority leader in the Senate; the Hon. CHARLES R. CRISP as majority leader in the House of Representatives, that being an error, Mr. CRISP being the acting chairman of the Committee on Ways and Means; and the Hon. BERTRAND H. SNELL, minority leader in the House of Representatives.

The letter was signed by Hon. Nicholas Murray Butler; Messrs. William H. Crocker, of California; John G. Hibben, of New Jersey; Alanson B. Houghton, of New York; Frank O. Lowden, of Illinois; Charles Nagel, of Missouri; Alfred E. Smith, of New York; Wilbur L. Cross, of Connecticut; Joseph B. Ely, of Massachusetts; Roland S. Morris, of Pennsylvania; and Albert C. Ritchie, of Maryland.

The letter was given to the press by the authors and published throughout the country. I am going to ask to have printed in the RECORD the message referred to and my reply to it, which is being mailed this morning. I do not intend to enter upon a discussion of the subject matter of the letter. The reply contains all the statement I think appropriate to be made at this time.

The VICE PRESIDENT. Without objection, the letter and the reply of the Senator from Arkansas will be printed in the RECORD.

The letter and reply are as follows:

NEW YORK CITY, *May 21, 1932.*

Hon. JOSEPH T. ROBINSON,
Washington, D. C.

MY DEAR SENATOR ROBINSON: It gives me pleasure to send you herewith a letter addressed to you as minority leader of the present Senate, which I trust you will find self-explanatory.

Each person whose name is attached thereto has personally authorized his signature.

With cordial greeting and regards, I am,

Faithfully yours,

NICHOLAS MURRAY BUTLER.

NEW YORK CITY, *May 21, 1932.*

Hon. JAMES E. WATSON,
Majority Leader United States Senate.
Hon. JOSEPH T. ROBINSON,
Minority Leader United States Senate.
Hon. CHARLES R. CRISP,
Majority Leader House of Representatives.
Hon. BERTRAND H. SNELL,
Minority Leader House of Representatives.

GENTLEMEN: The undersigned view with so much concern the possible effect upon our social and political institutions of the grave economic and financial problems which confront the American people that, on behalf of vast numbers of our fellow citizens, we appeal through you to the Members of the Senate and of the House of Representatives to lay aside every form of partisanship and of possible partisan advantage and quickly to unite to adopt a balanced Federal Budget for the coming fiscal year, as well as to enact a plan of taxation which shall be economically sound, fair to every group and calling, and without discrimination or privilege or class or sectional advantage of any kind.

It is our judgment that conditions are so grave that this action should be taken at the earliest possible moment.

Respectfully,

NICHOLAS MURRAY BUTLER, *New York.*
WILLIAM H. CROCKER, *California.*
JOHN GRIER HIBBEN, *New Jersey.*
ALANSON B. HOUGHTON, *New York.*
FRANK O. LOWDEN, *Illinois.*
CHARLES NAGEL, *Missouri.*
ALFRED E. SMITH, *New York.*
WILBUR L. CROSS, *Connecticut.*
JOSEPH B. ELY, *Massachusetts.*
ROLAND S. MORRIS, *Pennsylvania.*
ALBERT C. RITCHIE, *Maryland.*

MAY 23, 1932.

The Hon. NICHOLAS MURRAY BUTLER,
Broadway at One hundred and sixteenth Street,
New York City.

MY DEAR MR. BUTLER: I am in receipt of a letter signed by you; Messrs. W. H. Crocker, California; John G. Hibben, New Jersey; Alanson B. Houghton, New York; Frank O. Lowden, Illinois; Charles Nagel, Missouri; Alfred E. Smith, New York; Wilbur L. Cross, Connecticut; Gov. Joseph B. Ely, Massachusetts; Rowland S. Morris, Pennsylvania; and Gov. Albert C. Ritchie, of Maryland, addressed to Senator WATSON as majority leader; myself as minority leader in the Senate; Hon. CHARLES R. CRISP, as majority leader in the House of Representatives; and Hon. BERTRAND H. SNELL, minority leader in that body.

The Members of the Senate and the House are requested in the message "to lay aside every form of partisanship and of possible partisan advantage and quickly unite to adopt a balanced Federal Budget for the coming fiscal year," etc.

May I say in reply that from the beginning of the present session of Congress a sincere effort has been made to pursue the course suggested, and it is my belief that a fair review of the proceedings in both bodies will disclose practical unanimity of purpose to balance the Budget without regard to partisan advantage. This policy has been rendered somewhat difficult by the continuous delivery of partisan addresses and announcements by members of the President's Cabinet and others occupying high places in the national administration. The injection of tariff provisions in the revenue bill has without doubt resulted in some confusion and is calculated to cause delay in the passage of the revenue bill.

The differences which from time to time have arisen touching the legislation seem not so much attributable to sectional or partisan controversies as to varying economic viewpoints.

Recognizing the grave conditions which prevail, it is my purpose, in so far as I am able, to continue to contribute to just and fair conclusions touching the very important subjects referred to in your message.

Please be kind enough to advise those who joined in your message of this reply.

Sincerely,

JOS. T. ROBINSON.

MESSAGES FROM THE PRESIDENT

Several messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On May 19, 1932:

S. 2409. An act to amend Title II of the Federal farm loan act in regard to Federal intermediate-credit banks, and for other purposes.

On May 20, 1932:

S. 418. An act to extend the admiralty laws of the United States of America to the Virgin Islands;

S. 694. An act to authorize the sale of interest in lands devised to the United States under the will of Sophie Chanquet;

S. 1335. An act to remove the limitation upon the filling of vacancy of district judge for the district of New Jersey;

S. 2498. An act to authorize the transfer of jurisdiction over public land in the District of Columbia;

S. 4148. An act to permit the United States to be made a party defendant in certain cases; and

S. 4416. An act to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.).

On May 21, 1932:

S. 290. An act to establish a memorial to Theodore Roosevelt in the National Capital; and

S. 2955. An act to amend the World War veterans' act, 1924, as amended.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6477) to further extend naturalization privileges to alien veterans of the World War residing in the United States.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, the pending question being on the amendment of Mr. TRAMMELL to the amendment of the committee, on page 244, line 7, after the word "measure," to insert:

Phosphate rock (phosphorites, collophane, and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per 100 pounds.

So as to make the committee amendment read:

(6) Lumber, rough, or planed or dressed on one or more sides, $3 per 1,000 feet, board measure; phosphate rock (phosphorites, collophane and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per 100 pounds; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. FLETCHER. Mr. President, I shall not detain the Senate very long in giving my reasons for supporting the amendment advocated by the Senator from Washington [Mr. JONES] proposing a duty on lumber, and for favoring the amendment to that amendment offered by my colleague [Mr. TRAMMELL] providing for a duty on phosphate. The two amendments should be considered together.

The lumber industry of the United States is now operating at approximately 20 per cent of its capacity. The object of this amendment is to provide an equalization of competitive conditions for the American forest industry. It has been stated, and I assume that it is true, that Canadian trade agreements with Australia, South Africa, England, Ireland, and Scotland provide for preferential duties over other countries, and the general depreciation of foreign currencies has practically eliminated the exportation of lumber by the United States to countries which heretofore have consumed tremendous quantities. I have a letter this morning—whether it states the facts or not I am not prepared to say, but I have no reason to doubt its accuracy—to the effect that France has imposed an embargo on lumber. At any rate, our foreign markets have been almost eliminated. The industry is confined to the domestic market, which has fallen off very materially.

In Florida 9 or 10 immense mills have been closed down. They have on hand stocks of lumber sufficient to supply the demand at the present rate for two years or more. Other mills are running on part time. Many men have necessarily been dismissed and thrown out of work; many others are receiving not more than one-third of their ordinary pay. Hundreds of them are working for a dollar a day whose pay heretofore has been from $3 to $5 per day. It is important, therefore, and of interest to us, to see that the people employed in this industry are not disengaged, are not added to the number of unemployed, hopeless and helpless in this country. Many mills are operating on part time merely for the purpose of keeping their forces intact, so far as possible, and providing means for their living. Workers in this industry, to a large extent, are trained exclusively in the industry. They are men cutting logs, conveying logs to the mills, handling the logs at the mills and manufacturing them into lumber; they are engineers, foremen, sawyers, skilled men, who, if thrown out, can not engage in something else; there is nothing else available for them; they have no other opportunity for employment; and it is a cruel thing, a pitiable thing, to see this industry in such a state that it must turn off its employees, dismiss them, and confine its activities entirely to the domestic market, which at present is wholly inadequate to take their products.

It may be that the proposed duty will not very greatly advance the industry. Those engaged in it think it will. It certainly can do no harm to the industry and can not do the people of the country any harm. The consumers of the material will not have to pay higher prices, because the competition in the business itself will regulate that. With the stocks of lumber already on hand sufficient for years to come there will be terrific competition among the producers themselves, and there is no prospect whatever that a duty of this kind will increase the cost of lumber to the consumer. In addition to that, if there is a stimulation of the market, if there is encouragement to the industry such as to start the mills going, the output among all the mills will be such that it will be impossible to raise prices beyond a competitive level.

The importations from Canada, from Russia, and from other countries, where they dispose of their surplus at reduced prices in our markets, ought to be, to some extent, checked, if not eliminated.

I therefore favor the amendment offered by the Senator from Washington. I think it will mean a great deal to this very important industry in which millions of dollars have been invested and in which thousands of men are employed.

Then, Mr. President, I favor the amendment offered by my colleague with respect to phosphate. The situation in that regard is quite clearly set out in a statement which I inserted in the RECORD on Saturday by Mr. Martin H. Grace. I will not repeat all the details in connection with it. My colleague [Mr. TRAMMELL] made a most admirable statement in regard to the subject on Saturday, and I do not care to repeat what has heretofore been said. I will call attention, however, to a few salient facts in connection with the proposed excise tax on phosphate rock.

The importation of phosphate rock into the United States is set forth by the Department of Commerce as follows: In 1926, 17,378 long tons, of a value of $192,611; in 1927, 28,195 tons; in 1928, 45,812 tons; in 1929, 44,899 tons; and in 1930, 32,658 tons, of a value of $377,177.

The phosphate industry is active in Florida, Tennessee, Idaho, Wyoming, and Montana, and the invested capital in the industry is placed at $67,000,000. It furnishes employment directly to some 4,000 men, and estimating 5 to a family, that means 20,000 persons are dependent upon this industry. The sales in 1930 amounted to 3,926,392 tons, of a value of $13,996,830.

The entire product is moved by railroad, thereby adding substantially $6,000,000 to their revenues. Coastwise vessels, which by law must be registered under the flag of the United States, transported about 1,500,000 tons, and benefited to the extent of more than $2,500,000. That gives an idea of the importance and significance of this industry.

Florida is greatly interested, because in that State there is mined something like 80 per cent of the phosphate mined in this country.

The principal threat to the American phosphate industry is in the operations in the French protectorate of Morocco, where the Moroccan Government exercises a monopoly of the production and sale of phosphate rock and employs Arab labor, which is paid wages of about 25 cents a day. The material is transported from the mines over Government-owned railroads to Government docks at the port, and the total cost of mining, drying, refining, and transporting figures up to $2.80 per gross ton free on the dock at Casablanca, Morocco, at which point it is placed aboard vessels at a cost for wharfage and handling of less than one-fifth of the sum paid in the equivalent Florida ports.

That, Mr. President, gives a picture of the monopoly under the Moroccan Government, where the supply seems to be unlimited, where labor is paid 25 cents a day, where the Government railroad carries the product at cost, and where the Government docks afford facilities for its transportation, all at rates one-fifth of what it costs the producer in this country.

Furthermore, the Moroccan phosphate industry is reaching out not only after all the European market, which formerly took the phosphate from this country, but to a large extent it is absolutely determined to dominate the markets of the world and is preparing to import this material into the United States in vastly increased quantities.

The Moroccan operations commenced in 1921, in which year 8,100 tons were produced and sold. In the year 1930, 1,779,000 tons were produced and sold.

The policy of the Moroccan Government monopoly is to dominate the high-grade markets of the world at any price. Low ocean freight rates are helpful to them. Doubtless they bring a large amount of this material, or are prepared to do so, to the United States in ballast, so that the transportation is very cheap.

When Morocco commenced importations to the United States in 1927 at a price of $4 per ton f. o. b. Casablanca, the American miners resorted to the antidumping provisions of the tariff law; and upon application the Secretary of the Treasury found that dumping was being practiced, as per his decision of February 9, 1928. That decision, however, has been appealed from, and the question is now in the courts. In October the United States Court of Customs and Patent Appeals will hold a term and pass upon the soundness of that conclusion of the Treasury Department, and may reverse it. It may declare it illegal, and then there will be no sort of protection to the American producer under the law.

The productive capacity of the present installations at Khouriga, based on the port of Casablanca, Morocco, is 2,500,000 tons per annum, plus 1,000,000 tons already mined, ready for shipment. For the past several years the Moroccan Government has been building up a new port, known as Safi, and has been constructing a new railroad from this port to new phosphate mines in that country.

The present monopoly is actively prosecuting work at this new mine for the erection of a plant that will be capable of producing an output duplicating that of the mines at Khouriga. It has also opened an office in New York, and is prepared now to go ahead with importing phosphate rock to the United States in immense quantities, at low rates of freight, under a Government monopoly.

The primary economic advantage to be derived from the maintenance of present operations in the mining of phosphate rock in the several States of Florida, Tennessee, Montana, Idaho, and Wyoming is the continued employment of 4,000 workers who would be thrown out of work by the cessation of this mining. Upon the basis of five persons to a family, this would amount to 20,000 people whose means of support would be taken away from them should phosphate-mining operations in the United States cease; and the present condition of the industry is such that it can not carry on with this sort of competition. The supply in Morocco is unlimited, as I have stated. The Moroccan producers have reached out and are taking away from us many of our foreign markets in Europe, and they are now coming here with their phosphate to take away our domestic market. Our producers can not produce the material at the cost at which this monopoly produces it, paying 25 cents a day for labor; and with the low rate of freight it is impossible for us to live under those conditions. Our mines will have to close down. That means a loss of employment to the people engaged in the industry, and the sacrifice of the immense capital—some $67,000,000—invested in the industry; and once the monopoly is thoroughly established and takes possession of our market, there is no telling where the price will go. They will be in position to charge what they please for phosphate. We will be eliminated, and they will fix their own price. They are, therefore, interested in delivering their materials here even below the cost of production in order to capture this immense market.

I desire to point out that my colleague [Mr. TRAMMELL] has so framed this amendment that it can not possibly meet with any objection upon the theory that it might add to the cost of fertilizer. The phosphate described in the amendment does not enter into the manufacture of fertilizer. It enters into the chemical industry. He has fixed the grade of the phosphate at such a figure, as will be seen by the amendment, that it has no application whatever to the phosphate that goes into fertilizer. Consequently there need be no anxiety on that score on the part of the people who are interested in that subject—and I am one of them. I would not venture to advocate here a proposal that would increase the price of fertilizer to the farmers of the country, notwithstanding it might benefit some particular industry in my State. Generally speaking, I could not support any proposition here that taxed the farmers of the United States. This amendment will not do it. Even if it did apply to the kind of phosphate that entered into the manufacture of fertilizer, in my judgment the competition would prevent a rise in the cost of fertilizer to the consumer.

This amendment, however, does not apply to that kind of phosphate at all. It is 70 per cent fine. It is the higher-grade product. It goes into the chemical industry. That is the only kind of phosphate that is referred to in this amendment. It can not, therefore, possibly have any influence whatever on the price of fertilizer. It gives a degree of care and consideration for the highest-grade phosphate that enters into the chemical industry and does not enter into the manufacture of fertilizer.

Therefore I think there is no valid argument against this amendment upon any ground whatsoever. Once this foreign monopoly dominates the American market, shutting down the American mines, the price of phosphate in the United States will be raised to far higher levels than that of to-day. To-day prices are the result of free competition among freely competing fields and between freely competing producers in each field with capacity easily sufficient to supply twice the normal consumption of the United States.

The statement furnished by Mr. Grace asserts—and I have every reason to rely upon its accuracy:

> We know that the Moroccan Government has got all its plans set for the invasion of this market and that headquarters have been established in New York City. We do not think it can be entirely repelled. We believe that even if an excise tax of one-tenth cent per pound should be imposed, nevertheless there would be an increased movement of phosphate from abroad into this country and that the figure of 250,000 tons is not too much to be expected, and that if our request for such an excise tax is granted the Government would derive a revenue of approximately half a million dollars per annum.

That is the revenue side of the matter. There would still be imported a certain amount, say 250,000 tons, from Morocco, which would have its effect upon our markets; but undoubtedly we would receive from it a revenue of something like half a million dollars per annum.

So, Mr. President, I can see no argument whatever against this amendment to the amendment that is pending. Indeed, I should like to see the Senator from Utah accept it as a part of the committee amendment, and let us take a vote on the committee amendment as amended by the proposal of my colleague.

There comes to me this morning a point which I had not thought of before. This communication says:

> In the phosphate business we have always figured that an additional 10 cents in the cost of a barrel of oil means an additional cost of 5 cents per ton in the production of phosphate.

I did not know these people were so much interested in that subject; but this communication comes from those who know.

> Now, there are 42 gallons in a barrel of oil; and a tax of a half cent a gallon means that the cost of a barrel of fuel oil is going up 21 cents. Applying the above-mentioned rule, we get the result that the cost of production of phosphate will be increased by 10½ cents per ton.

So that by the action on Friday we will impose an additional burden on the producers of phosphate rock. If it be true that this tax on oil will increase the price to the consumer, they will be affected by an increase of 10½ cents per ton on their phosphate. So, as a matter of fairness, our friends who supported the oil tax ought to support this tax, because by imposing that tax they have added 10½ cents a

ton to the cost of the producer of phosphate. I appeal to them, therefore, to be fair and just in this matter, and consider this item from that standpoint also.

BUSINESS OF THE SESSION—LETTER FROM DISTINGUISHED CITIZENS

Mr. WATSON. Mr. President, I desire to advert for a few moments to a communication placed in the CONGRESSIONAL RECORD by the distinguished leader of the minority, the senior Senator from Arkansas [Mr. ROBINSON], a communication signed by many distinguished citizens of the United States, in which they exhort us to lay aside every form of partisanship and of partisan advantage and to attend strictly to the business of the country.

Mr. President, coming from gentlemen with such knowledge of public affairs as these men possess, I confess that I am astonished at the contents of the communication. In very truth it comes many months late. It all the more astonishes me because of the apparent lack of knowledge on the part of these gentlemen of the situation in the Congress at this time, and of the conditions with which we have dealt and the manner in which we have dealt with them since the inception of this session.

Never in the history of this country, in any time of peace, has there been such a slight display of partisanship as during the present session of Congress in the Senate of the United States in dealing with the momentous problems which have confronted us from its beginning. In fact, from the time of the nonpartisan meeting of certain gentlemen in the White House last October, in which more or less of a plan of future legislation was formulated, down to this time, there has been as slight a manifestation of partisanship as I have ever known in my experience in Washington, or have ever come in contact with in reading the annals of previous sessions of Congress.

The moratorium was dealt with in nonpartisan fashion; there was no politics in it.

The bill for the establishment of the Reconstruction Finance Corporation was dealt with wholly in nonpartisan fashion. There was no thought of partisanship in the consideration of that measure.

The first Glass bill that was passed was dealt with in wholly nonpartisan fashion, both in the Committee on Banking and Currency and on the floor of the Senate of the United States.

The other bill reported by the Committee on Banking and Currency, which was laid aside for the temporary consideration of the revenue measure, was wholly nonpartisan, dealt with in nonpartisan fashion by the committee, and dealt with in nonpartisan fashion by the Senate up to the time when it was laid aside to make way for the more important pending legislation.

The pending bill itself, up to the present time, has been considered largely in a nonpartisan way, because, even considering the tariff proposals, to which I shall not in detail refer, there has been a division in both parties on both sides of the question.

Mr. President, the economy measure which is to come from the Committee on Appropriations within a few days is wholly nonpartisan. It is being dealt with in the Committee on Appropriations in a nonpartisan manner, and doubtless when it comes to the floor of the Senate it will be considered in the same way.

So far as I know, every problem of consequence which will come before Congress at this session will be dealt with in nonpartisan fashion; and I want now publicly to thank the leader on the other side and his colleagues and associates for having so often submerged their partisan opinions in order that we might enact legislation for the benefit of the country and the welfare of its people.

Therefore I think the communication to which reference has been made, which is a part of the general propaganda throughout the country to "soak" the Congress and to criticize the Senate for its "laggard" habits and its refusal to act upon important problems, is entitled to more than brief consideration.

Mr. President, people who are not familiar with legislative methods do not know of the many perplexities that confront us, of the many difficult situations which we have to meet as legislators. If they did know, instead of criticizing us throughout the country they would be praising us for the progress we have made and for the nonpartisan way in which we have handled these great questions.

I think it is due to the Senate and to my colleagues and associates on both sides to say that if the gentlemen who have written the letter do not understand the situation they should understand it, and if they have understood it they have temporarily forgotten it.

I make this statement because I think it due the Senate of the United States.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. WATSON. I have concluded.

Mr. THOMAS of Oklahoma. If the Senator will yield, I want to call the attention of the Senator to the last few lines of this letter, and then to suggest an inquiry. The lines to which I refer are as follows:

> to adopt a balanced Federal Budget for the coming fiscal year, as well as to enact a plan of taxation which shall be economically sound, fair to every group and calling, and without discrimination or privilege or class or sectional advantage of any kind.

Mr. President, that is very general. The words mean nothing except a desire in which, I am sure, we all concur and join.

I wanted to ask the distinguished Senator from Indiana if he would not agree to this suggestion, that these distinguished gentlemen be asked to submit us a bill of particulars, and point out wherein we could do the things which they suggest should be done, more specifically and more definitely.

Mr. WATSON. Mr. President, in the consideration of a matter of this kind one must exercise due self-restraint. I do not think I want to answer the question of my honored friend, because it might lead me into some statements which might be considered somewhat extreme.

I think that if authors of the letter should formulate a plan, it would be one to which we would pay no attention, because, in my judgment, they could not sit down and consider the questions with which we have been dealing for weeks and suggest anything like as intelligent a solution as we now are engaged in working out for the country.

Mr. THOMAS of Oklahoma. Mr. President, that was the idea I had in suggesting the inquiry. If these gentlemen would suggest any relief, I think it would be so fallacious that the country would see immediately that it was fallacious.

Mr. COPELAND. Mr. President, the only reason why I rise to speak at all on this subject is because the communication which has just been put into the RECORD emanated from New York City. It is signed, among others, by several New York men, some of whom happen to be personal friends of mine.

I think it is utterly unfair for those outside of the Congress to criticize the Senate for its alleged failure to act on pending measures of great importance to the country. Purely voluntary letters are all right, of course, but I am flooded, as I assume other Senators are, with letters which are propaganda and nothing else. They are sent out by thousands of citizens of my State, finding fault with me, and finding fault with the Senate because of its failure to balance the Budget. It is not fair that those letters should be sent, because everybody who sits in this Chamber knows, and every well-informed person in America knows, that every honest effort is being made by every Senator here to balance the Budget. Every effort is being made to pass a tax bill which will be as reasonable as possible under the unfortunate circumstances in which the country finds itself.

I am surprised that these particular men, the signers of the letter before me, who are publicists, who are usually well informed regarding matters of public interest, should turn aside from their daily occupations to critize a body of men working day and night to accomplish the very things they have in mind.

In my opinion, the letter was gratuitous, and utterly uncalled for, and I want to say for the benefit of those of my

constituents who pay any attention to what I may say, that on both sides of this Chamber there is an apparent determination to accomplish as speedily as possible exactly what the country is demanding. The Senate will not adjourn until the Budget is balanced, and until a tax bill is passed which will be as satisfactory as any measure to raise money can possibly be.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Ohio?

Mr. COPELAND. I yield.

Mr. FESS. I think what the Senator has said will be indorsed by every Senator as to the mail he receives on any particular day. Nearly every correspondent expresses a desire that we balance the Budget. "We agree with you on this," they say. "Do it quickly."

Mr. ROBINSON of Arkansas. "But don't put any tax on me."

Mr. FESS. Yes. My mail is filled with letters stating, "Don't reduce the appropriation on this particular item," or "Don't put a tax on this item." The letters are about 50-50 to that effect. That indicates that while there is a desire on the part of the country to have the Budget balanced, the people have no conception of our problems. They are not in sympathy with what is our plain duty. The only thing I can see for us to do is to go ahead as we have been going, and do the best we can for the country at large.

Mr. COPELAND. Mr. President, the Senator from Ohio is entirely right. I want to refer to one flood of letters which came to my desk last week. They all came from Yonkers, N. Y., the envelopes were all typewritten on the same machine, and the letter itself was a stereotyped letter, each letter being signed by an employee of that particular concern. There were about 1,200 of the letters, all demanding the balancing of the Budget. They made, too, certain suggestions which would seem to me to be a strong intimation that a sales tax would permit that particular concern to be released from the burdens of an increased corporation tax or any other "legislation that will overtax the corporations." Following up those letters came personal letters from various of those employees disclaiming any voluntary act on their part in the signing of the letters.

Of course, Mr. President, we are more or less influenced, and doubtless properly so, by letters which come to us. But when a Senator is working night and day, as every Senator here is, to accomplish the very purposes suggested by our correspondents, it is an unnecessary tax upon our patience and upon our time to be flooded with such letters.

I want to say, for the benefit of my constituents, that I can see no indication on the part of any man in this body, whether he is of my party or of the other party, of a desire to delay action. I venture to predict that before many days have rolled around, we shall have accomplished all that the country has in mind, and the Senate will have adjourned, whether we are or are not loaded down with letters from responsible or irresponsible persons who are seeking to have us do the things which we are going to do anyhow.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. SMITH. The Senator from Ohio and the Senator from New York have called attention to the propaganda that has gone abroad that we must balance the Budget. I think it would be rather interesting if Senators would take the time to examine the list of proposed excise taxes and take the letters which come to them urging that they balance the Budget, and the letters which come voicing opposition to the imposition of a tax on the article in which they are interested. I think it will be found that if the requests which come should be acceded to and the taxes complained of eliminated, we would get no revenue from the bill, even if we should pass the bill.

It is said that Josh Billings once remarked that he had lived 40 years before he found a good place for a boil. When asked what he considered a good place for a boil, he said, "On the other fellow's neck." These folks who write to us are perfectly willing to have the Budget balanced, "but do not balance it at the expense of the particular thing in which I am interested."

I think I shall take the time to make a list of the taxes opposed by the various parties interested in the excise taxes, and have the list incorporated in the RECORD, so it may be seen that if we should accede to the requests of these gentlemen who pretend to be interested in the balancing of the Budget, and should subtract from the proposed plans the articles which they ask to have taken out, we would have no bill.

Mr. VANDENBERG. Mr. President, I think there is another misconception taking possession of the public mind and portions of the press at this time which, before this particular discussion ends, might well be the subject of comment.

So much has been said in the press and elsewhere about the special so-called economy bill which is now in Senate committee that apparently thousands of our people have come to the conclusion that the only economy which is contemplated in respect to the annual expenditures by this Congress is encompassed within this one economy bill, which deals mainly with problems of consolidation and personnel. When the House reduced the proposed $200,000,000 economy bill to $40,000,000 or $50,000,000, the country immediately leaped into a rage because it came to the conclusion that $40,000,000 or $50,000,000 is the limit of congressional economy which is contemplated.

I think it is very much worth while in connection with the discussion to remind the country that this so-called economy bill is but one of many among these economy factors and objectives. We started in with a $350,000,000 economy through the Bureau of the Budget. We have already had $150,000,000 in economies by the action of the House in respect to these appropriation bills. This makes a total of $500,000,000. In addition to this tremendous total there will come whatever economy ultimately results from the Senate's additional 10 per cent reduction program. In addition to that will be whatever economies are available as a result of the legislation which will come from the recommendations of the Economy Committee.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Kenucky?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. Purely as a matter of information, I should like to inquire of the Senator with reference to the $350,000,000 to which he refers first. We have seen a great deal in the press about the $350,000,000 reduction made in the Budget estimate. How does the Budget estimate, from which it is said $350,000,000 was taken, compare with the aggregate appropriations for last year, so we may ascertain whether the Budget reductions were below the actual expenses of last year, which ought to be the real criterion. If the departments boosted their estimates in order to make a showing of having the Budget reduced, it does not mean much; but if they reduced them below last year's actual expenses, it may amount to something.

Mr. VANDENBERG. I am proceeding on the theory that the reductions to which I refer are below last year's expenditures. I do not have the figures at hand.

Mr. BARKLEY. The $350,000,000 to which the Senator refers was a so-called reduction below what the departments requested. I do not know how the request compared with what they actually got last year. In order to find out whether there has been $350,000,000 reduction it will be necessary to know that fact.

Mr. VANDENBERG. I think the Senator is mistaken in his mathematics.

Mr. JONES. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Washington?

Mr. VANDENBERG. Certainly.

Mr. JONES. My recollection is that the current appropriations for this fiscal year amount to over $5,000,000,000. The estimate by the departments amounted to something like $4,000,000,000 for this year. The Budget reduced those

estimates by something over $300,000,000. My understanding is that before the estimate was sent down the President made a 5 per cent reduction in that amount.

Mr. BARKLEY. The Senator says the actual appropriations for the current year were about $5,000,000,000. That is true as to appropriations made by this session of Congress which are allocated to the fiscal year 1932. Subsequently we appropriated $500,000,000 for the Reconstruction Finance Corporation, $125,000,000 for the Farm Loan Board, and other emergency appropriations which do not figure in the ordinary current expenses of the Government, so that in making up the $5,000,000,000 in order to show $1,000,000,000 reduction on the part of the Budget, which ranged something like $4,000,000,000 for this year, the Senator must, of course, exclude extraordinary appropriations which have been asked for by the President for this year, which make up that amount for the current year.

Mr. JONES. It was over $5,100,000,000, and then the deficiency appropriations were something over $200,000,000, which would make about $5,300,000,000.

Mr. BARKLEY. But it is true that these extraordinary appropriations have been allocated to the fiscal year 1932.

Mr. JONES. Yes.

Mr. BARKLEY. So it is not a true picture of the actual reductions on the part of the Budget.

Mr. JONES. My recollection is that the Budget estimate is about $300,000,000 or $400,000,000 below the ordinary and usual expenditures of the Government for the last year or two. Then the House decreased the amount from that quite a good deal, so there is a very substantial reduction in what we might call the ordinary and usual expenditures of the Government and demands of the Government.

Mr. BARKLEY. Assuming that $350,000,000 was a reduction below the estimates of the members of the Cabinet—because that is what it really is—according to our program here, we will lop off another 10 per cent below the figures of the House if that program is carried through the entire list of appropriation bills. That would amount to something like $350,000,000 or $400,000,000, would it not?

Mr. JONES. I think about $250,000,000 or $300,000,000.

Mr. BARKLEY. I mean if all the appropriations are reduced 10 per cent, according to the instructions of the Senate when it sent the various appropriation bills back to the Appropriations Committee. If that plan is carried through and the average is $4,000,000,000, it will take off nearly $400,000,000.

Mr. JONES. It is going to take off a very considerable sum if that plan is followed through.

Mr. BARKLEY. I, too, am in favor of following it through.

Mr. JONES. We are confronted with the proposition of cutting 10 per cent from $1,000,000,000 provided for the soldiers. I do not believe there will be many Senators who will stand for that reduction.

Mr. VANDENBERG. Mr. President, I did not want to precipitate any discussion by way of detailed analysis because time is too precious. I am simply undertaking to correct what obviously is a misconception in the mind of the country respecting the extent and degree to which economy is being pursued at Washington.

The best possible demonstration of the fact that the country is erroneously measuring the situation is the Interior Department appropriation bill, which is the one bill that Congress has concluded and the President has signed. What are the facts at that point? There was $69,000,000 appropriated last year, $56,000,000 recommended by the Budget, $50,000,000 appropriated by the House, and $45,000,000 appropriated by the Senate, a net saving of about 35 per cent over the actual expenditures of last year without any reference whatever to the so-called economy bill, which is yet to be considered by the Senate.

The thing I am trying to say is that the country need not be discouraged about the congressional attitude toward economy, because there is a perfectly obvious intent and purpose upon both sides of the aisle and at both ends of the Capitol to save money so far as it is humanly possible. The Senate will be found particularly dependable in these aspects and objectives, as its record already warrants.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. VANDENBERG. I yield.

Mr. BARKLEY. Purely as a matter of information, does the Senator believe that the Interior Department appropriation bill is a fair sample of what may happen with reference to all appropriation bills? Does he think we will make a similar reduction in the rest of them?

Mr. VANDENBERG. I do not think the total saving in the Interior Department bill can be carried through all the bills, but I do think it is a typical reflection of the purposes of Congress in respect to economy.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Oklahoma?

Mr. VANDENBERG. Certainly.

Mr. THOMAS of Oklahoma. I desire to get the opinion of the Senator as to how much he estimates now can be saved in the way of possible elimination or reduction in expenses for the next fiscal year over the present year? That is what the country is interested to know.

Mr. VANDENBERG. Does the Senator mean in respect of possible total economy?

Mr. THOMAS of Oklahoma. Yes.

Mr. VANDENBERG. I shall be very much disappointed if the total reduction is not three-quarters of a billion dollars.

Mr. THOMAS of Oklahoma. That is the information I desired.

Mr. BARKLEY. Mr. President, in that connection does the Senator mean below the $5,000,000,000 referred to a moment ago by the Senator from Washington [Mr. JONES] or below the ordinary expenses of the Government?

Mr. VANDENBERG. I mean below the actual expenditures of the Government during the present fiscal year.

Mr. BARKLEY. That expenditure will be over $5,000,000,000, so the three-quarters of a billion referred to by the Senator as the possible reduction still leaves $4,250,000,000 as appropriations for the fiscal year 1933. Does the Senator mean we are compelled, in spite of all our efforts to economize, to appropriate $4,250,000,000 for Government expenses for the next fiscal year?

Mr. VANDENBERG. I think if it is humanly possible for economy to be carried lower, Congress will carry it just as low as it can possibly go. I conceive this objective to be a paramount challenge. I continue to give it unqualified support. It seems to me that the Senate as a whole is similarly committed. The country should take courage from these realities instead of discouragement from an unwarranted belief that no serious or formidable reductions are being made in the Federal expenditures.

Mr. President, I ask unanimous consent to have printed in the RECORD a comparative table showing the operating appropriations of the various departments for the fiscal year ending June 30, 1932, and the Budget estimates for the same departments for the fiscal year ending June 30, 1933, with a net decrease of $459,000,000.

Inasmuch as these tables show only the operating expenditures they do not include the debt service, which necessarily has had to increase in proportion as the debt itself has increased; and it is the increase in the debt service which finally brings this $459,000,000 back to approximately the net $350,000,000 in Budget saving to which I have adverted.

There being no objection, the table referred to was ordered to be printed in the RECORD, as follows:

Expense of major departments, commissions, etc.

	Operating appropriations for 1932	Budget estimates for 1933	Amount of decrease
Department of Agriculture	$333,500,000	$215,724,000	$117,776,000
Agricultural marketing fund net (Farm Board)	155,000,000	15,000,000	140,000,000
Post Office deficit	195,000,000	155,000,000	40,000,000
Treasury Department	612,900,000	279,567,000	33,333,000

Expenses of major departments, commissions, etc.—Continued

	Operating appropriations for 1932	Budget estimates for 1933	Amount of decrease
War Department	483,700,000	430,038,000	53,662,000
Navy Department	378,900,000	375,341,000	3,559,000
Shipping Board	60,800,000	21,800,000	39,000,000
Department of Justice	53,800,000	53,441,000	359,000
Department of Commerce	54,700,000	48,343,000	6,357,000
Other independent offices and commissions	57,600,000	52,003,000	5,597,000
Legislative establishment	32,400,000	23,244,000	9,156,000
Department of Labor	14,100,000	14,509,000	[1] 405,000
Adjusted-service certificate fund	200,000,000	150,000,000	50,000,000
Veterans' Administration	784,400,000	830,210,000	[1] 45,810,000
Interior Department	78,300,000	71,849,000	6,451,000
Total	3,195,100,000	2,736,069,000	459,031,000

[1] Increase.

Mr. LOGAN. Mr. President, to supplement by a word what has been so well stated by the Senator from Michigan [Mr. VANDENBERG], I am very glad that the situation, so far as the business people down in Kentucky are concerned, is a little different from that which Senators report from other States. We have received a number of letters from business people down there, and while they want the Budget balanced and insist upon it, they also are in favor of imposing a tax. The only suggestion I have had in the main from the business people is with reference to the correction or removal of discrimination. I have had very few complaints from business men in Kentucky about the tax bill which we are now considering.

But there has gone out over the country an impression which has aroused the people more than anything I have known in many years, and that is that the entire economies which were contemplated by Congress are embraced in the so-called House economy bill. It has passed into the minds of the people that that is all we are trying to do. When the House failed, as people think, to do what it was thought it should do, then the people began to write to us that we were not doing anything about reducing Government expenses. It was not an unreasonable mistake. That bill was talked about through all the newspapers. It proposed to cut salaries and from one end of the country to the other the facts about that bill were pretty well known. But the people have not given consideration to what has been done by the House and the Senate and the Director of the Budget in making very great reductions in the appropriations for carrying on the business of the Government.

I agree with the Senator from Michigan [Mr. VANDENBERG] that the total reduction will probably reach three-quarters of a billion dollars. I think it has reached more than $500,000,000 now, taking into consideration all that has been done and comparing it with the same items for last year. There will be some new appropriations and some new expenses, but item by item there has been very much reduction, and that independent of the so-called economy bill which the people generally have in mind.

I do hope that it will be made known to the public generally that the Congress is doing the best it can to reduce expenses and that its entire program is not included in the economy bill; in fact, a very small part of the economy program is included in that bill.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. NYE. Mr. President, in connection with all the discussion that is taking place in the press and elsewhere today in connection with balancing the Budget, one can not refrain from pointing out that during the last 10 years there have been many propositions as to the result that was awaiting the Government, the result that was awaiting business generally in the country, if there was continued the washing away of the equities and the surpluses of a very large element of the population of America. I have heard in this Chamber during the last five or six years, and have read in the RECORD of preceding years, many warnings that if the needs of agriculture were not provided for every business in the land and the Government itself would ultimately pay the penalty by reason of it.

Living upon the farms of America is one-third of our population, approximately 30,000,000 of people. Residing in the smaller agricultural communities and business centers is another part of our population measuring nearly another third. During the past 10 or 12 years the earnings of those farm people have been whittled away a little more and a little more each and every year until finally equities and surpluses of the farm people have all but vanished, and with their disappearance there has resulted the depletion of stocks on the shelves of the merchants in the smaller towns, a depletion that is not being replenished in any degree whatever; so that the merchant now, along with the farmer, has lost his buying power.

Sixty million people are in straits that prevent them buying the things which they want, the things they need; and yet here in Congress, instead of facing facts and restoring the power that was in the hands of 60,000,000 of people, we have gone forward, and every move, I dare say, that we have made, has been a move in the interest not of those who have been oppressed but in the interest of those who have done the oppressing ever since the Great War. Even now, in this tariff controversy and in the consideration of the pending tax measure, we find at every turn of the road the interests of the selfish ones, the greedy ones, seemingly getting the first ear while the interests of the many go unanswered.

Mr. President, there has been introduced an amendment to the pending tax bill by the senior Senator from Nebraska [Mr. NORRIS] which proposes to make the debenture plan available as a means of restoring in a measure the buying power of the American farmer. I mean most assuredly to give that amendment my whole-hearted support.

Another measure of great interest, which I expect may be attached to this tax bill also as an amendment, and with cause, is the one known as the Frazier bill, submitted by my colleague the Senator from North Dakota [Mr. FRAZIER], which has been reported to the Senate by the Senate Committee on Agriculture and Forestry and is now on the calendar.

Another bill has been reported to the Senate by the Committee on Agriculture and Forestry which I feel would meet the present emergency in no uncertain form, and if combined with the Frazier bill would afford agriculture relief so complete and so rapid that I am sure we would all more than marvel at the results.

The newer proposal of which I speak is the plan upon which the heads of the three national farm organizations have agreed. The plan has been introduced in the form of a bill by the Senator from Oregon [Mr. MCNARY]. That bill, I understand, has been ordered to be reported to the Senate to-day or will be reported to the Senate very soon. There is not a chance in the world, as I see things stacking up here now, for that bill to receive any consideration by this Congress unless it be attached to the pending tax bill; and, in view of the records that has been made during the past few days of making the tax bill a tariff measure, there can be no objection to the offering of these various agricultural proposals which, after all, as framed, aim merely at accomplishing an effective tariff for the American farmer. The so-called McNary bill is the embodiment of several plans that have been proposed to meet the needs of American agriculture. The McNary plan, which has the concurrence of the heads of all the national farm organizations, would make available to the Farm Board, or to such other agency as would administer it, any one or all of three plans in the effort to afford the farmer cost of production for his commodities and to make the tariffs on agricultural products available and effective.

One plan which would be made available is the equalization fee. Another is the debenture feature, which has been discussed time and time again in this body and in the House of Representatives. Still a third proposal which would be made available to the Farm Board in its effort to yield pro-

duction cost to the farmer is an outright price-fixing measure, an outright price-fixing proposal which would make available for the farmers for that part of their product which is consumed here at home cost of production plus a reasonable profit.

I repeat that this bill, which would go far to accomplish worth-while results for agriculture, has little chance of receiving consideration at the hands of the present Congress unless it be attached to and made a part of the pending tax bill. It has a right to be attached to that bill, in view of the fact that we have written tariff proposals into the bill, and because it is the only chance which that bill seemingly has of being enacted into law. I intend to propose the amendment to the pending tax bill, which I send to the desk. The amendment is nothing more than the McNary bill, which has been authorized to be reported from the Committee on Agriculture and Forestry.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. NYE. Mr. President, at this time we are concerning ourselves with tariffs without much regard for the matter of revenue with which we ought to be dealing in considering a tax bill. The first tariff proposal was that which would fix a duty on imported oil. I opposed that duty not because I did not realize the sore and depressing situation confronting the independent oil producers of the country but because I thought I foresaw that to accept a duty on oil would be to accept the duty on lumber and on copper and on coal and perhaps on other items. So I opposed the oil proposal, because I thought that the best interests of the country would be served if we were to refrain from attaching any tariff items whatsoever to the tax bill. The Senate, however, voted the duty on oil into the bill.

We were then confronted with a proposal for a duty on coal. To this proposal I gave my support, not because I thought the situation was altogether deserving of such action but because I did want to keep myself in a position when moving agricultural tariffs in connection with this bill to point to the fact that I had not been and was not then altogether opposed to further protection for those industries which were in need. I gave it my support on that ground alone. Yet I want to give notice now that in the event there is a move made to reconsider the votes by which tariffs were written into the bill, in the case of oil and coal, I shall most assuredly vote in support of the removal of those items.

Now we are confronted, however, with the very situation which was assured when the Senate voted for a duty on oil; we are confronted now with a proposal to write a high protection for the importations of lumber into America. We are faced with that duty; we are faced with an increase in the tariff on lumber.

The only excuse offered, Mr. President, for this tariff is the temporary depression existing in the lumber industry. What is the cause of the depression which confronts that industry? It is nothing other than the thing which is responsible for the depression of every other industry in the land—a lack of buying power, not a lack of confidence on the part of Americans in the future, but an utter lack of ability to go into the marketing places and buy the things which they should like to have and, in many instances, the things which they desperately need. The producers of lumber are up against only what every other industry in the land is up against, and no tariff, I care not how high it may be, in a time such as this and in a situation such as that now confronting us is going to save or is going materially to help the lumber industry. The depression from which it suffers is nothing other than the result of the depression of every other industry in the country, and more notably the agricultural industry.

The American farmer, Mr. President, directly and indirectly, consumes 46 per cent of the lumber produced and sold in America. Without the power on the part of the agriculturists to buy lumber the result is inevitable—depression in the lumber industry. The farmers of the United States are feeling the depression, however, far worse and far more severely than is any other industry in the land. Just to show how completely the buying power of the farmer has vanished, let me say that the American grain farmer received only 50 per cent as much for the products which he sold in September, 1931, as he would have received for the same products 20 years ago, between 1909 and 1914. The figures are in accordance with the statistics published by the National Timber Conservation Board. At the same time, in September, 1931, the farmer was forced to pay 27 per cent more for the things he bought than he would have had to pay for those same things 20 years previously. In other words, the purchasing power of the grain farmer of America in September, 1931, in terms of commodities produced, was only 39 per cent of what it was 20 years ago. It is no wonder, then, Mr. President, that as the buyers of almost half of the lumber consumed in the United States they have had materially to curtail their purchases of lumber. When the farmer's purchasing power has been reduced, industries dependent upon him for their market must, of necessity, suffer in consequence.

While this is the general picture, the situation in my State is considerably worse. The cash income, for example, of the North Dakota farmer for the year 1931–32 was only 40 per cent of his average cash income for the last five years. It can not and must not be maintained that the last five years have afforded a fair average of income for the farmer, for his income for the last five years has been extremely low. His purchasing power, other than for the absolute essentials of life, is almost, if not completely, a minus quantity. He has no money with which to buy lumber or anything else. The cure for the depressed condition of the lumber industry is the restoration of the purchasing power of the consumers of lumber. Give the farmer an opportunity to buy and the lumber industry will be automatically revived. Increase the price of lumber by the imposition of tariff duties and it will be impossible for the farmer to buy, and the industry will not be benefited one iota.

One of the Representatives in Congress from the State of Washington, seeking a tariff on lumber, a little more than a week ago said that he felt the tariff would do very little, if anything, to remedy the condition of the lumber industry.

After the passage of the tariff act of 1930, in which a duty of $1 per thousand feet was imposed upon lumber, the Senate called upon the Tariff Commission, through Senate resolutions 313 and 321, to make a thorough investigation of the foreign and domestic cost of producing lumber.

In response to these resolutions the Tariff Commission made such an investigation. The investigation by the commission was very exhaustive, lasting some 16 months, and costing some $27,000. Last November 9, 1931, the Tariff Commission issued a report on its findings. They recommended to the President that the duty on lumber should not be changed. The report concludes in these words:

> The commission finds that the facts with regard to the difference in costs of production, including transportation to the principal markets in the United States, of the domestic article and the like or similar foreign article produced in the principal competing country, as disclosed by the investigation herein reported, covering the year 1929, do not warrant a change in the duty of $1 per thousand feet board measure, expressly fixed by statute on timber hewn, sided, or squared, otherwise than by sawing, and round timber used for spars or in building wharves; sawed lumber and timber not specially provided for; all the foregoing, if of fir, spruce, pine, hemlock, or larch.

The President of the United States approved this report on December 2, 1931, only five months ago. Therefore, we can only include that upon the basis of actual conditions there is no justification at this time for any change in the duty on lumber.

The contention that depreciation of Canadian currency has given Canadian lumber manufacturers a cost advantage can not be properly considered here, in view of the fact that the full information on this subject is now being obtained by the House Ways and Means Committee. The

whole question is being made a matter of separate legislation.

Without going into the costs of production and transportation in detail, it may be pointed out that the commission found that the existing duty was from 20 cents to 57 cents more than sufficient to equalize the domestic and Canadian cost of producing Douglas fir lumber, the principal species on which tariff arguments have heretofore been chiefly based. In this connection, I ask to have incorporated in the RECORD and made a part of my remarks a table revealing the facts and figures with relation to the Tariff Commission's report to the President.

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Without objection, it is so ordered.

The table is as follows:

Foreign and domestic cost of producing lumber

[Tariff Commission report to President Hoover, Nov. 9, 1931]

	Cost delivered at New York			Cost delivered at Chicago		
	At mill	Transportation	Total	At mill	Transportation	Total
Douglas fir:						
Domestic costs	$22.96	$10.45	$33.41	$22.96	$17.28	$40.24
Canadian costs	22.50	10.11	32.61	22.50	17.31	39.81
Excess of domestic costs			.80			.43
Northern pine:						
Domestic costs	37.09	9.25	47.24	37.61	3.63	41.24
Canadian costs	37.35	7.78	45.13	37.35	6.55	43.90
Excess of domestic costs			2.11			[1] 2.66
Eastern spruce:						
Domestic costs	33.82	7.51	41.33	33.82	10.29	44.11
Canadian costs	32.24	7.98	40.22	32.24	10.60	42.84
Excess of domestic costs			1.11			1.27

[1] Excess of Canadian over domestic costs.

NOTE.—Existing duty of $1 per thousand board feet should be subtracted from "excess of domestic costs."

Mr. STEIWER. Mr. President, will the Senator yield at that point?

Mr. NYE. I am glad to yield.

Mr. STEIWER. Does the table disclose that the figures employed in the report are made upon the basis of business for the year 1929?

Mr. NYE. Mr. President, the table which I have asked to have included is known as table No. 21 appearing with the report made by the Tariff Commission to the President. It reveals the cost of lumber delivered at New York and at Chicago, showing the mill price and the transportation cost and the total cost.

Mr. STEIWER. But does it disclose that it was made for the year 1929?

Mr. NYE. I am quite unprepared to answer definitely the Senator's question; but I assume that the report that was made in 1930, as of the situation existing in the lumber industry at the time the commission's investigation was being made, would cover 1929 as the last year for which available facts would be known.

Mr. STEIWER. I think that is correct. I am glad to have the Senator make that statement, because otherwise it might be assumed that the report of the Tariff Commission was made upon facts and conditions current at this time.

Mr. NYE. No; it could not have been that, of course, Mr. President, because the report was received and acted upon by the President five or six months ago.

The commission would have been justified in decreasing the duty. Certainly there was not and is not now any case for an increase.

If the Senate is not willing to accept the conclusions of the Tariff Commission on these matters, why should we continue to have a Tariff Commission? Senators asking for a tariff on oil predicated their plea for such a tariff on the findings of the United States Tariff Commission as to the foreign and domestic costs of production of oil. In its investigation on this subject, the Tariff Commission found that foreign oil producers had a material cost advantage; and many Senators followed the conclusions of the Tariff Commission in this matter. Will the same Senators now follow the conclusions of the Tariff Commission with respect to lumber?

There are many reasons, in addition to the findings of the Tariff Commission, why there should be no duty on lumber. We export twice as much lumber as we import. If we drive Canadian lumber out of the American market, there can be no question that this Canadian lumber will offer sterner competition in foreign markets. This would be particularly disastrous at this time, when the United States is so sadly dependent upon every possible outlet to foreign markets.

In connection with any discussion of the forest situation existing in the United States at this time, the special report of the Timber Conservation Board is deserving of consideration. I ask that the board's table revealing the situation as to production, imports, and exports for the years starting with 1923 and ending with 1929 may be made a part of the RECORD at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

THE FOREST SITUATION IN THE UNITED STATES

United States lumber production, imports and exports, 1923–1929

	Total production	Exports	Imports
	Board feet	*Board feet*	*Board feet*
1923	41,000,000,000	2,472,352,000	1,993,327,000
1924	39,500,000,000	2,712,501,000	1,766,068,000
1925	41,000,000,000	2,648,023,000	1,875,101,000
1926	39,750,000,000	2,870,145,000	1,932,862,000
1927	37,250,000,000	3,181,590,000	1,781,116,000
1928	36,750,000,000	3,382,281,000	1,493,448,000
1929	36,886,032,000	3,364,470,000	1,570,082,000

From a special report to the Timber Conservation Board, as prepared by the U. S. Department of Agriculture, Jan. 30, 1932.

Mr. NYE. In addition, I have before me three tables, one showing the percentage of cargo shipments of lumber entering the domestic market coming from western Canada, the second indicating the percentage of lumber shipped to foreign markets from western Canada, and the third showing the percentage shipped to all markets from western Canada. I may state for the sake of the record that these tables are taken from the Pacific Lumber Inspection Bureau statistics, and I ask that they may be made a part of the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tables are as follows:

Water-borne shipments of lumber from the Pacific Northwest to all "domestic" markets

[In thousand board feet]

	Total, shipments Washington, Oregon, and British Columbia	Shipments from Canada (British Columbia)	British Columbia percentage of total shipments from Pacific Northwest
1929	3,523,621	402,021	11.41
1930	2,899,006	332,289	11.46
1931	2,341,645	207,596	8.66

Source: West Coast Lumberman, April, 1932, p. 62.

Water-borne shipments of lumber from the Pacific Northwest to foreign markets

[As reported by Pacific Lumber Inspection Bureau circulars 538, 553, and 583]

Year	Total	British Columbia	British Columbia per cent of total
1929	2,012,563	399,498	19.8
1930	1,491,195	380,011	25.5
1931	1,274,966	358,543	28.1

Water-borne shipments of lumber from the Pacific Northwest to all markets

[In thousand board feet]

Year	Total shipments, Washington, Oregon, and British Columbia	Shipments from British Columbia	British Columbia percentage of total shipments from Pacific Northwest
1929	5,536,185	801,518	14.48
1930	4,390,201	712,300	16.23
1931	3,616,611	566,129	15.65

Source: West Coast Lumberman, April, 1932, p. 64.

Mr. NYE. These tables show that as the western Canadian water-borne shipments to the United States were partially excluded from the domestic markets by the tariff imposed in 1930, water-borne shipments from western Canada to foreign markets increased in almost exactly the same proportion, and the proportion of net water-borne shipments to all markets from western Canada remained unchanged. Western Canada in 1929 furnished 11½ per cent of the total water-borne shipments from the Pacific coast to domestic markets. In 1931, the first full year after the imposition of the tariff, western Canada shipped only 9 per cent of the lumber entering the same markets. (Water-borne shipments, Pacific Lumber Inspection Bureau figures.) The proportion of western Canada shipments to foreign markets in the same period increased from 20 per cent to 28 per cent. But the total shipments to all markets from western Canada were 14½ per cent of the total in 1929 and 15½ per cent of the total in 1931. There is no profit to the domestic lumber industry in shutting Canadian lumber out of the domestic market and losing the valuable export markets which take the better grades of lumber selling at higher prices.

The fact that domestic lumber manufacturers on the Pacific coast have been able to compete with Canadian west coast lumber manufacturers in every market in the world tells the story of comparative production cost. The production of lumber in Washington and Oregon is four times as large as the production in western Canada; yet Washington and Oregon manufacturers have always been able to sell more than six times as much lumber as western Canadian manufacturers in foreign or domestic markets. If, as has been alleged, the Canadian manufacturer has cost advantages, he could and would have enjoyed a larger share of the market than one-sixth when his production is one-fourth as great. In many markets the Canadian shipper is practically excluded. This is particularly true of Continental European markets, to which Washington and Oregon last year shipped fifty times as much as British Columbia, and South America, to which Washington and Oregon last year shipped thirty-four times as much as British Columbia. In the Hawaiian and Philippine Islands Washington and Oregon enjoyed an exclusive market. British Columbia was not able to ship a single board into these markets.

Let us take a look at the amounts of lumber Washington and Oregon actually shipped to these markets in which Canadian shippers had so small a part.

	Board feet
To Europe:	
Washington and Oregon shipped in 1931	73,049,000
British Columbia shipped	1,534,000
To South America:	
Washington and Oregon shipped in 1931	45,607,000
British Columbia shipped	1,354,000
To the Philippine Islands:	
Washington and Oregon shipped in 1931	2,121,000
British Columbia shipped	None.
To Hawaii:	
Washington and Oregon shipped in 1931	56,096,000
British Columbia shipped	None.
To Australia:	
Washington and Oregon shipped in 1931	26,724,000
British Columbia shipped	50,803,000

The entire Australian market, about which so much has been said in the matter of preferential tariff rates, took almost exactly the same amount of lumber as Continental European markets. Washington and Oregon, in spite of preferential tariffs, were able to ship to Australia seventeen times as much actual lumber as Canada was able to ship to Europe. If western Canada lumber manufacturers have all the advantages alleged in the matter of cost of production and transportation, it seems to me they would not be excluded from these markets.

One of the arguments advanced as a reason for a tariff on Canadian lumber is the preferential tariff agreements between Canada and Australia and the United Kingdom, which it is alleged shut the domestic exporter out of the Australian and English markets.

These preferential agreements were made subsequent to the enactment of our tariff act in 1930, which to a material extent shut Canadian lumber out of our Atlantic-coast markets. The Canadian lumber that was displaced from the American market went to the Australian market. Positive evidence of this is found in the fact that British Columbia's share of waterborne shipments to the American domestic markets declined from 11½ per cent in 1929 and 1930 to 9 per cent in 1931, while at the same time British Columbia's share in the shipments to all markets, foreign and domestic, remained practically stationary, dropping only from slightly over 16 per cent to slightly under 16 per cent.

The United States has driven Canada to seek trade preferences in foreign markets; and if this proposed additional tariff on lumber is enacted, we will find Canada seeking further preferential agreements. The expansion of Canadian lumber exports in the foreign markets will have the twofold effect of displacing an equal amount of American lumber in those markets and of diverting a portion of Canadian purchases, now made in the United States, to the nations to which Canada is able to export its surplus commodities.

Canada is not alone in having preferential tariff rates on its lumber in foreign markets. The United States has very decided preferential rates in exporting lumber to Germany. The German tariff on rough Douglas fir, pine, and spruce lumber from the United States is 6 reichsmarks per cubic meter, while the duty against similar lumber from Canada is 30 reichsmarks per cubic meter, or five times as much. Cuba charges 60 cents per 100 kilos on lumber, planed or tongued and grooved, from the United States, while Canadian lumber of the same type must pay 75 cents.

I have here a table showing the waterborne shipments of lumber from the Pacific Northwest to all markets. These figures include foreign exports as well as shipments to domestic markets, originating in Washington, Oregon, and British Columbia. The table covers the period of 9 years from 1923 to 1931, inclusive. British Columbia has never obtained more than 16¼ per cent of the total shipments. Washington and Oregon have always retained more than 84 per cent of the trade in all the markets to which Pacific-coast lumber is shipped.

I ask to have this table incorporated in the RECORD as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Water borne shipments of lumber from the Pacific Northwest to all markets

[In thousand board feet]

Year	Total shipments, Washington, Oregon, and British Columbia	Shipments from British Columbia	British Columbia percentage of total shipments from Pacific Northwest
1923	4,275,701	521,707	12.2
1924	4,465,392	506,262	11.34
1925	4,876,180	577,560	11.84
1926	5,560,064	712,743	12.82
1927	5,508,599	740,200	13.29
1928	5,691,084	765,556	13.46
1929	5,536,185	801,518	14.48
1930	4,390,201	712,300	16.23
1931	3,616,611	566,129	15.65

Source: West Coast Lumberman, April, 1931, p. 64.

Mr. NYE. Mr. President, the imports of lumber at which this duty of $3 per thousand is aimed amount to only 5 per cent of domestic consumption. This relationship between consumption and imports has remained constant in the last several years. If this entire 5 per cent were excluded from American markets, it would mean an increase of 1½ per cent of normal-capacity operation in the lumber industry, even though there were no curtailment in exports.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. NYE. I am glad to yield.

Mr. COPELAND. I assume there are planing mills in the Senator's State?

Mr. NYE. No, Mr. President; there are no planing mills in North Dakota.

Mr. COPELAND. None in the northern part of the State at all?

Mr. NYE. No.

Mr. COPELAND. This is the matter I want to call to the attention of the Senator. The proposed tariff covers rough lumber as well as planed lumber.

Mr. NYE. So I understand.

Mr. COPELAND. It will make a vast difference in the employment of labor in my State if rough lumber can not be brought into New York State free of duty. It will mean that there will be the same rate of duty upon the rough lumber as is levied upon planed lumber. So the proposal means much to our mills, because the rough lumber is brought in from Canada to the planing mills in northern New York, and is there converted into planed and finished lumber. Of course, the tariff of $3 a thousand on rough lumber would mean a decrease in employment in my State to the extent of thousands of laborers.

Mr. NYE. Mr. President, if the Senator will permit, I should like to ask him what percentage of the entire lumber handled in these planing mills in his State comes from Canada?

Mr. COPELAND. I would say it is a very large percentage, more than half.

Mr. NYE. The greater portion comes from Canada?

Mr. COPELAND. The greater portion; yes. So it would mean a decline in employment, and a material increase in the basic cost of finished lumber.

Mr. NYE. I thank the Senator for his remarks.

COST OF THE PROPOSED LUMBER TARIFF

If the proposed tariff on lumber is effective, it will increase the price of every foot of lumber consumed in the United States. If the tariff is not to be effective, it should not be enacted. This increased price will be more than the amount of the tariff. Through pyramiding, it is estimated that the increase in price will be at least 40 per cent more than the tariff rate. If the additional rate of $3 per thousand feet contained in the revenue bill is enacted, it will mean that the American farmer, normally consuming 10,000,000,000 feet of lumber annually for construction, will be taxed $50,000,000 a year by this iniquitous proposal. The farmer can not pay this tax. He will have to continue to forego the much-needed new house or barn. Farm lumber consumption at the present time is down to only 55 per cent of normal, indicating what we all know to be true, namely, that the farmer is not able to earn the sort of income that would enable him to keep in repair such home and barn as he now has. If present conditions continue, or the price of lumber is increased, the farmer's consumption of lumber will fall even lower, with even more disastrous effect on the lumber industry. The real hope of the American lumber industry lies not in the exclusion of the small amount of lumber which we import but lies rather in the restoration of prosperity to America.

DEPLETION

The subject of timber depletion, indicated by charts the senior Senator from Minnesota has offered and has upon the walls of the Senate, is intimately related to the question of a tariff. Although there is ample testimony showing that there would be no economic justification for a lumber tariff, even if Canadian cost of production were lower, public policy, in the interest of forest conservation, would demand free lumber.

In discussing the proposed lumber tariff in 1930, I made the statement that at the then rate of consumption and loss by fire and insects our present merchantable forest areas would be depleted in approximately 60 years.

Although my statement at that time was based on figures nearly 10 years old, which were part of the so-called Capper report of 1920 (report on S. Res. 311, 1920), and the report of the Senator McNary select committee on reforestation in 1924, in January of 1932, just four months ago, the United States Forest Service gave up-to-date information in a special report to the Timber Conservation Board. That report shows that our supply of saw timber is being cut for lumber and other uses, and being destroyed by fire, disease, insects, drought, and wind at the rate of 59,000,000,000 board feet per year, or at six times the rate of growth of this type of material. Regrowth of this saw timber is taking place at the rate of 9,700,000,000 board feet per year, leaving a net depletion of approximately 49,000,000,000 board feet per year. As the total saw timber remaining in the United States is only 1,668,000,000,000 feet, it can be seen that our total timber supply is sufficient for only 34 years at the present rate of consumption. This is taken from the latest and most complete data available.

In the face of this appalling situation it is here proposed to stimulate the cutting of our small remaining timber supply and hasten the day of total exhaustion of our timber resources.

NORTHERN WHITE PINE

From Canada we import virgin northern white-pine lumber. This is the species which was once so plentiful throughout New England, New York, Pennsylvania, and the States around the Great Lakes. At one time we cut as much as 8,000,000,000 feet of this species of lumber in one year in the United States. The United States now has left a total remaining supply of only 4,000,000,000 feet of virgin timber of this species, according to the report of the Tariff Commission on lumber, page 27.

Estimates by the Forest Service of the stand of white-pine timber

[Figures are broken down to separate Norway pine]

Region	Virgin timber	Second growth
New England	2,507,000,000	5,883,000,000
Middle Atlantic	4,000,000	3,526,000,000
South Atlantic and Central	155,000,000	165,000,000
Lake States	1,212,000,000	161,000,000
Total	3,878,000,000	9,735,000,000

Source: U. S. Tariff Commission report on lumber, p. 27.

There has been ample evidence presented clearly to prove that this species of lumber is now being used for purposes in which it is indispensable. For example, the navy yard here in Washington uses large quantities of this type of lumber to make foundry patterns for the casting of ordnance parts. They have in storage at the navy yard more than 300,000 patterns made of this virgin northern white pine. For the purpose of pattern making, as for various other purposes, no other species of softwood lumber can be used. The cost of the material for the manufacture of patterns is only a small part of the total cost. Frequently as much as a hundred times the value of the wood used is spent for labor in designing the pattern. After it is completed the pattern must hold its shape. It must not warp, or twist, or check, or swell, or lose its shape, or it becomes valueless. Virgin northern white pine is the only softwood species that fulfills these very exacting requirements. We must have virgin northern white pine, and our domestic forests are no longer able to supply a sufficient quantity in the grades and sizes demanded. It is not a question of importation displacing American

domestic production; it is a question of supplying an indispensable raw material to American industry. A tax upon the importation of virgin northern white pine is a tax upon depressed American industries which can ill afford to bear any further burdens.

The cost of production of this lumber in Canada is no less than the domestic cost. In fact, in determining the cost of production, including transportation to Chicago and surrounding territory, which is the principal market for this type of lumber, the Tariff Commission found that the domestic cost of production was $2.66 per thousand board feet less than the cost of production in Canada. What possible excuse can there be for ignoring the findings of the Tariff Commission, established for the purpose of taking the tariff out of politics, and imposing a duty upon an essential raw material, not justified on the basis of cost of production or any other reasonable basis of tariff adjustment?

As the once immense supply of virgin northern white pine became depleted and the prices increased, we were forced to turn to distant fields for lumber for general construction purposes. In Washington and Oregon was found a tremendous supply of Douglas fir, a species ideally suited to such uses. The trees were immense, and the two States were practically covered with a beautiful stand of that timber. As demands for this lumber have increased, production has kept pace, and the forests are being demolished at a rapid rate. I have here a statement prepared by Norman Porteous, a forest engineer of Seattle, Wash., showing the acreage in western Washington which has been logged since 1919.

Acreage in western Washington logged since 1919

County	Acreage logged from—									Remaining privately owned timberlands Mar. 1, 1931
	Mar. 1, 1919–Mar. 1, 1923	Mar. 1, 1923–Mar. 1, 1924	Mar. 1, 1924–Mar. 1, 1925	Mar. 1, 1925–Mar. 1, 1926	Mar. 1, 1926–Mar. 1, 1927	Mar. 1, 1927–Mar. 1, 1928	Mar. 1, 1928–Mar. 1, 1929	Mar. 1, 1929–Mar. 1, 1930	Mar. 1, 1930–Mar. 1, 1931	
	Acres	*Acres*	*Acres*	*Acres*	*Acres*	*Acres*	*Acres*	*Acres*	*Acres*	*Acres*
Whatcom [1]	11,800	6,400	2,240	2,400	4,080	1,280	1,060	1,520	520	72,280
Skagit [1]	27,880	11,840	10,370	7,350	9,360	10,400	7,756	6,440	5,918	131,682
Snohomish [1]	36,080	9,610	8,390	8,880	8,560	6,320	5,460	3,607	2,766	60,887
King	40,960	11,360	10,800	10,040	14,040	17,840	13,660	10,800	6,400	145,710
Pierce	38,280	11,040	7,720	10,320	11,560	8,760	7,940	6,640	6,664	173,536
Thurston	21,720	9,680	7,560	11,800	10,880	11,520	12,860	12,240	5,711	53,029
Lewis	41,760	13,360	19,880	13,920	16,360	12,200	14,560	16,080	12,080	386,160
Cowlitz	14,000	5,320	7,290	5,080	10,320	8,050	10,034	8,600	6,480	233,156
Clarke	10,000	3,180	2,480	1,940	1,660	2,480	1,570	1,420	600	9,670
Wahkiakum	16,000	5,400	1,640	1,880	2,475	2,240	4,360	3,560	1,440	28,525
Pacific	33,240	11,880	8,360	7,880	8,320	10,720	10,440	9,240	5,040	249,840
Grays Harbor	83,880	28,080	29,760	25,400	27,660	25,250	24,880	22,800	13,810	133,440
Mason	29,900	10,800	15,920	9,040	14,080	10,080	9,820	9,300	7,530	46,320
Kitsap	2,000	3,200	3,480	3,120	4,590	8,920	4,940	5,200	4,030	17,050
Jefferson [2]	11,240	2,120	1,640	3,760	3,170	3,800	4,900	3,920	2,980	123,060
Clallam [2]	15,040	6,460	4,400	5,770	5,640	12,320	13,760	11,400	9,545	285,535
Western Washington	433,780	149,730	141,930	128,580	152,785	152,180	147,000	132,767	91,514	2,149,880

[1] Large percentage of remaining timber is hemlock on rough, mountainous country. [2] Large percentage of remaining timber is hemlock.

NOTE.—These figures are an impartial story of the true timber situation in western Washington. The amount of lands timbered, outside of the national forests, was arrived at by taking lands assessed as timberlands and then checking these areas in the field. The Forest Service claims 60,000,000,000 feet for the national forests. This would give eight years additional life to the industry on the present rate of production. However, 60 per cent of the timber in the national forests is pulpwood. The cut-over areas have been compiled from actual logging operations and recapitulations made each year. This is the only authentic compilation in existence and represents a vast amount of detail work each year.

PORTEOUS & CO., *Forest Engineers.*
By NORMAN PORTEOUS.

SEATTLE, WASH., *June 15, 1931.*

Every year from 100,000 to 150,000 acres of this wonderful timber are destroyed. There is now left but slightly over 2,000,000 acres of this timber in western Washington, less than enough for 15 years at the present rate of destruction. Yet we are here faced with a proposal to hasten this destruction by placing an embargo upon the small amount of lumber which is imported. Who is to pay for this destruction? As a result of this proposed tariff the American people will, without giving consideration to the pyramiding of the tariff, pay $4 per thousand board feet more for the lumber they buy. Then when the forests are gone the Congress will be called upon to appropriate immense sums for reforestation. We have already spent large sums for this purpose. It has been estimated that we have spent a total of a billion dollars on reforestation and forest protection.

Now we are faced with a proposal which will hasten depletion of the one remaining large stand of timber in the United States at the expense of the American people and for the doubtful benefit of a few large timber owners who wish to liquidate their investments.

About 40 per cent of our lumber imports is spruce lumber, a species once plentiful in the New England States. As far as spruce-lumber manufacture is concerned, the New England States are no longer a large factor in production. What little timber has not been cut has been segregated to the uses of the pulp and paper industry, for which this species is particularly well adapted.

Spruce lumber is a special-purpose wood, because of its long fiber and its consequent great tensile strength. It is the only wood which can be used in the manufacture of airplanes and in the building of certain types of scaffolding. An example of the special qualifications of spruce for scaffolding is the fact that spruce is considered the only safe wood in large chemical plants for use in the scaffolding over the chemical vats.

In the manufacture of commercial refrigeration, butter tubs, and other food-container industries spruce is used almost exclusively because of its lack of odor and lack of odor absorption.

In the manufacture of fine musical instruments spruce is the only lumber that can be used to obtain the best resonance qualities.

For these and many other uses spruce lumber is indispensable. It is not a question of substitution of other species of lumber. If the spruce is not available, alternate materials must be used in most cases. The domestic lumber industry will not benefit from the exclusion of importations of this material. The exclusion of spruce will mean diminution in the consumption of lumber in the United States. Our remaining supply of spruce timber is far from being sufficient to supply the demands of the pulp and paper industry. Even for this purpose it is necessary that we import a large share of our consumption. Practically the only spruce manufactured in New England any more is from selected logs cut in the course of pulpwood logging operations. A few logs which are ideally suited to lumber manufacture, and much more valuable for that purpose, are diverted to the sawmill rather than the pulp mill.

The lumber industry of the United States will get no benefit from depriving American consumers of raw materials that they need.

Any tariff on this lumber must necessarily fall directly upon the consumer to the full extent of the tariff, and in addition, will be pyramided in the usual manner of tariffs to probably 40 per cent more than the tariff itself. The proposed rate, when added to the present tariff on lumber, will

mean a cost to the consumer of at least $5 per thousand board feet, with no benefit to anyone.

I have here a table showing the remaining stand of spruce timber, which I ask to insert at this point without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Estimates by the United States Forest Service of the stand of spruce timber

[Tariff Commission Report on Lumber, Report 32, November 9, 1931]

Region	Old growth	Second growth
	Board feet	*Board feet*
New England	13,074,000,000	5,646,000,000
Middle Atlantic		1,564,000,000
South Atlantic and Central	406,000,000	
Lake States	761,000,000	82,000,000
Total	14,241,000,000	7,292,000,000

Mr. NYE. Mr. President, it seems to me that one of the things with which we need to be most concerned in connection with the proposed duty on lumber is our neighbor to the north, Canada. It has been quite generally overlooked in connection with the lumber tariff that we export some lumber to Canada. If we compare the interchange on the basis of population, we find that each Canadian citizen buys four times as much of American wood and wood products as American citizens buy of Canadian wood and wood products. The United States Tariff Commission in its report on lumber, at page 7, shows that our softwood lumber exports to Canada in 1925 were 51,000,000 board feet, and by 1929 they had increased to 113,446,000 feet, more than twice as much. At the same time our softwood imports from Canada declined from 1,700,000,000 feet in 1925 to 1,000,000,000 feet in 1929. Since 1929 both exports and imports have declined due to the depression, and yet the same ratio will obtain without question.

TRADE WITH CANADA

We exported to Canada in the depressed markets of 1931, $393,775,829 worth of commodities, as compared to imports from Canada whose value was only $257,078,170. The balance of trade in our favor was more than $135,000,000. The United States has had a consistently favorable balance of trade with Canada for many years. In addition to the obvious monetary value of this balance of trade, there is the additional fact that our exports to Canada were largely manufactured products, while our imports were almost entirely raw materials. In other words, the value represented by our exports is comprised largely of labor costs, whereas our imports value represent raw material upon which American labor will be expended in producing finished products.

At this point I should like to have inserted in the RECORD as a part of my remarks a table showing the interchange of trade between the United States and Canada in 1931.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

Interchange of trade between the United States and Canada, 1931

Groups of commodities	Exports to Canada from United States	Imports from Canada
Agricultural and vegetable products	$48,476,700	$12,210,232
Animals and animal products	17,026,618	24,071,463
Fibers, textiles and products	35,017,712	1,790,005
Wood and paper	28,385,125	151,264,316
Iron and products	97,126,666	3,568,066
Nonferrous minerals and products	30,914,645	41,198,155
Coal and coal products	31,500,919	1,322,580
Other nonmetallic minerals and products	50,126,377	7,993,589
Chemicals and allied products	21,149,849	4,546,634
Miscellaneous products and commodities	34,051,218	9,113,130
Total	393,775,829	257,078,170

Source: Dominion Bureau of Statistics, Trade of Canada, calendar year 1931.

Mr. NYE. Mr. President, in concluding, I should like to remark that there is perhaps no one issue, aside, of course, from the issue of what we might have done to afford to the American farmer the cost of production for his products, than that issue which would bring the advantages of the waterways from the ocean to the Great Lakes to the great territory in the great Northwest around the Great Lakes. Yet, from what we are reading and hearing, I venture to assert that Canada might be at a point where she is not willing to accept much more of this. It may appear to them to be something in the form of insult for us to come back year after year and levy more and more against them through our tariffs and our walls that we build up against free interchange in business with that country. I am wondering how seriously we are going to jeopardize the Great Lakes-St. Lawrence waterway project by moving forward at this particular time and proposing an indefensible duty upon this lumber, upon this item that means so much to our neighbors. It occurs to me that if nothing else should move us into opposition to this proposed duty on lumber now, the cause and the necessity of that Great Lakes-St. Lawrence waterway project ought to do it.

AGRICULTURAL RELIEF

Mr. HOWELL. Mr. President, we are considering one of the most drastic tax bills ever imposed upon the people of the United States in peace times. The excuse is the deficit besetting the Treasury, the necessity of balancing the Budget. But we have refused, in taxing those still enjoying great incomes, to impose even the rates of taxation adopted in 1922. As a further example of the general attitude, the Finance Committee has refused to recommend that we specially tax such a highly prosperous activity as the power industry, whose banner years were 1930 and 1931—both ahead of the boom year of 1929.

Yet, Mr. President, the committee did recommend a tax on orders which the farmer draws and cashes when he delivers his cream to the agency transporting it to the creamery—a tax that last month in my State would have amounted to about 13⅓ per cent of the farmer's profit on his butterfat. It may be said this is a trifling matter. It is not trifling, Mr. President, to a farmer in Nebraska with an investment, for example, in eight cows, which he must feed, care for, milk, separate the cream, and deliver it to some carrier or station for a gross income of $1.20 per day. That was the record last month, reported by the Dairy Herd Improvement Association of Nebraska.

Let me repeat, the farmer to-day must deliver two wagonloads of his products to purchase that which one wagonload would buy in the 1909–1914 period. What has this Congress done to remedy this situation? Nothing. But what are we doing in the pending tax or revenue bill? Advantage is being taken of the opportunity to load it down with tariff items, not for revenue, not germane in any way, but disadvantageous to the farmer. Something to make him pay more, not less. Already we have provided a tariff on oil which, at least, will afford an excuse for increasing the cost of gasoline. And now it is proposed to do the same for lumber. Both the industries affected have been highly prosperous until recently.

But the farmer, Mr. President? His industry has been in the trough of depression for the past 12 years. Last year the differential against him, so far as equality with other industries was concerned, was 38 per cent—a differential of 38 per cent against him! Surely, as the Bible says, in effect, to him who hath shall be given, but to him who hath not even that which he hath shall be taken away. We seem to have no thought for the farmer. But we have had thought for Europe.

During this session we relieved Europe of paying us $247,000,000 this year. Of course, if we had not done this, we might have been able to spare the farmer's milk checks in this tax bill. Mr. President, if Europe had shouldered merely the interest burden of her debts to us, we would not necessarily have had a Treasury deficit at this time and, hence, so drastic a tax bill as this one now before us.

Why, Mr. President, since the dates of settlement of these various European debts—about eight years back as an average—we will have paid by next July in interest on an equal amount of our bonds outstanding and properly representing

those debts $2,369,000,000 more than the total payments made by these debtor nations of every kind and nature. There is the Treasury deficit.

Mr. President, agriculture must be rescued, but by such legislative provisions Congress proposes to increase agriculture's burdens. When are we to act for the benefit of agriculture? Agriculture must be rescued.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SHIPSTEAD. Mr. President, I want to call the attention of the Senate again to-day, as I did last Friday when debating the tariff on oil, to the fact that in the tax bill where tariff items are injected, the Finance Committee did not bring in any tariff on agricultural products. Again I call attention to the fact that Senators in 1928 voted against tariff items on a tax bill because they said it was improper. Again I call attention to the fact that the press called that effort of injecting a tariff amendment upon a tax bill "a conspiracy," an act that was intended to defeat the tax bill. So we find that a conspiracy in 1928 becomes the doctrine of salvation in 1932, but that doctrine of salvation, however erroneous I may hold it to be, the proponents of that doctrine of salvation have so far refused to spread out freely among all the people. They want what they think is salvation at the expense of all consumers of copper, oil, coal, and lumber.

I wish to say again that if this tax bill is to be made a tariff bill, I shall have to offer amendments so that the great agricultural interests of the United States, which will be taxed for the benefit of the industries now included in the bill, may get a few cents back out of whatever tax is collected through this tax bill from them. I have always felt, so far as agriculture is concerned, that it has always been swindled under the tariff. For every cent the farmer gets out of the tariff I have always thought he paid entirely too much.

Mr. President, I now desire to call attention to the charts on the wall to show the rapid depletion of the supply of lumber in the United States in comparison with the growth of our timber. That great natural resource on which our entire supply of lumber is dependent is fast disappearing. Here [indicating on chart] is shown the growth and the production of timber in the United States and the depletion of our timber supply. The chart shows that our timber supply is decreasing at the rate of 59,000,000,000 board feet a year, while the growth of timber is only at the rate of nine and three-quarters billion feet a year. So the timber supply is disappearing at the rate of approximately 50,000,000,000 board feet a year faster than timber is being grown.

Here on this chart [indicating] we have the production of lumber. It is shown that the production of lumber is now 36,000,000,000 board feet a year. The difference in the production of lumber and the depletion of timber, therefore, can be shown to consist of the articles embraced in the following table, excluding the first item of lumber, amounting to 38,000,000,000 feet.

Saw timber cut yearly from forests of the United States

[In thousands of board feet]

	Total	Softwood	Hardwood
For—			
Lumber	38,000,000	30,957,920	7,042,080
Fuelwood	7,047,000	4,146,000	2,901,000
Hewed ties	2,025,165	835,553	1,189,612
Fence posts	1,299,459	654,436	645,021
Pulpwood	1,473,620	1,316,815	156,805
Mine timbers (round)	155,988	43,626	112,362
Veneer logs	1,033,708	332,691	701,017
Slack staves	487,861	179,780	308,081
Slack heading	203,016	129,737	73,279
Slack hoops	41,626		41,626
Logs and bolts in manufactures	677,960	109,443	568,517
Tight staves	460,378	224,822	235,556
Tight heading	199,372	74,138	125,234
Shingles	629,810	629,810	
Export logs and hewn timbers	340,535	320,503	20,032
Poles	149,374	131,859	17,515
Distillation wood	88,970	11,300	77,670

Saw timber cut yearly from forests of the United States—Continued

	Total	Softwood	Hardwood
Piling	141,527	108,497	33,030
Tanning extract wood	118,950		118,950
Excelsior wood	67,125	21,750	45,375
All items	54,641,444	40,228,682	14,412,762
Fire losses	1,390,233	1,250,948	139,948
Other losses	3,102,162	2,775,284	326,878
Total depletion	59,133,839	44,254,914	14,878,925

Source: U. S. Forest Service, Special Report to Timber Conservation Board, January, 1932, Tables 15 and 16.

The items listed, excluding lumber, make up the difference of about 20,000,000,000 board feet between the production of lumber and the depletion of the timber supply.

This chart [indicating] also shows the amount of exports and the amount of imports. In round numbers we approximately export about twice as much as we import.

I call the charts and the figures to the attention of the Senate, because they afford a graphic view of a vast disappearing natural resource in timber. So there is something involved in the pending question that has to do with the conservation of this great natural resource. Of course, the lumber industry is in a very bad state, and so, to the best of my knowledge, is every other industry in the United States.

We hear a great deal about the decline in exports of lumber, and, of course, lumber exports have fallen off. We also hear a great deal more about the flooding imports from Canada, but Canadian exports of lumber have kept pace exactly with the exports of lumber from the United States.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. SHIPSTEAD. I yield.

Mr. FESS. I should like to have the Senator explain the chart. In one case there is shown a depletion of 59,000,000,000 feet and the other a production of 36,000,000,000 feet. Is it estimated that the lumber foot is the same as the tree foot?

Mr. SHIPSTEAD. The charts give the figures in board feet.

Mr. FESS. So that the production would be 36,000,000,000 feet while the depletion would be 59,000,000,000 feet?

Mr. SHIPSTEAD. Was the Senator here when I explained what made up the difference between 36,000,000,000 feet and 59,000,000,000 feet?

Mr. FESS. No.

Mr. SHIPSTEAD. The lumber products are such things as boards, studdings, 6 by 6's, and so forth. The difference between 36,000,000,000 feet of lumber production and the 59,000,000,000 feet of timber cut is made up of fuel wood—I will not again go through all the items, but it includes ties and fence posts, pulpwood, hewn timber, veneer logs, staves, and so forth.

Mr. FESS. That explains what I had in mind. The production of lumber is 36,000,000,000 feet and the depletion of timber is 59,000,000,000 feet. What I wanted was an explanation of this additional depletion above the production. I think I understand it now.

Mr. SHIPSTEAD. Mr. President, certainly no one here in the Senate would have any lack of sympathy for any industry; but, as I have already said, every industry is in trouble.

Mr. President, on November 17, 1931, the Tariff Commission submitted a report on the question of need for an increased tariff on lumber. That report was indorsed by the President of the United States on December 2, 1931. From that report I quote in part:

> The commission finds that the facts with regard to the difference in the cost of production, including transportation to the principal markets of the United States, do not warrant a change in the duty of $1 per thousand feet board measure expressly fixed by statute.

I beg Senators to remember that that report was filed after a careful investigation by the Tariff Commission.

I remember very well the controversy that took place here in the Senate as to whether or not under the flexible tariff provision the Tariff Commission should report its findings for action to Congress or to the President. I have always been in favor of having the Tariff Commission, since such a commission has been created, report to Congress, as I have always thought that the Bureau of the Budget ought to report to Congress. When Congress delegated the authority to the Executive to control the purse, I think Congress delegated a power that it itself should have retained under the authority granted to it by the Constitution. It is true that there is no obligation upon the part of Congress to respect the recommendations of the Budget submitted to us by the Chief Executive, but those recommendations have great influence. For instance, I can imagine that if Congress had had control of the Budget, and if the Budget had reported to Congress instead of the President, the Appropriations Committees of the two Houses would have been working with the Budget Bureau last summer in an effort to provide a Budget that would have taken care of all the items that are now talked about under the guise of economy.

The Budget Bureau being under the control of the Chief Executive, he submits its report in a message to the Congress, in which he says, "Here is the money I need to run the executive department of the Government." This year after the Budget had thus been presented to the Congress we have had the spectacle of the Chief Executive writing messages to Congress asking for reductions; and every message that has come to the Congress on that subject is a declaration to the world that either the Bureau of the Budget or those in control of the Budget did not know what they were doing when they prepared the Budget for the coming fiscal year.

The place to effect economies is in the preparation of the Budget. I am not opposed to inaugurating economies now wherever that can be done, but the businesslike method, the scientific method of bringing about economies is, when various departments and the heads of the departments make their requests to the Budget Bureau, to compel them to justify their requests. That is the time to pare expenditures.

However, the Tariff Commission reported to the President on the question of increasing the tariff on lumber and found that an increase was not justified. I am not going to read the names of the Senators who voted for the flexible tariff provision and also voted to require the reports of the Tariff Commission to be submitted to the President rather than to Congress; I do not care to do that, but I want to remind Senators who stood here and fought day after day to have the Tariff Commission report to the President instead of to Congress that they are now throwing the report of the Tariff Commission and of the President out of the window, ignoring and disregarding the child of their own creation.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. SHIPSTEAD. I yield.

Mr. FESS. Upon that point, if the flexible provisions were far-reaching enough so that the President's decision would be final, we would avoid the situation which now confronts us and which I think is wholly inconsistent in that we have before us a tax bill and are now discussing tariffs. That is the result of not having any finality about the action of the Tariff Commission.

Mr. SHIPSTEAD. Does the Senator refer to the injection of tariff items in the tax bill.

Mr. FESS. Yes; I was referring to that.

Mr. SHIPSTEAD. I agree with the Senator, though I am not sure that I absolutely agree that it is improper at any time to inject tariff measures into a tax bill. I have objected and protested against putting tariff measures into this bill principally—whether the purpose is to raise or lower tariff duties—on the ground of the delay in the passage of the tax bill and the danger of keeping Congress in session all summer. Does the Senator think for a moment that the country is going to tolerate or sustain the proposition that as to four of the large interests of this country, organized to a large extent in monopolistic form, an act of Congress shall make it possible for them to collect additional sums from 120,000,000 people whose income is gradually being dissipated and gradually being reduced? If the country would tolerate it, and if the Congress puts its stamp of approval upon that kind of a measure, I believe these industries would find a grave disappointment in the results, because the business condition of this country, the unemployment of this country, the disappearing purchasing power of this country, certainly are not due to a great influx of products from abroad. Certainly no one can defend an assertion of that kind. We are suffering here from entirely different active economic forces that have come to a climax as a result of a multiplication of policies that we have pursued that have brought us to where we are now. So far as the depression is concerned, I do not believe that these industries will be benefited by these tariffs, because the foundation of the economic life of the Nation is going to pieces. We can not hold it together by tinkering with tariffs.

It has been said that this debate costs the Government of the United States $2,000,000 a day. I want to lay the responsibility for whatever delay there is here upon the shoulders of those who have been insisting on placing tariff schedules in this tax bill.

I desire to read an editorial from a British Columbia paper—the Canadian Press—showing the possibilities of further retaliation on the part of the Canadian Government against our products if we persist in the policies we have pursued since 1919. I beg you to remember that Canada was our best customer. She bought more goods from us than any other country in the world. Here is an editorial of May 8:

VICTORIA, May 8.—Possibility that British Columbia would seek retaliatory tariff measures if the United States imposed prohibitive duties on coal, copper, and lumber imports was seen here yesterday when Attorney General R. H. Pooley, acting premier, intimated such a program was under consideration.

The proposed tariffs before the United States Congress include a $3 per thousand feet impost on lumber, and duties on coal and copper which would make export of these commodities from Canada to the United States almost impossible.

If these tariff increases go into effect, Acting Premier Pooley intimated, British Columbia would ask the Dominion Government to impose an export duty on nickel and asbestos—two commodities which the United States must import—and an import duty of $5 per ton on all coal entering Canada.

We have been exporting about 15,000,000 tons of coal to Canada every year—very much more than Canada sends to us; I think about ten times more than she sends to us.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Utah?

Mr. SHIPSTEAD. I do.

Mr. KING. The Senator is a little in error. The imports from Canada have not exceeded 172,000 tons per annum, while our exports to Canada have been from ten to sixteen million tons. A $5 tariff upon our exports will, of course, close the markets to our coal, and scores of bituminous mines will be shut down, and thousands of American miners will be thrown out of employment. So that because of an import of one hundred and sixty to one hundred and seventy thousand tons of coal from Canada we are going to lose a 16,000,000-ton market, and we are going also to lost our market for export of oil, which has amounted to many tens of millions of dollars annually, and we are going to lose our market for our citrus fruits.

Mr. SHIPSTEAD. I thank the Senator.

I continue reading from this editorial:

In addition, the British Columbia government, acting within its own jurisdiction, would probably impose an individual inspection fee on all citrus fruits, apples, and vegetables imported into the Province.

Mr. Pooley said British Columbia has been a large importer of United States crude oil, fruits, and to some extent vegetables, while the country to the scuth imports its raw nickel and asbestos to a large extent from Canada.

Another commodity upon which recommendation may be made to Ottawa is crude petroleum. Canada imported, according to the 1930 figures, petroleum valued at $35,861,000 and gasoline worth $18,868,000.

Crude oil is the chief competitor of British Columbia coal in its home market. The suggestion has been advanced that, in the event of embargo being placed on Canadian coal, the Dominion apply a general tariff that would effectually shut out the United States products and enter into "favored nations" treaty arrangements with South American countries producing crude petroleum.

Premier S. E. Tolmie has gone to Ottawa, and any representations necessary will be made through him direct to the Dominion Government, with a request that action be taken by the Federal Parliament this present session.

Mr. President, when the debate was on here about an import tariff on coal and oil to protect the American laborer and the American coal miner I was reminded of a conversation I had with a very distinguished Member of the body at the other end of the Capitol, the House of Representatives, who last summer made a very extensive study of the coal industry and labor in the coal industry in Europe. When he went over I said, "I am informed that the coal miners of Wales have a far higher standard of living than the coal miners of the United States. I wish you would find out whether that is so. We have been led to believe that the high tariffs made it possible for industry here in the lumber, coal, and other industries to pay wages that would give the American laboring man a higher standard of living; and if that could be exemplified, it certainly should be on coal."

To my astonishment, when this gentleman returned he said he got the surprise of his life when he went over there, because he did find that the Welsh coal miners, over whom so much sympathy has been expressed in the papers and on the platform and by men in public and private life in the United States, had a much better standard of living than the coal miners of the United States.

When we bear these things in mind, it seems to me they should lead us to believe that possibly we have been on the wrong track for quite a number of years in tinkering with tariffs, in pursuing policies that have gotten us into the situation where we are, and that while we may be making efforts to remedy conditions, we have not found any constructive, fundamental thing to do about stopping the depression and stopping the descending price level. We spend our time here talking about futile actions like tinkering with the tariff to revive industry when the whole country is in the grip of economic forces that, if allowed to continue, would drive the price level still further down, destroying values, destroying credit, destroying confidence, destroying production, increasing unemployment. Yet we spend our time here tinkering with tariffs!

I do not believe that any votes are going to be changed by this debate. I am not going to take up the time of the Senate simply for the purpose of postponing action; but I did not want this occasion to go by without uttering a few words of protest against the futile, time-wasting program that has been forced upon us by bringing these tariff items into the tax bill. I want to warn the Senate again that if we are to persist in making this a tariff bill, we should go the limit and make it a complete tariff bill. We can not make fish of one and fowl of the other. If there is any benefit in the tariffs that have been proposed, we can not place these four industries in a preferred position to collect from the pockets of the American people on the necessities that they must buy—coal, lumber, oil, gasoline, and copper.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Byrnes	Fess	Howell
Austin	Capper	Fletcher	Hull
Bailey	Caraway	Frazier	Johnson
Bankhead	Carey	George	Jones
Barbour	Cohen	Glass	Kean
Barkley	Connally	Goldsborough	Kendrick
Bingham	Coolidge	Gore	Keyes
Blaine	Copeland	Hale	King
Borah	Costigan	Harrison	La Follette
Bratton	Couzens	Hastings	Lewis
Brookhart	Dale	Hatfield	Logan
Broussard	Davis	Hawes	Long
Bulkley	Dickinson	Hayden	McGill
Bulow	Dill	Hebert	McNary
Moses	Robinson, Ark.	Steiwer	Walcott
Neely	Robinson, Ind.	Thomas, Idaho	Walsh, Mass.
Norris	Schall	Thomas, Okla.	Walsh, Mont.
Nye	Sheppard	Townsend	Watson
Oddie	Shipstead	Trammell	White
Patterson	Shortridge	Tydings	
Pittman	Smith	Vandenberg	
Reed	Smoot	Wagner	

Mr. FESS. I am advised that the senior Senator from South Dakota [Mr. NORBECK] is detained on official business.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, there is a quorum present. The question is on the amendment offered by the junior Senator from Florida [Mr. TRAMMELL] to the committee amendment, which will be reported for the information of the Senate.

The CHIEF CLERK. On page 244, line 7, after the word "measure," the Senator from Florida proposes to insert:

Phosphate rock (phosphorites, collophane, and apatites) containing more than 70 per cent of tribasic phosphate of lime, 8 cents per 100 pounds.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], which I transfer to the senior Senator from Colorado [Mr. WATERMAN], and vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate on account of illness. Not knowing how he would vote if present, I withhold my vote.

The roll call was concluded.

Mr. THOMAS of Oklahoma (after having voted in the negative). I have a general pair with the senior Senator from Illinois [Mr. GLENN]. In his absence I withdraw my vote.

Mr. TYDINGS (after having voted in the negative). On this vote I have a pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote the same as I have voted, and I therefore allow my vote to stand.

Mr. HATFIELD. I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I do not know how he would vote if present, and I therefore withhold my vote. If permitted to vote, I would vote "yea."

Mr. HASTINGS. I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote if present, I withhold my vote.

Mr. ROBINSON of Indiana (after having voted in the negative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I understand that Senator has not voted, and I therefore withdraw my vote, not knowing how he would vote if present.

Mr. THOMAS of Idaho (after having voted in the affirmative). Has the junior Senator from Montana [Mr. WHEELER] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. THOMAS of Idaho. I have a general pair with the junior Senator from Montana, and in his absence I withdraw my vote.

The result was announced—yeas 15, nays 61, as follows:

YEAS—15

Ashurst	Dill	Long	Shortridge
Broussard	Fletcher	McNary	Steiwer
Carey	Johnson	Oddie	Trammell
Davis	Jones	Sheppard	

NAYS—61

Austin	Capper	Goldsborough	La Follette
Bailey	Caraway	Gore	Logan
Bankhead	Cohen	Hale	McGill
Barbour	Connally	Harrison	Moses
Barkley	Coolidge	Hawes	Neely
Bingham	Copeland	Hayden	Norris
Blaine	Couzens	Hebert	Nye
Borah	Dale	Howell	Patterson
Bratton	Dickinson	Hull	Reed
Brookhart	Fess	Kean	Robinson, Ark.
Bulkley	Frazier	Kendrick	Schall
Bulow	George	Keyes	Shipstead
Byrnes	Glass	King	Smith

Smoot	Wagner	Walsh, Mass.	Watson
Tydings	Walcott	Walsh, Mont.	White
Vandenberg			

NOT VOTING—20

Black	Hatfield	Norbeck	Thomas, Idaho
Costigan	Lewis	Pittman	Thomas, Okla.
Cutting	McKellar	Robinson, Ind.	Townsend
Glenn	Metcalf	Stephens	Waterman
Hastings	Morrison	Swanson	Wheeler

So Mr. TRAMMELL's amendment to the amendment of the committee was rejected.

The VICE PRESIDENT. The question now is on the committee amendment, which the Secretary will report.

The CHIEF CLERK. On page 244, after line 5, the committee report, to insert:

(6) Lumber, rough, or planed or dressed on one or more sides, $3 per thousand feet, board measure; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. WALSH of Massachusetts. Mr. President, I desire to present briefly my objections to the pending amendment. The pending amendment takes from the free list rough lumber and imposes a tax of $3 per thousand feet. Lumber planed or dressed, which has a tax of $1 per thousand feet under existing law, under this amendment increases or adds to that tax $3 per thousand feet, making a total tax of $4 per thousand feet upon lumber planed or dressed and $3 per thousand feet upon rough lumber.

Mr. President, an impression has gone through the country that we are dealing with only four commodities in the revenue bill for the purpose of levying tariff duties. As a matter of fact, we are dealing with hundreds of commodities, and these innocent-appearing paragraphs contain within them increased tariff duties on hundreds of manufactured commodities. I have had a list of these articles prepared. I shall not take the time to read them all, but the extent to which increased tariff duties are to be levied upon articles manufactured in this country and used by our people can be observed by an examination of the list which I hold in my hand and which contains several hundred commodities.

I want to speak now about those manufactured articles which will be affected by the levying of this duty upon lumber both rough and planed or dressed. The first item affected is in paragraph 401 of the tariff act. Dressed lumber of fir, spruce, pine, hemlock, or larch carries a duty of $1 per thousand feet. This amendment will increase that duty to $3 per thousand feet.

Maple (except Japanese), birch, and beech flooring, in paragraph 402 of the tariff act, have a duty of 8 per cent ad valorem. To this is to be added a tax of $3 per thousand feet.

Spanish cedar, lignum vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple, in form of sawed board, planks, deal, and other forms not further manufactured than sawed, and flooring, in paragraph 404 of the tariff act have a duty of 15 per cent ad valorem and to that is to be added now a duty of $3 per thousand feet.

Rough lumber in paragraph 401 is free, and it is now proposed to levy under this amendment a duty of $3 per thousand feet.

Under paragraph 1803 of the tariff act, known as the basket clause, sawed lumber and lumber not specially provided for is free. Under this amendment whatever may fall within that provision of the law will bear a tax of $3 per thousand feet.

A large number of wood manufacturers are obliged to import wood into this country. Certain kinds of wood are not produced in this country that are used by a large number of manufacturers. For instance, let us take the furniture manufacturers of this country. Manufacturers of furniture would be taxed on their raw material. The lumber entering into the manufacture of furniture is here being taxed at $3 per thousand feet, and as a result we will be called upon to enact compensatory duties on furniture. This tax will apply on the lumber used in making the baby's cradle and as well upon the lumber for the coffin in which the dead are buried. We are imposing a tax that will be a burden upon the people of the United States from the cradle to the grave.

The manufacturers of lead pencils, the manufacturers of certain types of coffins, the manufacturers of containers, the manufacturers of a great variety of store fixtures, trunks, picture frames, tobacco boxes, toys, penholders, brushes, artificial limbs, airplanes, and pattern making.

Automobile manufacturers can not get a sufficient supply of birch and maple lumber of the proper size and grades. These manufacturers require thick stock, from 1½ to 3 inches thick, and our timber supply of birch and maple is so depleted that manufacturers must go to Canada to get their necessary supplies. This imported lumber, when fabricated into an automobile body, will be subject to a further sales or manufacturers' excise tax of 3 or 4 per cent in this revenue bill under section 602.

These manufacturers have been given no compensatory duties in the pending amendment. The manufacturers of copper have been given a compensatory duty. It means that just as soon as this amendment is adopted and the tax rate named therein becomes law there will be a demand, an insistent demand, from these manufacturers for compensatory duties—a demand which we will have to recognize and respect. That means there will be increased duties levied upon the large number of wood manufactures. So much for that phase of the subject.

There are two striking objections that ought to lead the Senate to recognize the unsoundness of the proposal at this time. First of all, this very question has been passed upon, extensive hearings conducted, and a decision made by the United States Tariff Commission as late as last September. The investigation was so extensive and so thorough that it is estimated that $55,000 was spent by the United States Tariff Commission to determine whether or not the petitioners for increased duties were entitled to have them levied. The decision made by the Tariff Commission is as follows:

The commission finds that the facts with regard to the difference in the cost of production, excluding transportation, from markets of the United States do not warrant a change in the duty of $1 per thousand feet board measure expressly fixed by statute.

On December 2, 1931, the President of the United States approved this report.

I ask to have inserted in the RECORD a list of the Senators who voted to incorporate in the tariff act the so-called flexible provision, for it seems to me inconceivable that Senators who voted to intrust the United States Tariff Commission with the right of investigation, and with the power of recommendation by the President, of increases and decreases in tariff duties should now, a few months after an exhaustive study and report, repudiate the finding of the Tariff Commission, repudiate the judgment of the President, and come here to demand a tariff duty of $3 per thousand feet upon rough lumber and a duty amounting to $4 per thousand feet upon lumber sawed and planed.

The VICE PRESIDENT. Without objection, it is so ordered.

The list referred to is as follows:

Bingham, Broussard, Capper, Dale, Dill, Fess, Glenn, Goldsborough, Hale, Hastings, Hebert, Jones, Kean, Keyes, McNary, Metcalf, Oddie, Patterson, Reed, Robinson of Indiana, Shortridge, Smoot, Steiwer, Thomas of Idaho, Townsend, Trammell, Vandenberg, Walcott, and Waterman.

Mr. WALSH of Massachusetts. Mr. President, if the Tariff Commission were unable to find in November last any justification for an increase in the tariff duty on sawed lumber of $1 per thousand feet, how can we, in the face of the impartial examination made by that tribunal, justify the levying now of a duty of $3 in addition to the $1 already fixed by law? They found the $1 duty on sawed lumber was sufficient and satisfactory and ample, and yet we propose to add to that $3 per thousand feet of lumber sawed and planed. That alone ought to defeat the amendment. I do not see how a satisfactory explanation can be made that does not involve the repudiation of the Tariff Commission and of the judgment of the President.

I come now to a second very serious objection to the proposed amendment. The fact that no distinction is made in the duty on lumber on the type used by the farmer and the home builder and lumber used on more extensive construction and industrial projects would result in this duty being equivalent to 33⅓ per cent ad valorem on cheap lumber costing $12 per thousand, and a duty of less than 1 per cent ad valorem on expensive lumber selling at $250 and more per thousand feet—for instance, as used in airplanes and for mahogany paneling in high-priced office buildings and residences.

We are proceeding, Mr. President, not only to override the judgment of the Tariff Commission in opposition to increasing this duty but we are proceeding upon the request of self-interested petitioners to give them the full amount of their demands, which will result in an increased cost to the great volume of dressed lumber that is used in the building projects of the poorer classes and provide for a rather meager increase in the price of lumber used in the more expensive home building and in the making of the more expensive furniture.

Mr. President, let us inquire as to just what the word "lumber" includes. American Lumber Standards, published by the Bureau of Standards, of the Department of Commerce, and adopted by unanimous action in four general conferences in which the entire American lumber industry was represented, gives the following definition of lumber:

> Lumber is the product of the saw and planing mill not further manufactured than by sawing, resawing, and passing lengthwise through a standard planing machine, crosscut to length, and matched.

Upon the basis of this definition, and certainly there is no better authority to whom we could go for a definition, the National Lumber Manufacturers Association, in its publication, Lumber and Timber Information, February, 1931, says there is included under this definition such articles as:

Finish, casing and base, flooring, ceiling, siding, partition, silo stock, ladder stock, piano posts, cross arms, and other wood cut in the sawmill and planed or not planed for specified uses, boards, dimension, joists and plank, small sawed timbers, large sawed timbers, sawed cross and switch ties, small-dimension stock—that is, stock ready cut to specified, usually small, dimensions—lath, shingles (possibly), veneer (possibly).

Some even claim that the term "lumber" would include shingles and also veneered woods. I personally do not think that the term "lumber" could be said to include shingles or veneered woods; but, Mr. President, it probably does include flooring; and flooring under existing law has a duty of 8 per cent ad valorem. It is therefore proposed to place an additional duty of $3 per thousand feet upon flooring. Now, let us see how that would work out. Flooring that is commonly used in the homes of the poorer classes sells at wholesale for about $40 per thousand feet. An ad valorem duty of 8 per cent would mean a cost of $3.20 per thousand feet of flooring of that grade.

Mr. STEIWER. Mr. President, will the Senator from Massachusetts yield to me?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Oregon?

Mr. WALSH of Massachusetts. I shall yield in just a moment.

The additional tax now proposed to be imposed of $3 per thousand feet would represent a tax of $6.20. Now I yield to the Senator from Oregon.

Mr. STEIWER. I should like to ask the Senator to develop further, if he will, the theory upon which he concludes that the pending proposal would include flooring. May I suggest to the Senator that flooring is now specifically provided for and that the language of the pending proposal is substantially the same as that in the existing tariff law, save that there is no exception with respect to rough material? Under the present tariff act of 1930 has it been successfully contended that flooring is included in the provision placing a duty of $1 a thousand upon dressed lumber?

Mr. WALSH of Massachusetts. No, sir; it has not been.

Mr. STEIWER. Is not the language of the proposal now before the Senate, so far as inclusion is concerned, substantially the same as that of the existing law?

Mr. WALSH of Massachusetts. Yes, sir; but the language used in this amendment is "lumber, planed and dressed." I inquire of the Senator from Oregon, Is not flooring "lumber, planed and dressed"?

Mr. STEIWER. I answer the Senator's query with a question: Is it not true that the existing law provides a duty of $1 a thousand upon dressed lumber?

Mr. WALSH of Massachusetts. Yes; it is defined in much the same way.

Mr. STEIWER. Of course; but the duty on flooring is in an entirely different paragraph. This article is specified by a different name and seemingly was not covered in the 1930 act by the word "lumber." There is no basis for the belief that it would be included in the pending amendment.

Mr. WALSH of Massachusetts. Will the Senator from Oregon say that boards are included in the term "lumber, sawed and planed"?

Mr. STEIWER. By common acceptation and by Congress itself in enacting the tariff law boards are included, but flooring has never been.

Mr. WALSH of Massachusetts. Does the Senator say that wallboard and paneling used on the walls of a room are lumber?

Mr. STEIWER. I think so.

Mr. WALSH of Massachusetts. How can it be concluded, then, that flooring, which is nothing but planed boards, is not included?

Mr. STEIWER. Because it is specifically provided for in another part of the tariff law.

Mr. WALSH of Massachusetts. Will the Senator offer an amendment excluding it from this bill?

Mr. STEIWER. I do not want to put myself in the position of offering to amend the committee amendment, but I would have no objection to such an amendment, so far as I am personally concerned.

Mr. WALSH of Massachusetts. Mr. President, the fact that it is provided for in another paragraph of the tariff act, of course, does not affect this amendment. This amendment provides for a duty to be levied in addition to whatever duties may be levied in the tariff act.

Mr. STEIWER. I would agree with the Senator entirely if the language of the pending proposal were not substantially the same as that of existing law, but because it is substantially the same as existing law, it occurs to me that it will be construed in the same way as existing law, so far as the question of inclusion or exclusion of flooring is concerned.

Mr. WALSH of Massachusetts. I have realized that objection might be made to the assertion that flooring was included in the definition of lumber, and I have made inquiries on the subject. I had a table prepared showing what the effect would be and what kinds of lumber would be affected by this duty, and all the information I received indicated that flooring was included as one of the kinds of lumber that would be affected by this duty. I hope I am mistaken, and that flooring is not included, but it seems to me there is a very great possibility of its being included in this duty.

Mr. President, this discussion leads to the consideration of another feature of these tariff amendments, which have apparently escaped the attention of many up to the present time. The tariff items proposed to be attached to this revenue bill are excluded from the operation of the flexible provision of the United States tariff act. Every other duty levied on commodities bearing tariff duties are subject to review and investigation and to an increase or decrease. It is proposed now to segregate these particular commodi-

ties so that they will not be subject to any review by the Tariff Commission, and so that the rates can not be increased or can not be lowered, thus giving to coal, oil, lumber, and copper an entirely different status from all other tariffs.

What will the country say when the people fully realize that in the shaping of a revenue bill we have proceeded to incorporate a new tariff bill, different in principle from the present existing tariff law, and making the duties on certain selected commodities independent of action by the United States Tariff Commission, independent of any action by the President, and subject only to change by act of Congress?

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Michigan?

Mr. WALSH of Massachusetts. I yield.

Mr. VANDENBERG. As one of those who are deeply interested in these rates, and deeply believe in their justification, may I say to the Senator that I would welcome a further amendment to the general schedule which would bring them within the Tariff Commission?

Mr. WALSH of Massachusetts. I propose to offer one if it is not presented by some other Senator. I think it is a rather remarkable fact that the attention of the country has not been called up to the present time, so far as I know, to the fact that this tariff measure is entirely separate, entirely removed from that portion of the present tariff law known as the flexible tariff provision, which accords some protection to the public when a rate becomes unbearable, or when a rate is so small that it is important in the interest of a domestic producer that it be increased.

Not only have we here a tariff bill different in form and different in character from the existing general tariff law, but we have a tariff bill which appears to deal with only four items, but yet which deals with hundreds of items, which contains hidden increases and tariff duties on articles that are connected with the four commodities specifically mentioned. Let me read just a few of the items that will have increased duties levied upon them if the amendment providing tariff rates shall finally be agreed to. I select items at random.

Telegraph, telephone, and other wires, and cables of copper, covered under paragraph 316 of the present tariff law, are accorded an ad valorem duty of 35 per cent, and, in addition, 4 cents per pound on the copper content.

Woven-wire cloth, gauze, fabric, or screen, brass, copper, or bronze, under paragraph 318 of the tariff act, bears an ad valorem duty of 25 per cent, and other classifications 40 per cent, and still other classifications 50 per cent. In this bill there is an increased duty of 3 cents a pound.

Hardware, bronze or brass, under paragraph 397 of the present tariff law, has an ad valorem duty of 45 per cent, and in this bill a duty of 3 cents per pound more is added.

Harness hardware of brass, under paragraph 345 of the present law, has an ad valorem duty of 35 per cent, and in this bill 3 cents per pound more is added.

Saddlery or riding bridle hardware, of brass, under paragraph 345 of the present law, has an ad valorem duty of 50 per cent, and in this bill an additional duty of 3 cents per pound.

Broken bells and bell metal, under paragraph 1620 of the present tariff act, are free; in this bill they would have a duty of 4 cents a pound.

Manganese copper is dutiable under paragraph 302 of the existing law at 25 per cent ad valorem. The adoption of the duty on copper as provided in this bill would add 3 cents a pound.

Copper foil, under paragraph 397 of the existing law, has a tariff of 45 per cent ad valorem. Under this bill, if a duty on copper should finally be enacted into law, there will be an additional 3 cents a pound.

Piano wire, brass, under paragraph 1541 of the existing law, has an ad valorem duty of 40 per cent, to which would be added under this bill 3 cents a pound.

Musical instrument strings, chief value of copper, under paragraph 1541 of the present law, have a duty of 40 per cent ad valorem. This bill would add 3 cents a pound more.

Musical instruments, chief value of copper, under paragraph 1541, have a duty of 40 per cent ad valorem. Under this bill there would be added 3 cents per pound.

Tinsel wire, chief value of copper, under paragraph 385 of the existing law, has a duty of 6 cents per pound and 10 per cent ad valorem. Under the proposed copper duty in this bill the rate would be increased 3 cents per pound.

I will not take the time, Mr. President, to enumerate more of these articles, but there are, as I have said, hundreds of them that will be subjected now to an increased duty. I regret to say that I have not been able to translate these compensatory duties of 3 cents per pound into ad valorem terms; but if we were able to do that, we would find that many of these articles will, after the adoption of the amendment we have now under consideration and the other amendments in the tariff items of this bill, make a protective duty in some cases as high as 100 per cent and in other cases even higher than that.

Mr. President, I know the Senate is tired of the discussion of these tariff questions; and I am not going to detain it any longer, except once more to call attention to the fact that in dealing with this particular question we have an adjudication of all the facts and all the elements dealing with the question of whether or not there ought to be an increased duty upon lumber. Only last November the Tariff Commission said, "The facts and the evidence do not justify an increase."

Then the duty was $1 per thousand. The President approved the report in December; and here now, upon the petition of a small group of lumber dealers in the northwestern section of the country, it is proposed not to increase the duty above $1 per thousand feet but to increase the duty to $4 per thousand feet! I think the same report shows that the difference in the cost of production of rough lumber in Canada and here is 11 cents per thousand feet.

In addition to that, we will have here immediately, and properly so, the manufacturers of automobile bodies, the manufacturers of furniture, the manufacturers of lead pencils, the manufacturers of coffins, the manufacturers of cradles, the manufacturers of all wood products, asking for compensatory duties. They must come here, because now their wood is to be taxed $4 per thousand feet; and many of these woods are not produced in this country. I wish I had time to show the extent to which the automobile manufacturers, who are already pretty heavily burdened with taxes in this bill, have to go to Canada for certain grades of lumber that they need in the manufacture of the bodies of their automobiles.

Again I call attention—I suppose it is all in vain—to the injustice of a specific duty of $3 per 1,000 feet, representing a 33⅓ per cent ad valorem rate upon the lumber used in the cheapest of our homes and in the cheapest of buildings, as compared with a rate of only two or three per cent upon the fine, expensive mahogany and other woods that are imported into this country to panel the expensive office buildings in our cities and to make expensive furniture for the well to do.

Mr. President, the total importations of Canadian lumber against which the proponents of this amendment are seeking an embargo are only about 3.6 per cent of the total lumber consumed in the United States. Furthermore, the United States exports to other countries over twice as much lumber as she imports from Canada.

If the attempt to exclude Canadian importations of lumber succeeds the Canadian producer will send the lumber excluded from the United States to other foreign markets at the expense of the American producer. Indeed, it is quite possible that if Canada is shut out of the United States markets she might be able to negotiate preference or trade agreements which would completely exclude American lumber from the foreign market, with a consequent loss to the American producer of double the amount of Canadian importations.

American lumber is now exported to Cuba, South America, China, Japan, and other markets. The advocates of this duty are seeking to retain this export trade by excluding Canadian lumber. On the contrary, Canadian lumber excluded from America will drive American lumber out of the foreign countries above named. The result will be that the advantage that the American producers of lumber now have of exporting 100 per cent of lumber in excess of imports will be lost.

Furthermore, Mr. President, any benefit to the American lumber producers, who are few in number—it being estimated that all the lumber produced in the Northwest is in the control of 16 groups—would be at the expense of the general public. The proposed tax would fall upon the consumers of every article of lumber used in the United States.

Eliminating the effect of pyramiding the duty of $3 per thousand increase of the present duty, based upon an average consumption of about 35,000,000,000 feet, will result in a total cost to consumers in the United States of approximately $105,000,000 annually.

Mr. President, it seems to me that this amendment, above all others in this bill, is indefensible and ought to be voted down.

The VICE PRESIDENT. The Senator requested the printing of certain names in the RECORD. Without objection, that order will be made.

Mr. WALSH of Massachusetts. I ask also to have printed in the RECORD certain other data that I have.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

TABLE OF DUTIES LEVIED IN THE PENDING REVENUE BILL

The extent of the revision of the present tariff law is disguised in several brief paragraphs of the pending revenue bill.

Instead of affecting four commodities, the duties levied are far-reaching in their effect. These four brief paragraphs constitute amendments to 5 of the 16 schedules of the tariff act and increase the duties on hundreds of commodities.

I present a schedule containing a partial list of the vast number of manufactured articles upon which these four amendments will assess compensatory duties.

While no attempt has been made to provide compensatory rates for manufacturers of lumber, a demand for compensatory duties can not be avoided by wood manufacturers who in innumerable instances must import lumber—about, for the first time, to be subjected to a duty of $3 per thousand feet—in order to produce their manufactured articles, such as caskets, refrigerators, trucks, picture frames, tobacco boxes, toys, pencils, brushes, airplanes, pattern making, etc.

Incomplete schedule indicating extent of proposed tariff increases in H. R. 10236, as reported by Senate Committee on Finance

Commodity	Duties under Smoot-Hawley Act (tariff act of 1930)		Additional duties added by revenue bill (H. R. 10236)
	Paragraph No.	Rate	
Anthracite coal	1650	Free	$2 per short ton.
Bituminous coal	1650	do	Do.
Coke	1650	do	Do.
Coal briquets	1650	do	Do.
Coke briquets	1650	do	Do.
Dust briquets	1650	do	Do.
Crude petroleum	1733	do	21 cents per barrel.
Fuel oil	1733	do	Do.
Gas oil	1733	do	Do.
Gasoline	1733	do	2½ cents per gallon.
Paraffin	1733	do	1 cent per pound.
Paraffin oil	1733	do	Do.
Petroleum wax	1733	do	Do.
Asphalt	1710	do	$2 per short ton.
Copper in ore	1658	do	4 cents per pound.
Copper in regulus	1658	do	Do.
Black or coarse copper	1658	do	Do.
Cement copper	1658	do	Do.
Old copper	1658	do	Do.
Copper scale	1658	do	Do.
Copper clippings	1658	do	Do.
Copper plates	1658	do	Do.
Copper bars	1658	do	Do.
Copper ingots	1658	do	Do.
Copper pigs	1658	do	Do.
Composition metal in chief value copper	1657	do	Do.
Copper sulphate blue vitrol	1659	do	Do.
Verdigris	1659	do	Do.
Copper acetate and subacetate	1659	do	Do.
Copper rolls, rods, and sheets	381	2½ cents per pound	Do.
Engravers' plates, not ground	381	7 cents per pound	Do.
Seamless copper tubes	381	do	Do.
Engravers' plates, ground	381	11 cents per pound	Do.
Brased copper tubes	381	do	Do.
Brass rods, sheet, plates, and bars	1650	4 cents per pound	Do.
Muntz or yellow metal sheets	1650	do	Do.
Brass sheathing	1650	do	Do.
Brass bolts, piston rods, and shafting	1650	do	Do.
Seamless brass tubes and tubing		8 cents per pound	Do.
Brazed brass tubes	1650	12 cents per pound	Do.
Brass angles, channels	1650	do	Do.
Bronze rods and sheets	1650	4 cents per pound	Do.
Bronze tubes	1650	8 cents per pound	Do.
Household, kitchen, hospital, utensils in chief value copper	339	40 per cent ad valorem	3 cents per pound.
Hollow ware and flat ware in chief value copper	339	do	Do.
Copper wire	316	25 per cent ad valorem	4 cents per pound.
Telegraph, telephone, and other wires and cables, of copper, covered	316	35 per cent ad valorem	4 cents per pound on copper content.
Woven-wire cloth; gauze, fabric, or screen, of brass, copper or bronze	318	25 per cent ad valorem	3 cents per pound.
Do	318	40 per cent ad valorem	Do.
Do	318	50 per cent ad valorem	Do.
Fourdrinier wires and cylinder wires	318	do	Do.
Hardware:			
Bronze or brass	397	45 per cent ad valorem	Do.
Not in chief value of copper but containing 4 per cent copper or more by weight	397	do	3 per cent ad valorem or ¾ cent per pound.
Harness hardware, of brass	345	35 per cent ad valorem	3 cents per pound.
Saddlery or riding bridle hardware, of brass	345	50 per cent ad valorem	Do.
Brass, old brass, clippings from brass or Dutch metal	1624	Free	4 cents per pound.
Broken bells and bell metal	1620	do	Do.
Manganese copper	302	25 per cent ad valorem	3 cents per pound.
Copper foil	397	45 per cent ad valorem	Do.
Piano wire, brass	1541	40 per cent ad valorem	Do.
Musical instrument strings (chief value of copper)	1541	do	Do.
Musical instruments:			
Chief value of copper	1541	do	Do.
Not in chief value of copper, but containing 4 per cent or more copper by weight	1541	do	3 per cent ad valorem or ¾ cent pe pound.

Incomplete schedule indicating extent of proposed tariff increases in H. R. 10236, as reported by Senate Committee on Finance—Continued

Commodity	Duties under Smoot-Hawley Act (tariff act of 1930)		Additional duties added by revenue bill (H. R. 10236)
	Paragraph No.	Rate	
Tinsel wire:			
Chief value of copper	385	6 cents per pound and 10 per cent ad valorem.	3 cents per pound.
Not in chief value of copper, but containing 4 per cent or more copper by weight.	385	do	3 per cent ad valorem or ¾ cent per pound.
Lame or lahn:			
Chief value of copper	385	6 cents per pound and 20 per cent ad valorem.	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more copper by weight	385	6 cents per pound and 20 per cent ad valorem.	3 per cent ad valorem or ¾ cent per pound.
Bullions and metal threads, in chief value of tinsel wire, lame, or lahn	385	6 cents per pound and 35 per cent ad valorem.	Do.
Beltings and other articles wholly or in chief value of tinsel wire, lame, or lahn	385	45 per cent ad valorem	Do.
Woven fabrics, ribbons, fringes, and tassels, containing 4 per cent or more copper by weight.	385	55 per cent ad valorem	Do.
Bronze powder (chief value of copper)	382	14 cents per pound	3 cents per pound.
Bronze powder, not in chief value of copper but containing 4 per cent or more copper by weight.	382	do	3 per cent ad valorem or ¾ cent per pound.
Flitters and metallics (chief value copper)	382	12 cents per pound	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more copper, by weight.	382	do	3 per cent ad valorem or ¾ cent per pound.
Bronze or Dutch metal leaf	382	6 cents per 100 leaves	3 cents per pound.
Bronze powder or Dutch-metal powder in leaf	382	6 cents per 100 leaves and 10 per cent ad valorem.	Do.
Stamping and embossing materials of bronze powder or Dutch metal powder, mounted on paper or equivalent and releasable from backing by heat and pressure.	382	⅜ cent per 100 square inches	Do.
All articles suitable for producing, rectifying, modifying, controlling, or distributing electrical energy; electrical telegraph, telephone, signaling, radio, welding, ignition, wiring, therapeutic and X-ray apparatus, instruments and devices; and articles having as an essential feature an electrical element or device, such as electric motors, fans, locomotives, portable tools, furnaces, heaters, ovens, ranges, machines, refrigerators, and signs, and parts thereof (chief value of copper).	353	35 per cent ad valorem	Do.
Not in chief value of copper but containing 4 per cent or more copper by weight.	353	do	3 per cent ad valorem or ¾ cent per pound.
Hooks and eyes, brass	347	4½ cents per pound and 25 per cent ad valorem.	3 cents per pound.
Snap fasteners and clasps (chief value copper):			
Not mounted on tape	348	55 per cent ad valorem	Do.
Mounted on tape	348	60 per cent ad valorem	Do.
Hair, safety, and other pins (chief value copper)	350	35 per cent ad valorem	Do.
Buttons (chief value copper)	349	¾ cent per line per gross and 15 per cent ad valorem.	Do.
Metal buttons embossed with design, device, pattern, or lettering:			
Chief value copper	349	45 per cent ad valorem	Do.
Not in chief value of copper but containing 4 per cent or more copper by weight.	349	do	3 per cent ad valorem or ¾ cent per pound.
Safety razors, and safety-razor handles and frames:			
Chief value copper	358	10 cents each and 30 per cent ad valorem.	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more copper by weight.	358	do	3 per cent ad valorem or ¾ cent per pound.
Surgical instruments and parts thereof:			
Chief value copper	359	55 per cent ad valorem	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more copper by weight.	359	do	3 per cent ad valorem or ¾ cent per pound.
Dental instruments and parts thereof:			
Chief value copper	359	35 per cent ad valorem	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more by weight	359	do	3 per cent ad valorem or ¾ cent per pound.
Scientific and laboratory instruments, apparatus, utensils, and appliances, and parts thereof:			
Chief value copper	360	40 per cent ad valorem	3 cents per pound.
Not in chief value of copper but containing 4 per cent or more by weight	360	do	3 per cent ad valorem or ¾ cent per pound.
Bells (except church and similar bells and carillons) and parts thereof:			
Chief value copper	364	50 per cent ad valorem	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	364	do	3 per cent ad valorem or ¾ cent per pound.
Carillons and parts thereof:			
Chief value copper	1541	20 per cent ad valorem	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	1541	do	3 per cent ad valorem or ¾ cent per pound.
Jewelry (chief value copper)	1527	1 cent each and ⅜ cent per dozen for each 1 cent the value exceeds 20 cents per dozen, and 50 per cent ad valorem.	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	1527	do	3 per cent ad valorem or ¾ cent per pound.
Rope, curb, cable, and fancy patterns of chain (chief value copper)	1527	6 cents per foot plus ⅜ cent per yard for each 1 cent the value exceeds 30 cents per yard, and 50 per cent ad valorem.	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	1527	do	3 per cent ad valorem or ¾ cent per pound.
Buckles, cardcases, chains, cigar cases, cigar cutters, cigar holders, cigar lighters, cigarette cases, cigarette holders, coin holders, collar, cuff, and dress buttons, combs, match boxes, mesh bags and purses, millinery, military and hair ornaments, pins, powder cases, stamp cases, vanity cases, watch bracelets, and like articles, finished or unfinished (chief value copper).	1527	1 cent each, plus ⅜ cent per dozen for each 1 cent the value exceeds 20 cents per dozen, and 50 per cent ad valorem.	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	1527	do	3 per cent ad valorem or ¾ cent per pound.
Stampings, galleries, mesh and other materials, suitable for use in manufacture of the foregoing (chief value copper).	1527	80 per cent ad valorem	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	1527	do	3 per cent ad valorem or ¾ cent per pound.
Watches, dials, cases, and parts (chief value copper)	367	Various rates	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	367	do	3 per cent ad valorem or ¾ cent per pound.
Clocks, clock movements, cases, and parts:			
Chief value copper	368	Various rates	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	368	do	3 per cent ad valorem or ¾ cent per pound.
Gas and electric fixtures of brass	397	45 per cent ad valorem	3 cents per pound.

Incomplete schedule indicating extent of proposed tariff increases in H. R. 10236, as reported by Senate Committee on Finance—Continued

Commodity	Duties under Smoot-Hawley Act (tariff act of 1930)		Additional duties added by revenue bill (H. R. 10236)
	Paragraph No.	Rate	
Builders', vehicle, and luggage hardware:			
Chief value copper	397	45 per cent ad valorem	3 cents per pound.
Not chief value copper but containing 4 per cent or more by weight	397	do	3 per cent ad valorem or ¾ cent per pound.
Valves, fittings, faucets, and other plumbing equipment (chief value copper)	397	do	3 cents per pound.
Fire extinguishers (chief value copper)	397	do	Do.
Other articles or wares n. s. p. f. in chief value of copper	397	do	Do.
Other articles or wares n. s. p. f. in chief value of metal other than copper but containing 4 per cent or more of copper.	397	do	3 per cent ad valorem or ¾ cent per pound.
Dressed lumber of fir, spruce, pine, hemlock, or larch	401	$1 per 1,000 feet	$3 per 1,000 feet.
Maple (except Japanese), birch, and beech flooring	402	8 per cent ad valorem	Do.
Spanish cedar, lignum-vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple, in form of sawed boards, planks, deal, and other forms not further manufactured than sawed, and flooring.	404	15 per cent ad valorem	Do.
Rough lumber	401	Free	Do.
Sawed lumber and timber not specially provided for	1803	do	Do.

OFFICE OF THE COMMISSIONER OF CUSTOMS,
May 23, 1932.

Memorandum for Senator DAVID I. WALSH, from the Commisssioner of Customs.

I have had Mr. Ashworth, the chief of the tariff classification division, indicate the tariff classification of the articles submitted in your list, under the tariff act of 1930.

The list is prepared in view of the provision in H. R. 10236, which carries a provision on page 244 for a tax on "lumber, rough or planed or dressed on one or more sides" of $3 per thousand feet. In the classification of woods and manufactures of wood unless an article is specifically provided for by name it is dutiable under paragraph 412 as an article manufactured wholly or in chief value of wood, but I note that there are a number of articles enumerated in the list submitted by you which indicate articles in chief value of metal, for example, firearms, elevators, clocks, professional and scientific instruments, etc. These would not be subject to classification as wood or manufactures of wood. The butchers' blocks, if merely a log of wood with the bark off and of a size to be used by butchers, would probably be free of duty under paragraph 1803.

You will note that there have been grouped under one classification trimmings, moldings, and other millwork as free of duty under paragraph 1803 or dutiable under paragraph 401. This classification has been given for the reason that the courts have gone very far in placing under the free provision in paragraph 1803, and the corresponding paragraphs of previous tariff acts, articles of wood which might very reasonably be considered manufactures of wood. It should be noted, however, that Congress has recognized that the lumber provided for in paragraph 1803 is in fact a manufactured article because it provides for articles "not further manufactured." The question was presented to me this morning whether paragraph 6, on page 244 of the bill, would be construed to impose a tax on laths. Paragraph 1803 provides by name for laths, indicating that in the opinion of Congress they are not within the classification of "lumber." However, laths are, in my opinion, as much the product of the lumber mill as flooring, molding, and similar articles, and would, therefore, seem to be included within the term "rough lumber." Reverting to the subject of articles in part of wood, but in chief value of some other material, your attention is invited to guns. The gunstocks are ordinarily of wood, but even if the guns were not specially provided for in the tariff act they would be dutiable as in chief value of metal, and as Congress may desire to impose a compensatory duty on stocks attention is invited to paragraph 7 on page 244 of the bill, on copper.

F. X. A. EBLE.

Articles on which compensatory duties can be demanded if the proposed tax of $3 per thousand board feet on lumber in H. R. 10236 is enacted

	Present duty	Paragraph No.
Casks, barrels, and hogsheads (empty).	15 per cent ad valorem	407.
Packing boxes (empty)	33⅓ per cent ad valorem	412.
Boxes, barrels, and other articles containing oranges, lemons, limes, grapefruit, shaddocks, or pomelos.	25 per cent ad valorem	408.
Toothpicks	do	410.
Skewers (butchers' and packers')	25 cents per M	410.
Porch and window blinds, baskets, bags, chair seats, curtains, shades, or screens, if wholly or in chief value of wood or compositions of wood.	50 per cent ad valorem	411.
Spring clothespins	20 cents per gross	412.
Furniture, wholly or partly finished and parts thereof, wholly or in chief value of wood n. s. p. f.	40 per cent ad valorem	412.

Articles on which compensatory duties can be demanded, etc.—Continued

	Present duty	Paragraph No.
Folding rules, wholly or in chief value of wood.	40 per cent ad valorem	412.
Wood moldings and carvings to be used in architectural or furniture decoration.	do	412.
Paintbrush handles, wholly or in chief value of wood.	33⅓ per cent ad valorem	412.
Wood flour	25 per cent ad valorem	412.
Manufactures of wood and bark if wood or bark is chief component material.	33⅓ per cent ad valorem	412.
Doors	do	412.
Blinds	50 per cent ad valorem	411.
Sash	33⅓ per cent ad valorem	412.
Trimmings and moldings and other millwork.	If "lumber" not advanced beyond planed, tongued, and grooved, free, paragraph 1803 or $1 per M. if of the woods mentioned in paragraph 401; if not "lumber," 33⅓ per cent.	412.
Plow and similar bent handles	Free	1604
Hoe, shovel, fork, broom, and other long handles.	33⅓ per cent ad valorem	412.
Pencil slats (Customs Court of Appeal, T. D. 42188) held free as "lumber."		1803.
Woodenware, no provision for, probably.	33⅓ per cent	412.
Artificial limbs	33⅓ per cent	412.
Boot and shoe findings, no provision for, and if in chief value of wood.	do	412.
Agricultural implements	Free, except as specified by name in Title I, act 1930.	(1804).
Airplanes	30 per cent	370.
Crates	33⅓ per cent	412.
Cigar and tobacco boxes	do	412.
Brooms and carpet sweepers	25 per cent	1595.
Bungs and faucets (wood)	33⅓ per cent	412.
Butcher's blocks		
Caskets and coffins (wood)	33⅓ per cent	412.
Chairs and chair stock (parts)	60 per cent	409.
	40 per cent	412.
	42½ per cent	412.
Clocks (see par. 368)	33⅓ per cent	412.
Dairymen's, poulterer's, and apiarist's supplies (see par. 1604).		
Novelties (wooden)	33⅓ per cent	412.
Dowels (wood)	do	412.
Elevators (metal-electric)	35 per cent	353.
Playground equipment (wood)	33⅓ per cent	412.
Firearms (see pars. 365 and 366)		
Fixtures—metal	45 per cent	397.
Fixtures—wood	33⅓ per cent	412.
Picture frames	do	412.
Gates	do	412.
Fencing, pickets, posts, palings	Free	1804, 1835.
Professional and scientific instruments (see also par. 368).	40-45-60	350, 228.
Musical instruments	40 per cent	1541.
Pipe organs	35 per cent	
Violins, etc	35 per cent and $1.25 each	1541.
Laundry appliances (if wood, not machines nor electrical).	33⅓ per cent	412.
Machinery and apparatus (see pars. 353, 360, and 372).		
Matches:		
Not more than 100 matches per box.	20 cents per gross of 144 boxes.	1516.
Others in books or folders or with colored stem.	2¾ cents per 1,000 matches	1516.
Mine equipment	40 per cent	1516.
Scenery (motion-picture and theatrical) (wood).	33⅓ per cent	412.

Articles on which compensatory duties can be demanded, etc.—Continued

	Present duty	Paragraph No.
Patterns and flasks, molder's patterns	50 per cent	327.
Conduits (if wood)	33⅓ per cent	412.
Paving blocks	do	412.
Pencils	50 cents per gross and 30 per cent ad valorem.	1549.
Penholders	25 cents per gross and 20 per cent ad valorem.	1550.
Pipes (tobacco)	5 cents and 60 per cent ad valorem.	1552.
Planing-mill products:		
If lumber not further manufactured than planed, tongued and grooved, fir, pine, spruce, hemlock, larch.	$1 per thousand board feet.	
Except dressed on one side only from Canada.	Free	1401.
Other lumber not further manufactured than planed, tongued and grooved.	do	1803.
Plumber's woodwork[1]		
Printing material (see par. 395)		
Pulleys and conveyors:		
If machines, not electrical	27½ per cent	372.
Otherwise (if wood)	33⅓ per cent	412.
Otherwise (if metal)	45 per cent	397.
Pumps and wood pipe	33⅓ per cent	412.
Refrigerators:		
Wood	40 per cent	412.
Electric, metal	35 per cent	353.
Kitchen cabinets (furniture)	40 per cent	412.
Map and shade rollers	33⅓ per cent	412.
Harness and saddles (see par. 1530 (f))		
Sewing machines	15-30 per cent	372.
Ships and boats:		
Motor boats	30 per cent	[2]370.
Others less than 5 net tons, wood	33⅓ per cent	412.
Shuttles, spools, and bobbins (unless parts of sewing machines or textile machinery).	do	412.
Signs:		
Wood	do	412.
Electric, metal	35 per cent	353.
Sporting and athletic goods	30 per cent	[3]
Tanks, wood	33⅓ per cent	412.
Silos (knockdown), wood	do	413.
Toys	70 per cent	1513.
Trunks and valises, wood	33⅓ per cent	412.
Vehicles (nonmotor), wood	do	412.
Automobiles (see Bodies, par. 369)		
Weighing apparatus:		
Automatic scales	27½ per cent	372.
Electric	35 per cent	353.
Canes and umbrella sticks	40 per cent ad valorem	(1554).
Whips, wood	33⅓ per cent	412.

[1] Not sufficiently specific to suggest rate.
[2] As defined.
[3] P. 1502, as described.

DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington, May 23, 1932.

Re: Statistics, lumber distribution.
Hon. DAVID I. WALSH,
United States Senate.

DEAR SENATOR WALSH: At the request of your secretary, I am inclosing three photostats showing the computed consumption of hardwood lumber and of softwood lumber and of both combined for all States and regions of the United States in the calendar year 1930.

These figures are preliminary, subject to correction; but it is not contemplated that any extensive changes will be made. The probability is that the imports from Canada will be slightly increased, but there will be no resulting change in the total consumption or the per capita consumption.

The following information for New England, taken from reports of previous years, may be of interest:

In the decade beginning 1920 and ending 1930 the contribution of New England forests to the quantity of lumber consumed in New England decreased from 1,024,559,000 board feet to 491,463,000 board feet.

In the same period the contribution from the Pacific Northwest States (Washington and Oregon) increased from 88,087,000 board feet to 302,889,000 board feet.

The contribution of foreign lumber (principally from Canada) decreased from 428,393,000 board feet to 274,059,000 board feet.

The total quantity of lumber consumed decreased from 2,154,085,000 board feet to 1,387,185,000 board feet, resulting in a decrease of per capita from 290 board feet to 170 board feet.

It should be observed, however, that the peak of consumption in New England in this decade was in 1923 in which year the quantity consumed was 2,245,034,000 board feet with a per capita consumption of 290 board feet.

Very sincerely yours,

ROY HEADLEY, *Acting Forester.*

Production of lumber in New England, 1930

[Source: U. S. Department of Commerce, Bureau of the Census, "Forest Products: 1930, Lumber Lath and Shingles."]

Production (thousand feet board measure):	
Connecticut	20,525
Maine	222,104
Massachusetts	82,101
New Hampshire	181,702
Rhode Island	7,019
Vermont	94,489
Total, New England	607,940
Total, United States	26,051,473

WINTON LUMBER CO.,
Washington, D. C., May 16, 1932.

Senator DAVID I. WALSH,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Of what use is the "flexible clause" of the present tariff act?

In connection with the present tariff on lumber, in November, 1931, the Tariff Commission found "differences in costs of production, including transportation to the principal markets in the United States, of the domestic article and the like or similar article purchased in the principle competing country (Canada) * * * do not warrant a change in the duty of $1 per thousand feet board measure." On December 2, 1931, the President approved of the findings. Proponents of the tariff on lumber now in the revenue bill propose to override these findings of the Tariff Commission, which had made an exhaustive study of the subject.

The Tariff Commission was created by act of Congress to make scientific investigations of the necessity for changes in tariff rates. The proposed lumber tariff, if passed, will set the pernicious precedent of an appeal to Congress each time some faction in an industry dislikes one of the commission's findings, thereby defeating the whole purpose of the flexible clause. Aside from the lack of merit in the argument for an added lumber tariff, I believe that this point alone is sufficient cause to reject this section of the revenue bill, and I hope you will use your influence against it.

Respectfully,

R. C. WINTON.

SPOKANE, WASH., *May 13, 1932.*

Hon. DAVID I. WALSH,
United States Senate Chamber, Washington, D. C.:

We are lumber manufacturers operating in Canada and the United States. Any increased tariff on lumber into the United States will not produce any revenue but rather discontinue the present revenue. Like everyone else, we want the Budget question settled and believe the sales tax the practical way to solve this question.

W. W. POWELL CO.

MAY 10, 1932.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: In connection with the pending tax bill we regret to learn that the Senate Finance Committee has imposed a duty of $3 per thousand feet on softwood lumber, rough or dressed. This will certainly be unpopular with the farmers, the prospective builders, and the lumber-consuming public, if the record of 1929 and 1930 is any criterion.

We believe the anticipated revenue will prove a chimera. Canada is our chief source of supply on imported softwoods. In 1931 she only shipped us 671,589,000 feet (vide United States Department of Commerce). This amount at $3 per thousand would only provide $2,014,767. The $3 would be a virtual embargo on common or low-grade stock, so this figure would be excessive—a poor stroke of business, considering the damaging effect on our Canadian export trade.

It can not be justified on grounds of protection, as shown by the latest United States Tariff Commission report, after their recent investigation of the Canadian lumber industry.

As we understand it, all softwood lumber is lumped together, irrespective of species, which would seem to indicate that little or no study of the matter had been made by the committee. We certainly should have no tariff on spruce lumber and genuine white pine. Our supply of these woods is practically exhausted and we have to depend on Canada for much of our requirements.

We earnestly recommend that you vote to strike out the proposed lumber duty for the reason that it would produce a negligible revenue, be a serious blow to our Canadian trade, and in view of the fact that Canadian and American lumber costs are practically equal would amount to a virtual embargo.

Yours very respectfully,

THE NEW YORK LUMBER TRADE ASSOCIATION,
R. E. STOCKING,
Chairman Legislative Committee.

CHICAGO, ILL., *May 10, 1932.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In my letter filed with the Senate Finance Committee on April 18, 1932, copy attached, I pointed out that the

remaining stand of virgin northern white pine in the United States totaled less than 4,000,000,000 feet, or less than 1 per cent of the original stand, which is said by the Forest Service to have been 540,000,000,000 feet. The small remaining stand is fast disappearing, the domestic annual production of virgin northern white pine being about 150,000,000 feet.

Imports of virgin northern white pine from Canada were less than 100,000,000 feet in 1931, with an average value of $40 per thousand board feet, delivered, with freight added. An excise tax or tariff of $3 per thousand feet on rough and dressed lumber, coupled with the present tariff of $1 per thousand feet on dressed lumber, would make the duty $4 per thousand feet on dressed lumber and $3 per thousand feet on rough lumber. The proposed tax would yield very little revenue, but would tend to exclude these imports, thus hastening the depletion of a forest resource that is irreplaceable.

Virgin northern white pine has special uses such as in the manufacture of rifle containers, tobacco containers, window-shade rollers, and many other industrial uses. It also has distinctive uses such as in the making of patterns. Patterns of wood are used by the United States Government in the molding and manufacture of guns, gun parts, and other ordnance equipment. There are 300,000 patterns in stock at the Washington Navy Yard alone, varying in size from a few inches to patterns large enough to form the molds for the longest range guns. At the various Army and Navy posts throughout the United States patterns are also used in large quantities. The Government has found that virgin northern white pine is most suitable for these purposes.

The United States Tariff Commission, in its report on lumber, issued November 9, 1931, pointed out that in the Chicago market Canadian white pine lumber was at a disadvantage of $2.66 per thousand feet. By far the majority of the virgin northern white pine imports go to Chicago and the surrounding territory—Minnesota, Michigan, Wisconsin, Illinois, Indiana, Ohio, and Pennsylvania.

I also wish to remind you of the widespread opposition to a tariff on lumber expressed by retail lumber dealers and associations, millwork manufacturers, and the principal farm organizations throughout the country. During the writing of the 1930 tariff act more than 1,500 prominent organizations and firms, representing thousands of consumers throughout the United States, signed briefs opposing the imposition of duties on lumber. No new arguments favoring a duty have been developed. The farmers who consume 45 per cent of the annual lumber consumption naturally stand in the same position against a duty, as do the retailers and wholesalers who feel that a duty would not benefit the domestic industry but would hamper our present trade relations.

May we count on your assistance in striking out the Finance Committee proposal in H. R. 10236 for an excise tax on lumber of $3 per thousand board feet?

Very truly yours,

HERMAN H. HETTLER LUMBER CO.,
By SANGSTON HETTLER, *President*.

BLOEDEL, STEWART & WELCH (LTD.),
Seattle, May 11, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am submitting for your study the attached brief opposing the tariffs on softwood lumber which are at present included in the Senate revenue bill as excise taxes.

We wish to recommend for your special consideration two factors in the lumber tariff problem which would seem to be of decisive importance and which are fully dealt with in this brief.

1. The volume of imported softwood lumber is such a small per cent of the total domestic consumption that it could not possibly be a serious factor in the domestic lumber industry. The imports from Canada, the only important exporter of lumber to the United States, were 4.8 per cent of domestic consumption in 1929, 5 per cent in 1930, and 4.9 per cent in 1931. Furthermore, there can be no valid claim that these imports subjected the domestic product to unfair competition for the Tariff Commission in their report issued November 9, 1931, which was approved by the President of the United States, December 2, 1931, conclusively showed that the differences in cost of production between the two countries were small and were adequately provided for in the existing tariff of $1 per thousand feet on dressed lumber.

2. The proposed rates of $3 on rough lumber and $4 on dressed lumber were designed to and will absolutely eliminate softwood lumber imports. But the domestic manufacturer's problem will not thereby be solved, since foreign lumber forced out of the American market will find its place in world markets at the expense of the American exporter. This is most important in view of the fact that the United States at present exports roughly $45,000,000 worth of lumber and imports but one-third this amount.

Very truly yours,

J. H. BLOEDEL,
By PRENTICE BLOEDEL,
Secretary-Treasurer.

WASHINGTON, *D. C., May 4, 1932.*

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR: You are a member of the party that has always been against a high-tariff policy. On this account we are appealing to you to oppose the proposed import tax on lumber, and for the following reasons:

(1) The Tariff Commission has investigated and found no need for a further tariff to protect American lumber manufacturers.

(2) Advocates for the tax base their case on the depression in the American lumber industry. There is no reason for subsidizing the lumber industry which is suffering no more than many others. Declines in prices of farm products have been double those of lumber.

(3) Any additional tax would be an embargo, with the result that no revenue would be produced. The revenue from the present lumber tariff would be lost.

(4) The total importations of lumber amount to only 3.6 per cent of our consumption. The exclusion of this insignificant proportion would not help the American industry or increase employment appreciably.

(5) Any benefits to the American producers would be at the expense of the general public, especially the farmer. The reasons for this are shown in the inclosed pamphlet.

(6) The owners of the Canadian spruce mills whom I represent have timber interests in the United States over eight times as great as in Canada. If the embargo tax would benefit our American companies, we would be for it; but we are sure it would not help them, and it would ruin our Canadian properties. Since my people are interested in this country in fir, yellow pine, and white pine, their opinion should be fairly representative.

These points and others are developed in the inclosed pamphlet to which your attention is respectfully invited. If further information is desired, I can be reached at the Hamilton Hotel.

Yours very truly,

R. C. WINTON.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shipstead
Blaine	Dill	Keyes	Shortridge
Borah	Fess	King	Smith
Bratton	Fletcher	La Follette	Smoot
Broussard	George	Logan	Steiwer
Bulkley	Glass	Long	Thomas, Idaho
Byrnes	Goldsborough	McGill	Thomas, Okla.
Capper	Hale	McNary	Townsend
Caraway	Harrison	Moses	Tydings
Carey	Hastings	Neely	Vandenberg
Cohen	Hatfield	Norris	Wagner
Connally	Hayden	Oddie	Walcott
Coolidge	Hebert	Patterson	Walsh, Mass.
Copeland	Howell	Reed	Walsh, Mont.
Costigan	Hull	Robinson, Ark.	Watson
Couzens	Johnson	Robinson, Ind.	White
Dale	Jones	Schall	

The VICE PRESIDENT. Seventy-one Senators have answered to the roll call. A quorum is present. The question is on the amendment of the committee.

Mr. LONG and Mr. JOHNSON called for the yeas and nays and they were ordered.

Mr. HARRISON. Mr. President, I do not want to discuss this matter; but the Senator from New York [Mr. COPELAND] was trying to get the eye of the Presiding Officer. He has gone into the cloakroom to answer a telephone call and will be back in a moment.

Mr. TYDINGS. Mr. President, I should like to offer an amendment to the committee amendment. After the word "measure," on page 244, line 7, I move to insert "aluminum hydroxide or refined bauxite, one-fourth cent per pound."

That reduces the aluminum tariff about 50 per cent. As I understand the matter, no aluminum at all is coming into the country at present. There is a complete embargo; and, as this is a revenue measure, we should reduce the duty so as to get a little revenue from this concern, which is well able to pay it.

Mr. COPELAND. Mr. President, it might be well to have a vote on this matter. I desire to offer an amendment.

The VICE PRESIDENT. The question is on the amendment of the Senator from Maryland to the amendment of the committee.

Mr. LA FOLLETTE. I call for the yeas and nays.

Mr. TYDINGS. Mr. President, does not the Senator from New York wish to address himself to the lumber schedule?

Mr. COPELAND. I may say to the Senator that I desire to offer an amendment.

Mr. TYDINGS. I will withdraw my amendment temporarily, in order to give the Senator from New York a chance to offer his.

The VICE PRESIDENT. The Senator from Maryland withdraws his amendment.

Mr. COPELAND. Mr. President, I desire to offer an amendment to the committee amendment on page 244, line 6. I ask the omission of the word "rough," the second word in that line, so as to exclude rough lumber from the operation of the tariff.

I assume that the Senator from Washington [Mr. JONES] will have no objection to accepting the amendment.

Mr. JONES. Mr. President, I am sorry I can not agree to the suggestion of my good friend from New York.

Mr. COPELAND. Mr. President, I am not so simple as to think that any poor words of mine could change the result so far as this proposed tariff on lumber is concerned. I know that the Senate is predestined and foreordained to adopt the amendment of the committee, but I could not consent to have it adopted without calling attention to what will happen to my State by reason of this particular tariff proposal.

New York City is the greatest lumber market in the world; and, of course, the addition of this tariff to lumber will impose a great hardship on my State. I could enlarge upon that at considerable length. I could point out the great need that we have at the present time of aiding in construction, in promoting building, particularly the building of small homes. That is one kind of building which has not been overdone in America.

Too many hotels have been built, too many apartment houses have been built, too many monumental buildings have been built. Not by any means, however, have too many homes for the people been built.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. If I recall the circumstances correctly, the Senator from New York offered an amendment similar to the one he is now offering to an amendment proposed by the Senator from Washington at the time the last tariff act was under consideration, and the amendment of the Senator from New York was accepted by the Senator from Washington at the time, with the result that the tariff act bears a duty upon lumber, sawed and planed, of a dollar a thousand, and rough lumber has been excluded. Am I correct?

Mr. COPELAND. That is correct.

Mr. WALSH of Massachusetts. The Senator is seeking to exclude rough lumber from the committee amendment at this time?

Mr. COPELAND. That is correct. The Senator will remember that I offered an amendment relating to timber hewn, sided, or squared otherwise than by sawing, and round timber used for spars, and so on, with a proviso for a countervailing duty.

As I was saying before my distinguished friend from Massachusetts interrupted me, it does seem to me that at this time, when we are attempting to improve conditions throughout the country, it is a great mistake to impose any tariff upon lumber. However, I am not going to argue that, because it is utterly useless to do so. I do appeal to the Senate, however, that rough lumber be excluded from this amendment offered by the committee.

The reason why I make the appeal is that there are in the northern part of my State great planing mills, where at the present time there is a tremendous amount of unemployment. Those mills are devoted to the planing and preparation of lumber, the basic material coming from Canada.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield further?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. I understand that there are a large number of lumber mills in the Senator's State which receive rough lumber from Canada and manufacture it in the mills in his State.

Mr. COPELAND. That is correct.

Mr. WALSH of Massachusetts. I think the Senator's attention ought to be called to the fact, if he does not know it, that the lumber dealers who are asking for this duty have not asked for a duty upon logs, but logs are to be admitted free of duty. Logs can come from British Columbia to the Northwestern States free of duty, but if the material in a second stage, namely, rough lumber, comes in from British Columbia, there will be a duty imposed. It seems to me that if the dealers in the Northwest are to get logs free of duty, there is an argument in favor of the Senator's position that rough lumber should come to the lumber mills of his State free.

Mr. COPELAND. I think the Senator is right about that. Of course, there has been no effort, and I am glad there has not been, on the part of the proponents of this plan, to impose a tax upon logs, and I give them credit for that. But I should like to have the exemption apply also to rough lumber. Sometimes the timbers are squared and partly prepared in Canada and then shipped into the United States, where the planing and grooving and further preparation are carried out in American institutions.

Before the Senator interrupted me I referred to a telegram which I received from Maj. H. Morton Jones, of North Tonawanda, N. Y. I may say, of course, that this particular correspondent of mine has no objection to the tariff upon planed and prepared lumber, but he does make this plea:

> We want free rough lumber. This is raw material, and should be free. Suggest proposing amendment Jones bill exempting rough lumber from its provisions. This went through before because of the principle that it carried out regarding free raw material.

He asked me to oppose a tariff on rough lumber. I wish I knew more in detail the statistics as to the importations of rough lumber. I have asked the Tariff Commission for them, but it seems difficult to separate the figures, and they have not yet come to my hand. I ask the Senator from Washington whether he is advised as to the amount of the importations of rough lumber.

Mr. JONES. Mr. President, I am not advised as to the amounts in the different classes.

Mr. COPELAND. I wonder whether any other Senator has those figures. I have not been able to find where they have been broken down so as to show the importations of rough lumber.

Mr. KING. Mr. President, Mr. Whitcomb, of the Tariff Commission, stated over the phone a moment ago that the softwoods; that is, fir, and so forth, came in to the amount of 386,000,000 feet during the calendar year 1931. That was dutiable. Another grade of rough lumber, the character of which I did not get, not subject to duty, came in to the extent of 287,000,000 feet.

Mr. COPELAND. Of course, the latter figure is the figure covering logs and other articles which come in without the tariff.

It is a matter of concern to thousands of employees in my State that there should be the exemption for which I am pleading. A good many of our planing-mill owners in northern New York own forests in Canada, and they bring down the raw material from which the planed and prepared lumber is made.

The Congress has always taken the position that raw material should be free of duty. My distinguished and able friend the senior Senator from Indiana [Mr. WATSON], the greatest advocate of protection on the face of the earth, has always taken the position that raw material should be duty free, that there should be the encouragement to American enterprise afforded by the free importation of raw material, that American genius and labor may be devoted to the fabricating of that material, making it into a product which could be sold at a profit. His further argument is that, having prepared that material by high-priced American labor, having insisted on maintaining our standards of American living, it is right that there should be a tariff imposed, so that our labor might not have to compete with slave labor, or serf labor, or peasant labor, or low-priced labor of any sort, in the other parts of the world.

I am not proposing, then, any new tariff plan. I am proposing one which has been our long-established rule of procedure. I have never posed as a free trader. I have never subscribed to the doctrine that imposing a tariff for revenue was the only course we should pursue. I have believed always in protection, and dozens of times have argued here in favor of protection, and perhaps some may consider my tariff record as a bad one. The distinguished junior Senator from Louisiana [Mr. LONG] the other night read my name as one of those who had voted for increases and against many decreases.

I am making a plea to the Senate for this principle, for which I myself have stood, that raw materials should be free, no matter how much we might tax the finished material, a principle which I am asking the Senate to abide by to-day.

I wish we had more accurate information as to the real significance of the proposal I make. It is not my fault that we have not that information at our disposal. But I doubt whether the interests of the Northwest would suffer by reason of the acceptance of the principle embodied in this amendment, which we have applied heretofore in all of our tariff legislation.

I ask, therefore, that the amendment which I have presented may be accepted by the Senate and that rough lumber be excluded from the tariff rate proposed by the pending amendment.

Does the Senator from Washington feel that it would be impossible for him to accept this suggestion?

Mr. JONES. Yes, Mr. President; I think we have gone far enough toward admitting raw materials when we allow logs to come in free of duty, and I hope the pending amendment will be defeated.

Mr. COPELAND. Mr. President, I am not going to detain the Senate by any extended remarks. I simply want to emphasize what this would mean. If rough lumber is taxed at the rate of $3 a thousand, it will mean that mills in my State now employing many men will be closed, as factories, as manufacturing establishments all over the country have been closed one after the other during the past couple of years.

I hope the Senate may be impressed with the idea that we should continue a long-established practice of the Senate by exempting from taxation the raw materials which go into products made in the United States. I plead for free rough lumber.

The PRESIDING OFFICER (Mr. HEBERT in the chair). The question is on agreeing to the amendment to the committee amendment offered by the Senator from New York [Mr. COPELAND], on page 244, line 6, after the word "lumber," to strike out the word "rough."

Mr. COPELAND. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote.

Mr. HATFIELD (when his name was called). On this vote I have a pair with the senior Senator from North Carolina [Mr. MORRISON]. Not knowing how he would vote, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

Mr. THOMAS of Oklahoma (when his name was called). I have a pair with the senior Senator from Illinois [Mr. GLENN]. Not knowing how he would vote, I withhold my vote.

Mr. TOWNSEND (when his name was called). Making the same announcement as upon the previous vote, I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I have a pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. BANKHEAD. I have a general pair with the senior Senator from Vermont [Mr. DALE]. In his absence I withhold my vote.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. If present, that Senator would vote "nay." If permitted to vote, I would vote "yea."

Mr. HULL. I desire to announce the absence of my colleague the senior Senator from Tennessee [Mr. MCKELLAR], on account of illness. If present, he would vote "yea." Had he been present when the vote was cast on the oil and coal tariff proposals he would have voted in opposition to the imposition of such tariffs.

Mr. GLASS. I have a general pair with the senior Senator from Connecticut [Mr. BINGHAM]. In his necessary absence I withhold my vote.

Mr. HATFIELD. I transfer my general pair with the senior Senator from North Carolina [Mr. MORRISON] to the junior Senator from Iowa [Mr. DICKINSON] and vote "nay."

Mr. SHEPPARD. I wish to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Virginia [Mr. SWANSON], and the Senator from Illinois [Mr. LEWIS] are necessarily detained on official business.

I also wish to announce that the senior Senator from Alabama [Mr. BLACK] and the senior Senator from North Carolina [Mr. MORRISON] are necessarily out of the city.

The result was announced—yeas 26, nays 47, as follows:

YEAS—26

Barkley	Copeland	Logan	Smith
Blaine	George	Moses	Stephens
Brookhart	Harrison	Norris	Wagner
Bulkley	Howell	Nye	Walsh, Mass.
Bulow	Hull	Robinson, Ark.	Wheeler
Cohen	King	Schall	
Coolidge	La Follette	Shipstead	

NAYS—47

Ashurst	Dill	Kean	Sheppard
Bailey	Fess	Kendrick	Shortridge
Barbour	Fletcher	Keyes	Smoot
Borah	Goldsborough	Long	Steiwer
Bratton	Gore	McGill	Thomas, Idaho
Broussard	Hale	McNary	Trammell
Capper	Hatfield	Neely	Vandenberg
Carey	Hawes	Oddie	Walcott
Connally	Hayden	Patterson	Walsh, Mont.
Costigan	Hebert	Pittman	Watson
Couzens	Johnson	Reed	White
Davis	Jones	Robinson, Ind.	

NOT VOTING—23

Austin	Cutting	Hastings	Swanson
Bankhead	Dale	Lewis	Thomas, Okla.
Bingham	Dickinson	McKellar	Townsend
Black	Frazier	Metcalf	Tydings
Byrnes	Glass	Morrison	Waterman
Caraway	Glenn	Norbeck	

So Mr. COPELAND's amendment to the amendment of the committee was rejected.

Mr. DILL. Mr. President, I shall not detain the Senate for any lengthy address upon this subject. When the subject of placing tariff rates in the tax bill was first discussed I believed that it should not contain tariff items. But the Finance Committee saw fit to bring into the Senate certain tariff items, and they are now here for action.

There are those in the Senate who have attempted to say that a vote for or against tariff items is a vote in accordance with or opposed to the policy of the Democratic Party. So far as I can determine, the Democratic Party has declared no policy on the subject of the tariff in this Congress except what is declared in the bill that went to the President some days ago and was vetoed. That was a bill which would have authorized the President to enter into negotiations with other countries for the purpose of reducing tariffs through reciprocity. It contains also a provision whereby the Tariff Commission would investigate and report to Congress as to tariff items. On that policy the Democrats of the House and the Democrats of the Senate were unanimous, and so it seems to me that we are confronted with the proposition that so far as this President is concerned we are to have a continuation of the high-tariff policy.

I come to-day to speak not for a special privilege for lumber but for equal treatment for lumber. I am not here to-day to ask any favors for the part of the country which

I represent but to ask that products of that section of the country shall not be discriminated against by the Congress.

I am not one of those who seek to place themselves above the demands and the interests of their State. I am not one of those who take the position that is the duty of Members of the Senate to leave conditions as they now are as a result of the Hawley-Smoot Tariff Act.

For many years this country has been the beneficiary of protection, but since the passage of the Hawley-Smoot Tariff Act it has become the victim of protection. Other countries have decided at last to use the weapon in the form of a tariff which this country has so long used against them. I have not myself investigated the facts, but I have read in responsible publications the statement that 70 other nations have raised their tariff rates in retaliation against the tariff rates imposed in the Hawley-Smoot Act.

I know that a tariff wall has been raised between the United States and Canada. I know that our neighbors on the north have used the Hawley-Smoot rates as an excuse for placing retaliatory rates upon the products of this country so high that they amount practically to an embargo.

I said a moment ago that other nations had decided to use the tariff weapon against us. They have done more than that. They have not only followed our example, they have bettered it. They have not stopped with simply levying tariff rates against us, they have proceeded to use quotas by which they determine the percentage of any American products that may come within their borders. They have used licenses; they have placed actual embargoes upon American products. Then, in addition to all that, they have decided to use depreciated currencies.

I say they are using depreciated currencies as a weapon because when England went off the gold standard, which her financial condition made necessary, the countries of northern Europe, whose financial condition was entirely sound, left the gold standard in order that they might trade with the British Empire. Thus there has been set up in the countries of northern Europe a system of depreciated currencies primarily for the purpose of trade, and not because of their financial conditions. What is the result? A depreciated currency is as perfect a tariff wall as can possibly be erected around any country, because the moment the products of a country such as ours reach the borders of a nation having depreciated currency their cost is translated into the foreign currency and the price is raised by exactly the amount of the depreciation.

The State of Washington produces more boxes of apples than any other State in this Union. I was in the apple section of the State, where apples are produced in greatest quantities, last fall when England and the countries of northern Europe went off the gold standard. During the few days I was there every evening when I would drive into one of those towns I was met with the information that orders from those European countries for several thousand boxes of apples had been canceled. Why? Because, owing to the depreciation of their currency amounting to 30 per cent, they could buy the apples from other countries at an actual cost of 60 cents a box less than they could buy them from this country. So thousands and thousands of boxes of apples that had been contracted for were not sold in those markets simply because of the depreciated-currency weapon which those nations were using against us.

I listened to the Senator from Massachusetts the other day, and I listened to-day to his argument as to the quantity of lumber that goes out of our country compared with the quantity that comes in, and his argument was that because of that difference there should be no tariff on lumber. Mr. President, lumber is a heavy product; lumber is a product whose selling price is tremendously affected by the cost of transportation; and I want to remind the Senate now that 80 per cent of all lumber imports of the United States come from Canada and 95 per cent of the softwood imports come from Canada. All along our northern border we are practically in the position of having free trade in lumber, while the Canadians levy tremendous tariffs against us.

What are the facts? Last year we exported into Canada more than $580,000,000 worth of products, and from them she collected under her new rates $122,000,000 in revenue. She exported into this country $402,000,000 of products, and for them we collected $20,000,000 in revenue. In other words, in this tariff war Canada has erected her tariffs so high that she collects from four to five times as much revenue off our products than we collect off hers.

I sent to the Department of Commerce in order that I might secure the facts as to just what Canada has done in the way of retaliatory rates upon American products. I have found that as a result of the tariff we enacted in 1930 she has increased tremendously the rates on most of our products. On apples she has increased the rate from 90 cents a box of 20 per cent ad valorem, and has also increased her excise tax 3 per cent on oranges. The United States exports $12,000,000 worth of oranges to Canada; they were free before she put up her retaliatory rates, while to-day they are taxed 35 cents per cubic foot with 3 per cent excise tax.

On canned peaches, with a duty of only $2.50 per hundred before our last tariff bill was enacted, to-day the Canadian tariff is $5 a hundred. Consequently the shipment of peaches from the State of Washington to western Canada is absolutely embargoed and prohibited. On a carload of peaches exported from my State into Canada the tariff duties collected there are $1,057, while the value of the peaches is $378. So that they have absolutely stopped our shipments there.

The duty on peas was raised from $1.50 a hundred to $3 a hundred; potatoes, which were free of duty before our last tariff act went into effect, now are required to pay a duty of 75 cents a bushel. The duty on veal was formerly $6 a hundred, and now it is $8 a hundred; the duty on mutton was $6 and now it is $8 a hundred; the duty on fresh pork was 3 cents a pound and now it is 5 cents a pound. In fact, all forms of pork, pork sides, sausage, have been raised from 3¼ to 5 cents. On barley, of which we export $7,000,000 worth, the duty was raised from 31 cents to 52 cents per hundred; on wheat, of which we exported last year $27,000,000 worth, the rate was raised from 20 cents to 50 cents a bushel.

I desire to insert here the following table, showing the retaliatory rates imposed by Canada.

Canada

IMPORT DUTIES AND OTHER FISCAL CHARGES LEVIED ON AMERICAN PRODUCTS IN PRINCIPAL FOREIGN MARKETS

	United States domestic exports		United States equivalent of foreign rate as of—		
	Number	Value	June 15, 1930	Apr. 7, 1932	
Apples, boxed	541,702	$1,045,702	99 cents per 100 pounds	20 per cent ad valorem	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Apricots, canned	1,308,167	140,388	$2.50 per 100 pounds	$5 per 100 pounds	Gross weight.
Grapefruit, boxes	354,797	1,040,820	$1 per 100 pounds	$1 per 100 pounds	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Lemons, do	198,922	981,796	Free	Free	Do.
Oranges, do	3,628,124	12,520,577	do	35 cents per cubic foot	Do.
Pears, canned	1,337,191	165,328	$2.50 per 100 pounds	$5 per 100 pounds	Gross weight.
Pears, fresh, pounds	23,647,512	1,195,026	50 cents per 100 pounds	20 per cent ad valorem	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Peaches, canned, do	8,492,138	793,061	$2.50 per 100 pounds	$5 per 100 pounds	Gross weight.
Pineapples, canned, do	6,771,676	686,773	$2.75 per 100 pounds	do	Do.
Prunes, dried, do	18,371,637	1,374,432	55 cents per 100 pounds	$1 per 100 pounds	Net weight.
Raisins, do	32,318,211	1,608,905	$3 per 100 pounds	$4 per 100 pounds	Do.

Canada

IMPORT DUTIES AND OTHER FISCAL CHARGES LEVIED ON AMERICAN PRODUCTS IN PRINCIPAL FOREIGN MARKETS—continued

	United States domestic exports		United States equivalent of foreign rate as of—		
	Number	Value	June 15, 1930	Apr. 7, 1932	
Asparagus, canned	2,090,412	$401,053	30 per cent ad valorem	30 per cent ad valorem	Excise tax, 1 per cent and sales tax, 4 per cent, increased to 5 and 6 per cent Apr. 7, 1932.
Onions, bushels	238,061	252,756	do	30 per cent	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Peas, canned, pounds	2,851,927	817,644	$1.50 per 100 pounds	$3 per 100 pounds	Gross weight.
Potatoes, bushels	1,208,291	1,200,801	Free	75 cents per 100 pounds	Net weight.
Bacon, pounds	5,455,859	802,099	$3.25 per 100 pounds	$5 per 100 pounds	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Beef, canned, do	103,633	46,695	27½ per cent	35 per cent ad valorem	F. o. b. basis.
Beef and veal, fresh, pounds	176,406	72,097	$6 per 100 pounds	$8 per 100 pounds	Net weight.
Beef and veal, cured, pounds	904,487	111,887	do	$6 per 100 pounds	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Hams, cured, do	8,817,226	1,436,062	$3.25 per 100 pounds	$5 per 100 pounds	Net weight.
Mutton, lamb, barrels	405,120	98,675	$6 per 100 pounds	$8 per 100 pounds	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Canned pork, do	526,116	197,562	27½ per cent ad valorem	35 per cent ad valorem	F. o. b. basis.
Fresh pork, pounds	523,233	76,245	$3.50 per 100 pounds	$5 per 100 pounds	Net weight.
Pickled pork, do	11,053,656	1,334,563	$3.25 per 100 pounds	do	Do.
Pork sides, do	509,453	91,354	do	do	Do.
Sausage, do	608,643	238,103	do	do	Do.
Canned meat, do	244,292	50,837	27½ per cent ad valorem	35 per cent ad valorem	F. o. b. basis.
Barley, bushels	10,708,995	7,368,521	31 cents per 100 pounds	52 cents per 100 pounds	Net weight.
Corn, do	9,700,675	9,320,225	Free	Free	Excise tax, 1 per cent, increased to 3 per cent Apr. 7, 1932.
Wheat, do	23,068,068	27,308,190	20 cents per 100 pounds	50 cents per 100 pounds	Do.
Tobacco, pounds	13,863,180	3,384,445	Free	Free	Sales tax, 4 per cent, increased to 6 per cent Apr. 7, 1932.

I mention these items to show that, as a result of the Smoot-Hawley Tariff Act, retaliatory rates on the part of Canada have been placed upon our people to the extent of being practically an embargo on the products of the Northwest going into Canada. This year I am told the result will be that $1,500,000 worth of fruit which is ordinarily sold to British Columbia will not be sold there, and consequently much of our fruit will have no market whatsoever.

Thus, under the tariff wall which exists, Canada has gradually placed her retaliatory tariffs against everything which we produce in the Northwest; and yet her lumber pours down into our section of the country almost without restriction at all. In a tariff war, then, we have no protection on this one front, namely, the lumber front, and we come here in this situation not asking a special privilege, but asking that we shall have the same kind of treatment that has been meted out to other industries.

I have listened to Senators to-day speak against this proposed tariff rate because they say it will burden the farmer; and yet in the Smoot-Hawley bill we put tariffs on farm products almost without restraint, and we are to have before us in this bill a proposal to enact a debenture plan in order to give the farmer the benefit of the tariff.

This talk about special privilege comes down to this: Are we going to leave the industries of a few sections of the country without protection or are we going to pass the tariff along all the way around. I believe in high tariff for all or high tariff for none.

If the Congress sees fit to leave the door wide open, so that foreign lumber may pour down into the States of Washington and Oregon, and yet our products are to be excluded because of tariffs that already exist, of course, our people will be helpless to resist; but I can say to you now, Mr. President, there are many people in the Far West to-day who, in the face of this situation seriously ask one another, whether, if this Government is not to protect its people and their industries, they would not be better off if they were a part of the Canadian Dominion? We find ourselves victims of a tariff policy that protects other commodities in this country; we find ourselves victims of retaliatory rates; and we find our own industries without protection.

Something was said the other day by the Senator from Oklahoma about the suffering of the people in the oil sections because of the lack of employment. On the North Pacific coast lies the great city of Seattle, with normally about 150,000 voters. I have had letter after letter within the last month saying, "We are feeding to-day 60,000 people." That is because there is no labor for the people there, due largely to the closing of our lumber mills and our shingle mills, all as a result of this free lumber that comes down on us from Canada. I say to you, Mr. President, that the lumber industry of the Northwest, as a part of this country, is entitled to the same kind of treatment as has been meted out to the shoe factories in New England, as has been meted out to the woolen industry of New England, as has been meted out to the hat industry of the Atlantic coast, and as has been meted out to other industries all over America.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Maryland?

Mr. DILL. I yield.

Mr. TYDINGS. The Senator stated that the Senator from Oklahoma said that there was great unemployment in the oil fields. I am not an oil man, but I should like to ask the Senator from Washington is it not a fact that the only way to bring about employment in the oil fields is to drill more wells? After a well is drilled, of course, and connected with a pipe line the employment around the oil well practically ceases; so the only way to make employment in the oil fields would be to drill more wells, and that would simply make a bad situation worse.

Mr. DILL. I am not here to argue the oil question; I am not fully informed about it; but I am here to say to the Senator when the mills of the Northwest are operating 20 per cent of full capacity and 40 per cent what they were operating in 1929, when we had the tariff bill before us, and that 80 per cent of the total imports of lumber come from Canada and 95 per cent of the softwood comes from Canada, and that the section of the country which I in part represent is the spearhead of that importation, that if we put on this import tax it would at least give our people the home market. We have almost sufficient lumber now cut by the mills and in the yards to supply the people of this country for the next year if we did not cut any at all. Because of that, and because of the competition, a tariff on lumber will not increase the price, but it will protect the market in this country for American lumber.

Senators talk about wanting to prevent a tariff on lumber because it will increase the cost of the building of homes. Sir, if you will take the tariffs off all other things that go into the building of homes, you will be in position then to ask us not to request a tariff on lumber; but the Congress has put a tariff upon cement; it has put a tariff upon asbestos; it has put a tariff upon practically everything, including lime, that goes into the building of homes; and yet the people of the Northwest are asked to continue to pay high prices for everything they buy, protected as other commodities are by high tariff rates, but that they themselves shall have no protection for a product which is the backbone of the economic life of the great Northwest.

I saw Senators stand upon this floor some days ago and heard them say that they acted only in the interest of the Nation; that they did not represent any special interest in their States. Well, sir, I speak not for others, but, as for myself, so long as the people of the State which I in part represent do me the honor to send me to this Chamber, I shall make it my chief business while I am here to represent them and the industries in which they are engaged and which they manage when they deserve such representation. The first duty of a Senator in this body, it seems to me, should be to look after the interests of those people whom he represents, when they are being unjustly and unfairly treated. If we came here and asked for a special privilege in favor of lumber when like protection is not given to other products, then, indeed, would we be asking the Congress to tax the Nation in our behalf, but when the Congress has placed taxes upon practically every other important product in America, with the few exceptions covered by the items in the pending bill before us to-day, we ask Congress to give us the same kind of treatment that is accorded the other sections of the country.

We may be a long way from the city of Washington, and we may be small in numbers in comparison to the population of the East and the Middle West, but we live in as fair a land as any over which this flag can float. We live in a land that looks to the future. We live in a land that faces the Orient and that faces the great Pacific, which will be the trade center of the world in the generations ahead of us. We come here representing those people, and we ask you to do for us in the product which is the backbone of the economic life of the north Pacific coast what you have done for long-staple cotton, what you have done for the hat industry in this country, what you have done for the shoe industry. I am sorry the Senator from Massachusetts [Mr. WALSH] is not here, but I notice in the reports on industry that the shoe business is the one business in this country that has increased 6 per cent over last year. Six per cent is a small increase, it is true, but it is an increase, while the lumber business of the Northwest has decreased nearly 50 per cent in the last year.

So I say we speak not to-day for a special privilege; we speak here for equal treatment. I say to my Democratic colleagues, because we are opposed to a system which we believe gives special privileges to the industries of the country, are we who are Democrats under this system to vote against protection to our people while all the rest of the country is given protection? There is no equal opportunity in that, Senators. That is discrimination, a discrimination that can not be defended or excused in a country like ours.

The fact of the matter is that the great Northwest has been caught in the tariff trap, which, on the one hand, makes it impossible for our people to ship our normal exports of products into Canada, but, on the other hand, leaves the gate wide open for Canada to export her lumber upon us. What justice is there in a system of tariff war whereby Canada collects $122,000,000 from the products we send her and on an equal amount of products that come from Canada we collect but $20,000,000?

I do not want to delay the Senate. I do not want to take an undue amount of time. I can only repeat that in asking you for a tariff on lumber, we ask to be placed on a basis of equality with other products in this country.

We are not satisfied with giving the farmer a tariff upon the products of which he exports tremendous quantities and imports none at all, but we are going to give him the debenture. We Democrats have been most anxious to do that; but when it comes to the lumberman, it is a terrible crime that we will put anything on lumber and protect the people who produce lumber, when we have protected the people of every other State and practically every other part of the country on the products which they produce.

Is this a country in which you will discriminate against those sections which do not have a majority representation in this body, or is this a country where the representatives in this Chamber will give equal treatment to every section and every industry, whether it be represented by large numbers or only by a few?

Mr. ASHURST. Mr. President——

Mr. DILL. I yield to the Senator from Arizona.

Mr. ASHURST. I have listened with great interest to the able speech of the Senator; and he is, in my judgment, on sound Democratic ground. One of the greatest Democrats who ever lived uttered the statement that "The benefits and the burdens of government should rest equally upon all industries"—the benefits and the burdens.

Mr. DILL. Since the Senator speaks about my being on sound Democratic ground, I desire to call attention to the fact that there is not anything new or unusual about having a tariff on lumber, or on coal, or on oil, or on copper. They have been in tariff bills ever since we began to write important tariff bills.

The one tariff law in the history of this country that is held up as the ideal Democratic tariff bill of all history is the Walker tariff of 1846, drafted by Secretary Walker of Mississippi and signed by President Polk of Tennessee. That tariff bill contained a tariff on lumber. It contained a tariff on coal. It contained a tariff on oil. It contained a tariff on copper. Why? Because it was true to the Democratic principle that you should not discriminate against any one industry; but that if you put a tariff on one set of products, you should pass tariff protection around.

What right have you, as Senators in this body, by your votes to say that the people whom I represent in the great Northwest shall pay the increased price which a tariff necessarily adds to the cost of what they buy, but that upon the product of the dominant industry which we have and the products which we produce there shall be no tariff at all?

If that were a Democratic doctrine, I should be the first to denounce it; but the history of the Democratic Party shows that it has not been in the past, and it is not to-day the doctrine of men who understand the principle of equal treatment, who understand the principle of discriminating against none at all but giving all an equal opportunity.

Then in the tariff law of 1857, signed by President Buchanan and approved by Secretary of the Treasury Howell Cobb, of Georgia, we find tariffs upon oil and coal and lumber and copper.

In the revenue acts of 1861 and 1862, signed by President Lincoln and approved by Secretary Chase, we find tariffs on these products.

In the revenue act of 1865, signed by President Johnson, a Union Democrat of Tennessee, and approved by Secretary Fessenden, of Maine, we have another bill with a tariff on these products.

And so I might come on down through tariff legislation. Up until about 20 years ago we have always had a tariff on lumber. Why? Because the men in the House and Senate have said by their votes, "If you are going to put a tariff upon the products of one set of our people, the rest of the people of this country are entitled to equal treatment."

So I stand here to-day and plead that if New England is to have protection upon what she produces, if the South is to have the protection she wants, and if the Middle West is to have protection upon the products that are the backbone of her economic life, I beg you not to discriminate against those of us who live in the Far Northwest, who may be few in numbers, but who have our rights, we believe, under this country's Government, who are entitled, we believe, to the same kind of treatment that you mete out to other sections of the country.

I ask unanimous consent to insert in my remarks certain explanatory tables.

The VICE PRESIDENT. Without objection, that order will be made.

COMMENTS ON PRESIDENT HOOVER'S LETTER

Mr. HARRISON. Mr. President, I desire to divert the attention of the Senate from the lumber tariff for just a moment.

We have heard much of efficiency and economy. On yesterday the President issued a letter to a Mr. Richard S.

Parker, said to be president of the American Society of Civil Engineers, of New York, giving his views at length upon the relief measures and against bond issues.

We have been very generous to the White House in making appropriations for an increased personnel up there. I believe other Presidents have had 1, 2, and 3 secretaries; but we were generous to Mr. Hoover and we have given him 4 secretaries. It is strange, however, that there is not more efficiency up there than there is.

There is no such man as Richard S. Parker. The letter is addressed to Mr. Parker as president of the American Society of Civil Engineers, New York; but no such man is president of the American Society of Civil Engineers in New York. Where the President got his letter from or how the mistake was made, nobody knows. It would seem that the President, being an engineer, ought to keep better tab on who is the president of a great organization like the American Society of Civil Engineers. Mr. Richard S. Parker, however, is not the president. Whether somebody wrote to the President and asked his views on this question and signed his name as Richard S. Parker, Mr. Parker not being president of that great organization, we know not; but Mr. Herbert S. Crocker, of Denver, Colo., seems to be president of the American Society of Civil Engineers. There is some inefficiency somewhere. Somebody has made a mistake.

Mr. JOHNSON. Mr. President, may I ask the Senator from Mississippi who is the mysterious Mr. Parker?

Mr. HARRISON. Nobody seems to knew whether there is such a man as Richard S. Parker.

Mr. JOHNSON. Oh, there must be. I was just curious to know who Mr. Richard S. Parker is; that is all.

Mr. HARRISON. We have not been able to find out who Mr. Richard S. Parker is. Where the idea came from, nobody knows.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10326) to provide revenue, equalize taxation, and for other purposes.

Mr. LEWIS. Mr. President, I did not rise at this particular moment to address myself to those vanishing ghosts to whom the Senator from Mississippi [Mr. HARRISON] has alluded, and as to whom the Senator from California [Mr. JOHNSON] has sought definite information.

I myself have doubted the propriety of these "letters" which from time to time go forth from the heads of Government addressed to some incidental person living, or to some mythical, imagined authority, to communicate through that indirect, subterranean method an insinuation or intimation against the Congress of the United States.

When this Government was established, and from that time on to the present administration, it had been the course of a regulated authority for the President of the United States, if he wished to communicate with this body, to do so by direct communication. This would in terms disclose respect to Congress, and expecting, as he might, a proper and due obedience to him. The eminent Senator from Oklahoma [Mr. GORE] adds the expression "assuming responsibility for his communication." I add to that the facts that we then do take the full responsibility for our subsequent action.

Mr. President, I do not understand this system of indirect, circumlocutory communication through hearsay evidence with the tribunal of the United States Senate.

Mr. LONG. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. LEWIS. Yes.

Mr. LONG. If the President knows of no one who wants the President's opinion, what harm can there be in his getting up some name so as to have it appear that there is somebody who wants it?

Mr. LEWIS. I can not exactly answer the Senator unless I quote him the famous line of the bard which expresses it:

> What's in a name? That which we call a rose
> By any other name would smell as sweet.

[Laughter.]

But, Mr. President, what I wish to declaim against as a mere American citizen proud of his citizenship and one now honored for the second time with membership in this body from a great State, representative of an American people, is that custom which has stolen in and become the habit of those in power of addressing communications, sometimes to a bankers' committee somewhere in our land, sometimes to a personal friend in the State of California or New York, sometimes to the president of an association who we have just been informed has no existence, and in such communication setting forth in long essay and in most elaborate and perplexing discussion conjured problems feared to arise, thus endeavoring either to admonish the Congress to halt in any undertaking or to intimidate Congress against proposed action set forth in some projected program.

Mr. President, if this course of public communication shall be the continuing program of the Government officials, there will be no continuing need of the provision of the Constitution which calls on the President of the United States to address the Congress at appropriate times and to set forth what he feels is necessary to be done for the welfare of the Nation. A President may address himself to a neighbor near by him; or, after the order of the new form of journalism, by "hanging the bell on the cat." The practice can produce great evils and its custom can create contempt for the legislative body.

When this letter appears—it appears for the first time in the public press. It seems to have been prepared by some one for the President—and to come forth at this particular time. It is at the time immediately after there is published in the public papers of America that two sources in the House of Representatives, one presumably represented by what are called the Democrats, one by what are called the Republicans, have under contemplation a system of relief to the American people through the issuing of securities of the Government and floating them before the world on their values and their merits.

At the same time there went forth from the United States Senate a statement that a committee of Members had visited the President and, through the voice of one designated as the leader of the minority in the Senate, presented to the President the view of those gentlemen speaking for the minority. On a day following, I might add, from the majority section of the Senate, the Republicans, there were extended through the two voices representing them, giving their views similarly to that of the House as to the form of necessary relief, namely, the issuing of securities of the Government, obtaining money upon them, and having it applied to relief of States, cities, and communities for the care and preservation of its needy and oppressed citizens. All this in such manner as the laws of the country justify and the needs of our fellow citizens command.

I dare say here in my place that if the President of the United States had not said to these gentlemen that the method and system proposed in some of the forms as suggested met with his approval, and giving to the whole subject his announced acquiescence if the amounts proposed were reduced, there would not have gone farther a single step by House or Senate to the end that was promised in the issuing of these Government securities in behalf of the American needs as they are now expressed.

I ask this: What particular good does the distinguished President of the United States fancy he and his great office achieved by first holding out the hope of refuge to those vast masses and millions who, standing paralyzed in their need and palsied in their hopes, are turning their eyes to the White House in anxiety and to the bodies of the Congress in their doleful and depressed cry for relief, then being lifted up to the light of realization, then their soul beam-

ing in joy, are suddenly by the President cast down and denied their relief? These patient, oppressed people are thus encouraged by the President of the United States in person, and while this is pending there breaks to their vision and strikes on the ears of the Senate and to the eyes of the civilized world the veto of the President of the United States of his own declaration in private letter to an assumed friend of mysterious existence.

The President addresses no message to the Congress, those who, it was understood, were calculating this measure of relief. He addresses no word of warning to the Senate against the measure. He tenders no admonition or advice to his legislative colleagues. He seeks in no wise to aid us. He rather presumes to hold up to the world his condemnation of any system proposed by Congress that it might go out to the country that this combination of ignorance of statesmanship and want of patriotism called the United States Congress has been trifling with the people. That they have presented a theory of relief which to the President seems so senseless and in its execution so ridiculous that he writes the humblest man in the country to give the design his contempt and disdain, rather than to dignify his opposition by sending a message to the Congress of the United States. The author of the project ought, in message to the Congress of his country, to have exposed its faults, if it had any; proposed its remedies, if he sought any, or if he cared to treat with dignity the body of Congress which was now cooperating with him in every form that dignity of manhood and decency of official life commanded.

The official conduct of writing these letters to give the public to understand in what contempt the President holds the Congress and how he disdains any suggestion of remedy from them should come to the end. The President should be called upon to realize and confess that—he may realize that now—at all the time of the session we are seeking to cooperate with him in every form that makes for harmony in the dealings between the agencies of the Government, we being a Union which avoids every form of partisanship. It is wrong for the President to take this form or method of circular action, that compels us to respond against his assault and justify ourselves in the discharge of our duties, which unconsciously on our part may dishonor him in the accusation that he has done that which neither the dignity of his office can license nor the honor of his position justify.

Mr. President, if the President of the United States did not feel that this system which was proposed had any merit in it at the time it was presented to him and which he thus approved—as we show from the record—if, instead of saying, "I differ merely as to the method; I am doubtful as to a part of it, but will recommend it in modified form and give it my approval," he had said, "It can not meet my approval for the lack of a virtue" which he felt it wanted, we would not have gotten to where we would have promised this great class, I may say this army, sir, of the miserable hopefuls. We would not have played the trick upon their fancy, we would not have deluded their expectations, nor would we have been put by the President before the world at large, before the civilized parliaments of earth, as being a body of legislators who, having held out the theme of hope to this people, approved by the President, then denounced and held up as unworthy of consideration, of even conference, by the President—choosing as the avenue of his communication the humblest man—and now the unknown and hidden, rather than descend and condescend to recognizing the contemptible Congress of the United States—sirs, I ask, are we not the equal of the President in government for the conduct of the affairs of our country?

Mr. President, I have been one of those—and I commend to my honorable colleagues who are generous enough to hear me that there are no exceptions in my course—who have offered complete cooperation with whatever the President desired. There has been no time when the Congress of the United States, or any Member of it, has addressed any communication to outside sources for the purpose of having it published, that might reflect on the President, nor have we cast upon the splendid party with which he is aligned any reflection. Therefore I am at a loss to understand what has incited the President to this particular course, which, with some parallels in later days, has no precedent in the history of governmental propriety, it has none in the parallels of honest statesmanship. Mr. President, I leave this portion of my discussion to its own recommendation. I proceed to the question which is being discussed and presented by Senators around us, designated as the tariff. While I bemoan the attitude of the President of the United States on the theme I referred to, I can not bring myself to punish the assault he makes upon the dignity of this body and the contumacy he casts upon the membership of the Congress—by obstructing whatever course he would feel was necessary for the welfare of the whole country, particularly at an hour when its peril is so great and its call and demand are so heavy as should call for statesmanship without partisanship—and obedience without stint.

I would like to bring to the attention of my colleagues that we are forgetting that we are in a completely new day. This is not the era of the tariff when there was an issue between one set of gentlemen called Democrats, to whom was ascribed the theory of ancient Mills and Cobden of the English Government, which we speak of as free trade. Nor are we in that other era, when there was created the theory of government pursued by Disraeli and the English Government, after having been recommended by Hamilton of America, called protection, advocated more completely in the American policy by Henry Clay.

We have passed beyond the time when these particular differences, as first expressed from the statesmanship of the older school, can be given application. In the language of the ancient Scripture, we can exclaim:

And behold, I saw a new earth.

In every tariff measure, sir, which you have seen since you have lived, and I speak with deference to the great and distinguished Senator who now presides [Mr. MOSES], and, every Senator who does me the honor to hear me, including my eminent friend and authority on the tariff, the chairman of the Committee on Finance, the senior Senator from Utah [Mr. SMOOT], through all the days in which were created these measures, we were a debtor nation. Every tariff then had to be adjusted upon the basis of such preparation of our instrumentalities and commerce as guarded us against those States which, putting us first in debt, then could invade us by the unlimited form of shipments to our country of their produce, and to that extent shut off the possibilities of our own manufactures.

To-day the conditions are reversed. To-day, while gentlemen are discussing tariff, let it not be forgotten that we are now for the first time under any tariff bill that was ever created or presumed to be created in America, the first creditor nation of the earth. Taking altogether the war debts, the commercial obligations, and debts incurred in individual instances from the different parts of the world, including Asia, South and Central America, and the seven great countries of Europe, there is due to this country, including interest upon the debts, $50,000,000,000.

It will readily be seen, Mr. President, that therefore our method and course in respect to levying duties must be shaped with two objects, one to obtain revenue to maintain the instrumentalities and machinery of the Government, the other to even opportunities of competition between our country and the various countries of the world, and that of the world lands with our own.

Fortunately for us, sir, we are in a position the like of which, having not previously experienced, we can only now experiment, but which test promises us something of complete favor and advantage. You distinguished Members of the Senate whose eyes I see flash great interest for your agricultural section, you will note that the question for you has become very problematic, and you see in some new process some new relief. Therefore I ask, Have we not now reached the point that the Tariff Commission, acting as an agency for the Government, could ascertain the need which America has for any form of product that our Nation does not itself produce, and then, sir, with these duly listed, contract for them from those countries which are in debt to us?

This system will give them credit upon the debts they owe us for the materials which have been proportionately chosen to be used in our land to the extent wherein we do not ourselves produce sufficiently. In that manner we enable our foreign debtors to pay their debts in proportion, and thus give them credit, while in the meantime we lose nothing as against them in competition, sirs. In addition to this we enable these debtor nations to spend their money in purchasing from us such necessities as we have which they need and can not on their own land produce. We bring trade to the United States.

Therefore it will be seen that instead of the old system which we speak of as retaliatory tariff in the form of protection or that which is designated as free trade, we are for the first time upon the basis of a mere exchange with the power of doing it upon the simple treaties of the ancient old line, familiar to us in our old English history:

A this for that; or
A tit for tat.

A system is here expressed by which the question for us now is, on each of the articles presented for consideration, what course should best be taken for the due preservation of them and justice to the others? Let us abandon the theory that in the past we have had certain political creeds or certain political party doctrines which out of a consistency that Emerson well describes as "a hobgoblin of little minds"—that we still cling merely through that system of habit. Let us turn our attention to consider each of these items as best could be in order that we assure advantage to the interest of all those who are concerned.

Mr. President, may I at this point bring to the attention of my colleagues what I feel is a very serious subject and one necessary to be gravely considered. We can not have tariffs of any nature between ourselves and foreign countries without waking some form of retaliation for the attempt to continue the system upon the old prices as they existed at the date the tariff measures were constructed.

The time has now come, Mr. President, as I see it, expressing very deference to my honorable colleagues in any difference that they may have, when America must now be courageous enough, looking toward the peace and harmony of the nations of the world, seeking their friendship for ourselves, to announce that the time is now when all of the debts of those foreign lands should be adjusted in their partial payment now due on the prices of the present day, and assess the products of those lands with which they must pay their obligations, not upon the prices as they were adjusted at the time of the readjustment of the obligations, for if these latter shall continue in their very high prices it will be impossible for any of those lands in this era to rise, survive, and prosper.

By the system we now suggest, Germany will be able to designate her payments and comply with them as they have been laid out in the contract to the full quantity, but upon the basis of the prices which obtain for her materials in the present era of world status. We of the United States would thus behold her obtaining the benefit of a policy generous merely because it is right in the ordinary course of the exchange of affairs concerning which the eminent gentlemen around us have presented their views on the tariff as the basis of their point of view, however differing it might be from any expressed in the past.

Then, sir, let those nations owing us likewise understand from us that the partial payments due us are likewise to be treated upon the same basis of the reductions of the prices of their materials from which they must earn or through which they must pay just exactly as we are compelled to do. We are to consider the reductions in the prices of our materials, the small pay obtained by those who work with their hands, the little that is being obtained as a result of their venture; and as we seek to qualify, modulate, and apply our conditions to this new, though unhappy, situation we should consult the world in the same spirit and lead it on our own behalf, not to a canceling of debts, not to a violation of obligations, but to a treatment of them on such basis as the new change of affairs would justify. By this we may retain their friendship, hold their confidence, and continue in having those who would patronize us wherever opportunity would afford, in that kindness of attitude rather than one of constant retaliation and sullen anger and national revenge.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. With pleasure.

Mr. SMOOT. I would like to learn, if I may, just how far the Senator would like to go in the plan he just mentioned. Let us take, for instance, Italy. We made a settlement with her, by which she agreed to pay us between eighteen and nineteen cents on the dollar. Not only that but we carried it over a period of years covering many, many years.

Mr. KING. Seventy years.

Mr. SMOOT. I think it is 72, but I was not going to mention the exact number.

Mr. LEWIS. I am not unacquainted with that matter. I am waiting for the Senator to proceed.

Mr. SMOOT. Do I understand the Senator to mean that after giving or forgiving Italy 82 per cent of the actual money that we advanced to her during the war, we now ought to say to Italy, "The goods that you are now making have decreased, from the period at which the obligation was made, 50 per cent, and therefore instead of paying us 18 cents, you may pay us but 9 cents?"

Mr. LEWIS. The Senator does not seem to see, doubtless due perchance to my misfortune in not having conveyed my thought, that I am asking that the payments be made at the present time, and would be in themselves regulated to meet the less prices upon them not as relief but as proportionate payment to the whole; otherwise, as I said, no cancellation, no wiping out, but it is all to be paid. But we give them a chance to pay such proportion of the payment due now as the conditions of their prices permit, leaving the remainder due to be paid under such rising conditions as we hope will come to all of their lands, and likewise our own.

Mr. SMOOT. Of course, we gave them long, long years, and we gave them in this settlement the right to have an extension if they could not meet the yearly payments. I do not want the Senator to think I am going to enter into any question of discussion of whether the settlements were just or whether they were overburdensome. I do not, of course, think they were the latter. I think we were very fair when we said to France, "You can pay us back in 40 years at so much a year, and we will forgive you one-half of all the actual cash we advanced to you during the war period, not only of what we advanced before we were in the war but of every dollar that you borrowed during the war and secured from us by way of loans."

What I want to know is whether the Senator really meant, by the words that impress me which he uttered, that we should further approve of cancellations on account of the decrease in the value of products, and that we are to take those decreases and credit the accounts not by the prices of to-day but what they were at the time we made the settlement. I may be mistaken in the idea.

Mr. LEWIS. I am glad the Senator brought out any doubt he had, as I prefer to make it clear. I insist, with reductions in everything they produce and a certain quantity of money due at a certain time, which can not be paid unless they can get something for their products to pay it, that where the conditions are such they can not possibly raise it to the exact date when it is due, the proportion be accepted as a temporary alleviation to-day, because of the lessening of their prices, and leaving that still due to be paid at the first opportunity under conditions having due regard for their conditions as well as our own.

Mr. SMOOT. That is exactly what we did in the settlement with France and all other countries. I do not think there is a nation on the globe that has ever treated her creditors as well as the United States has treated hers, and I am proud of it.

Mr. LEWIS. I belong to the other thought. I feel that the United States went to an extent in those settlements unjustified. We lost sight of our rights to the money, we yielded to those who had no right to make the command, and instead of receiving gratitude and appreciation from them, their vengeance has thrust us through with every spear of retaliation until the body of our great country is bearing still the scars of their blades.

Mr. SMOOT. I agree with every word the Senator has uttered. I had reference to our leniency in the settlements. I happened to be a member of the War Debt Settlement Commission. On the basis that we settled, we tried from every known source in the world to find out the actual financial condition of each country, and simply to ask each one to pay what its financial ability at that time would enable it to pay.

Mr. LEWIS. I would like to make clear to the particular Senator, conscious as I am of the great activity he has given—and may I add, meaning no adulation to him—the valued study in the establishment of these different matters of tariff and international debts. May I inform the Senator that I bore some small relation to the matter. I was in France when the officers of the French Government had assembled there to report upon the splendid work of the Senator and his colleagues here. When Baldwin, for Britain, reached England I was serving in a minor capacity at London. I realize that this Nation in those days, according to the prices of those days, extended a generosity which I felt held no parallel in the history of the nations of the world.

But I do not want to disguise from the particular Senator to whom I am speaking now that I have a motive behind my proposition which I wish to clarify to him and to the Senate.

If we can, with justice to those nations, so temporarily reduce the amount of the payment which is due at this time and immediately, according to the prices which they receive, we enable them to take the remainder of the money which they have, exempt them from complete exhaustion, and spend it with the United States. If we can but give them the opportunity to pay us, according to prices now, such proportion and accept the proportion, the remaining sum of money which they may obtain and which I flatter my countrymen we will get in payment for new products, we thus give to our commerce a new life of shipment to export and revive the trade that was languishing and died—a death that has left us in the unhappy condition which the honorable Senator, the chairman of the Committee on Finance, has himself so well pictured as our commercial condition when he presented this revenue bill to the Senate.

Mr. SMOOT. In other words, the Senator feels that a partial payment on their part under the conditions that exist in those countries to-day would be a further favor, but with no idea that there should be a further extension of that favor or that the amounts should be forgiven, but should be paid at a later date?

Mr. LEWIS. Completely, I feel that the money which we allow them to hold and do not require them to pay upon a vast debt will be extended to us in America and enable them to purchase from us the necessities which they command and need for their people, through which we will obtain the benefits in a renewed and revivified commerce of the United States.

I go one step farther. I feel that such a course would tend to awaken a new form of harmony, something of a new communion, of a reviving attitude of brotherhood so far as nations can possibly construct it and in theory maintain it. It is because of that, among other things, and hoping for the least expenditure on armaments and the least as to armies, recognizing the necessity of the national defense, that I feel that all these reliefs would be greatly contributed to and largely developed in our favor if what I suggest could be carried out with propriety to all nations and with practicability to our people.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. LEWIS. I yield to the junior Senator from Utah.

Mr. KING. I ask my learned friend if he perceives anything in the attitude of the American people to-day, particularly as their attitude is manifested in the Senate of the United States, that looks with any degree of tolerance upon the suggestion which he has made? In other words, does he not find a reactionary spirit upon the part of Congress and in many of the American people under the influence of which we are determined to erect barriers prohibitive of foreign trade and commerce? In 1918, 1919, 1920, and 1921 our foreign commerce was approximately from $12,000,000,000 to $14,000,000,000. For the last calendar year it scarcely aggregated $5,000,000,000, and for this calendar year it will perhaps be less than $4,000,000,000.

Has not the Senator seen manifested here in the Senate a spirit hostile to trade and commerce? Has he not found here a spirit which prompts us to pass measures that will further restrict our exports, as well as our imports, and ultimately eventuate in the erection of a Chinese wall around the United States, so that we will have but little if any trade and commerce with the rest of the world?

The Senator now is pleading for a policy which ought to commend itself to humanitarians and to statesmen and to those who believe in some sort of world solidarity, but does not the Senator find in the United States and in the Senate something that repels the suggestion which he makes and a sentiment in favor of locking the United States in a sort of water-tight compartment?

Mr. LEWIS. Mr. President, I conceive in my acquaintance no gentleman who has appraised with more accuracy the attitude of foreign nations than has my eminent friend the junior Senator from Utah. His late travels through Russia, extending up to the Holy Land, and his touch with the great commercial nations of Europe lately, qualify him to a remarkable degree, to an extent far surpassing that which blesses others of us; yet I can answer him by saying that it is my judgment that the conditions to which he alludes were really brought about by the foreign nations themselves; and I now will give him the schedule.

At the close of the World War there came a time when we could demand some payment of the debts they owed us. We were surprised, and I am sure our citizens were horrified, that eminent statesmen of foreign lands would arise in their public places and denounce us as though we were highway robbers; that we had become of late brigands on the road of civilization. In one of the parliaments we were designated as "Uncle Shylock" because of the mere request, and in another it was said that we were seeking to rob their government; that we had come into the cause of the war in order to make money of them. To the young generation in those nations we were held up as unworthy of the respect of mankind and of those who would give voice to that Christian thought that my eminent friend, Senator KING, so aptly describes.

When this occurred, Mr. President, and there was disclosed this attitude and this unhappy temper of enmity to those who had been so generous to them—so generous as not only to afford them our treasure without limit but contributing the streams of blood of our dying soldiers—falling upon distant fields in their behalf, all to their service and rescue—this conduct of ingratitude naturally awakened some sentiment of response, which took the form of retaliation on the part of Americans, and it may be that the courses they adopted in the forms of legislation, to which my eminent friend alludes, took on some atmosphere of the expression of that natural resentment, and may have gone so far as to have worked the result which my eminent Senator fears he sees in the present impending condition of our Nation. But this much I add, that if now we can disclose to the people of these nations, to their younger generations who have come forth since the World War, no longer tinctured with the hate that seemed to embitter and curdle the spirit of their ancestors, we will awaken in these a spirit of approval, one of kindly cooperation and, to the extent that it can be aroused anew, that which is due us of some legitimate cooperation in the friendships of mankind and the justice of nations.

Mr. President, I have occupied more time than was my intent. I wanted to throw forth two suggestions. One was what I thought was the unfair and indefensible attitude of the President of the United States to his colleagues who had been serving with him so faithfully and without the slightest dissent of party politics or any form, sir, of opposition whenever he sought their cooperation. I gave an expression of the thing which I felt that the letter or promulgation that went abroad to the world was addressed to some private character who seems to be so insignificant or unknown to humanity as not to be located in a directory of any civilized community, and that nobody at this time can through any form of investigation identify. But, apart from all that, sir, it seems to me that the President sought to mantle most completely, may I say, the contempt and the attitude of infinite smallness he bore to our body by choosing the least and most contemptible source to which to express his feeling of design against anything which we were contemplating to perform.

Having expressed that view, sir, I then moved on to bring to the attention of my honorable colleagues the final thought. It is, sir, this: Eminent gentlemen here may discuss the matter of the different schedules of the political tariff; I am not qualified to do so. I belong to a school inwardly that feels that the tariff question is a business one in this era and should be regulated as rates of the water and light companies are regulated, on the one hand, and freight rates on the other; all according to the subject matter under consideration. I observe one of my brother colleagues who served in the House with me. He will not forget that from the State of Texas there was a lovely gentleman by the name of Kleberg. With him was a colonel, who represented the San Antonio district. May I be so bold, sir, as to say that you, Mr. Vice President, in your genial service, filled with great and often brilliant achievements in your service in the other House, you will perhaps recall the colonel who represented the San Antonio district.

Mr. KING. It was Mr. Slayden.

Mr. LEWIS. I thank the Senator; his name was Slayden. They had not been able to agree to a tariff on wool. Colonel Slayden received an inflaming letter, which read:

> You are ruining yourself; you will never be elected again because of your refusal to vote for a tariff on wool; the sheepmen are done with you. I am your old friend and advising you of the danger you have put yourself in.
>
> (Signed) EZRA WILLIAMS.

I think Representative Kleberg and the colonel were greatly disturbed and came before us in the committee, and their perturbation was so great that all of us felt keenly that they should suffer so much in mind. But in a few minutes he came back before us radiant in countenance, and he held in his hand a telegram which read:

> Don't pay no attention to my letter on the tariff. I just sold my sheep.
>
> EZRA WILLIAMS.

[Laughter.]

The tariff had become so personal that I think of the shade of poor Hancock walking the avenues of life throughout our land and recalling that in the day when he ran for the Presidency he had uttered the expression and the theory that the tariff was a "local issue," which buried him in the estimate of my eminent friend and brother from Pennsylvania [Mr. DAVIS] and of all those who believed the tariff was a national construction. Now as we look upon the situation to-day and gather it as it has manifested itself throughout this debate we are compelled to salute the ghost of this eminent dead and recall him as a wondrous philosopher.

Mr. President, I conclude; I have threatened to do so; I shall now carry out the threat. I feel in this discussion my eminent friends on both sides of this issue are compelled to surrender any conviction of tariff doctrines to the purpose that they are called on to provide revenue to accomplish that of which we hear so much, namely, to "balance the Budget."

I know Senators have heard me allude to the expression. I have been fascinated by it; it has been a creative invention of late; it has served all purposes; it has established a virtue of statesmanship in the men who pronounce themselves on the public rostrum as favoring "the balancing of the Budget," as it has brought condemnation upon the heads of those who decline to favor it. Some system may be suggested to do what is called "balancing the Budget," but neither of the eminent gentlemen, the one who may be hoping for the bright glory of its fulfillment and the other, who may fear the disobedience of it, knows what the "balancing of a budget is." Neither knows what the "Budget" has in it. Neither knows what would balance it. Why? Because the President has not at any time sent any correct estimates to the Houses of Congress. Not that he would mislead them, but those who give him counsel and advice which he is called on to follow did mislead him. There was never a time when there was an accurate figure by which they would know what is in the Budget. There never was a time when they could ever know what particular figures would balance the Budget. Not only has the Budget remained unbalanced, but the administration continues unbalanced.

That unhappy unbalancing, may it please you, sir, has put us in such a state of general uncertainty that we are now hanging, as it were, upon branches that sway to and fro with the winds of those who lift up their voices and cry out with melodious and mellifluous expression, "Balance the Budget." [Laughter.]

Mr. President, I realize that as fast as we do one thing there is a demand that we should do another. May I be pardoned, sir, for a personal reference? During the World War, as I was bringing home some soldiers of my command, I was torpedoed in the sea. With others accompanying me, I was put in a sanitarium. Next door was a sanitarium which seemingly had been that of a specialist for lung disease. It happened that some distinguished statesman of Switzerland had died from a lung malady in that sanitarium, which seemed to have very much disturbed the reputation of the sanitarium. It was taunted very generally upon the failure of the cure, when the next day there came out a large placard in front of the building with the following complete excuse and exoneration:

> It was not the cough that carried him off,
> But the coffin they carried him off in.

[Laughter.]

Unfortunately for this administration, I desire to say that they have had a great many men who have gone up and down this country "coughing out" and "coughing up" their different forms of malediction against everybody who could not agree with anything that they thought would prosper them politically; I desire to tell them it is not their cough that is going to carry them on, it is their political coffin they are carrying themselves off in. [Laughter.]

Mr. President, despite that attitude of contentious mind, I say to my colleagues we should stand before the country now with a willingness to take the measure the President of the United States recommends to us—not that we agree with it—not that we accept the suggestion of wisdom—profoundly as it is uttered—that surrounds it—but because the President has held up to American citizenship that his colleagues in service—the Congress—are of such obstinate character, and so lacking in patriotism in the service of their country, that they obstruct and impede every effort he makes that looks to the common object of the welfare of their country called the balancing of the Budget.

Therefore we accept the recommendation coming directly from him or from his agents of the Treasury who come before this Finance Committee, hard worked, struggling in order to achieve its object, and representing the President's policy, setting forth that which is embodied in the bill. We undertake to carry it out on the theory that the President sends forth to the world and to his Nation that this particular system he proposes will achieve the object.

In this way, sir, we serve our purpose. We also avoid the charge that either for partisan purposes or personal gain we in anywise obstruct anything the President undertakes, and by our support of this measure we prove again the patriotism of this body and that of our colleagues, who without partisanship in any form or in any way have at all

times yielded to that which they felt would serve the need of our country.

Mr. CUTTING. Mr. President——

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from New Mexico?

Mr. LEWIS. Certainly.

Mr. CUTTING. The Senator was a distinguished Member of this body during the World War. Does he remember that all other considerations were at that time sacrificed to balancing the Budget? Does he remember any such propaganda at the time of any national crisis?

Mr. LEWIS. I reply to the eminent Senator from New Mexico by saying it is true I was a Member of this body. I can not certify that I was what he delights me with the thought of, that I was a "distinguished Member"; but, coming from such an eminent source, I accept the appellation with a sense of gratitude. [Laughter.] Nevertheless, I agree with my friend, Senator CUTTING, that during those days all these around us who served in those critical hours will accede, and all admit, that each occasion called for appropriate action. There never was at any time in my public career, either in the House or here in the Senate, that I can recall a specific demand upon the body that notwithstanding however high we had built this mountain of indebtedness, Ossa upon Pelion, we should "balance it" by levying taxes upon the people in every way, wherever possible, sufficiently to drain them even to the blood of their existence, necessary to "balance" that great heap to the evil of the peak to which it has reached.

I never heard the expression before "balancing the Budget," applicable to ourselves. It was an English doctrine, and a method in England oftentimes used; and, of course, I can understand that there are those in our Government who, from long service in England, and services to that country as well as residence and private and financial engagements, would still have a preference for these expressions on behalf of England as coming from English statesmanship. While I can not myself subscribe to the doctrine of their superiority, I can sympathize with the gentleman who feels he will gain the approval in far-off distances of old friends with whom he was commingled and allied, financially and personally. [Laughter.] This to be done by adopting whatever catalogue of expression they have in their statesmanship as a proof of its superiority over the obnoxious methods of American statesmanship.

As an American I hark back to where we were and I remain where I am. That which in America is necessary for her people I desire executed according to the American system.

Mr. President, I appreciate the courtesy of the Senate in allowing me to wander so far afield from the first thought that was my only object to express. I express to the Senate my thanks and say that I feel that by carrying out our duties in the best manner we can, as directed by the President, we shall be able to defend ourselves against the charge of abandoning our party, as we have done in order to serve the President and his policies, and we will prevent the President from writing another letter to the wraith and ghost of some imaginary human being, in which we shall again be excoriated or held up as unworthy of any further attention. We will prove to the public at large our devotion to the purposes set forth, and demonstrate that we in this body on both sides are not for party, not for politics, but for the Nation.

It was unnecessary for the 11 gentlemen of self-proclaimed eminence who yesterday met in New York to admonish the Senate to drop its politics. Sirs, we remember that it was some of those gentlemen and their colleagues who in their politics have brought this country to the miserable state to which it has been compelled to descend. It is these and their clients and captains who have worked upon our United States the deplorable reputation that stains its honor before the world. Their admonitions to us were wholly unnecessary, as they are unprofitable. We turn to those eminent gentlemen in their financial malaria and plague of head enlargement who assembled in New York and say to them, in the words of the Scripture, "Physician, heal thyself!"

Expressing my thanks and appreciation to the Senate, I say it pleases me to announce to the world everywhere that whatever our course shall be, as it has been in the past it shall continue for the future to be, for our country, for the welfare of all its people, as we praise Heaven we are Americans.

Mr. SMOOT. Mr. President, now that the Senator from Illinois has made the remarkable address that he has, and other references have been made to the President's letter to Mr. Richard S. Parker, I ask that the letter be published in the RECORD at this time, following his remarks.

If I had time, I should like to address the Senate now on the effect of tariffs on imports under the present tariff law. I may have a chance to do so later.

The VICE PRESIDENT. Is there objection to the request of the Senator from Utah? The Chair hears none.

The matter referred to is as follows:

[From the New York Times of Monday, May 23, 1932]

HOOVER'S WARNING ON PUBLIC WORKS BONDS

WASHINGTON, May 22.—President Hoover's letter to President Parker, of the American Society of Civil Engineers, read as follows:

MAY 21, 1932.

RICHARD S. PARKER,
President American Society of Civil Engineers,
New York, N. Y.

MY DEAR MR. PARKER: I am in receipt of your kind letter of May 19, and I have also the presentation of the subcommittee of the society suggesting that the depression can be broken by a large issue of Federal Government bonds to finance a new program of huge expansion of "public-works" construction, in addition to the already large programs now provided for in the current Budgets. The same proposals have been made from other quarters and have been given serious consideration during the past few days.

The back of the depression can not be broken by any single government undertaking. That can only be done with the cooperation of business, banking, industry, and agriculture in conjunction with the Government.

RELIEF PROGRAM OUTLINED

The aid the Government may give includes:

(a) The quick, honest balancing of the Federal Budget through drastic reduction of less necessary expenses and the minimum increase in taxes.

(b) The avoidance of issue of further Treasury securities as the very keystone of national and international confidence upon which all employment rests.

(c) The continuation of the work of the Reconstruction Finance Corporation, which has overcome the financial strain on thousands of small banks, releasing credit to their communities; the strengthening of building and loan associations; the furnishing of credit to agriculture; the protection of trustee institutions; and the support of financial stability of the railways.

(d) The expansion of credit by the Federal reserve banks.

(e) The organized translation of these credits into actualities for business and public bodies.

(f) Unceasing effort at sound strengthening of the foundations of agriculture.

(g) The continuation of such public works in aid to unemployment as do not place a strain on the taxpayer and do not necessitate Government borrowing.

(h) Continuation of national, community, and individual efforts in relief of distress.

(i) The introduction of the 5-day week in Government, which would save the discharge of 100,000 employees and would add 30,000 to the present list.

(j) The passage of the home loan discount bank legislation, which would protect home owners from foreclosure and would furnish millions of dollars of employment in home improvement without cost to the Treasury.

(k) Financial aid by means of loans from the Reconstruction Corporation to such States as, due to the long strain, are unable to continue to finance distress relief.

(l) The extension of the authority of the Reconstruction Corporation, not only in a particular I called attention to last December—that is, loans on sound security to industry, where they would sustain and expand employment—but also, in view of the further contraction of credit, to increase its authority to expand the issue of its own securities up to $3,000,000,000 for the purpose of organized aid to "income-producing" work throughout the Nation, both of public and private character.

OBJECTIONS TO PROPOSALS

1. The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the Budget and demoralize Government credit. A larger and far more effective relief to unemployment at this stage can be secured by in-

creased aid to "income-producing works." I wish to emphasize this distinction between what for purposes of this discussion we may term "income-producing works" (also referred to as "self-liquidating works") on the one hand and nonproductive "public works" on the other.

By "income-producing works" I mean such projects of States, counties, and other subdivisions as waterworks, toll bridges, toll tunnels, docks, and any other such activities which charge for their service and whose earning capacity provides a return upon the investment. With the return of normal times the bonds of such official bodies based upon such projects can be disposed of to the investing public, and thus make the intervention of the Reconstruction Corporation purely an emergency activity.

I include in this class aid to established industry where it would sustain and increase employment, with the safeguard that loans for these purposes should be made on sound security and the proprietors of such industries should provide a portion of the capital. Nonproductive "public works," in the sense of the term here used, include public buildings, highways, streets, river and harbor improvement, military and naval construction, etc., which bring no income and comparatively little relief to unemployment.

FORMS OF RELIEF CONTRASTED

2. I can perhaps make this distinction clear by citing the example of the recent action of the Reconstruction Finance Corporation in the matter of the Pennsylvania Railroad Co., on one hand, and the recent bill passed by the House of Representatives for increased road building on the other. The railroad company applied to the Reconstruction Corporation for a loan of $55,000,000 to help finance a fund of over $68,000,000 needed to electrify certain of its lines. By so doing it would employ directly and indirectly for one year more than 28,000 men, distributed over 20 different States. An arrangement was concluded by which the Reconstruction Corporation undertook to stand behind the plan to the extent of $27,000,000, the railway company finding the balance.

This $27,000,000 is to be loaned on sound securities and will be returned, capital and interest, to the corporation. The Reconstruction Corporation is acting as agent to make available otherwise timid capital for the Pennsylvania Railroad in providing employment. There is no charge upon the taxpayer.

On the other hand, the proposal of the House of Representatives is to spend $132,000,000 for subsidies to the States for construction of highways. This would be a direct charge on the taxpayer. The total number of men to be directly employed is estimated at 35,000 and indirectly 20,000 more. In other words, by this action we would give employment to only 55,000 men at the expense by the Government of $132,000,000, which will never be recovered.

In the one instance, we recover the money advanced through the Reconstruction Corporation, we issue no Government bonds, we have no charge on the taxpayer. In the other instance, we have not only a direct cost to the taxpayer but also a continuing maintenance charge; and, furthermore, the highways in many sections have now been expanded beyond immediate public need.

BUDGET FACTOR EMPHASIZED

3. These proposals of huge expansion of public works have a vital relation to balancing the Federal Budget and to the stabilizing of national credit. The financing of income-producing works by the Reconstruction Corporation is an investment operation, requires no congressional appropriation, does not unbalance the Budget, is not a drain upon the Treasury, does not involve the direct issue of Government bonds, does not involve added burdens upon the taxpayer, either now or in the future. It is an emergency operation which will liquidate itself with the return of the investor to the money markets.

The proposal to build nonproductive public works of the category I have described necessitates making increased appropriations by the Congress. These appropriations must be financed by immediate increased taxation or by the issuance of Government bonds. Whatever the method employed, they are, inescapably, a burden upon the taxpayer. If such a course is adopted beyond the amounts already provided in the Budget now before Congress for the next fiscal year, it will upset all possibility of balancing the Budget; it will destroy confidence in Government securities and make for the instability of the Government, which, in result, will deprive more people of employment than will be gained.

HUGE PUBLIC WORKS OUTLAY NOW

4. I have for many years advocated the speeding up of public works in times of depression as an aid to business and unemployment. That has been done upon a huge scale and is proceeding at as great a pace as fiscal stability will warrant. All branches of Government—Federal, State, and municipal—have greatly expanded their public works, and have now reached a stage where they have anticipated the need for many such works for a long time to come. Therefore, the new projects which might be undertaken are of even more remote usefulness.

From January, 1930, to July 1, 1932, the Federal Government will have expended $1,500,000,000 on public works. The Budget for the next fiscal year carries a further $575,000,000 of such expenditures (compared with about $250,000,000 normal) and includes all the items I have felt are justified by sound engineering and sound finance. Thus by the end of next year the Federal Government will have expended over $2,000,000,000 on public works, which represents an increase over normal of perhaps $1,200,000,000.

Thus we have largely anticipated the future and have rendered further expansion beyond our present program of very remote usefulness and certainly not justified for some time to come, even were there no fiscal difficulties. They represent building of a community beyond its necessities. We can not thus squander ourselves into prosperity.

MANY PROJECTS REQUIRE YEARS

5. A still further and overriding reason for not undertaking such programs of further expansions of Federal public works is evident if we examine the individual projects which might be undertaken from an engineering and economic point of view. The Federal public works now authorized by law cover works which it was intended to construct over a long term of years and embrace several projects which were not of immediate public usefulness. In any event, the total of such authorized projects still incomplete on the 1st of July will amount to perhaps $1,300,000,000.

If we deduct from this at once the budgeted program for the next fiscal year—$575,000,000—we leave, roughly, $725,000,000 of such authorized works which would be open for action. If we examine these projects in detail, we find great deductions must be made from this sum. Construction of many projects physically requires years for completion, such as naval vessels, buildings, canalization of rivers, etc., and therefore as an engineering necessity this sum could only be expended over four or five years; a portion of the projects not already started will require legal and technical preparation and therefore could not be brought to the point of employment of labor during the next year; a portion of these authorized projects are outside the continental United States and do not contribute to the solution of our problem; a portion are in localities where there is little unemployment; a portion are in the District of Columbia, where we already have a large increase in program for the next fiscal year, and where no additional work could be justified. A portion are of remote utility and are not justified, such as extension of agricultural acreage at the present time.

GREAT EXPANSION HELD IMPOSSIBLE

Deducting all these cases from the actual list of authorized Federal public works, it will be found that there is less than $100,000,000 (and this is doubtful) which could be expended during the next fiscal year beyond the program in the Budget. That means the employment of, say, less than 40,000 men. Thus the whole of these grandiose contentions of possible expansion of Federal public works fall absolutely to the ground for these reasons if there were no other.

If it is contemplated that we legislate more authorizations of new and unconsidered projects by Congress we shall find ourselves confronted by a logrolling process which will include dredging of mud creeks, building of unwarranted post offices, unprofitable irrigation projects, duplicate highways, and a score of other unjustifiable activities.

6. There is still another phase of this matter to which I would like to call attention. Employment in public works is largely transitory. It does not have a follow-up of continued employment, as is the case with "income-producing works." But of even more importance than this, the program I have proposed gives people employment in all parts of the country in their normal jobs under normal conditions at the normal place of abode, tends to reestablish normal processes in business and industry, and will do so on a much larger scale than the projects proposed in the so-called "public-works" program.

BALANCING OF BUDGET VITAL

7. To sum up, it is generally agreed that the balancing of the Federal Budget and unimpaired national credit are indispensable to the restoration of confidence and to the very start of economic recovery. The administration and Congress have pledged themselves to this end. A "public-works program," such as is suggested by your committee and by others, through the issuance of Federal bonds creates at once an enormous further deficit.

What is needed is the return of confidence and a capital market through which credit will flow in the thousand rills with its result of employment and increased prices. That confidence will be only destroyed by action in these directions. These channels will continue clogged by fears if we continue attempts to issue large amounts of Government bonds for purposes of nonproductive works.

Such a program as these huge Federal loans for "public works" is a fearful price to pay in putting a few thousand men temporarily at work and dismissing many more thousands of others from their present employment. There is vivid proof of this since these proposals of public works financed by Government bonds were seriously advanced a few days ago. Since then United States Government bonds have shown marked weakness on the mere threat. And it is followed at once by a curtailment of the ability of States, municipalities, and industry to issue bonds, and thus a curtailment of activities which translate themselves into decreased employment.

It will serve no good purpose and will fool no one to try to cover appearances by resorting to a so-called "extraordinary Budget." That device is well known. It brought the governments of certain foreign governments to the brink of financial disaster. It means a breach of faith to holders of all Government securities, an unsound financial program, and a severe blow to returning confidence, and further contraction of economic activities in the country.

What you want and what I want is to restore normal employment. I am confident that if the program I have proposed to

the Congress is expeditiously completed and we have the cooperation of the whole community, we will attain the objective for which we have been searching so long.

Yours faithfully,

HERBERT HOOVER.

Mr. CUTTING obtained the floor.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Montana?

Mr. CUTTING. I do.

Mr. WHEELER. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from New Mexico yield for that purpose?

Mr. CUTTING. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Robinson, Ind.
Bankhead	Cutting	Kean	Sheppard
Barbour	Davis	Kendrick	Shipstead
Barkley	Dickinson	Keyes	Shortridge
Blaine	Dill	King	Smith
Borah	Fess	La Follette	Smoot
Bratton	Fletcher	Lewis	Steiwer
Brookhart	Frazier	Logan	Stephens
Broussard	George	Long	Thomas, Idaho
Bulkley	Glass	McGill	Thomas, Okla.
Bulow	Goldsborough	McNary	Townsend
Byrnes	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hastings	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Walsh, Mont.
Coolidge	Hebert	Pittman	Watson
Copeland	Hull	Reed	Wheeler
Costigan	Johnson	Robinson, Ark.	White

The PRESIDING OFFICER (Mr. FESS in the chair). Eighty Senators having answered to their names, a quorum is present. The Senator from New Mexico is entitled to the floor.

Mr. HULL. Mr. President, will the Senator from New Mexico yield to me in order to offer an amendment?

Mr. CUTTING. I yield to the Senator from Tennessee.

Mr. HULL. I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be received and lie on the table.

Mr. HULL. I ask to have the amendment read.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The CHIEF CLERK. On page 244, line 9, it is proposed to amend by inserting after the word "articles," the following additional paragraph:

> The Government of the United States agrees not to increase the protective tariff above the present level for a period of two years, or to create new barriers or impediments to trade, provided other nations shall pursue a like policy.

Mr. CUTTING. Mr. President, I was much interested to hear the enlightened discourse of the Senator from Illinois [Mr. LEWIS], especially that part in which he referred to the "balancing of the Budget," that sacred phrase to which apparently we must subordinate every other consideration, including the health and life of our people. A representative of the American Federation of Labor who appeared recently before a subcommittee of the Committee on Manufactures told us that there were two other "b's" which were even more important than balancing the Budget, and that those were "bread and butter."

If we attempt to get any enlightenment from the administration, we are faced, first and foremost, with this question of balancing the Budget.

When a public-works program was suggested to the Secretary of the Treasury the other day, he replied to the request for comment, "I will say that there is no great amount of enthusiasm for an unbalanced Budget and a pork-barrel plan at the Treasury."

When the Secretary of the Interior took the opportunity the other day to talk about the depression, he insisted on the great value it would have to the babies and young children of the United States.

When the President is asked about a public-works program, he talks about banks and railroads and great industries in trouble. I have no intention to-day of dealing in detail with the letter published this morning in the press by the President, addressed to Richard S. Parker, president American Society of Civil Engineers, New York, N. Y. I do not know that it makes a great deal of difference to whom the letter was written, but it so happens that this gentleman is not the president of the American Society of Civil Engineers; that, as most well-informed citizens know, the president of the American Society of Civil Engineers is Mr. Herbert S. Crocker, of Denver, Colo. But I think the fact that the President wrote to Mr. Parker as president of the American Society of Civil Engineers acknowledging the receipt of his "kind letter of May 19," and saying, "I have also the presentation of the subcommittee of the society suggesting that the depression can be broken by a large issue of Federal governmental bonds," is perhaps symbolical of the attitude which the President has shown toward the unemployment situation from the time when it first began.

If it were not for the high position which he holds, I can not conceive that any human being would have the slightest interest at this stage of the game in any statement made by President Hoover. Nevertheless, the sounding board of the White House is a powerful instrument to appeal to the country. I suppose there is no man on this floor who does not receive letters every day asking him for God's sake to give up this business of partisan squabbling and support the great program laid down by the President for the rehabilitation of the country.

While I do not mean to deal with this statement in any detail, because it is full of figures which seem to be entirely erroneous, and to deal with it in detail would require more time than I have been able to give to it up to this moment, it seems to me that a few general considerations might be stated now on the floor of the Senate.

Perhaps those of us who believe in a public-works program should be gratified by seeing that the President at last has come out attacking it. That, perhaps, is the first stage in a series of mental processes with which we have become familiar in the past. Perhaps I should say it is the second stage. The first stage has usually been the ignoring of any program. The second stage has been the attack, and the third stage, capitulation and surrender. Then comes the fourth stage, in which all credit for the constructive reforms which have been accomplished, and which have been opposed for years, is claimed by the occupant of the White House.

In this particular case, however—and I am trying to measure my words—the President's attitude seems to be almost unique in history. For the past 15 years Mr. Hoover has been one of the leading advocates of the principle of expanding public works in time of business depression as a fundamental remedial measure. In February, 1923, after he had served as chairman of a commission on unemployment appointed by President Harding, Mr. Hoover, who was then Secretary of Commerce, wrote to Senator Frelinghuysen and to Representative Zihlman in support of the Frelinghuysen-Zihlman bill, a bill which stated in its preamble:

> Whereas in the expansion of public works, at all such times, lies a natural and fundamental remedy for unemployment; and
> Whereas it is desirable that the Federal Government shall have power to acquire and tabulate for public use the information necessary to initiate and carry out this policy; therefore.

And there followed a bill providing for the appointment by the President of a commission of three "to prepare preliminary surveys or plans * * * so that work may be commenced and prosecuted when the next business depression occurs and when an appropriation becomes available therefor."

That was the bill which was approved by Mr. Hoover in his letter to Senator Frelinghuysen and Representative Zihlman.

On November 21, 1928, just two weeks after his election, at the request of President-elect Hoover, Gov. Ralph O. Brewster, of Maine, set forth fully in an address to the conference of governors in New Orleans what became known at once throughout the country as the Hoover plan, namely, the proposal of a gigantic nation-wide construction reserve,

to be used in times of unemployment and overproduction to relieve the unemployment and stabilize business by the expansion of public works.

Those of us who think back to that time will remember the occasion very well. Yet it requires a certain amount of effort. I saw to-day a copy of the Literary Digest of December 8, 1928, which gave its first three pages to this so-called Hoover plan. Three billion dollars was suggested as the proper sum for a bond issue to carry it out.

The Literary Digest heading was "Hoover's Plan to Keep the Dinner Pail Full." The opening sentence is as follows:

The abolition of poverty—or a job for every worker—was more than once depicted by Mr. Hoover during his campaign as the great aim of the American economic system. Now his proposal to create a $3,000,000,000 reserve fund to be used for public construction work so as to ward off unemployment in lean years is hailed as a step toward that goal, although there are many who predict that the plan will not progress far before it collides with formidable obstacles in its path.

The Literary Digest at that time, of course, was not in a position to prophesy that the most formidable obstacle in its path would be the opposition of the President of the United States.

According to the Literary Digest of that date, the Magazine of Business stated:

Mr. Hoover will get out and push, where President Coolidge has been content to sit at the wheel and steer.

William Green, president of the American Federation of Labor, is quoted in the same article as saying:

The proposal is the most important announcement on wages made in a decade—the first definite movement to systematize wages and employment.

The Chicago Evening Post is quoted as saying:

Here is evidence that our next President will not passively accept conditions long deplored, merely because they have long existed.

"The Hoover plan is a step in the right direction," says the St. Louis Star. "It is a logical development of modern economic thought," affirms the Philadelphia Public Record, which states, in closing the editorial:

While the proposal is complex in detail, the principle is simple enough. Joseph made it work in the matter of Egypt's food supply several thousand years ago. Why shouldn't our highly organized society make it work now in industry?

According to the Literary Digest of the date I have mentioned, there came a unanimous chorus of approval, not only from the governors who heard the plan set forth, but from public opinion all over the country. So far as the Literary Digest reports, there was not a dissenting vote anywhere in this Nation.

Now, what is the record, Mr. President? Having failed to take any further step toward the reconstruction fund of $3,000,000,000, which was advertised as the "Hoover plan," after failing to recognize the depression for almost a year after it began, the President asked Congress to appropriate from $100,000,000 to $150,000,000 for public works. I have forgotten the exact amount which he received. Perhaps some Senator will enlighten me. My memory is that it was something like $116,000,000.

This morning the President gave out a 12-plank program making a distinction between "nonproductive" and "self-liquidating" public works. Instead of giving a job to every man he advises a continued reliance upon local charitable funds, when all our experience and the evidence of competent authorities has shown that those sources have been exhausted long ago.

I do not know how the President expects to deal with the problem of unemployment. It seems to me that if we take his statements at their face value he has left the unemployed population of the country no alternative except starvation revolt.

I wish to quote a few words from the President's statement:

The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayers; they unbalance the Budget; and demoralize Government credit.

That is the main point which he makes and with which I shall deal in a moment. In detail he says that "the best way in which we could remedy the situation is by following the example of the Reconstruction Finance Corporation in the matter of the Pennsylvania Railroad Co., in which money was loaned to finance a private enterprise which presumably in the course of time will make enough profit to repay to the Government the sum advanced.

I wonder, without going into any other phases of the matter, whether there are enough projects which even the President would call self-liquidating to really alter the unemployment situation in the country. If so, no evidence has been presented to that effect. The statement has been made, and is made by the President in this message, that there are not sufficient governmental projects which have already been approved to change the situation. Of course, from that particular point of view it does seem to me that at a time like this to loan money to subsidize private investment is something which is liable to lead to more scandal, to more favoritism, to more ultimate loss, than any project which is concerned with public projects alone.

Later on the President states that "these proposals have a vital relation to balancing the Federal Budget and to the stabilizing of national credit." He continues, referring to the course of building nonproductive public works, as he describes them:

If such a course is adopted beyond the amounts already provided in the Budget now before Congress for the next fiscal year, it will upset all possibility of balancing the Budget, it will destroy confidence in Government securities, and make for the instability of the Government which, in result, will deprive more people of employment than will be gained.

Surely at this date, Mr. President, it is not necessary to remind the country that the main difficulty which we confront is a matter of the revival of purchasing power. Sound business will not borrow money to finance projects from which there is no chance of getting any returns. Until the purchasing power revives there is no way in which business can possibly revive. Investment can not begin again until that purchasing power is revived, which means filling the great gap left by 8,000,000 to 10,000,000 unemployed citizens.

To my mind that matter completely takes precedence of any mythical necessity for balancing the Budget. Private enterprise does not balance its budget annually if by that is meant the financing of permanent improvements out of the current revenues of the year.

Furthermore, as the Senator from Illinois [Mr. LEWIS] pointed out a short while ago, under the analogy of war-time conditions—and the President himself admitted that this is a crisis and should therefore be treated as such—the balancing of the Budget is of purely secondary concern, secondary to reaching the objectives which the country needs to reach.

Then the President says, in substance, there is already a hugh public-works outlay. He continues:

We have largely anticipated the future and have rendered further expansion beyond our present program of very remote usefulness and certainly not justified for some time to come, even though there were no fiscal difficulties.

His fifth point is similar:

A still further and overriding reason for not undertaking such programs of further expansions of Federal public works is evident if we examine the individual projects which might be undertaken from an engineering and economic point of view. The Federal public works now authorized by law cover works which it was intended to construct over a long term of years and embrace several projects which were not of immediate public usefulness.

Mr. President, I can say in that regard that there are a great many Federal public works which could be undertaken at once and whose usefulness no one could question. The report of the United States Bureau of Public Roads in 1930 shows projects of 48,000 miles of Federal-aid highways in every State in the Union which could be given a permanent surface at an expenditure of $1,200,000,000. These roads could be completed and the surface protected while at the same time employing scores of thousands of men.

Take the question of grade crossings, a project which I understand experts say employs more labor in proportion to the total expenditure than any other kind of highway work. There are 210,000 unprotected railway grade crossings at the present time which could be eliminated. It has been estimated that one-third of those—70,000—could be wiped out at a cost of approximately $3,500,000,000. It is obvious that projects of that sort could be carried out almost immediately, certainly with the simplest kind of planning and an exceedingly simple form of contract.

In addition to these particular proposals we have the questions of new highways, of reforestation, of flood-control projects, river and harbor improvements, and public buildings. Is it conceivable that there are not billions upon billions of dollars' worth of work that can be done with profit to the country which come into one or the other class?

The President said further:

> There is still another phase of this matter to which I would like to call attention. Employment in public works is largely transitory. It does not have a follow-up of continued employment as is the case with income-producing works.

It seems to me that is something with which we all agree. A public-works program of this kind is not advocated as something which will proceed indefinitely on the same scale. It is a bridge to carry us over the gap which exists now. If extra purchasing power can be created it is no argument to say that when we restore the normal trend of business conditions we shall have to adopt an entirely different system, a far more fundamental system for the future.

The President continues:

> It is generally agreed that the balancing of the Federal Budget and unimpaired national credit is indispensable to the restoration of confidence and to the very start of economic recovery. The administration and Congress have pledged themselves to this end. A public-works program, such as is suggested by your committee and others, through the issuance of Federal bonds creates at once an enormous further deficit.

I do not know whether at this stage of the proceedings it is necessary to argue for the principle of public works. The national debt which threatens us would not in itself be unduly onerous were it not for the shrinkage of prices, the shrinkage of incomes, and the depression in business conditions. If we expand activity through a public-works program or through any of the other ways which have been suggested—none of which, however, are as immediate as a public-works program—the activity which will be created in the country will far more than overbalance the new charges which may be incurred by adding something—a pittance—to the national debt.

So far this session of Congress has been most amenable to every project which the President has set before us. We have voted for the moratorium, for the Reconstruction Finance Corporation, and the Glass-Steagall banking bill. Not one of them has remedied the situation. Not one of them has checked the downward trend of business, the fall of security and commodity prices, or the rise in unemployment.

We say 8,000,000 to 10,000,000 of our citizens are wholly unemployed. That does not cover the situation. There are probably just as many more who are partially employed, working only two or three days a week.

The present depression has cost the laboring people of the country not less than $25,000,000,000 and the business men not less than $100,000,000,000, the total loss amounting to nearly one-third of our national wealth.

The banking and business interests of the United States have had plenty of time to adopt measures to halt the depression if it was in their power. Up to date they have completely failed. Will any Member of Congress in this or the other body be willing to give them further opportunity to try out a system which they have already shown can not be worked? It is not only our right but it is our duty in this emergency to use the full power of Government to relieve the suffering scores of millions of our citizens and to formulate plans to prevent a recurrence of such an economic disaster.

The principle of expansion of public works in times of depression has been recommended by so many economists, so many socially minded business men and labor leaders, that I need hardly add anything to what has already been said.

Over a year ago more than a hundred of our leading economists, through a statement released to the press in January, 1931, favored this form of relief. In the last paragraph of their formal statement they declared that "the cost of public works could not be compared to the loss sustained by all classes of the Nation if such expenditures were not made."

I leave it to Senators to say whether or not this prediction has been fulfilled.

The Engineering News-Record, in a series of editorials a few months ago, urged the expenditure of billions by the Nation, stating that—

> Public construction constituted a reservoir of employment greater than any draft that could be made upon it.

In an editorial entitled "Work for All," published last September, the statement was made:

> We are not forced to depend on charity, then. We can work our way out. And the means are available. We lack neither money nor the ability to organize and plan quickly.

In November, 1931, this same journal said, editorially:

> To-day, even more than three months ago, when we warned of the winter's emergency and called for a large nationally supported program of public-works construction, public works offer the only possibility for giving work to the unemployed.

I have no sympathy with the cry uttered by the President that we can not afford to embark on a program of public works, which would give employment to the unemployed men and women of the country, restore purchasing power, and add to the Nation's wealth. It is my firm conviction that if we do not decide to spend five billions, or more, in order to put millions of men and women to work as promptly as it can be done, it will cost us many times this amount in the further depreciation of all forms of property values.

I earnestly hope that the Congress will appreciate, before it is too late, not only the suffering of the poverty-stricken people of the Nation but also the danger of the further depletion that all our citizens face in permitting the conditions of the last two years to continue.

It is evident that those who talk about increasing the channels of credit are taking a secondary factor for the primary one. There can not in the long run be any more available credit until there is more purchasing power in the hands of the masses of our people. Business must be convinced that if it avails itself of that credit it will find purchasers for its goods. Since the depression started we have been approaching this problem from the wrong end—that is, pouring the money in at the top instead of reestablishing purchasing power at the bottom.

A public-works program inaugurated by the Federal Government at this time and continued with the energy and boldness of war times would check the depression and start us on the upward course. Nothing else will do it, and the time is short in which to make the effort.

I agree with President Hoover in one respect, when he says that the back of the depression can not be broken by any single Government undertaking. That is undoubtedly true. It may require a great number of Government undertakings even to halt the general trend of business.

Obviously we not only have to provide work for those who are unemployed, but we have to provide direct relief for those whom we can not employ and whom our State, municipal, and private charity organizations have been unable to reach. That is the first step.

The second step is some Government undertaking to provide public works. I have long felt that some concrete measure should be introduced which can take effect in the immediate future. I have studied with the utmost interest the thoroughly thought-out programs suggested by the senior Senator from Wisconsin [Mr. LA FOLLETTE], the junior Senator from New York [Mr. WAGNER], and other

Members of this body. I think in the long run some plan such as that proposed by the Senator from Wisconsin will have to be adopted. I merely wish at the present time to introduce a bill which it seems to me might get immediate results, which will take effect a little more speedily than any of the other measures which are at present before Congress.

I have been stirred, perhaps, into somewhat earlier action than would otherwise have been the case by the statement of the President of the United States. I have not seen the program to be offered by our friends across the aisle. It seems to me, however, from what I have read of it in the newspapers, that it can not be adequate to relieve the situation which exists. For that reason, Mr. President, I ask unanimous consent, out of order, to introduce the bill which I have referred to and to have it printed in the RECORD following my remarks.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, it is so ordered.

There being no objection, the bill (S. 4737) to provide a fund for Federal public works in times of business depression to stabilize business and to provide work for the unemployed was read twice by its title, referred to the Committee on Commerce, and ordered to be printed in the RECORD, as follows:

S. 4737

A bill to provide a fund for Federal public works in times of business depression to stabilize business and to provide work for the unemployed

Whereas the industrial history of the last half century in the United States shows that no decade has been without its acute business depression accompanied by long periods of unemployment for millions of workers; that coincident with this vast waste of labor power is the similar waste of idle factories, machinery, and capital; and that these constantly recurring periods of business depression bring not only anxiety, hunger, and misery to those who are thrown out of work but break down the industrial machine itself and cause the permanent deterioration of the worker in body and mind, increased sickness, and demands upon our hospitals and charitable institutions, and finally crime waves and other forms of disorder which menace the peace and security of society; and

Whereas in the expansion of public works, at all times, lies a natural remedy not only for unemployment but for the stabilization of business; and

Whereas the Nation is again in the midst of a serious business depression—the third within the last 15 years; and

Whereas there is to-day great need, throughout the country, of public works such as post roads, afforestation, canal and river transport, flood-control projects, elimination of grade crossings, public buildings, and river and harbor improvements: Therefore

Be it enacted, etc., That the Secretary of the Treasury, with the approval of the President, is authorized to borrow, from time to time, on the credit of the United States, to meet expenditures authorized by this act, an amount not exceeding in the aggregate $5,000,000,000, and to issue therefor bonds of the United States.

SEC. 2. A sum of money not exceeding $2,000,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to pay all necessary expenses, including rent, incident to the issuance and disposal of said bonds.

SEC. 3. The bonds herein authorized shall be in such form or forms and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest as the Secretary of the Treasury, from time to time, at or before the issue thereof, may prescribe.

SEC. 4. Such bonds shall be exempt from all taxes or duties of the United States.

SEC. 5. None of the bonds authorized under this act shall bear the circulation privilege.

SEC. 6. (a) The bonds herein authorized shall from time to time first be offered at not less than par as a popular loan, under such regulations, prescribed by the Secretary of the Treasury from time to time, as will in his opinion give the people of the United States as nearly as may be an equal opportunity to participate therein, but he may make allotment in full upon applications for smaller amounts of bonds in advance of any date which he may set for the closing of subscriptions and may reject or reduce allotments upon later applications from incorporated banks and trust companies for their own account and make allotment in full or larger allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by him to be in the public interest.

(b) Such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by the Secretary of the Treasury and shall apply to all subscribers similarly situated.

(c) Any portion of the bonds so offered and not taken may be otherwise disposed of by the Secretary of the Treasury in such manner and at such price or prices, not less than par, as he may determine.

SEC. 7. There is created in the Treasury a cumulative sinking fund for the retirement of bonds issued under this act. The sinking fund is hereby appropriated for the payment of such bonds at maturity, or for the redemption and purchase before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. The average cost of the bonds purchased shall not exceed par and accrued interest. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. For each fiscal year, until all such bonds are retired, there is hereby authorized to be appropriated, for the purpose of such sinking fund, an amount equal to the sum of 2 per cent of the aggregate amount of such bonds estimated to be outstanding at the end of the preceding fiscal year.

SEC. 8. The proceeds of said bonds shall be paid into the Treasury of the United States and be kept in a separate fund which shall be known as the unemployment relief fund and which shall be used only for the purposes of this act.

SEC. 9. The President, from time to time, shall approve the offering of such bonds for sale in such amounts as may be necessary, in his judgment, to provide sufficient money to pay for the work provided for herein, and the expenses incidental thereto or for any other expenditures authorized by this act.

SEC. 10. The President shall append each year to the Budget submitted to Congress:

(1) A statement of the amount of money realized during the preceding fiscal year from the sale of bonds authorized by this act, and the condition of the unemployment relief fund at the beginning and the end of the fiscal year;

(2) A statement of expenditures under this act in the preceding fiscal year;

(3) A statement of the work done under this act during the previous fiscal year and of the work authorized for the current fiscal year; and

(4) A statement of the amount realized from sales of bonds prior to October 1 of the current year.

SEC. 11. The aforesaid sum of $5,000,000,000, or so much thereof as may be derived from time to time from the issue and disposal of said bonds, is appropriated for the purposes of this act and shall be allocated by the Secretary of the Treasury on the direction of the President, among the different departments and independent establishments of the Government, hereinafter provided for, in such manner and in such proportion as may seem to the President best for the purpose of carrying out the provisions of this act.

SEC. 12. Within one month after the passage of this act a report shall be made to the President:

(a) By the Secretary of Agriculture of projects for the completion and improvement of highways approved by him under the Federal highways act;

(b) By the Secretary of the Treasury of projects—

(1) In respect of public buildings under his jurisdiction already under construction and the construction of which may be hastened to the advantage of the Government by the expenditure of funds authorized to be expended under this act;

(2) In respect of public buildings under his jurisdiction which have been authorized by Congress and approved by the Secretary;

(3) In respect of buildings under other departments and independent establishments of the Government, plans and specifications for which have been prepared in the office of the Supervising Architect of the Treasury. In his report the Secretary of the Treasury shall state those projects upon which contracts may be entered into immediately and those projects upon which further preparation is required before they can be advertised for bids;

(c) By the Secretary of War projects under his direction in respect of flood control or river and harbor improvement which have been provided for by Congress and approved by the Board of Engineers for Rivers and Harbors or by any other boards—

(1) Which have been begun but completion of which may be hastened by the expenditure of money appropriated by this act;

(2) Which have not yet begun but which are ready for submission for bidding; and

(3) Which are not yet ready for submission for bidding.

SEC. 13. (a) The President from time to time shall designate the project or projects to be undertaken under the authority of this act and shall specify the sum to be set aside from the unemployment relief fund to carry out each project so designated. He may at any time increase or decrease any sum so specified in respect of any project.

(b) In making such designation the President shall take into consideration the relief of unemployment, the stabilization of business, and the urgency of the project;

(c) Any sum so specified for public buildings or flood control or river and harbor improvement shall be assigned to the department or independent establishment which has reported the project to the President and shall be treated as are appropriations by Congress to such departments or independent establishments for similar construction, except there shall be no monthly allocation of such sum.

SEC. 14. (a) The President is authorized to apply any part of the unemployment relief fund to work upon any project or projects reported to him by the Secretary of Agriculture and to allot such funds to the Secretary of Agriculture, and such project or projects shall be carried on under the direction of the Secretary of Agriculture.

(b) In addition to such projects and for the further relief of unemployment and stabilization of business the Secretary of Agriculture is authorized and directed to construct a nation-wide system of hard-surfaced post roads connecting the capitals or principal cities of the several States and the District of Columbia on such routes as he may approve and report to the President. The President may approve any or all routes so reported and may allot any portion of the unemployment relief fund to the construction of all or any part of the route so reported.

(c) Any sums so allocated to the Secretary of Agriculture shall be treated as nearly as possible as is money appropriated by Congress for the construction of public buildings, except that there shall be no monthly allocation thereof.

(d) A total of not less than $3,000,000,000 of the money available under this act shall be applied on work done under the direction of the Secretary of Agriculture under this act.

SEC. 15. The Secretary of Agriculture shall have all the powers necessary to carry out his duties under this act and shall cooperate with the authorities in each State charged with the duty of highway construction.

SEC. 16. In laying out the highway routes, under this act, the Secretary of Agriculture shall take into consideration existing highways and may with the consent of the proper authorities in each State apply any part of the money allotted to him by the President in widening or improving highways.

SEC. 17. This act is not intended to repeal or interfere with any provision of the Federal highways act, unless such provision is in direct conflict herewith.

SEC. 18. Each Secretary to whom allotments are made under this act shall have power to acquire real estate or any interest therein for the purposes of this act, in the same way as is provided by law for the acquisition of similar property for similar purposes: *Provided*, That the acquisition of real estate or any interest therein by the Secretary of Agriculture shall be made in the same way and under the same provisions of law which provide for the acquisition of similar property for river and harbor works. Property so acquired may be paid for from such allotments.

SEC. 19. The post roads provided for under this act, except as otherwise provided by the Secretary of Agriculture, with the approval of the President, shall be durable and hard-surfaced and—

(a) Of a width not less than 20 feet, except in rough, mountainous, or sparsely settled regions, or other extreme cases;

(b) Wherever practicable, for at least 5 miles out from the corporate limits of any city of over 200,000 population, said hard-surfaced roadway, parts of said post road, shall have at least four traffic lanes of approximately 10 feet in width, or such greater number of such traffic lanes as will, in the judgment of the Secretary of Agriculture, meet all reasonable traffic requirements and insure safety and economy in traveling; and

(c) Wherever practicable, for at least 10 miles out from the corporate limits of any city of over 800,000 population, there shall be at least six such traffic lanes.

SEC. 20. The Secretary of Agriculture is authorized, with the allotment from the unemployment relief fund made by the President, to have made any surveys, plans, specifications, estimates, and other preparations necessary for the construction of the post roads provided for herein.

SEC. 21. Works to be carried on under the authority of the Secretary of the Treasury or of the Secretary of War shall be carried on as is provided by law for similar works under authorization of Congress

SEC. 22. The provisions of law relating to the carrying on of work for river and harbor improvements shall apply as far as possible to the construction, completion, or improvement of post roads under this act, except that the Secretary of Agriculture shall be substituted for the Secretary of War.

SEC. 23. (a) There shall be a temporary supervising engineer of post roads in the Department of Agriculture, who shall be appointed by the President for a term of three years by and with the consent of the Senate. He shall supervise the plans and construction of the post roads authorized herein and perform such other duties as the Secretary of Agriculture shall require. His salary shall be fixed by the Secretary of Agriculture with the approval of the President.

(b) The appropriate Secretary may contract for the services of such engineers, experts, and other technical and office assistants as he may deem necessary for the purposes of carrying out his duties under this act.

(c) The compensation of the temporary supervising engineer, and of other persons under contract as provided in this section, shall be paid from allotments made from the unemployment relief fund.

(d) So far as possible, technical and office assistants shall be appointed from the list of persons qualified for such positions under the civil service act.

SEC. 24. If any provision of this act should be held to be invalid, such invalid provisions shall not affect the validity of any other provisions of this act which can be given effect.

SEC. 25. This act shall take effect on its passage.

Mr. TYDINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Schall
Bailey	Cutting	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Barkley	Dill	La Follette	Smith
Bingham	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Bratton	Frazier	Long	Stephens
Brookhart	George	McGill	Thomas, Idaho
Broussard	Glass	McNary	Thomas, Okla.
Bulkley	Goldsborough	Moses	Townsend
Bulow	Hale	Neely	Trammell
Byrnes	Harrison	Norbeck	Tydings
Capper	Hastings	Norris	Vandenberg
Caraway	Hatfield	Nye	Wagner
Carey	Hawes	Oddie	Walcott
Cohen	Hayden	Patterson	Walsh, Mass.
Connally	Hebert	Pittman	Walsh, Mont.
Coolidge	Hull	Reed	Watson
Copeland	Johnson	Robinson, Ark.	Wheeler
Costigan	Jones	Robinson, Ind.	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present. The question is on agreeing to the committee amendment.

Mr. HULL. Mr. President, I shall detain the Senate only a few minutes in order to call attention to an amendment which I have offered as a separate paragraph to follow the pending committee amendment.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. HULL. I do.

Mr. NORRIS. I want to inquire of the Senator if I understand correctly what he has said. Does the Senator offer this amendment as an amendment to the committee amendment?

Mr. HULL. No; I offer it as a separate paragraph to follow that amendment.

The amendment proposes that the United States Government shall agree not to increase its protective tariffs above the present level for two years nor interpose obstructions to trade, provided other governments agree to pursue a like policy.

The bill that was vetoed by the President some days ago contained a provision authorizing and requesting the Executive to convene an international economic conference, a part of the purpose of which should be to bring about, as nearly as might be possible, some degree of concerted action on the part of this and other nations for the purpose of readjusting downward excessive tariffs wherever they might exist. That measure having been vetoed, since the nations of the world, including our own, are unable to take any steps that might tend at least to check this constant movement upward of every kind of trade obstruction, every kind of exchange restriction, and every kind of barrier to the transfer of goods and capital and services across international boundaries, it is in my judgment very important, in the light of the present chaotic economic conditions here and everywhere, that this and other nations should pause in the wild excesses to which I have referred and take two years for the purpose of reexamination, for the purpose of stock taking, so to speak, in order that they might with more deliberation and with better judgment determine whether it is not eminently wise from the standpoint of the enlightened self-interest of every country alike that they should proceed somewhat in concert but, of course, acting separately and independently through their own respective parliamentary bodies to make readjustments downward in a manner that would gradually bring about a simplification and bring down to a moderate level this great tangled mass of obstructions and reprisals and impediments and retaliations, a complete network of which has been built up in the capital of every civilized nation.

Mr. President, I repeat that the purpose of this amendment is to say, in behalf of the American people, to the people of all other countries that if the nations can not make any reductions of excessive taxation and unnecessary impediments to trade, they should at least refrain from making increases upon the already wildly extravagant level that has been built up everywhere during the past 10 or 12 years.

It is sometimes suggested, and I desire to emphasize that fact, that during recent years and at this time not only are all phases of our industrial, commercial, and general economic affairs in a chaotic state but there are wide fluctuations in our currencies and in our exchange situations and in our prices, so that no government can with intelligence or with accuracy effect any important tariff readjustments at this time or at any early time in the future; and this condition of constant and material changes in commodity prices and in the exchange and currency situation, as I have stated, makes purely speculative any extended tariff readjustment, especially upward.

As I have said heretofore, I have entire respect for those who may differ from my individual view; but I should not consider myself faithful to the opinions I entertain, or to the fundamental economic philosophy of the political party to which I belong, if I did not undertake in a small way to assert my judgment as to the soundness of the ideas to which I am making reference.

It is easy for any of our friends to persuade themselves that the two political parties have merged, in effect, on tariffs, which in practical effect includes all economics; that they have merged, not on the principle alone but on the excesses that characterize our present-day tariff policy. I desire to offer the prediction that if the Democratic leadership in the different States of this Nation, and I am not referring to any Senate leaders, understakes to merge the two old parties to all intents and purposes, both as to economic philosophy and as to the notorious excesses that are being practiced, it will be no time until a new party, made up of as able and as patriotic citizenship as the American Nation or any other nation can afford, will rise up to champion the fundamentals of that wonderful economic philosophy which has been the glory of the Democratic Party and of the American Nation for more than a hundred years.

We need not deceive ourselves about the notion that we can merge the two political parties here on economics and on finances and on special interests of all kinds, and indulge in those wild excesses which are written on every page of the Smoot-Hawley Act, and expect the great American citizenship to undergo patiently and uncomplainingly and with perfect acquiescence all the penalties and injustices that this one-sided, inequitable system inevitably imposes upon the masses of this country.

Why, Mr. President, do we imagine for a moment that this city would be flooded with lobbyists at great expense, that these galleries would be crowded at all hours of the day and night with the highest-paid lobbyists in America, for days and weeks and months hovering over us here, as part of a great altruistic movement in the interest of the American public? Why, if we should start to enact here to-night a tariff bill that deprived them of the opportunity to collect special favors from the American public, they would strangle that bill in its infancy; and yet we are proceeding complacently upon the theory that those gentlemen are here in the public interest; that all these vast expenditures are to help guide the Congress along a wise and a sound course solely in the interest of the American public!

Mr. President, the merest tyro in economics knows that there must be two classes in any country that are parties to levies of protective tariffs, especially where they are levied unnecessarily high. The beneficiary always writes them high, and under our present-day policy he is permitted to write them. We know, however, that there must be one group of citizens to pay—they always pay—and there is another group to receive. If the citizenship of this country should be equalized with respect to tariff benefits, they would be shunned as a pestilence by everybody alike, and all of our lobbying friends would be left without an occupation.

But there must be a small group to receive, because it takes a larger group to pay, to bear the burden. The smaller group can receive without attracting so much attention.

Mr. SHORTRIDGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from California?

Mr. HULL. In just a moment. I am trying to state the case, and then I shall be glad to yield. I have always welcomed a contribution from the able Senator from California.

I am just trying to say that every person recognizes that we do not go to a general sales tax or to a tariff act if we are looking for equity. We do not go to a tariff act if we are looking for economic equality. We do not go to it if we are looking for revenue, in case we permit the beneficiaries to fix the rates, because they fix them too high for revenue purposes. In other words, we may not be mindful of the fact that in the abstract a tariff is not equitable, but is for the benefit of certain individuals and certain groups of a limited nature.

That being the situation, we have seen one political party in this Nation always opposing the course and the policy of the chief tariff beneficiaries. We have never seen both political parties join in and undertake to monopolize the support of the chief tariff beneficiaries or to monopolize the economic philosophy which they maintain. That is only another reason why this country is not going to stand for two political parties supporting and championing prohibitive or embargo tariffs for long.

Here is an illustration of the significance of tariff by a great assemblage of people in 1876. They said:

> We denounce the present tariff levied upon nearly 4,000 articles as a masterpiece of injustice, inequality, and false pretense. It yields a dwindling, not a yearly rising revenue. It has impoverished many industries to subsidize a few. It prohibits imports that might purchase the products of American labor. It has degraded American commerce from the first to an inferior rank on the high seas. It has cut down the sales of American manufactures at home and abroad, and depleted the returns of American agriculture—an industry followed by half our people. It costs the people five times more than it produces to the Treasury, obstructs the processes of production, and wastes the fruits of labor.

That is just a sample. I would not have referred to the abstract nature of tariffs except for the fact that a friend of mine in the corridor this morning was very insistent to me that the two political parties here in Congress had virtually merged on not only the same economic philosophy, of which our present ultrahigh tariff policy is the head and front, but upon all those minor phases of economics which go along with it, including Power Trust interests, activities, and influences, and other minor phases of special privilege which are a supporting part of the prohibitive and embargo tariff structure which to so large extent exists to-day.

I resent very strongly the suggestion that the Democratic Party has now merged, in effect, with the dominant influences in the Republican Party with respect to the ultrahigh tariff policies that are in vogue here and in many other countries at this time.

I do wish to emphasize, however, that unless this and other Nations halt and examine this almost impossible state of production and trade and finance the time is near at hand, in my judgment, when there may be another collapse of our whole economic structure in all the important countries.

We already have a virtual collapse of both international trade and domestic trade. We already have a complete collapse of international credit and international finance, and the exchange situation is all broken down. There is no possible way in which we can sell our surpluses anywhere except in a very trivial way.

Upon these considerations I base the suggestion carried in the pending amendment that this country could do no wiser thing than by adopting the amendment and thereby taking a lead in quietly suggesting to the other nations that the time has come when, if we can not reduce tariffs, we should at least agree not to increase them beyond the already mad and wild heights to which they have been lifted.

Two years would afford a breathing spell. Two years would give time to reexamine and to analyze both our domestic and our international problems. We could then ascertain with some degree of deliberation just to what extent permanent and sound business recovery requires not only our efforts here at home but to what extent some degree of sane, practical international cooperation can be effective in restoring the low level of commodity prices in the world

market and in restoring the credit and the exchange situation, which to-day bears so heavily and so oppressively upon the domestic economic situation of every important nation.

Mr. SHORTRIDGE. Mr. President, I have listened with much interest to the Senator who has just yielded the floor, and if he will pardon me, I will put to him now a question or two which I had hoped to have the honor of putting to him a few moments ago.

I understand the Senator to have said that he takes a firm position as against the so-called extortionate rates of duty fixed in the present tariff law, the so-called Hawley-Smoot Tariff Act. I was prompted to put a question to the Senator in respect of certain of those rates, not to provoke argument, or to cause any embarrassment.

Mr. HULL. The Senator will not embarrass me, I assure him.

Mr. SHORTRIDGE. I would not do so intentionally. I will incorporate half a dozen or more items in one question.

The poultry association of practically every State of the Union and the National Poultry Association appeared before the respective proper committees and petitioned and urged and argued for a certain rate on certain poultry products imported from foreign countries. The State and the national dairy associations likewise appeared, petitioned, and argued, appealed, indeed, for certain rates on certain dairy products imported.

The almond associations from States raising almonds, the walnut associations from States raising walnuts, the lemon and orange associations from States raising lemons and oranges, the fig associations, and the cotton associations petitioned and argued with force, certainly with great earnestness, in favor of certain rates, and as to none of these several products mentioned does the present tariff law accord the rates which were sought by those several associations.

I mention particularly the fig association. I recall vividly the argument made by an intelligent citizen of Texas, presented before the Finance Committee by the distinguished junior Senator from Texas [Mr. CONNALLY], and I recall him because of his masterly, and, I thought, convincing argument in favor of certain rates of tariff duty on figs—for it is well known that Texas, as California, is a great fig-producing State.

I repeat that I did not intend to invite argument. I wished merely to ask the Senator whether, when denouncing or inveighing against the tariff act now the law, he is opposed to any of the rates on any of the products mentioned. That is my immediate question.

Mr. HULL. Mr. President, in order to make the best possible impression on the distinguished Senator from California, for the purpose of answering his question, I will just adopt the economic philosophy of James A. Garfield as applicable to the Senator's proposition, and read that to him:

> Duty should be so high that manufacturers can fairly compete with the foreign product, but not so high as to enable them to drive out the foreign article, enjoy a monopoly of the trade, and regulate the price as they please.

Under this so-called yardstick of the difference between the costs of production here and abroad, not one penny's worth of one article remotely competitive would get into this country, even by accident. The Senator's tariff bill is far above this pronouncement of Senator Garfield, I believe, when he was a Member of the House. Not only that, but I recall that all of our peanut friends were given a tariff of 186 per cent, and the guaranty that they would all make good profits. They are all broke now, I think, and that 186 per cent tariff is still suspended over their heads as a sort of economic insult to them, on account of its unreasonableness, its extravagance, and its lack of any sort of moderation.

Our egg friends came along and got what they wanted. They had been told by propagandists that the higher they fixed a tariff the more they would get for their eggs.

One of my associates, operating a farm, informed me that he only gets about 7 cents at the farm for his eggs. Our friends were assured when they placed the rate up above 8 cents a pound where it originally was, and under which rate we did not average more than 5 cents of tariff benefit; yet it was jumped from 8 to 12 and then to 14 cents, with the constant copper-riveted assurance to the dairyman that his prices would go up accordingly, and yet to-day his prices are lower than they have been in 20 or 25 years. They are down to 20 cents a pound.

I want to inquire of the distinguished Senator from California why he is not undertaking to apologize for all this vast list of promises that have been made to the produce men, the dairy men, and the farm commodity prices generally instead of seeking to catechize and criticize me? Perhaps the Senator is merely undertaking to divert attention from the awful situation.

Mr. SHORTRIDGE. Far from it.

Mr. HULL. That is the practice of the champions of the ultrahigh tariff, not only here but everywhere. The strange thing about it, if the Senator will permit me to interject, is that all the nations never had such mountain-high embargo tariffs as they have had during the last few years under our leadership.

All of them have been subjected to the most devastating, destructive panics that ever befell the human race during the age of civilization and yet the Senator, with all his tariff beneficiaries broke and flat on their backs and millions of them out of employment and millions of them driven into bankruptcy, has the hardihood—I shall not say effrontery, because the Senator is never guilty of effrontery—but he has the hardihood to solemnly brush aside this unthinkable condition of distress and panic and divert attention by catechizing some wholly innocent person like myself.

Mr. SHORTRIDGE. Mr. President, I rose to say that I did not intend to engage in controversy with the Senator over the philosophies entertained by the different Members of this body, but to propound a question.

Mr. HULL. If the Senator will permit me, I want to say that if we are not interested in settling the true and sound economic philosophy that ought to apply in this country, then we are not specially interested in the entire subject matter of the tariff.

Mr. SHORTRIDGE. Mr. President, the Senator inveighed against the existing law, denounced it in proper parliamentary language, and I rose to ask him whether he objected to certain rates. It is so easy to indulge in glittering generalities or, as a Democratic philosopher once said, "general glitteralities"—very easy, indeed. We placed certain rates on poultry products, on dairy products—casein, for example—on lemons, on oranges, on cotton, on figs, on walnuts, on almonds, and on many other items that fall within the category of horticulture or agriculture.

Mr. HULL. Mr. President, will the Senator permit me?

Mr. SHORTRIDGE. Pardon me for a moment. I do not care to enter into a discussion of the philosophies of the so-called free-trade theory or the so-called protective-tariff theory. I am more or less familiar with those theories and with the record of the past in our country and in all other countries. What I have asked other Senators and what I have put out in public is in essence this:

Instead of discussing philosophies, are they objecting to any specific rate, whether it be called a relatively protective rate or whether it be denounced as an excessively high protective rate? Do they object to any particular rate? I undertake to say that there are not two more thoughtful Senators, Members of this body, than the two Senators from Florida [Mr. FLETCHER and Mr. TRAMMELL]. These two learned Senators, the learned senior Senator from Louisiana [Mr. BROUSSARD], the former learned Senator from Louisiana, Mr. Ransdell, and the learned Senator from Wyoming [Mr. KENDRICK]—all Democrats—voted for the present so-called Smoot-Hawley Tariff Act.

But my friend from Tennessee may say that is neither here nor there. But with great respect, and not to embarrass or to get into personal controversy, I repeat, as I have many times inquired of Senators, to what particular items

in the bill do they object? If the Senator from Tennessee cares to answer, he may do so; if he does not care to answer, be it so.

Mr. HULL. I will say to the Senator—I would assume he is familiar with it, because it was published in the papers—that during the last week I offered an amendment to the pending bill which proposes to go up to the prohibitive embargo range of rates in the Smoot-Hawley tariff bill and reduce by 20 per cent in all cases where a rate is above 40 per cent, but reducing no rate below 40 per cent. I hope that will please the Senator, if it does not satisfy him.

Mr. SHORTRIDGE. I beg the Senator's pardon, but let me look him right in the eye now and say that I do not think he is willing to admit that he is opposed to any one of the rates fixed to which I have referred. Does he want to reduce the rate on cotton, on figs, on oranges, on poultry products, on dairy products, or not?

Mr. HULL. I expressly and avowedly subscribe to the amendment which I have pending which proposes to reduce not alone those rates at the top but every rate bearing an import duty in the Smoot-Hawley Act over 40 per cent ad valorem—to reduce them by 20 per cent.

Mr. SHORTRIDGE. Including the ones I have mentioned?

Mr. HULL. Yes; every one of them. That is just a preliminary step, operating on the top range, where the intervention of a tariff fact-finding commission is not necessary.

I will say further to the Senator that I have in great elaboration set out just how I would undertake to deal, if I had my way, with the present business situations, the economic situation, and the tariff and commercial questions which relate to them. I would proceed carefully and gradually to a readjustment downward with a level of moderation as my objective. I would do that with the aid of a fact-finding commission. I would pursue the policy that as the country becomes economically independent, it should in this or that instance throw off artificial restraints and restrictions.

Then I would be careful to recognize at every step the hot house industries that have existed in this country as we have built up industry generally. From my viewpoint, while there would be some utterly inefficient concerns which it would be necessary to improve in their efficiency, I think we would have not only an increasing domestic trade with all the manufacturing concerns on a healthier and sounder basis but we would have what we have not to-day—to wit, a great and growing foreign market for every ounce of our surplus agricultural, mineral, and manufactured products.

Mr. SHORTRIDGE. To end this controversy and yield the floor, I ask the Senator if he thinks the oil men of America can compete with foreign producers; if the people of California engaged in the poultry industry can compete with China; if those in Wisconsin or Michigan, for example, engaged in dairying can compete with all other countries; if the cotton people, in respect to the long-staple variety, can compete with the long-staple cotton producers of Egypt? In other words, I take it the Senator is a free trader, a low-tariff advocate, and hence is opposed to the existing law and thinks that there should be a general reduction of all the rates fixed in the present law, and proposes also that we should enter into negotiations with foreign countries, all to the end that there might be a free exchange of commodities among or between the nations of the world.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Maryland?

Mr. SHORTRIDGE. I yield.

Mr. TYDINGS. The Senator makes reference to the low cost of production of foreign oil. He assumes a fact which does not exist.

Mr. SHORTRIDGE. There is a differential of at least $1.03 per barrel between Venezuelan oil and Louisiana or California oil. I know it.

Mr. TYDINGS. If the Senator will bear with me, I will show that his premise is erroneous.

Mr. SHORTRIDGE. Proceed; but the Senator can not show it.

Mr. TYDINGS. I hold in my hand the pay roll of the Pan American Oil Co. for six months in Venezuela. Often we hear upon the floor of the Senate the assertion that this oil is produced by peon or slave labor. Let us see how much the labor gets.

A driller gets $350 a month. He gets a subsistence allowance of $123 a month in addition, making a total of $502 a month.

A tool pusher gets $450 a month in Venezuela and a subsistence allowance of $123. He also gets a vacation allowance of $37, making a total monthly allowance of $610.

A machinist gets $250 a month, a subsistence allowance of $123, and $21 a month vacation allowance, or a total monthly allowance of $394.

A boilermaker receives $225 a month——

Mr. SHORTRIDGE. This is all in the RECORD.

Mr. TYDINGS. No; it has not been put in the RECORD. The point I want to make with the Senator is that these wages, with the subsistence allowance, are higher than are paid in any oil field in America.

Mr. SHORTRIDGE. The question is, What does it cost to produce or bring forth a barrel of crude oil or petroleum in Venezuela and what does it cost to bring forth a barrel of crude oil in Louisiana or in Oklahoma or in Texas or in California? According to the detailed examination and conclusions of the Tariff Commission, the difference or the differential is at least $1.03.

Mr. TYDINGS. Will the Senator yield right there?

Mr. SHORTRIDGE. I am not dealing with individual wages.

Mr. TYDINGS. Will the Senator yield?

Mr. SHORTRIDGE. For a question or two only.

Mr. TYDINGS. The $1.03, as the Senator knows, applies only to certain grades of oil. There are oils of various degrees of viscosity, and the Senator knows that is not a constant figure. I have only to refer to the speech made by the Senator from North Dakota [Mr. NORBECK] the other day, who stated that he had gone into this matter very carefully and explained in great detail that the dollar increase as a differential did not apply.

Mr. SHORTRIDGE. I take it from the Senator's remarks, then, that he does not favor any tariff on crude petroleum?

Mr. TYDINGS. No; and for this reason——

Mr. SHORTRIDGE. The Senator believes——

Mr. TYDINGS. Will the Senator let me answer his question?

Mr. SHORTRIDGE. Allow me to put the question in the affirmative form.

Mr. TYDINGS. Very well, I will wait until the Senator finishes.

Mr. SHORTRIDGE. The Senator believes in admitting crude petroleum, oil, from any or all countries free of any duty? Is that a fair way to put the question?

Mr. TYDINGS. Will the Senator now give me an opportunity to answer the question?

Mr. SHORTRIDGE. Let the Senator answer yes or no.

Mr. TYDINGS. First of all, let us see how much good it will do.

Mr. SHORTRIDGE. I am not asking that question.

Mr. TYDINGS. I am going to give the Senator an answer, but I do not want to answer him in his words.

Mr. SHORTRIDGE. No; I want the Senator to answer yes or no.

Mr. TYDINGS. I am going to answer the Senator categorically, but I am going to tell him the reason for the answer first, because I do not want to be cut off and have a false impression created.

Mr. SHORTRIDGE. The Senator has taken many hours during the last week in explaining his theories in respect of oil and other imports; and I have enjoyed listening to him and been enlightened, but not persuaded or convinced. I now merely wish to ask him a question and not invite a repetition of arguments heretofore made.

Mr. TYDINGS. I will be glad to answer the Senator's question if he will give me the chance.

Mr. SHORTRIDGE. Well, I will withdraw the question, then.

Mr. TYDINGS. I am sorry the Senator has withdrawn it.

Mr. LONG. Mr. President——

Mr. SHORTRIDGE. I yield to the Senator from Louisiana.

Mr. LONG. I want to ask the Senator a question, if he will give just about one minute to me. As a matter of fact, he might include the taxes that are paid on American oil; that alone would take up more than the tariff—merely the item of taxes.

Mr. SHORTRIDGE. Exactly.

Mr. LONG. I do not suppose the simple item of royalties would take up more than the difference. The table the Senator has read we have seen many times before, have we not?

Mr. SHORTRIDGE. We have, indeed.

Mr. LONG. Practically every time the subject has been under discussion.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. SHORTRIDGE. Yes; I yield.

Mr. TYDINGS. I should like to read the Senator a few short paragraphs.

Mr. SHORTRIDGE. From what document?

Mr. TYDINGS. Of statistics.

The Standard Oil Co. of New Jersey, according to the Journal of Commerce of February 16, 1931, last year sold something over 3,000,000,000 gallons of gasoline in addition to its other products. Its imports were approximately 10,000,000 barrels.

It sold 3,000,000,000 gallons and only imported 10,000,000 barrels.

Could anything be more ridiculous than the argument based upon such premises, that 2½ cents per gallon tax on gasoline will reach a gross intake of at least $67,500,000 a year to New Jersey on this little 3,000,000,000 basis?

That, of course, refers only to the American market.

It is also pointed out that the Standard Oil Co. of New Jersey wants oil kept on the free list. I am pointing out to the Senator that an infinitesimal part of all the oil sold by that company was imported.

Another one of the companies is the Dutch Shell. The Senator knows that the Dutch Shell Co. has the third largest holding of American producing oil fields of any company in the country. In other words, one of these companies whose imports are to be excluded has already bought the third largest local production in America. So it will not make a bit of difference whether the oil is excluded or not, because the bulk of their supply is now coming from the home field.

Mr. SHORTRIDGE. I see that certain inferences are to be drawn or conclusions reached from the facts to which the Senator refers, but I go back to the primal question.

Mr. TYDINGS. Now, I will give the Senator his answer.

Mr. SHORTRIDGE. The Senator favors—and it is not to engage in any discussion of the matter that I put the question to him—the Senator therefore, favors the admission of oils, for brevity, without the payment of any duty?

Mr. TYDINGS. I do and for the reasons stated.

Mr. SHORTRIDGE. Exactly, Mr. President, I am ready for a vote.

The VICE PRESIDENT. The question is on the amendment reported by the committee.

Mr. WALSH of Massachusetts. Mr. President, I should like to inquire of the Senator from Tennessee [Mr. HULL] if his amendment would bring about any increase in the protective tariff of the United States if one particular nation entered into an agreement with the United States not to increase its tariff?

Mr. HULL. Mr. President, if the Senator will permit me, I think it is evident that people of all degrees and shades of tariff persuasion in this country and in most other countries upon a careful, calm review and examination of the present hopelessly obstructed condition of trade and finance and commerce, especially in all international channels, will agree that some degree of concerted action on the part of all the principal countries is very important and really very necessary in justice to each. The parliamentary government of each nation would, of course, proceed in its own way in readjusting tariffs downward and in liberalizing commercial policy, but the proposal submitted by me makes the appeal to all alike.

Mr. WALSH of Massachusetts. The amendment does not propose committing the United States Government to enter into an agreement with any one country not to raise rates, and then, after a period of two years to enter into agreements with a substantial number of the other nations that they will not raise any of their tariffs?

Mr. HULL. The amendment is really an invitation on the part of this country to others to take a two years' vacation from this wild movement upward in tariff rates. Outside of that the amendment will amount to nothing unless and until the other countries subscribe to the same proposal.

Mr. WALSH of Massachusetts. It would not permit an agreement being made by the United States with any one country?

Mr. HULL. No.

The VICE PRESIDENT. The question is on the amendment reported by the committee, on which the yeas and nays have been ordered. The Secretary will call the roll.

Mr. HARRISON. Mr. President, a parliamentary inquiry. The question is, is it not, on the amendment of the Senator from Tennessee [Mr. HULL] to the amendment of the committee?

The VICE PRESIDENT. The Chair is advised that the Senator from Tennessee did not offer the amendment, but simply stated he would offer it.

Mr. HULL. It is offered as a separate paragraph immediately following the committee amendment.

Mr. WALSH of Massachusetts. I desire to offer an amendment to the committee amendment. I move to insert, in line 7, page 244, following the word "sides," the words "excepting flooring."

If this language were incorporated in the amendment, it would make clear that a duty of $3 per thousand feet board measure should not apply to flooring.

Mr. DILL. Mr. President, will the Senator yield to me to call for a quorum?

Mr. WALSH of Massachusetts. No.

Mr. DILL. Those who are the proponents of the amendment are not here, and I think they ought to be here.

Mr. WALSH of Massachusetts. Senators are tired of acting like bell hops answering quorum calls, and I am not going to be a party to bringing them here at this time.

Mr. DILL. Mr. President, if the Senator will yield to me for a moment, this question was up earlier in the day and the Senator from Oregon [Mr. STEIWER] said he had no objection to this amendment being incorporated in the pending amendment. My colleague the senior Senator from Washington [Mr. JONES] is not on the floor, and I had hoped he might be here, because he is better prepared to decide whether or not this amendment should be accepted than is perhaps anyone else.

Mr. WALSH of Massachusetts. I suggest that in the brief time I am taking the junior Senator from Washington may send for the senior Senator from Washington [Mr. JONES] and the Senator from Utah [Mr. SMOOT].

Mr. President, I am going to be very brief. I think Senators are tired responding to quorum calls every 10 or 15 minutes. I think we ought to do some business here without requiring Senators constantly to answer to such calls. We hardly get through one quorum call and Senators come in than there is another.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from Arizona.

Mr. ASHURST. The Senator is right, because when a quorum is called Senators come in and expect to vote, but, instead of voting, they find that some other Senator gets the floor and begins a speech, and they all leave and justly and properly so. [Laughter.]

Mr. WALSH of Massachusetts. I will not, of course, ask for action until the Senators referred to are present, but they are familiar with the point I am making. When I had the floor this morning I said that I thought flooring was included within the term "lumber," and I used the definition of the American lumber standards that has been adopted by a unanimous action in four general lumber conferences. The definition which they give is as follows:

> Lumber is the product of the saw and planing mill not further manufactured than by sawing, resawing, and passing lengthwise through a standard planing machine, crosscut to length and matched.

Under this definition all "lumber" is then classified into three major divisions: (a) Yard lumber, (b) structural timbers, and (c) factory or shop lumber.

A large number of forms of lumber are enumerated which it is claimed come within the definition of lumber. Among these materials of wood are finish, casing and base, flooring, ceiling, siding, partition, silo stock, ladder stock, piano posts, cross arms, and other wood cut in the sawmill and planed or not planed for specified uses. Boards, dimension, joists and plank, small sawed timbers, large sawed timbers, sawed cross and switch ties, small dimension stock—that is, stock ready cut to specified, usually small, dimensions, lath, shingles (possibly), and veneer (possibly).

The trade considers flooring as lumber; I do not think the proponents of this amendment desire flooring to be included; but I want to make sure it is excluded, and that is why I am proposing this amendment.

Mr. President, let me add that we can not read this law in connection with existing tariff law. The two are entirely separate. The so-called tariff items in this bill are exempt from the flexible-tariff provision. No one can petition, if we shall adopt this amendment, to have these duties raised or lowered.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH of Massachusetts. I yield.

Mr. LONG. I do not see any reason why, if we are going to have a lumber tariff, flooring ought to be excepted or treated different from any other kind of lumber. What reason does the Senator urge why it is proper to put tariff on weatherboards and ceiling and not on flooring?

Mr. WALSH of Massachusetts. That is just the point. I want to have it clearly settled whether we are going to include flooring or not. I assume the proponents of the original amendment will agree that flooring should be excluded. It already has a tax of 8 per cent, and if it is included in this provision a further tax will be put on flooring, for it will have a tax of 8 per cent plus $3 per thousand. Does the Senator understand that?

Mr. LONG. I did not know that.

Mr. WALSH of Massachusetts. Yes; unless this amendment shall be adopted, flooring such as is used in the ordinary house, which sells for about $40 a thousand, will have a tax of 8 per cent on a thousand feet. On that flooring there is already a tax of $3.20; and if flooring shall be embraced in the word "lumber," the adoption of the pending amendment without amendment would mean a tax of $6.20.

Mr. LONG. I see a valid reason why the amendment should be accepted. I did not know the circumstances, and I thank the Senator.

Mr. JONES entered the Chamber.

Mr. WALSH of Massachusetts. I will say to the Senator from Washington that I have offered an amendment to the amendment proposing to incorporate in the amendment the words "except flooring." I think from the discussion we had a few minutes ago the Senator is rather inclined to be of the opinion that flooring was not intended to be embraced in the term "lumber." Therefore I assume the Senator accepts this amendment.

Mr. JONES. I do not understand that I had any conversation that would lead anybody to that conclusion. I think, certainly, flooring is lumber.

Mr. WALSH of Massachusetts. That proves just what I have been contending here. The Senator from Oregon [Mr. STEIWER] challenged my statement that it did include lumber. He said it does not include lumber. Let us have it determined, because that is a very important item, and it means 100 per cent increase in the tax on flooring if it is incorporated.

Mr. JONES. Mr. President, I understand that the Senator contends that on flooring there is now a tax of 8 per cent.

Mr. WALSH of Massachusetts. Eight per cent.

Mr. JONES. That is in another paragraph somewhere else?

Mr. WALSH of Massachusetts. Exactly.

Mr. JONES. I do not think that is covered by this item.

Mr. WALSH of Massachusetts. I am very glad to hear the Senator say so; but I raised the question that this law could not be associated or connected with the tariff law. It is entirely set apart, as a separate law. We have exempted the flexible tariff provisions from operating so far as these items are concerned.

Mr. JONES. I can not agree with the Senator in that respect. I think every tariff item is subject to the commission's power to act.

Mr. WALSH of Massachusetts. The language is right here. I have had an amendment on the subject drawn by the experts. The language is right here, providing that no items in this bill shall be subject to the flexible tariff provisions.

Mr. JONES. I did not know that item was in the bill. It certainly is not a part of my amendment.

Mr. WALSH of Massachusetts. That is the trouble. The people of the country do not know it, either. They will be very much astonished when they wake up and find that we have made a tariff bill here distinct and separate from the policy we have adopted now for 10 years; that we have set apart these items with a special tax, away from consideration and review by any board or by the President, and that Congress alone can act.

Mr. JONES. May I ask the Senator if that provision has been adopted as a part of this bill?

Mr. WALSH of Massachusetts. It has not been specifically acted on by the Senate, but it is in the House text.

Mr. JONES. I am not in favor of that provision myself.

Mr. WALSH of Massachusetts. The Senator is not in favor of it?

Mr. JONES. No.

Mr. WALSH of Massachusetts. I am glad to hear that.

Mr. JONES. I think these tariff items ought to be subject to the Tariff Commission just the same as if they were in any other law.

Mr. WALSH of Massachusetts. I am very glad to hear that.

Mr. JONES. But I do not want to assume that that provision will be adopted by the Senate.

Mr. WALSH of Massachusetts. Will the Senator agree to the amendment that I am now proposing, excepting flooring?

Mr. JONES. I do not think so. I do not know whether there is a technical definition of lumber or not. I suppose probably there is; but I want whatever may be covered by that technical word, however it is construed. I take it that flooring is lumber. I assume that it is lumber. I can not imagine what else it could be.

Mr. WALSH of Massachusetts. I understood that if the Senator was informed that there was a separate tax of 8 per cent on flooring in the present law, he would exclude flooring from this particular tax.

Mr. JONES. Not expressly. I will leave that to the construction of the commission.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield to the Senator from Oregon.

Mr. STEIWER. I think there was a little confusion between the Senator from Massachusetts and myself this

morning, due to the fact that apparently neither one of us kept in mind the fact that paragraph 402 of the act of 1930 is limited to certain kinds of flooring, namely, maple, birch, and beech. As I understand now, the Senator from Massachusetts attempts by his amendment to except all flooring, which would include the softwood floorings as well.

Mr. WALSH of Massachusetts. All floorings; yes.

Mr. STEIWER. The argument for the exception which the Senator would seek to make would be sound within the theory upon which he is proceeding so far as the three hardwood floorings are concerned. The argument would not apply, however, to floorings of softwood.

Mr. WALSH of Massachusetts. The Senator is willing that the words "except flooring" shall be incorporated if they apply only to hardwoods?

Mr. STEIWER. I would not want to take the responsibility of doing that. I can not speak for other Senators.

Mr. WALSH of Massachusetts. Has not the tariff of 8 per cent on flooring resulted in diminishing the importations of flooring, so that there is not any need of an increased tax?

Mr. STEIWER. I think there is a diminished importation. I am not so sure that it is the result of the tariff. Certainly, however, the Senator would not want to extend his amendment to the point of covering softwood flooring.

Mr. WALSH of Massachusetts. I would want to extend it to all that kind of flooring which in the present law bears a tax of 8 per cent. That seems to me fair. That is already covered.

Mr. STEIWER. Of course, from the standpoint of those who are advocates of this duty, that would be far less objectionable than the present form of the Senator's proposal.

Mr. WALSH of Massachusetts. Something has been said about these duties being exempt from the flexible provisions. Let me call the attention of Senators to page 240, which is in the House text and can be removed only by an amendment from the floor, which I expect to offer later. Paragraph (b), on page 239, reads as follows:

(b) The tax imposed under subsection (a) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

(1) The value on which such tax shall be based shall be the sum of (A) the dutiable value (under section 503 of such act) of the article, plus (B) the customs duties, if any, imposed thereon under any provision of law.

(2) For the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article, and for the purposes of section 336 of such act (the so-called flexible tariff provision) such tax shall not be considered a duty.

Clearly exempting them.

Now, Mr. President, I think we ought to have a vote. Let the Senators know just what we are voting on. The question is whether we shall proceed to put a tax upon rough lumber of $3 per thousand feet, a tax upon sawed lumber of $3 plus $1 already there, making a total of $4 per thousand, and also a tax upon flooring which bears a duty of 8 per cent ad valorem in the present law, and add to that a tax of $3 per thousand feet, which will represent an increase, I am informed, of 100 per cent in the tax on flooring that goes into the homes of all the people of this country. We now have a tax of 8 per cent, and this is 100 per cent increase.

Mr. TRAMMELL. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Florida.

Mr. TRAMMELL. Is the provision of the bill which provides that this character of tax shall not be held to be a duty in general terms, or is it merely for the purpose of being passed upon by the Tariff Commission under the flexible provision?

Mr. WALSH of Massachusetts. It is a separate tariff bill that we are dealing with. This has no connection with the tariff law. It is eliminated from it; and we can not take up this law, when we come to interpret what lumber is, and read some section in another law.

Mr. TRAMMELL. The point I had in mind, about which I desired to ask the Senator, was this: If the provision in question differentiates this character of tax from a tariff tax, then would it not be a cumulative tax? Would not the tax provided in the tariff law apply as well as the tax provided here, so that we would have a cumulative tax—in other words, $1 a thousand on lumber under the tariff act and $3 a thousand under the provisions of this law?

Mr. WALSH of Massachusetts. Exactly.

Mr. TRAMMELL. Therefore we would have a duty of $4 a thousand.

Mr. WALSH of Massachusetts. Exactly.

Mr. TRAMMELL. It would be a cumulative tax, unless we specifically repeal the provisions of the tariff act applying to this particular item.

Mr. WALSH of Massachusetts. The Senator is asserting what I have tried to say and have been saying here for some time.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the senior Senator from Florida?

Mr. WALSH of Massachusetts. I do.

Mr. FLETCHER. The point is this: Under the tariff law there is a duty of $1 a thousand on dressed lumber. This bill is intended to cover rough lumber. It has not anything to do with dressed lumber, but it deals with rough lumber. Therefore it does not cover the same items.

Mr. WALSH of Massachusetts. This amendment covers both dressed lumber and rough lumber. It takes rough lumber—which is one-half of the consumption of lumber in this country—off the free list and puts a tax of $3 a thousand feet on it. It takes dressed lumber, which has a tax of $1 and adds a tax of $3. I am amazed at the fact that Senators are voting for these tariff duties without understanding that they are cumulative duties.

Mr. FLETCHER. What the Senator proposes is to except flooring. The flooring generally used in our part of the country, and all over the country for that matter, is yellow pine. It is not a kind of flooring that now carries a duty. It is not birch or maple or hardwood at all. When we specify that we shall except flooring, that means all flooring; and therefore any kind of flooring that is not birch or maple, such as mentioned in the tariff law, would have no duty on it. We might as well put in the tariff law aluminum flooring, which would be just as distinct from pine as birch and maple.

Mr. WALSH of Massachusetts. Mr. President, at the suggestion of the Senator from Washington I will modify my amendment so as to read as follows:

On line 7, page 244, after the word "sides," insert the following:

Except flooring made of maple (except Japanese maple), birch, and beech.

Mr. JONES. I think I am ready, so far as I am concerned, to accept that amendment.

Mr. WALSH of Massachusetts. Let us have a vote on it.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Massachusetts to the amendment of the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is upon agreeing to the committee amendment as amended. On that question the yeas and nays have been ordered.

Mr. TYDINGS. Mr. President, I should like to offer an amendment.

On page 244, line 9, strike out the period and insert a comma and add:

Provided, however, That a tax equal to one-half the amount herein stated shall be levied at the source and paid into the Treasury of the United States as a special tax.

Mr. President, the purpose of that amendment is this: The people who are asking for this $3 tariff on lumber will raise their price $3 a thousand feet on lumber; and, inasmuch as this is a revenue bill, is it too much to ask that at

least half of the increase in price shall be paid into the Federal Treasury?

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. Yes; I yield.

Mr. COUZENS. I was wondering if the Senator thought we could assess the foreigners where the lumber has its source.

Mr. TYDINGS. If it comes into this country, the foreigner will be assessed. He will have to pay $3 a thousand; but the American producer will have to pay $1.50 a thousand.

Mr. COUZENS. But we can not tax it at the source, because the source is in a foreign country.

Mr. TYDINGS. But no matter if it is not taxed at the source in a foreign country, the minute it comes over the border it is taxed, no matter what the source may have been. It is taxed $3 a thousand. If the foreign exporter is to be taxed $3 a thousand, thereby permitting all the American lumber producers to raise their price $3 a thousand, why should not these men who are benefited to the extent of that $3 raise share half of it with their Government in this hour of deficit?

Mr. COUZENS. I am unable to see how that could be executed, because prices would be varying all over the country, and we have no assurance that all of this lumber would be raised here.

Mr. TYDINGS. Whatever lumber comes within this category, at its source the owner of that lumber would be compelled to pay the Government a tax of half the amount he is benefited by this tariff.

Mr. JONES. Mr. President, as I understand the Senator's contention, it would be this, that the foreign exporter from Canada into this country would pay the $3 when he sends it in?

Mr. TYDINGS. That is right.

Mr. JONES. And then every producer of lumber in this country would have to pay $1.50 a thousand?

Mr. TYDINGS. That is right, because we all know that the American producer is going to take $3 in special taxes from the American consumer.

Mr. JONES. We do not grant that at all.

Mr. TYDINGS. Then this tax would not be any good, and all of us are going to pay $3 a thousand more for our lumber. These poor, impoverished people for whom we bleed and plead every day, and 10,000,000 of whom are now out of employment, and have been out of employment for a year, and are now to be taxed to the extent of $1,200,000,000, are to pay a further tribute to the lumber companies in this hour of peril of $3 a thousand, and all I am asking is that half that sum at least go into the Federal Treasury, that the lumber people not be allowed to keep it all.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment, which will be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 244, line 9, after the word "articles," the Senator from Maryland proposes to insert a colon and the following proviso:

Provided, however, That a tax equal to one-half the amount herein stated shall be levied at the source and paid into the Treasury of the United States as a special tax.

The amendment to the amendment was rejected.

Mr. TYDINGS. Mr. President, I want to offer an amendment to strike out the committee amendment on page 244, lines 6 to 9, and insert in place of that the following language:

Aluminum hydroxide or refined bauxite, one-fourth cent per pound, in lieu of tariff duties heretofore levied.

That deals with the aluminum schedule. We all know that no aluminum is imported into the country. There is a complete embargo on that article; and, of course, we all know that the Aluminum Co. is among the companies which in this day of depression has stood out as not being in great difficulty.

Inasmuch as that company have a monopoly in this country, without an ounce of aluminum coming in, I think we ought to reduce the tariff and permit a little competition and get a little revenue, and I would like to have a vote on that question.

I hope those sitting on this side of the aisle will permit a vote; but as I see many of those who might favor the amendment are absent, before we have the vote I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Sheppard
Austin	Cutting	Kean	Shipstead
Bailey	Dale	Kendrick	Shortridge
Bankhead	Davis	Keyes	Smith
Barbour	Dickinson	King	Smoot
Barkley	Dill	La Follette	Steiwer
Bingham	Fess	Logan	Stephens
Blaine	Fletcher	Long	Thomas, Idaho
Bratton	Frazier	McGill	Thomas, Okla.
Brookhart	George	McNary	Townsend
Broussard	Goldsborough	Moses	Trammell
Bulkley	Hale	Neely	Tydings
Bulow	Harrison	Norbeck	Vandenberg
Byrnes	Hastings	Norris	Wagner
Capper	Hatfield	Nye	Walcott
Caraway	Hawes	Oddie	Walsh, Mass.
Carey	Hayden	Pittman	Walsh, Mont.
Cohen	Hebert	Reed	Watson
Connally	Howell	Robinson, Ark.	White
Coolidge	Hull	Robinson, Ind.	
Copeland	Johnson	Schall	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, there is a quorum present.

Mr. TYDINGS. Mr. President, if I may withdraw the amendment, I would like to offer another in lieu of it, in order to clear up the wording of the committee amendment. On page 244, line 9, I move to strike out the period and insert a comma and the following:

Aluminum hydroxide or refined bauxite, one-fourth cent per pound, in lieu of existing duties.

In other words, that would reduce the tariff on aluminum 50 per cent. That is a product of which there are practically no imports. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, I shall detain the Senate for but one moment, but I want to explain my vote.

In the Committee on Finance I opposed the inclusion of any tariff item in the pending bill. I have followed that course consistently in the Senate. Even though when the Hawley-Smoot bill was before us I voted for an amendment similar to that of the Senator from Maryland, and in conference tried to have such an amendment included in the bill, I do not feel justified at this time, in the consideration of this revenue bill, in voting for this tariff amendment or any amendment which seeks to reduce or increase any rate in the present law. In other words, by my votes I shall seek to keep this pending measure a revenue measure, and try to prevent having included in it any tariff items whatsoever.

The VICE PRESIDENT. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). On this question I have a pair with the junior Senator from Oklahoma [Mr. GORE]. In his absence I withhold my vote.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I do not know how he would vote on this particular motion, and I withhold my vote.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I do not know how he would vote, and I therefore withhold my vote.

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote.

Mr. THOMAS of Oklahoma (when his name was called). I have a pair with the senior Senator from Illinois [Mr. GLENN]. In his absence I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. McKELLAR], who is detained from the Senate on account of illness. In his absence I withhold my vote.

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the junior Senator from Montana [Mr. WHEELER], and vote "yea."

The roll call was concluded.

Mr. JONES (after having voted in the negative). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and allow my vote to stand.

Mr. BINGHAM. Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. I have a general paid with that Senator and therefore withhold my vote.

Mr. BANKHEAD. I have a general pair with the senior Senator from Vermont [Mr. DALE]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WAGNER (after having voted in the negative). I have a general pair with the junior Senator from Missouri [Mr. PATTERSON] who I understand has not voted. I transfer that pair to the junior Senator from Colorado [Mr. COSTIGAN] and let my vote stand.

Mr. FESS. The senior Senator from Idaho [Mr. BORAH] is necessarily detained from the Senate and is paired with the Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 24, nays 48, as follows:

YEAS—24

Barkley	Cohen	La Follette	Robinson, Ark.
Blaine	Connally	Logan	Shipstead
Brookhart	Cutting	McGill	Smith
Bulkley	George	Norbeck	Stephens
Bulow	Hull	Norris	Trammell
Caraway	King	Nye	Tydings

NAYS—48

Ashurst	Fess	Kean	Sheppard
Bailey	Fletcher	Kendrick	Shortridge
Barbour	Frazier	Keyes	Smoot
Broussard	Goldsborough	Long	Steiwer
Capper	Hale	McNary	Thomas, Idaho
Carey	Harrison	Moses	Vandenberg
Coolidge	Hawes	Neely	Wagner
Copeland	Hayden	Oddie	Walcott
Couzens	Hebert	Pittman	Walsh, Mass.
Davis	Howell	Reed	Walsh, Mont.
Dickinson	Johnson	Robinson, Ind.	Watson
Dill	Jones	Schall	White

NOT VOTING—24

Austin	Byrnes	Hastings	Patterson
Bankhead	Costigan	Hatfield	Swanson
Bingham	Dale	Lewis	Thomas, Okla.
Black	Glass	McKellar	Townsend
Borah	Glenn	Metcalf	Waterman
Bratton	Gore	Morrison	Wheeler

So the amendment of Mr. TYDINGS to the amendment of the committee was rejected.

Mr. WALSH of Massachusetts. Mr. President, I think the amendment just voted on has undoubted merit. In explanation of my vote, I would say that regardless of the merits or demerits of the amendment just voted on, my position is that I am opposed to all tinkering with the tariff in a revenue bill. I shall continue to vote against all tariff amendments to the pending bill.

Mr. WALSH of Montana. Mr. President, I think it quite likely there is a general misunderstanding concerning the amendment just voted on. It was an amendment to reduce the duty on aluminum hydroxide, of which there are practically no importations into the country at all. It is quite different from the duty on aluminum, which is 5 cents per pound.

Mr. TYDINGS. Mr. President, I offer the following amendment: On page 244, line 9, strike out the period, insert a comma, and add the following:

Potassium aluminum sulphate or potash alum and ammonium aluminum sulphate or ammonia alum, one-half cent per pound.

The present duty fixed by law is three-quarters of a cent per pound. This is a reduction of one-eighth of a cent per pound. I am going through the schedule. American business finds itself, so far as the concerns covered by these items go, more prosperous than the rest of the country. This is a very good time to find out whether or not we want to give the taxpayers a little relief and get a little revenue for the Government.

I ask for the yeas and nays.

The VICE PRESIDENT. Is the demand seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is absent. Not knowing how he would vote, I withhold my vote.

Mr. BRATTON (when his name was called). Repeating my announcement of my pair with the Senator from Oklahoma [Mr. GORE] as on the previous vote, I withhold my vote.

Mr. BYRNES (when his name was called). Repeating my announcement that I have a general pair with the junior Senator from Vermont [Mr. AUSTIN], I withhold my vote.

Mr. HASTINGS (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. HATFIELD (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as before, I vote "nay."

Mr. THOMAS of Oklahoma (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. TOWNSEND (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "yea."

Mr. WAGNER (when his name was called). Making the same announcement that I made on the previous vote, I vote "nay."

The roll call was concluded.

Mr. BANKHEAD. Making the same announcement as on a previous vote, I withhold my vote.

Mr. FESS. I wish to announce the following general pairs:

The Senator from South Dakota [Mr. NORBECK] with the Senator from Florida [Mr. FLETCHER]; and

The Senator from Idaho [Mr. BORAH] with the Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 23, nays 45, as follows:

YEAS—23

Barkley	Cohen	La Follette	Shipstead
Blaine	Connally	Logan	Smith
Brookhart	Cutting	McGill	Stephens
Bulkley	George	Norris	Trammell
Bulow	Hull	Nye	Tydings
Caraway	King	Robinson, Ark.	

NAYS—45

Ashurst	Frazier	Keyes	Steiwer
Barbour	Goldsborough	Long	Thomas, Idaho
Broussard	Hale	McNary	Vandenberg
Capper	Harrison	Moses	Wagner
Carey	Hawes	Neely	Walcott
Coolidge	Hayden	Oddie	Walsh, Mass.
Copeland	Hebert	Reed	Walsh, Mont.
Couzens	Howell	Robinson, Ind.	Watson
Davis	Johnson	Schall	White
Dickinson	Jones	Sheppard	
Dill	Kean	Shortridge	
Fess	Kendrick	Smoot	

NOT VOTING—28

Austin	Byrnes	Hastings	Patterson
Bailey	Costigan	Hatfield	Pittman
Bankhead	Dale	Lewis	Swanson
Bingham	Fletcher	McKellar	Thomas, Okla.
Black	Glass	Metcalf	Townsend
Borah	Glenn	Morrison	Waterman
Bratton	Gore	Norbeck	Wheeler

So the amendment of Mr. TYDINGS to the amendment of the committee was rejected.

Mr. WALSH of Massachusetts. Mr. President, in explanation of my vote I would say that regardless of the merits or demerits of the amendment just voted on, my position is that I am opposed to all tinkering with the tariff

in a revenue bill. I shall continue to vote against all tariff amendments to the pending bill.

Mr. TYDINGS. Mr. President, I propose the following amendment: On page 244, line 9, strike out the period, insert a comma, and add the following:

Aluminum sulphate, alum cake, or aluminous cake, containing not more than 15 per cent of alumina and more iron than the equivalent of one-tenth of 1 per cent of ferric oxide, one-tenth cent per pound; containing more than 15 per cent of alumina or not more iron than the equivalent of one-tenth of 1 per cent of ferric oxide, one-sixth cent per pound; all other aluminum salts and compounds not specially provided for, 20 per cent ad valorem.

This is the aluminum itself. May I say to those who are present that there is no tariff in the whole schedule that is more deserving of a reduction than the aluminum tariff. It is a complete monopoly. All the people in America pay tribute to this big monopoly. At a time when the taxpayers are being burdened with these new imposts, let us give them a little break on aluminum. I ask for the yeas and nays.

Mr. WALSH of Montana. Mr. President, may I say that this is not by any means what is known as commercial aluminum at all. That is taken care of in an entirely different provision of the act. The item referred to by the Senator is taxed under paragraph 6 of the tariff act. The duty on aluminum is taken care of in an entirely different paragraph of the act.

Mr. COUZENS. Mr. President, in view of the fact that so many Senators are explaining their vote, I want to say that I shall vote against every change in tariff rates where no hearing was held before the Committee on Finance.

I am surprised at Senators voting haphazardly to change tariff rates, especially in view of the fact that they advertise their fairness in wanting to give the public a chance to be heard. There is no opportunity for anyone interested in any of these proposed changes in rates to have a hearing before the Finance Committee. Therefore I am going to vote against all of the proposed amendments, not knowing anything about their merits.

Mr. KING. Mr. President, there is much in the observation just submitted by the able Senator from Michigan. However, there are some Senators, and I think no inconsiderable number, who are familiar with the hearings heretofore had in connection with the 1930 act, the so-called Smoot-Hawley Act, as well as in connection with the act of 1923. Extensive hearings were conducted when both of those measures were under consideration not alone in the House but also in the Senate. I am sure that Senators are familiar—if they will think for a moment—with the testimony which was offered, all of which demonstrated, beyond peradventure of a doubt, that there was a monopoly in the case of the Aluminum Co. or Corporation in the United States and that that monopoly extended to what might be denominated ancillary commodities, which are constituent parts of the aluminum product itself.

I am sure that the commodities which were embraced in the two preceding amendments come within the purview of the observations which I have just made. They constitute a part, directly or indirectly, of aluminum, and they are controlled, directly or indirectly, by the Aluminum Trust.

If these were propositions de novo, as to which no hearings had been had and as to which no information were available, then the position taken by the able Senator from Michigan would be invincible, and we would all be compelled to assent to the conclusion which he announced.

Mr. SMITH. Mr. President, I think, in view of the splendid condition which the country finds itself as a result of the operation of the present tariff law, a good many of us are justified in giving the people the benefit of the doubt and in voting whenever we can to modify or lower present tariff rates. Therefore every chance I get I am going to vote to do that thing. I think the practical result of the existing tariff law is so manifest to us all that we do not desire to have any more lobbyists before committees to tell us what we ought to do, when the vast public that pays the bill does not appear before the committees.

Mr. LONG. Mr. President, the distinguished Senator from Maryland [Mr. TYDINGS] flashed before the Senate 500 amendments which he intends to offer if an oil tariff shall be voted. It was practically the same as saying, "If you touch the Standard Oil Co., I will make it impossible for a bill to be passed at this session." I have no hesitation whatever in saying that I gladly will continue to vote against all amendments of this kind which may be offered.

Mr. TYDINGS. I am certainly delighted that we shall have that character of opposition. I ask for the yeas and nays.

Mr. WALSH of Montana. Mr. President, the duty on aluminum is found in paragraph 374 of the tariff act, which reads as follows:

Aluminum, aluminum scrap, and alloys (except those provided for in paragraph 302) in which aluminum is the component material of chief value, in crude form, 4 cents per pound; in coils, plates, sheets, bars, rods, circles, disks, blanks, strips, rectangles, and squares, 7 cents per pound.

The paragraph to which this amendment is directed is paragraph 6, which is a subdivision of the schedule on chemicals, oils, and paint. I am very sure that Senators voting are unaware that this amendment does not relate to the ordinary commercial product of aluminum at all but to the chemical product.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Is there a second to the request for the yeas and nays?

Mr. TYDINGS. Mr. President, I think what the Senator from Montana [Mr. WALSH] has said is true, except with this qualification: That all these chemicals are made in part from aluminum.

Mr. COPELAND. Mr. President, since this bill came before us I have been approached by representatives of a great many interests in my State seeking increased tariff rates. Senators will remember the fight I made to have gypsum given tariff protection. I thought then, and I think now, that gypsum is entitled to such protection. There are other items—wires, fats, fish oils, and many other commodities—which should be protected, but I have said to all my constituents that I do not consider it a proper thing to have tariff items considered in this bill. That is my attitude, and it is my intention, no matter if items which are of interest to my State are presented here, whether they provide for increases or decreases, to vote against them all. I want the RECORD to show why the vote of "no" will come every time from my lips.

I am in bitter opposition to the inclusion of such items in a tax bill. If we will wait for another time and bring in a revision of the tariff, limited, I hope, if it ever comes again, then it will be my joy to give consideration to any tariff matter which may be presented; but at this time—I am not here to criticize any other Senator—because I feel it would be improper for me to vote for any tariff items, I shall vote against every such proposal which may be presented.

The PRESIDING OFFICER (Mr. FESS in the chair). The yeas and nays are demanded. Is there a second?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). Repeating the announcement as to my pair with the Senator from Oklahoma [Mr. GORE], I withhold my vote.

Mr. BULOW (when his name was called). On this vote I have a pair with the senior Senator from New Jersey [Mr. KEAN], and therefore withhold my vote. If the Senator from New Jersey were present, he would vote "nay," and if I were permitted to vote I should vote "yea."

Mr. HASTINGS (when his name was called). Making the same announcement as on the last roll call with reference to my pair, I withhold my vote.

Mr. HATFIELD (when his name was called). Repeating my previous statement respecting my general pair with the senior Senator from North Carolina [Mr. MORRISON], I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as to my pair and its transfer as heretofore, I vote "nay."

Mr. LEWIS (when his name was called). I beg to announce that I am paired with the Senator from Idaho [Mr.

BORAH]. I can go no further than announce the pair, the Senator from Idaho being absent on some official errand.

Mr. THOMAS of Oklahoma (when his name was called). Making the same announcement regarding my pair as heretofore, I withhold my vote.

Mr. TOWNSEND (when his name was called). Repeating the announcement of my general pair with the senior Senator from Tennessee [Mr. MCKELLAR], I withhold my vote.

Mr. TYDINGS (when his name was called). Making the same announcement as before with regard to my pair and its transfer, I vote "yea."

Mr. WAGNER (when his name was called). I am paired on this vote with the junior Senator from Missouri [Mr. PATTERSON]. I am not informed as to how he would vote if present. Therefore, I withhold my vote. If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I withhold my vote.

Mr. NORBECK. On this vote I am paired and therefore withhold my vote. If permitted to vote, I should vote "yea."

Mr. BYRNES. Repeating the announcement of my general pair with the junior Senator from Vermont [Mr. AUSTIN], I withhold my vote.

Mr. COSTIGAN. I am authorized to state that the Senator from Alabama [Mr. BANKHEAD] is paired with the senior Senator from Vermont [Mr. DALE].

The result was anounced—yeas 21, nays 43, as follows:

YEAS—21

Barkley	Connally	McGill	Stephens
Blaine	Cutting	Norris	Trammell
Brookhart	Hull	Nye	Tydings
Bulkley	King	Robinson, Ark.	
Caraway	La Follette	Shipstead	
Cohen	Logan	Smith	

NAYS—43

Ashurst	Dill	Kendrick	Shortridge
Bailey	Fess	Keyes	Smoot
Barbour	Frazier	Long	Steiwer
Broussard	Goldsborough	McNary	Thomas, Idaho
Capper	Hale	Moses	Vandenberg
Carey	Harrison	Neely	Walcott
Coolidge	Hayden	Oddie	Walsh, Mass.
Copeland	Hebert	Reed	Walsh, Mont.
Couzens	Howell	Robinson, Ind.	Watson
Davis	Johnson	Schall	White
Dickinson	Jones	Sheppard	

NOT VOTING—32

Austin	Costigan	Hatfield	Patterson
Bankhead	Dale	Hawes	Pittman
Bingham	Fletcher	Kean	Swanson
Black	George	Lewis	Thomas, Okla.
Borah	Glass	McKellar	Townsend
Bratton	Glenn	Metcalf	Wagner
Bulow	Gore	Morrison	Waterman
Byrnes	Hastings	Norbeck	Wheeler

So Mr. TYDINGS's amendment to the amendment, reported by the committee, was rejected.

Mr. WALSH of Massachusetts. Mr. President, in explanation of my vote, I would say that regardless of the merits or demerits of the amendment just voted on, my position is that I am opposed to all tinkering with the tariff in a revenue bill. I shall continue to vote against all tariff amendments to the pending bill.

Mr. COSTIGAN. Mr. President, my personal position on the vote just taken in that this is a tax bill, not a tariff bill.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of the day's business the Senate take a recess until 11 o'clock to-morrow.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. Just a minute, Mr. President.

Mr. SMOOT. The proposed agreement does not undertake to fix the time we shall recess to-night.

Mr. LONG. Very well.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered. The question is on the amendment of the Senator from Maryland to the amendment of the committee.

Mr. TYDINGS. Mr. President, it may be asked why the Senator from Maryland is offering these amendments. There are two or three paragraphs that I should like to read as to the reasons for offering the amendments I have offered and those I still have to offer.

On June 1, 1931, Canada enacted the Bennett tariff budget in retaliation to the Hawley-Smoot bill. When custom ports opened their doors on June 2 over 200 imports were affected by a drastic upward revision of the tariff.

It was a Detroit of Canada budget, chiefly favoring the auto and steel industries.

Not Detroit in the United States, but a little town over in Canada.

Steel tariffs were boosted as high as $7 a ton. Imported autos carried duties up to 57½ per cent.

That is what Canada put on importations of automobiles from America.

Several hundred large United States corporations were immediately forced to establish Canadian subsidiaries to hold their valuable Canadian and British business.

The success of the Bennett budget was proven by the end of 1931, when Canada was the only large nation in the world selling more goods to the United States than she was buying from them, completely reversing her position of December, 1930, when she spent $36,077,187 in the United States and sold $26,155,348 to that country.

The complete development of Ojibway is expected to cost $60,000,000 and will enable the Canadian Steel Corporation to supply the bulk of $200,000,000 worth of steel which Canada now imports annually from the United States.

Investments of United States capital in Canada total $4,000,000,000 and include 1,200 branches of widely known United States industries.

It is estimated that $150,000,000 is invested in 130 United States plants in the Detroit of Canada. These industries make up an astounding list of names that are known throughout the world.

Here is a partial list of United States industries in this rapidly growing district—

And listen to the names—

Swedish Crucible Steel Co., DeVilbis Atomizer Co., Timken Roller Bearing Co., Minnesota Valley Canning Co., Goodyear Rubber Co., McCord Radiator Manufacturing Co., L. A. Young Industries, Berry Bros. Paint Co., Canadian Bridge Co., Penberthy Injector Co., Detroit Twist Drill Co., Vernors Ginger Ale Co., Truscon Steel Co., Lufkin Rule Co., Kelsey Wheel Co., Bayer Aspirin Co., General Foods Co., Herpicide Co., Sterling Products, Universal Cooler Co., Crane Co., Ferry-Morse Seed Co., C. H. Phillips Co., Hercules Products Co.

The Detroit manufacturer enjoys free trade with only the United States and its possessions, a market of 137,000,000 people. On practically all exports, he is faced with prohibitive duties at the foreign port.

The Detroit of Canada manufacturer not only benefits from the growing Canadian market but has free trade or preferential tariffs with the entire British Empire, totaling approximately 500,000,000 people—over one-fourth of the world's population.

Since we passed the Smoot-Hawley Tariff Act 1,200 concerns have moved over into Canada. Now, listen to this illustration, which brings the thing home to us:

Under present tariff arrangements the auto * * * below would be shipped from the Detroit of Canada plant, through the St. Lawrence to Australia, at a saving of $400 over the same car shipped from the parent plant in Detroit to Australia.

In other words, an Australian can buy the same automobile from a Canadian manufacturer $400 more cheaply than he can buy it from an American manufacturer. The same thing applies to practically every branch of the British Empire. Therefore, where we once had a foreign trade in automobiles, because of the Smoot-Hawley Act it is gone. Where American workmen used to make those automobiles, they are now made in Canada. Where American dollars used to be invested in the United States, and pay American income taxes and excise taxes and State taxes and local taxes, that capital is now to some extent invested in Canada, where it is employing Canadian workmen, paying Canadian income taxes and Canadian local taxes, and where we are not deriving a single bit of revenue.

The United States has followed a high-tariff policy while Canada has extended its trade relations to 113 countries in every part of the world. Annual exports total $2,500,000,000, an increase of 50 per cent since 1922.

And is not this an astounding figure?

Since 1913 the growth of this trade has doubled the growth of United States export trade.

Do we want more of it? Shall we kill what little remaining world trade is left?

Here is a country which produces more than its people can consume. Its farmers raise enough food and cotton and other forms of clothing to supply a large part of the entire world. Unless the world can buy what the farmer raises, the farmer can not sell his products. Therefore, there is a surplus on the market; the price is depressed; and yet there are Senators here who are refusing to vote for a very slight decrease in some of the highest and most indefensible rates in the Smoot-Hawley Tariff Act.

Already Canada has taken our world trade in automobiles. Already she has taken our world trade in radiators. Already she has taken our world trade in seeds. She has largely taken our world trade in canned food. She has taken our world trade in many other products, simply because American capital has been driven to jump over the Canadian tariff fence and invest its money in Canada and employ Canadian workmen, leaving just that many American workmen out of a job; and here we are increasing the tariff all over again, locking the world up in water-tight compartments. Each nation, as a result of our action, is attempting to follow suit; and we, in our water-tight compartment, think we are safe, little realizing that when civilization, the ship of the world, goes down, it will take our compartment to the bottom with it.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashhurst	Cohen	Hayden	Robinson, Ark.
Bailey	Connally	Howell	Robinson, Ind.
Bankhead	Coolidge	Hull	Sheppard
Barbour	Copeland	Johnson	Smith
Barkley	Costigan	Jones	Smoot
Bingham	Couzens	Kendrick	Steiwer
Blaine	Cutting	Keyes	Thomas, Idaho
Borah	Davis	Logan	Thomas, Okla.
Bratton	Dickinson	Long	Tydings
Brookhart	Dill	McGill	Vandenberg
Broussard	Fess	McNary	Walsh, Mass.
Bulkley	Frazier	Neely	Walsh, Mont.
Bulow	George	Oddie	Watson
Capper	Goldsborough	Pittman	Wheeler
Caraway	Hatfield	Reed	White

The PRESIDING OFFICER. Sixty Senators having answered to their names, there is a quorum present.

Mr. TYDINGS. Mr. President, on page 244, line 9, I move to strike out the period, add a comma, and insert the following:

Ammonium carbonate and bicarbonate, 1½ cents per pound, in lieu of the existing duty.

Mr. President, the present rate is 2 cents a pound. This amendment represents a reduction of 25 per cent.

Mr. BULKLEY. Mr. President, I would like to inquire of the Senator from Utah whether it is a fact that the Committee on Finance has determined to withdraw the proposed amendment, on page 245, imposing an import tax on rubber, and in place of that to impose taxes on rubber manufactures?

Mr. SMOOT. On tires and tubes—3 cents on tires and 5 cents on tubes.

Mr. BULKLEY. That is exactly the report I had heard, and, in view of the statement, I would like to have printed in the RECORD at this point a table showing the effect of that proposed tax on the regular standard weights of tires and tubes. This table has been furnished to me by the Rubber Manufacturers' Association, and at the proper time I would like to make some comments on the fairness of the proposed rate. But for the present I ask to have the table printed in the RECORD for the information of the Senate.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Statement showing effect on dealers' business of proposed tax of 3 cents per pound on tires and 5 cents per pound on tubes

	Weight of tire and flap	Dealer's net purchase price	Tax, at 3 cents per pound	Ratio of tax to purchase price
First-line tires	*Pounds*			*Per cent*
4.50-21, 4-ply	15.28	$4.82	$0.46	9.5
4.75-19, 4-ply	16.70	5.26	.50	9.5
5.25-18, 4-ply	18.37	6.36	.55	8.6

Statement showing effect on dealers' business of proposed tax of 3 cents per pound on tires and 5 cents per pound on tubes—Continued

	Weight of tire and flap	Dealer's net purchase price	Tax, at 3 cents per pound	Ratio of tax to purchase price
First-line tires—Continued	*Pounds*			*Per cent*
5.50-18, 4-ply	21.18	$7.07	$0.64	9.1
6.00-18, 4 ply	23.39	7.86	.70	8.9
7.00-18, 6-ply	37.45	12.45	1.12	9.0
30 by 5, 6-ply	34.20	11.39	1.03	9.0
32 by 6, 8-ply	47.98	18.41	1.44	7.8
34 by 7, 10-ply	86.75	31.99	2.60	8.1
6.00-20, 6-ply, bus	34.84	11.85	1.04	8.8
Second-line tires				
4.50-21, 4-ply	14.93	4.06	.45	11.1
4.75-19, 4-ply	15.61	4.73	.47	9.9
5.25-18, 4-ply	18.07	5.61	.54	9.6
5.50-18, 4-ply	20.46	6.25	.61	9.8
6.00-18, 4-ply, none.				
7.00-18, 6-ply, none.				
30 by 5, 8-ply	40.07	10.81	1.20	11.1
32 by 6, 8-ply, none.				
34 by 7, 10-ply	81.52	25.41	2.45	9.6
6.00-20, 6-ply, bus	33.52	10.14	1.01	10.0

	Weight of tube	Dealer's net purchase price	Tax at 5 cents per pound	Ratio of tax to purchase price
First-line tubes	*Pounds*			*Per cent*
4.50-21, Group B	2.09	$0.83	$0.10	12
4.75-19, Group B	2.31	.83	.12	14.4
5.25-18, Group C	2.40	.95	.12	12.6
5.50-18, Group F	2.98	1.17	.15	12.8
6.00-18, Group F	2.98	1.17	.15	12.8
7.00-18	3.92	1.48	.20	13.5
30 by 5	3.59		.18	
32 by 6	7.70	2.39	.39	16.3
34 by 7	11.76	3.48	.59	17
6.00-20	3.97	1.57	.20	12.7
Second-line tubes				
4.50-21, Group B	1.82	.58	.09	15.5
4.75-19, Group B	1.92	.66	.10	15.1
5.25-18, Group C	2.13	.75	.11	14.7
5.50-18, Group F	2.68	.90	.13	14.4
6.00-18, Group F	2.68	.90	.13	14.4
30 by 5	3.15	1.17	.15	12.8
32 by 6	5.05	1.78	.25	14.0
34 by 7	9.20	2.53	.46	18.2
6.00-20	2.97	1.06	.15	14.2

Statement showing effect on dealers' business of proposed tax of 3 cents per pound on solid truck tires

Size	Weight of solid tire including base band	Net dealers billing price	Tax at 3 cents per pound	Ratio of tax to billing price
	Pounds			*Per cent*
36 by 5 heavy-duty cushion	146.9	$27.02	$4.41	16.3
36 by 6	179.1	34.49	5.37	15.6
36 by 8	234.9	49.88	7.05	14.1
36 by 10	305.7	63.25	9.17	14.5
40 by 14	512.4	97.61	15.37	15.7

REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, at this time I ask to have inserted in the RECORD a resolution adopted by the State Democratic convention of the State of Wyoming indorsing my bill for the remonetization of silver, together with a letter from Mr. John P. Rusk, a lawyer of Newcastle, Wyo., a letter from Mr. C. F. Morris, a lawyer of Havre, Mont., and a petition signed by numerous persons in favor of the remonetization of silver.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

NEWCASTLE, WYO., *May 14, 1932.*

Hon. BURTON K. WHEELER,
United States Senator, Washington, D. C.

MY DEAR SENATOR: I attach copy of resolution that was adopted May 9, 1932, by the Democratic Party at its State convention held at Casper, Wyo., on that date.

I presented the matter to our Weston County (Wyo.) Democratic convention May 3, 1932, where the resolution was unanimously adopted and our county delegation was instructed to present the

matter to our State convention. As chairman of our county delegation, I drew up the resolution, had it presented to the resolutions committee of the State convention, which committee unanimously adopted it, and presented it to the convention itself, where it was again unanimously approved.

To give credit where it is due, permit me to say that the matter of this resolution was strongly called to my attention just a day or two before the date of our county convention by Mr. Elmer Goodson, Clareton, Weston County, Wyo. He told me that he had followed your efforts to help our money and credit condition closely and had circulated petitions in behalf of your bill in his community; that he had gotten signers just as fast as he could get to the voters with his petitions.

Unfortunately for our cause, the fact that our Democratic State convention unanimously adopted this resolution—in other words, went on record unanimously for the restoration of silver to its proper place in our monetary system—got no publicity at all. I doubt if it was mentioned in any of our newspapers. I believe I did see a line and a half or two lines in some news dispatch, but no comment, no publicity.

It is not at all likely that you will be able to get your bill up to a vote this session. Possibly next session the Members will be more responsive to the needs of the great body of the people. Possibly, also, and I believe it to be as near a certainty as anything ever gets to be in politics, we shall have Gov. Franklin D. Roosevelt at the head of a Democratic national administration.

Please count on me for any help I can give you in the cause of silver.

For the work you have done you are entitled to the thanks of all of us.

Sincerely yours,

JOHN P. RUSK.

Whereas it is the well-considered opinion of students of our present-day economic conditions that the volume of money and credit in America must be expanded before there can be any lasting and real relief looked for: Now, therefore, be it

Resolved by the Democrats of the State of Wyoming in regular convention assembled this 9th day of May, 1932, That there should be included in the platform to be adopted at the national convention of our party at Chicago in June of this year a declaration in favor of the restoration of silver to its historical place as money along the lines of Senate bill No. 2784, introduced by Senator BURTON K. WHEELER, of Montana, January 4, 1932, and now pending before that body.

Submitted to the resolutions committee of said Democratic State convention by the Weston County delegation under instructions unanimously adopted and given said delegation by the Weston County Democratic county convention held May 3, 1932.

JOHN P. RUSK,
Chairman Weston County Delegation.

HAVRE, MONT., *January 9, 1932.*

Hon. B. K. WHEELER,
United States Senate, Washington, D. C.

DEAR B. K.: Any time within the last 20 years up to six months ago I would have considered the double standard as absolutely a dead issue, but I congratulate you on the forward act you have made in introducing the bill for the free coinage of silver. The gold standard is not sacred. It has failed to serve the country or the people satisfactorily. Silver is the coin of the common, humble citizen and its reestablishment in its former position is about all that is left that will rejuvenate the farming and producing classes. It will do everything for the country that you claim for it as reported in the Associated Press.

We are drifting without any definite objective and if something is not done to bring about conditions that are tolerable to the average man, hell will be popping in this country, and your free-silver proposition is the most promising of anything yet proposed. Put it through, revise the tariff down to a basis that will encourage trade, and resubmit the liquor question to the States for repeal by popular vote—by State conventions—and we will be on our way to a happy solution of all our political ills.

Cordially yours,

C. F. MORRIS.

We, the undersigned citizens of Roosevelt County, Mont., believing that agriculture is one of our basic industries and that the economic security of our Nation is dependent upon the economic security of the American farm, favor such legislation as will provide for the solvency of the American farmer.

We believe that the only way out of the present depression is to raise commodity price levels and thereby reduce the burden of debt. Under the present gold standard, debts contracted three years ago, if paid this year, would require three times the amount in farm commodities as when they were contracted. All of the important countries of the world except France have gone off the gold standard. It is therefore impossible for us to trade with them. This keeps commodity prices down.

We feel that if prosperity is to return to this country we must go off the gold standard, which is the cause of most of our present economic ills.

We therefore respectfully petition the Senate of the United States of America to pass the Wheeler silver bill, Senate bill No. 2487, which provides for the remonetization of silver by providing for free coinage of silver as well as gold at the fixed ratio of 16 to 1.

JENS L. LARSON.	THEO JOHNSON.
EDWIN C. LARSON.	MORRIS FLAGEN.
BERT JOHNSON.	CLAUDE HAWKS.
MRS. JAMES F. SMITH.	ANTON SCHMITZ.
MRS. JULIUS JOHNSON.	SUSAN SMALL.
J. W. DOLAN.	ALEXANDER LUFT.
CHRIST EBERLING.	M. G. BAKER.
ELMER A. JOHNSON.	ALBERT JOHNSON.
LUDWIG LOEN.	

THE GOLD STANDARD, AND INDEBTEDNESS IN THE UNITED STATES

Mr. BLAINE. Mr. President, while there is somewhat of a lull in the tariff debate, I desire to direct attention just for a moment or two to proceedings before the Committee on Banking and Currency last week, when Mr. Eugene Meyer, of the Federal Reserve Board, appeared as a witness against the Goldsborough bill. On that occasion I propounded to Mr. Meyer some questions respecting the possibility of the people discharging the indebtedness which now exists against governments, State and Federal, and private parties and private institutions. I called attention to the fact that, according to a survey made by the department of economics of the Agricultural College of the State of New York, the total indebtedness in the United States, public and private, amounts in round numbers to $203,000,000,000. I also find that the total assets of the United States, public and private, amount to about $200,000,000,000; in other words, that our indebtedness exceeds our assets. I was endeavoring to ascertain from Mr. Meyer how he thought the Government or the people could discharge that enormous debt.

In connection with the same proceeding, I made reference to the grave possibility of the United States going off the gold standard, and I pressed Mr. Meyer for an answer to or a discussion of that particular question.

I also suggested during the proceedings that governments sometimes, and oftentimes, went off the gold standard without any action by Congress or Parliament or any public authority; that in the very nature of things oftentimes a government found itself where it was no longer upon the monetary standard of gold. Mr. Meyer refused to answer those inquiries.

It is not my purpose to debate that question at this time, but rather it is my purpose to have inserted in the RECORD an editorial appearing in the Philadelphia Record of May 22, 1932, entitled "The Handwriting on the Wall," in which editorial I find this language:

> The handwriting on the wall becomes clearer.
>
> Within three months the United States must suspend gold payments.
>
> If the Government waits until its hand is forced it courts disaster.

It was that grave possibility of our Government facing disaster that prompted me to ask Mr. Meyer, who is a member of the Federal Reserve Board, and a part of the Government machinery which has to do with the monetary system of this country, whether it might not be possible for him to discuss that question, in order that we could avoid the very danger to which reference is made in this editorial. I ask, therefore, that the entire editorial which discusses this very grave situation, be inserted in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, May 22, 1932]

HANDWRITING ON THE WALL

The handwriting on the wall becomes clearer.

Within three months the United States must suspend gold payment.

If the Government waits until its hand is forced it courts disaster.

If the Government acts now it can arrest deflation, end depression, win back prosperity within 60 days.

Six months ago the Record, alone among all the newspapers in the United States, urged a gold embargo and suspension of gold payment. We said:

"If the Government fails to take the initiative now, its hand will be forced eventually, too late to do much good."

The Record repeats its warning. It is not now alone in its conviction. Trained economists, experienced bankers, clear-thinking business leaders, are agreed there is only one way to prevent chaos. The facts are obvious. The Government has allowed deflation to go so far that only most heroic measures will arrest and reverse the process.

Increased value of the dollar has literally bankrupted the Nation. In 1928 our national wealth was estimated at nearly $400,000,000,000 as against less than $200,000,000,000 of indebtedness. To-day national wealth is estimated at less than $200,000,000,000.

Wealth of the Nation is just as great as it was in 1928. The value of the dollar has changed.

But the total debts remain at $200,000,000,000, so that our debts are greater than our wealth—expressed in dollars—which spells National bankruptcy and ruin.

The only way out of this absurdity is to change the value of the dollar.

This can not be done by mild inflation or making additional credit available to our banks and large industrial organizations. It can only be done by deliberate cheapening of the dollar. We use the words "cheapening the dollar" rather than "stabilizing the dollar" because "cheapening" is unpleasant. Now is the time to force unpleasant verities upon a public that has been fed on the pap that prosperity is around the corner.

This Nation is approaching a terrible crisis. Its fate depends on courage and intelligence in facing true facts and meeting them with its full strength.

We are in this terrible depression because the administration and Congress have failed to face facts. The administration has reluctantly and belatedly admitted the need of some inflation of our dwindling and sluggish currency. It has pretended that this mammoth task could be accomplished by "mild inflation," open market transactions of the Federal reserve banks.

It has thrown a sop to the inflationists by implying that the Federal reserve system is putting out new money through purchase of Government securities at the rate of $100,000,000 a week, and will continue this process until commodity prices are stabilized and deflation arrested.

Why not tell the truth?

At the rate gold is going out of the Federal reserve system, the Federal reserve banks will have to stop their open market transactions within six weeks. They will be pulled up short by dwindling gold reserve—the golden chain which has circumscribed any adequate action to cure the depression.

Hasn't the depression become big enough to be met in a big way? Can't the present situation be solved with the directness that Columbus showed when he smashed the end of an egg?

Why can't we fight this depression as we fought the war, when we declared an embargo on gold in 1917 and no one thought anything of it?

We should have put an embargo on gold to coincide in duration with the moratorium on allied debts.

It is obviously unfair to permit debtor nations to absorb our gold when they are not able to meet their national debt payments to us. President Hoover declared an embargo on allied debts but allows the subjects of these debtor nations to drain our gold and drive us toward destruction.

Is there anything sensible or ethical in such a course?

Are we in the grip of some strange obsession—the gold mentality, as Senator BORAH calls it—which makes us act irrationally whenever the precious metal is mentioned?

Since the depression became so intense that the administration could not pretend there was no depression, it has offered many remedies—all halfway measures.

Not one has succeeded in arresting depression and turning the tide.

The one possible exception is that the Reconstruction Finance Corporation did stop bank failures.

But unemployment is steadily increasing as volume of trade decreases. All statistical evidence of the economic position of this country grows more terrifying. Down come commodity price index, bank clearings, car loadings, stock and bond quotations.

This depression started in 1929. It has grown worse with increasing acceleration.

It is time that we acted with our full strength as we did in the war. Overnight Congress should give the President the right to declare a gold embargo, just as it gave that right to Woodrow Wilson in 1917. The President should act immediately on the power accorded him.

This should be followed by inflation on a war-time scale, so administered as to distribute purchasing power among the people.

INCOME-TAX ESTIMATES

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, in response to Senate Resolution 214 (agreed to May 16, 1932), estimates of individual income taxes for the calendar year 1932 by detailed net income brackets, together with a table showing the individual income taxes on 1930 incomes by net income brackets, at rates, exemptions, credits, etc., as in the revenue act of 1918 and as in the 1928 revenue act, which, with the accompanying paper, was referred to the Committee on Finance.

Mr. COUZENS. Mr. President, I request that the letter from the Secretary of the Treasury, with the accompanying table, be printed in the RECORD.

There being no objection, the letter and the accompanying table were ordered to be printed in the RECORD, as follows:

TREASURY DEPARTMENT,
Washington, May 20, 1932.

DEAR MR. PRESIDENT: I have Senate Resolution 214 requesting the Secretary of the Treasury to furnish the Senate estimates for the calendar year 1932 of the revenue that would be raised by each of the income-tax brackets under the revenue act of 1918.

It is assumed that "estimates for the calendar year 1932 * * * under the revenue act of 1918" specified in the resolution refer to taxes on incomes for the calendar year 1932 which would be payable in the calendar year 1933 through application of the provisions of the 1918 act as applicable to incomes for the year 1918.

The Treasury estimates of individual income taxes are made for certain broad net income classes and the Treasury is of the opinion that estimates of taxes for detailed net-income classes are subject to a wide margin of error for any one of the various net-income classes. This difficulty is due to the variable and uncertain factors affecting the distribution of income by detailed net-income classes.

To comply with the request of the Senate, however, the Treasury estimates, made as stated by broad net-income classes, for collections which would be made in the calendar year 1933 (on 1932 incomes) have been distributed over more detailed net-income classes, as follows:

Net-income classes (thousand dollars)	Estimated collections, 1918 rates, calendar year 1933 (million dollars)
Under 5	156
5–10	94
10–25	152
25–50	110
50–100	100
100–150	54
150–300	73
300–500	40
500–1,000	43
1,000 and over	81
Total	903

In the opinion of the Treasury these estimates of revenue yield on 1932 incomes represent the maximum amount for that year under the 1918 rates, and the yield might be considerably below this total. It should be particularly noted that the yield for any one net-income class shown might vary considerably from the figure given.

These estimates indicate additional revenue for the fiscal year 1933 over that provided in the Senate bill aggregating $193,000,000. The estimates are exclusive of additional amounts to be derived from the limitation of security losses and of other largely administrative income-tax provisions in the Senate bill.

The incidence of taxes as under the 1918 act (as applied to incomes for the year 1918), by net-income classes, as compared with the incidence of taxes at present rates, may be illustrated by applying these two sets of provisions to the actual income data returned for 1930. There is inclosed a table showing the individual income tax on 1930 incomes by net-income classes at rates, exemptions, credits, etc., as in the revenue act of 1918 and as in the 1928 act. These computations take no account of the effect of administrative changes affecting the deduction for losses from sales of securities, etc.

This table, based on statistics for 1930 incomes, is of value merely for the purpose of comparing the relative effect of the two sets of income-tax provisions by net-income classes. Incomes for 1930, of course, can not be used as an indication of the incomes on which taxes will be collected in 1933 on 1932 incomes.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

Individual income taxes on 1930 incomes [1] at rates, exemptions, credits, etc., in the revenue act of 1918 applicable to the year 1918,[2] and at rates, exemptions, and credits in the revenue act of 1928

[In millions of dollars]

Income classes (in thousand dollars)	Tax		Surtax		Normal tax		Earned-income credit		Tax on capital net gains over losses (at 12½ per cent)
	1918 act [3]	1928 act	1918 act [3]	1928 act	1918 act [3]	1928 act	1918 act [3]	1928 act	
	Simple distribution by net income classes								
Under 5 [4]	203.8	11.2			203.8	15.0		3.8	
5 to 10	153.7	16.6	15.5		138.2	20.8		4.2	
10 to 25	249.9	49.3	73.4	17.4	176.5	40.1		8.3	
25 to 50	181.1	72.2	100.5	51.1	80.0	26.0		5.5	0.6
50 to 100	172.2	86.7	124.3	66.9	40.5	14.5		2.2	7.4
100 to 150	97.7	48.5	79.5	38.6	12.5	4.7		.5	5.7
150 to 300	133.7	61.9	113.0	48.3	10.9	4.2		.3	9.8
300 to 500	74.7	33.0	63.5	24.4	4.1	1.6		.086	7.1
500 to 1,000	80.7	33.8	70.0	24.7	2.5	1.0		.042	8.2
1,000 and over	154.1	60.5	134.7	43.2	3.5	1.4		.022	15.9
Total	1,501.6	473.7	774.4	314.6	672.5	129.3		25	54.7
	Increases, 1918 act over 1928 act [5]								
Under 5 [4]	192.6				188.8		3.8		
5 to 10	137.1		15.5		117.4		4.2		
10 to 25	200.6		56.0		136.4		8.3		
25 to 50	108.9		49.4		54.0		5.5		
50 to 100	85.5		57.4		26.0		2.2		
100 to 150	49.2		40.9		7.8		.5		
150 to 300	71.8		64.7		6.7		.3		
300 to 500	41.7		39.1		2.5		.086		
500 to 1,000	46.9		45.3		1.5		.042		
1,000 and over	93.6		91.5		2.1		.022		
Total	1,027.9		459.8		543.2		25		

[1] 1930 incomes according to preliminary statistics of income (returns filed to Aug. 31, 1931).
[2] Computed taxes do not include administrative changes affecting losses, etc., in H. R. 10236; capital net gains and losses as in H. R. 10236.
[3] Applicable to the year 1918.
[4] Approximate.
[5] Absence of an earned-income credit under the 1918 act results in an increase in tax as compared with taxes under the 1928 act.

DUTY ON SULPHATE OF AMMONIA

Mr. BANKHEAD presented a letter from Hugh Morrow, president of the Sloss-Sheffield Steel & Iron Co., of Birmingham, Ala., which, with the accompanying paper, was ordered to lie on the table and to be printed in the RECORD, as follows:

SLOSS-SHEFFIELD STEEL & IRON CO.,
Birmingham, Ala., May 17, 1932.

Hon. JOHN H. BANKHEAD,
United States Senate, Washington, D. C.

DEAR SENATOR BANKHEAD: Several Members of Congress have made recent statements, printed in the CONGRESSIONAL RECORD, protesting against imposition of duty on sulphate of ammonia. These statements have been in connection with investigation by the Treasury Department under the antidumping statute.

Whereas these Congressmen on behalf of their constituents in the South are protesting against what they term a "tariff," in reality the Government proposes to determine whether sulphate is being "dumped" into the United States at prices injurious to American producers. It is common knowledge that the low level of prices prevailing this season is the lowest in history for this product; prices are so ruinous that the American producer is sustaining actual "out-of-pocket" loss on every ton of sulphate sold to-day.

The official statistics published by the United States Department of Labor show that the price of sulphate has declined to a greater extent than other fertilizer materials and also than the average farm product; in fact, there are very few individual commodities which have declined as much as or more than sulphate. As a consequence the sulphate producer is at a greater disadvantage and is suffering greater losses than agriculture generally. It is no more than fair that the American producer should not have his market taken from him by foreign producers who intentionally "dump" their material in this country.

It is not a tariff that is being urged, nor is any attempt being made to prevent sulphate from being properly imported. It is the claim of American producers that European producers are sending their material over here in large quantities at prices less than they sell to their own consumers; this practice of "dumping" is unfair to the American producer, and that is the very thing the antidumping laws enacted by Congress were intended to prevent.

If the Government finds there is dumping of foreign sulphate, the law provides for the payment of a dumping duty by those guilty of its violation. Any such duty, of course, would be a source of revenue to the United States. If there is no dumping, the sulphate may be freely imported.

There have been reports of a shortage of sulphate, but it is believed this claim is unfounded, with the possible exception of a few localities where for the moment a comparatively small supply is on hand. This temporary situation, it is reported, has occasioned a price increase on sulphate in some cases. If such cases exist, the increase must have been made by resellers and not American producers, as the latter have not increased their price.

Yours very truly,

HUGH MORROW, *President.*

Wholesale prices of commodities

Commodity	Comparison with year 1926 at 100 per cent	
	Year 1931	January, 1932
	Per cent	*Per cent*
Fertilizer materials	76.8	69.9
Sulphate of ammonia (bulk, New York)	55.0	40.9
Farm products	64.8	52.8
Grains	53.0	46.7
Other farm products	69.2	54.8

EXTENSION OF RECONSTRUCTION CORPORATION ACT TO PUERTO RICO

Mr. BINGHAM. Mr. President, I have received a communication from the secretary of the Senate of Puerto Rico, forwarding a concurrent resolution unanimously approved by that senate and also by the house of representatives of the island, which, being in the nature of a petition or memorial, I ask unanimous consent that it may be printed in the RECORD and appropriately referred.

There being no objection, the concurrent resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SENADO DE PUERTO RICO.

I, Jose Muñoz Rivera, secretary of the Senate of Puerto Rico, do hereby certify that the following concurrent resolution was unan-

imously approved by the Senate of Puerto Rico on March 2, 1932, and by the House of Representatives on April 1, 1932:

"Concurrent resolution requesting the President and the Congress of the United States of America to extend to Puerto Rico the act creating the Reconstruction Finance Corporation

"Whereas on January 22, 1932, the Congress of the United States approved H. R. 7360, creating the Reconstruction Finance Corporation to provide financial facilities to agriculture, commerce, and industry;

"Whereas the benefits that said act will report to the United States will be efficacious because of the great facilities the act provides to industry, commerce, and agriculture, the chief sources of the nation's business and progress;

"Whereas said powerful organization, with its adequate resources, is prepared to strengthen credit by giving vitality to financial institutions, industry, agriculture, and commerce, and by supplying power to create new activities relieving the problem of unemployment;

"Whereas for many years the financial condition of Puerto Rico has been critical, it being difficult to obtain cash to finance business, several banks having been forced to close, thus augmenting the crisis, creating difficulties for labor and obstructing the finances of industry, commerce, and agriculture in Puerto Rico;

"Whereas the present condition of business will not permit industry, commerce, and agriculture in Puerto Rico to pay the rate of interest demanded of them, it having been claimed that the market conditions for the agricultural products of the country will not permit cane planters to cover cost of production;

"Whereas the true husbandmen of the principal industry of cane sugar claim that the sugar-market outlook is quite discouraging and that the situation created will not allow them to increase the efficiency of production, this condition causing a great increase of the unemployment existing at present in the country;

"Whereas the Legislature of Puerto Rico offers to exempt from all kinds of taxes all such negotiable instruments as may be issued in good faith for the purpose of obtaining additional cash from the continental United States at a low rate of interest and on easy payments, and offers to authorize the treasurer of Puerto Rico to accept such documents as collateral to secure deposits of the insular government of Puerto Rico: Now, therefore, be it

"*Resolved by the Senate of Puerto Rico (the house of representatives concurring)*, To request the President of the United States of America and the other authorities concerned with the execution of legislation creating the Reconstruction Finance Corporation to have such legislation made extensive to the island; and in case that, in construing said legislation, Puerto Rico is not considered as included, to request the President of the United States of America to forward to Congress a special message asking that said legislation be extended to Puerto Rico.

"SEC. 2. That upon approval the original of this resolution be forwarded to his Excellency the President of the United States, and a copy thereof to the President of the Senate and the Speaker of the House of Representatives; the chairman of the Reconstruction Finance Corporation Board; the Resident Commissioner for Puerto Rico in Washington; Senator BINGHAM, General Parker; Hon. HENRY B. STEAGALL, president of the House Committee on Banks; Hon. PETER NORBECK, president of the Senate Committee on Banks; and all members of the Committees on Banks of the Senate and of the House of Representatives for their knowledge and action."

For transmittal to the Hon. HIRAM BINGHAM, president of the Senate Committee on Territories and Insular Affairs, as provided in the second paragraph of said concurrent resolution, I have hereunto set my hand and caused to be affixed the seal of the Senate of Puerto Rico on this, the 5th day of April, A. D. 1932.

[SEAL.] _____ _____,

Secretary of the Senate.

ADDITIONAL BILL INTRODUCED

Mr. BULKLEY introduced a bill (S. 4738) for the relief of Newport Contracting & Engineering Co. (with accompanying papers), which was read twice by its title and referred to the Committee on Claims.

PURCHASE AND MERCHANDISING OF WHEAT AND COTTON

Mr. SMITH. I ask unanimous consent to introduce a joint resolution. It is short, and I should like to have it printed in the RECORD and referred to the Committee on Agriculture and Forestry.

There being no objection, the joint resolution (S. J. Res. 163) to provide for the purchase and merchandising of wheat and cotton by the Secretary of Agriculture was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Resolved, etc., That the Reconstruction Finance Corporation is authorized and directed to make available to the Secretary of Agriculture the sum of $250,000,000, less any amounts expended by the Secretary of Agriculture pursuant to section 2 of the Reconstruction Finance Corporation act. Such sum, together with the balance of the amounts made available to the Secretary of Agriculture under section 2 of such act, shall be used for the purchase and merchandising of wheat and cotton as hereinafter provided.

SEC. 2. The Secretary of Agriculture is authorized to use not to exceed one-half of such amounts made available by this act for the purchase of wheat through such agencies as he may designate, under rules and regulations prescribed by him. The wheat so purchased may be withheld for such times, or may be sold or otherwise disposed of in such amounts and at such times, as in the opinion of the Secretary of Agriculture will best promote the public interest.

SEC. 3. (a) The Secretary of Agriculture is further authorized and directed to use not to exceed one-half of the amounts made available by this act for the purchase of cotton through such agencies as he may designate, under rules and regulations prescribed by him. The cotton so purchased shall be resold on credit to producers of cotton at a price not to exceed the market price at the time of such purchase, but only if such purchasers enter into agreements with the Secretary of Agriculture to produce not to exceed 50 per cent of the amount of cotton produced by them during the crop year 1931. No such producer shall be entitled to purchase any cotton on credit from the Secretary of Agriculture in an amount in excess of 50 per cent of the amount of the cotton produced by him during the crop year 1931.

(b) In the event that any such cotton resold on credit to any such producer is subsequently sold at a price in excess of the price paid therefor by the Secretary of Agriculture, the Secretary of Agriculture shall pay to such producer, or shall apply toward any loans made to such producer by the Secretary of Agriculture, the difference between the amount received on such subsequent sale and the amount of such original purchase price less deductions for insurance and storage charges and interest at not to exceed 4 per cent per annum on such original purchase price; and each agreement made under subdivision (a) shall so provide.

(c) Any person who shall knowingly make any material false representation for the purpose of obtaining any cotton under this act or in connection with the purchase or resale of any such cotton, or who shall knowingly violate any agreement entered into with the Secretary of Agriculture, shall, upon conviction thereof, be punished by a fine of not more than $—— or by imprisonment for not more than six months, or both, and the rights of such person under any agreement entered into with the Secretary of Agriculture shall thereupon be forfeited.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the amendment of the Senator from Maryland to the committee amendment.

Mr. HULL. Mr. President, during the dinner hour, while many Senators are out of the Chamber, if I may for just a few moments, I would like to offer some remarks which I have to present on the pending bill. I will avail myself of this time instead of some other time.

When the panic broke in October, 1929, it was about six weeks before Congress convened in the following December. At that time there was a great mountain of profits accruing for the calendar year 1929. The question naturally presented itself to Congress and to the Treasury as to whether the panic was of such nature and extent and intensity as would be reasonably calculated to interfere with the condition of the Treasury. No one connected with the Treasury seemed to be conscious of the possibilities of danger to the Treasury from the effects of the panic, which had then been raging for some six weeks.

If the Treasury had suggested a good, healthy, special tax levy on that great mountain of profits for 1929, one-half of which would have been paid into the Treasury as late as the fiscal year, 1931, ending June 30 last, there could have been saved to the Treasury out of that immense reservoir of profits a large portion of the amount that was necessary to avoid a corresponding deficit.

I recall, if I may refer to the incident, which is interesting in a way, that in the summer of 1918, after this country had entered the war and one war revenue act had been passed, the question came up as to whether the Government should undertake to make a real, far-reaching levy off the great mountain of war profits that would accrue during the calendar year 1918.

A few of us very insistently urged that Congress, instead of adjourning in May, 1918, when it had convened in brief extra session, should remain in continuous session and take up the immense task of drafting and enacting a far-reaching war revenue bill that would be calculated to appropriate a

substantial percentage of war profits, and turn them into the Treasury for purposes of war expenses.

We agreed if the Democratic Congress undertook this immense task in the spring and summer and fall of 1918, that in all probability we would be thrown out of power and out of the control of Congress as the result of this immense tax-levy undertaking. The matter was pursued, however, with the result that in February, 1919, a levy of $6,000,000,000, mainly on the swollen war profits, became a law by action of Congress and the approval of the President.

By that time the fighting part of the war was ended, with the result that it was decided by those in control to apply these extreme rates to the calendar year 1918 alone, raise $6,000,000,000, and then lower the rates for subsequent years, graduated to the basis of 40 and 65 per cent, I think it was, for excess-profits taxes and with graduated rates running as high as 65 per cent for purposes of income taxes, but reducing the normal tax rate from 6 and 12 to 4 and 8.

In the fall of 1929 the Treasury entirely passed by this opportunity to levy many hundreds of millions of taxes out of the immense profits of 1929. Instead of that, just the opposite course was pursued. A resolution was passed through the Congress lowering taxes instead of increasing them, lowering them on the swollen profits of 1929. The idea was to relieve the panic condition by reducing the income taxes $160,000,000. I think $80,000,000 of that came off the corporations, about $28,000,000 came off of small individuals with incomes under $10,000, and the other $40,000,000 came off of the larger surtax payers. But most of the membership of the Senate on both sides of the aisle, with the exception of about 14 or 15, as I recall, joined in that movement to relieve the panic by enacting the joint resolution reducing all corporate taxes and all income taxes.

The panic progressed and the Treasury gradually became depleted, and still through 1930 the Treasury seemed unaware that a crisis was on hand or was possible in the future. When the Congress again convened in December, 1930, instead of demanding a special assessment on the profits of 1930, one-half of those for 1929 having come over into 1930, especially as to all companies and taxpayers having a fiscal year which included a part of 1930, still the Treasury as late as December, 1930, appeared oblivious of the danger that was ahead in the Government's finance.

Instead of demanding rigid economy in December, 1929, or in December, 1930, or instead of any branch of the administration sounding the alarm during that long period of 14 months while the panic was pending and demanding the launching of a far-reaching program of economy and retrenchment, the Treasury proceeded wholly indifferent or oblivious to the seriousness and the extreme danger of its condition. They predicted instead that while they had a deficit of $180,000,000 for the ensuing fiscal year, which was then half out, they would have a surplus of $30,000,000 for the succeeding fiscal year, 1932.

The result has been that instead they had a deficit of $906,000,000 for the fiscal year 1931 and a deficit that will range from $2,750,000,000 to $3,000,000,000 for the fiscal year 1933 instead of the surplus of $30,000,000 that was predicted by the Treasury at the middle of the fiscal year 1931.

Mr. President, I have mentioned this phase in order to consider one or two important, as I think, features which present themselves. I do not think any Member of this body is fully aware of the extreme demand on the part of the American people generally for the most rigid and far-reaching program of economy and retrenchment, in the first place, and then the very minimum of taxes to supplement that program of economy to the extent that would be necessary to meet the requirements of the Treasury.

There has been much said about balancing the Budget. Of course, the Budget does not have to be balanced every day or every week or every month or necessarily every year. The Budget only has to be balanced sufficiently often and under such circumstances as will carry assurance to the general public that the Government is able to pay its obligations and is capable of doing it whenever the occasion may make it necessary. Then confidence remains among the business and other people of the country and the Government proceeds as usual.

But a chorus, almost an anvil chorus, about balancing the Budget was set up in different parts of the country some months ago, with the result that everybody was going about echoing the demand, "Balance the Budget." Ninety per cent of them do not know what the Budget is; but they have all have been busy crying out, "Balance the Budget," forgetting everything else.

I am not minimizing the importance of that phase, but I am undertaking to indicate that the attempt to balance the Budget was really overdone, with the result that many people imagined that the Government was not really capable of meeting its obligations. I have often wondered how much more cheerfully the American people would pay a reasonable amount of taxes if they knew those taxes would be judiciously expended, compared to the painful state of mind that is created to-day whenever the taxgatherer comes around.

In the first place the people are entitled to honest and equitable taxation, with the receipts judiciously and economically expended. With that done the people then have no right whatever to complain about the payment of taxes.

If they would stop and see what it cost each family to furnish its own police protection, if they would figure how much it would cost each family to protect itself from contagious diseases in the community, if they would stop and see what it would cost each family to go over the cowpaths and trails for lack of any highway that would be suitable to travel, if they would stop and see what it would cost each family by itself to educate its own children; in other words, if the American people would halt and reexamine the whole phase of their fiscal affairs, taxes, expenditures, debts, they would readily see that, while it is painful to pay taxes in a sense, the country and the general public would plunge practically into anarchy and organized society would go back to the most primitive conditions if it were not for the payment of taxes which result in all these wonderful benefits and blessings that come to every class of people and every gradation of human society as a result of government.

We have listened to conversation here for days and weeks as though the Federal Government was the only governmental agency levying a tax and that the only tax to be levied related to income taxes, graduated and other taxes on incomes, including corporations. As a matter of fact, the Federal Government is only levying 30 per cent of the taxes that rest on the American people to-day. The States, counties, and municipalities are levying and collecting 70 per cent of the taxes, and yet the discussion ranges along lines that assume that the Federal Government alone imposes whatever amount of taxes the American people are expected to pay. The municipalities and counties levy over $7,000,000,000 of taxes and the States nearly $2,000,000,000.

All together we have a tax levy in this Nation of $10,250,000,000, and we have expenditures of all kinds for all purposes of government—Federal, State and local—of $13,000,000,000. The same 123,000,000 American people must pay this $10,250,000,000 of taxes. It makes no difference to them whether it is a Federal tax or a State, county, or municipal tax. They know they are obliged to pay it and they are only concerned in the proper distribution, in the equity of the tax as a whole, and in the aggregate, whereas we are overlooking that fact to a very large extent. Agriculture alone is paying $900,000,000 of tax under this monstrous and iniquitous and inequitable general property tax, around 25 per cent of all the income that they can rake and scrape together during this panic period. And yet there has been no concerted effort on the part of officials anywhere to coordinate our Federal and State and county and municipal fiscal affairs as they relate to expenditures and taxes and debts. Each agency in its own independent way is proceeding to a large extent.

I desire, if I may without imposing on those who are required to remain in the hall anyway, to call attention to one paragraph in a speech delivered by me back in 1925 on the

subject of a program to coordinate the whole fiscal affairs of the Federal, State, county, and municipal governments, to cut out waste, establish policies of retrenchment and economy, make vast reductions in expenditures, and furnish corresponding relief to the taxpayers. Back in 1925, on December 9, in the House of Representatives, I said:

> The task ahead, it seems to me, is for the Federal Government, the States, and their localities, by concerted action, to work out a coordinated and uniform system of taxation as nearly as may be feasible, comprising a combination of such tax methods as will be best calculated to reach every class of persons for an amount of taxes suggested by ability to pay, and which will both yield the necessary amount of revenue and work the fullest measure of equity to each class of taxpayers and every section of the country. We sometimes hear much opposition to Federal cooperation with the States in certain respects. I have in mind one kind of cooperation in which I strongly believe. I refer to the creation of a Federal agency of efficiency and on coordination and uniformity in taxation and expenditures—Federal, State, county, and municipal.
>
> The Federal agency would cooperate with similar State agencies and would be comprised of experts, such as an outstanding accountant, who could establish accurate and uniform accounting systems and budget systems in every large and small municipality and county in America; an outstanding tax expert, who would go into the States and, in conjunction with a State associate, present uniform inheritance and other tax methods such as would be most suitable for the States, counties, and municipalities, respectively, and such as would dovetail into the Federal tax situation, thereby eliminating pro tanto many of the harsh, inequitable, and grinding phases of the personal and much of the general property-tax situations; and an efficiency engineer, such as Colonel Sherrill, who understands all phases of the duties of city manager, who would, with his State associate, visit the various municipalities and install innumerable efficiency methods with respect to all departments calling for expenditures, including uniform methods in the construction of public buildings, including school buildings, roads, etc. Such cooperative agency, in brief, could, in my judgment, work wonders in cutting out waste and promoting efficiency in these and in many other respects, and their work possible to be performed would within three or four years result in cutting our general burden of taxes and expenditures at least $1,000,000,000 to $3,000,000,000.

Mr. President, I have been urging such a policy of Government financing—Federal, State, and local—during all these years in repeated addresses at the other end of the Capitol and in a statement issued last October. Instead of any steps designed to bring order out of chaos, we find that debts and expenditures and taxes have literally run riot during recent years; we find that all States, counties, and municipalities are hopelessly in debt; that over $1,000,000,000 have been defaulted either in interest or amortization during the past 12 months; that conditions are growing steadily worse, with a corresponding detrimental effect upon private credit and other conditions.

We find at the same time, Mr. President, that while the condition of our State and local indebtedness has become precarious to a vast extent, the problem of retrenchment of expenditures has not been thoroughly grappled with by the proper State and local authorities. We are floundering through this panic with more taxes imposed than the people are by any means able to pay, and with increasing defaults of all governmental agencies, while debts have gone almost to an unthinkable discount in many cases.

My position is that we should start right here at Washington, in the Federal Treasury, where no living person except a very few expert accountants know how to read the balance sheet of the Treasury Department. There are blended hopelessly all kinds of items relating to expenditures, including authorizations, appropriations, and Treasury balances, permanent items of appropriation and temporary items of appropriation, appropriations for productive purposes and appropriations for nonproductive purposes, all jumbled and confused hopelessly together.

My view is, and for long years has been, that there should be developed a system of modern accounting in the Federal Treasury in order that any citizen of America could take up the balance sheet and see at least what the normal or annually recurring expenditures of the Government are from time to time; that he could look on the other side and find another column embracing all extraordinary receipts and expenditures and containing all the temporary or extraordinary items to which I have referred.

Then we would know what temporary taxes were needed in order to meet a temporary Treasury demand. We would know just about the level of our annually recurring expenditures and be able to adjust our tax structure so as to meet it and to meet it with such accuracy as the British Government have always been able to forecast their budget and make the tax receipts meet it to a most surprising extent. But we have not such certainty; we have chaos in our whole accounting situation—Federal, State, county, and municipal. There is no effort to coordinate either taxes or debts or expenditures. There is vast duplication of expenditures; there is necessarily an immense amount of waste; and, unless we adopt a systematic program to attack this condition resolutely and with thoroughly capable forces—forces furnished by the Government and the States in concert—we can not hope, Mr. President, to attain that level of retrenchment and economy which the American taxpayers have a right to expect us to reach, despite the demands for outlays on the part of the Government.

There has been a great deal said here about the exemption of various properties from taxation. Mr. President, it is surprising to see how a great people will complacently float along and with open eyes see a vast mountain of $60,000,000,000 worth of property develop under tax-free authority. This Nation to-day has about $34,000,000,000 of Federal, State, county, and municipal bonds that are tax free, except the long-term bonds of the Federal Government, amounting to in the neighborhood of $12,000,000, which are still subject to the surtax which was authorized in 1918.

I wish to say, Mr. President, that so long as I am a Member of this body, I shall consistently oppose a policy that will contract away the power to tax wealth in this country. I mean that in no invidious sense, for no person living can ever accuse me of being a baiter of wealth. I have always, in connection with my legislative duties and otherwise, undertaken to deal fairly with every class of business in every part of this country; but I am opposed, Mr. President, to creating by law a great oligarchy or aristocracy of wealth in this country which will be immune from all tax burdens, Federal, State, and local, so that, no matter what the emergency, no matter if the very life of the Republic should call for sudden and ruthless taxation, the small coterie, owning this great mass or mountain of $60,000,000,000 of wealth, can sit back and challenge the remainder of the country to defend and protect it.

It is imagined sometimes by some persons that tax exemption itself is equivalent to such taxes as would otherwise be imposed and collected. The truth has been thoroughly tried out, Mr. President, and it has been demonstrated that in no case does the benefit of the exemption offset the loss of the tax.

I merely wanted to call attention to that phase of the subject and to say that so long, as in this country, we proceed carelessly and indifferently to pile up an immense amount on an increasing scale of tax-exempt wealth, we are pursuing a hopelessly unsound, and, I fear, a seriously dangerous policy.

Mr. President, I must not tax the patience of the Senate further. There are several other phases of the subject of financing as it relates to our tax and debt and expenditure problems that I would have preferred further to discuss, but a proper respect for the patience of my colleagues forbids me to proceed at greater length at this time.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Maryland [Mr. TYDINGS] to the amendment reported by the committee.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. As I understand the pending amendment is the committee amendment putting a tariff on lumber.

The PRESIDING OFFICER. The Senator has already offered an amendment to that amendment.

Mr. TYDINGS. I withdraw my amendment temporarily, and, in order that we may come quickly to a vote, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Johnson	Robinson, Ind.
Bailey	Costigan	Jones	Schall
Bankhead	Couzens	Kean	Sheppard
Barbour	Cutting	Kendrick	Shipstead
Barkley	Davis	Keyes	Shortridge
Bingham	Dickinson	King	Smith
Blaine	Dill	La Follette	Smoot
Borah	Fess	Logan	Steiwer
Bratton	Frazier	Long	Thomas, Idaho
Brookhart	George	McGill	Thomas, Okla.
Broussard	Goldsborough	McNary	Townsend
Bulow	Hale	Moses	Trammell
Byrnes	Harrison	Neely	Tydings
Capper	Hastings	Norbeck	Vandenberg
Caraway	Hatfield	Norris	Walcott
Carey	Hawes	Nye	Walsh, Mass.
Cohen	Hayden	Oddie	Watson
Connally	Hebert	Reed	Wheeler
Coolidge	Hull	Robinson, Ark.	White

The PRESIDING OFFICER. Seventy-six Senators having answered to their names, a quorum is present. The question is on the amendment of the committee as amended.

Mr. JONES. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. ASHURST. Mr. President, I ask to have the amendment stated.

Mr. REED. Let it be stated.

The PRESIDING OFFICER. The amendment as amended will be stated.

The CHIEF CLERK. The committee amendment as amended is on page 244, commencing with line 6, and reads:

(6) Lumber, rough, or planed or dressed on one or more sides, except flooring made of maple (except Japanese maple), birch, and beech, $3 per thousand feet, board measure; but the tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. SMITH. Mr. President, a parliamentary inquiry. This is the committee amendment on lumber?

The PRESIDING OFFICER. It is the committee amendment on lumber, as amended by the amendment of the Senator from Massachusetts [Mr. WALSH], which was carried. It is the committee amendment on lumber as amended. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. Not knowing how he would vote, I withhold my vote.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is unavoidably detained. If he were present, I understand that he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator from Montana [Mr. WALSH]. If he were present, he would vote "yea"; and if I were at liberty to vote, I should vote "nay."

Mr. BULOW (when his name was called). On this question I have a pair with the Senator from Nevada [Mr. PITTMAN]. If he were present, I understand he would vote "yea," and if I were at liberty to vote, I should vote "nay."

Mr. CAREY (when his name was called). I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. If he were present, he would vote "nay"; and if I were at liberty to vote, I should vote "yea."

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. If he were present, I understand that he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. MORRISON]. I transfer that pair to the junior Senator from Iowa [Mr. DICKINSON] and will vote. I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN] and will vote. I vote "yea." The Senator from Colorado [Mr. WATERMAN], if present, would also vote "yea." He is necessarily absent.

Mr. KEAN (when his name was called). On this question I have a pair with the junior Senator from Mississippi [Mr. STEPHENS]. Not knowing how he would vote, I withhold my vote.

Mr. NEELY (when his name was called). On this question I am paired with the junior Senator from Utah [Mr. KING]. If he were present, he would vote "nay"; and if I were at liberty to vote, I should vote "yea."

Mr. NORBECK (when his name was called). On this question I am paired with the senior Senator from Florida [Mr. FLETCHER], and therefore withhold my vote. If the Senator from Florida were present, he would vote "yea"; and if I were at liberty to vote, I should vote "nay."

Mr. THOMAS of Oklahoma (when his name was called). Making the same announcement as formerly, I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate on account of illness. I therefore withhold my vote.

The roll call was concluded.

Mr. COPELAND. My colleague [Mr. WAGNER] is unavoidably detained. He is paired upon this question. If he were present and at liberty to vote, he would vote "nay."

Mr. BRATTON. I have a pair with the junior Senator from Oklahoma [Mr. GORE], who is necessarily absent. In his absence, I withhold my vote.

Mr. BYRNES. I have a general pair with the Senator from Vermont [Mr. AUSTIN]. If present, he would vote "yea." If at liberty to vote, I should vote "nay."

Mr. TYDINGS. On this question I have a general pair with the senior Senator from Rhode Island [Mr. METCALF], who is ill. I am unable to secure a transfer. If the Senator from Rhode Island were present, he would vote "yea"; and if I were at liberty to vote, I should vote "nay."

Mr. FESS. I desire to announce that the Senator from Missouri [Mr. PATTERSON] is necessarily absent on account of illness in his family. He is paired with the Senator from New York [Mr. WAGNER]. If present, the Senator from Missouri would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS] is paired with the Senator from Louisiana [Mr. BROUSSARD].

I also wish to announce that the Senator from Virginia [Mr. SWANSON], the Senator from Alabama [Mr. BLACK], and the Senator from North Carolina [Mr. MORRISON] are necessarily absent from the city.

Mr. HULL. I announce the necessary absence of my colleague the senior Senator from Tennessee [Mr. MCKELLAR] because of illness.

Mr. SHIPSTEAD (after having voted in the negative). In order to be able to enter a motion for reconsideration, I change my vote from "nay" to "yea."

The result was announced—yeas 36, nays 24, as follows:

YEAS—36

Ashurst	Hale	Long	Shortridge
Bailey	Hatfield	McGill	Smoot
Capper	Hawes	McNary	Steiwer
Caraway	Hayden	Moses	Thomas, Idaho
Connally	Hebert	Oddie	Trammell
Couzens	Johnson	Reed	Vandenberg
Davis	Jones	Robinson, Ind.	Walcott
Dill	Kendrick	Sheppard	Watson
Goldsborough	Keyes	Shipstead	White

NAYS—24

Barbour	Copeland	Harrison	Nye
Barkley	Costigan	Howell	Robinson, Ark.
Blaine	Cutting	Hull	Schall
Borah	Fess	La Follette	Smith
Cohen	Frazier	Logan	Walsh, Mass.
Coolidge	George	Norris	Wheeler

NOT VOTING—36

Austin	Byrnes	Kean	Pittman
Bankhead	Carey	King	Stephens
Bingham	Dale	Lewis	Swanson
Black	Dickinson	McKellar	Thomas, Okla.
Bratton	Fletcher	Metcalf	Townsend
Brookhart	Glass	Morrison	Tydings
Broussard	Glenn	Neely	Wagner
Bulkley	Gore	Norbeck	Walsh, Mont.
Bulow	Hastings	Patterson	Waterman

So the amendment of the committee, as amended, was agreed to.

Mr. SHIPSTEAD. Mr. President, I now enter a motion for a reconsideration of the vote just cast.

The VICE PRESIDENT. The motion will be entered.

Mr. NORRIS. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. On page 318, after line 4, the Senator from Nebraska proposes to insert a new section, as follows:

SEC. 1109a.

EXPORT DEBENTURES

(a) Whenever the board provided for in the agricultural marketing act approved June 15, 1929, finds it advisable, in order to carry out the policy declared in section 1 of said agricultural marketing act, with respect to any agricultural commodity, to issue export debentures with respect to such commodity, said board shall give notice of such finding to the Secretary of the Treasury. Upon the receipt of such notice it shall be the duty of the Secretary of the Treasury, commencing and terminating at such time as the board shall prescribe, to issue export debentures to any farmer, cooperative association, stabilization corporation, or other person with respect to such quantity of the commodity or any manufactured food product thereof or any product manufactured from cotton or tobacco, if the cotton or tobacco out of which it is manufactured if exported in the raw material would have been entitled to receive a debenture therefor, as such person may from time to time export from the United States to any foreign country. The export debenture shall be in an amount to be computed under the direction of the Secretary of the Treasury, in accordance with such regulations as he may prescribe, at the debenture rate for the commodity or product that is in effect at the time of exportation. Any such computation shall be final.

(b) In order to procure the issuance of an export debenture, the farmer, cooperative association, stabilization corporation, or other person shall, in accordance with such regulations as the Secretary of the Treasury may prescribe, make application for such debenture and submit satisfactory proofs either (1) that the commodity to be exported was produced in the United States and has not previously been exported therefrom, or (2) that the commodity used in making the manufactured food product or any product manufactured from cotton or tobacco, if the cotton or tobacco out of which it is manufactured if exported in the raw material would have been entitled to receive a debenture therefor, to be exported was produced in the United States and the agricultural commodity and the manufactured food product or any product manufactured from cotton or tobacco if the cotton or tobacco out of which it is manufactured if exported in the raw material would have been entitled to receive a debenture therefor, have not previously been exported therefrom.

(c) An export debenture, when presented by the bearer thereof within one year from the date of issuance, shall be receivable at its face value by any collector of customs, or deputy collector of customs, or other person authorized by law or by regulation of the Secretary of the Treasury to perform the duties of collector of customs, in payment of duties collectible against articles imported by the bearer. Title to any export debenture shall be transferable by delivery. In order to prevent any undue speculation in the handling of such export debentures, the Secretary of the Treasury is authorized and directed, under such rules and regulations as he may prescribe, to provide for the redemption of such export debentures from any money in the Treasury derived from the payment of duties collectible against articles imported into the United States at a rate of not less than 98 per cent of the face value of such export debentures.

(d) Debenture rates in effect at any time with respect to any agricultural commodity shall be one-half the rate of duty in effect at such time with respect to imports of such commodity, except that so long as no import duty is imposed on cotton the debenture rate thereon shall be 2 cents per pound. The debenture rate in effect at any time with respect to any manufactured food product of any agricultural commodity or any product manufactured from cotton or tobacco if the cotton or tobacco out of which it is manufactured if exported in the raw material would have been entitled to receive a debenture therefor, shall be an amount sufficient, as nearly as may be, to equal the debenture that would be issuable upon the exportation of the quantity of the agricultural commodity consumed in the manufacture of the exported manufactured food product, or any product manufactured from cotton or tobacco if the cotton or tobacco out of which it is manufactured if exported in the raw material would have been entitled to receive a debenture therefor, as prescribed and promulgated from time to time by said board.

(e) Regulations requiring that metal tags or other appropriate markings be placed on all bales of cotton produced in foreign countries and allowed transit through the United States for exportation, may be prescribed by the Secretary of the Treasury. Every person who violates any such regulation of said board shall be liable to a civil penalty of $100 for each such offense. Such penalty may be recovered in a civil suit brought by said board in the name of the United States.

(f) The Secretary of the Treasury shall prepare and issue all export debentures. Export debentures issued under authority of this act shall be obligations of the United States within the definition in section 147 of the act entitled "An act to codify, revise, and amend the penal laws of the United States," approved March 4, 1909, as amended (U. S. C., title 18, sec. 261).

(g) Any person who shall make any false statement for the purpose of fraudulently procuring, or shall attempt in any manner fraudulently to procure, the issuance or acceptance of any export debenture, whether for the benefit of such person or of any other person, shall be fined not more than $2,000 or imprisoned not more than one year, or both.

(h) In order to prevent undue stimulation in the production of any debenturable agricultural commodity, whenever said board finds that the production of any debenturable agricultural commodity during any crop years has exceeded the average annual production of such debenturable agricultural commodity for the preceding five years said board shall by proclamation prescribe that during the next succeeding year the export debenture rates for such commodity shall be reduced by the percentage hereinafter fixed. Such reductions shall become effective on the date fixed in such proclamation, not less than 60 days from the date of the issuance thereof, and shall remain in effect throughout such succeeding crop year. The term "crop year," as used in this section, means a 12 months' period beginning at a time designated by said board.

Reductions in debenture rates under this section shall be made in accordance with the following percentages:

(1) For an increase in production of less than 20 per cent, there shall be no reduction.

(2) For an increase in production of 20 per cent but less than 40 per cent, there shall be a reduction of 20 per cent.

(3) For an increase in production of 40 per cent but less than 60 per cent, there shall be a reduction of 50 per cent.

(4) For an increase in production of 60 per cent but less than 90 per cent, there shall be a reduction of 75 per cent.

(5) For an increase in production of 90 per cent or more, there shall be a reduction of 99 per cent.

Mr. NORRIS obtained the floor.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WALCOTT. Mr. President, to-morrow morning, when the Senate convenes, I intend to ask unanimous consent to offer a resolution that Congress confer upon Amelia Earhart Putnam the congressional medal of honor for her achievements in the air, her latest accomplishment being a flight over the Atlantic in a plane by herself.

Mr. NORRIS. Mr. President, would it be agreeable to the Senator to offer his resolution now? A great many Senators who have gone from the Chamber have left word that they did not want to vote to-night on the amendment I have offered. I do not want to take any advantage of the absence of any Senator. Perhaps we would not reach a vote on the amendment to-night, anyway, but I am willing, if the Senator can get unanimous consent, that he may offer his resolution to-night, and I will let my amendment go over until to-morrow.

Mr. WALCOTT. Mr. President, I would prefer not to do that, because I have not prepared the resolution.

Mr. NORRIS. Very well.

Mr. McNARY. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. McNARY. I am sure that a number of Senators who are now absent had no warning that this proposal of the Senator from Nebraska would be brought up to-night, and I think it would perhaps be unfair to them to have a vote on the amendment to-night. Can we not go on with the copper amendment?

Mr. NORRIS. As far as I am personally concerned, I am perfectly willing that my amendment should go over, but I did have an understanding with at least a dozen Senators whom I told I intended to offer this amendment as soon as we voted on the lumber schedule. I suppose some Senators who are absent thought perhaps my amendment would not be offered until later. I am willing to go on with my remarks to-night, and at the conclusion of what I have to say, which will not be very long, have the amendment put over, or I am willing to have it go over now.

Mr. SMOOT. I would like to ask the Senator from Michigan whether he is ready to go on with the copper amendment?

Mr. VANDENBERG. I should like very much to proceed with the copper amendment at the present time.

Mr. NORRIS. Mr. President, I am somewhat at a loss to know what to do. There are some Senators who want to go ahead first with the amendment I have offered. I understand a dozen Senators who are not in the Chamber at the present time want to be here when we vote on this amendment. May I ask the Senator from Utah whether we are to meet at 11 o'clock to-morrow?

Mr. SMOOT. Yes; we have a unanimous-consent agreement to that effect.

Mr. NORRIS. Suppose we should go ahead with the copper amendment and not finish the consideration of it to-night. Would the Senator from Michigan be willing that we should then lay it aside and at 11 o'clock to-morrow take up the amendment I have offered?

Mr. VANDENBERG. Mr. President, I would like to ask unanimous consent that the copper amendment be submitted to the Senate without debate and voted upon. If that were done, I think there would be no difficulty, from my point of view, in suspending the session until to-morrow after that.

Mr. NORRIS. Of course, if we should vote on the amendment immediately, as the Senator suggests, we would probably go on with something else.

Mr. VANDENBERG. I would include in my unanimous-consent request that after the vote was taken the Senate take a recess.

Mr. McNARY. Mr. President, if that consent were asked, I should, at the conclusion of the vote, move an executive session, so that there would be no more legislative business this evening.

Mr. NORRIS. Then, Mr. President, I will temporarily withdraw the amendment I have offered, with the understanding that I will be allowed to offer it the first thing when the Senate convenes to-morrow morning.

Mr. VANDENBERG. Mr. President, I ask that the committee amendment relating to copper be laid before the Senate.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 244, after line 9, the committee proposes to insert:

(7) Copper-bearing ores and concentrates and articles provided for in paragraphs 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the tariff act of 1930, 4 cents per pound on the copper contained therein: *Provided*, That no tax under this paragraph shall be imposed on copper in any of the foregoing which is lost in metallurgical processes. All articles dutiable under the tariff act of 1930, not provided for heretofore in this paragraph, in which copper (including copper in alloys) is the component material of chief value, 3 cents per pound. All articles dutiable under the tariff act of 1930, not provided for heretofore in this paragraph, containing 4 per cent or more of copper by weight, 3 per cent ad valorem or three-fourths of 1 cent per pound, whichever is the lower. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. The Secretary is authorized to prescribe all necessary regulations for the enforcement of the provisions of this paragraph.

Mr. VANDENBERG. Mr. President, in the interest of expedition, and in view of the fact that this amendment has been fully discussed by the Finance Committee and its compensatory structure has been technically approved by the experts of the Tariff Commission, I ask unanimous consent that the amendment be submitted to immediate vote of the Senate without debate.

The VICE PRESIDENT. Is there objection?

Mr. TYDINGS. I object.

Mr. VANDENBERG. I shall be very glad to proceed briefly to present the case for copper.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Connecticut?

Mr. VANDENBERG. I yield.

Mr. BINGHAM. I thank the Senator from Michigan for his courtesy.

Mr. President, there has been placed on the desk of each Senator to-day an amendment which I have offered of a revenue-producing nature which, in the opinion of those most conservatively looking at the question, will yield a revenue of about $375,000,000 per annum in lieu of several other taxes proposed to be offered beginning on page 246. I do not desire to take time to argue for the amendment at the present time, but merely to state, in response to numerous questions which have been submitted to me by various Senators, that I propose to adopt the amendment as soon as——

Mr. BORAH. The Senator means he proposes to offer it?

Mr. BINGHAM. I shall adopt it, but I shall also offer it. I thank the Senator. I propose to offer the amendment as soon as we conclude the discussion of the tariff amendments and as soon as we reach the section on automobiles, on page 246.

Mr. BORAH. The Senator stated he would do so as soon as we complete the tariff items. The Senator from Nebraska [Mr. NORRIS] has signified his desire, and there is a tacit understanding that he shall have the opportunity to offer the debenture amendment.

Mr. BINGHAM. I understood he was to offer it as soon as we finish with the copper item. There is still another tariff item, the tariff on rubber. I do not intend to interfere with the proposal of the Senator from Nebraska, but merely am taking advantage of the situation which he has created for the amendment in which he is interested to state that I desire to offer an amendment in regard to a real revenue-producing measure which will help to balance the Budget and which will help to restore economic prosperity, and this as soon as we succeed in finishing the rubber item.

Mr. BORAH. I think it is appropriate that it shall follow rubber. [Laughter.]

Mr. VANDENBERG. Mr. President, let me approach the question of expedition from another angle. Instead of asking unanimous consent, which I can readily understand might be offensive in a situation of this sort, let me ask for the yeas and nays upon the pending amendment.

The VICE PRESIDENT. Is the demand seconded?

The yeas and nays were ordered.

Mr. WALSH of Massachusetts. Mr. President, before the vote is taken I should like to have inserted in the RECORD the views of the minority in objection to this item, together with some statistics and a statement of overproduction.

The VICE PRESIDENT. Without objection, it is so ordered.

The extract from the minority report is as follows:

COPPER

There is no gainsaying the present distress of the American copper industry in the United States. Copper is now selling in New York at around 6 cents per pound. This compares with an average price for the past 30 years (excluding the war years) of 14.8 cents. American copper mines are said to have a potential capacity of 1,318,000 short tons per annum. In 1931 the United States market absorbed roundly 454,500 tons of primary copper and present consumption is lower still, perhaps not in excess of 25 per cent of our producing capacity. Present stocks of copper above ground are said to represent one year's supply for the entire world at present rate of consumption, and the United States alone owns 71 per cent of this stock. Foreign production of copper far outruns foreign consumption. The surplus of foreign copper is displacing domestic copper in our domestic market. What is true of many other commodities applies to copper. The world is suffering from a huge surplus of copper.

The question at issue is whether the erection of a tariff wall against foreign copper will in the long run benefit the country. On that question testimony of opposing copper groups before the Finance Committee was in sharp disagreement.

The proponents of a copper tariff sought a rate of 5 cents per pound and said that they anticipated its effect would be to stabilize the price of American copper in the American market at around 11 cents per pound.

The bill as reported carries a copper tariff at the rate of 4 cents per pound. The contention that, despite such a duty, foreign copper will still be dumped in this market and pay a duty and hence the Government will derive a tariff revenue from the copper duty is in our judgment unconvincing. We incline to the view that the proposed duty would exclude foreign copper and hence be of no consequence so far as revenue is concerned. On the question of the benefit of the proposed duty to the American copper industry and to the country we are inclined to subscribe to the views presented by those representatives of the industry who oppose the duty and who contend that it will do more harm than good. In any event, we submit that the present revenue bill is not the time and place for Congress to deal with the complicated and world-embracing issues which are raised by the question of removing copper from the free list, where it has remained since 1894, and granting compensatory duties to the large number of manufactured products that contain copper.

The other matter referred to by Senator WALSH of Massachusetts is as follows:

Copper statistics, 1931

(Complete figures of total exports)

	Short tons
Stocks beginning of year, refined and blister	532,500
Production of primary refined copper:	
United States	523,000
Cuba	10,498

IMPORTS

(Less Cuba)

(Department of Commerce)

	Short tons	
Ore	11,790	
Concentrates	49,704	
Regulus, coarse, metal, and cement copper	735	
Unrefined, black, blister, etc	140,925	
Refined	87,225	
Scrap, scale, and clippings	2,567	
Old and brass (estimated contents)	1,300	
		283,748
		1,349,746

EXPORTS

(Department of Commerce)

Ore and concentrates	150	
Refined, ingots, bars, etc	202,698	
Old and scrap	33,589	
Pipes and tubes	1,035	
Plates and sheets	2,269	
Rods	29,415	
Wire (except insulated)	3,134	
Department of Commerce only reports the above exports.		
Below are estimated copper contents of material exported containing copper.		
American Bureau of Metal Statistics (copper contents).		
Insulated wire and cable	4,200	
Manufactures of copper	900	
Brass ingots, plates, bars	1,400	
Brass pipes and tubes	1,100	
Brass pipes and fittings	1,100	
Brass or bronze wire	400	
Builders' hardware	400	
Other brass and bronze manufactures	1,600	
Plated ware	200	
Nickel silver	100	
Copper sulphate	900	
Electrical manufactures	9,000	
Automobiles	3,300	
Freight cars	50	
Locomotives	50	
In scrap brass	8,000	
		304,990
Stocks end of year		608,500
Apparent domestic consumption		436,256
		1,349,746

Reconciliation

	Tons
Imports (less Cuba)	283,748
Exports	304,990
Excess exports	21,242
Increase in stocks	76,000
Exportable surplus	97,242

NOTE.—Where a condition like this exists it is quite illogical to argue that a tariff could more than temporarily increase the domestic price or could possibly increase the production rate of the mines.

OVERPRODUCTION OF COPPER

Couple these world surpluses of copper production with the general depressed business condition in this country and the world, and the principal causes of the deplorable distress in the American copper industry are reached. The copper industry is suffering from the universal ailment of the past few years—overproduction, caused by underconsumption, due to the general depression in all countries.

Here is what has happened to the market for copper in the United States. In 1929 the United States consumed 889,293 tons of copper, the most ever used by this country in a single year. In 1930 we consumed 632,508 tons, a decrease of nearly 28 per cent. In 1931 we consumed 454,000 tons, just slightly more than one-half of what this country consumed in 1929. According to the best information available, domestic consumption for the current year will amount to approximately 330,000 tons, or about 30 per cent of our consumption in 1929.

The steady increase of domestic copper stocks reveals the extent of overproduction in this country since 1928. On January 1, 1929, copper stocks amounted to 268,500 tons; on January 1, 1930, they were 403,000; on January 1, 1931, 532,500 tons were in stock; and on January 1, 1932, 608,500 tons were in stock. In four years domestic copper stocks have much more than doubled. Such surpluses have usually caused a rapid decline in the market price for the commodity.

Copper prices declined rapidly as the volume of copper stocks grew. From an average of 18.1 cents per pound in 1929 the price of copper has dropped to the record low of 5.8 cents per pound in March of 1932. Despite this rapid drop in the price of copper, other metals have suffered a comparable price decline, as shown by the following chart:

Average cents per pound or ounce

	Copper, free	Lead, dutiable	Zinc, dutiable	Tin, free	Silver, free
1929	18.1	6.8	6.8	45.2	53.0
1930	13.0	5.5	4.6	31.7	38.2
1931	8.1	4.2	3.6	24.5	28.7
1932	5.8	3.2	2.8	21.9	29.8

It should also be emphasized that other metal industries have been compelled to curtail their production as drastically as has the American copper industry. The January production of copper was 32.2 per cent of the average 1929 rate, steel production in the same month was 32.3 per cent of the 1929 average, while January production of pig iron was only 27.6 per cent of the monthly average of 1929. The copper industry is but one of the metal industries suffering in this tragic depression.

The 4 cents per pound duty proposed is greatly in excess of the differences in production costs between foreign and domestic copper. As with the oil, coal, and lumber duties carried in this hybrid revenue bill, the copper duty is an embargo. It will raise no revenue and therefore is in no wise germane to a tax bill.

The actual difference between foreign and domestic costs of production amounts to "$1.42 per pound when depletion of ore and interest on investment are taken into consideration, and 0.49 cent per pound when these two items are considered."

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. ASHURST responded in the affirmative.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. Several Senators are here who do not know what the vote is upon. Will the Chair state the question?

The VICE PRESIDENT. Let the clerk repeat the amendment again.

The Chief Clerk again reported the pending amendment.

The VICE PRESIDENT. The clerk will continue the roll call.

The Chief Clerk resumed the roll call.

Mr. BINGHAM (when his name was called). On this question I have a pair with the junior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "nay," and if I were permitted to vote I should vote "yea."

Mr. BROOKHART (when his name was called). I have a pair with the senior Senator from Montana [Mr. WALSH]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

Mr. BULOW (when his name was called). Making the same announcement as on the previous vote with reference to my pair with the senior Senator from Nevada [Mr. PITTMAN], I withhold my vote.

Mr. BYRNES (when his name was called). I have a pair with the junior Senator from Vermont [Mr. AUSTIN]. If he were present, he would vote "yea." If permitted to vote, I would vote "nay."

Mr. CAREY (when his name was called). I have a pair with the junior Senator from Ohio [Mr. BULKLEY]. If he were present, he would vote "nay," and if I were permitted to vote, I would vote "yea."

Mr. HASTINGS (when his name was called). On this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. I understand that if present he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. HATFIELD (when his name was called). Repeating my former announcement as to my pair with the senior Senator from North Carolina [Mr. MORRISON] and its transfer to the junior Senator from Iowa [Mr. DICKINSON], I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN] and vote "yea." If the Senator from Colorado [Mr. WATERMAN] were present, he would vote "yea."

Mr. NORBECK (when his name was called). On this question I have a pair with the senior Senator from Florida [Mr. FLETCHER], and therefore withhold my vote. If that Senator were present, he would vote "yea." If permitted to vote, I would vote "nay."

Mr. THOMAS of Oklahoma (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. GLENN]. In his absence I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. In his absence I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. COPELAND. My colleague the junior Senator from New York [Mr. WAGNER] is necessarily absent. He is paired on this vote with the Senator from Missouri [Mr. PATTERSON], who, if present, would vote "yea." If permitted to vote, my colleague [Mr. WAGNER] would vote "nay."

Mr. WHEELER. My colleague the senior Senator from Montana [Mr. WALSH] is necessarily absent. If he were present, he would vote "yea."

Mr. HARRISON. Mr. President, am I recorded as voting in the negative?

The VICE PRESIDENT. The Senator is so recorded.

Mr. HARRISON. For the purpose of moving a reconsideration I change my vote from "nay" to "yea."

Mr. BULOW. I desire to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily detained from the Senate, delivering an address on national relief measures over a nation-wide radio hook-up.

Mr. BRATTON (after voting in the affirmative). I transfer my pair with the Senator from Oklahoma [Mr. GORE] to the Senator from Florida [Mr. TRAMMELL] and let my vote stand.

Mr. SHEPPARD. I desire to announce that the junior Senator from Oklahoma [Mr. GORE] and the junior Senator from Florida [Mr. TRAMMELL] are necessarily detained from the Senate.

I also wish to announce that the senior Senator from Virginia [Mr. SWANSON], the senior Senator from Alabama [Mr. BLACK], and the senior Senator from North Carolina [Mr. MORRISON] are necessarily out of the city.

The result was announced—yeas 42, nays 25, as follows:

YEAS—42

Ashurst	Dill	King	Shortridge
Bailey	Goldsborough	Lewis	Smoot
Bratton	Hale	Long	Steiwer
Broussard	Harrison	McGill	Thomas, Idaho
Capper	Hatfield	McNary	Vandenberg
Caraway	Hayden	Moses	Walcott
Connally	Hebert	Neely	Watson
Couzens	Johnson	Oddie	Wheeler
Cutting	Jones	Reed	White
Dale	Kendrick	Robinson, Ind.	
Davis	Keyes	Sheppard	

NAYS—25

Bankhead	Copeland	Hull	Schall
Barbour	Costigan	Kean	Shipstead
Barkley	Fess	La Follette	Smith
Blaine	Frazier	Logan	Walsh, Mass.
Borah	George	Norris	
Cohen	Hawes	Nye	
Coolidge	Howell	Robinson, Ark.	

NOT VOTING—29

Austin	Dickinson	Morrison	Trammell
Bingham	Fletcher	Norbeck	Tydings
Black	Glass	Patterson	Wagner
Brookhart	Glenn	Pittman	Walsh, Mont.
Bulkley	Gore	Stephens	Waterman
Bulow	Hastings	Swanson	
Byrnes	McKellar	Thomas, Okla.	
Carey	Metcalf	Townsend	

So the amendment of the committee was agreed to.

Mr. HARRISON. Mr. President, I enter a motion to reconsider the vote by which the amendment was agreed to.

Mr. ASHURST. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. ASHURST. Did the Senator from Mississippi move to reconsider the vote?

The VICE PRESIDENT. The Senator from Mississippi entered the motion.

Mr. ASHURST. I move to lay the motion on the table, and on that I demand the yeas and nays.

Mr. HARRISON. Mr. President I have not made the motion yet. I am merely serving notice that I shall make it in order that I may come within the rule.

EXECUTIVE SESSION

Mr. MCNARY. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

REPORTS OF COMMITTEES

Mr. HASTINGS, from the Committee on the Judiciary, reported favorably the nomination of G. Fred Flanders, of Georgia, to be United States marshal, southern district of Georgia, to succeed George B. McLeod, term expired.

Mr. SCHALL, from the Committee on the Judiciary, reported favorably the nomination of Anthony Savage, of Washington, to be United States attorney, western district of Washington.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

UNITED STATES SHIPPING BOARD

The VICE PRESIDENT. The calendar is in order.

The Chief Clerk read the nomination of T. V. O'Connor, of New York, to be a member of the Shipping Board for a term of six years from June 9, 1932.

Mr. COPELAND. Mr. President, the Senator from Tennessee [Mr. MCKELLAR] has asked that this nomination go over. In view of his illness I have no objection to his request. I have no desire to press the matter if there is not undue delay.

The VICE PRESIDENT. The nomination will go over.

THE JUDICIARY—B. B. MONTGOMERY

The Chief Clerk read the nomination of B. B. Montgomery to be United States marshal northern district of Mississippi.

Mr. HASTINGS. Mr. President, at the last executive session I asked that this nomination go over. Before it is confirmed or rejected I desire to make a short statement in connection with it. I do not know whether it is desirable to do it at this time or to permit the nomination to go over until the next executive session.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Delaware yield to the Senator from Mississippi?

Mr. HASTINGS. I yield.

Mr. HARRISON. I had very much hoped that this matter might be settled. The nominee is a Republican who has been nominated to fill an office in my State. The nomination has been pending in the committee for some time, and, of course, in view of the consideration of the pending tax bill we may not have another executive session for some time. Will not the Senator from Delaware make his statement to-night and let us take action on the nomination?

Mr. HASTINGS. Mr. President, I was appointed chairman of the subcommittee to consider this nomination, which

has been before the Senate for a considerable time. The charge made on which the objection to this nominee is based is that he has made some very disrespectful remarks relative to the colored people of the State of Mississippi. The charge was of sufficient seriousness for the committee to believe that if it could be established that the statement was true it would be sufficient reason for rejecting the nomination.

There were some half-dozen affidavits submitted by various persons who testified in those affidavits that such a statement had been made by Mr. Montgomery. Montgomery, on the other hand, very positively denied making any such statement. All the evidence is that he is a thoroughly competent man for the position, and no objection was made to him except upon this one point. I think the paper evidence before the committee would show that he did make the statement; he insists that he did not; and, of course, there is no definite way to determine whether he did or did not make it.

The colored people of Mississippi sent statements to the colored people's organizations all over the country to the effect that Mr. Montgomery had made the remarks attributed to him. He undoubtedly has created the impression among the colored people all over the country that he had made disrespectful remarks relative to the colored women of the State of Mississippi.

In my judgment, in view of the whole condition of the record, in view of the fact that the colored people of the country believe the statement to be true, whether it be or not, it was not desirable for the Senate to confirm the nominee.

I do not propose to make any extended remarks with respect to the nomination. I merely want to be recorded as against its confirmation.

Mr. SHORTRIDGE. Mr. President, I join in the request that this nomination go over until the next executive session, and I renew that request. It is not my desire to-night to discuss the merits of the controversial question, namely, whether this nominee did or did not utter the words imputed to him. I think we can save time if the request be granted. I should certainly not ask for any further consideration than that the nomination lie over until to-morrow evening if the Senate please.

The VICE PRESIDENT. Is there objection?

Mr. HARRISON. Mr. President——

Mr. SHORTRIDGE. I can express myself in a few words with certain data before me which I have not now, not knowing that we would have an executive session this evening. That is the only reason why I make the request. I do not make it for the purpose of indefinite delay at all.

Mr. HARRISON. Mr. President, of course if the Senator wants the nomination to go over and objects to its consideration, I shall not insist upon its being considered. The Senator from Delaware, however, has made a very fair statement of the facts, and I am sure the Senator from California agrees that the issue stated by the Senator from Delaware is that which is before the Senate.

I have known this appointee for some time; he is a Republican and I never mess in Republican politics. I think that some of the colored population believe that perhaps the nominee did make the statement attributed to him, but I am sure they are mistaken, because this man is an upright citizen of the State, and I am sure would make a good officer or I would not be for his confirmation. I had hoped, in view of the fact that we are discussing the tax bill which may take some time, and as this nomination has been before the committee for quite a while, that the Senator, in the bigness of his heart, would permit the Senate to take action on the nomination now and not prolong it, because the nominee ought to be in the office if we are going to confirm him. I hope the Senator will not ask for delay, but will let us take action on the nomination.

Mr. SHORTRIDGE. Mr. President, let me repeat what I just stated. Of course, I did not know that we would have an executive session this evening, and I have not the data before me. I repeat that I would be very willing to have an executive session to-morrow, and I shall take but a few moments to lay the facts as I understand them before the Senate. I do not seek, of course, indefinite delay.

Mr. HARRISON. May I ask the Senator if more facts came to the attention of the committee than those the Senator from Delaware has stated? As I understood, the statement alleged to have been uttered by Mr. Montgomery was brought to the attention of the committee and was denied. I think the Senator knows well that my colleague and I would not want the appointee to be marshal if the facts alleged were true. If there were anything against the nominee, certainly we would be among the first to object.

Mr. SHORTRIDGE. I do not wish to delay the confirmation of the nomination. I have expressed my wish.

Mr. HARRISON. If it is a wish of the Senator that the nomination go over, I shall not insist on its being considered. I am only trying to expedite the consideration of the tax bill and at the same time to accord prompt consideration to a matter that is of some importance and which has been delayed for some time in the committee.

Mr. SHORTRIDGE. If I may do so, I ask unanimous consent, in order to speed the matter, that when we take a recess to-morrow evening, as in legislative session, we hold an executive session.

Mr. HARRISON. In the meanwhile, of course, if the Senator thinks of it no further, we can act accordingly.

Mr. SHORTRIDGE. Precisely. In any event, I will not take more than a few moments.

The VICE PRESIDENT. Is there objection to passing the nomination over? The Chair hears none.

The clerk will report the next nomination on the calendar.

MISSISSIPPI RIVER COMMISSION

The Chief Clerk announced the nomination of Col. Harley B. Ferguson, Corps of Engineers, United States Army, to be member and president of the Mississippi River Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. ODDIE. I ask unanimous consent that the list of nominations of postmasters may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

NAVY

The Chief Clerk proceeded to read the nominations of sundry officers of the Navy.

Mr. HALE. I ask unanimous consent that all naval nominations may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the naval nominations are confirmed en bloc.

That completes the calendar.

BALANCING THE BUDGET—REPLY TO WILMINGTON CHAMBER OF COMMERCE

The Senate resumed legislative session.

Mr. FESS. Mr. President, the Chamber of Commerce of the City of Wilmington, Del., recently adopted a resolution couched in three paragraphs. In one paragraph it is stated that in their belief, speaking to the membership of the Chamber, the Budget should be balanced without resort to taxation. If it can not be thus balanced, then taxation would be advisable.

The senior Senator from Delaware [Mr. HASTINGS] has answered the resolution, item by item, in a communication to the editors of the Evening Journal, the Morning News, and Every Evening. I think every Senator would like to have the information contained in the letter prepared by the Senator from Delaware. It is in succinct form, indicates what the charges on the Treasury are, both for 1931 and for the present year, and then comments on each item. I ask unanimous consent that the letter may be printed in the RECORD.

Mr. KING. Mr. President, I wish to ask the Senator from Ohio a question. I did not understand the full import of his statement. Does the statement show that the Budget may be balanced without the imposition of taxes?

Mr. FESS. It certainly does not. The opposition to the imposition of additional taxes is so general and I think misinformation throughout the country also is so general that I believe the succinct answer the Senator from Delaware has made affords very valuable information for us all.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio to print in the RECORD the communication referred to by him?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 30, 1932.

To the EDITORS EVENING JOURNAL, MORNING NEWS, EVERY EVENING.

MY DEAR SIRS: I have prepared a statement upon a matter in which I believe all of the citizens of Delaware are very much interested. It refers to the difficult problem of balancing the Federal Budget. I have endeavored to put the facts and the figures in as concise form as possible and I should be very grateful to you if you would publish the following statement in full.

A letter from the Chamber of Commerce of Wilmington, under date of March 25, calls my attention to the fact that at a special meeting of the board of directors held on that date the following resolution was unanimously adopted:

"Whereas this body, on March 10, 1932, by its vote on referendum No. 60 of the Chamber of Commerce of the United States, placed itself on record in favor of the Federal Government balancing its Budget—first, through a reduction of expenditures, then, if this were not possible, by assessment of taxes; and

"Whereas a further study of this question has convinced us that the balancing of the Budget can be accomplished by the reduction of Federal expenditures: Now, therefore, be it

"*Resolved*, That we go on record in favor of balancing the Budget by a reduction of Federal expenditures before resorting to any increase in existing taxes or imposition of new taxes."

In this morning's mail I received numerous letters from business people in Wilmington calling my attention to this resolution and urging me to do what I could to accomplish the result mentioned therein. This resolution, in effect, states that the chamber of commerce has given the matter careful study and has reached the conclusion, if I understand the resolution, that it is possible to balance the Budget by cutting Federal expenditures and that it will not, therefore, be necessary to increase taxes if the reductions are made.

Such a statement as this by the chamber of commerce makes it imperative, from my point of view, to point out the impossible task which such a resolution imposes upon Congress.

I urge all persons who are interested in this subject to study the following figures with the greatest care:

Fiscal year beginning July 1, 1931, and ending June 30, 1932

Item:	
A. Statutory debt retirement	$412,000,000
B. Interest on public debt	605,000,000
C. Annual payments for aid to veterans	989,500,000
D. Expense of national defense	721,400,000
E. Public buildings and public works	528,200,000
F. Administrative and other expenses	1,226,000,000
Total	4,482,100,000
Estimated income	2,243,000,000
Deficit	2,239,100,000

Estimated figures for fiscal year beginning July 1, 1932, and ending June 30, 1933

Item:	
A. Statutory debt retirement	$496,800,000
B. Interest on public debt	640,000,000
C. Annual payments for aid to veterans	983,200,000
D. Expense of national defense	694,800,000
E. Public buildings and public works	392,900,000
F. Administrative and other expenses	905,200,000
Total	4,112,900,000
Estimated income	2,374,900,000
Deficit	1,738,000,000

In endeavoring to balance the Budget we must look at the above figures and see whether or not it can be done. I desire to discuss them in the order in which I have stated them.

ITEM A. STATUTORY DEBT RETIREMENT

It will be observed that the statutory requirement for debt retirement has been increased by the sum of $84,800,000. This item is not a particularly important item, in view of the fact that we are borrowing money to maintain the sinking fund. It is considered important, however, by most persons to continue to make the sinking fund payments.

ITEM B. INTEREST ON PUBLIC DEBT

It will be observed that this item has been increased by $35,000,000. Nobody, of course, intends to suggest that there can be any reduction in this item.

ITEM C. ANNUAL PAYMENTS FOR AID TO VETERANS

This item has been reduced in the next fiscal year over that of the present year by the sum of $6,300,000. These annual payments for the aid of the veterans grow out of a series of laws that have been passed since the World War for the aid of the veterans. I think it may be safe to say that by far the greatest portion of it is for the aid of disabled veterans. Personally, I have not been as liberal with the World War veterans as many of my friends think I ought to have been. My objection to appropriating Federal money to aid the veteran has been confined to the physically able veteran. I think none of us can afford to neglect the disabled veteran, and therefore, from my point of view, I do not see how this item could be greatly reduced.

ITEM D. EXPENSE OF NATIONAL DEFENSE

This item has been reduced in the next fiscal year over the present fiscal year by $26,600,000. There is, of course, a very serious difference of opinion as to whether this item could be further reduced. There are many people in the country who are inclined to believe that it might be reduced to a nominal sum. Others believe that to undertake to economize on this item is false economy. There are many persons also who believe that the item ought to be greatly increased. I am satisfied that the President and the departments constituting the national defense have reduced it as much as it is reasonably possible to reduce it with safety to the country.

It will be observed, therefore, that in the present fiscal year these items, consisting of items A, B, C, and D, which seem to me can not be reduced, amount to $2,727,900,000 and the same items for the next fiscal year amount to $2,814,800,000. This shows an increase in the permanent Government expenses of $86,900,000.

ITEM E. PUBLIC BUILDINGS AND PUBLIC WORKS

The next fiscal year in this item over the present fiscal year shows a decrease of $135,300,000. This item includes appropriations for river and harbor improvements and $160,000,000 appropriated for aid to the different States in building roads.

There has been much controversy, of course, about the Government's attitude with respect to expending large sums for the purpose of building public buildings and public works; the contention made being that this is one of the ways in which the Government could assist in the matter of unemployment. Just how much reduction could be made here may very well be questioned.

ITEM F. ADMINISTRATIVE AND OTHER EXPENSES

The estimate for the coming fiscal year as compared with the present fiscal year shows a reduction of $320,800,000. This item includes $195,000,000 deficit due to loss sustained by the Government in the Post Office Department. It also includes $90,700,000 that was returned to the taxpayers as an overpayment in taxes. Nobody will contend that this $90,700,000 should not be returned and when it comes to considering the reduction in expense this item should be classed as a permanent item upon which no reduction can be made.

Let us take items E and F for the coming fiscal year, amounting to $1,208,100,000, deduct from that $90,700,000 that it is estimated will be required to refund overpaid taxes, and you have left $1,107,400,000.

Admitting, as I contend every reasonable person must admit, that it is from this item alone that savings can be made and remembering also that the estimated deficit for the coming fiscal year will be $1,738,000,000, then I ask the question how the chamber of commerce or anybody else can argue that it is possible for the Congress to balance this Budget without raising additional revenue? In other words, if you take as permanent items A, B, C, and D and admit that the savings can be made only in items E and F and deduct the amount that is necessary to refund overpaid taxes you are short $630,600,000, if you eliminate the entire expenses of items E. and F. In other words, if you stopped all public buildings and all public works and cut out every administrative expense in the entire country, you would still be short $630,000,000.

I merely ask the question, therefore, how any reasonable person can expect Congress to balance the Budget without finding some new way to raise revenue? If anybody has any suggestions to make along this line, I should be delighted to hear from him.

I do not want to be understood as not being in sympathy with a reduction in the Federal expenses, nor do I want to be understood as saying that it is not possible to do anything, but I do say emphatically that you can neither balance nor approach a balance by cutting Federal expenses alone.

INCREASE IN PUBLIC DEBT

In connection with the above statement it might be well to call attention to the fact that for the fiscal years 1931 and 1932 the public debt has been increased by $3,069,000,000.

DANIEL O. HASTINGS.

RECESS

Mr. McNARY. I move that the Senate take a recess, the recess being in conformity with the order heretofore entered, until 11 o'clock a. m. to-morrow.

The motion was agreed to; and (at 9 o'clock and 27 minutes p. m.) the Senate, in accordance with the order previously entered, took a recess until to-morrow, Tuesday, May 24, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 23 (legislative day of May 9), 1932

MEMBER OF THE FEDERAL POWER COMMISSION

Marcel Garsaud, of Louisiana, to be a member of the Federal Power Commission for the term expiring June 22, 1937 (reappointment).

MEMBER OF THE FEDERAL FARM BOARD

C. B. Denman, of Missouri, to be a member of the Federal Farm Board for a term of six years from June 15, 1932 (reappointment).

COLLECTOR OF CUSTOMS

George D. Hubbard, of Seattle, Wash., to be collector of customs for customs-collection district No. 30, with headquarters at Seattle, Wash. (reappointment).

PUBLIC HEALTH SERVICE

Passed Asst. Surg. Leo W. Tucker to be a surgeon in the Public Health Service, to rank as such from June 15, 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 23 (legislative day of May 9), 1932

MEMBER AND PRESIDENT OF THE MISSISSIPPI RIVER COMMISSION

Col. Harley B. Ferguson to be a member and president of the Mississippi River Commission.

PROMOTIONS IN THE NAVY

To be commanders

Eric L. Barr.
Howard H. Good.

To be lieutenant

William A. Fly.

To be surgeons

Frank L. Hubbard.
Robert F. Sledge.
Elwin C. Taylor.
Joseph J. Kaveney.
Edward H. Sparkman, jr.

To be dental surgeons

Frank V. Davis.
Walton C. Carroll.
Charles L. Tompkins.
George L. Reilly.
Frederick W. Mitchell.

To be assistant naval constructors

John H. Ellison.
Mario G. Vangeli.
William T. Jones.
Herbert C. Zitzewitz.
William H. Leahy.
Victor B. Cole.
James M. Farrin, jr.
John H. Keatley.
William C. Allen.
Herbert J. Hiemenz.
Thomas E. Kent, jr.

To be ensigns

Ernest P. Abrahamson.
Frank C. Acker.
Allen B. Adams, jr.
Richard D. Adams.
Henry I. Allen, jr.
John D. Andrew.
Stephen M. Archer.
Lionel A. Arthur.
Edwin C. Asman.
Walter Asmuth, jr.
Barry K. Atkins.
Burl L. Bailey.
George W. Bailey.
Harold E. Baker.
Robert L. Baker.
Jack I. Bandy.
George R. Beardslee.
Robert O. Beer.
George L. Bellinger.
Richard H. Best.
Frank J. Bigaouette.
James C. Bigler.
Ed. B. Billingsley.
Jack A. Binns.
Robert O. Bisson.
Richard H. Blair.
Norman E. Blaisdell.
Howard E. Born.
Thomas K. Bowers.
Alpha L. Bowser, jr.
Horace R. Brannon.
Cyrus Brewer.
Charles F. Brindupke.
Lawrence S. Brown.
Sheldon W. Brown.
William W. Brown.
Frank H. Brumby, jr.
Louis A. Bryan.
William I. Bull.
Peris G. Bunce.
Horace P. Bush, jr.
Arthur B. Caley.
Herbert J. Campbell.
Philip W. Cann.
Truman E. Carpenter.
Daniel L. Carroll, jr.
George N. Carroll.
William J. Catlett, jr.
Thomas E. Chambers.
Edgar G. Chase.
Irwin Chase, jr.
John L. Chittenden.
James M. Clement.
Burdette E. Close.
Clarence O. Cobb.
Herbert M. Coleman.
Walter D. Coleman.
James D. Collett.
Thomas J. Colley.
Fred Connaway.
Harry S. Cook.
Robert E. Coombs, jr.
Alfred L. Cope.
John Corry.
George Corson.
John L. Counihan, jr.
William R. Cox.
Alexander B. Coxe, jr.
James G. Craig, jr.
Richard S. Craighill.
Dennis S. Crowley.
Roland H. Dale.
Joseph B. Davis.
Henry C. DeLong.
Robert L. Denig, jr.
Mark E. Dennett.
John C. DeWitt, jr.
Hector de Zayas.
Nathaniel M. Dial.
Aquilla G. Dibrell, jr.
William J. Dimitrijevic.
William A. Dobbs.
Juan P. Domenech.
Francis M. Douglass.
Anthony H. Dropp.
Earl R. Eastwold.
Lynn T. Elliott.
Paul E. Emrick.
William K. Enright.
Sidney A. Ernst.
Robert L. Evans.
Charles H. Everett, jr.
John L. Everett, jr.
John S. Fahy.
John F. Fairbanks, jr.
Carl F. Faires, jr.
Marion A. Fawcett.
Emerson E. Fawkes.
Willard Feldscher.
Earl P. Finney, jr.
James A. Flenniken.
Francis D. Foley.
Joel C. Ford, jr.
Dale R. Frakes.
William R. Franklin.
Charles L. Frazer.
Bernard W. Freund.
Robert B. Fulton, 2d.
Malcolm E. Garrison.
Albert E. Gates, jr.
Scott K. Gibson.
Charles C. Gold.
Robert E. Goodgame, jr.
Arthur A. Goodhue.
Daniel C. Goodman.
Richard H. Gorsline.
Daniel S. Gothie.
Frederick M. Gramlich.
Richard O. Greene.
Archibald W. Greenlee.
Richard V. Gregory.
John M. Grider.
Paul H. Grouleff.
William H. Groverman, jr.
LeRoy B. Halsey.
Mason J. Hamilton.
Thomas G. Hardie.
Brooks J. Harral.
Paul H. Harrington.
Joseph L. Harwell.
Richard D. Harwood.
J. Harry Hayes.
Harvey H. Head.
Oscar A. Heinlien, jr.
Hugh L. Hendrick, jr.
George O. Hobbs.
Ernest D. Hodge.
Edward R. Hodgkins.
William M. Holmes.
John H. Hooper.
Thomas W. Hopkins.
John S. Horner.
Frederic N. Howe.
Wilbur G. Howle.
George E. Hughes.
Harry Hull.
Ralph M. Humes.
Julian G. Humiston.
Harry C. Hummer.
James W. Humrichouse.
George C. Hunter.
Edwin W. Hurst.
Charles S. Hutchings.
George L. Hutchinson.
Earl T. Hydeman.
Walter D. Innis.
Joseph A. Jaap.
John F. Jacobs, jr.
George S. James, jr.
Garry W. Jewett, jr.
Clifford A. Johnson.
John H. S. Johnson.
Ralph C. Johnson.
Stanley H. Johnson.
William C. Jonson, jr.
Herbert L. Jukes.
Albert D. Kaplan.
Clarence E. Kasparek.
John H. Kaufman.
Cleo R. Keen.
Charles Keene, jr.
George W. Kehl.
William D. Kelly.
James L. Kemper.
William E. Kenna.
Robert H. Kerr.
Charles M. Keyes.
David F. Kinert.
Leon S. Kintberger.
Louis J. Kirn.
Henry T. Klinksiek.
Daniel C. Knock, jr.
Martin M. Koivisto.
Edmond G. Konrad.
Charles H. Kretz, jr.
Joseph H. Kuhl.
Samuel S. Labouisse.
John D. Lamade.
Richard H. Lambert.
Thomas D. F. Langen.
Theodore S. Lank.
Charles B. Lanman.
Earl A. Lapidus.
Jacob A. Lark.
Frank D. Latta.
Richard J. Lavery.
John R. Leeds.
Robert C. Leonard.
Kenneth P. Letts.
Travis R. Leverett.

John S. Lewis.
Porter Lewis.
Walter H. Lewis.
John M. Lietwiler.
Rex B. Little.
Harris C. Lockwood.
Joseph J. Loughlin, jr.
Thomas P. Lowndes.
Roland O. Lucier.
George R. Luker.
John P. Lunger.
Charles M. Lyons, jr.
William B. B. Lyons.
Albert S. Major, jr.
Charles K. Mallorys, jr.
Richard S. Mandelkorn.
Louis W. Mang.
James G. Marshall.
Max C. Mather.
Alfred R. Matter.
Robert J. C. Maulsby.
Rollins H. Mayer.
Lloyd H. McAlpine.
Bruce McCandless.
Henry H. McCarley.
John J. McCormick.
Samuel A. McCornock.
Victor B. McCrea.
David H. McDonald.
Joseph A. McGoldrick.
DeWitt C. McIver, jr.
Donald K. McLeod.
William R. Miller.
Gilbert H. Mitchell.
Samuel P. Moncure.
Thomas J. Montgomery.
Harry G. Moore.
John A. Moore.
Robert B. Moore.
John H. Morse, jr.
Malcolm T. Munger.
John Munholland.
Henry G. Munson.
Charlton L. Murphy, jr.
Jerome E. Murphy, jr.
Ellsworth N. Murray.
Charles W. Musgrave.
Lloyd M. Mustin.
Jacob C. Myers.
Nicholas J. Nicholas.
Terrell A. Nisewaner.
Francis E. Nuessle.
Michael B. O'Connor.
Charles J. Odend'hal, jr.
Paul G. Osler.
George M. Ottinger.
William Outerson.
Allan A. Ovrom.
Hinton A. Owens.
Charles J. Palmer.
Alton E. Parker.
Frank M. Parker.
Lloyd W. Parrish.
Milton F. Pavlic.
Edwin K. Payne.
Charles E. Perkins.
William B. Perkins, jr.
Paul W. Pfingstag.
Everett L. Phares.
Charles E. Phillips.
George E. Pierce.
Ray M. Pitts.
George E. Porter, jr.
Robert R. Porter.
George W. Pressey.
Howard R. Prince.
Samuel F. Quarles.
Philip D. Quirk.
John W. Ramey.
George L. Raring.
William H. Raymond, jr.
James V. Reilly.
Harry L. Reiter, jr.
Norwood B. Rhoads, jr.
George F. Rice.
William L. Richards.
John P. Roach.
William C. F. Robards.
Robert D. Roblin.
George P. Rogers.
Jack Roudebush.
Edward A. Ruckner.
Fred L. Ruhlman.
Norman J. Sampson.
Harold L. Sargent.
Otto A. Scherini.
Maximilian G. Schmidt.
William P. Schroeder.
Floyd B. Schultz.
Isador J. Schwartz.
David D. Scott.
Reader C. Scott.
Harry W. Seely.
Spencer L. Shaw.
John D. Shea.
Howard E. Shelton, jr.
Allen M. Shinn.
William B. Short, jr.
Wallace C. Short, jr.
Paul J. Shovestul.
DeWitt W. Shumway.
Max Silverstein.
Clayton R. Simmers.
Robert T. Simpson.
Alvin W. Slayden.
Selden C. Small.
Clare B. Smiley.
Charles H. Smith.
Daniel F. Smith, jr.
John B. Smith.
James G. Smith.
Lawrence Smith.
Levering Smith.
Lewis O. Smith, jr.
Reynolds C. Smith.
Lawrence W. Smythe.
Ernest M. Snowden.
Harry Sosnoski.
Rufus A. Soule, 3d.
John G. Spangler.
John O. Speer.
John R. Spiers.
Wilford T. Stannard.
Marvin T. Starr.
Roland E. Stieler.
Howard F. Stoner.
Robert L. Strickler.
William A. Stuart.
Charles M. Sugarman.
Morton Sunderland.
John J. Sutton.
William L. Tagg.
Ennis W. Taylor.
John G. Tennent, 3d.
Donald I. Thomas.
James A. Thomas.
Forest C. Thompson.
Joseph Thompson.
William A. Thorn.
James C. Toft, jr.
Harry E. Townsend.
William E. Townsend.
Harvey C. Tschirgi.
Augustine J. Tucker, 2d.
Howard J. Turton.
Magruder H. Tuttle.
Gordon W. Underwood.
Robert D. Underwood.
Harmon T. Utter.
Robert E. Vandling.
John R. Van Evera.
Salem A. Van Every, jr.
William W. Vanous.
Francis A. Van Slyke.
Frederick O. Vaughan.
John Vaughan.
Arthur H. Vorpahl.
William T. Vrooman.
Lucien E. Wagnon.
Robert P. Walker.
Alfred G. Ward.
Thomas G. Warfield.
Odale D. Waters, jr.
Albert A. Wellings.
Robert H. Weeks.
Charles J. Weschler.
John T. West.
Wallace H. Weston.
Theodore H. White.
William J. Widhelm.
Frank E. Wigelius.
Adolphe Wildner.
Chauncey S. Willard.
Paul D. Williams.
Richard C. Williams, jr.
Lindsey Williamson.
Marcus W. Williamson.
Thomas F. Williamson.
George R. Wilson.
Ronald L. Wilson.
Ralph M. Wilson.
William R. Wilson.
William Winter, jr.
Jack W. Wintle.
Joseph F. Witherow, jr.
Frederick Wolsieffer.
Edwin C. Woodward.
Joseph C. Wylie, jr.
Melvin T. Young.
Robert C. Young.
William T. Zink, jr.

MARINE CORPS

To be captain

Francis Kane.

To be second lieutenants

James R. Stephens.
Roger W. Beadle.

POSTMASTERS

CONNECTICUT

James V. Golden, Noroton Heights.
Anna C. Tucker, Sandy Hook.
Harry W. Walker, Simsbury.

FLORIDA

Hettie B. Spencer, Dade City.
Max V. Robinson, Melbourne.

IDAHO

Ray W. Banbury, Buhl.
William L. Killpack, Driggs.
Melvin E. Elison, Oakley.

LOUISIANA

Pinckney L. Dark, Ferriday.
Ella A. McDowell, Hodge.
John E. Butler, jr., Port Allen.

MASSACHUSETTS

David L. Kelley, Fairhaven.
Raymond H. Gould, Millers Falls.
Raymond L. Soule, West Boylston.

MICHIGAN

John W. Bowditch, Pittsford.
Wellington E. Reid, Ubly.

MISSISSIPPI

William B. Potts, Crawford.
James T. Skelton, Goodman.
William J. Stephens, Webb.
G. Albert Decell, Wesson.

NEBRASKA

Carl C. Moyer, Ainsworth.
Byron I. Demaray, Alexandria.
Millard M. Martin, Allen.
Lorena W. Doe, Arcadia.
Arvid S. Samuelson, Axtell.
Elmer H. Doering, Battle Creek.
Carl P. Smiley, Beaver Crossing.
Hazel R. Babbitt, Belgrade.
Elmer V. Barger, Benkelman.
Minnie L. Smith, Blue Spring.
Oscar M. Fenstermacher, Cedar Bluffs.

Gus Johnson, Ceresco.
Clarence G. Struble, Chester.
Ethel Talcott, Crofton.
Charles A. Rogers, Decatur.
Otto A. Steinkraus, Dodge.
Harold L. Mackey, Eustis.
George A. Fowler, Fairfield.
Frank W. Fuhlrodt, Fremont.
Earl F. Fishel, Guide Rock.
Elizabeth McGuire, Hampton.
Charles C. Cramer, Hardy.
Robert E. Templin, Hoskins.
Frederick F. Thomas, Linwood.
Howard W. Botsford, Meadow Grove.
Verner O. Lundberg, Nehawka.
Anton B. Helms, Randolph.
Myron A. Gordon, Stratton.
Albert E. Pratt, Tobias.
Leo E. Kraft, Unadilla.
Carl Carlson, Valparaiso.
Louis A. Rice, Wilsonville.

NEVADA

John W. Christian, Pioche.

NEW JERSEY

Ralph H. Hulick, Browns Mills.
Wilson S. Frederick, Dunellen.
Frank L. Pote, Paulsboro.
Rollin A. Cale, Pleasantville.
Charles Herrmann, South River.
Amos G. Wick, Woodbury.

NORTH DAKOTA

Ludwig Maurer, Center.
Ole H. Opland, Mott.
Michael Coyne, Starkweather.

OHIO

Charles E. Spiers, Atwater.
Ralph Dunfee, Dresden.
George H. Maxwell, Lexington.
Fred C. Redick, Wooster.

OREGON

Charles W. Perry, Richland.

TEXAS

Mabel F. Selkirk, Blessing.
Isaac H. Kendrick, Cross Plains.
Cornelius A. Ogden, Deweyville.
Richard M. Hanson, Mission.
Helen Morris, Morgan.
Llewellyn R. Atkins, New Boston.
James A. Gray, Pecan Gap.
Luther Bowers, Seagoville.
William J. Davis, Silsbee.
Killen M. Moore, Truscott.

UTAH

Wilson Murray, Vernal.

WASHINGTON

Trygve Lien, Stanwood.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 23, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou loving, condescending God, we ask Thee to hear and accept our petition. Through Thy gracious providence Thou hast again smiled tenderly and gently upon us; we, therefore, offer Thee our tributes of praise. We seek Thy presence; do Thou enter our hearts as a rich grace, as a sweet benediction, and as a fadeless blossom. O make them the seat of Thy sovereignty. Show us the necessity of the divine purpose, and lighten up the way before us. Renewed, freshened, and cheered, let us turn again to our particular tasks. Springing from real, vital enthusiasm for our country, let this day mean success over all obstacles. May it abide as a living witness to the industrious and faithful labors of this Congress. Through Jesus Christ our Lord. Amen.

CALL OF THE HOUSE

Mr. LINTHICUM. Mr. Speaker, I make the point of order there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

Mr. CRISP. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 83]

Abernethy	Corning	Johnson, Ill.	Peavey
Allgood	Coyle	Kendall	Rayburn
Boehne	De Priest	Kerr	Seiberling
Bohn	Drane	Lamneck	Shallenberger
Boylan	Fiesinger	Lea	Sparks
Brand, Ohio	Foss	Lewis	Stokes
Cannon	Gibson	Mitchell	Strong, Kans.
Celler	Goodwin	Milligan	Tucker
Chapman	Hare	Murphy	Welsh, Pa.
Chase	Haugen	Oliver, Ala.	Yon
Collier	Hornor	Owen	

The SPEAKER. Three hundred and eighty-nine Members have answered to their names, a quorum.

Mr. CRISP. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

THE JOURNAL

The Journal of the proceedings of Saturday, May 21, 1932, was read and approved.

BEER TAX

Mr. O'CONNOR. Mr. Speaker, I call up motion No. 3 on the Calendar of Motions to Discharge Committees and move to discharge the Committee on Ways and Means from the further consideration of the bill (H. R. 10017) to provide additional revenue, and for other purposes.

Mr. BLANTON. I desire to make a point of order when the Clerk reports it, Mr. Speaker.

The SPEAKER. The gentleman from New York moves to discharge the Committee on Ways and Means from the further consideration of the bill H. R. 10017 and the gentleman from Texas makes a point of order. The gentleman will state it.

Mr. BLANTON. Mr. Speaker, I make the point of order that the motion to discharge the committee is in contravention of the House rule with respect to petitions to discharge a committee, and is also in contravention of a ruling made by the Speaker at the time the rule was under discussion and adopted, that no two bills embracing similar subjects shall be submitted to the House of Representatives at the same session of Congress under the discharge motion.

I submit, Mr. Speaker, this is a question which involves the eighteenth amendment to the Constitution of the United States, and we have already had that question up on a motion to discharge when the so-called Beck-Linthicum resolution was called up and passed upon adversely by the House, and that this is the second attempt to bring the same subject, involving the eighteenth amendment to the Constitution, before the House at the same session, and that this being in contravention of the rule, with regard to the Speaker's ruling on the rule, it is out of order.

Mr. O'CONNOR. Mr. Speaker, to the point of order permit me to say: With this question in mind when the rule was adopted, following what I said in the caucus when the gentleman from Georgia, who introduced this rule, took the floor, I asked him a question—or he anticipated my asking the question—and he answered it, that a motion to discharge the committee from the consideration of the repeal or modification of the eighteenth amendment in his opinion was not substantially identical with a motion to discharge the committee from the consideration of an amendment to the Volstead Act, one being a constitutional question and the other being a mere matter of legislation.

The language in the rule is this:

Relating in substance to or dealing with the same subject matter.

For years, at different sessions of Congress, we have passed legislation dealing with amendments to the Volstead Act. That is quite different from an attempt to repeal or modify an amendment to the Constitution. I believe at the time of the adoption of the rule the Speaker had something to say about it. I did not anticipate this question was coming up, because I thought it was well settled.

Mr. Speaker, I submit there is no point in the point of order.

Mr. LAGUARDIA. Mr. Speaker, the question raised by the gentleman from Texas might have been raised if this motion to discharge had been pending on the calendar when the House voted on the previous motion to discharge.

Let me call the attention of the Speaker to the language of the proviso. In the first instance, the limitation is to the same bill. This, of course, concededly is not the same bill. The first was a resolution submitting to the several States a constitutional objection repealing the eighteenth amendment, and the bill now involved is a revenue measure, incidentally permitting the sale of beer. The fact that the resolution and the present bill were referred to two different committees would indicate different subject matters. Now, when we come to bills "substantially" the same, the limitation in the rule is applicable only when there is another motion to discharge pending and on the calendar.

The rule says:

That if before any one motion to discharge a committee has been acted upon by the House there are on the Calendar of Motions to Discharge Committees other motions to discharge committees from the consideration of bills or resolutions substantially the same, relating in substance to or dealing with the same subject matter, after the House shall have acted on one motion to discharge, the remaining said motions shall be stricken from the Calendar on Motions to Discharge Committees and not acted on during the remainder of that session of Congress.

Therefore it will be seen that the limitation is where there are two or more motions to discharge on the calendar. The other limitation refers to motions to discharge the same bill. For instance, if after the House had voted down the motion to discharge the Committee on the Judiciary from further consideration of a constitutional amendment to repeal the eighteenth amendment, we were now called upon to again vote on a proposed constitutional amendment to repeal the eighteenth amendment, differently worded, then the point of order raised by the gentleman from Texas [Mr. BLANTON] would be in order; but the limitation as to similar subjects is where you have two motions to discharge on the calendar at the same time, and, therefore, the point of order is not well taken.

Mr. BLANTON. Mr. Speaker, I desire to be heard on the point of order a moment, if the Chair will permit.

The SPEAKER. The Chair will hear the gentleman from Texas.

Mr. BLANTON. The gentleman from New York, Mr. Speaker, is too good a lawyer not to realize that if this motion had any chance to pass—and it does not have any—or if it could pass, this very question would be brought before the Supreme Court on a question of constitutionality, in that it contravenes the provisions of the eighteenth amendment which provides that there shall not be manufactured or sold in the United States any intoxicating beverages.

Mr. STAFFORD. Mr. Speaker, I make the point of order that the gentleman is not discussing his point of order.

Mr. SABATH. Will the gentleman yield?

Mr. BLANTON (continuing). To this extent, the gentleman from New York and other lawyers here know that the constitutionality of the provisions of the measure is involved, and there has been before us already one other discharge petition relating to the eighteenth amendment.

Mr. O'CONNOR. Mr. Speaker, I make the point of order the gentleman from Texas is not speaking to his point of order.

Mr. COCHRAN of Missouri. Mr. Speaker, I make the point of order the gentleman from Texas is not discussing the question before the House.

Mr. BLANTON. I am discussing my point of order, that under the rules only one such discharge petition is in order, and the House has already acted on the Beck-Linthicum petition.

The SPEAKER. The Chair is ready to rule.

Mr. BLANTON. If the Chair is ready to rule, I shall not take further time of the House.

The SPEAKER. This identical question was brought up in the Democratic caucus at the time it passed on the amendments to the rules prepared by the gentleman from Georgia [Mr. CRISP]. This same question was asked the gentleman from Georgia [Mr. CRISP], and this particular case was used as an illustration in the Democratic caucus. When the House was considering the adoption of this particular rule the gentleman from Georgia again illustrated the situation by this identical case, and, according to the Chair's recollection, the gentleman said that in case a motion to discharge a committee from considering a bill authorizing 2 per cent beer was voted down, there could not be another motion for the purpose of voting on the question of 4 per cent beer, or even 1 per cent beer; but it was distinctly discussed and understood at the time that the question to amend the Constitution was one question and that the question of legalizing beer was another. The House has passed on the question of a constitutional amendment but has not passed on the question of whether or not the House would provide a different definition of legalized beer.

The Chair thinks it is clearly within the rule as intended by the gentleman from Georgia and as understood by the House; and unless the gentleman from Georgia gives the Chair the benefit of an opinion to the contrary, the Chair thinks there is no doubt but that he should overrule the point of order. The Chair would like to know if the Chair has properly interpreted the thought of the gentleman from Georgia at the time the gentleman presented this rule.

Mr. CRISP. Mr. Speaker, for years I have advocated rules putting it within the power of a majority of the House to work its will, and as the author of this discharge rule I determined to make it an effective rule. The rule is effective, and in seeking to stop any filibuster there is a provision in the rule that after the House has voted on one substantive subject matter other motions to discharge can not be made dealing with that same subject matter. In my discussion of the matter on the floor of the House and in the caucus I frankly and honestly said I thought there was a difference between a motion to discharge a committee dealing with a constitutional amendment and a motion of the kind now before the House. I said that in my judgment it would be in order under the rule to have one vote to discharge on each of these distinctive, substantive matters, and when a vote had been had on each one of them no other vote during that session of Congress can be had. I think the rule means exactly this.

The SPEAKER. The Chair overrules the point of order.

The Clerk will report the bill by title.

The Clerk read the title of the bill.

The SPEAKER. The gentleman from New York [Mr. O'CONNOR] is recognized for 10 minutes and the gentleman from Georgia [Mr. CRISP] for 10 minutes.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that the bill H. R. 10017 may be read.

Mr. BLANTON. Mr. Speaker, I object. We know what it is.

Mr. O'CONNOR. Mr. Speaker, I yield one and a half minutes to the gentleman from Pennsylvania [Mr. BECK].

Mr. BECK. Mr. Speaker, when the rule under which we are now acting was under consideration at the beginning of this session, I ventured to call to the attention of my friend from Georgia [Mr. CRISP] the inadequacy of the rule for any careful debate or consideration of any motion that under that rule might be brought before the House. The two experiences we have had demonstrate the soundness of this objection.

It is preposterous that the repeal of a Constitutional amendment, or this important bill to modify the Volstead law and gain at least $400,000,000 for the Treasury, should only be permitted 20 minutes of debate, and the country will so regard it. I only have time in my minute and a quarter, or whatever time I shall have, to say that what we are now proposing in this resolution does not involve any nullification of the Constitution, as my friend from Texas has argued. The first section of the eighteenth amendment was the statement of a great objective. The amendment was not self-enforcing. The method of that enforcement was committed by the amendment itself to the sound political discretion of Congress. Therefore——

[Here the gavel fell.]

Mr. BECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. DYER. Mr. Speaker, I object for the present.

Mr. CRISP. Mr. Speaker, the Ways and Means Committee is not sensitive in the slightest as to the way it performs its public duty. The Ways and Means Committee is actuated with but one purpose, to report legislation or to kill legislation, according to the judgment of the committee as to what is best for the country. We are not objecting in the slightest to this motion to discharge the committee from the further consideration of this bill, the beer bill.

It was foolish for the committee to have hearings on this bill when the committee was working every day on matters of the highest public importance, because it knew the sentiment of the committee as to this legislation, it knew the sentiment of the House as to this legislation, and knew that a vote on it now was nothing but a moot question for the purpose of letting the Members go on record, and as far as that is concerned I think our constituents have the right to know how we stand on this question.

Now, what are the facts concerning the bill before the committee? When we were considering the tax bill my friend from New York [Mr. CULLEN] offered an amendment levying a tax on beer. The committee voted on it, and, if my recollection is correct, there were 7 votes in the affirmative and 16 in the negative. That expressed the view of the Ways and Means Committee on this problem.

When the tax bill was up for consideration in the House we had an extensive debate on it. This very question was debated—not for 20 minutes but for several hours—and, of course, in the Committee of the Whole House on the state of the Union there is no record vote. After discussion in the committee, we had a vote by tellers. That occurred on the 25th of March, and those voting in favor of taxing beer totaled 132 and those voting against it totaled 216. So, I repeat, gentlemen, that so far as this motion is concerned it is simply a moot question. Everybody in the House knows just as well now as they will know at the conclusion of the roll call as to what the result is going to be.

Now, my distinguished friend from Pennsylvania [Mr. BECK] referred to the limited time allowed for debate, and when I was advocating the discharge rule, he called attention to it, and asked that the time be extended. I could not see it that way. This is a drastic motion. It is only expected to be used in dealing with recalcitrant committees, or committees that will not report legislation. It simply can not be used unless it gets 145 Members of the House desiring to go on record to see if they will take it away from the committee. Twenty minutes gives everybody in the House an opportunity to know whether they desire to discharge the committee and bring up the bill for consideration.

If you can get 145 men to sign a motion to discharge, everybody knows in substance what the bill is, and if the majority of the House desires to consider the legislation, and vote to discharge the committee, then the bill comes up in the House for consideration under the rules of the House, with ad libitum debate. If the House wants to debate it, the House can debate it as long as it pleases. It is open to amendment.

Mr. JOHNSON of Texas. If the gentleman from Georgia will yield, the Senate has voted 3 to 1 against this proposition.

Mr. CRISP. The Ways and Means Committee, by a majority of that committee, in my judgment, will not bring in a bill proposing to levy a tax on beer, as long as the eighteenth amendment is in the Constitution, and as long as the Volstead Act is on the statute books——

Mr. SCHAFER. Will the gentleman yield?

Mr. CRISP. No; I have only three minutes. The Ways and Means Committee has no jurisdiction of the Volstead Act.

That is before the Committee on the Judiciary; and if that committee reports a bill repealing the Volstead Act and the Congress passes it, that will be time enough for the Committee on Ways and Means to consider the question of whether it will levy a tax on beer. Some very able lawyers contend that 2.75 per cent beer would violate the eighteenth amendment of the Constitution and some declare not. The question as to whether or not beer if drunk to excess will produce intoxication is a judicial question. The courts would have to determine that. Oh, I grant you that the Volstead Act says that more than one-half of 1 per cent violates it. Maybe you could have a higher per cent, but the question of whether 2.75 per cent violates the Constitution is a serious one, and the Ways and Means Committee, speaking for a majority of them, will not report this bill favorably. If a majority of the House desires to consider it, their remedy is to vote to-day to discharge the committee and take it away from that committee and then consider it in the House under just as liberal terms as to debate and amendment as it sees fit.

I reserve the remainder of my time.

Mr. O'CONNOR. Mr. Speaker, I yield one minute to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, the lady from New York [Mrs. PRATT] a few moments ago endeavored, unsuccessfully, to have inserted in the RECORD a copy of a letter from President Hoover, which is being carried this morning in practically every big newspaper in the United States and in which the President appeals more or less directly to Congress for constructive legislation which will be of benefit to the Federal Treasury and at the same time assist in balancing the Budget. He opposes appropriations which will not in themselves produce revenue in return. He opposes the $5,000,000,000 Federal-building construction bond issue, because he says it will place an added burden upon the taxpayer, who is already gasping for relief. The so-called beer bill about to be voted upon is the only measure now pending before Congress, which will produce $500,000,000 in new revenues, it will tax an important industry into active business, it will provide large additional revenues for the railroads, it will stimulate trade in several hundred specific directions, it will promote an outlet for millions of bushels of grain for which the American farmer is now seeking a customer, it will provide immediate employment to several hundred thousand people and last, but not least, Mr. Speaker, it will make those untold millions of American citizens, who are ready and willing to pay for a good glass of beer, happy. I simply can not understand the mental attitude of a man who will deliberately refuse to accept this tremendous revenue at a time when his Government is increasing income taxes, inheritance and gift taxes, to say nothing of a lot of nuisance taxes now carried in the revenue bill pending before the Senate. I shall vote for a tax on beer.

Mr. O'CONNOR. Mr. Speaker, I yield one minute to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Speaker, we have the opportunity to-day of doing something for the people of our country. This bill, H. R. 10017, comes within the provisions of the Constitution because it provides for 2.75 per cent beer, which is known to be nonintoxicating and therefore within the Constitution. Ample provision is made throughout the bill for the protection of those States which desire to continue dry, and it even goes further and provides for the protection

of any political subdivision of any State. It has a particularly good feature in that it proposes to raise a tax of $500,000,000 from people who are willing to pay the tax, and that is a great phenomenon.

You are trying to balance the Budget, and you are placing heavy taxes upon people to do so—people who are already heavily burdened and whose income and profits have been reduced almost to the invisible point. If you enact this bill it will enable Congress to remove all these nuisance taxes, to retain 2-cent postage, and to strike from the list much of the increase on incomes and corporation taxes. If there ever was an opportunity for Congress to do the right thing it is to-day by the passage of this bill. Wherever an election has been held, wherever a referendum has been referred to the people, the people themselves have said that they want the eighteenth amendment repealed and they want the manufacture of beer made possible.

You have prohibition on the books, but you have prohibition, in fact, nowhere in this country. There are to-day thousands of speak-easies spread throughout the land. You have no regulation of the liquor traffic, whereas if you repeal the eighteenth amendment you can devise methods for the control of liquor. You have tried this "noble experiment" for 12 years, have arrested 700,000 people in trying to enforce it, and have convicted 500,000. You have crowded the jails to overflowing and are now busily providing for more jails. You have collected $60,000,000 in fines, and something like $231,000,000 in property have been seized or confiscated. A revenue of $10,984,000,000 has been lost to the Government, and yet the drink bill has aggregated $28,000,000,000. The whole country has been thrown into disorder, immorality established, the criminal class financed and abetted.

We must turn back to the old days. We must grant more liberty to the people. We must again provide the great revenue which we have lost, and the passage of this bill for the legalized manufacture and taxing of beer will do much for the country, will injure no one, will drive out bootleggers, racketeers, and criminals to a most alarming extent, and will place a tax on people who are willing to pay it.

What this country needs is a smile on the faces of the people; and if we can pass this bill we will restore that smile, which in itself will do so much toward prosperity and success. I sincerely trust the Congress will not turn down this great opportunity.

Mr. O'CONNOR. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, there has been considerable lip service rendered during the present session of Congress toward balancing the Budget. The motion to discharge the committee and for the House to consider the beer tax bill presents an opportunity of either permitting the Internal Revenue Department of the Government to collect taxes on beer or to continue to permit the racketeers to do it. Now is the time for every Member of the House by his vote to balance the Budget. Either vote for this motion and the bill and balance the Budget or forever after hold your peace. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield one-half minute to the gentleman from Massachusetts [Mr. GRANFIELD].

Mr. GRANFIELD. Mr. Speaker, I trust the House will adopt the discharge motion and permit the O'Connor bill to be considered on its merits.

This bill writes into the Volstead Act a sane, sensible, and honest definition of intoxicating beverage, and is a substitute for the present dishonest legal limit of one-half of 1 per cent, which has been aptly characterized as a legislative lie. It will open up a large source of revenue and replenish an impoverished Federal Treasury at a time when the taxpayers of this country are indignantly demanding relief from excessive tax burdens. It will divert millions of dollars into the channels of legitimate business when a stimulant to industry, commerce, and business is indispensable to the welfare of the Nation. It will supply much needed unemployment relief. The country demands straightforward action on this bill.

Mr. O'CONNOR. Mr. Speaker, I yield one-half minute to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE. Mr. Speaker, this is not a question of whether or not we will have beer. It is a question of whether or not beer shall be brought into the open, where it can be made to contribute to the revenues of the Government. It is also a question of whether or not the express and known will of a large part of this country shall be heard by this House or suppressed until it becomes explosive.

Mr. O'CONNOR. Mr. Speaker, I yield one minute to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, the adoption of this bill will give immediate employment to at least 200,000 directly and 500,000 indirectly of the vast army of the unemployed and will start the wheels of commerce turning again. It will raise a revenue from $300,000,000 to $500,000,000 annually and aid in balancing the Budget. It will aid in restoring law and order. It will aid the farmer of this country by utilizing millions of bushels of barley, rye, and malt now rotting in the grain elevators. It will increase the acreage of these commodities and reduce that of wheat and corn. It will not only help the railroad companies by increasing freight, but it will help all business. But, above all, it will allay the resentment and discontent.

Since the vote has been taken in the other Chamber many of those voting against this bill have heard in no uncertain terms from their States.

Do not remain deaf to the demands of 72 per cent of the American citizens. Give the people the nourishing beverage they demand. This will aid them to secure needed food. It is not my appeal but the appeal of 90 per cent of the American wage earners. You can not appease them by a referendum, as the prohibitionists and the Republican leaders propose, but by action. Please remember, gentlemen, people demand action and relief.

Mr. O'CONNOR. Mr. Speaker, I yield one minute to that distinguished gentleman from Nebraska [Mr. HOWARD]. [Applause.]

Mr. HOWARD. Mr. Speaker, the question before the House in the moment is not whether we shall have thin beer or fat beer. I prefer the fat kind. The question now is whether or not this matter shall be submitted to the House for serious consideration by the representatives of the people who have appealed to the Congress in that behalf. I hope the bill will be taken away from the Committee on Ways and Means, and that the House will have a chance to consider it on its merits.

Mr. O'CONNOR. Mr. Speaker, I yield one-quarter minute to the gentleman from Michigan [Mr. MCLEOD].

Mr. MCLEOD. Mr. Speaker, the time has arrived for Members of Congress to start thinking in terms for the good of the Nation and disregard the recommendations and erroneous views of a well-meaning but mistaken minority.

The long-disregarded and pigeonholed prohibition question will no longer brook delay; it has become a mighty issue which transcends party. It has come to pass that the future prosperity and well-being of our country depend in a great measure upon immediate modification of the prohibition law. Legalizing the manufacture and sale of nonintoxicating beer containing 2.75 per cent of alcohol by weight will provide immediate employment for hundreds of thousands. Sixty-five thousand men were employed by breweries alone, but the total engaged in making, handling, and selling their products was over 300,000 persons. Our farms will find a market for 120,000,000 bushels of grain annually. The consumption of sugar will be increased by 64,000,000 pounds a year.

At present, thousands of coal mines are closed and thousands upon thousands of miners destitute. The United States census reports show that the brewing industry annually used approximately 3,000,000 tons of coal, or three and one-half times as much as the packers, six times as much as the printers and publishers, nine times as much as the

manufacturers of boots and shoes and twenty-five times as much as the manufacturers of men's clothing.

In addition to these 3,000,000 tons of coal, the breweries annually used a million and a half tons of foodstuffs, and including 9,000,000 tons of their own products, they required railroad and team transportation for thirteen and a half million tons, of which over one-half was hauled by railroads. This requires over 200,000 freight cars during a year and keeps several hundred locomotives in constant operation. The urgent need of our financially embarrassed railroads for this business is too obvious and well known for me to stress. I might also mention that the large portion of this tonnage formerly requiring team transportation would now prove an inestimable boon to the trucking industry.

With estimates placing the total number of unemployed in our country at anywhere from six to ten millions, there is a crying need for the Government to discharge its imperative obligation to provide work for these poverty-stricken and destitute people, who, in many cases, are wholly dependent upon public-welfare agencies for even the barest necessities of life. Every day that goes by sees our unemployed increase in number, while the distress and misery among our people is beyond description. The resources of our relief agencies are already heavily overtaxed, and on every side we begin to hear grave doubts and misgivings voiced as to their ability to cope with the unemployment problem next winter. If we do not face the situation squarely and act without further procrastination, there is every indication that we may expect the most disastrous consequences before the coming winter has drawn to a close.

In the past 12 years prohibition has cost the United States approximately $11,000,000,000 in lost revenue. In addition to this staggering sum, $370,000,000 has been squandered in ineffectual attempts at enforcement. The loss of this vast revenue is shortly to be most forcibly brought home to us. Because of it we will have to pay 3 cents postage on our letters instead of 2 cents; among many other nuisance taxes, we will be taxed on our movie tickets, bank checks, stock transfers, automobiles, and radios. The situation might aptly be described by saying that the United States voluntarily has abandoned the greatest fiscal source of revenue of virtually every country in the world, at tremendous cost, without receiving in return a single one of the moral and social benefits for which the measure was enacted.

Far from having decreased since the advent of prohibition, crime has increased by leaps and bounds to an unparalleled degree. During the period from January, 1920, to July 30, 1931, arrests for violations of the prohibition law reached the startling total of 681,657. This means that the United States Government has been busy incarcerating its citizens at the rate of about a thousand a week ever since the inauguration of prohibition.

The growth and expansion of bootlegging and other criminal activities has been most noticeable in our larger cities, where it has become a matter of the gravest concern. Street warfare between rival gangs, settling their beer-running feuds by machine-gun fire in crowded streets, killing and maiming with cold-blooded indifference the innocent passers-by who happen to be in the line of fire when the shooting begins, has become a matter of frequent occurrence.

Statistics show that before prohibition yearly arrests for drunkenness averaged 8,553; since prohibition this average has increased to 13,166. In 1910 there were 2,909 deaths from alcohol; in 1929 there were 4,339. Does that look like the people were having any difficulty in obtaining intoxicating liquor? It most assuredly does not, but it does indicate a great lowering of quality in the liquor consumed.

To our everlasting shame, we have the obnoxious prohibition law to thank for the corruption and racketeering practices that made it possible for the most notorious gangster of the age to escape the penalty of his numerous crimes and remain at liberty until tripped up by the Federal Government for failure to pay taxes on his unlawfully acquired wealth. We owe it to the fair name of American justice to make such conditions no longer possible.

In a scathing denunciation of the prohibition law, Commissioner Loesch, of the Wickersham Commission, on pages 31 and 149 of the Wickersham report, said:

> In some parts of the country enormous sums of money are derived from the business of illicit beer. The profits from illicit beer are the strength of gangs and corrupt political organizations in many places. Those organizations of murderers and archcriminals can only be destroyed when their bootleg-liquor profits are taken from them. So long as the eighteenth amendment remains in its present rigid form, the Nation, the States, the municipalities, the individual citizen, are helpless to get out of reach of their poisonous breaths and slimy tentacles.

We all have among our friends and acquaintances earnest and sincere individuals, who seem to possess a beclouded faculty of perception. Regardless of the fact that the foundation stones of their castle have crumbled and the edifice has become a mere heap of débris, they refuse to admit the structure no longer stands. Our great American author and essayist, Ralph Waldo Emerson, once said:

> A foolish consistency is the hobgoblin of little minds, adored by little statesmen and philosophers and divines. With consistency a great soul has simply nothing to do. He may as well concern himself with his shadow on the wall.

After 12 costly years of attempted enforcement, during which we, to our sorrow, have seen a steady increase in bootlegging, drunkenness, deaths from alcoholism, racketeering, and gang warfare, culminating in our present depression, it can not but help be plain to its past supporters that instead of fulfilling their noble and praiseworthy aims, prohibition has multiplied a thousandfold the very evils they strove by its enactment to suppress, and that the only way out of our present dilemma is immediate modification.

The enactment of the bill which is before this honorable body to-day will, by taxing beer 3 cents a pint, yield an annual revenue to the Federal Government of a full half billion dollars, place a hardship on nobody, and at once relieve industries and private citizens from existing and additional tax burdens. It will be well for us to bear in mind that the disagreeable nuisance taxes now being contemplated will bring in a yield of only two hundred and forty millions. The bill makes impossible the return of the old saloon by limiting the sale of beer to bottles, thereby doing away with the necessity for a bar with its apparatus for drawing the beer from kegs or barrels. No beer may be sold for consumption on the premises or in the building where the sale takes place, except with meals in a regularly established dining room of a hotel or restaurant.

The bill further provides that no ex-convict can obtain a license to sell the beer or keep an ex-convict in his employ. The incorporation of these provisions in the bill removes all logical and valid objections to its passage.

In the midst of the worst economic depression the world has ever known, shall we help prolong the misery and suffering among our people and retard our return to normalcy by clinging to prohibition when it is clearly shown that modification will provide employment to hundreds of thousands, give the vitally needed stimulus to industry, provide a half billion dollars annually in revenue, materially assist in balancing the Budget, make nuisance taxes unnecessary, at one sweep clean up crime in our cities by cutting off at its source the easily obtained wealth which enables gangsters and racketeers to carry on their nefarious activities, when modification will promote true temperance by making available good, wholesome, and nonintoxicating beer to people who now have no choice but to do without entirely or drink the harmful and in many instances poisonous hard liquors supplied in abundance by the thousands of untaxed bootleggers and speak-easies that thrive throughout the entire country?

Let us rather follow the clear and unmistakable path of duty which leads by way of modification to true temperance, law observance, and morality.

Let us rather rid ourselves of this prolific source of crime and corruption, this costly experiment that has proved such a ghastly and ignoble failure, and awake to the fact that the time has long since passed for us passively to submit to the domination of a mistaken and fanatical minority. In clos-

ing I most strenuously urge that you, my colleagues, regardless of your views in the past, to-day unite in abolishing this evil that is undermining the very foundations of our Nation. By voting for this beer bill you may rest assured that you have taken the first great step forward in paving the way to our speedy economic recovery.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. McLEOD. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, I yield one-half minute to the gentleman from New York [Mr. BLACK].

Mr. BLACK. Mr. Speaker, the Democratic delegation from New York, under the leadership of the gentleman from New York [Mr. CULLEN], will, of course, vote wet. Our party is the wet party in the State of New York. We fought the adoption of the eighteenth amendment, and through all the days of dry terrorism, the Democratic Party in New York has fought for the people and liberalism.

Mr. Speaker, I yield back the balance of my time. [Laughter and applause.]

Mr. CRISP. Mr. Speaker, I yield one and one-half minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the great agnostic, Robert Ingersoll, said:

> I believe that from the time alcohol issues from the coiled and poisonous worm in the distillery until it empties into the hell of death, dishonor, and crime it demoralizes everything that touches it from its source to its end.
>
> No one can contemplate the object without prejudice against the liquor crime. All we have to do is to think of the wrecks on either banks of the stream of death, of the suicides, of the insanity, of the poverty, of the ignorance, of the destitution, of the little children tugging at the faded and withered breasts of weeping and despairing mothers, of the wives asking for bread, of the men of genius it has wrecked, and man struggling with imaginary serpents. I believe every thoughtful man is prejudiced against this damned stuff that is called alcohol.
>
> It cuts down youth in its vigor, manhood in its strength, and age in its weakness. It breaks the father's heart, bereaves the doting mother, extinguishes natural affections, erases conjugal love, blots out filial attachments, blights parental hope, and brings down mourning age in sorrow to the grave. Alcohol produces weakness, not strength; sickness, not health; death, not life. It makes wives widows, children orphans, fathers fiends, and all of them paupers and beggars. It feeds rheumatism, nurses gout, invites cholera, imparts pestilence, and embraces consumption.
>
> Alcohol covers the land with idleness, misery, and crime. It fills our jails, almshouses, and asylums. It engenders controversy, fosters quarrel, and cherishes riots. It crowds our penitentiaries and furnishes victims for the scaffold. It is the lifeblood of the gambler, the element of the burglar, the prop of the highwayman, and the support of the midnight incendiary.
>
> It countenances the liar, respects the thief, esteems the blasphemer. It violates obligations, reverences fraud, and honors infamy. It defames benevolence, hates love, scorns virtue, slanders innocence.
>
> Alcohol incites the father to butcher his helpless offspring, helps the husband to massacre his wife, and the children to grind the parricidal ax. It burns up man, consumes women, detests life, curses God, and despises heaven. It suborns witnesses, nurses perjury, defiles the jury box, and stains the judicial ermine. It degrades the citizen, debases the legislature, dishonors the statesman, and disarms the patriot.
>
> Alcohol brings shame, not honor; terror, not safety; despair, not hope; misery, not happiness—and with the malevolence of a fiend it calmly surveys its frightful desolation and, unsatisfied with havoc, it poisons felicity, kills peace, ruins morals, blights confidence, slays reputations, and wipes out national honor—then curses the world and laughs at its ruin.
>
> Alcohol does all that and more—it murders the soul. It is the sum of all villainies, the father of all crimes, the mother of abominations, the devil's best friend, and God's worst enemy.

Mr. Speaker, to-day it is sought to bring this alcohol curse back upon the Nation. I am against it. We must defeat it.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. GOSS. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, I yield one-quarter minute to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Speaker, newspapers carried reports to-day that the Anti-Saloon League has indorsed Franklin D. Roosevelt for President through Deets Pickett. They also carry the story that certain alleged spokesmen for the Republican Party are proposing a resubmission plank which is dry, although these spokesmen claim it is wet. The wets will stand for neither one of these double-crossing movements. Real wets, both Republicans and Democrats, oppose straddling, trimming, and trading.

The alleged wet Republican plank is drier than the resubmission plank proposed by former Governor Byrd, of Virginia, and Bishop Cannon, because the former advocates that a State can not go wet until two-thirds of the State legislature has adopted a wet resolution, after which the question may be submitted to popular vote in the State. The joker in this tricky plank is revealed by the fact that, as Governor Byrd says, many State legislatures are controlled by the rural element of the State, and the rural element is practically always dry.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. O'CONNOR. Mr. Speaker, I yield one and one-half minutes to the gentleman from Illinois [Mr. WILLIAM E. HULL].

Mr. WILLIAM E. HULL. Mr. Speaker, as coauthor of this bill I wish to speak particularly to the farming interest that is represented on this floor. If this bill is passed providing for 2.75 per cent beer by weight, which is nonintoxicating, it will create a market to the farmers of the sale of 120,000,000 bushels of grain per year. It will bring into the United States Treasury $500,000,000 per year in revenue. It will disqualify the bootlegger and it will save this country from the present debauch which it is in.

The Members who represent the farming interest in this country should see that the legislation that has taken place in the past is driving our farm products to foreign countries. I estimate that 200,000,000 bushels of American grains have been displaced by tropically raised products in manufacturing soft drinks, whereas all American grain was used in the manufacture of beer. Forty million bushels of grain is now substituted for Cuban blackstrap molasses to manufacture the alcohol, and the starch made from corn will soon be driven from the Atlantic coast along with the distilleries in favor of tapioca imported from Java.

When that is done, what hope is there to be held out to the farmer if he is denied a chance to sell his grain to the brewing industry? Then the last peg will be pulled, and the farmer will remain under this terrible depression. Pass this bill and you will aid the farmer and you will loosen the grip that crime has on Uncle Sam's throat. [Applause.]

Mr. O'CONNOR. Mr. Speaker, in view of the fact that I have given away practically all the time I had, I ask unanimous consent to revise and extend my remarks.

Mr. BLANTON. Mr. Speaker, reserving the right to object, if the gentleman will ask that privilege for all his colleagues, I shall not object, but surely everyone has equal rights here.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that all Members have the right to revise and extend their remarks.

Mr. UNDERHILL. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, I renew my first request, to revise and extend my own remarks.

Mr. BLANTON. Mr. Speaker, I shall not object to any Member extending his own remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. DYER. Mr. Speaker, I object.

Mr. O'CONNOR. Mr. Speaker, in the time left it will be obviously impossible to discuss the bill carefully. This is the first chance we have had to vote on modifying the Volstead Act and also raise $500,000,000 of revenue.

What we are asking is a chance to consider the bill in the House. We asked the Ways and Means Committee if they would consider it. To-day the chairman of that committee says the Judiciary Committee has jurisdiction of amending the Volstead Act. I notice, though, that the Ways and

Means Committee took jurisdiction of the birth control act. [Laughter.]

We heard the gentleman from Texas read on the floor to-day statements of Robert Ingersoll. I am reliably informed, Mr. Speaker, that the most beautiful and most eloquent tribute ever given to corn whisky was pronounced by the same Robert Ingersoll. [Laughter and applause.]

Now, Mr. Speaker, all we ask is a chance to vote on this measure.

About a month ago the distinguished Speaker himself took the floor and made a plea to the Members who loved their country to stand up. To-day I again call on you who are interested in the finances of the country, who want to raise revenue, balance the Budget, and relieve unemployment to stand up now and cast your votes for the motion so we may lay the bill before the House for consideration. [Applause.]

[Here the gavel fell.]

The SPEAKER. The question is, Shall the Committee on Ways and Means be discharged from further consideration of the bill H. R. 10017?

Mr. CRISP. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 169, nays 228, answered "present" 1, not voting 34, as follows:

[Roll No. 84]

YEAS—169

Aldrich	Cullen	Igoe	Pettengill
Amlie	Curry	Jacobsen	Pittenger
Andresen	Darrow	James	Prall
Andrew, Mass.	Delaney	Johnson, S. Dak.	Pratt, Ruth
Andrews, N. Y.	De Priest	Kading	Ransley
Arentz	DeRouen	Kahn	Reilly
Arnold	Dickstein	Karch	Rogers, N. H.
Auf der Heide	Dieterich	Kelly, Ill.	Rudd
Bacharach	Douglas, Ariz.	Kemp	Sabath
Bachmann	Douglass, Mass.	Kennedy	Schafer
Bacon	Doutrich	Kleberg	Schneider
Baldrige	Drewry	Knutson	Schuetz
Beam	Dyer	Kunz	Seger
Beck	Eaton, N. J.	Kvale	Shannon
Black	Englebright	LaGuardia	Sirovich
Bloom	Erk	Larrabee	Somers, N. Y.
Bolleau	Estep	Lehlbach	Spence
Boland	Evans, Mont.	Lewis	Stafford
Bolton	Fernandez	Lichtenwalner	Stewart
Britten	Fish	Lindsay	Stokes
Brumm	Fitzpatrick	Linthicum	Sullivan, N. Y.
Brunner	Foss	Lonergan	Sullivan, Pa.
Buchanan	Freeman	Loofbourow	Sutphin
Burdick	Gambrill	McCormack	Sweeney
Campbell, Pa.	Gavagan	McLeod	Tierney
Canfield	Gifford	McMillan	Tilson
Carley	Golder	Maas	Tinkham
Carter, Calif.	Goss	Major	Treadway
Carter, Wyo.	Granfield	Maloney	Turpin
Cavicchia	Griffin	Mansfield	Watson
Celler	Griswold	Martin, Mass.	Welch, Calif.
Chavez	Haines	Martin, Oreg.	White
Chindblom	Hancock, N. Y.	May	Whitley
Clancy	Hancock, N. C.	Mead	Wigglesworth
Cochran, Mo.	Harlan	Millard	Williams, Mo.
Cole, Md.	Hart	Montet	Withrow
Condon	Hartley	Niedringhaus	Wolcott
Connery	Hess	Norton, N. J.	Wolfenden
Connolly	Hollister	O'Connor	Wolverton
Cooke	Holmes	Oliver, N. Y.	Wood, Ind.
Crosser	Horr	Overton	
Crowe	Howard	Palmisano	
Crump	Hull, William E.	Person	

NAYS—228

Adkins	Campbell, Iowa	Dickinson	Gasque
Allen	Carden	Dies	Gibson
Almon	Cartwright	Disney	Gilbert
Ayres	Cary	Dominick	Gilchrist
Bankhead	Chiperfield	Doughton	Gillen
Barbour	Christgau	Dowell	Glover
Barton	Christopherson	Doxey	Goldsborough
Beedy	Clark, N. C.	Driver	Green
Bland	Clarke, N. Y.	Eaton, Colo.	Greenwood
Blanton	Cochran, Pa.	Ellzey	Gregory
Bowman	Cole, Iowa	Eslick	Guyer
Brand, Ga.	Collins	Evans, Calif.	Hadley
Brand, Ohio	Colton	Finley	Hall, Ill.
Briggs	Cooper, Ohio	Fishburne	Hall, Miss.
Browning	Cooper, Tenn.	Flannagan	Hall, N. Dak.
Buckbee	Cox	Frear	Hardy
Bulwinkle	Crail	Free	Hastings
Burch	Crisp	French	Haugen
Burtness	Cross	Fulbright	Hawley
Busby	Crowther	Fuller	Hill, Ala.
Butler	Culkin	Fulmer	Hill, Wash.
Byrns	Dallinger	Garber	Hoch
Cable	Davis	Garrett	Hogg, Ind.
Hogg, W. Va.	Ludlow	Pou	Sumners, Tex.
Holaday	McClintock, Ohio	Pratt, Harcourt J.	Swank
Hooper	McDuffie	Purnell	Swanson
Hope	McFadden	Ragon	Swick
Hopkins	McGugin	Rainey	Swing
Hornor	McKeown	Ramseyer	Taber
Houston, Del.	McLaughlin	Ramspeck	Tarver
Huddleston	McReynolds	Rankin	Taylor, Colo.
Hull, Morton D.	McSwain	Reed, N. Y.	Taylor, Tenn.
Jeffers	Magrady	Reid, Ill.	Temple
Jenkins	Manlove	Rich	Thatcher
Johnson, Ill.	Mapes	Robinson	Thomason
Johnson, Mo.	Michener	Rogers, Mass.	Thurston
Johnson, Okla.	Miller	Romjue	Timberlake
Johnson, Tex.	Mobley	Sanders, N. Y.	Underhill
Johnson, Wash.	Montague	Sanders, Tex.	Underwood
Jones	Moore, Ky.	Sandlin	Vinson, Ga.
Keller	Moore, Ohio	Selvig	Vinson, Ky.
Kelly, Pa.	Morehead	Shott	Warren
Ketcham	Mouser	Simmons	Wason
Kinzer	Nelson, Me.	Sinclair	Weaver
Kniffin	Nelson, Mo.	Smith, Idaho	Weeks
Kopp	Nelson, Wis.	Smith, Va.	West
Kurtz	Nolan	Smith, W. Va.	Whittington
Lambertson	Norton, Nebr.	Snell	Williams, Tex.
Lambeth	Parker, Ga.	Snow	Williamson
Lanham	Parker, N. Y.	Sparks	Wilson
Lankford, Ga.	Parks	Stalker	Wingo
Lankford, Va.	Parsons	Steagall	Wood, Ga.
Larsen	Partridge	Stevenson	Woodruff
Leavitt	Patman	Strong, Kans.	Woodrum
Lovette	Patterson	Strong, Pa.	Wright
Lozier	Perkins	Stull	Wyant
Luce	Polk	Summers, Wash.	Yates

ANSWERED "PRESENT"—1

Clague

NOT VOTING—34

Abernethy	Corning	Lamneck	Rayburn
Allgood	Coyle	Lea	Seiberling
Boehne	Davenport	McClintic, Okla.	Shallenberger
Bohn	Drane	Mitchell	Shreve
Boylan	Fiesinger	Milligan	Tucker
Cannon	Goodwin	Murphy	Welsh, Pa.
Chapman	Hare	Oliver, Ala.	Yon
Chase	Kendall	Owen	
Collier	Kerr	Peavey	

So the motion was rejected.

The Clerk announced the following pairs:

Mr. Boylan (for) with Mr. Allgood (against).
Mr. Corning (for) with Mr. Davenport (against).
Mr. Coyle (for) with Mr. Rayburn (against).
Mr. Fiesinger (for) with Mr. Goodwin (against).
Mr. Boehne (for) with Mr. Kerr (against).
Mr. Tucker (for) with Mr. Shallenberger (against).
Mr. Lamneck (for) with Mr. Milligan (against).
Mr. Peavey (for) with Mr. Hare (against).
Mr. Lea (for) with Mr. Chapman (against).

General pairs:

Mr. McClintic of Oklahoma with Mr. Clague.
Mr. Oliver of Alabama with Mr. Shreve.
Mrs. Owen with Mr. Bohn.
Mr. Drane with Mr. Kendall.
Mr. Collier with Mr. Murphy.
Mr. Cannon with Mr. Seiberling.
Mr. Abernethy with Mr. Chase.
Mr. Yon with Mr. Welsh of Pennsylvania.

Mr. BANKHEAD. Mr. Speaker, my colleague the gentleman from Alabama [Mr. OLIVER] is unavoidably absent on official business. If he were present, he would vote "no."

Mr. ROMJUE. Mr. Speaker, my colleague the gentleman from Missouri [Mr. MILLIGAN] is unavoidably absent. Were he present, he would vote "no."

Mr. VINSON of Kentucky. Mr. Speaker, my colleague the gentleman from Kentucky [Mr. CHAPMAN] is unavoidably absent on account of illness. If he were present, he would vote "no."

Mr. CULLEN. Mr. Speaker, my colleague the gentleman from New York [Mr. BOYLAN] is confined in a hospital in New York seriously ill. If present, he would vote "yea."

Mr. O'CONNOR. Mr. Speaker, the gentleman from California [Mr. LEA] authorized me to state that he is unavoidably absent on account of illness; that if he were present, he would vote "yea."

Mr. MOUSER. Mr. Speaker, my colleague the gentleman from Ohio [Mr. MURPHY] is unavoidably absent on account of illness. If present, he would vote "no."

Mr. CLAGUE. Mr. Speaker, I am recorded as voting "no." I have a general pair with the gentleman from Oklahoma [Mr. MCCLINTIC]. I therefore withdraw my pair and answer present.

Mr. PETTENGILL. Mr. Speaker, my colleague the gentleman from Indiana [Mr. BOEHNE] is unavoidably absent. If he were present, he would vote "yea."

Mr. BLACK. Mr. Speaker, my colleague the gentleman from New York [Mr. CORNING] is unavoidably absent. Had he been present, he would have voted "yea."

The result of the vote was announced as above recorded.

On motion of Mr. CRISP, a motion to reconsider the vote by which the motion was rejected was laid on the table.

Mr. WILLIAM E. HULL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection?

Mr. DYER. Mr. Speaker, I object.

PRINTING OF ADDITIONAL HEARINGS OF THE COMMITTEE ON BANKING AND CURRENCY

Mr. STEVENSON. Mr. Speaker, I present a privileged resolution from the Committee on Printing.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 232

Resolved, That in accordance with paragraph 3 of section 2 of the printing act approved March 1, 1907, the Committee on Banking and Currency of the House of Representatives be, and is hereby, empowered to have printed 1,000 additional copies of Part 1 of the hearings held before said committee during the current session on the bill (H. R. 10517) entitled "For increasing and stabilizing the price level of commodities, and for other purposes."

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. COCHRAN of Missouri. Do these hearings relate to the Goldsborough bill?

Mr. STEVENSON. Yes.

Mr. COCHRAN of Missouri. That bill is behind us.

Mr. STEVENSON. But the demand for these hearings from the country is very great. The Committee on Printing felt it was justified in allowing them to have 1,000 additional copies.

Mr. COCHRAN of Missouri. Is the country trying to find out what the bill means?

Mr. STEVENSON. I am not prepared to say what the country is trying to do, but they have this large demand for them.

Mr. HARDY. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. HARDY. What will it cost to print these additional copies?

Mr. STEVENSON. Three hundred and sixty dollars.

The resolution was agreed to.

DISTRIBUTION OF DOCUMENTS IN HOUSE FOLDING ROOM

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to proceed for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Speaker, I have a report from the superintendent of the folding room to the effect that there are over 1,000,000 documents there which should be disposed of for this reason: The folding room will be moved into the new folding room of the new House Office Building. These documents have been accumulating for 30 years. Many of them are absolutely useless, while many of them are of value. I have prepared a resolution and a list of the documents, which I will put in the RECORD as a part of my remarks, with a view to calling it up sometime during the week. This action will be in accordance with the action taken in 1910, when the folding room was last cleared out.

Mr. SNELL. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. SNELL. As I understand, the gentleman is making this statement for the information of the House and later on he will present his resolution?

Mr. STEVENSON. Yes. I am inserting the resolution and the list in the RECORD in order that the Members may know what is there and what it is proposed to do with the documents.

Mr. PITTENGER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. PITTENGER. The committee proposes that Members who want to use these documents, we will say agricultural yearbooks two or three years old, for example, will have some way of getting them?

Mr. STEVENSON. Yes. The proposition is that they are there now to the credit of the Members. The purpose is to do what was done in 1910. Members will have 30 days' notice of the documents which they have to their credit. After the 30 days have expired a list will be submitted to Members by the Doorkeeper, and then the Members generally will have the right to go to the folding room and take what is left, after the Members have had 30 days in which to draw out the documents they have there to their credit. Then what is left, after the Members generally have had 30 days in which to get from the remaining supply what they need or what they desire, will go to the departments. The departments will have 10 days in which to decide whether they desire any of those left, and after that those that are left will be disposed of as waste paper.

Mr. PITTENGER. I just wanted to make certain that Members are informed and that the people in the folding room carry out these instructions.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to proceed for two additional minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEVENSON. In order that the gentleman may be satisfied as to what is to be done I am putting in the RECORD a list of the documents that are there. The gentleman will find from that list that there are 615,000 Agricultural Yearbooks, running from 1906 up to the present time, and other things of that kind. It is the intention to make those documents available to Members of this Congress, and we are asking the Members to take them away from the folding room before the folding room is moved to the new Office Building.

Mr. KELLER. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. KELLER. Are they to be distributed according to districts?

Mr. STEVENSON. They are now there to the credit of different districts, and every man who represents a district will have so many of these to his credit.

Mr. SABATH. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. SABATH. Does that include maps as well as cattle and horse books?

Mr. STEVENSON. It includes all that is in the folding room and the folding room only. The gentleman can get full information from the list which I will put in the RECORD, along with this proposed resolution. I will say to the gentleman that it does not include horse and cattle books.

Mr. SNELL. How long shall we have to take these documents out of the folding room?

Mr. STEVENSON. Thirty days after the passage of this resolution. They will be asked to take those documents which are to their credit out of the folding room within 30 days. If they do not take them all, then the Members generally will have 30 days in which to get what they want, and at the expiration of that time the department will have 10 days in which to take what they want, after which the remaining documents will be disposed of as waste paper.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to insert this proposed resolution and list in the RECORD as a part of my remarks.

The SPEAKER. Is there objection?

There was no objection.

The resolution and list referred to follow:

Resolved, That the documents now in the folding room of the House of Representatives, described in the list hereafter set forth under the heading "List of documents," shall be disposed of in the following manner:

First. Members, Delegates, Commissioners from Puerto Rico and the Philippine Islands, and officers of the House having such documents to their credit may dispose of the same in the usual

manner at any time within 30 days from the date of the adoption of this resolution by the House.

Second. Upon the expiration of the said 30 days, the Doorkeeper shall furnish to the Members of the House, as promptly as practicable, a list of the documents herein referred to then remaining in the folding room to his credit, and thereupon such documents shall be subject to the order of such Member or Delegate in the order in which they are applied for, for the period of 30 days after the day when such list shall be furnished by the Doorkeeper.

Third. The Doorkeeper shall furnish a list of all such documents remaining in the folding room at the expiration of the last-named period to the various departments and commissions of the Government at Washington, including the Superintendent of Documents, Smithsonian Institution, Library of Congress, Bureau of American Republics, and the Commissioners of the District of Columbia, and any such documents shall be turned over to any such department, commission, etc., above referred to, in the order in which their application shall be made, and all such documents which shall remain in the folding room for a period of 10 days after such list shall have been furnished to the departments or commissions aforesaid shall be sold by the Doorkeeper as waste paper.

Fourth. No documents which are described in the list aforesaid shall thereafter be returned to the folding room from any source.

List of documents in the folding room, House of Representatives, May 15, 1932

Agriculture Yearbooks, 1906 to 1930, inclusive	615,000
Attorney General annual reports, 1920 to 1930, inclusive	4,700
Civil Service Commission, annual reports, 1920 to 1930, inclusive	6,500
Comptroller of the Currency, annual reports, 1919 to 1929, inclusive	7,000
Congressional Directory, Seventieth and Seventy-first Congresses	17,000
Commissioner of Education annual reports, 1920 to 1930, inclusive	22,000
Eulogies on deceased Members (all)	187,000
Secretary of the Treasury, on finance, annual reports, 1917 to 1929, inclusive	6,500
Geological Survey, annual reports, 1921 to 1930, inclusive	7,900
Interstate Commerce Commission, annual reports, 1920 to 1930, inclusive	6,400
Session Laws of Congress, Sixty-fourth to Seventieth Congresses, inclusive	19,200
Manual and Digest, House of Representatives, Sixty-fourth to Seventy-first Congresses, inclusive	3,200
Mineral Resources, 1919 to 1927, inclusive	13,700
National Museum, annual reports, 1905 to 1930, inclusive	7,100
Navy Department, annual reports, 1917 to 1928, inclusive	7,200
Post Office Department, annual reports, 1920 to 1930, inclusive	5,800
President's annual message, Sixty-seventh to Seventy-first Congress, inclusive	39,000
CONGRESSIONAL RECORDS, Sixty-second to Seventieth Congresses, inclusive (sets)	17,000
Statistical Abstract, annual reports, 1920 to 1930, inclusive	15,100
Statues, Proceedings on acceptance of	38,000
Weather Bureau, annual reports, 1920 to 1930, inclusive	5,200
Total number of documents	1,050,500

J. M. MCKEE,
Foreman Folding Room, House of Representatives.

A LETTER OF THE PRESIDENT OF THE UNITED STATES

Mrs. PRATT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a letter from the President of the United States to Mr. Herbert S. Crocker, president of the American Society of Civil Engineers.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. PRATT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter:

MAY 21, 1932.

HERBERT S. CROCKER,
President American Society of Civil Engineers,
New York, N. Y.

MY DEAR MR. CROCKER: I am in receipt of your kind letter of May 19, and I have also the presentation of the subcommittee of the society suggesting that the depression can be broken by a large issue of Federal Government bonds to finance a new program of huge expansion of "public works" construction, in addition to the already large programs now provided for in the current budgets. The same proposals have been made from other quarters and have been given serious consideration during the past few days.

The back of the depression can not be broken by any single Government undertaking. That can only be done with the cooperation of business, banking, industry, and agriculture in conjunction with the Government. The aid the Government may give includes: (a) The quick, honest balancing of the Federal Budget through drastic reduction of less necessary expenses and the minimum increase in taxes; (b) the avoidance of issue of further Treasury securities as the very keystone of national and international confidence, upon which all employment rests; (c) the continuation of the work of the Reconstruction Corporation, which has overcome the financial strain on thousands of small banks, releasing credit to their communities, the strengthening of building and loan associations, the furnishing of credit to agriculture, the protection of trustee institutions, and the support of financial stability of the railways; (d) the expansion of credit by the Federal reserve banks; (e) the organized translation of these credits into actualities for business and public bodies; (f) unceasing effort at sound strengthening of the foundations of agriculture; (g) the continuation of such public works in aid to unemployment as does not place a strain on the taxpayer and do not necessitate Government borrowing; (h) continuation of national, community, and individual efforts in relief of distress; (i) the introduction of the 5-day week in Government, which would save the discharge of 100,000 employees and would add 30,000 to the present list; (j) the passage of the home loan discount bank legislation, which would protect home owners from foreclosure and would furnish millions of dollars of employment in home improvement without cost to the Treasury; (k) financial aid by means of loans from the Reconstruction Corporation to such States as, due to the long strain, are unable to continue to finance distress relief; (l) the extension of the authority of the Reconstruction Corporation not only in a particular to which I called attention last December—that is, loans on sound security to industry where they would sustain and expand employment—but also in view of the further contraction of credit to increase its authority to expand the issue of its own securities up to $3,000,000,000 for the purpose of organized aid to "income-producing" works throughout the Nation, both of public and private character.

1. The vice in that segment of the proposals made by your society and others for further expansion of public works is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the Budget and demoralize Government credit. A larger and far more effective relief to unemployment at this stage can be secured by increased aid to income-producing works. I wish to emphasize this distinction between what for purposes of this discussion we may term "income-producing works" (also referred to as "self-liquidating works") on the one hand and nonproductive public works on the other. By income-producing works I mean such projects of States, counties, and other subdivisions as waterworks, toll bridges, toll tunnels, docks, and any other such activities which charge for their service and whose earning capacity provides a return upon the investment.

With the return of normal times the bonds of such official bodies based upon such projects can be disposed of to the investing public and thus make the intervention of the Reconstruction Corporation purely an emergency activity. I include in this class aid to established industry where it would sustain and increase employment with the safeguard that loans for these purposes should be made on sound security, and the proprietors of such industries should provide a portion of the capital. Nonproductive public works in the sense of the term here used include public buildings, highways, streets, river and harbor improvement, military and navy construction, etc., which bring no direct income and comparatively little relief to unemployment.

2. I can perhaps make this distinction clear by citing the example of the recent action of the Reconstruction Finance Corporation in the matter of the Pennsylvania Railroad Co. on one hand and the recent bill passed by the House of Representatives for increased road building on the other. The railroad company applied to the Reconstruction Corporation for a loan of $55,000,000 to help finance a fund of over $68,000,000 needed to electrify certain of its lines. By so doing it would employ directly and indirectly for one year more than 28,000 men distributed over 20 different States. An arrangement was concluded by which the Reconstruction Corporation undertook to stand behind the plan to the extent of $27,000,000, the railway company finding the balance. This $27,000,000 is to be loaned on sound securities and will be returned, capital and interest, to the corporation. The Reconstruction Corporation is acting as agent to make available otherwise timid capital for the Pennsylvania Railroad in providing employment. There is no charge upon the taxpayer. On the other hand, the proposal of the House of Representatives is to spend $132,000,000 for subsidies to the States for construction of highways. This would be a direct charge on the taxpayer. The total number of men to be directly employed is estimated at 35,000 and indirectly 20,000 more.

In other words, by this action we would give employment to only 55,000 men at the expense by the Government of $132,000,000, which will never be recovered. In the one instance we recover the money advanced through the Reconstruction Corporation, we issue no Government bonds, we have no charge on the taxpayer. In the other instance we have not only a direct cost to the taxpayer but also a continuing maintenance charge, and furthermore, the highways in many sections have now been expanded beyond immediate public need.

3. These proposals of huge expansion of "public works" have a vital relation to balancing the Federal Budget and to the stabiliz-

ing of national credit. The financing of "income-producing works" by the Reconstruction Corporation is an investment operation, requires no congressional appropriation, does not unbalance the Budget, is not a drain upon the Treasury, does not involve the direct issue of Government bonds, does not involve added burdens upon the taxpayer either now or in the future. It is an emergency operation which will liquidate itself with the return of the investor to the money markets.

The proposal to build nonproductive "public works" of the category I have described necessitates making increased appropriations by the Congress. These appropriations must be financed by immediate increased taxation or by the issuance of Government bonds. Whatever the method employed, they are inescapably a burden upon the taxpayer. If such a course is adopted beyond the amounts already provided in the Budget now before Congress for the next fiscal year, it will upset all possibility of balancing the Budget; it will destroy confidence in Government securities and make for the instability of the Government which in result will deprive more people of employment than will be gained.

4. I have for many years advocated the speeding up of public works in times of depression as an aid to business and unemployment. That has been done upon a huge scale and is proceeding at as great a pace as fiscal stability will warrant. All branches of government—Federal, State, and municipal—have greatly expanded their "public works" and have now reached a stage where they have anticipated the need for many such works for a long time to come. Therefore the new projects which might be undertaken are of even more remote usefulness. From January, 1930, to July 1, 1932, the Federal Government will have expended $1,500,000,000 on "public works."

The Budget for the next fiscal year carries a further $575,000,000 of such expenditures (compared with about $250,000,000 normal) and includes all the items I have felt are justified by sound engineering and sound finance. Thus by the end of next year the Federal Government will have expended over $2,000,000,000 on public works, which represents an increase over normal of perhaps $1,200,000,000. Thus we have largely anticipated the future and have rendered further expansion beyond our present program of very remote usefulness and certainly not justified for some time to come, even were there no fiscal difficulties. They represent building of a community beyond its necessities. We can not thus squander ourselves into prosperity.

5. A still further and overriding reason for not undertaking such program of further expansions of Federal "public works" is evident if we examine the individual projects which might be undertaken from an engineering and economic point of view. The Federal "public works" now authorized by law cover works which it was intended to construct over a long term of years and embrace several projects which were not of immediate public usefulness. In any event, the total of such authorized projects still incomplete on the 1st of July will amount to perhaps $1,300,000,000. If we deduct from this at once the budgeted program for the next fiscal year—$575,000,000—we leave roughly $725,000,000 of such authorized works which would be open for action. If we examine these projects in detail, we find great deductions must be made from this sum. Construction of many projects physically require years for completion, such as naval vessels, buildings, canalization of rivers, etc., and therefore as an engineering necessity this sum could only be expended over four or five years; a portion of the projects not already started will require legal and technical preparation and therefore could not be brought to the point of employment of labor during the next year; a portion of these authorized projects are outside continental United States and do not contribute to the solution of our problem; a portion are in localities where there is little unemployment; a portion are in the District of Columbia where we already have a large increase in program for the next fiscal year and where no additional work could be justified.

A portion are of remote utility and are not justified, such as extension of agricultural acreage at the present time. Deducting all these cases from the actual list of authorized Federal public works, it will be found that there is less than $100,000,000 (and this is doubtful) which could be expended during the next fiscal year beyond the program in the Budget. That means the employment of, say, less than 40,000 men. Thus the whole of these grandiose contentions of possible expansion of Federal "public works" fall absolutely to the ground for these reasons if there were no other.

If it is contemplated that we legislate more authorizations of new and unconsidered projects by Congress, we shall find ourselves confronted by a logrolling process which will include dredging of mud creeks, building of unwarranted post offices, unprofitable irrigation projects, duplicate highways, and a score of other unjustifiable activities.

6. There is still another phase of this matter to which I would like to call attention. Employment in "public works" is largely transitory. It does not have a follow-up of continued employment, as is the case with "income-producing works." But of even more importance than this, the program I have proposed gives people employment in all parts of the country in their normal jobs under normal conditions at the normal place of abode, tends to reestablish normal processes in business and industry, and will do so on a much larger scale than the projects proposed in the so-called public-works program.

7. To sum up, it is generally agreed that the balancing of the Federal Budget and unimpaired national credit is indispensable to the restoration of confidence and to the very start of economic recovery. The administration and Congress have pledged themselves to this end. A public-works program such as is suggested by your committee and by others, through the issuance of Federal bonds, creates at once an enormous further deficit.

What is needed is the return of confidence and a capital market through which credit will flow in the thousand rills with its result of employment and increased prices. That confidence will be only destroyed by action in these directions. These channels will continue clogged by fears if we continue attempts to issue large amounts of Government bonds for purposes of nonproductive works.

Such a program as these huge Federal loans for "public works" is a fearful price to pay in putting a few thousand men temporarily at work and dismissing many more thousands of others from their present employment. There is vivid proof of this since these proposals of public works financed by Government bonds were seriously advanced a few days ago. Since then United States Government bonds have shown marked weakness on the mere threat. And it is followed at once by a curtailment of the ability of States, municipalities, and industry to issue bonds and thus a curtailment of activities which translate themselves into decreased employment.

It will serve no good purpose and will fool no one to try to cover appearances by resorting to a so-called extraordinary Budget. That device is well known. It brought the governments of certain foreign countries to the brink of financial disaster. It means a breach of faith to holders of all Government securities, an unsound financial program, and a severe blow to returning confidence and further contraction of economic activities in the country.

What you want and what I want is to restore normal employment. I am confident that if the program I have proposed to the Congress is expeditiously completed and we have the cooperation of the whole community, we will attain the objective for which we have been searching so long.

Yours faithfully,

HERBERT HOOVER.

REREFERENCE OF A BILL

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the bill (S. 660), a claims bill erroneously referred to the Committee on Indian Affairs, be rereferred to the Committee on Claims.

The SPEAKER. Has the gentleman consulted the chairman of the Committee on Claims?

Mr. HOWARD. He has.

The SPEAKER. Is it agreeable to the chairman of that committee?

Mr. HOWARD. It is.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

ECONOMY LEGISLATION IN THE HOUSE

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 10 minutes on a matter that I think the House will be interested in.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, the leading editorial headed Defense Against Pork, which was published in the Washington Post on yesterday, grossly misrepresents the accomplishments of the House of Representatives during this session. The opening paragraph reads as follows:

> Virtually every effort the House has made toward economy at the present session has turned out to be a fiasco. The latest example is the War Department appropriation bill. As sent to the Senate, this measure carries only one substantial cut in expenditures, and that strikes at the very heart of national security.

That is not only a very reckless statement, but there is not one line of truth in it. Everyone knows, of course, that the Washington Post is an intensely partisan paper and that it seldom sees anything of value in what a Democrat either proposes or accomplishes. However, I am not going to accuse the writer of that editorial of intentionally misrepresenting the House or seeking to lend aid to the evident movement which is under way to magnify the Executive and at the same time to depreciate and raise opposition to the legislative branch of the Government. Such a movement has been under way for several weeks, and ever since the President sent his message to Congress in which he plainly endeavored to cast blame, not only upon the Democrats but the Republicans in Congress for any failure to reduce expenditures.

I am not going to comment upon this unpatriotic propaganda which is being spread over the country. I am willing that both the executive and legislative branches shall have due credit for everything they seek to accomplish, and those who would seek to unjustly destroy the confidence of the people in either one are doing a distinct disservice to the country.

The writer of the editorial evidently does not read the CONGRESSIONAL RECORD, nor is he even faintly familiar with what has been going on in Congress, for he shows the greatest ignorance throughout the editorial. He says that "every effort the House has made toward economy at the present session has turned out to be a fiasco." He ignores the fact that the only real economy which has been put into effect at this session up to this time has been done by the House of Representatives. The Committee on Appropriations has reduced the estimates of the President more than $161,000,000; and I have repeatedly declared that this is a distinct saving, since there will be no necessity for deficiencies to cover these reductions. Mark you, this was reduction under what the President asked, and it was only after the committee began to reduce his estimates that the President began to send in his messages urging reductions in the estimates which he had submitted two or three months before.

The House in every instance approved the recommendations of the committee except in the case of the War Department bill, where, in three instances, it added to the amount recommended sums aggregating nearly $6,000,000. But in the meantime the House had approved further reductions made in the Interior Department bill amounting to over five million. So, after all the reductions actually made by the House up to this time have exceeded $161,000,000 in the estimates submitted by the President.

In addition to this, the House passed the so-called economy bill, which is now pending in the Senate. While it was greatly reduced and changed in the House, nevertheless it made savings which some have estimated amount to $42,000,000 in the way of reduction of salaries and other reductions and consolidations. When the tax bill was pending in the House, it was stated that if there were reductions amounting to $200,000,000 the Budget would be balanced; and I submit that the House has already made reductions amounting to over $200,000,000; and there are other reductions to come in the annual appropriation bills which are now pending in the Senate and also in the economy bill which is pending in that body.

I submit therefore that the writer of the editorial was far from the truth when he said that the House had made no progress toward economy.

He is also wide from the truth when he states that the War Department appropriation bill as it passed the House carried only one substantial cut in expenditures, evidently referring to the reduction in officer personnel from 12,000 to 10,000. Notwithstanding additions of nearly $6,000,000 made on the floor of the House, the War Department appropriation bill carried a reduction of over $18,000,000 as it left the House, and these reductions were made in the matter of supplies and other expenditures not relating to the personnel. The reduction in officer personnel saved only $4,000,000. So you see that the writer of the editorial again evidences his ignorance of just what is going on up here on Capitol Hill.

The editorial further states:

> The House Appropriations Committee slashed a considerable number of items, including training activities, the number of officers in active service, and the allowance to rivers and harbors. After a heated fight on the floor the House restored all the funds for training-camp activities and the development of rivers and harbors. But 2,000 officers, who are a vital part of the nucleus from which the machinery of national defense must be built in times of emergency, were cut off.
>
> Every attempt to reduce the $60,000,000 allotment for rivers and harbors was defeated. This is a pork-barrel appropriation. A substantial saving in this work might have been effected without sacrificing any national interest. But every Congressman feels an urge to demonstrate his ability to bring home the bacon just before a national election. Nothing is so certain to escape the economy knife as the pork barrel.

May I call your attention to the fact that the committee did not reduce the estimate for rivers and harbors, and, while there was a motion made to reduce it on the floor of the House, it was defeated by an overwhelming vote. That appropriation is in no sense a "pork-barrel" appropriation. The War Department asked for $75,000,000 for the year 1933 and the Chief of Engineers stated that all of it was needed. The Budget, however, reduced the request of the department to $60,000,000 and the Committee on Appropriations and the House allowed this sum and no more. If it was a "pork-barrel" appropriation, then the President and the Budget are as much responsible as the House.

I submit, however, that it can not possibly be so described. It is singular that the editorial should have taken this position in its desire to criticize the House of Representatives, when to-day propositions are pending providing for billions of dollars for construction work. How inconsistent it would have been to reduce this appropriation in the light of what may actually be done before Congress adjourns, when it is to be devoted purely to construction work and we all know that this kind of public work affords more employment in comparison with the money appropriated than any other sort of construction. Any reduction that might have been made in this appropriation would have been merely a "paper savings," and I am opposed to that kind of appropriations. Let me say, parenthetically, that I have observed that in the opinion of some Washington newspapers any appropriation that is made for construction outside the District of Columbia is "pork barrel." But if it is made for construction in the District of Columbia it is evidence of the wisest statesmanship. The editorial concludes with the statement:

> When the welfare of the Nation is thus subordinated to sectional and political interests it is not surprising that the people lose faith in the House of Representatives as a responsible agency of Government in these critical times.

I wish to protest against what appears to be a concerted effort to minimize the accomplishments of the legislative branch of the Government and at the same time magnify the statesmanship of the executive for political purposes. Fortunately the people at large know more about what Congress is doing than the writer of this editorial, if this editorial is the measure of his knowledge of what is going on. No one can take exception to the printing of the facts. Neither can exception be taken to a newspaper of pronounced political leanings doing what it can to promote the interest of the party which it represents. But everyone ought to be fair, and particularly a great metropolitan newspaper which serves as a medium of information for members of both parties. The newspapers of the country have become the greatest influence in this country to-day, and this very fact should make responsible newspapers careful to use this influence in a fair and impartial way and not to distort the facts with a view of misleading their readers. Particularly is this true of editorials which are supposed to be educational and to influence those who read them. There is no higher calling than that of the editor of a great newspaper and he of all men should be careful to inform himself on every subject upon which he writes, so that he may not be subject to the charge of having misled those who read what he says with a degree of confidence.

Since the writer of this editorial evidently never reads the RECORD and pays no attention to what is being done in Congress, he will probably never read what I have said. But I wish to say that if he wishes to be entirely fair to the House of Representatives and its membership on both sides of the Chamber, he will write an editorial apologizing for the one which appeared on yesterday and give it the same degree of publicity.

It is not only due the House of Representatives and the thousands of readers of his paper, but it is due himself as a responsible editorial writer upon a great metropolitan newspaper. There is not one line of truth in the entire editorial, and a paper which permits itself to be used to disseminate false information to its thousands of subscribers can not hope to long maintain its great influence. [Applause.]

[Here the gavel fell.]

Mr. ESLICK. Mr. Speaker, I ask unanimous consent that the time of the gentleman be extended one minute so that I may ask him a question.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. ESLICK. The gentleman stated that the Army appropriation bill was reduced $18,000,000 as it left the House. To make the statement clear, that is the reduction under the estimate of the Bureau of the Budget brought about by the recommendations of the Committee on Appropriations?

Mr. BYRNS. That is true.

NATURALIZATION

Mr. DICKSTEIN. Mr. Speaker, I call up conference report on the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. SNELL. What is it, Mr. Speaker?

The SPEAKER. The Chair understands this is a unanimous report, and the gentleman from New York is anxious to get it attended to to-day and has stated to the Chair it will only take a minute.

Mr. DICKSTEIN. It is a conference report, and the report is unanimous.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. DICKSTEIN]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same, without amendment.

SAMUEL DICKSTEIN,
JNO. W. MOORE,
ALBERT JOHNSON,
Managers on the part of the House.

H. D. HATFIELD,
HIRAM W. JOHNSON,
WILLIAM H. KING,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The only amendment by the Senate objected to by the House was section 8 as the bill passed the Senate.

Apparently, the objection by the House was based upon the premise that the enactment of this section 8 would incur considerable additional expense to compile statistics which belong to the Bureau of the Census.

The fact is that the compiling and reporting upon these statistics from the records in the custody of the Bureau of Naturalization were authorized and directed in section 10 of the act approved March 2, 1929 (45 Stat. 1516; U. S. C., Sup. V., 8, sec. 399 e). The purpose of section 8 is to require the completion and reporting of these statistics, as they relate to the 1910 census, before January 31, 1933; and, as they relate to the 1920 census, before December 31, 1933.

Relative to the incurrence of considerable additional expense—either in money, time, or use of personnel—there is submitted the following extract from a letter from the Secretary of Labor, Hon. William N. Doak, under date of May 10, 1932, which was considered by the conferees:

> Your inquiries with respect to section 8 of this bill have been taken up with the Commissioner of Naturalization, who advises that more than the equivalent of the work has been performed that relates to the compilation required by January 31, 1933, and he believes the compilation covering the 1920 census can be completed without additional cost by December 31, 1933.
>
> The main part of this work consists of assembling together the declarations, petitions, and certificates of citizenship in the respective cases, now representing over 3,000,000 certificates. This assembling work has been carried on for years, in order to effect a complete consolidation of the files of the bureau. This consolidation work is necessary to the economical handling of the tremendous volume of correspondence coming into the bureau and should continue gradually to be accomplished. The actual work of preparing a report upon the statistics that will be available upon the assembling of the papers is believed to be rather insignificant in the point of money, time, and personnel. The statement is made that from the present view of appropriation probabilities for 1933 there will be sufficient to carry on this work, and it is believed that no portion of the work that is now being carried on should be suspended, as the application of the personnel to the assembling of naturalization papers in the files is of distinct economic value.

The conferees further ascertained that authority to provide the tabulating and other equipment from the miscellaneous expense appropriation of the Bureau of Naturalization will necessitate the acquisition of such equipment without additional appropriations and will avoid the necessity for additional amounts to be provided in the appropriation for contingent expenses of the Department of Labor.

SAMUEL DICKSTEIN,
JNO. W. MOORE,
ALBERT JOHNSON,
Managers on the part of the House.

Mr. STAFFORD. The gentleman will recollect that it was amendment No. 8 that I raised objection to. I stated that I feared it would entail considerable expense to the Treasury if such work was undertaken. Has the gentleman made any inquiry what this compilation will cost?

Mr. DICKSTEIN. The Secretary of Labor, through his representative, assured the conferees there would be no added expense, not even a dollar, in the compilation of this work. They will not ask for any money, for none will be needed.

Mr. STAFFORD. They say they will not ask for additional money, and they believe the compilation covering the 1920 census can be completed without additional cost by December 31, 1933, but here the gentleman is asking for some new work in the compilation for censuses 1910, 1920, and 1930, predicated on the statement that the appropriations are sufficient. If the appropriations were not utilized for compilations, they would revert to the Treasury.

Mr. DICKSTEIN. The gentleman's objection to the whole bill was whether or not there was additional revenue required for the purposes of completing the statistics, and I assure the gentleman that it has been assured by the Secretary of Labor's representative that there will be no expense.

The conference report was agreed to.

OPENING AND CLOSING OF ROADS ON LANDS OWNED BY THE DISTRICT OF COLUMBIA AT OCCOQUAN, VA.

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 1768) to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va., and I ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the lady from New Jersey?

Mr. BLANTON. I object.

TO REGULATE SALE OF SECURITIES IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state

of the Union for the further consideration of the bill (H. R. 9065) to supervise and regulate the sale of securities within the District of Columbia.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. THOMASON in the chair.

The Clerk read the following committee amendment:

Page 3, line 18, after the word "duty," strike out the language "nor to any national bank or trust company organized under an act of the Congress and transacting business as a bank or trust company within the District of Columbia."

Mr. BLANTON. Mr. Chairman, I rise in opposition to the committee amendment.

Mr. Chairman, if we could secure from the District Committee a list of the various bills that are to be called up to-day, and the manner in which they are to be called up in their order, we could save a great deal of time, because those of us who have objections to certain bills could then be prepared to meet them without watching the entire calendar. I have tried to get from the committee the order in which they are to be called up, but it was refused. I suggest to the committee that if they would give us a list it would aid us and aid the committee.

Mrs. NORTON. Will the gentleman yield?

Mr. BLANTON. No; not now. I yielded to the lady once, and she was not quite courteous, and I learned not to yield to her.

My colleague from Texas [Mr. PATMAN], who is a Member of the District Committee, called attention to one very serious objection to this bill—that unless it is remedied the bill ought to be defeated. The general public is interested in it because under the language it is possible for some slick-tongued agent to sell them worthless securities in all of the States of the Union.

My colleague [Mr. PATMAN], a member of the committee, who has studied the bill carefully, called attention to the fact that if the bill is passed as it is written an agent who gets a license here can sell securities to everyone else except in the District of Columbia without having his securities investigated. In other words, in the sale of securities in 48 States there will be no restrictions placed on him whatever. After he once registers and gets his license he can go out and dupe our constituents in every one of the 48 States by selling them worthless securities. That ought to be remedied. The bill ought not to pass without being amended in that respect.

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. HARLAN. Does not the gentleman think that is a proposition to be governed by the laws of the different States? Obtaining a license to sell securities in the District of Columbia is not of itself a license to sell securities outside of the District of Columbia.

Mr. BLANTON. Oh, but my friend was not here evidently and did not hear the argument of my colleague [Mr. PATMAN]. If he had been here and listened to my colleague, as I did, with careful attention, and caught what he had to say about this bill, he would see that his constituents and mine could be duped. I get complaints practically every week from every direction where some credulous person who has not yet learned to watch and scrutinize the actions of people closely, who still believes that all people are honest, has been taken in and where his life's earnings have been wiped out in the purchase of securities not worth 5 cents. That is what I have in mind. I am not yet ready to swallow every bill that is sent over here from somewhere else. I am not yet ready to take it as a mocking bird as being the proper thing to swallow. I want to scrutinize it myself. Until that defect in the bill mentioned by the gentleman from Texas [Mr. PATMAN] is remedied, I am going to vote against the bill.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. I hope this bill will be defeated. It will probably hinder the enactment of good legislation if it is enacted into law. Its provisions are not sufficient to prevent fraud. No one can claim that it will. If the bill is enacted, it will then be said that we have a law against the sale of fraudulent securities in the District of Columbia, and very little or no effort will be made to enact a real law with teeth in it. This is not a good bill. It will not protect the people if it is enacted into law. It will be harmful and detrimental to the people. It is not in the interest of the general welfare. It is against the interest of the general welfare.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. STAFFORD. In my home State we have a very good blue sky law relating to the scrutinizing of the character of securities that we permit to be sold in the State. As I recall, we have no law similar to this, which seeks to register the salesmen of these securities. As I view this, it is in line with the gentleman's statement and is more or less of a camouflage for the passage of a real blue sky law.

Mr. PATMAN. The gentleman is correct, and I thank him for his contribution. No State in America has enacted more good legislation for the benefit of the people than the State of Wisconsin. If I am not mistaken, this bill is sponsored by the Investment Bankers Association of America. I am not very much in sympathy with anything the investment bankers are in favor of right now just because they favor it, although I shall be glad to consider whatever they wish sympathetically.

When this bill was under consideration by the District Committee I had considerable correspondence, or perhaps we had better call it propaganda, from the Investment Bankers Association of America, wanting legislation of this character. If I am incorrect in that, I should be glad to be corrected, and if any one is present who says it is not sponsored by the Investment Bankers Association, I shall be glad to yield to him. I do not believe that Al Capone was the greatest racketeer in this Nation, although he was considered a great racketeer. I think some of our international bankers are the greatest racketeers in the Nation. I think more attention should be given to what they have done. They have flooded this country with worthless stocks and bonds, foreign securities, securities they knew were worthless when they permitted the people of the Nation to buy them. Anything in aid of the people who are really the greatest racketeers not only in America but in the whole world I certainly am not going to indorse. I do not accuse those who support this legislation of trying to help this class of people, but I do say that you should not insist on a bill here that has no teeth in it, that has no power on earth to stop the real evil, but will only stand in the way of enactment of good legislation. What does the bill do? They will even license people who have been to the penitentiary for committing the very offense which you propose to enact a law against.

Mr. BOWMAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. BOWMAN. What character of bill does the gentleman suggest to protect the people of the District of Columbia?

Mr. PATMAN. We can discuss only the bill that is before us at this time. I hoped the gentleman would not insist on a bill that would permit the licensing of these men who have only recently been convicted of fraud in the District of Columbia when they return from the penitentiary. Under this bill they can be licensed again to sell securities here in the District of Columbia.

Mr. BOWMAN. After two years. Will the gentleman yield there?

Mr. PATMAN. Yes.

Mr. BOWMAN. If the gentleman objects to this bill because of this provision, I am perfectly willing to eliminate it.

Mr. PATMAN. I object not only to that, but the bill establishes a commission and permits them to employ any number of people at salaries that they fix, any number of experts they desire, and if you gentlemen believe in establishing new bureaus, new boards, new commissions, putting additional people on the pay roll, you should vote for the

bill. It is a bill to enforce a law and placing it in charge of the department of insurance in the District. They are not lawyers. They know nothing about enforcing the criminal law.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for five minutes. I want to ask him some questions about this bill.

Mr. DYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DYER. What is before the committee?

The CHAIRMAN. A motion to strike out the last word.

Mr. DYER. How far had the Clerk read?

The CHAIRMAN. The Clerk had read down to line 21 on page 3, the first section.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for one minute so I may ask a question about this bill.

Mr. DYER. Mr. Chairman, I shall not object; but after this I shall make the point, under the rule, to proceed in order.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. PALMISANO. Mr. Chairman, I dislike to interpose objection, even at the risk of a call of the House.

Mr. BLANTON. Does not the gentleman want us to find out something about this measure?

Mr. PALMISANO. It has been continuously objected to by the gentleman from Texas.

The CHAIRMAN. Does the gentleman from Maryland object?

Mr. PALMISANO. I object, Mr. Chairman.

Mr. BLANTON. Mr. Chairman, I think we ought to have a quorum. If we are going to start that kind of business, I shall make the point of no quorum. We are not going to pass this kind of measure without debate, I can tell the gentleman that. I make the point of no quorum, Mr. Chairman.

The CHAIRMAN (Mr. THOMASON). Evidently there is not a quorum present. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 85]

Abernethy	Crowther	Johnson, S. Dak.	Oliver, Ala.
Aldrich	Crump	Karch	Owen
Allgood	Culkin	Kelly, Pa.	Parker, N. Y.
Andrews, N. Y.	Davenport	Kendall	Peavey
Arentz	Dickinson	Kerr	Pratt, Mrs.
Beck	Disney	Lamneck	Rayburn
Bland	Douglas, Ariz.	Lea	Schafer
Boehne	Douglass, Mass.	Lewis	Seiberling
Bohn	Doutrich	Linthicum	Shallenberger
Boylan	Drane	Loofbourow	Shannon
Brand, Ohio	Englebright	Lovette	Shreve
Britten	Fiesinger	Ludlow	Smith, Idaho
Bulwinkle	Frear	McClintic, Okla.	Steagall
Cannon	Freeman	McFadden	Sullivan, Pa.
Chapman	Fulmer	McGugin	Taber
Chase	Gibson	McMillan	Thurston
Chavez	Gillen	McSwain	Treadway
Chiperfield	Golder	Maas	Tucker
Christopherson	Goodwin	Magrady	Underwood
Clarke, N. Y.	Hall, Miss.	Martin, Mass.	Watson
Collier	Hare	Martin, Oreg.	Welsh, Pa.
Cooke	Haugen	Mead	Williamson
Cooper, Ohio	Hawley	Mitchell	Withrow
Corning	Houston	Milligan	Wood, Ga.
Coyle	Hull, Morton D.	Murphy	Wood, Ind.
Crosser	Hull, William E.	Nelson, Wis.	Yon

The committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill H. R. 9065, and finding itself without a quorum, he had directed the Clerk to call the roll, when 328 Members answered to their names, a quorum, and he handed in a list of absentees for printing in the Journal.

The SPEAKER. The committee will resume its sittings.

Mrs. NORTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I regret very much that it was necessary to call the membership from their offices at this time. I know how busy every Member of Congress is and how anxious we are to do the Nation's business. I am very sorry there seems to be a feeling in the House that the business of the District of Columbia is not the Nation's business.

Since I have been chairman of this committee we have had a great deal of trouble in bringing before the House legislation for the District of Columbia. It seems there are certain Members of the House who are insistent upon blocking everything that is for the benefit of the District. I appeal to the Members for their cooperation, and I say to you there is not a harder working committee in the House than the Committee on the District of Columbia. We work in that committee without any personal gain. It does not make a particle of difference to the people back home in our districts what we do for the District of Columbia; but since the people of the District have no vote, and since we are called upon to legislate for them, I certainly think the Members of the House ought to give us at least their cooperation. May I say, too, that a majority of the Members of the House have given us their cooperation. I do not think there is a better committee in the House than the Committee on the District of Columbia this year. I have nothing but praise for every member of that committee. They have given of their time and ability. When bills have been referred to subcommittees, they have responded and brought in bills to the general committee.

It is not possible for the chairman of the general committee to determine accurately every bill that is brought before this House. We then do the next best thing; call upon the Commissioners of the District of Columbia to give us their advice. We call upon the counsel of the District to advise us. It is the business of the District, and as such they should be more interested in it than in anything else. I believe they have given us, every time we have called upon them, their honest opinion of bills that have been introduced. A great many of those bills are introduced at the suggestion of the commissioners. The commissioners are responsible to the District of Columbia. Until the people of the District have a vote (and God knows I hope that day will be soon so that it will take away from us this responsibility which nobody seems to want) it is our responsibility. I appeal to you gentlemen to support us.

Ever since I have been chairman of this committee there seems to be a certain gentleman who has tried to block everything before the committee. I believe in calling a spade a spade, and I am going to mention names. I find that the gentleman from Texas is opposed to everything that is brought to the floor of this House. The gentleman does not come to me as man to man and say to me, "I object to this bill and I wish to change it." The gentleman comes on the floor and tries to filibuster all day; and because we will not stand for his filibustering, then he resorts to other means to try to break up this committee. If the gentleman from Texas is going to succeed in this, there is no use of my trying to continue as chairman of the committee. I am trying to do an honest job. It has given me a great deal of concern, and I have worked very hard to fulfill my contract with the people of the District.

Mr. PATMAN. Will the lady yield for a question?

Mrs. NORTON. Not just now. I will not yield until I have finished, and then the gentleman can say anything he wishes.

Mr. PATMAN. I would just like to ask which gentleman from Texas the lady is referring to?

Mrs. NORTON. I refer to the gentleman from Texas [Mr. BLANTON], of course. I supposed all the Members knew that. [Applause.] I did not think it was necessary to state his name. The gentleman from Texas comes to me smiling and says, "I want to help you," and then we bring in our bills.

Does he help? I will ask any of you if you have ever thought he has given me any help? I say he has given me no help, and I say it right to his face. The last day the District Committee had the floor, when I happened to call attention to the fact that he had consumed some two hours

of our day and spent a great deal of the Nation's money—for every single page of the CONGRESSIONAL RECORD costs $60—he did not like it very much.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. BLANTON. Mr. Chairman, reserving the right to object, I believe in giving a lady Member the same right as any other Member, and I shall not object.

The CHAIRMAN. Is there objection?

There was no objection.

Mrs. NORTON. Speaking of to-day's proceeding, we had a bill that seemed to be controversial. This bill, H. R. 9065, was the unfinished business of the last District day. The gentleman from Texas [Mr. PATMAN] objected to the bill. I have nothing to say against his wanting to amend the bill, or any Member of the House wanting to amend the bill, and make it more satisfactory. That is agreeable to the committee. We desire to have your opinion of the bill. We do not consider it a perfect bill. I have never seen a perfect bill. I do not know whether or not any other Member has. But I do think this is a good bill. If you have any doubt about it, I refer you to the report and the indorsements we have received. I am going to mention a few of them in case you have not a copy of the report.

First of all may I state we have held public hearings on the bill, and the bill has been supported by the District Commissioners, by the law and legislative committee of the District of Columbia Bankers' Association, by the law committee of the Washington Board of Trade, and by the committee counsel representing the Investment Bankers' Association of America. Surely they are not all crooks.

Amendments to the bill which clarify certain passages of the proposed legislation were considered by Mr. West, and assistant corporation counsel of the District of Columbia, and have also been approved by the District Commissioners at a public hearing held by the committee. The legislation was also indorsed by a number of prominent business men and residents of the District of Columbia, including such men as Mr. Robert V. Fleming, president of Riggs National Bank, Mr. Corcoran Thom, president of the American Security & Trust Co., Mr. Pope, acting president of the District of Columbia Bankers' Association, Mr. Sidney S. Taliaferro, vice president of the Riggs National, and a great many others. If you have a copy of the report, it will be unnecessary for me to go farther.

The only objection we know of was presented by Mr. O. H. Brinkman, an attorney who appeared before the committee.

In appearing on the Blaine bill Mr. Brinkman stated that he had been formerly employed by the insurance and banking subcommittee of the Committee on the District of Columbia of the Senate, and in that capacity he had prepared the draft of the Blaine bill (S. 3362). Mr. Brinkman favors the type of law which applies the license principle, which is the principle on which the Blaine bill is based.

May I say further that in reporting the bill out of the District of Columbia Committee the gentleman from Texas [Mr. PATMAN] was heard and received the right to amend the bill as he pleased in the committee. We had no objection.

Mr. PATMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I shall be pleased to yield.

Mr. PATMAN. The lady wants to be fair, I know.

Mrs. NORTON. Absolutely fair.

Mr. PATMAN. Does the lady not recall I could not be present at the hearings and that I stated when the bill was brought before the committee that I could not be present but I would not object to the bill going to the floor? I also stated to the gentleman from West Virginia [Mr. BOWMAN] that he could report the bill out and I would reserve my objection until it got to the floor, but I wanted him to say in his report that I reserved the right to object to it on the floor.

I ask the gentleman from West Virginia [Mr. BOWMAN] now if that is not so, if I may be permitted?

Mr. BOWMAN. I made that statement in the report.

Mr. PATMAN. The lady is mistaken when she states I was at the hearings. I told her I was sorry that I could not be there, but that I did want to be heard when it came up for final passage. I said I felt the bill should be discussed fully in the House. It was 12 o'clock, as I recall, and the reading of the bill would have stopped it until the next week.

I do not think the lady should say I was present and had the privilege of offering amendments because she is mistaken.

Mrs. NORTON. Let me say to the gentleman from Texas the committee felt if the gentleman wanted to amend the bill, it was his privilege here on the floor; but why filibuster? The gentleman talked for one hour when the bill was before the House two weeks ago.

Mr. PATMAN. Will the gentlewoman yield further?

Mrs. NORTON. I shall be pleased to yield.

Mr. PATMAN. My talk on the bill has been confined to the bill. I expect to offer some amendments because I really do not think it is a good bill.

Mrs. NORTON. We will be pleased to hear the gentleman's amendments.

Mr. PATMAN. I have confined my talk to the bill.

Mrs. NORTON. The gentleman will recall that the last day the bill was before the committee the gentleman took over one-half hour——

Mr. PATMAN. Yes; I took an hour, and practically all of it was on the bill.

Mr. STAFFORD. Mr. Chairman, will the gentlewoman yield?

Mrs. NORTON. I yield.

Mr. STAFFORD. Was not this quorum call precipitated by the gentleman from Maryland [Mr. PALMISANO], a member of the committee, objecting to a reasonable request that the gentleman from Texas [Mr. PATMAN] be allowed to continue for an additional five minutes?

I tried to prevail upon the gentleman from Maryland to withdraw his objection so as to proceed orderly, but the gentleman in the performance of his privilege, did not. We could have avoided the quorum call had the gentleman from Maryland not objected to the 5-minute extension of time.

[Here the gavel fell.]

Mrs. NORTON. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PATMAN. Will the lady yield?

Mrs. NORTON. Gladly.

Mr. PATMAN. May I suggest that although the gentleman from Maryland objected to my having 5 additional minutes, he permitted the lady to have 5 additional minutes and 3 more, and I am mighty glad he has.

Mrs. NORTON. This is the first time the lady from New Jersey, the chairman of the committee, has taken up any time of this House. I do not believe in taking up the time of the House on anything that is unnecessary, and any time I have addressed the House it has only been because I felt it absolutely a duty on my part to do so. [Applause.] If every Member of this House was as careful of the time consumed by this House as I am, we would have finished our legislation long ago and be ready to go home by the 10th of June. [Applause.]

Mr. PALMISANO. Will the lady yield?

Mrs. NORTON. Gladly.

Mr. PALMISANO. I want to say in reply to the gentleman from Wisconsin, with reference to the roll call, that it was not so much the five minutes that the gentleman from Texas [Mr. PATMAN] wanted as it was the action of the gentleman from Texas [Mr. BLANTON] and the way the gentleman from Texas [Mr. BLANTON] has been treating this committee since this House has been in session.

Mrs. NORTON. Of course, we all know that.

Mr. PALMISANO. This committee began to ask unanimous consent for the consideration of five bills which had to do with the closing of alleys in the District, bills passed by the Senate, and immediately the gentleman from Texas [Mr. BLANTON] began to object. It is for that reason that I wanted the House to know and the public to know about his actions. The gentleman from Texas has been doing that constantly. On the last District day he had two roll calls and then consumed one hour of the District's time. For that reason the gentleman from Maryland objected, not so much to the five minutes that the gentleman from Texas [Mr. PATMAN] wanted but because of the actions of the gentleman from Texas [Mr. BLANTON]. As a matter of fact, the gentleman from Texas [Mr. PATMAN] did not make the request. It was the gentleman from Texas [Mr. BLANTON], with his idea of filibustering. That was the only reason he asked for a roll call.

Mrs. NORTON. I think everybody in this House understands the motive behind the "no quorum" calls. It has been done continually, and we know why. I do not ask for any favors because I am a woman, as the gentleman from Texas always intimates. I am a Member of this House and have every privilege that any other Member has, and I intend to exercise that privilege. [Applause.] I want to say further that I regret very much that it was necessary to take the floor to make this explanation. Since I have been chairman of this committee this is the fourth day we have been on the floor, and we could have finished our business and made way for other Members who had important legislation to bring up for action. We do not want to take any undue portion of the time of the House in the consideration of District business, but it does seem that much of the time of the House is taken to appease the vanity of one particular man. [Applause.]

Mr. BLANTON. Mr. Chairman, I offer a preferential motion to strike out the enacting clause. Mr. Chairman, no catty remarks are going to keep me from doing my duty, but I do expect to answer some cat remarks from my friend from Maryland. I asked some questions about this bill. He did not want me to get the information from a member of his committee, Mr. PATMAN, and then I made a point of no quorum. I had a right to do it.

Mr. PALMISANO. Will the gentleman yield?

Mr. BLANTON. No; I will not yield.

Mr. PALMISANO. Of course not.

Mr. BLANTON. So understand that. I do object to his cat remarks. Now, this bill provides, on page 19, line 7, that "the Board of Commissioners of the District of Columbia may appoint and employ such additional assistants to the superintendent of insurance as may be necessary," without any limitations. They also are to fix the salaries.

Mr. HARLAN. Will the gentleman yield?

Mr. BLANTON. No; I will not yield.

They fix the number of employees and assistants and the salaries. Are you willing for them to do that? I am not.

I know something about this insurance department. Long before the lady from New Jersey [Mrs. NORTON] came here and long before the gentleman from Maryland [Mr. PALMISANO] came here I caused an investigation to be made of that insurance department, and I had the insurance commissioner removed for dishonesty and for improper dealings, Insurance Commissioner Miller. I had him removed. They now want to put in the hands of the new commissioner of insurance the right to specify the authority, duties, and designations of his assistants. They want to give him all possible power without any limitation or restriction. That is what I wanted to bring home to the gentleman from Maryland [Mr. PALMISANO], and he would not allow me to do it.

I have had the gentleman from West Virginia [Mr. BOWMAN], the author of this bill, fighting me; when I was after a commissioner himself, Commissioner Fenning, he blocked me at every turn of the road in the committee and every turn of the road on the floor. I had to have that man impeached and run out of office, as he resigned after my hearing at the request of the President, in spite of the gentleman from West Virginia.

I am going to do my duty no matter how many catty remarks are made about me on the floor.

I want to say this, that every Member on this floor knows that two-thirds of the bills that have come from the District Committee in the last 20 years have been bad bills, and we have knocked the enacting clause out of many of them, and it ought to be knocked out of this bill. I know it will not be because there is a feeling here we have got to support our lady Member, and we are going to back her bills, so I know you will not knock out this enacting clause, but you ought to.

The criticism of this bill did not come from me. It came from my colleague [Mr. PATMAN], a member of this committee, "that you can take a convict who has been sent to the penitentiary for selling worthless securities and he can get a license under this bill, and he can go into your State and my State and every one of the 48 States, without any limitations or restrictions, and he can sell worthless securities to every one of the 120,000,000 people of the United States." That criticism was made by my colleague [Mr. PATMAN], a member of the District Committee, and I was warranted in asking him some questions so that all of us could thoroughly understand the bill before we voted for it. My request was reasonable. When the gentleman from Maryland refused to allow such questions to be asked, I was within my rights, and it became my duty to resort to the rules and parlimentary privileges given me, and I demanded that a quorum be present. And because I did this, I was criticized. It is my duty to the people of the United States to stop, if I can, the passage of bad bills like this, that seriously affect their interests.

Do you think I am going to let catty remarks keep me from telling you about bad bills?

Mr. BOWMAN. Will the gentleman yield?

Mr. BLANTON. I am sorry; I can not yield. Let them take care of themselves. I know how to take care of myself on this floor. [Laughter and applause.] I have been here a long time. If you gentlemen want this kind of a bill to pass, if you want to place this power in the hands of a commissioner of insurance, whose predecessor was removed for dishonesty and removed by my investigation, if you please, vote for the bill and let your constituents suffer.

[Here the gavel fell.]

Mr. HARLAN. Mr. Chairman, I rise in opposition to the motion to strike out the enacting clause.

It is with a great deal of regret that discussions of this kind come in on a bill of this character. I do not believe anyone would say that any one particular piece of legislation could be considered absolutely perfect, but, nevertheless, this is an effort to do something along this line.

There are three ways we can arrive at the control of fraudulent securities.

We can do nothing, as we are doing now, and wait until somebody has been actually defrauded, as was suggested by the gentleman from Texas [Mr. PATMAN], and then prosecute the man criminally; but this is not a very satisfactory way. It is locking the barn after the horse has been stolen.

The second way is to go after the security itself and establish a bureau to go into the assets of the company, the legality of its incorporation, and everything pertaining to the value of its securities. This includes patent rights, good will, and a great many questions of that kind that you gentlemen who are lawyers in the different States and have had experience with blue-sky departments know about and know how very complicated and very expensive this is and also know that experience in most cases has shown that such efforts are futile.

We have attacked the question at this time in another way—not to go directly at the security, but to go at the man who sells the security and as soon as the man publishes advertising of a defrauding character or sells securities which he knows to be fraudulent, then the commissioner of insurance in the easiest way possible, by injunction or by revoking his license, stops the crime before it is committed.

The question has been raised here by the gentleman from Texas that this opens the door, by licensing these salesmen to go into other States and sell without restriction. This is altogether a matter that is under the control of the various States themselves. If the States do not want an agent licensed in the District of Columbia to sell securities in the State of Ohio or Oklahoma or Pennsylvania, the States can stop it. The licensing of an agent here has nothing to do with anything except selling in the District of Columbia.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. HARLAN. I yield.

Mr. STRONG of Kansas. Does the gentleman think it is a very good policy to prosecute a man for selling a worthless security and pay no attention to the security itself, and let somebody else go on and sell it?

Mr. HARLAN. I would not say that is perfect; but when you take the other side of the picture, the difficulties in the other class of cases have been greater. When you go after the securities it has been more difficult to ascertain the good from the bad, and another difficulty is that when a security is certified by a blue-sky department, the people say, "Here, this must be a good, bona fide, gilt-edged security. It has the stamp of the blue-sky department on it and it is good," whereas, in fact, it may or may not be good.

Mr. STRONG of Kansas. But suppose they make an investigation and say this security is not good. This is what they have to do when they send a man to jail or put him out of business, and why not do it before any harm is done?

Mr. HARLAN. The insurance commissioner here has very liberal powers in that regard.

Mr. BOWMAN. Will the gentleman yield to me a moment?

Mr. HARLAN. Yes.

Mr. BOWMAN. Is the gentleman from Kansas aware of the fact that worthless securities issued in the District were sold in various States throughout the Union under the provisions of a blue sky law?

Mr. STRONG of Kansas. No.

Mr. BOWMAN. The blue sky law gives them an opportunity to commit fraud, and the State of Minnesota has recently enacted a law which requires a notice to be placed on each certificate of stock to be sold in the State of Minnesota, and the notice is as follows:

NOTICE.—While the laws of the State of Minnesota permit the sale of the attached securities, such legal permission does not mean that the State of Minnesota guarantees the success of the enterprise covered by such securities.

In other words, the indorsement and the recommendation of the State gives greater and greater opportunities for fraud than the injunction type of control.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 7, noes 43.

So the motion was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment by Mr. PATMAN to the committee amendment: Page 3, line 21, after the word "Columbia," insert "unless said companies engage in the sale of foreign securities."

Mrs. NORTON. Mr. Chairman, the committee will accept that amendment.

Mr. STAFFORD. What attitude does the lady from New Jersey take toward the committee amendment—to have the committee amendment defeated, to strike it out, or have it remain in the bill?

Mrs. NORTON. Have it remain in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. PATMAN].

The amendment was agreed to.

The CHAIRMAN. The question now is on the committee amendment.

The question was taken, and the committee amendment was rejected.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out paragraph (d).

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. LAGUARDIA moves, on page 3, beginning in line 2, to strike out paragraph (d).

Mr. LAGUARDIA. Paragraph (d) provides that the provisions of this act shall not apply to any sale or offer for sale of securities of any bank, bankers, savings bank, trust company, building and loan association, insurance company, or other financial institution. Why are they exempted? At this very time all the financial institutions in this country, with a very few exceptions, are under great stress and difficulty and embarrassment by reason of worthless securities which they purchased and now hold. It has been suggested by a gentleman near me that these banks are exempted because they know what they are doing. Mr. Chairman, they do not, and I make the statement without any reservation.

You can catalogue the banks of this country in two classes; in one class those who sell bad securities and in the other class those who bought bad securities. There is no doubt about that.

I realize the difficulty of the committee in getting any sort of a bill through. I know how difficult it was in previous years.

Let us be frank about it. There was a time, let me say to the lady from New Jersey, when some of the very dirtiest work that went on in the District of Columbia in reference to securities was participated in by a member of the committee, who is now under indictment.

Mr. BLANTON. He was chairman of the District Committee until this session of Congress.

Mrs. NORTON. Does the gentleman think that has anything to do with the present bill?

Mr. LAGUARDIA. No; but I understand the difficulty is in getting any sort of a measure of this kind with real teeth in it, anything that will really accomplish the purpose. There are thousands and thousands of small investors in the District of Columbia who have bought worthless stocks and bonds. I want to take this opportunity to refer to the excellent and very efficient public service of Assistant Attorney General Nugent Dodds, who convicted some of these scoundrels.

I want to say to the lady from New Jersey, that before she was a Member of the House, we tried to put through a national blue sky law, and we encountered the same difficulty when we got to the period of reading it under the 5-minute rule that we have had here. It was loaded down with amendments, and we could not do it. Congress wants to give some attention to this kind of legislation. The scoundrels seem to be very powerful in either getting a meaningless bill or no bill at all.

Mr. BLANTON. The amount that F. H. Smith & Co. and former Congressman Zihlman defrauded the people of the United States of would run up into the millions.

Mr. LAGUARDIA. No doubt about that. I do not think you should put into these exceptions a provision that it shall not apply to bankers. The banker, as has been said, can take care of himself; it is the depositors that I am concerned in. I think we should strike out section (d).

If an individual in the District should sell a can of beans misbranded or sell milk contrary to the health regulations; if an individual in the District of Columbia should sell a suit of clothes as wool that is not wool or a piece of jewelry and call it sterling when it is not sterling, there are ample laws to take care of the situation; but because a man sells a piece of paper with a seal on it, which is fraudulent, he can get away with everything as long as he calls himself a banker or a broker. This bill is loaded with exceptions. That is why the bill is unsatisfactory. It has not sufficient teeth in it. Why, right in this same paragraph which leads off with an exception for bankers and financial institutions; that is, the act not being applicable to them, it goes on and excepts from the provision of the bill advertisements in newspapers and circulars, pamphlets, and other advertise-

ments. Why, that is the very heart of any blue sky law. Why exempt such advertisement when the law to protect investors should be sufficiently far-reaching as to take any scoundrel who advertises falsely and sells securities on such misrepresentation and place him in jail where he belongs. As we read on further, I will point out similar provisions which destroy the very purpose of this bill and the purposes which I know the distinguished lady from New Jersey has in mind. Paragraph (d), to start with, should be stricken from the bill.

Mr. BLACK. Mr. Chairman, I think the committee could well accept the suggestion made by the gentleman from New York [Mr. LAGUARDIA] without doing the bill any harm. I understand the general reason for this exemption is because it is patterned after similar exemptions in blue sky laws, the reason for the exemptions being that there are other laws far more stringent than the blue sky law to take care of the investment of banks. I understand that is also the case in the District of Columbia, and that this law, with the provision against banks, would not offer any greater safety to the depositors than do the existing statutes.

Mr. LAGUARDIA. And also on page 4 in the same paragraph where it says—

> Nor to the sale of space for advertising of securities in any newspaper, magazine, or publication.

Mr. BLACK. Mr. Chairman, I believe one of the troubles with these bills is that always there have been too many exemptions. If we are going to draw a blue sky bill we might as well make it as broad as possible. The idea of this bill is not to protect the banks, directors of insurance companies, and so forth, but it is to protect the public which have no means of making an investigation, which it is supposed that banks and insurance companies are in the position to make.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. BLACK. Yes.

Mr. McFADDEN. Would banks located outside of the District be exempted from selling securities in the District under this bill?

Mr. BLACK. No; I do not think so. The point the gentleman from New York is making is that the exemption is designed to protect the banks buying securities. We are not discussing banks selling securities. I rather think that the introducer of the bill and the committee could accept the suggestions of the gentleman from New York.

Mr. REED of New York. Mr. Chairman, I move to strike out the last word.

A group of financial bandits, actuated by selfish motives and with no regard for the welfare of the Nation, have driven the public into a frenzy of fear and despair for no other purpose than to profit by it. Recent disclosures of the transactions on the part of men prominent in financial circles have shaken public confidence to its very foundations. When the whole story is revealed it will be the blackest page in our financial history. The curtain has been lifted just enough to enable the public to get a mere glimpse of the sordid mess. Those who have endured great financial hardship during the depression have been inclined to blame the Government, and especially Congress, for the blighting plague from which they have suffered.

The financial pirates, who have fleeced the public out of billions of dollars, now hope to obscure their iniquities by directing public attention elsewhere.

Just as soon as investigations had proceeded to a point where the financial raiders saw danger, the heavy guns of propaganda were wheeled into line for action and a broadside of vilification was turned upon Congress. The press, the magazines, the radios, the paid lecturers, and the mails have thrown down a dense smoke screen of invective to obscure and shield from public view the operations of these financial racketeers.

Thirty billions of dollars of worthless foreign bonds sold to innocent investors does not provoke widespread editorial comment. A pool to fleece the public out of millions of dollars is looked upon by the press in great financial centers as a legitimate and righteous transaction.

An organized bear raid to drive securities down to a point where thousands of banks are threatened with insolvency provokes little editorial comment and fails to arouse the indignation of the press.

The purchasing power of the United States has been deliberately and shamelessly impaired to the extent of $30,000,000,000 through the sale of worthless securities by the international bankers. Through this monumental swindle the hard-earned savings of millions of Americans have been diverted from productive enterprise at home to be spent with unrestrained prodigality abroad.

In the process of selling and unloading these worthless securities on the American public, the international bankers in some instances did know of their worthless character. It was done for the sole purpose of making unholy and unconscionable profits growing out of large and unusual commissions allowed these bankers for such sales. Much of this vast sum will be used by our foreign competitors. One foreign country has used a portion of the money obtained from the sale of its worthless securities to build better homes for its workmen and to develop parks and playgrounds for their children. The object for which the money has been spent abroad may be laudable, but in this time of distress its expenditure for those who are in need in this country would be more commendable.

A gross betrayal of our national interests such as this provokes no widespread condemnation. When Congress inserts an item in an appropriation bill to assist the States and local communities of America to train men, women, and children crippled in industry such an act is hailed as gross extravagance.

The President has recommended and Congress has passed legislation at this session of Congress to afford relief to various basic institutions of the country. Every attempt to restore public confidence has met with the organized and determined resistance of those who prey upon public distress.

Market raids have been organized and executed with consummate skill to still further shatter public confidence and for no other purpose than to frighten and bewilder their victims until in sheer desperation small investors, including employees who have purchased the stock of the company that employs them, have sacrificed their hard-earned holdings only to have them bought in by the financial vultures who hope to profit when the tide turns. This is an old racket and during previous depressions it has been carried on without let or hindrance.

The President has suggested and Congress has enacted legislative measures to absorb the shock of this world-wide depression. Never before in the history of financial panics has so much been done by the Chief Executive and by Congress through legislative enactments to reassure and restore business to its normal functions.

These efforts have been nullified by the deliberate and malicious acts of men who seek to profit by the continuation of the depression. Every manifestation of a return of confidence has been met with ruthless resistance and a bold counterattack upon security values.

The time will come, however, when the testimony now spread upon the record will become known to the public and the motive for the vicious attacks that have been launched upon Congress will be disclosed.

Mr. EVANS of California. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. EVANS of California. Mr. Chairman, I ask this privilege for the purpose of presenting to the House a distinguished young woman of this country. She is a resident of the city which I have the honor to represent in part—Los Angeles. On Saturday evening she won the national championship in the oratorical contest held in this city on the fundamentals of the Constitution of the United States. In

a short time she will compete for the world championship. She is in the gallery this afternoon, and I take great pleasure in presenting to the House Miss Lucylle Goldsmith, of Los Angeles. [Applause.]

Mr. DYER. Mr. Chairman, I move that all debate upon section 1 and all amendments thereto be closed in 10 minutes.

The motion was agreed to.

Mr. BOWMAN. Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York [Mr. LAGUARDIA]. I call the gentleman's attention to page 2 of the bill. It provides that—

Salesmen shall include every person employed or appointed or authorized by a dealer to sell or to offer for sale within the District of Columbia, for a commission or compensation, any security to any person.

The subsection then proceeds with the definition of partners and partnerships, and so forth. Then we find in subsection (b) that—

The term "include," when used in the definition contained in this act, shall not be deemed to exclude other things or persons otherwise within the meaning of the term "define."

In subsection (c) the law specifically provides:

The provisions of this act shall not apply to any receiver, referee, administrator, executor, guardian, or other person appointed or acting under the judgment or order of any court—

And so forth.

And subsection (d) provides:

The provisions of this act shall not apply to any sale or offer for sale of securities to any bank, banker, savings bank, etc., trust company, building and loan association.

I think the gentleman from New York will understand definitely that it is necessary to prescribe certain limitations around the qualification for salesmen, and consequently there are excluded from the bill receiverships and referees, administrators, bankers, and so forth.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. BOWMAN. I yield.

Mr. LAGUARDIA. Of course, "receivers" is not in this paragraph, so that is out of the argument. I am talking about section (b) alone. Now, this act provides, first—

Shall not apply to bankers—

But what I can not understand is why in the same paragraph there should be added the provision:

nor to the sale of space for advertising of securities in any newspaper, magazine, or publication, nor to the offering of securities by any person in conjunction with any registered dealer by use of advertisement.

That is where all the vice and trouble come.

Mr. BOWMAN. That section applies only to bankers, trust companies, and so forth.

Mr. LAGUARDIA. No. It reads:

The provisions of this act shall not apply.

That is what I wanted to strike out. It will not hurt the law at all to strike out paragraph (d). Unless the bankers sell they will not come into it, but this vicious part which has been unwittingly hooked on to paragraph (d) is the root of the evil. Nothing will be accomplished unless that goes out. I can not do anything more than offer the amendment and call the attention of the House to it.

Mr. BOWMAN. I hope the amendment will not prevail.

Mr. MILLARD. Will the gentleman yield?

Mr. BOWMAN. I yield.

Mr. MILLARD. This bill was framed after similar laws in the States of New York, New Jersey, and Connecticut, was it not?

Mr. BOWMAN. Yes; that is correct.

Mr. MILLARD. Is this same provision contained in those laws?

Mr. BOWMAN. Yes. It is also in the Connecticut and the New Jersey laws.

Mr. MILLARD. The New York law is a very carefully worded law.

Mr. STAFFORD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. STAFFORD. The gentleman from New York moved to strike out the entire paragraph, namely, (d). There is a committee amendment to strike out lines 7 and 8, and I take it that the vote will first come on the committee amendment, in the nature of a perfecting amendment.

The CHAIRMAN. The committee amendment will be acted on first.

The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: On page 4, line 6, after the word "groups" and the semicolon, strike out the words "nor to any sale or offer for sale of securities upon the floor of any exchange to a dealer in securities."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LAGUARDIA].

The question was taken; and on a division (demanded by Mr. BOWMAN) there were ayes 22 and noes 6.

So the amendment was agreed to.

The Clerk read as follows:

Committee amendment: Page 4, line 16, insert a new section to read as follows:

"(e) It shall not be necessary for incorporated banks, including national banks and trust companies, now or hereafter transacting business as banks and/or trust companies within the District of Columbia, and subject to examination and supervision by the Comptroller of the Currency of the United States, to register or to file any registration as required in section 2 of this act, nor shall it be necessary for any such bank or trust company to pay the fee or to file any supplemental registration statement as required in section 4 of this act, but such banks and trust companies shall in all other respects be subject to the provisions of this act."

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

I regret that the distinguished gentlewoman from New Jersey [Mrs. NORTON] has charged my colleague from Texas [Mr. BLANTON] with filibustering. Mr. BLANTON was a member of this committee for many years. He is familiar with the legislation that has been pending for many years before this committee. He can find the loopholes and jokers in a bill as quick as any Member of this body. He is one of the most useful Members of the House of Representatives. He has the interest of the people at heart, and his knowledge of parliamentary law enables him to very effectively protect and defend them from innocuous proposals such as the one now pending before us. His participation in this debate has been very helpful. I am glad that he refuses to be intimidated by such unjustified charges, and continues to carry on for what he believes is right.

Since the LaGuardia amendment, striking out section (d) has been adopted, this committee amendment inserting section (e) should be defeated. If it is intended to apply to those concerns named in section (d), section (e) should not be in the bill. I hope the chairman of the committee will agree with me on that proposition, and accept my amendment.

While the committee chairman is examining the amendment I want to invite attention to the fact that I do not think this bill should pass in any form. If the bill does pass, it will just be a hindrance. It will be an excuse for not enacting real legislation. This is not effective legislation against fraud. If it were, you would be for it and I would be for it. All of us would be in favor of enacting legislation against fraud. We want to stop fraud. We want to put people who are guilty of fraud in the penitentiary, but this bill will not do it. It will be a hindrance rather than a help. For instance, in the case of the F. H. Smith Co., those men who were guilty of violating the law have been sent to the penitentiary. Under this bill they would have been registered to sell securities, and then, after they had defrauded people, instead of having a grand-jury indictment, they would have been investigated by the Department of Insurance to determine whether or not they were guilty.

Mr. BLANTON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BLANTON. Under the proposed section (e) such fraudulent outfits as the F. H. Smith Co. could sell all sorts of worthless securities in the 48 States without even filing them for registration or having any action taken whatever regarding investigation of their value.

Mr. LAGUARDIA. Or the American Bond & Mortgage Co.?

Mr. BLANTON. Certainly. This provision would permit more fraud than exists to-day.

Mr. PATMAN. I think it would be an excuse for fraud. If this bill were enacted into law, a salesman would call at your office. His argument would be this:

I am registered under the laws of the District of Columbia to sell securities. In order to sell these securities I must submit to the District insurance commissioner all the advertising that I am putting out. I have submitted to him all this advertising. He has put his stamp of approval upon it, and, therefore, you can rely upon every word that is stated in this advertising matter, and I should not be registered here unless I were selling good securities.

Mr. HARLAN. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. HARLAN. Would not that same argument apply to any effort at the regulation of the sale of securities, or if we tried to control the security or the man who sold the security, and is it not true there is nothing in this bill that repeals any criminal statute that the F. H. Smith Co. or any other company may have violated?

Mr. PATMAN. If this bill had been effective when the F. H. Smith Co. was selling these worthless securities what would have happened? Complaint would have been made. Instead of making complaint to the grand jury, as was done in that case, complaint would be made to the insurance commissioner, who would have spent one month, two months, six months, or two years investigating it, and then if the statute of limitations had run upon the criminal offense that had been committed, of course, it would be just too bad for the law-abiding people of the District.

Mr. HARLAN. Will the gentleman yield further?

Mr. PATMAN. I yield.

Mr. HARLAN. There certainly is not a thing in the bill that in any way affects the action of the prosecuting official of the District.

Mr. PATMAN. It does not enjoin him. Do not take too much of my time. It would give the commissioner of insurance jurisdiction.

[Here the gavel fell.]

The CHAIRMAN. The question is on the committee amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 17, noes 13.

So the amendment was agreed to.

Mr. BLANTON. Mr. Chairman, I move to strike out all of section 1 and insert in lieu thereof the provisions of the bill known as the Blaine blue sky bill, S. 3362, after the enacting clause. That is a real blue sky bill which will stop fraud all over the United States.

Mr. Chairman, I give notice that if the Blaine bill is inserted as an amendment, I shall move to strike out the other provisions of the House bill, which notice I am entitled to give under the rules of the House.

Mr. BLACK. Mr. Chairman, I reserve a point of order and ask unanimous consent that the reading of a long bill like the Blaine bill be dispensed with. We all know what it is.

Mr. BLANTON. This is one of the best bills that have yet been proposed. While it, too, needs amending, I want the membership to hear it.

Mr. BLACK. It is just taking up the time of the committee.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. BLANTON: Strike out all of section 1 of H. R. 9065 and insert in lieu thereof the following, after the enacting clause:

"DEFINITIONS

"SECTION 1. When used in this act the following terms shall, unless the text otherwise indicates, have the following respective meanings:

"(1) 'Security' shall include any note, stock, treasury stock, bonds, debenture, evidence of indebtedness, certificate of interest or participation, or right to subscribe to any of the foregoing, certificates of interest in a profit-sharing agreement, certificate of interest in an oil, gas, or mining lease, collateral trust certificate, preorganization certificate, preorganization subscription, any transferable share, investment contract, or beneficial interest in title to property, profits or earnings, or any other instrument commonly known as a security, including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security.

"(2) 'Person' shall include a natural person, a corporation created under the laws of the United States, District of Columbia, or any State, country, sovereignty, or political subdivision thereof, a partnership, an association, a joint-stock company, a trust, and any unincorporated organization. As used herein the term 'trust' shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or any public charitable trust.

"(3) 'Sale' or 'sell' shall include every disposition, or attempt to dispose of a security or interest in a security for value. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase and to have been sold for value. 'Sale' or 'sell' shall also include a contract to sell, an exchange, an attempt to sell, an option of sale, a solicitation of a sale, a subscription or an offer to sell, directly or by an agent, or a circular, letter, advertisement, or otherwise: *Provided*, That a privilege pertaining to a security giving the holder the privilege to convert such security into another security of the same issuer shall not be deemed a sale of such other security within the meaning of this definition and such privilege shall not be construed as affecting the status of the security to which such privilege pertains with respect to exemption or registration under the provisions of this act, but when such privilege of conversion shall be exercised such conversion shall be subject to the limitations hereinafter provided in subsection (h) of section 5: *And provided further*, That the issue or transfer of a right pertaining to a security and entitling the holder of such right to subscribe to another security of the same issuer, when such right is issued or transferred with the security to which it pertains, shall not be deemed a sale of such other security within the meaning of this definition and such right shall not be construed as affecting the status of the security to which such right pertains with respect to exemption or registration under the provisions of this act; but the sale of such other security upon the exercise of such right shall be subject to the provisions of this act."

Mrs. NORTON (interrupting the reading of the amendment). Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 9065) to supervise and regulate the sale of securities within the District of Columbia, and had come to no conclusion thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MCCLINTIC of Oklahoma (at the request of Mr. HASTINGS), for two weeks, on account of important business.

To Mr. BOYLAN, indefinitely, on account of illness.

To Mr. GOODWIN, indefinitely, on account of illness in family.

To Mr. KENDALL (at the request of Mr. KURTZ), indefinitely, on account of the death of his brother.

To Mr. HARE (at the request of Mr. DOMINICK), for two days, on account of important business.

OPENING AND CLOSING OF ROADS ON LANDS OWNED BY THE DISTRICT OF COLUMBIA AT OCCOQUAN, VA.

Mrs. NORTON. Mr. Speaker, I call up the bill (S. 1768) to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va., and ask unanimous consent for its consideration in the House as in Committee of the Whole.

The SPEAKER. The lady from New Jersey calls up Senate bill 1768, to provide for the opening and closing of roads within the boundaries of the District of Columbia workhouse property at Occoquan, Fairfax County, Va., and asks unanimous consent for its consideration in the House as in Committee of the Whole. Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, there was a bill before the committee called up in the House, and the House went into the Committee of the Whole House on the state of the Union to consider it, and under the 5-minute rule it was being read when I offered a germane amendment. During the reading of the amendment, without concluding it, the committee rose.

I wish to propound a parliamentary inquiry. Is it not the unfinished business of the committee to finish reading that amendment before it takes up any other bill?

The SPEAKER. It was in the committee; but the committee rose, and we are now in the House.

Mr. BLANTON. That is a bill upon which there had been general debate and it was being read under the 5-minute rule. An amendment had been offered to substitute a Senate bill and notice was given that if the amendment were adopted and the Senate bill substituted motions would be made striking out the following provisions of the bill.

The SPEAKER. The Chair will state to the gentleman from Texas that the Committee of the Whole rose. When the Committee of the Whole resumes consideration of that particular bill it will then resume consideration of the amendment.

Mr. BLANTON. I think it is more important to finish the other bill, and I therefore object.

BOARD OF INDETERMINATE SENTENCE AND PAROLE FOR THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Chairman, I call up the bill H. R. 10273, a bill to establish a board of indeterminate sentence and parole for the District of Columbia and to determine its functions, and for other purposes.

The Clerk read the title of the bill.

Mrs. NORTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10273.

Mr. STAFFORD. Mr. Speaker, before the Chair puts that motion can we arrive at some limit of time for general debate on this bill?

Mrs. NORTON. Thirty minutes.

Mr. BLANTON. I do not think we can arrive at any such agreement.

Mr. PALMISANO. Mr. Speaker, I move that the House do now adjourn. It seems we can not get anywhere. The gentleman from Texas will not agree to anything.

Mr. BLANTON. The gentleman from Maryland will not agree to anything. I am not going to allow him to thus refer to me on the floor.

The SPEAKER. All of this discussion is out of order.

Mrs. NORTON. Mr. Speaker, pending the motion that the House resolve itself into the Committee of the Whole House on the state of the Union, I ask unanimous consent that debate on this bill be limited to 30 minutes.

The SPEAKER. The lady from New Jersey moves that the House resolve itself into the Committee of the Whole on the state of the Union for the consideration of the bill H. R. 10273, and, pending that motion, asks unanimous consent that debate on the bill be limited to 30 minutes. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

ORDER OF BUSINESS

Mr. SNELL. Will the lady withhold that motion for a minute?

Mrs. NORTON. Gladly.

Mr. SNELL. Mr. Speaker, may I ask something about the program for to-morrow and the balance of the week?

The SPEAKER. The Chair understands that two election cases will be taken up-tomorrow.

Mr. SNELL. They will take very little time, because I understand they are unanimous reports. Is anything else to come up?

The SPEAKER. The Chair has not been advised about it. The Chair understood there was to be some debate on one of the election cases but probably not. When consideration of those cases is finished it is possible that the bill which is to be taken up for consideration Thursday may be taken up, a bill reported by the Banking and Currency Committee—either that or the House will adjourn.

PLEA FOR ADDITIONAL DISTRICT OF COLUMBIA LEGISLATION

Mr. BLACK. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLACK. Mr. Speaker, I am going to ask the lady from New Jersey not to insist on her motion to adjourn because we have two bills from the District Committee which are vitally important to the District and vitally important in the way of employment. We have two bills which permit the closing of streets and the extension of a railroad spur at Buzzards Point for the purpose of the erection of a new power plant. It is estimated that about $4,000,000 will be spent in the District by the erection of this plant. If these bills are passed, they must be passed to-day if they are to serve their purpose. I understand we will not have another District day in the House. I hope therefore this House will not adjourn without giving this opportunity of relief through the expenditure of money for construction work. This is the first light I have seen in the way of relieving unemployment and it means a great deal to the District of Columbia.

Mr. BLANTON. Mr. Speaker, I demand a quorum. I think we should have one.

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

Mr. McDUFFIE. Will the lady withhold her motion?

Mrs. NORTON. I will be glad to withhold it.

The SPEAKER. Does the gentleman from Texas withhold his point of no quorum?

Mr. BLANTON. For the purpose of permitting the gentleman from Alabama to make a statement; yes.

CHARLES BRANTLEY AYCOCK

Mr. McDUFFIE. Mr. Speaker, on last Friday, May 20, the statue of the late Charles Brantley Aycock, one of America's outstanding statesmen, was presented to the United States. The presentation was made by the governor, representing the State of North Carolina, and by the Hon. Josephus Daniels, former Secretary of the Navy, representing the Aycock Statue Commission of North Carolina.

It was my privilege to attend and hear a part of that very interesting program in Statuary Hall. Unfortunately, I did not hear nor have I a copy of the address of the Hon. Josephus Daniels, but I understand the gentleman from North Carolina [Mr. LAMBETH] has a copy and will ask permission to extend his remarks by inserting in the CONGRESSIONAL RECORD the very able address of Mr. Daniels. I have a copy of the masterful address of the Hon. Max Gardner, who is one of America's greatest executives and who truly represents all of the fine traditions of the Old North State. The address accepting for the United States the Aycock statue was delivered by our colleague the Hon. LINDSAY C. WARREN, who so ably represents the first congressional district of North Carolina in the House of Representatives. Mr. WARREN'S address, a copy of which I also have, is a classic, worthy of his fine intellectual genius. I ask permission of the House to have these addresses printed in the CONGRESSIONAL RECORD.

The SPEAKER. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The addresses follow:

ADDRESS OF GOVERNOR GARDNER PRESENTING THE AYCOCK STATUE, STATUARY HALL, WASHINGTON, D. C., FRIDAY, MAY 20, 1932, AT 3 O'CLOCK P. M.

In Westminster Abbey there is a tablet to the memory of a great son of Britain which bears only two words, "Loved, served."

These two words, with great appropriateness, could be carved on this statue of Aycock.

In the undelivered speech of Charles Brantley Aycock, announcing his candidacy for the United States Senate, there is a sentence which seeks a self-appraisal that will be universally accepted by the public and will relieve contemporary North Carolinians of all embarrassment in the invidious task of selecting him for this great national honor.

Mr. Aycock had set a date for his formal announcement of his candidacy for the Senate, but meanwhile had been called to Birmingham to address the National Education Association. There standing before the teachers of his country and glorifying their cause, he fell dead on the platform with "education" as his last audible word. There was a predestined fitness in his death as there had been in that life, for despite his rearing in the sweltering domain of politics he wrought his immortality in his ministry to the child.

In that unuttered address Governor Aycock wrote of himself: "For I am a plain and simple man who loves his friends and has never been hated enough by any man to make him hate again in return." You see in a moment why North Carolina's devotion perseveres after an interim of 30 years between his public service in office and this good day. "A plain and simple man who loved his friends" and never allowed the hate of an enemy to change the direction of his duty. What a sublime philosophy of life.

Most of our great public men have been victimized by both their enemies and their friends. If friends have not disproportioned our heroes utterly by praise, enemies have deformed them by calumny. To see only the faults or to see no faults at all has been the tragic limitation of this great democracy of ours. And then finally comes a day when this great whirling chaos turns to order, justifies itself and the faith of all its dreamers, canonizes a man like Charles Brantley Aycock, and in one voice demands that he be placed in the Valhalla of the Nation.

I do not anticipate any development in our national life which can alter the verdict of our times. Choosing for Statuary Hall a second North Carolinian to embody in bronze the spirit of our people and the genius of our institutions could have been both an audacious and an impudent performance. It has a finality about it that is subject to all the discounts of history. But I dare say that if there ever comes a time when North Carolinians repudiate the decision of our own day, the Commonwealth itself will have degenerated so that it will be interested in no great past, without which interest there can be no great future.

Two of our greatest sons have been honored by other States. Andrew Jackson is presented by Tennessee and Thomas Hart Benton by Missouri. They pioneered in the westward sweep of the empire, leaving behind an equally mighty array of figures to pioneer in the spirit of democracy—William Richardson Davie, the "father of the university," governor, diplomat, Senator; Nathaniel Macon, fundamental democrat and prince of the parliamentarians as Speaker of the National House of Representatives; James Knox Polk, President of the United States, who added the vast empires of Texas and California to the great Republic; Archibald D. Murphy, deep scholar and constructive planner of North Carolina's development; Andrew Johnson, President of the United States, defender of the Constitution, and glorified exponent of the right of mankind to be redeemed by their own crafts; Thomas Ruffin and Richmond Pearson, who made their own bar and bench known throughout the country; Walter Hines Page, editor, scholar, social and educational reformer, internationally famous ambassador to the Court of St. James; not to mention Willie P. Mangum, William Gaston, William A. Graham, John Motley Morehead, James Johnston Pettigrew, and a hundred others of a great line. What a galaxy of stars from which to find our contribution to the Nation.

North Carolina's choice has fallen upon men close to our own time—Vance and Aycock—men whose personality and traits are still familiar to many now living. Neither won the highest prizes of public office in the Nation—Presidency, Vice Presidency, or Cabinet officer. But each loved his way into this national eminence and won his place on their universal recognition as typical products of North Carolina at its best.

Yet all of us recognize that this distinction, admirable and enviable as it may be, is of itself not sufficient to warrant inclusion in the national pantheon. We must look for that elusive, almost indefinable, quality which the world calls greatness. The term is loosely used and bestowed often where it does not belong. These men were North Carolina politicians, and in the world-wide debunking, it has become a fashion to make politics a byword and a hissing. Neither Vance nor Aycock regarded himself better or worse than his fellows, and they in turn knew that the difference between these statesmen and themselves was their unwillingness to flatter, to cringe, to crawl, to time serve, to gain power and applause by pandering to the mistakes, the prejudices, and the passions of the uninformed multitude.

In a régime beginning in the fury of a "white-supremacy" campaign, who will ever forget Aycock, standing in the State convention and called to account by the critics of his administration? Yet he stood there before a mighty throng of his own people and told them that a Commonwealth could be neither great nor good at heart if it supported that monstrous doctrine that ignorance can be a cure for anything. Standing before his great mind there was not merely the white child, there was the child race to be taught. And never since that day, 28 years ago, has universal education been seriously challenged or interrupted in North Carolina. He never lost his partisan fervor; he never abated a jot or tittle his love for the democracy whose virtues he extolled with incomparable eloquence. Yet he won the respect, the admiration, the love of his political opponents.

North Carolina gratefully presents him to the whole people today as a North Carolina product unchanged or unspoiled by exotic growth. He was a "tar heel" to the toes. Other public men in our State have had a broader but not a deeper culture. His Shakespeare, his Tennyson, and his Bible gave him a style that fascinated any audience anywhere in the country. New York cheered him and Boston marveled at the rhythmic oratory of a countryman who did his utmost to be unadorned in speech or dress. But it was his love that made him eloquent, and Boston warmed to him with the fervor of Black Swamp in Wayne County.

Had Charles B. Aycock reached the United States Senate he never would have regarded himself a United States Senator, but rather an ambassador from the country of North Carolina to the court of Washington. Yet his colleagues never would have called him a provincialist, for none knew better than he that North Carolina was in the world and of it. His was a love that began at Jerusalem, spread to Samaria, and then to the uttermost parts of the earth. He conceived his first duty as a citizen to set himself aright. He sought first the "kingdom and its righteousness," and the Nation had been added unto him.

This explains how to-day it comes that we are gathered in this sanctuary of statesmanship to unveil this monument to him. Geographical theaters do not restrict him, public office does not remind us constantly of him. Shakespeare makes one of his characters exclaim, "So shines a good deed in a naughty world," but in Charles Brantley Aycock we behold the good deed shining in a society organized to radiate his influence and power throughout the Nation.

North Carolina lovingly presents him to the country as a leader of men, who, in his small territory, was too great to praise prejudice as patriotism, to call ignorance wisdom, or to make flattery the test of real friendship for his people. He saw his beloved State struggling up out of "poverty and ignorance and long repression into knowledge and general power." Some of us gave startling statistics on the lowliness of our position, others lamented our grinding poverty, still others bemoaned the depth of our illiteracy. But Charles B. Aycock rose to dispel them. He could tell his people that they were poor without patronizing them, that they were illiterate without deriding them, that they were lazy without abusing them. Others coming after him have reaped where he sowed, and have sowed in soil made fertile by his life.

It was the great Pasteur who defined democracy as "that order in the State which enables every man or woman to put forth his or her utmost effort." Such was the passion of Aycock that 3,000,000 of his North Carolina people to-day have a larger and a richer life because he was democracy personified, democracy in action.

North Carolina joyfully presents him to his country, not as the expounder of a form of government, but as the product and fruit of its spirit. We acclaim him in North Carolina, white and black, and love him because he first loved them.

ADDRESS OF REPRESENTATIVE LINDSAY C. WARREN, OF NORTH CAROLINA, ACCEPTING THE STATUE OF CHARLES BRANTLEY AYCOCK IN STATUARY HALL, MAY 20, 1932, AT 3 P. M.

Surveying a brilliant field of stars of the first magnitude, appraising those who had best served her and the Nation throughout her long and great and honorable history, North Carolina, with a unanimity of opinion, brings here to-day as the companion of the immortal Vance the well-carved image of one whose title is the most deserving, whose fame is the most secure, and whose right to stand in the Nation's Pantheon will never cause the justness of the award to be challenged.

Here amongst the memorials of her good and great—of her best and highest, our State presents the likeness of one whose works and deeds have made him worthy to bear witness to all time of what our country holds to be highest and noblest in her citizens and her servants, and provides for its citizens in him a lasting sense of individual inspiration and of national life.

While this statue may speak of the past, it also has a greater meaning to the present and future. Valuable as was his contribution to his day and generation, it will prove incomparably more valuable on down through the ages, and beyond the calculable values of his life and works, there is also an infinite inspiration like a spring of water never ceasing, of which everyone who pauses here in all the time to come may drink, and for the drinking will be the better in every aspect of life.

When Charles Brantley Aycock heard the cry of his people and saw the perils of his government, he threw the whole weight of his great mentality, his indomitable spirit, and his majestic courage into the struggle. By the sheer power of his personality, by the force and eloquence of his logic, by the all-pervading sincerity and sweetness and simplicity of his soul—speaking a language all could understand—he led a revolution that gave his people a rebirth, and laid securely the foundation of the new order that has carried the State to the highest peaks of her sisterhood in the Nation.

In a time more distressful than the present, and out of disaster more dark then any that now threatens or may ever threaten us, there arose his great figure in the Commonwealth of North Carolina—a figure of the infinite riches of the spiritual values in a time of poverty—a figure of faith in a time of despair—a figure of courage in a time of fear—and in that figure the Common-

wealth found the symbol of her will, the deliverer of her rights, and the vindicator of her ideals. He was born of the travail of her soul—of the travail of the War between the States, and the travail of her struggle for the preservation of her institutions, and it may reverently be said of North Carolina that in him she saw of the travail of her soul and was satisfied.

The distinction of Charles Brantley Aycock is twofold. He gave to North Carolina the leadership which brought with it the right of those fitted by the centuries with the capacity to govern and to determine the destiny of the State, and at the same time to execute judgment in righteousness in regard to a numerous people whose activity in political matters stood in the way of that destiny. He gave to North Carolina also the leadership which established popular education as the foremost interest of his Commonwealth and brought to every boy and girl in the State the privilege and opportunity of a great system of public schools.

This statue will long abide, but his fame will outlast the bronze, and the impression of his deeds will survive so long as civilization itself shall be the goal of human endeavor.

Mr. Chairman, with the pride of his Commonwealth and the gratitude of his country, I accept, in behalf of the United States, this statue of North Carolina's noble son, Charles Brantley Aycock.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that all Members of the House may have five legislative days within which to extend their own remarks on the bill considered in the House to-day under a motion to discharge the Committee on Ways and Means.

Mr. DYER. Mr. Speaker, for to-day I shall object.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my remarks made to-day in the RECORD.

Mr. DYER. Mr. Speaker, I regret it, but in order to keep the RECORD clear, there was only 10 minutes' debate and no one could have time generally. With all due courtesy to everyone I think we should keep the RECORD straight and that there should be no extensions of remarks to-day. I object, Mr. Speaker.

ORDER OF BUSINESS

The SPEAKER. May the Chair ask a question of the gentleman from Illinois [Mr. RAINEY]? The gentleman from New York [Mr. SNELL] inquired of the Chair what would probably be considered to-morrow in case consideration of the two election contests was concluded at a very early time, it being thought that each case would only require a few minutes. The Chair was unable to inform the gentleman but rather expressed the hope or, perhaps, the opinion that the Steagall guaranty of deposits bill would be taken up. The Chair was not sure about that and would like the gentleman from Illinois to inform the House, if he can, just what will be considered at that time.

Mr. RAINEY. Mr. Speaker, the gentleman from Alabama [Mr. STEAGALL] has advised me he would like to take his bill up Thursday next, and stated it would probably require two days and he did not want its consideration interrupted with any other business.

Mr. LAGUARDIA. Mr. Speaker, could we not have general debate on that bill to-morrow and then start reading the bill for amendment on Thursday? I think this would be ideal. It is the most important and most interesting piece of legislation we have had in this Congress.

The SPEAKER. The gentleman can determine that to-morrow.

Mr. BLACK. Mr. Speaker, may I ask the gentleman from Illinois when he expects to arrange for another meeting to consider bills on the Private Calendar?

Mr. RAINEY. Next Friday evening.

Mr. BLANTON. Mr. Speaker, I renew my point of no quorum.

The SPEAKER. Evidently, there is not a quorum present.

ADJOURNMENT

Mrs. NORTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 46 minutes p. m.) the House adjourned until to-morrow, Tuesday, May 24, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, May 24, 1932, as reported to the floor leader by clerks of the several committees:

RULES

(10.30 a. m.)

Hearings—Post office bills on parcel post, etc.

RIVERS AND HARBORS

(10.30 a. m.)

Hearings—South Carolina and Texas projects.

FOREIGN AFFAIRS

(10.30 a. m.)

Hearings—World Court.

PUBLIC LANDS

(10.30 a. m.)

Hearings—Miscellaneous bills.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PATMAN: Committee on the District of Columbia. H. R. 11364. A bill to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes; with amendment (Rept. No. 1407). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MONTET: Committee on Military Affairs. H. R. 948. A bill for the relief of Fred Andler, jr.; with amendment (Rept. No. 1401). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 6449. A bill for the relief of Lettie Leverett; with amendment (Rept. No. 1402). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 7409. A bill for the relief of Chambliss L. Tidwell; with amendment (Rept. No. 1403). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 8210. A bill for the relief of William H. Chambliss; with amendment (Rept. No. 1404). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 10800. A bill for the relief of Joe Setton; without amendment (Rept. No. 1405). Referred to the Committee of the Whole House.

Mr. EATON of Colorado: Committee on the Public Lands. H. R. 12038. A bill to authorize the conveyance by the United States to the city of Nome, Alaska, of certain land situated therein; without amendment (Rept. No. 1406). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Indian Affairs was discharged from the consideration of the bill (S. 660) for the relief of Hamilton Grounds, and the same was referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12243) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. HAWLEY: A bill (H. R. 12244) conferring jurisdiction upon the Court of Claims to hear and determine claims of certain bands or tribes of Indians residing in the State of Oregon; to the Committee on Indian Affairs.

By Mr. HUDDLESTON: A bill (H. R. 12245) to provide a fund for Federal public works in times of business depression to stabilize business and to provide work for the unemployed; to the Committee on Ways and Means.

By Mr. MILLIGAN: A bill (H. R. 12246) to supplement the migratory bird conservation act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds; for developing and administering such areas; for the protection of certain migratory birds; for the enforcement of the migratory bird treaty act and regulations thereunder; and for other purposes; to the Committee on Agriculture.

By Mr. WELCH of California: A bill (H. R. 12247) to grant to the State of California a retrocession of jurisdiction over certain rights of way granted to the State of California over certains roads about to be constructed in the Presidio of San Francisco Military Reservation and Fort Baker Military Reservation; to the Committee on Military Affairs.

By Mr. McLEOD: A bill (H. R. 12248) to make unlawful transportation in interstate or foreign commerce of a stolen airplane or other aircraft by amendment of the national motor vehicle theft act; to the Committee on the Judiciary.

By Mr. HILL of Alabama: A bill (H. R. 12249) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation during the year 1932; to the Committee on Banking and Currency.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12250) authorizing an appropriation of $13,500 for purchase from the Tennessee Great Smoky Mountains Park Commission, Knoxville, Tenn., of a topographic map covering part of the Great Smoky Mountains National Park; to the Committee on the Public Lands.

By Mr. JAMES: A bill (H. R. 12251) to provide for the conveyance of the Portage Entry Lighthouse Reservation and buildings to the State of Michigan for public-park purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GIBSON: Joint resolution (H. J. Res. 402) proposing an amendment to the Constitution of the United States requiring submission of constitutional amendments to the direct vote of the people; to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the City Council of the City of Los Angeles, memorializing Congress to act with all possible speed to undertake a comprehensive program of public improvements through the issuance of a bond issue, not less than $5,000,000,000; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H. R. 12252) for the relief of Elinora Fareira; to the Committee on Claims.

By Mr. CAMPBELL of Iowa: A bill (H. R. 12253) granting an increase of pension to Ellen E. Smith; to the Committee on Invalid Pensions.

By Mr. COLLINS: A bill (H. R. 12254) for the relief of Carl J. Thompson; to the Committee on Military Affairs.

Also, a bill (H. R. 12255) granting a pension to John Luther McIntosh; to the Committee on Pensions.

By Mr. CRAIL: A bill (H. R. 12256) granting a pension to Ella Burlington; to the Committee on Pensions.

Also, a bill (H. R. 12257) granting an increase of pension to Rebecca E. Williams; to the Committee on Invalid Pensions.

By Mr. FIESINGER: A bill (H. R. 12258) for the relief of Harry Nagel; to the Committee on Naval Affairs.

By Mr. HARE: A bill (H. R. 12259) for the relief of Clemont S. Bradshaw; to the Committee on Military Affairs.

By Mr. HAWLEY: A bill (H. R. 12260) granting a pension to Matilda E. A. Hornback; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 12261) for the relief of the City National Bank, of Lawton, Okla.; to the Committee on Claims.

By Mr. MAGRADY: A bill (H. R. 12262) granting a pension to Seymour D. Eichholtz; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 12263) granting a pension to Minnie L. Grant; to the Committee on Pensions.

Also, a bill (H. R. 12264) granting a pension to Bertha E. Prescott; to the Committee on Invalid Pensions.

By Mr. OLIVER of New York: A bill (H. R. 12265) for the relief of James M. D'Arcy; to the Committee on Claims.

By Mr. PURNELL: A bill (H. R. 12266) granting an increase of pension to Armilda Banta; to the Committee on Invalid Pensions.

By Mr. RAMSEYER: A bill (H. R. 12267) granting an increase of pension to Annett E. Graves; to the Committee on Invalid Pensions.

By Mr. RAMSPECK: A bill (H. R. 12268) for the relief of Lieut. Col. Harry W. Stephenson, United States Army, retired; to the Committee on War Claims.

By Mr. STALKER: A bill (H. R. 12269) granting an increase of pension to Adelia Van Wormer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12270) granting an increase of pension to Mary L. Mallory; to the Committee on Invalid Pensions.

By Mr. STOKES: A bill (H. R. 12271) granting a pension to Mary R. Dillon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12272) granting a pension to Harry Thompson; to the Committee on Pensions.

By Mr. SWING: A bill (H. R. 12273) granting a pension to Nancy E. Talbert; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 12274) for the relief of James R. Atkins; to the Committee on Military Affairs.

Also, a bill (H. R. 12275) granting an increase of pension to Thomas G. Pardue; to the Committee on Pensions.

Also, a bill (H. R. 12276) granting a pension to Susan Elizabeth Jeffers; to the Committee on Invalid Pensions.

By Mr. THOMASON: A bill (H. R. 12277) granting a pension to Susie Murray; to the Committee on Pensions.

By Mr. WOODRUFF: A bill (H. R. 12278) granting an increase of pension to Mary Parsell Wethy; to the Committee on Invalid Pensions.

By Mr. WYANT: A bill (H. R. 12279) granting an increase of pension to Susan L. Shew; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7877. By Mr. BOYLAN: Resolution adopted at the convention of the New York City Federation of Women's Clubs, New York City, opposing the principle of levying any such additional tax which would act as an obstacle to the functioning of a free and open market for securities, etc.; to the Committee on Ways and Means.

7878. Also, letter from the Fifth Avenue Association, New York City, N. Y., favoring a repeal of the eighteenth amendment; to the Committee on the Judiciary.

7879. Also, letter from the Veterans of Foreign Wars of the United States, favoring House bill 7726, providing for the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

7880. Also, letter from the Labor's National Committee for Modification of the Volstead Act, favoring the O'Connor-Hull beer bill; to the Committee on the Judiciary.

7881. Also, resolution adopted by the Uniformed Firemen's Association of New York City, N. Y., petitioning the Congress of the United States to take action by voting a Federal bond issue of at least $5,000,000,000 to finance construction of public works and other undertakings which will provide employment for many idle men and point toward the Nation's economic recovery; to the Committee on Ways and Means.

7882. By Mr. BRUNNER: Resolution of the volunteer committee for aid of the unemployed of Richmond Hill, N. Y., opposing any reduction in the salaries of Federal employees; also resolution urging repeal of the Volstead law and urging Congress to order a wholesale investigation of the bank accounts of all Members of House and Senate who are favoring prohibition, and so forth; to the Committee on Ways and Means.

7883. By Mr. CRAIL: Petition of W. H. Schock and many citizens of Los Angeles, Calif., urging Congress to end national prohibition, legalize liquor, and levy a tax on it; to the Committee on the Judiciary.

7884. Also, petition of board of directors of the Burbank Chamber of Commerce, Burbank, Calif., requesting Congress to enact legislation to regulate the hauling by trucks and busses of freight and passengers so as to protect the public; to the Committee on Interstate and Foreign Commerce.

7885. Also, petition of Corabelle Sill and other ladies of Los Angeles, Calif., urging Congress to do all in its power to get legislation that will make possible Federal relief of the unemployed, and a construction program by the Federal Government that will put people to work; to the Committee on Ways and Means.

7886. Also, petition of Central Labor Council of Los Angeles, Calif., urging favorable action on the proposed $5,000,000,000 bond loan; to the Committee on Ways and Means.

7887. Also, petition of Women's Law Observance Association of Los Angeles, Calif., opposing a referendum on the eighteenth amendment and favoring adequate appropriations for law enforcement and education in law observance; to the Committee on the Judiciary.

7888. By Mr. CULLEN: Petition of the New York City Federation of Women's Clubs, opposing a tax which would act as an obstacle to the functioning of a free and open market for securities; to the Committee on Ways and Means.

7889. Also, petition of the Railway Electric Supply Manufacturers' Association, urging that regulation of the railroads be restricted and limited to the interests of public welfare only, and that all forms of competing transportation be regulated and taxed to the same degree; to the Committee on Interstate and Foreign Commerce.

7890. By Mr. GILCHRIST: Petition of J. A. Chambers, of Ralston, Iowa, and 22 citizens of that vicinity, urging maintenance of existing prohibition enforcement laws and activities and protesting any change; to the Committee on the Judiciary.

7891. By Mr. HADLEY: Resolution in the nature of a petition of the Board of County Commissioners of Snohomish County, Wash., urging an appropriation by Congress for the purchase of certain county warrants or bonds; to the Committee on Banking and Currency.

7892. By Mr. LINDSAY: Petition of the Railway Electric Supply Manufacturers' Association, Chicago, urging that regulation of the railroads be restricted and limited to the interests of the public welfare only and that all forms of competing transportation be regulated and taxed to the same degree; to the Committee on Interstate and Foreign Commerce.

7893. Also, petition of Labor's National Committee for Modification of the Volstead Act, Washington, D. C., urging passage of the O'Connor-Hull beer bill; to the Committee on the Judiciary.

7894. Also, petition of Veterans of Foreign Wars of the United States, urging the passage of House bill 7726, providing for immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

7895. Also, petition of New York City Federation of Women's Clubs (Inc.), opposing tax on American securities; to the Committee on Ways and Means.

7896. Also, petition of the National Retail Hardware Association, Indianapolis, urging the reduction of Federal expenditures; to the Committee on Ways and Means.

7897. Also, petition of the city of Chicago, by direction of the city council, requesting that provision be made for an increase in our money supply to restore in the United States the average wholesale commodity price level of the year 1926; to the Committee on Banking and Currency.

7898. Also, petition of the Uniformed Firemen's Association of Greater New York, favoring the voting of a Federal bond issue of at least $5,000,000,000 to finance construction of public works and other undertakings which will provide work for the unemployed; to the Committee on Banking and Currency.

7899. By Mr. LONERGAN: Petition of a group of business men and citizens of the city of New Britain; to the Committee on Ways and Means.

7900. By Mr. MEAD: Petition of patternmakers of Pittsburg, regarding salary reductions; to the Committee on Ways and Means.

7901. Also petition of Plasterers Local Union, No. 31, regarding salary reductions; to the Committee on Ways and Means.

7902. Also, petition of New York City Federation of Women's Clubs (Inc.), opposing additional tax; to the Committee on Ways and Means.

7903. Also, petition of Painters Local Union, No. 458, regarding salary reductions; to the Committee on Ways and Means.

7904. By Mr. PARKER of Georgia: Petition of C. R. Waites and 92 other citizens of Savannah, Ga., urging the passage of railroad pension bill, H. R. 9891 and S. 4646; to the Committee on Interstate and Foreign Commerce.

7905. By Mr. RUDD: Petition of United States Building and Loan League, favoring the passage of the home loan bank bill; to the Committee on Banking and Currency.

7906. Also, petition of Labor's National Committee for Modification of the Volstead Act, favoring the discharge of the Committee on Ways and Means of the O'Connor-Hull beer bill; to the Committee on Ways and Means.

7907. Also, petition of the Fifth Avenue Association, New York City, favoring the modification of the Volstead Act first and then the repeal of the eighteenth amendment; to the Committee on the Judiciary.

7908. Also, petition of New York City Federation of Womens Clubs (Inc.), opposing additional tax on securities; to the Committee on Ways and Means.

7909. By Mr. SABATH: Petition adopted by Chicago City Council, favoring increase of the money supply for the purpose of restoring the prices of commodities to the level of the year 1926; to the Committee on Banking and Currency.

7910. By Mr. SCHUETZ: Petition of the Cook County Council, the American Legion, Department of Illinois, resolving that immediate steps should be taken by the American Legion during present session of Congress to endeavor to have the law amended so as to extend the conversion date of the 5-year convertible term policy five years or more, or until 1937; to the Committee on World War Veterans' Legislation.

7911. Also, petition of the Cook County Council, the American Legion, Department of Illinois, protesting against reduction of personnel of the Naval Reserve and the discontinuance of the naval cruises; to the Committee on Naval Affairs.

7912. Also, petition of the City Council of the City of Chicago, recommending a Federal bond issue for public improvements; to the Committee on Ways and Means.

7913. Also, petition of the Board of Commissioners of Cook County, Ill., favoring the $5,000,000,000 prosperity loan; to the Committee on Ways and Means.

7914. Also, petition of the Cook County Council, the American Legion, reaffirming their stand that all positions in the United States veterans' hospitals should be filled by ex-service men, and urging the liberalization of the United States civil service laws to permit the employment of ex-service men in positions from which they are now barred by reason of disability, age, or any other reason beyond their control; to the Committee on the Civil Service.

7915. Also, petition of the Cook County Council, the American Legion, Department of Illinois, protesting against procedure of Senate Finance Committee, and requesting immediate creation of Senate veterans' affairs committee to consider all veterans' legislation, and to demand privilege of veteran representatives to present arguments before this

committee; to the Committee on World War Veterans' Legislation.

7916. By Mr. SHOTT: Resolution of the Bishop Safety Club, of Bishop, W. Va., representing a membership of 275, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7917. Also, resolution of the Elkridge Safety Club, Elkridge, W. Va., opposing the passage of the Davis-Kelly coal bill as being detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7918. Also, resolution adopted by the Scotia Coal & Coke Co. Safety Club, of Brooklyn, W. Va., opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7919. Also, resolution adopted by the Laurel Creek Safety Club, Laurel Creek, W. Va., protesting the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7920. Also, resolution of the employees of the American Coal Co., McComas and Widemouth, W. Va., opposing as harmful to the bituminous-coal industry the passage of the legislation known as the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7921. Also, resolution signed by employees of the Mill Creek Coal & Coke Co., Coopers, W. Va., opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7922. Also, letter signed by A. D. Knight, manager of the Monarch Oil Co., of Northfork, W. Va., opposing as highly injurious to the bituminous-coal industry and therefore endangering the economic status of many thousands of miners and their dependents, the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7923. Also, resolution of the Miners Safety Club, of Omar, W. Va., representing a membership of 340, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7924. Also, resolution adopted by the Mead Smokeless Coal Co. Safety Club, Meade, W. Va., representing a membership of 225 miners and other employees, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7925. Also, resolution of the C. H. Mead Safety Club of East Gulf, W. Va., opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7926. Also, resolution adopted by the McGregor Safety Club, Slagle, W. Va., opposing as detrimental to the bituminous coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7927. Also, resolution of the Rossmore Safety Club, Rossmore, W. Va., opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7928. By Mr. WYANT: Petition of Monessen Lodge, No. 168, Knights of Pythias, Monessen, Pa., protesting against reduction in salaries of Federal employees; to the Committee on Ways and Means.

7929. Also, petition of 50 citizens of Westmoreland County, Pa., protesting against the bill singling out automotive products for taxation, and urging instead some form of general tax to be used to raise the necessary revenue; to the Committee on Ways and Means.

SENATE

TUESDAY, MAY 24, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

TARIFF ON COPPER

Mr. VANDENBERG. Mr. President, I submit my factual summary of the exhibits supporting the tariff on copper. This information should be available to the conferees. I ask that it may be printed in the RECORD and referred to the Committee on Finance.

The VICE PRESIDENT. Is there objection?

There being no objection, the summary was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Fact No. 1. In 1883 copper metal was protected by a rate of 4 cents per pound. Copper has been upon the free list since 1894. No protection was sought when the Hawley-Smoot bill was enacted because domestic copper at that time could still hold its own with foreign competition. But conditions have dominantly changed in the last three years. I do not refer to the general economic depression, from which, of course, copper has not been immune, but from which copper has been a major sufferer. I do not refer to transient economic infirmities due to fluctuating international exchange, although here again copper has been a major victim. I specifically refer to a permanent change in the world-wide copper situation which brings unlimited new foreign deposits of high-grade ore into production upon a scale which literally swamps the copper markets of the earth. This is the new menace which completely differentiates the present copper crisis from any jeopardy ever heretofore confronted. This is the new menace which differentiates the copper crisis from all other commodity hazards. It is a permanent menace. Recurrent prosperity can not overtake it. It can be met only by tariff differentials. Copper is on the free list. It therefore can not be served by the United States Tariff Commission through its flexible powers. It can only be served as the pending amendment proposes. It is this or nothing.

Fact No. 2. Other countries do not hesitate to protect their copper. Why should we? There are copper tariffs in 26 of the leading countries of the world. Some of our chief competitors for the copper trade of the world build up their copper industry behind a protective wall. From behind this wall they invade the United States. From behind this wall they go out to meet us in quest of neutral markets. There is no right of complaint anywhere on earth if we finally come to a kindred interest in the defense and sustenance of our own American copper and its primary right to first purchase in our own American market. For 38 years we have given the world the privilege of free competition in this market, when we often had no such reciprocal right elsewhere. Thirty-eight years is long enough. We are entitled, by every rule of right and of self-preservation, now to look after our own.

Fact No. 3. Once upon a time we were copper exporters. Now we are net importers. No agile homiletics can disguise this fact. We began to be net importers, in both copper and copper manufactures in 1929. Mark the date. It bears upon my previous statement that copper conditions in the world have totally changed since the Smoot-Hawley bill was enacted. Our exports, excluding manufactures, declined from a peak of 504,000 short tons in 1928 to 236,000 tons in 1931. Our exports, including manufactures, declined from a peak of 552,000 tons in 1928 to 272,000 tons in 1931. Each succeeding year showed a serial decrease in exports until 1931, and each succeeding year showed a serial increase in imports until 1931. But that is not all. These malignant progressions are now sweeping ahead at frightful speed. Based upon the three months from December, 1931, to February, 1932, the annual prorated copper export, exclusive of manufactures, has fallen to 157,000 tons. Including manufactures, it has fallen to 193,000 tons. Meanwhile the imports have risen to 428,000 tons. I beg of the Senate to conjure this figure. Four hundred and twenty-eight thousand tons coming in. Much less than half going out. The former figure persistently increasing. The latter figure persistently decreasing. He who runs may read. Domestic copper is doomed unless this Congress gives it some lease on life.

Fact No. 4. Once upon a time a dozen American States dominated the copper production of the world. Now these domestic operators are at the utter mercy of a rising copper tide on at least three continents. Whether this copper actually invades the American market or not—and much of it does—all of it rolls into the international market place and grinds the American production out of successful competition. The foreign production of new copper has risen from 242,000 tons in 1900 and 411,000 tons in 1910 and 709,000 tons in 1925 to 1,039,000 tons in 1930—with the tremendous new African production yet to make a major contribution. The American production, which was 303,000 tons in 1900 and 540,000 tons in 1910 and 837,000 tons in 1925, was down to 697,000 tons in 1930—and much lower since. But note the monitory sweep in these authenticated figures: Foreign production, from 44 per cent of the world's supply in 1900 to 60 per cent in 1930, and rapidly going up; American production, from 56 per cent in 1900 down to 40 per cent in 1930, and rapidly going lower. The foreign production capacity at the end of 1932 is set at 1,618,000 tons. Mark you: This is more than the whole world's copper consumption in 1930—very much more than the world's total consumption prospectively in 1932. Is it not obvious that American copper confronts new conditions without precedent? Is it not plain that these conditions involve permanent hazard which nothing but a tariff differential can offset?

Fact No. 5. For the 31-year period from 1900 to 1930 the average selling price of copper was approximately 15.9 cents per pound. Even excluding the war period, the average was 14.8 cents per pound. In 1931 the price averaged a trifle over 8 cents per pound. Copper now sells in the neighborhood of 6 cents. It can be sold at 6 cents in the United States from many of these foreign properties and actually net a profit. It can not thus be sold from the

great mass of American copper properties. The reason will presently appear. It is the price itself which stands out as the devastating fact No. 5—a price which reflects not only the generally lowered commodity index but a price which particularly reflects this new and permanent flood of cheap foreign competition—a price which reflects the permanent ruin of the domestic mines. If all of the proposed 4-cent duty were to be added to the American price, it would be only 11 cents, which is far below the normal average. But a 4-cent rate is not an embargo rate. Furthermore, there are large surplus stocks above ground. The full tariff will not be reflected in the price. The full protection of American copper would justify a rate of 9 or 10 cents. We ask but half of this consideration. We are justified by both mathematics and fair play.

Fact No. 6. The reason why foreign copper can rob domestic copper of its home market is the fact that foreign ore is inherently richer—the average copper content of domestic ore being about 1.6 per cent as compared with from 4 to 6 per cent elsewhere—and the still more vital fact that foreign production costs are substantially lower than our own. These operating costs vary both at home and abroad in different properties. We must deal in averages. When the United States Tariff Commission reported comprehensively upon these costs, it did not have the benefit of full figures upon the new African developments. Yet it frankly disclosed a dangerous differential. Other and additional figures are now available. The Frood mine of the International Nickel Co. of Canada shows an operating cost of 3.18 cents per pound. Additional financial charges at the figure reported by the Tariff Commission shows a total cost of 6.57 cents per pound. In Katanga, in Africa, the actual costs are frankly concealed even from stockholders, because the president of the corporation candidly tells them it isn't wise to let the world know how low these costs are. In Rhodesia the best information shows an operating cost of 5.3 cents per pound. Labor in Katanga—native black labor—runs from 5½ to 34¾ cents per day. Labor in Rhodesia runs from 35 cents to 75 cents, with all charges included. These are the elements against which our American mines and our American miners are asked to contend.

Using the commission's figures as a basis, there has been developed a comparison of average costs which shows the adjusted average foreign costs to be 8.07 cents per pound, which, compared with the commission's figure of 13.29 cents per pound for the United States, gives a difference of 5.22 cents per pound. Hence the proposed 4-cent tariff rate.

Fact No. 7. The Tariff Commission shows that 40 per cent of domestic production costs over 14 cents a pound. It is obvious that the proposed tariff can not save all of our domestic production. It is equally obvious that it will not shut out all foreign copper; first, because copper is a by-product in some of these alien properties and will be sold without regard to cost; second, because a substantial portion of the foreign copper is produced under quasi-governmental control in connection with colonization policies and will be marketed for less than cost of production if necessary; third, because even a slight raise in the American price will make it possible for some of these low-cost producers to continue to invade the American market without loss. Even the full advantage of the tariff would still leave the price so low, in comparison to domestic costs, that there would be no incentive to overproduction. Therefore, we shall have a rate which (a) permits a substantial portion of American production to survive; (b) which permits a substantial revenue to the Government from the imports which are calculated to come to us regardless of price, (c) which automatically protects the public against a price gouge; (d) yet which, for this latter reason, is calculated to produce a livable stabilized domestic price, free from the fluctuations which have been the bane of existence for fabricators and manufacturers as well as producers.

Fact No. 8. This amendment offers no danger to American refiners and smelters and their American business. They can refine imported copper in bond and send it back into the world's market without burden or interruption or added cost. They can refine American copper the same as ever. Indeed, it is to their distinct advantage that a supply of domestic copper to be refined should be maintained. Otherwise they may automatically share the present desperation of domestic copper itself. American smelters and refiners had a lucrative business in the treatment of foreign copper in 1928. But much of it has since been threatened or lost. This loss has been due to the recent construction of modern smelters and refineries abroad. Belgium has expanded its refining facilities to meet the requirements of Katanga. Canada has completed one large smelter and two refineries. Germany has a new refinery. Sweden and Russia now have new refining plants under construction. There is no question about this trend. The report of the Tariff Commission at page 62 specifically points it out. Far from threatening the prosperity of domestic smelters and refineries, the proposed amendment actually promises to save an ore supply for them and thus to defend them against the real threat of emigrating business. They can still handle foreign business, I repeat, without interruption, if they can continue to get it. When they can't get it, this amendment will give them the assurance of some domestic business to do. No American smelter or refiner needs to fear this amendment unless—as in the case of the one hostile witness before the Finance Committee—his corporation is more interested in its alien copper investments than in its domestic operations. I submit that these alien considerations are not entitled to be persuasive with us at a moment when the Senate is charged with the dreadful responsibility of serving and saving the United States.

Fact No. 9. This amendment offers no danger to American fabricators and manufacturers. For their export trade they are protected by the familiar draw-back which leaves them upon even terms in their competition for foreign markets. For their domestic trade they are protected in price differentials by reasonable and adequate compensatory rates. These are not shotgun guesses. They are not stabs in the dark. The whole proposed rate structure has been as scrupulously studied as any tariffs that ever reached the statute books. They have been canvassed in repeated conferences with fabricators and manufacturers to verify their integrity. They have been painstakingly surveyed by and with the experts of the Tariff Commission. Their administrative feasibility has been approved by the Commissioner of Customs, who unhesitatingly says the schedule is practical. They have been studied in conjunction with the Senate's legislative counsel. No precaution has been ignored or avoided. Under these terms the entire industry—meaning the American industry—is safe. Witnesses, speaking for copper fabricators and manufacturers, have so testified to the Finance Committee. The sole question at the bar of the Senate is whether we want the American industry to be safe. Our sympathies and our judgments are in the jury box. It is a capital case. The verdict spells life or death for American livelihood in all or part of Arizona, Utah, Montana, Michigan, Nevada, New Mexico, California, Tennessee, Colorado, and North Carolina—with copper also present in Washington, Oregon, Idaho, Texas, Pennsylvania, and Georgia. Truly it is a nonsectional, nonpartisan, national emergency demanding answer in kind.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ind.
Bankhead	Couzens	Johnson	Sheppard
Barbour	Cutting	Jones	Shipstead
Barkley	Dale	Kean	Shortridge
Bingham	Davis	Kendrick	Smith
Blaine	Dickinson	Keyes	Smoot
Borah	Dill	King	Steiwer
Bratton	Fess	La Follette	Stephens
Brookhart	Fletcher	Lewis	Thomas, Idaho
Broussard	Frazier	Logan	Thomas, Okla.
Bulkley	George	Long	Townsend
Bulow	Glass	McGill	Trammell
Byrnes	Goldsborough	McNary	Tydings
Capper	Hale	Moses	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Cohen	Hatfield	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Walsh, Mont.
Coolidge	Hebert	Reed	Watson
Copeland	Howell	Robinson, Ark.	Wheeler

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Hon. V. S. K. HOUSTON, Delegate from Hawaii, transmitting copy of resolutions adopted by the board of supervisors of the county of Maui, Territory of Hawaii, protesting against the passage of legislation that would restrict or curtail the rights, duties, and privileges of the citizens of Hawaii in respect of local self-government, which, with the accompanying paper, was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Cook County (Ill.) Board of Commissioners favoring a $5,000,000,000 prosperity loan to establish a nation-wide program of public-work improvements, which was referred to the Committee on Manufactures.

He also laid before the Senate a letter in the nature of a petition from a citizen of Rochester, N. Y., praying for the loaning of $1,000,000,000 at between 2 and 3 per cent to the railroads of America so as to create employment and help business, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Tacoma (Wash.) Chamber of Commerce, favoring the balancing of the Budget and substantial retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from George A. Hartley, M. D., of Battle Creek, Iowa, favoring the loaning of sufficient money to the railroads to buy their own bonds, also

the balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a petition from Joe I. Cromwell, of Muskogee, Okla., praying that the Senate include sufficient funds in the appropriations for the Army to continue the services of officers retired or detailed to active duty in schools, under the national defense act, to train reserve officers, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter from McFarlane & Wiley (experts in economic technique), Chicago, Ill., transmitting copies of their files relative to Budget savings, which, with the accompanying papers, was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Municipal Council of Pangil, Laguna, P. I., favoring the granting of independence to the Philippine Islands, which was ordered to lie on the table.

He also laid before the Senate a memorial of sundry citizens of St. Louis, Mo., remonstrating against the imposition of taxes on the automobile industry and favoring instead some form of general tax to be included in the pending revenue bill, which was ordered to lie on the table.

He also laid before the Senate a letter from the Lexington (Ky.) Board of Commerce, signed by Henry K. Milward, its president, favoring the early completion of the congressional legislative program and final adjournment of the present session of Congress in June, 1932, which was ordered to lie on the table.

He also laid before the Senate a resolution presented to the Southern Baptist Convention, St. Petersburg, Fla., favoring the designation of a national day of prayer for America in the present economic crisis, which was ordered to lie on the table.

Mr. SHORTRIDGE presented the petition of officers and members of the Railway Employees Club, of Barstow, Calif., praying for the passage of legislation providing for the regulation of motor vehicles used in the interstate transportation of freight and passengers for hire, which was referred to the Committee on Interstate Commerce.

He also presented memorials, numerously signed by sundry citizens of Los Angeles and vicinity, in the State of California, remonstrating against the imposition of taxes on the automobile industry in the pending revenue bill, which were ordered to lie on the table.

Mr. TYDINGS presented resolutions adopted by United States Marines Post, No. 1, and Second Division Post, No. 27, both of the American Legion, Baltimore, Md., favoring the passage of legislation eliminating or reducing the interest rate on loans to veterans on adjusted-service certificates, which were referred to the Committee on Finance.

He also presented memorials of sundry citizens of the State of Maryland, remonstrating against the imposition of taxes on the automobile industry and favoring instead the adoption of some form of general tax in the pending tax bill, which were ordered to lie on the table.

Mr. GOLDSBOROUGH presented letters in the nature of memorials from several citizens of the State of Maryland, remonstrating against reductions in the compensation of Federal employees, which were referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial, from E. C. Graham, jr., of Baltimore, Md., remonstrating against the adoption of section 502 (b) and (c) of House bill 11267, the legislative appropriation bill, relative to utilizing the services of officers in the Engineer Corps of the Army on public works, construction, and activities, which was referred to the Committee on Appropriations.

He also presented a letter from the Kalak Water Co., New York City, N. Y., setting forth the fact that Kalak water is offered solely as a medicine and protesting against the proposal to tax it as a bottled mineral water, which, with the accompanying paper, was ordered to lie on the table.

He also presented a letter in the nature of a memorial from Charles H. Knapp, president of the International League of Professional Baseball Clubs, Baltimore, Md., remonstrating against the amusements tax being made applicable to minor-league baseball clubs, and favoring the exemption thereof, which was ordered to lie on the table.

He also presented a letter in the nature of a memorial from the Baltimore Chewing Gum Co., of Baltimore, Md., remonstrating against the imposition of a 3 per cent tax on chewing gum, which was ordered to lie on the table.

He also presented letters and telegrams from sundry citizens of Baltimore and Odenton, Md., and New York City, N. Y., urging various changes and amendments in the pending revenue bill, which were ordered to lie on the table.

He also presented memorials and letters in the nature of memorials from sundry citizens and organizations in the State of Maryland, remonstrating against the imposition of taxes on the automobile industry in the pending revenue bill, which were ordered to lie on the table.

He also presented letters in the nature of memorials from several publishing companies and other firms of Baltimore, Md., and New York, N. Y., remonstrating against increases in postage rates, which were ordered to lie on the table.

He also presented letters in the nature of petitions from several citizens and organizations in the State of Maryland, praying for inclusion of a manufacturers' sales tax in the pending revenue bill, which were ordered to lie on the table.

He also presented letters and telegrams in the nature of memorials from sundry citizens and organizations in the State of Maryland, remonstrating against the imposition of a tax on bank checks, which were ordered to lie on the table.

Mr. BARBOUR presented a resolution adopted by the Chamber of Commerce of the Plainfields, of Plainfield, N. J., favoring the balancing of the Budget and retrenchment in governmental expenditures, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Corporal Mathews-Purnell Post, No. 518, Veterans of Foreign Wars of the United States, of Camden, N. J., protesting against reductions in appropriations for the Army, which was referred to the Committee on Appropriations.

REDUCTION IN OFFICER PERSONNEL OF THE ARMY

Mr. BARBOUR presented a letter from Hon. Clifford R. Powell, New Jersey State senator, of Mount Holly, N. J., relative to proposed reduction in the officer personnel of the Regular Army, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

MOUNT HOLLY, N. J., *May 20, 1932.*

Hon. WARREN G. BARBOUR,
Senate Office Building, Washington, D. C.

DEAR SENATOR: I believe that the proposed reduction in officer personnel of the Regular Army would be a very serious mistake. I am particularly interested as an officer of the New Jersey National Guard with nearly 20 years of service.

Great strides in efficiency have been made by the National Guard in this country since we have had sufficient Regular Army personnel assigned to us for inspection and instruction. The proposed reduction will bring about a serious reduction in the number of officers available for training of the National Guard.

As you know, the National Guard is virtually a volunteer army and is now part of our first-line defense. It is absolutely necessary to the maintenance of proper efficiency that the present allotment of Regular Army officers with the National Guard be continued.

I inclose herewith data giving other reasons, to all of which I personally subscribe.

Very truly yours,

CLIFFORD R. POWELL.

REDUCTION OF ARMY OFFICERS

1. The Army appropriation bill proposes to reduce the commissioned strength of the Army to 10,000, made up as follows:

Promotion-list officers	8,930
Non-promotion-list officers	1,070
Total authorized strength	10,000

Based on the estimated strength as of July 1, 1932, this will require reductions as follows:

Promotion-list officers	1,814
Non-promotion-list officers	356
Total reduction	2,170

2. The selection of the officers to accomplish this reduction is confined to those most advanced in age in each grade, with a

provision that 5 per cent of such older officers in each grade may be retained and younger officers selected in lieu thereof.

3. Any reduction is inimical to our national defense: 14,063 officers is the minimum required to enable the Regular Army reasonably to carry out its mission prescribed by Congress in the national defense act. Due to appropriation limitations the annual average has been kept down to 12,000, with a consequent shortage of officers with many of the Army's most important functions.

4. A reduction as now proposed necessarily will result in a drastic curtailment of Army activities in training the civilian components—National Guard, Organized Reserves, and Reserve Officers' Training Corps.

5. Such a reduction will make it impossible to maintain the small, balanced, mobile force so necessary for emergencies.

6. It will make it impossible to man, even in part, our essential seacoast defenses.

7. It will not permit the Army to provide anything approaching adequate garrisons for our overseas possessions.

8. Even with the present strength the shortage of officers with troop units is a matter of grave concern.

9. The Army school system would be wrecked. The World War demonstrated the necessity of these schools for the training of officers. Just as trained officers are keystones in national defense, the schools are keystones in the officers' training.

10. The saving reported by the committee, which exceeds the War Department estimate, amounts to less than 3 per cent of the amount expended for pay of the Army. In comparison with the damage to national defense which would result, such a saving is triflingly insignificant. From the standpoint of national defense it is manifestly a penny-wise and pound-foolish proposition.

11. In normal times such a reduction would be serious enough, but in the present state of world affairs it well might result in a national catastrophe. To literally hamstring national defense as such a reduction would do is a responsibility thinking men and women will hesitate to assume.

12. Realizing the extreme danger to our country of effecting an economy by reducing the Army, the chairman of the Appropriations Committee of the House, Mr. BYRNS, on April 5, 1932, at a hearing before the Economy Committee made the following statement to the Secretary of War, Mr. Hurley.

"It does seem to me that a man like yourself, who is a real business man, as secretary of national defense, could make considerable saving, not by reducing the Army personnel, because I do not want to see that done; not by reducing the Navy, because I have always stood for preparedness; but in the administrative cost."

13. A drastic contraction of Medical Department activities necessarily would result. Those pertaining to the National Guard, the Organized Reserves, and the Reserve Officers' Training Corps will have to be practically abandoned, and the care of the veterans will, of necessity, be greatly curtailed.

14. Finally, due to the necessary drastic curtailments of many essential activities, the provisions of and the policies laid down by the national defense act would be practically nullified; the morale of the Army personnel would be shattered; and our national defense dealt a staggering blow.

METHOD OF REDUCTION

1. The method proposed for the selection of the officers to accomplish the reduction is even more astounding than the reduction itself. With the 5 per cent leeway the selection must be based on age alone.

2. Such a plan is purely arbitrary and has nothing to recommend it.

3. Relative professional or physical fitness is excluded from consideration.

4. Individual efficiency as demonstrated by records of service is pushed out of the picture.

5. A large percentage (many times greater than 5 per cent) of the best trained, most efficient officers of the widest experience in the Army would be forced out.

6. The interests of the Government are in no way conserved by this arbitrary method.

7. If there must be a reduction, the yardstick of efficiency is the only sound basis for selection.

8. In the event of any reduction the Government has the right to retain the most efficient officers, and the interests of national defense demand their retention.

9. Many colonels of the ability, efficiency, and experience for selection as general officers would be ruthlessly plucked on the eve of achieving the culmination of a successful military career.

10. Likewise high ranking officers in the other grades would be forced out just prior to promotion to a grade where they would be among the youngest officers in the grade, while less efficient officers would be retained.

11. This age-alone method takes no account of the special technical and professionel requirements of the different branches of the Army, with the result that certain branches—e. g., the Quartermaster Corps, the Finance Department, and the Judge Advocate General's Department—would lose considerably more than 50 per cent of their personnel.

12. The statement in the committee's report that this reduction would serve to correct unfortunate promotion conditions has no basis in fact, is misleading and absolutely incorrect except as to the limited acceleration due to the small reduction on May 31, 1933, to make room for the 1933 West Point class.

13. To the contrary, the removal of the 2,000 older officers would so delay and diminish retirements for age, a potent source of attrition, as to materially retard rather than accelerate promotion.

14. Entire classes of the Military Academy will be forced out under this method. The great majority of the officers affected are in the prime of their usefulness, far removed from normal retirement.

15. A striking injustice would be done World War officers who entered the Army in 1920. The national defense act (June 4, 1920), under the provisions of which these officers came into the Army, provided the following minimum age requirements for appointment in grades as follows:

	Years
Colonel	48
Lieutenant colonel	45
Major	36

Forced by act of Congress to be of such age in 1920 before they could enter the Army, they now of necessity, by the mere passage of time, are among those who would be forced out by act of Congress. It is inconceivable that the Congress will permit such an injustice to be consummated.

16. Present calculations under this age-alone method show that every officer appointed in 1920 in the grades of colonel, lieutenant colonel, and major of necessity will be included in the group who are forced out.

17. Contrary to the committee's report practically none of these officers are receiving the higher pay rates for their grades. Many of them receive as much as $150 per month less than younger officers in the same grade who will be retained.

18. It is apparent that the age-alone method does not provide the maximum saving.

19. Among those affected by this age-alone method would be many distinguished officers of both Spanish-American and World War service, including numerous recipients of the medal of honor, distinguished-service cross, distinguished-service medal, and silver-star citation for gallantry in action. The 5 per cent leeway is far from sufficient to take care of them.

20. The inference in the committee's report that this age-alone method is in accord with the recommendation of the Interdepartmental Pay Personnel Board is decidedly misleading and inaccurate. This board's report in its entirety clearly shows they recommended that any compulsory removals should be made solely upon the basis of efficiency with a view to retaining those officers who are of greatest value to the service.

CONCLUSION

Retrenchment that cripples national defense is not economy. Everything in war, and for war, can be improvised except the trained officer. An efficient and sufficient corps of officers spells the difference between victory and defeat.

Skilled officers, like all other professional men, are the result of continuous and laborious study, training, and experience. There is no short cut to the peculiar type of knowledge they must possess.

To deplete our already inadequate corps of officers would be a most serious blow to our national defense; to accomplish such depletion by forcing out skilled officers due to age alone would be unsound in principle, unfair, and unjust both to the officers and to their country—an extravagance rather than an economy.

REMONETIZATION OF SILVER

Mr. WHEELER presented petitions of sundry citizens of the State of Montana, which were referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures after the first, as follows:

HAVRE, MONT.

Hon. B. K. WHEELER,
Washington, D. C.

SIR: We, the undersigned citizens of Montana, would appreciate anything you could do in regard to having the silver bill passed, that is now pending. An establishment of a bimetallic system of currency, employing gold and silver, would be the greatest thing that has ever been done for this State and Nation.

We urge an early passage of the silver bill as introduced by you in Congress.

HARRY SODERBERG (and others).

WOLF POINT, MONT.

We, the undersigned citizens of Roosevelt County, Mont., believing that agriculture is one of our basic industries and that the economic security of our Nation is dependent upon the economic security of the American farm, favor such legislation as will provide for the solvency of the American farmer.

We believe that the only way out of the present depression is to raise commodity prices and thereby reduce the burden of debt. Under the present gold standard debts contracted three years ago, if paid this year, would require three times the amount in farm commodities as when they were contracted. All of the important countries of the world have gone off the gold standard except France; it is therefore impossible for us to trade with them. This keeps commodity prices down.

We feel that if prosperity is to return to this country, we must go off the gold standard, which is the cause for most of our economic ills.

We, therefore, respectfully petition the Senate of the United States of America to pass the Wheeler silver bill, No. S. 2487, which provides for the remonetization of silver by providing for the free coinage of silver as well as gold at the fixed ratio of 16 to 1.

P. R. DOUGHERTY (and others).

REPORT OF THE JUDICIARY COMMITTEE

Mr. BORAH, from the Committee on the Judiciary, to which was referred the bill (H. R. 96) to punish the sending through the mails of certain threatening communications, reported it with an amendment and submitted an additional report (No. 727) thereon.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 4739) conferring jurisdiction on the United States District Court for the District of Oregon to hear, determine, and render judgment upon the suit in equity of Rakha Singh Gherwal against the United States; to the Committee on the Judiciary.

By Mr. TRAMMELL:

A bill (S. 4740) granting a pension to Mary Estella Vail; to the Committee on Pensions.

By Mr. HATFIELD:

A bill (S. 4741) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.; to the Committee on Commerce.

By Mr. THOMAS of Oklahoma:

A bill (S. 4742) authorizing and directing that 5 per cent of any amount or amounts hereafter appropriated to pay judgment or judgments in favor of the Cherokee Indians by the Court of Claims be paid to Frank J. Boudinot, in full for his services and expenses for and on behalf of said Indians prior to July 19, 1923, and for other purposes; to the Committee on Indian Affairs.

By Mr. COPELAND:

A bill (S. 4743) granting a pension to Jessica G. Roome; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 4744) for the relief of Howland & Waltz Co. (Ltd.); to the Committee on Claims.

By Mr. WATSON:

A bill (S. 4745) granting an increase of pension to Catherine Grady (with accompanying papers); to the Committee on Pensions.

By Mr. CAPPER:

A bill (S. 4746) to authorize the closing of a portion of Virginia Avenue SE., in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. WAGNER:

A bill (S. 4747) to provide for the entry under bond of exhibits of arts, sciences, and industries, and products of the soil, mine, and sea; to the Committee on Finance.

A bill (S. 4748) authorizing the Secretary of War to lease or to sell certain lands and buildings known as Fort Schuyler, N. Y., to the city of New York; to the Committee on Military Affairs.

A bill (S. 4749) granting a pension to Matthew A. Henson; to the Committee on Pensions.

By Mr. HULL:

A bill (S. 4750) to amend the tariff act of 1930, and for other purposes; to the Committee on Finance.

By Mr. BINGHAM:

A joint resolution (S. J. Res. 164) proposing an amendment to the Constitution of the United States relating to the manufacture, sale, or transportation of intoxicating liquors; ordered to lie on the table.

By Mr. SMITH:

A joint resolution (S. J. Res. 166) to authorize the Reconstruction Finance Corporation to purchase certain State teachers' salary certificates; to the Committee on Finance.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 6477) to further amend the naturalization laws, and for other purposes, and it was signed by the Vice President.

MESSAGES FROM THE PRESIDENT—APPROVAL OF A BILL

Messages in writing from the President of the United States, submitting nominations, were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on May 23, 1932, the President approved and signed the act (S. 4193) to authorize the issuance of bonds by the St. Thomas Harbor Board, Virgin Islands, for the acquisition or construction of a graving or dry dock.

PROHIBITION ENFORCEMENT

Mr. BINGHAM. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in this morning's Washington Herald entitled "Pershing Speaks."

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Washington Herald, May 24, 1932]

PERSHING SPEAKS

A word from General Pershing carries great weight.

His position in the life of the Nation is unique. He is regarded with universal respect and affection. He speaks rarely and never at length. Since the close of the World War he has been careful to refrain from participation in political or partisan activity of any kind.

Just as in the war he represented the Nation's united purpose and composite strength, his occasional utterances since the war seem not the expression of an individual viewpoint but rather that of a broad and comprehensive national opinion.

In an article in the current issue of the American Magazine General Pershing discusses the prevalence of crime and the spread of corruption, which he regards as a grave menace to our well-being and the perpetuity of our institutions.

He stresses the duty which rests upon the individual citizen to make his influence felt on the side of law and order, and to that end he suggests the organization of local committees to vigilantly supervise the maintenance of the law, bringing support to faithful officials and discipline or replacement wherever they fail in their duty.

General Pershing admits that he has in mind the vigilance committees of olden times in our frontier communities which, by simple and straightforward measures, preserved respect for law when violent crime seemed gaining the upper hand.

He does not hesitate to connect the vain attempt to enforce prohibition with the great growth of the bootlegging business.

"I am convinced," says he, "that prohibition has largely financed the new postwar underworld of ours. Vast profits have drawn multitudes into the bootlegging business, and once outside the pale of the law, they do not hesitate to turn to racketeering and other forms of crime. Thus a criminal army has been built up which defies the very Government itself."

These are pregnant words, uttered by one of the most illustrious of Americans—a man whose love of country can not be questioned and who has served it with a patriot's zeal. It is the true voice of America.

General Pershing speaks not as the Scribes and Pharisees but as one with authority.

THE PRESIDENT AND THE POLITICAL SITUATION

Mr. WALSH of Montana. Mr. President, Members of the Congress must have been impressed with a persistent and what seems to be concerted effort to bring the Congress into disrepute and disfavor and to point to the President as the one patriotic personality in public life. An article by Mr. Carlisle Bargeron in the morning Washington Herald is appropriate to that effort. I ask that the article be incorporated in the RECORD.

The VICE PRESIDENT. Without objection it is so ordered.

The article is as follows:

[From the Washington Herald, May 24, 1932]

THE LISTENING POST

By Carlisle Bargeron

It was perhaps poetic justice that two groups of congressional kibitzers should get caught yesterday in such silly errors as to cause mirthful relief to the strained nerves of Capitol Hill.

First it developed that the man to whom Mr. Hoover addressed his letter of Sunday denouncing the public works bond issue does not, so far as known, even exist. Certainly the addressee to whom

Mr. Hoover poured out his heart, Richard S. Parker, of New York, is not the president of the American Society of Civil Engineers for whom the letter was intended. The president of the society, instead, is Mr. Herbert S. Crocker, of Denver.

Fortunately, the letter was carried in the newspapers, so Mr. Hoover's position is known, whether his letter is ever delivered or not.

Then there was another letter over the week-end, apparently gotten up by that eminent kibitzer, Dr. Nicholas Murray Butler. It is surprising that men like Governor Ritchie and Al Smith lent their names to it except that it is the smart thing to do, nowadays, to blame it all on Congress.

This letter boldly called upon Congress to lay aside partisan consideration and work for the good of the country. Of course, Congress hasn't been trying to do that. Only the President and our Nicholas Murray Butlers and our Wall Street brokers and our bankers are working unselfishly for the country.

Well, at any rate the letter was addressed to Representative CRISP as the "majority leader" of the House. Mr. CRISP is not even the chairman of the House Ways and Means Committee with which he has been identified. He is the acting chairman.

In so far as Professor Butler is concerned I believe this reflects how much he really knows about Congress, and the same would apply to the great majority of those bankers, brokers, and others who have joined in the general propaganda against it, the most vicious I have seen in my time and a propaganda which, in my opinion, is downright dangerous.

And the propaganda has a purpose, of course.

It is inspired by administration sources with a view to turning the light from Mr. Hoover and making it appear that had it not been for the obstructionist tactics he would have put through a program that would have gotten the country out of its mess.

This political strategy is not new. Indeed, it is used on the eve of every campaign. The Republicans in Congress subscribe to it and aid it. The party in power bases its campaign around its President.

If he can be built up, then the individuals running for the House and Senate have only to run as a "supporter" of his. They are not hurt as individuals in the propaganda against Congress, because the propaganda is not directed against any individual but against that highly nebulous body—Congress.

The absurdity of it all would be apparent to anyone who gave any thought to it, because there are more than 500 men composing the body.

This particular campaign, however, is more vicious than any I have ever seen, and there is a serious question as to whether it in itself is not what is retarding recovery as much as anything else.

If business is so frightened about Congress that it simply can not move until it adjourns, what is it that made business that way? The answer, of course, is the propaganda that has been leveled against the Congress, so strong and vicious in this instance, that unquestionably the country has lost confidence in it. If that is a pretty situation in times like this, I'll eat my hat.

Because Congress has got to stay here until it finishes its job, regardless of the Nicholas Murray Butlers, the bankers, or the brokers.

I have just read on the financial pages that the market was a little nervous yesterday because the House didn't pass the beer bill.

Mr. Hoover is calling 30 or more of the country's outstanding newspaper publishers to the White House either to-morrow or the next day. I don't know just what his purpose is. Maybe it is another move to get everybody cooperating.

Maybe it is to heap on more propaganda against Congress. Maybe the stuff which the Washington correspondents are writing for these papers should be censored.

Whatever is the purpose, these publishers will get a lot of light on the situation if they ask Mr. Hoover as soon as they sit down if it is true that he had intended to use his influence against the insertion of the tariff items in the tax bill, but was called off by Republican leaders on the ground that if four Republican Senators didn't get this tariff protection they would be defeated in the coming campaign.

It is, of course, the fight over these tariff items that is now holding up the revenue bill. Mr. Hoover's leadership would have saved considerable time.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SMOOT. Mr. President, at a meeting of the Finance Committee this morning the question of taxation on mutual insurance companies on insurance against losses by hail, cyclone, and so forth, was taken up for consideration. By a unanimous vote of the committee it was decided that the amendments heretofore proposed by the committee relating to this matter be disagreed to in order that the existing law, which is the House text, may remain as it is.

Mr. NORRIS. Mr. President, I would like to ask the Senator if that is the part of the bill upon which the committee had hearings just the other day?

Mr. SMOOT. Yes; it is.

Mr. WALSH of Massachusetts. May I say to the Senator from Nebraska that this action in the committee was taken on motion of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. NORRIS. I have no objection to it.

Mr. SMOOT. I send the amendments to the desk and ask that they be disagreed to.

The VICE PRESIDENT. Let the amendments be stated in their order.

The first amendment stated was, on page 63, after line 4, to strike out:

(11) Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses.

And in lieu thereof to insert:

(11) Mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) of the type commonly known as "farmers," "county," "town," or "local" mutuals, the income of which is used or held for the purpose of paying losses or expenses.

The amendment was rejected.

The next amendment stated was, on page 156, line 15, after the word "sums," to strike out "other than dividends paid" and insert "(other than dividends) paid or incurred," so as to read:

(B) The sums (other than dividends) paid or incurred within the taxable year on policy and annuity contracts.

The amendment was rejected.

The next amendment stated was, on page 157, line 8, after the word "their," to strike out "policyholders and the amount of premium deposits retained for the payment of losses, expenses, and reinsurance reserves" and insert "policyholders, and, unless otherwise allowed, a reasonable net addition to reinsurance reserves," so as to read:

(3) Mutual insurance companies other than life and marine. In the case of mutual insurance companies (including interinsurers and reciprocal underwriters, but not including mutual life or mutual marine insurance companies) requiring their members to make premium deposits to provide for losses and expenses, the amount of premium deposits returned to their policyholders, and, unless otherwise allowed, a reasonable net addition to reinsurance reserves.

The amendment was rejected.

Mr. NORRIS. Mr. President, I presume it will not be necessary to read again the amendment which I submitted last night. I desire to offer it.

The VICE PRESIDENT. The Senator from Nebraska offers the amendment which he submitted last evening.

AMELIA EARHART PUTNAM

Mr. WALCOTT. Mr. President, I desire to introduce and ask unanimous consent for the immediate consideration of a joint resolution authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam. I would like to make a statement with reference to it after the joint resolution shall have been read.

The VICE PRESIDENT. Let the joint resolution be read for the information of the Senate.

The joint resolution (S. J. Res. 165) authorizing the President of the United States to present the distringuished-flying cross to Amelia Earhart Putnam was read the first time by its title and the second time at length, as follows:

Be it resolved, etc., That the President of the United States is authorized to present the distinguished-flying cross to Amelia Earhart Putnam for displaying heroic courage and skill as a navigator, at the risk of her life, by her nonstop flight in her plane, unnamed, from Harbor Grace, Newfoundland, to Londonderry, Ireland, on May 20, 1932, by which she became the first and only woman, and the second person, to cross the Atlantic Ocean in a plane in solo flight, and also established new records for speed and elapsed time between the two continents.

Mr. WALCOTT. Mr. President, Amelia Earhart Putnam made her notable trans-Atlantic flight on exactly the fifth anniversary of the flight of Col. Charles A. Lindbergh, on May 20, 1927, which startled the whole world.

Vice president of the National Aeronautical Association, she first obtained her license to fly in 1920. Subsequently she was awarded the first F. A. I. license granted to a woman

by the National Aeronautical Association. She holds the third transport license granted to an American woman. She was the first woman to pilot a plane in solo flight across this continent and return. This was in 1928. She was the first woman to cross the Atlantic by air. This was in June, 1928. She established the first woman's altitude record and the first woman's maximum speed record.

Amelia Earhart Putnam now holds the woman's speed record over a 100-kilometer course, with and without a 500-kilogram load. She was the first woman to fly with an autogiro and the first to cross the continent and return with a plane equipped with an autogiro. She holds the autogiro altitude record of 18,415 feet.

Amelia Earhart Putnam has to her credit in excess of 1,500 solo hours. Her Atlantic nonstop solo flight of 2,065 miles gives her the woman's long-distance record. She is the only person who has ever crossed the Atlantic twice by airplane. She and Colonel Lindbergh are the only two who have crossed the Atlantic in solo flight.

Modest, retiring, resourceful, and courageous, she flew across the north Atlantic for fun and for the honor of her sex.

I ask unanimous consent that the joint resolution be put upon its passage.

The PRESIDENT pro tempore. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

MILLION-DOLLAR INCOMES

Mr. LONG. Mr. President, I send to the desk and ask to have read a clipping from the Oklahoma City newspaper. I am sure none of my colleagues would like to offer it, because it is in the nature of a criticism, but I think it ought to be inserted in the RECORD so that the opposite side may be properly presented.

The PRESIDENT pro tempore. Without objection, the clerk will read as requested.

The legislative clerk read as follows:

DOWN TO THE LAST MILLION

So when I saw the outbreak of red rash that followed Huey's proposal to limit incomes to a million bucks per year I said to myself: That's hooey. Think of limiting people—the best people—to a lousy million a year.

Dear reader, do you know what that means? Did you ever try to skimp along on a measly million dollars a year? Did you ever even sit down and try to figure out how far a million will go when stretched over 365 days?

Of course you haven't. You don't give a tinker's rap how the other half lives. But I'm not that kind of a brute. It ain't in me to see folks suffering. So I did figger it out, and here is the gruesome result:

BUDGET FOR FAMILY OF FOUR

Having income of not more than $1,000,000 per annum, consisting of father, mother, daughter, and doggy.

FOOD

3 meals a day for three, at $33.33⅓ per meal	$36,500

CLOTHING FOR FATHER

1 new suit a day at $100	36,500
1 suit of B. V. D.'s a day at $10	3,650
1 pair of new shoes a day at $10	3,650
A new set of shirts, socks, neckties, suspenders, and collar buttons per week at $100	5,200
26 straw hats at $10	260
26 felt hats at $10	260
25 topcoats and overcoats at $100	2,500
50 walking sticks at $10	500
1 new pair of gloves per day at $10	3,650
Incidental apparel	5,000
Total	61,270

CLOTHING FOR MOTHER

A new gown per day at $100	36,500
A new set of lingerie every day at $10 per set	3,650
A new pair of shoes per day, $10	3,650
A new set of pajamas, nighties, and other unspeakables at $20	7,300
New set of jewelry per season at $10,000	40,000
26 summer hats at $20	5,200
26 winter hats at $20	5,200
3 fur coats at $1,000	$3,000
Pair of new gloves a day at $10	3,650
Things I can't think of	10,000
Total	118,150

CLOTHING FOR DAUGHTER

Double that of mother, or	236,300

UPKEEP OF DOGGY

1 new sweater a day at $10	3,650
1 hogshead of milk per day at $5	1,825
1 200-pound hog per day at $10	3,650
5 spring lambs per day at $2 each	3,650
Manicuring, massaging, and putting permanent wave in tail at $10 daily	3,650
Salary of night watchman, turning dog over in his sleep	1,000
Total upkeep of doggy	17,405

LODGING

Upkeep of town house	100,000
Plus wear and tear on 4 cars and 10 servants	50,000
Upkeep on hunting lodge, including wear and tear on 1 guide, 2 cooks, 1 butler, 2 maids, and 1 guy for everything	50,000
Upkeep private yacht with crew	100,000
Total	250,000

DRINKS

50 barrels of wine at $200	10,000
100 barrels of Scotch at $500	50,000
100,000 bottles of home-brew at 2 cents apiece	2,000
1 tank car mixed drinks	10,000
Total	72,000

SMOKES

1 carload of cigarettes	11,300

TRAVELING EXPENSES

Including mother's trip to Reno and father attending session of breach-of-promise suit	41,000

MISCELLANEOUS

Education, bridge cards, recreation matches, church dues, bottle openers, club dues, charity, poker chips, art, shoe shines, etc	64,000

GRAND TOTAL

Now let's recapitulate and see what we've got:	
Food for three	36,500
Clothing for three	415,720
Upkeep of doggy	18,425
Lodging	350,000
Drinks	72,000
Smokes	11,300
Traveling	41,000
Sundries, miscellaneous, and indispensables	64,000
Grand total	1,008,945

There, what did I tell you—every dollar of that million gone, eight thousand bucks in the hole, and no telling where the next meal's gonna come from.

So if you see that HUEY LONG, just tell him for me that if he thinks a family can get along on less than a million a year, that's all hooey. Besides, I know a thousand cotton pickers' families in his State that spent almost that much last year between them.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, let me preface my remarks on the pending amendment by saying that I have been and still am in full sympathy with those Senators who wanted to dispose of the pending bill as soon as possible. I believe that feeling is shared by every Member of the Senate. If the Senate had not already gone into the tariff field and adopted amendments providing for tariff rates on certain specific, selected products, I would not have offered this amendment. If the Senate had kept out of the tariff field and the amendment had then been offered, I would have voted against it. It seems to me unwise in this bill at this time to try to enter the domain of tariff legislation. But, Mr. President,

the Senate has passed that line, and I see no reason why, inasmuch as four selected articles have been put into the bill and tariff rates provided for them, any Senator who has in mind any other item upon which he thinks a tariff should be levied is not entitled to the same honest and fair consideration as has been accorded to oil, lumber, copper, and coal. I have tried my best, Mr. President, to cooperate with those in charge of the bill, as I think all other Senators have, to bring about a fair and speedy termination of the action of the Senate upon the measure.

I am offering this amendment in the exact form in which the Senate agreed to it upon the tariff bill, and practically in the same form in which the Senate agreed to it when we considered the farmers' marketing act. So twice this amendment has been agreed to, both times by a substantial majority.

When I offered it on the tariff bill, I made one change in it to meet an objection which had been urged by President Hoover as it had been presented at that time. I did not believe the objection was valid; I did not believe it had any merit whatever; but, realizing that the President had a different view, and had so expressed himself publicly, I added a provision to the amendment to meet his objection.

Mr. President, the object of this amendment is to give the farmers of the United States the benefit of the protective tariff on agricultural commodities. It seems to me, therefore, since we have a protective tariff, and since it is conceded that the producers of the commodities which feed our Nation should be treated the same as the manufacturers and others who have the benefit of tariff duties, that, regardless of whether a Senator believes in a tariff or is opposed to a tariff, he ought to support this amendment. Indeed, it only gives to the farmer the benefit of one-half the tariff that is levied upon his products. It shows on its face that it is designed to give to the farmer one-half of the tariff rates under existing law. It is conceded that he now gets no benefit whatever in that direction.

The President of the United States in his campaign for election announced that one of the three major things he was going to do, if he became President, was to give the farmers the benefit of the tariff. The effort he has made in that direction is confined to the existing so-called farm marketing act. I am sorry to say that he is opposed to what is known as the debenture method of giving the farmer this benefit. Nevertheless, as I have said, the Senate has twice, after a full debate, by a substantial majority each time, passed this particular proposition.

Mr. President, I listened the other day with a great deal of interest to the Senator from Washington [Mr. JONES], who sits by my side. Incidentally, I sat by his side in the House of Representatives before we came to this body. I have enjoyed an intimate acquaintance with him during all my public service in Washington. I have for him the greatest of respect. I recognize his sterling honesty and his conscientiousness. When he made his speech here a few days ago in favor of a tariff on lumber he pictured a scene out in the lumber country of the State of Washington that must have been appealing to every person who could hear what he said. He pictured the suffering and the misery and the hardships of those who depend upon the lumber business for a living. He plead with his associates here for a tariff upon lumber—a tariff that in effect is an embargo.

I could take his speech in the CONGRESSIONAL RECORD and read all that part of it in which he was describing the condition of the people of Washington, and it would apply 100 per cent to the farmers who live in the great Middle West and who produce the food that keeps this Nation alive. I could have applied it to the southern part of South Dakota and to a tier of counties in the northern part of Nebraska where drought and grasshoppers have brought affliction to all farmers. It would have applied also to every farmer in the great prairie part of our country—farmers dependent for their livelihood upon the tilling of the soil. They are all suffering in this great depression. They were suffering before the manufacturing East felt the misery that came when this depression finally engulfed the whole country.

We warned you then that agriculture was suffering. At first you laughed at us. You said there was no farmer question; but we told you then, we told you many times, that unless you gave relief to stricken agriculture, eventually that injury to the fundamental corner stone of our prosperity would bring down the entire temple in ruins upon our heads.

That time has come. Our prophecies have been proven by history to be true. Now we are taking one part of the country, as my good friend from Washington [Mr. JONES] so well described it, suffering in misery and suffering for the necessaries of life, and we propose, and have already gone that far, to relieve the sufferings of the people living in the lumber country by adding to the sufferings of those who till the soil in the great Middle West.

There is none of us who would not be glad to relieve human suffering wherever we find it; but, Mr. President, it seems to me it is a mistake to go into two sections of our country, both suffering, both having millions of people who are not able to support their families and their children and keep them from want, and say to one class of those suffering people, "We will relieve your burdens by adding to the sufferings and the hardships of those who are in just as bad condition as you are."

That is what the tariff on lumber means. That is what the tariff on coal means; and, Mr. President, I can not help but digress, perhaps, for just a moment to say that it seems to me we have gone tariff crazy. Wherever we find something wrong we are going to remedy it by a tariff; and we are going to put the resulting burdens upon those people who are already suffering, often in a greater degree than those for whose benefit the tariff is levied.

We ought to conclude from that, it seems to me, that no matter what we may think, no matter what we may want, this demonstrates that we can not get blood out of a turnip. This demonstrates that we can not relieve the sufferings of one section of our people by adding to the burdens of another portion. It demonstrates that if we want to produce revenue we must go to the sources where the revenue exists. No matter what our theories may be, no matter what we may think about justice or injustice or the cause of all this trouble or anything else, if we are going to raise revenue we shall have to raise it from the men who have the revenue.

That, it seems to me, is the reason why we have been mistaken in relieving the big incomes, the large inheritances, the people who have incomes and who inherit property away beyond the limits of the power of money to bring comfort or happiness. We are going to relieve them, and we are going to do it at the expense of the downtrodden and the overburdened who are already suffering under burdens which they can not bear.

It is not my intention to delay the Senate with a debate on this particular measure, because I think every Senator understands it. It was debated so fully and completely by the Senate in the last Congress that I would hardly feel warranted now in taking up any great amount of the time of the Senate in discussing it further. I believe that all people who have studied it agree with me that this method will bring relief to agriculture to the extent of one-half of the tariff levied upon the various items of agriculture. Its mode of operation is comparatively simple. It will not require a great amount of machinery. It undertakes in no way to transgress, I think, upon the constitutional rights of anybody or any set of men. It goes on the theory that we have adopted the protective-tariff policy in this country, and it undertakes to equalize the prosperity that protection brings among all the people of the country.

It is conceded now that the farmer in the field who produces for illustration, let us say, wheat, and has in the aggregate an overproduction of, let us say, 200,000,000 bushels in any given year, gets no actual good from the tariff. It is of no benefit to him, because, as every student of economy knows, the surplus above the possible consumption in our own country—the surplus that must be sold abroad in the world's market—fixes the price of the entire product. This amendment does what President Hoover said should be done,

and what those who supported him echoed and reechoed over the country: "Prosperity will come, because Hoover will make the farmer equally prosperous with the manufacturer. He will give the producers of this country the benefit of the tariff."

Everybody knows that that has not yet been done. This amendment does not give the farmer the full benefit of the tariff, though it ought to, I think. The debenture ought to be for the full amount of the tariff; but those who are behind the debenture have taken only one-half of it and said, "We will be satisfied if you will give us the benefit of one-half of the tariff. While manufacturers and others in other fields get the benefit of all of it, give us one-half. We get no benefit now."

It is conceded, I think, that to the extent of one-half of the tariff this plan will work. It does not pay any of this money out of the Treasury of the United States from the general fund. It goes on the theory that we are all wedded, whether we like it or not, to the protective-tariff theory, and it puts the farmer in the same basket with the manufacturer and all others, so as to give the farmer an equality under the tariff.

Here is the tariff on manufactured goods and other goods, bringing in an immense amount of money; but the farmer, because he produces a surplus of food, is unable to get the benefit of the tariff on his products. He gets no benefit from it; and so we say, "Out of the revenue that comes from the tariff coming in to benefit those who do get the benefit of the tariff, we will pay to the producers who get no benefit one-half of the amount of tariff on their various items of production."

Mr. DILL and Mr. COUZENS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Washington.

Mr. DILL. Mr. President, has the Senator computed, or had computed for him, the amount that the debenture will diminish the revenue that comes in from tariff rates?

Mr. NORRIS. No; I have not. It will diminish it, of course.

Mr. DILL. Has the Senator any idea of the amount?

Mr. NORRIS. I should not want to make a guess with regard to it, but it will reduce the revenue to some extent.

Mr. DILL. Of course, the debenture must come out of that revenue.

Mr. NORRIS. It comes out of that.

Mr. BROOKHART. Mr. President——

Mr. NORRIS. I yield to the Senator from Iowa.

Mr. BROOKHART. Are the rates that are proposed half of the tariff rates, as they were before?

Mr. NORRIS. Half; yes.

Mr. BROOKHART. The master of the Grange estimated about $100,000,000 before upon that proposition. Personally, I do not think that is enough. I think it will be more.

Mr. NORRIS. I should think myself that it would be greater than that.

I yield now to the Senator from Michigan.

Mr. COUZENS. Mr. President, I was about to ask the same question that the Senator from Washington asked; but I was wondering whether the Senator could not find out from the Treasury Department just how much the pending proposal would upset the Budget, and what effect it would have on the Government revenue?

Mr. NORRIS. Mr. President, in the first place, I did not intend to offer this amendment until a day or so ago; and then it depended upon the action of the Senate on these other tariff items. Therefore, I had not taken up the matter with the department. In the next place, I will say to the Senator, that I should look with some suspicion upon any figures that came from the Treasury Department, if they gave them to us.

I would not have said that if I had not been asked the question, but I have seen so many figures from the Treasury Department which merely carried out their idea of what they wanted, which seemed to me to have been gerrymandered to meet those ideas, that I would not want to rest my case on figures coming from the Treasury Department.

Mr. DILL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield.

Mr. DILL. I remind the Senator, in this connection, that last year we appropriated $500,000,000 for the Farm Board to help the farmers, and I think it can be safely said that half that amount was lost and very little benefit was received by the farmers. So that if it took $100,000,000 to carry out the pending amendment, it would be far less in the way of cost than the former plan, and we know this would do some good.

Mr. NORRIS. Mr. President, I think on principle we should not consider that question, although, of course, the adoption of this plan would have an effect on the revenues. Here is the proposition as I see it. We have a protective tariff. The farmer has to bear his share of the burden, and he does not get his share of the benefit, which is what we want to give him through this amendment. If in giving him his share of the benefit we cut down the amount of money which comes in from tariff collections which would otherwise go into the Treasury, that would only go to equalize the benefit, under our theory. We have no right, it seems to me, to say, "We will not equalize the tariff for the farmer, because some of the money which it would take to equalize it would otherwise get into the Treasury. You would stop it on its way." If we want to be fair—and I think we do—we must admit to start with that all of our people are to be put on as nearly equal a basis as possible so far as tariff benefits are concerned.

Mr. CONNALLY. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. CONNALLY. Would not the effect of the debenture simply be to allow the farmer to exchange in foreign markets his goods for foreign goods and to bring those goods in free of duty? That would be the effect of it, and to that extent, since he has to sell in a free market, it simply gives him the privilege of exchanging his goods in a free market and bringing back from foreign countries manufactured goods free of duty. It would take no money out of the Treasury.

Mr. NORRIS. It would take no money directly out of the Treasury. It would stop money on its way to the Treasury.

Mr. CONNALLY. It would simply stop money from going into the Treasury.

Mr. NORRIS. This is what the effect would be: When the farmer had produced a surplus, he would be given what is designated by the Farm Board as a debenture. For instance, as to wheat, for every bushel the farmer exported to foreign countries the board would give him a piece of paper called a debenture, which would show that he had exported so much wheat, and that debenture's value would be arrived at by multiplying the number of bushels of wheat he exported by one-half of the tariff on wheat. Then it is provided that the debenture will be received at 100 cents on the dollar in the payment of tariff duties on any imports coming into the United States.

When this plan was first proposed, that is as far as it went. President Hoover offered some objections to it, and his principal objection, as I have read the objections, was that the importers, who would have to buy these debentures, would organize and force down the value of the debentures. To my mind, the debentures would sell for a fraction of a cent under par, because they would be worth a hundred cents on the dollar to the importer in paying duties. It would be like the exporter having a $100 bill that was good only to the importer. If the importer could buy it for $99 or $99.50, he would make as clear profit the difference between what he paid and what it would be worth to him when he used it in paying export duties on foreign products.

Mr. HULL. Mr. President, will the Senator yield?

Mr. NORRIS. In just a moment. The President said the importers would form a combination and would not pay

anywhere near par for the debentures. So in this amendment—and it was the same when I offered it to the tariff bill—I have provided that the Secretary of the Treasury, out of any money in his hands coming from import duties, should buy these debentures at 98 cents on the dollar. That would insure their always selling above that amount in the market.

Now I yield to the Senator from Tennessee.

Mr. HULL. If the Senator has stated it, I did not hear it, as we could not hear him very well on this side, but what is the estimated price level of wheat, for instance, carrying out the illustration the Senator submitted, in this country under the operation of the debenture plan compared with the price level of the wheat we export and sell abroad?

Mr. NORRIS. The price of wheat in the domestic market would immediately go above the price in the world market by one-half of the tariff on wheat.

Mr. HULL. That is the estimated increase?

Mr. NORRIS. Yes. There can be no possible doubt about that. I do not think that is questioned even by the enemies of the plan. It would mean that the price of wheat here would go up to above the world price by the amount of the debenture named in the bill, which is one-half of the tariff.

Mr. HULL. So that by the expenditure of $100,000,000 in operating the debenture plan we would accomplish an increase of 21 cents a bushel on the entire 600,000,000 bushels of our domestic wheat production on the average?

Mr. NORRIS. Yes.

Mr. BROOKHART. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. BROOKHART. In regard to the matter just touched upon by the Senator from Tennessee, the Farm Board claims that its operations are at this time raising the price of wheat about 15 cents above the price in the world market; that is, after allowance for freight to the world market. So that this would add 21 cents and make the price that much above the world market price. It seems to me that at the present low prices of farm commodities half the tariff, and even all the tariff, would not be enough to protect the cost-of-production price.

Mr. NORRIS. I agree with that, and always have, that while we were clamoring about doing something for the farmer we were saying to those who were opposing our efforts, "We will accept just one-half of what we give to everybody else." That seems to me much more than fair; and I can not conceive, myself, why we should push the farmer out of the tariff picture. I can not understand why we should continue to compel the farmer to buy in a protected market and sell in a free-trade market; why we should compel him, as we do under our tariff laws, to buy on this side of the tariff wall and to sell his products on the other side of the tariff wall.

Mr. DILL. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. DILL. When we raised the rates on farm products, of which we produce more than we consume, we did it on the theory that it would help the farmer; but the practical operation has been that it does not help the farmer at all. The only way in which he can be helped in the price of the product is through the plan the Senator proposes, and the only way in which he can be given equal treatment with the manufacturer, which was the intent in the adoption of the tariff rates, is through this plan.

Mr. NORRIS. I agree with the Senator, and I thank him for his suggestion.

Mr. SMITH and Mr. THOMAS of Idaho addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Nebraska yield, and if so, to whom?

Mr. NORRIS. I will yield in just a moment.

I have often said it before, and I do not want to become obnoxious by repeating it, but I do want to say once again that it is an impossibility for us to continue a permanent policy which will compel the men and women who toil and produce the food we eat and the clothes we wear to do their labor at less than cost. They are doing that now, and have been doing it for a long time. It will not work as a permanent policy. People with education, people who have tasted freedom, people who have the ability and the sense to see the difference between the way they are downtrodden and the way others are reeking in wealth, will not forever submit to a policy which permits that.

In common justice we owe it to the men and the women who do our work and produce our food to see that they should not become peasants or slaves, that they should be put upon a basis of equality with all of us, and if it does take some of the money that would otherwise get into the Treasury, the answer is, Mr. President, that we should levy a greater tribute upon those who have so much money that they do not know what to do with it, and can not possibly use it for enjoyment or any other profitable purpose.

I yield first to the Senator from South Carolina.

Mr. SMITH. Mr. President, I just wanted to state that it is impossible for the farmers to organize and gather resources sufficient to enable them to charge enough to enable them to make a profit, taking into consideration the domestic consumption, the amount of the tariff, and the exportable balance, selling their products in competition with other articles. This plan would simply give the farmer at least a part of the wherewith to buy in the protective market, where, under the law, he is forced to buy.

Mr. NORRIS. Yes. Referring again to my friend the senior Senator from Washington [Mr. JONES], who made an earnest plea and a perfectly honest plea for his people, I want to say again that, no matter what our beliefs may be or what our disagreements may be about economic policy, we must come back to the proposition that one can not pull himself over a fence by hauling on his bootstraps. We can not get money where there is no money. The Senator can not relieve his people who are in the lumber business by making it impossible for my people to buy their lumber. It does not make any difference what one's theory of government may be, there are farmers who are living now in houses dilapidated and falling down, farmers who have no decent houses in which to live, who have no barns in which to stable their stock, but who want to buy lumber. Lumber is one of the necessaries of the farmer's existence. He must buy it; and if the price of lumber is raised so high that he can not buy it the lumber business will be ruined, because lumber will be no good to those who own it unless they can sell it. They must have purchasers.

Mr. THOMAS of Idaho. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. THOMAS of Idaho. I am very much interested in the Senator's statement on the debenture and I have been very friendly to it and have supported it. But a few days ago the Committee on Agriculture and Forestry accepted and authorized a report of the new farm bill which has been agreed upon by the farm organizations of the country. That bill provides that it shall be optional with the Farm Board to use either the equalization fee, the debenture, or the allotment plan. The bill has the support of all the farm organizations of the country, and I am very anxious that it shall be brought to a vote before this session ends. I am wondering why we could not consider that whole bill rather than the debenture which is now presented here. I am simply raising the question.

Mr. NYE. Mr. President, will the Senator from Nebraska yield to me for a moment?

Mr. NORRIS. I yield.

Mr. NYE. The Senator from Idaho makes manifest an interest in the so-called McNary bill, which, for his information, I might advise him at this time was offered yesterday by me as an amendment to the pending tax bill.

Mr. THOMAS of Idaho. Would there be any objection to offering it as a substitute for the pending amendment, because it would take care of the debenture, as well as the other features?

Mr. NYE. I see no reason why it should be offered at this time as a substitute before we have had a chance to debate the issue that is before the Senate at this time.

Mr. THOMAS of Idaho. The adoption of the debenture at this time would preclude any consideration of the general farm bill.

Mr. NYE. Not at all. It seems to me that the adoption of the debenture would pave the way for the offering of those features in the McNary bill which are not covered by the debenture.

Mr. NORRIS. Mr. President, let me say a word or two on that. I did not expect to discuss it, but I want to be practical, and I believe the Senate wants to be practical. I am in full sympathy with those who are behind the bill of which the Senator speaks, although I am not familiar with a good many of its details. I realize that it would probably be an impossibility to put upon the pending bill as an amendment the bill to which the Senator refers. I doubt very much if that would be possible.

Mr. THOMAS of Idaho. I was asking for information, as I am anxious for action.

Mr. NORRIS. I meet the Senator in the same spirit in which he asks the question. I think this is a practical and comparatively simple method. It may not be the best method. Experience may show that we will want to discard it for one of the various other suggestions, but it has twice had the favorable consideration of the Senate. In its very terms it is the simplest method that has ever been proposed. It is not original with me. I do not claim to be the originator of the plan. I am claiming nothing for myself. I have had other plans which I have laid aside because of this.

Personally, I voted for all of the various remedies for farm relief, except the allotment plan, which has never yet been presented to the Senate. As to some of them I had some doubt. One of the doubts I had was the complex machinery usually required to put them into effect. But I was willing to submerge any technical objection I might have. I think we ought to be willing even to take a chance if necessary to save agriculture, to save the farmers of America from being slaves—in a more true sense, however, to save our country itself because our farmers never will be slaves. Do not forget that.

Mr. McGILL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kansas?

Mr. NORRIS. I yield.

Mr. McGILL. I find in the amendment offered by the Senator from Nebraska the following language:

(a) Whenever the board provided for in the agricultural marketing act approved June 15, 1929, finds it advisable, in order to carry out the policy declared in section 1 of said agricultural marketing act, with respect to any agricultural commodity, to issue export debentures with respect to such commodity, said board shall give notice of such finding to the Secretary of the Treasury.

I am wondering if the Senator from Nebraska means by that that the debenture plan is only to be effective upon action taken by the board mentioned in the agricultural marketing act.

Mr. NORRIS. Yes; I say that is true, and I say it with a great deal of reluctance. We have gone as far as we possibly could to meet those who have opposed farm relief. In this case we have gone so far as to put it in within the power of the President's board to say whether and under what conditions they will proceed to operate under the bill as to any given products.

Mr. McGILL. Does not the Senator feel that it would be better policy to make the plan effective regardless of the decision of the board?

Mr. NORRIS. Yes; I frankly say to the Senator it would be, but we have to depend for the enforcement of this law and the carrying out of its terms upon the executive functions of the executive department of the Government. I am assuming they would carry it out in good faith. We put this power with the board, which really puts it with the President. I am assuming that if this is the law they will act in good faith under it. I do not think we legislate with any other idea.

Mr. FRAZIER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. Certainly.

Mr. FRAZIER. Since the debenture plan was voted on before, when it was offered as an amendment to the tariff bill and on one other occasion, the situation has changed a great deal. Agricultural prices have gone down materially. One-half of the tariff as a debenture is not enough under present conditions. While it might help the farmers and will, of course, help them, it is not enough, and it is unfair to take only one-half of the tariff as a debenture as a means to help agriculture under present conditions.

Mr. NORRIS. I think there is a great deal in what the Senator said. As I said, it does not go as far as I would like to see it go, but those of us who have been trying to get relief for the farmers of America have been in this plight ever since the war. We have met with all kinds of opposition. We have compromised on all sorts of occasions to get something. We have brought in bill after bill only to see them destroyed and defeated by the influence of the administration, both this administration and the one preceding it and the one preceding that.

I am not challenging or questioning the good faith of those who are opposed to this kind of legislation. In the beginning there was much opposition here and in the other body where the first McNary-Haugen bill was defeated after long debate. I can see the viewpoint of those who are opposing it. We were proposing to do something that had never been done before. It was something new. We were proposing to enter into legislative fields hitherto untried. We realized that. We realized that we were treading in new territory, and we met defeat after defeat, first because it was said we were entirely wrong, that we had an entirely erroneous idea as to the condition of agriculture. But as the years passed on the distress commenced to percolate through all lines of business activity, and we have now reached a condition where most honest people will admit that our country can not continue permanently in a prosperous condition if agriculture, the foundation of all prosperity, is languishing and those who are doing the work are not making a living out of it.

It seems to me that is a fundamental proposition. We have said time and again, "If what we propose will not work, then let some one else bring forward something." The various bills which the Committee on Agriculture and Forestry have brought in here were introduced after careful consideration. We have said, "This is something new. Some things about it are rather indefinite, as we know and admit. But it is the best we can do." We have labored conscientiously and earnestly for years and years, listening to the tales of woe and distress that would turn a heart of stone to pity, those tales coming from all over the great West and Northwest.

We felt that something must be done. We realized that other Senators had not had the opportunity we of the committee had in listening to the stories that were narrated to us. We realized that other Senators did not have the information possessed by the Committee on Agriculture and Forestry about the distress and discomfort. We said time and again, as one bill after another was presented, "If this does not suit, you do something, you formulate a bill, you bring it in." I have made that outcry many times to the President of the United States. "Bring in something yourself. Propose something yourself." Never once until the marketing bill was presented did anyone ever bring a bill that it was even claimed would meet the conditions which we found to exist. We know what happened under the operation of that bill. That was Hoover's answer to the pledge he made to the American people that if he was elected President he would put the farmer on an equality with the manufacturer. Every child knows that measure has failed.

A good many of us who studied the subject said, "Unless you take care of surplus production you can not get a remedy that will work." No one has been able to show any remedy that will be effective and bring relief to American agriculture unless we take into consideration some method by which we will take care of the surplus.

Mr. President, I would be delighted if this amendment would result in levying higher taxes upon wealth. If we adopt the amendment, it will be necessary to do something of that kind. It ought to be done. I would be glad if that would be the result, because we have been too lenient with those who have big incomes. We have been too lenient with those who insist on controlling hundreds of millions of dollars' worth of property, not only while they live, but after they are dead as well.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. While the Senator is discussing that point, it becomes very appropriate at this time to remind him of his suggestion on a previous occasion that according to the Treasury estimates—and I agree that they are not sacred by any means—about $100,000,000 to support the debenture will be taken out of the revenues to be produced under the terms of the bill. Are those the figures?

Mr. NORRIS. That is the figure given by the Senator from Iowa [Mr. BROOKHART]. I want to be fair with the Senator from Louisiana. In my judgment it will take more than that. It will depend upon which of the products are utilized by the board.

Mr. LONG. The position we are in is this. Suppose that under the debenture it is necessary to take such a sum as that. I favor the debenture in principle and would like to see it the law. An effort is to be made to take the tariff items out of the bill which we have put on the bill. Motions have been made to reconsider them.

Mr. NORRIS. No; the Senator can not get anything of that kind from what I said. What I did say was that it might result in increasing the rates on wealth. I am only referring to income and inheritance taxes.

Mr. LONG. I agree with that, but what I am saying is this. At least our tariff items are going to bring some revenue.

Mr. NORRIS. Yes; some of them will. I think the tariffs on coal and lumber will prove to be an embargo.

Mr. LONG. If we adopt the debenture plan, does not the Senator think then the position he has taken about taking the tariff items out of the bill ought not to be reconsidered; that those matters ought to become a closed chapter because he is going to take $100,000,000 out, and he will have to find some more money for that purpose to take the place of the tariff money? I think the Senator is right in stating that what we should do is to help the farmer and not be so liberal with the big incomes in the United States as we have been in the past, as shown by past votes.

The point I am making is this: Some of us here are trembling and shaking about this thing. My State has to have this oil tariff or we are not going to be able to continue to operate our schools. Our State treasury is empty. But if we vote this debenture, would the Senator feel then, inasmuch as he had taken out $100,000,000, that certainly we ought not to bother the tariff items and take the funds out there; or are we going to have a double-barreled shotgun, that Senators who want to take the tariff out will insist upon that plan on the one hand, while some others want to take the tariff issue entirely out of the bill?

Mr. NORRIS. First let me say it seems to me if I occupied the position the Senator does, I would want a tariff on oil. The other items will provide some revenue—I do not believe there is any doubt about that—and so will the other products included with oil. It seems to me if we pass this bill and anybody makes an attack again on the oil tariff that has been put into it, the Senator would be in a better position to resist it if this amendment were added than if it were not added. The only thing we will be trying to do is to get more revenue to meet what this takes out, and the Senator could logically say, "If you take out this tariff on oil, you are going to have to hunt additional places to get revenue."

Mr. LONG. I would like to have that argument appeal to the Senator from Nebraska. If it does, I would feel a whole lot safer. I think it is a good argument, and I hope the Senator thinks so.

Mr. NORRIS. I think it is a good argument. Personally I am opposed to the tariff on oil. I am opposed to the tariff on coal. I am opposed to the tariff on lumber. I would like to reduce the tariff on a lot of other things. I voted yesterday for every one of the amendments offered by the Senator from Maryland [Mr. TYDINGS]. If other amendments are offered, I am going to vote on them in accordance with my own belief in the light I have as to whether there ought to be a tariff or not, and whether it ought to be increased or diminished.

Mr. LONG. I was hoping that the Senator would go a little farther, inasmuch as we have amended the bill, and it is going to bring some revenue. He and others have expressed their opposition to it as the result of those items being in the bill. Now, he comes along with an amendment which must take some revenue out of the Treasury. I was hoping the Senator might see fit to say if we put the debenture over, certainly we would not come back and begin to take some of this money out. I was hoping the Senator might say that.

Mr. NORRIS. I can not give the Senator any assurance. To begin with, I do not know whether or not any such attempt will be made. I have not the remotest idea. If there is any such thing thought of it has not been disclosed to me.

Now, Mr. President, I want to conclude——

Mr. BLAINE. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wisconsin?

Mr. NORRIS. I yield.

Mr. BLAINE. There is a feature which the Senator has not discussed to which I desire to call his attention. The Senator appreciates that our foreign commerce has greatly diminished. Will not the debenture on agricultural products, at least, directly stimulate our foreign commerce and indirectly stimulate our international trade respecting industrial and manufactured products?

Mr. NORRIS. I think it will. It will do something more than that; it will make agriculture prosperous and when that shall be done, in my judgment, we shall have removed 90 per cent of the difficulties that confront the country because of the depression.

Mr. BLAINE. Just another question. If such stimulation shall bring about an increased international trade, by the very nature of things there will be increased revenue under the general tariff law?

Mr. NORRIS. Yes, sir.

Mr. FRAZIER. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield.

Mr. FRAZIER. The Senator from Nebraska has stated that if we shall make agriculture prosperous it will have a good effect upon everything else in this country. I agree with him, and I want to ask the Senator from Nebraska if he thinks, in view of present prices, that giving half the tariff as a debenture will make agriculture prosperous in the United States?

Mr. NORRIS. It will not do what it ought to do; if the depression continues, it will not come anywhere near doing what it ought to do, but it will to a great extent revive struggling agriculture, though not as much as it ought to do. However, if we can get rid of the general depression, if we can bring about conditions under which prosperity can to a certain, even though a partial, extent pervade the country and include business operations of all kinds—and that will come to a great extent if agriculture shall be made prosper-

ous—then the need even of this proposed legislation will not be so great as it now is, because, in addition to the farmer having to sell in a free-trade market and buy in a protected market, he is the victim, as is everybody else, of the general depression.

Mr. KING. Mr. President, may I ask the Senator from Nebraska a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. An inquiry was made a few moments ago by the Senator from Kansas [Mr. McGILL] respecting the Federal Farm Board and the authority lodged in it under the terms of the Senator's amendment, to determine when the provisions of the amendment shall be put into execution. In view of, shall I say, the fallibility of the Farm Board, the blunders—and I am using a very mild term—of which it is guilty, the inefficiency which has characterized its administration, I am unwilling to lodge with them this discretionary authority. I inquire if the Senator may not find some other organization or instrumentality that might initiate the movement that would put the provisions of the amendment into operation?

Mr. NORRIS. What other instrumentality of government would the Senator suggest?

Mr. KING. I am not as familiar with the terms of the Senator's amendment as he is. I was wondering under the original debenture plan what steps were provided for an initiation of the movement?

Mr. NORRIS. There was a board set up. We should have to have some instrumentality to perform the duty because there are some products, for instance, as to which there might not be a surplus production for 10 years. The amendment would not apply to any such products. Somebody must determine, somebody must have the power to say whether or not there is a surplus. The surplus to a great extent, of course, is an estimate, and somebody must initiate the plan.

When we previously agreed to this proposal we thought we would set up a board. If the amendment provided for any other board, how would they be appointed? We could not appoint them. If we provided that the President should appoint them they would not be any better than the board he has already appointed. So while we might disagree a good deal as to whether the Farm Board is the proper place to lodge the authority, I confess I do not know any better place to lodge it.

Mr. KING. If I might indulge in an observation that may be regarded as too suave, it seems to me we are between the devil and the deep sea as between the Farm Board and the Secretary of Agriculture, and as between those two, the devil and the deep sea, I think I should take the deep sea and confer upon the Secretary of Agriculture the authority to determine when the provisions for debentures should be issued.

Mr. NORRIS. If the Secretary of Agriculture is the deep sea, then God save me from the deep sea. I would not go there. But the Senator may be right; that may be the best place to swim.

Mr. President, referring again to the necessity of raising additional revenue and going to sources from which it can be had, I want to read an extract from an article written by one of the brightest newspapermen in Washington and printed in the Nation, of the issue of May 21, 1932. I will read just a portion of it, because the author, Mr. Paul Y. Anderson, is discussing the particular matter of levying taxes upon those who have the money. He says:

> To me, however, the most incredible and dismaying thing in the whole history of the revenue bill is the cumulative testimony given by the representatives of wealth.

Mr. Anderson has slept with this revenue bill from its beginning; he followed it from the very time the hearings began in the Ways and Means Committee, and his statements are always accurate. He says further:

> A communist wishing to demonstrate that the wealthy people of the United States are, as a class, mean, selfish, and unpatriotic to the verge of treason could make no better case than by quoting the words of their own spokesmen from the printed record of the hearings. Over and over the House and Senate committees were told flatly that big business and big finance did not intend to bear their proportionate share of increased taxes and would resolutely and successfully evade every attempt to compel them. The commonest argument of Secretary Mills and those sharing his viewpoint against higher taxes on wealth was that wealth would certainly dodge them. It was nearer to being a case of indecent exposure than anything staged by the Minsky brothers. Of course, I do not believe that the great majority of the rich are quite as black as their spokesmen painted them. Mr. Mills, for example, very often gave the impression of being intoxicated with the eloquence of his own miscalculations. Nevertheless, under such conditions as now prevail in this country and in the face of those which are likely to prevail soon, it was sheer madness for wealth to place on record such an appalling indictment of itself. There has been considerable ribaldry in public and private over HUEY LONG's proposal to limit net incomes to $1,000,000 a year and net inheritances to $5,000,000. But ask the taxi driver, the cigar clerk, the farm hand, or the unemployed mechanic what he thinks about it—and don't ever think he hasn't heard of it. Gentlemen who come to Washington these days to tell congressional committees they will precipitate further unemployment by withdrawing their money from industry unless allowed to keep more than 46 per cent of their incomes after the initial $1,000,000 a year are doing no less, in my judgment, than firing off Roman candles in a powder house.
>
> Huey is no Cicero, but he spoke a mouthful when he said:
>
> "I'm not trying to hurt the rich; I am trying to save them; because this country won't be safe for them much longer if something isn't done to redistribute its wealth."

Mr. NYE. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield.

Mr. NYE. I heard what the Senator said a few moments ago regarding the probable chance of the so-called farm organization bill as an amendment to the pending tax bill. I must confess an agreement with the Senator as to the probability of that chance; but, since it is so problematical, I wonder, in view of the fact that we are striving now to accomplish the fullest measure of help that can be afforded to agriculture, if the Senator would object to increasing the amount of the debenture which would be allowed from half of the tariff duty to the full amount of the tariff rate which prevails?

Mr. NORRIS. Mr. President, again I think I should be moved by what I regard as a practical consideration. I very much doubt the wisdom of attempting it. What we are up against now—and we ought not to forget it—is that one of the great objections to this suggested amendment is that we are going to divert that much money on its way to the Treasury, so that it will never get to the Treasury; in other words, it is conceded it will take considerable money to finance this operation. I agree with the Senator's suggestion, but it is not what we ought to have but it is what we can get, and we know that right now, in view of the situation the country is in, whenever the effort is made to take a dollar out of circulation that would otherwise get into the Treasury we are in difficulty at once, and I confess I am afraid of it. It would be fair, but we shall not be able to get what is fair at this time, and if the amendment shall prevail it will be the first time the plan has ever been tried. Let us put it in operation, if we can, with the idea that if it works, as I believe it will, we may increase the debenture later on.

Mr. BROOKHART and Mr. SMITH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Iowa.

Mr. BROOKHART. Since the Senator first offered this debenture provision, is it not true that the price of farm products has dropped more than the whole tariff rate?

Mr. NORRIS. Yes; I think so.

Mr. BROOKHART. And farm prices are so low now that the whole tariff rate would not nearly protect the cost-of-production level.

Mr. NORRIS. I concede that, under present conditions, the whole tariff, if the farmers could get the benefit of it, would not be sufficient; but, Mr. President, I hope Senators will not get the idea now that anybody is contending that this is going to be a complete remedy for the depression. We have got to take into consideration when we are asking legislation of Congress the viewpoint of others who do not

agree with us, and we have got to admit that we are now confronted with an economic condition that is worse than any condition that ever confronted our country outside of a time of war, and we have got to be willing to give and take. I think we would make a mistake if we undertook to put the entire amount of the tariff in this bill at this time. My judgment is that we would get nothing, and I should like to get this and let it be tried out.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I promised to yield to the Senator from South Carolina. I should like to yield the floor if Senators will permit me to do so.

Mr. SMITH. Mr. President, I just wanted to ask the Senator this question:

It has been intimated here that this amendment will possibly take $100,000,000 out of the Treasury. Does not the Senator think that if we are so anxious to balance the Budget and get revenue we could lower some of these tariffs that amount to an embargo, and by enticing or allowing some of the goods to come in that are now kept out we could, at least temporarily, relieve this situation?

Mr. NORRIS. I think so; not only temporarily but permanently. I agree to that; but again we are confronted with the fact that we can not do it, no matter if we do want to.

Mr. SMITH. Exactly; but why deny the farmers this relief because it might take something out of the Treasury, when millions are being kept out of the Treasury by the other process, by which the farmer suffers?

Mr. NORRIS. I agree to that; but again we are helpless. On yesterday we voted a tariff on aluminum, which now does not come into this country at all. It is a monopoly, and something that is in common use. The head of the great aluminum monopoly is Mr. Mellon and Mr. Mellon's family; and we did not come within gunshot of lowering that tariff to a point where it would have brought in some revenue.

Now we are confronted with a condition, and we ought to realize just what it is. I hate to see those with whom I have worked for years trying to get farm relief come along now, when there is a possibility—I do not know—that we can get this proposal adopted, so that the farmer can get a little, and complain that I do not try to get something that I think we all ought to know would be an impossibility.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. Yes—or, if the Senator desires—I will yield the floor.

Mr. LONG. I just wanted to call the attention of the Senator from Nebraska and the Senator from South Carolina, who have engaged in this little colloquy, to the fact that if the Senator from South Carolina had his way, and the tariff on these various items were reduced in order to bring in all these goods, it would not do anything but put American producers and American workingmen out of work.

Mr. SMITH. Where are they now?

Mr. LONG. A good many of them are out of work now.

Mr. SMITH. And under your high protection.

Mr. LONG. No; under the concentration of wealth, Senator—not under high protection; under the fact that wealth in this country has been concentrated to a point where there is no purchasing power in the hands of the masses. It is not due to the fact that American products have been protected. I deny that. It is due to the fact that there is no purchasing power in the hands of the masses to purchase what is produced in this country.

If we throw down the tariff walls and allow Cuban sugar to be brought in here duty free, my people in Louisiana will not be able to raise a pound of sugar. If we lower the tariff wall of 7 cents a pound on long-staple cotton, they will be feeding you cotton from Turkey and from Egypt and from India and from Russia, because they are raising it there and raising as good cotton as anybody can raise. If we throw down these tariff walls, we will do to these people just what has been done to the oil fraternity in the State of Louisiana and in the State of California and in the State of Kansas. We will shut down the oil wells.

The remedy is not to throw down the protective-tariff walls and put the balance of the people of this country out of work. The fact that we have 8,000,000 people out of work is no reason why we should put 100,000,000 people out of work. The remedy is not to throw down these tariff walls and let the slave from Cuba send his sugar in here duty free, and let the slave from Chile send his copper in here duty free, and let the slave from Venezuela send his oil in here duty free. The remedy that the Senator from Nebraska pretty well touches upon is in putting a purchasing power in the hands of the masses by decentralizing the overgrown fortunes of this country, which have accumulated to a point where there is no money in the hands of the common people, but it is all in the hands of the people at the top and they have brought stagnation to their own enterprises.

If we should go out here to-morrow and write every tariff item out of this bill, we would not do anything but simply throw this country open in such a way that there would not be any reason for anybody to raise any cotton or any wheat or to produce a single manufactured article. Why some of our good Democratic friends can not see that we are not helping ourselves when we increase imports, if we are going to throw our own people out of work, is something that I can not understand. That is our trouble now.

Mr. BROOKHART. Mr. President, when Alexander Hamilton presented the first tariff bill to the Congress of the United States he pointed out the effect it would have upon agriculture quite as truly as it has occurred at the present time, and he said that agriculture would have to be protected by bounties.

The bounty, of course, is the debenture. There is a difference in name and a little difference in the way of applying it, but it all comes out of the United States Treasury. So the debenture or bounty was a part of the tariff system from the beginning, a part of the tariff theory from the beginning; but that theory has been neglected. We have used the bounty only on a very few occasions—once, I believe, on sugar, and maybe a few other times in the history of the country.

The exportable surplus of the United States before the depression was from $1,800,000,000 to $2,000,000,000 of agricultural products; that is, in the form in which they were exported. Some of that was processed and was of more value than when it left the farm. Probably as it left the farms it was about $1,200,000,000.

There is no doubt but that that surplus is fixing the price of agricultural products in the United States. Here is the tariff wall to protect agricultural products, but these products must be sold first in the domestic market. They flood the market by the amount of this $1,200,000,000, if that be what the farmers get, and that breaks down the tariff protection entirely; so the debenture seeks to even up that difference, and in this proposition it is for only half of the tariff.

I am fully in accord with the principle, and I am fully in accord with the idea that if we could get this debenture for half of the tariff I would be willing to take it; but I see no assurance that we will succeed in getting this debenture for half of the tariff. If we should put it on the bill, it seems to me the bill will be vetoed when it gets to the White House, and that we will still fail in our efforts to get the desired protection.

Under that condition, I think the wise thing for us who believe in agricultural relief is to figure out what would be adequate and businesslike relief, and would properly handle this matter and make a fight for that. Then we could go back to the country and show that our proposition would have been successful if it had been adopted.

I think if we put on a debenture now for only half of the tariff rates, it will add a little to agricultural prices, but will

still leave them away down deep in depression. So I think the farm organizations have adopted the sound basis for the relief that Congress should vote at this session.

Mr. HULL. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Tennessee?

Mr. BROOKHART. I do.

Mr. HULL. Will the Senator state, if he has it in mind, the total amount that would accrue to agriculture in the way of increased prices under the operation of this plan at one-half of the tariff?

Mr. BROOKHART. About one-tenth is exported. If $100,000,000 is the amount necessary to cover that, it would be about a billion-dollar increase in prices; but the farmers need about four or five billion dollars to get a cost-of-production price.

Assuming that one-tenth of the agricultural production is exported, and that that will require the $100,000,000, which the Grange has estimated—I think it is a little more than that—if we multiply that by 10, of course, it would increase the other nine-tenths at home as much as it does the one-tenth that goes abroad. That is a considerable sum by which to increase farm products, but it still leaves them far below the cost-of-production level.

I was about to say when interrupted that the three great national farm organizations—the union, the grange, and the bureau—have agreed that any system of farm relief must be based upon the average cost of production of these farm products. That is the basis of the success of every producing business in the country. Unless a business can get its cost of production and also some margin of profit it fails.

What is this cost of production? The present prices are not half the cost of production, and the tariff rates do not anywhere near level up to the cost of production. As the Agricultural Department figured the cost of production heretofore, they made no adequate allowance for the compensation of the farmers for their labor and they made no adequate allowance for depreciation. Were those two items properly increased, their method of figuring cost of production is all right, and then I think the debenture should be based upon that proposition.

Of course, I shall vote for a debenture that will give us $1,000,000,000 of increase. I should be glad to see that, rather than nothing; but since it would still fall so far short of prosperity I think we ought to consider the whole matter in a more businesslike way and decide what would be a proper use of the debenture, and I think there is another method of using it that is better than this amendment.

This amendment pays the debenture to the exporter. As he exports a farm product, he will get a debenture certificate equal to half the tariff rate on such a product if imported. Then he could draw that from the Treasury at the rate of 98 cents on the dollar if it is not redeemed by other parties at par. In that way the debenture is paid to the exporter. Some make the claim, and I have listened to the argument many times, that the farmer would get no benefit from that; that the exporter would not pass the benefit on down to the farmer. I am anxious to avoid that; so I have figured that we could increase the revolving fund of the Farm Board and give them a policy which would compel them to raise the price level to the cost of production and then use the debenture to pay the losses in case any losses occur in the final disposition of that surplus in the world market.

The Farm Board claims, under its present operations on wheat—I stated that a while ago—that it has increased the price at this time, or at the time Mr. Stone testified, about 15 cents a bushel above the world market, through its stabilizing or buying up of a part of the surplus. Assuming that that is true, there is another policy of the Farm Board that has probably done quite as much damage as that did good. That was the policy of holding this surplus as a constant menace over the world market. Any bidder in the world market points his finger right at this American surplus, and then bids the price down because of the threat that that surplus may come into the world market at any moment.

While nobody can tell exactly, I feel that this policy perhaps lowered the world market about as much as it increased the domestic market over the world market, perhaps more, even. If that be true, then the Farm Board operations in stabilization have done no good to the farmer, and we certainly have reached the lowest price level we have ever had in the recent history of agriculture.

Mr. President, I think the revolving fund of the Farm Board should be increased, but not for carrying out the policy it has been following. If the board is to continue that policy, I would take away what they already have; I would abolish the board. It will have to have a new policy, and that policy should be, first, to ascertain the cost-of-production prices of farm products for the five preceding years, we will say, and I would include in that the elements I have suggested. Then the Farm Board should bid those prices for all of the farm products that are offered, and that would at once raise the price level to the amounts bid.

The chairman of the Farm Board before the committee estimated that a billion dollars additional would enable them to do that. He said that half a billion would take care of cotton and wheat, and that those crops made up about half of the whole amount of farm products.

Then they should have a policy with reference to holding the surplus. It should not be held as a menace over the world market, but for a world demand, and in any period of six to seven years in the world's history there has been such demand. There never has been a period when there did not exist a demand that used up all of the agricultural production of the world, even including cotton, which is the biggest and hardest item of surplus to handle.

If such a policy were followed, the surplus might finally be disposed of on the world market with little loss, and the chairman of the Farm Board seems to think it might be disposed of sometimes with profit. This would require a minimum of debenture from the United States Treasury to cover the losses.

Has this plan ever been tried? Do we know anything about it? Yes; it has been absolutely demonstrated. It was the plan of the Wheat Corporation under the Food Administration during the war and after the war. We know exactly the machinery that was set up and we know exactly how it worked.

I have told this story many times, but I am going to tell it once more now. On the 10th of July, 1917, Mr. Hoover wrote a letter to President Wilson, and in that letter he said that England and France and Italy had combined together and appointed one buyer for all their wheat, and that they had decided to bid $1.50 a bushel for No. 1 northern, Chicago. He said, "The farmers can not afford to raise wheat under these war conditions at that price. So we will have to have a Government set-up, with money enough and authority enough to buy the wheat, until purchasers will pay a reasonable cost-of-production price to the farmers of the United States." He said, "Last year the farmers got $1.51, on an average, for their wheat, but the speculator sold it for as high as $3.25, and the price of flour was fixed on the basis of $3.25. We must stop that speculation."

No better outline of the farm problem was ever written. President Wilson immediately presented that question to the Congress, and got the law passed on the 10th of August, 1917, one month later. Four days later he appointed his Farm Board, and 16 days later, on the 30th of August, the Farm Board completed its deliberations and fixed the price of wheat at $2.20 a bushel, raising the foreign bid by 70 cents a bushel. There was no quibbling around about price fixing. The price was fixed just the same as any manufacturer fixes the price of his product at his factory. They determined that price by figuring out the average cost of production, and a reasonable profit on the capital investment, on top of that production cost.

As soon as that price was fixed, the same day, Mr. Hoover bid that price for all the wheat that was offered; not for any little bite in it, as the Farm Board had been doing, not for any part of the surplus, but he said, "Bring on your wheat, and here is your money." Of course the price went to that level on that bid that same day.

The price of the agricultural products should be fixed the same way now. If there were on the statute books at the present time a law applying to the various agricultural surpluses, in one day the price level could be restored, exactly as it was restored on wheat in 1917.

Congress had given the Wheat Corporation $150,000,000 to buy the surplus wheat, but they authorized them to borrow more if they needed it, and they needed $385,000,000 more. With the $150,000,000 and the additional amount, they bought and held $535,000,000 worth of wheat, and that is three times and more the operations of the present Farm Board, which have been criticized for dipping too deeply into the surplus. But they bought the entire surplus. They bought more than the surplus. Much of it was sold back in the domestic market. But there need be no loss in the domestic market, because that is absolutely under our control, by means of embargo tariffs or embargo provisions of the law. No losses occurred on anything that was sold back to meet the domestic demand. In fact, a profit was taken, and no losses occurred in the final disposition of any of it.

When 1918 came along, the fall of the year, the time for the sowing of the winter wheat, the President said, "Bread will win the war. Sow more wheat." Farmers heeded that cry, and they sowed about 18,000,000 acres more of wheat in the fall of 1918, and the armistice was signed on the 11th of November. Then it appeared that we might not need all that surplus wheat, the war being over, so we went into the winter months, and by the 1st of February the prediction was that there would be 1,200,000,000 bushels. Eight hundred million is the ordinary crop. Then Mr. Hoover and Mr. Julius H. Barnes, who was assisting him and who is now chairman of the executive committee of the United States Chamber of Commerce and prosperity adviser of the President of the United States, became frightened about their ability to finance that big prospective surplus. They feared that, with only $150,000,000, if the banks were not liberal in lending to them, they might not be able to handle it. So they came to Congress and said, "We need a thousand million dollars so as to be sure that the Government can carry out this operation in reference to this big surplus." Congress voted them every dollar of it on the 1st of March, 1919, after the war was over. That was a peace-time measure, so far as that is concerned.

They said, "We want authority to borrow more if that should not be enough," and Congress gave them that authority. So they had a billion dollars for wheat alone, and authority to borrow more if they should need it. They asked authority to buy and sell foodstuffs anywhere in the world, and to go into business anywhere. They put the Government clear into business clear through the year.

They asked authority to condemn the big terminal elevators, so that they could have storage facilities where they could hold the wheat as long as they chose to hold it. They got that authority. They asked authority to license the sellers and the dealers and the elevators, and control the business clear through; and they got that authority. They asked for authority to control the exchanges, and they put the exchanges out of business when they made the first bid in 1917. The board of trade never sold another bushel of wheat on futures while the Wheat Corporation lasted.

After getting this law passed on the 1st of March the yield of wheat was not good for 1919; there were only 968,000,000 bushels, when they were expecting 1,200,000,000 bushels. That was more than the average crop of 800,000,000. So Mr. Barnes had to buy 138,000,000 bushels in order to maintain the price of $2.26. It had gone up 6 cents, because railroad rates went up, and they put that onto the railroads. But he did maintain the price, and the price went even higher. Then they finally sold the wheat at a profit of $59,000,000, which amount was turned into the Treasury of the United States.

Mr. President, that illustrates an operation, a successful and profitable operation, in handling the wheat surplus, and giving the farmers a cost-of-production price for their product. We would not always succeed in that way. Sometimes there would be a loss, and I would like to see the debenture used to pay any such loss. I think it should be the full amount of the tariff. Sometimes half of the tariff would pay the loss, sometimes less, and sometimes there would be a profit. The chairman of the Farm Board said there would be a profit on some of these operations. But the rate of the debenture should be enough so that there could be no question about the ability of the Farm Board to handle this proposition under this policy.

If that were done, I think we could improve the world market. I do not think the Farm Board's present operations have done so. They have broken down the world market, because their policy has been to hold the surplus as a constant menace to the world market. The surplus should be withdrawn from the world market and held distinctly for a world demand, which is altogether a different policy.

In view of the present tariff policy, I think the world will not buy anything from us it does not have to buy. It is going to shun us, is going to put up retaliatory tariffs against us; has indeed already done that all along the line. An agricultural surplus has a better chance than any other kind of a surplus in the world market because it is more of a necessity. Many countries can not produce their own food, or their own cotton, for that matter. They will have to buy those things from us.

The surplus of cotton, being over 50 per cent, is the biggest problem in this exportable-surplus matter. But that 50 per cent of cotton is about 65 per cent of the world's demand. So it can readily be seen that if we had that 50 per cent of cotton financed and held back under one agency for a world demand, we would have something to say about the world price.

We have nothing to say now about the world price, because there are about 46 exporting agencies, according to the last check I made, all competing with each other in selling cotton to the world. Every bidder in the world market can go to any one of those 46 and bid, and if the price is too high, go to another and tell him it is too high, and that permits the bidder to fix the price all the time. The world market price of cotton is therefore not affected by the fact that we control 65 per cent of the supply, because our surplus is not financed and held back in the way I have suggested.

I have a report as to the consumption of cotton last year in factories in Russia, and it shows that they operated at only 60 per cent of their capacity because they could not get the cotton. If Russia had been recognized by the United States, and we had had trade relations with them, they could have used probably one to two million bales of American cotton, and that would have improved the condition a great deal.

At any rate, one great agency, properly financed, adequately financed, can learn conditions all over the world and can market surplus products better than the agencies which are now competing with each other in trying to sell these various products.

Mr. President, if you and I owned this big American farm, if it were our farm, we would agree this afternoon on the policy I have been urging. There would be no question about it whatever. It is the policy pursued by every industry that has an exportable surplus. Every one of them is separating and segregating that surplus from the domestic market. It is not flooding the domestic market by offering it for sale to the home people, but it sells that surplus for the best price it can get in the world market, and usually at a lower price than is charged the people in the home protected market. So agriculture, in order to get equality,

must be brought to that level, which can be done by an adequate debenture to pay the losses on the surplus.

Does the Treasury owe it to the farmers to pay these losses? Is that an obligation the Treasury should assume? The Treasury has assumed that obligation for almost every other line of business. It has paid subsidies in every direction. It paid subsidies to the shipping interests. It paid subsidies to the railroads. It paid them $529,000,000 to guarantee their war-time profits for six months after they were turned back into private ownership in 1920. Right now it is proposed by a House committee that another subsidy be paid out of the Treasury to the railroads through the repeal of the recapture clause of the transportation act. Under that clause there is an accumulation of $361,000,000 that belongs in the Treasury of the United States as the Government's half of the profits over and above 6 per cent as provided in the law. But the railroads have not paid it into the Treasury. Upon one excuse and another they have held it back, and now they come in and ask a repeal of the recapture clause, and eventually obtained a favorable report from a House committee at this time. That means another subsidy of $361,000,000 out of the United States Treasury for transportation.

Again I want to call attention to the condition of the railroads last year. I read into the RECORD the other day how a confidential agency, reporting on the dividends of the railroads last year, has had something to say. This was not published in the newspapers. They do not give out this kind of information for the public to read, but confidential economic letters are written to the railroad managers and to the big newspapers. Here is what was said about last year in one of these letters:

> The most challenging economic statistics of the depression are that, in spite of the fact that production volume and wage payments have gone down together to barely more than half of predepression volume, the grand total of interest and dividend payments has been maintained higher than for any year prior to 1929. Even the dividend payments of railroads this year have exceeded those for 1928 and for any previous year in railroad history.

This letter is dated the 25th of January, 1932, and is a review of 1931 conditions. Then they said:

> Even the dividend payments of railroads this year have exceeded those for 1928 and for any previous year in railroad history.

Who ever thought that was the condition after all the publicity about the bankrupt conditions of the railroads of the United States? Yet I have no doubt that this economist, writing this confidential letter, is giving them as nearly a true estimate of the condition as it is possible to give.

So, Mr. President, we drew from the Treasury this subsidy of $529,000,000 in actual cash in 1920, and that is the same six months' period in which the Federal Reserve Board planned the deflation in agriculture. We are now proposing to give them $361,000,000 more by repeal of the recapture clause. I would say that agriculture is quite as important and the Treasury owes it quite as much as it owes transportation. It is said that we took over the railroads during the war and we did not take over the farms. But we did take over the fixing of farm prices, which is the same as taking over the farms. We did control them quite as effectually as we did the railroad earnings during and after the war.

Then we come along as soon as this session opens, and bill No. 1 offered in the Senate, I think, was the Budget balancing bill of the Senator from Utah [Mr. SMOOT], because it appropriated $500,000,000 right away out of the United States Treasury to make loans to the railroads that had more dividends in 1931 than any previous year except 1929, to make loans to the banks and other business which collected bigger dividends on their bonds and stocks than in any period in their history except 1929.

So we do not hesitate to go into the Treasury for other things in the United States. In that situation I say the Treasury owes it to agriculture to give it this cost-of-production price. I think $1,000,000,000 will do it, as the chairman of the Farm Board said. With that additional sum I think we could, as Mr. Hoover and Mr. Barnes did for cotton, wheat, corn, oats, and livestock products, those staple products, handle the surplus of all of those at cost-of-production price and raise the domestic market up to the same price level. If that were done that would restore the buying power of agriculture and that would increase the prices to the extent of $4,000,000,000 or $5,000,000,000 instead of merely $1,000,000,000.

With an increase like that agricultural prosperity would be at hand and the orders to other business growing out of that agricultural prosperity would start many of the wheels of industry in the United States. That would start us on a sound course toward a general prosperity in the country. I think there is no doubt, and I agree fully with the Senator from Nebraska [Mr. NORRIS], that the agricultural depression so long continued is perhaps 90 per cent of the cause of the general depression in our country. I think the other 10 per cent is due to the foreign loans we made which I described on last Saturday in my discussion.

Mr. President, I am going to vote for this amendment. I would prefer to take the bill which has been offered by the farmers. May I ask the chairman of the Committee on Agriculture and Forestry if that bill has been reported?

Mr. McNARY. Mr. President, almost unanimously the Committee on Agriculture and Forestry voted to report the bill favorably. The construction of the report was left to the chairman of the committee, who will probably report on it either to-day or to-morrow.

Mr. BROOKHART. I think that bill should provide a larger revolving fund. I think it should be amended to provide plenty of funds so there can be no question about the financial ability of the board to handle the matters placed under it. There are some other amendments which I suggested the other day. Then I think that the Congress should remain in session until that bill is enacted into law. The farmers of the country should see to it that we do remain in session until that time. There is little understanding of the distress involved in the depression. I think 20 per cent of the lands in the State of Iowa were in default in their interest payments on the 1st of March. I was informed recently that there were 500 mortgage foreclosures per week in the State of Iowa being started at the present time. I was also informed that the farmers are stopping these foreclosure sales by mob violence. I think they are justified in doing it under existing conditions.

Mr. President, it is certain that unless the Senator from Utah [Mr. SMOOT] will say he is willing to give us this little measure of relief which the amendment proposes, we should formulate a real fight for a real farm bill that will give real relief and then, if it is defeated, put the responsibility where it belongs, in the other House or in the White House itself.

INVESTIGATION BY TARIFF COMMISSION—CRAB MEAT

Mr. GOLDSBOROUGH. Mr. President, I ask unanimous consent to take from the table and have immediately considered Senate Resolution 122. It is a resolution simply directing the Tariff Commission to investigate the difference in cost of production of crab meat and other kindred products here and abroad.

The PRESIDING OFFICER (Mr. HASTINGS in the chair). Is there objection?

Mr. KING. Mr. President, may I ask the Senator from Maryland, in view of the vote yesterday in which we repudiated the Tariff Commission and treated with more or less contempt any findings that they make, what is the good of wasting any more money in having the Tariff Commission make an investigation?

Mr. GOLDSBOROUGH. I am very sorry to differ with the Senator. I think the investigations of the Tariff Commission accomplish a great deal of good.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Maryland?

Mr. SMOOT. Mr. President, I shall object if it leads to any debate whatever.

Mr. McNARY. Mr. President, I am quite certain the resolution will not lead to debate. It simply asks for certain information.

Mr. SMOOT. I simply want to have that understood.

Mr. KING. Mr. President, let the resolution be reported.

The PRESIDING OFFICER. The resolution will be read for the information of the Senate.

The resolution (S. Res. 122) submitted by Mr. GOLDSBOROUGH on December 22, 1931, was read as follows:

Resolved, That the United States Tariff Commission is hereby directed to investigate, for the purposes of section 336 of the tariff act of 1930, the differences in the cost of production between the domestic article and the foreign article, and to report at the earliest date practicable, upon crab meat, fresh or frozen (whether or not packed in ice), or prepared or preserved in any manner, including crab paste and crab sauce.

Mr. KING. Mr. President, I shall not object to the consideration of the resolution, but I do want to make this observation. This is one of the poorest times in the world, if I may use that terminology, to introduce a comparison between domestic and foreign costs or to make an investigation with respect to any imported article. The unfortunate condition, the deplorable condition throughout the world, the fluctuation in prices from day to day, the depreciated currency, the fluctuation of the currency, make any finding that may be made to-day absolutely valueless in a week or month or year from now. It seems to me that any value which might be derived from this investigation would be merely speculative. It can not be the basis upon which to rely for any judgment or for any industrial activity.

Moreover, Mr. President, yesterday we flouted the findings of the Tariff Commission. The Tariff Commission found that there was no justification for an increase in the tariff on lumber, but in the face of this supposed scientific investigation, in the face of an investigation and report by a commission which our Republican friends would have us accept as sacrosanct, and which was to relieve us from the difficulties of tariff legislation and put our tariff laws upon a sound basis, we ignored their recommendation and put a very heavy tax upon lumber, which will be burdensome upon the farmers and upon the home builders and upon the American people generally.

The PRESIDING OFFICER. The question is upon agreeing to the resolution.

The resolution was agreed to.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, the pending question being on the amendment proposed by Mr. NORRIS.

Mr. DILL. Mr. President, I am in favor of the amendment of the Senator from Nebraska [Mr. NORRIS]. In the first place it will give the farmer equal treatment under the tariff laws of the country. We have been attempting to give the farmer the benefit of the tariff for a number of years. The last tariff act contains rates that are absolutely valueless to the farmer, and yet Senators have continually justified their votes for other tariff rates upon the fact that they voted in the interest of the farmer. The best method whereby the farmer can get the benefit of the tariffs on the products of which the country produces more than it consumes is by the debenture plan.

I think, too, that the equal treatment of the farmer will bring a clearer realization to the American people of the futility and the foolishness of a policy that attempts to build tariff walls around the different countries of the world and thereby cause each nation to shut out more and more foreign trade and depend upon domestic trade among the people themselves,

I am not going to rehash the tariff fight of yesterday, as my friend from Utah [Mr. KING] started to do a moment ago, other than to say that the depreciated currencies of Canada have entirely changed the situation in the last few months. The arguments that have been made here about depreciated currency increasing prices in countries where it is used do not apply in Canada. In the first place, their money is used at par for the payment of their coastwise shipping of lumber around to the Atlantic coast. They have $1 advantage per thousand feet at all times, and above that they have the great advantage of the markets of the British Empire through their preferential tariff system.

I believe the tariffs adopted in the pending bill were necessary to complete the protective policy to the industries of the country and that as a matter of equal treatment we were jusified—in fact, we could not defend ourselves if we failed to take such action.

The second reason why I am for the amendment of the Senator from Nebraska is that this is the only chance that Congress will have to enact legislation that will be really helpful to the farmer. We are not going to pass this bill in any other way. If we pass the debenture plan separate and apart from the tax bill, the President will veto it. If we put it in the tax bill, the President will then be confronted with the problem of signing a bill that will balance the Budget of the United States and give the farmer a little better chance to balance his budget, or vetoing a bill that would bring money into the Treasury to balance the Budget simply because he refuses to give the farmer equal treatment under the tariff law. So I say I am in favor of it because it is the only method whereby we can secure legislation that will really help the farmer.

In the third place, I am for it because it will raise the prices of farm products; and, when all is said and done as to theories and plans to restore prosperity, the only way in which we are really going to restore prosperity is to start the sources of prosperity. The source of prosperity is the new wealth that comes out of the ground each year, the farm products, the minerals, the lumber, the fish out of the sea—these constitute the new wealth nature produces each year. Until those who produce this new wealth each year secure a profit upon that production we can not have prosperity restored.

I recognize that the debenture is not a sound policy, as such; it is but a part of a false system of tariffs; but since the system is in existence, the farmer should be included in its operation. The debenture in any case should not be operative over a long period of time, but if by the use of the debenture we can raise the price of wheat, the price of corn, the price of cotton, the price of the basic necessities that come from the farms of this country, we shall place in the hands of the producers of these products sufficient money to enable them to go to the stores and buy new goods. When they buy new goods the storekeepers will order new goods from the factories; when the factories have orders they will put their men to work; when men go to work there will be more money with which to buy more goods; and then will confidence come back, and not until then.

The proposals that we hear so much about of the extension of credit to bring prosperity, after all, will not do very much permanent good. They are proposals to loan more money to somebody. The people who now owe borrowed money can not pay their debts, and the farmer, least of all, does not need any more opportunity to borrow money. What he needs is an income from what he produces so that he may pay the debt which he has already incurred.

I think, however, that much might be done to start prosperity again by a proper handling of the silver question and by the adoption of policies which will increase the price of silver. The history of the world shows that whenever the price of silver goes up the prices of other basic products go up. The only time when the products of the country have really increased in price since this crash came in 1929 was last fall. At that time the price of silver went up 13 cents an ounce. The price of wheat, the price of corn, the price of cotton followed it, and there was real hope in the agricultural population of America that we had reached the bottom of the depression; but silver immediately dropped, and farm prices also dropped. The trouble with——

Mr. LEWIS. Mr. President——

Mr. DILL. I will yield in just a moment, if the Senator please.

The trouble with our attempts to do something to raise the price of silver is that we can get no cooperation from the White House. Now, I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, may I say to the able Senator from the State of Washington that when I represented his great State as a Representative at large I had as a colleague, who was the predecessor of the eminent Senator, who himself was latterly a Member of the House, a gentleman of the name of W. C. Jones, of distiguished ability. He presented before the House of Representatives in a discussion of silver, together with maps, reports, and records, the theory that as the price of silver rose the price of wheat rose, that as the price of silver fell the price of grain fell; and he sought to establish that conclusion by records which he said justified it. May I ask the Senator from Washington [Mr. DILL], who was the successor in the House of Representatives from the same district as the gentleman to whom I have referred, does he confirm that theory and advocate it in the observations he is now making?

Mr. DILL. I do absolutely. The history of the world shows that for centuries the price of silver has been the barometer of the prices of the products of the earth. More than a billion people of the world to-day use silver as their money. I do not argue for a pegging of the price of silver in an unnatural way; I do not contend that we should take money out of the Treasury in order to lift the price of silver for the owners of the silver mines of America and of the world; but I do argue for a recognition of the fact that silver is the basic money of more than half the population of the earth, and that the moment the price of silver rises the purchasing power of a billion people, particularly in the Orient, rises with it.

When, however, we have attempted to secure the approval of the President of the United States of legislation that would bring about a real conference looking to the use of silver for monetary purposes—not with a view of abandoning the gold standard but using silver as a money along with gold—we have met with only rebuffs from the White House. Any proposals that have been made here whereby the price of silver might be raised in a normal manner have never found support; and in a Congress so closely divided as is this Congress, in both the House and the Senate, it is indeed a waste of time and energy for those of us who believe in this method of restoring prosperity to spend our time in passing legislation only to be vetoed when it goes to the other end of Pennsylvania Avenue.

The most sensible, the most practical suggestion that has been made for increasing the price of silver is the proposal that the Treasury of the United States should be authorized to buy silver in the markets at its market price; that we should then coin that silver into dollars, store them in the Treasury, issue silver certificates, and make them a part of our currency, backed not only by the silver which we have placed in the Treasury but backed also by the 40 per cent gold reserve.

We have been using silver certificates in this country for a long time; they are as sound money as any kind of money we have ever had; and the proposal of buying silver in the markets of the world, coining it into money, where it would not be placed back in the market, thus removing a surplus, will automatically lift the price of silver and at the same time will involve no risk of the loss of money by the Government, so far as that is concerned, because the only loss will be the expense of coining the new money in the form of silver dollars and silver certificates. It would not be a fiat currency; it would not be an inflation; but it would be a sound and reasonable and practicable procedure whereby we would remove from the markets of the world the surplus silver that has been thrown there by the actions of England in India and by the French in Indo-China.

I am told by those who have such statistics collected that there is a surplus of something like 250,000,000 or 300,000,000 ounces of silver in the markets of the world. The present price of silver is less than 30 cents an ounce. I believe it is a safe assertion to make that for $100,000,000 we could take the surplus silver of the world off the market, coin it into dollars, issue silver certificates that would be legitimate, sound money for the use of our people, and thus raise the price of silver to a point where the purchasing power of a billion people on the earth would come into play, and prosperity would naturally follow, because everybody knows that hundreds of millions of people to-day would buy our products if their money was worth anything in this country; but the depreciation of silver has made it impossible for them to buy in any quantity whatsoever.

Mr. President, this question will not down. It is a question that hangs over us at all times. It needs the attention of legislators who will think in sound terms, and who are willing to try a policy that has no element of danger whatsoever in it from the viewpoint of those who are afraid of inflation or those who are afraid of fiat money.

Mr. SHIPSTEAD. Mr. President, will the Senator permit me to say a word?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Minnesota?

Mr. DILL. I yield.

Mr. SHIPSTEAD. Much of our present trouble comes not only from the demonetization of silver, destroying by law the purchasing power of silver as money and therefore taking away from it the privilege under the law that gold has; but, in addition, we are suffering from the appreciation of the value of gold because of the great amount of debts that have been created all over the world during the last 15 years payable in gold, therefore causing the law of supply and demand to operate more intensely on gold and making it increase greatly in value because of increased demand occasioned by greatly increased indebtedness.

Last week Professor Cassel, in addressing Oxford University, called attention to the fact that gold had by law been made the basis of contracts which fixed it as the standard in the payment of debts and that these vast debts had been created without the creation of a corresponding means for the payment of those debts. He called the attention of the British people—and I think people all over the world should study what he said upon that occasion—that the creation or manufacture of a means of payment had not kept pace with the creation of debts payable in a certain coin, and therefore the law of supply and demand operating upon the scarcity of the means of payment had driven the cost of gold in terms of the price of commodities gradually higher and higher; that as the cost of gold had increased the cost of commodities had decreased, and that that phase of the descending price level has not been measured and understood in the light of the value or in the price of gold.

Mr. DILL. Mr. President, I am not arguing for the remonetization of silver. I do not desire to propose the doctrine that has caused so much conflict in a political way in America. I believe that it is too big a proposition to undertake to overcome the prejudice against it at this time as a method of solving the problems which confront us. I have suggested, however, what, to me, is the most practical proposal which has been made, namely, the purchase by the Government of the surplus silver on the markets of the world to-day, using it for money in the form of certificates, backed by the silver dollars that are to be coined and by the gold reserve. This would constitute a form of money that we have found to be absolutely sound. The purchase of this comparatively small amount of silver would have practically no effect upon our currency system; and it is a proposal that is worth trying. It can not hurt anything. I believe it would start the world in the direction of trading, and, then, if we would adopt the policy of tearing down the tariff walls that every nation has erected to shut out the trade of other countries by reciprocity agreements, I believe the world would again turn itself to international trade; that confidence would come again; and we then could work out some system of putting a stop to the provision in documents evidencing indebtedness that the debts shall always be paid in gold.

If, however, we attempt to remonetize silver, if we attempt to bring that controversy into the situation to-day, the people will lose sight of the greatest need of the hour, which is the increase in the price of the products of the earth which the people must have if they are to be able to buy the new goods of commerce and bring a restoration of prosperity.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Iowa?

Mr. DILL. I yield.

Mr. BROOKHART. I should like to ask the Senator what amount of certificates he would issue against the silver which would be purchased according to the purchase price?

Mr. DILL. Dollar for dollar, and I would back them not only by the silver in the Treasury but by the 40 per cent gold reserve, just as the silver certificates which now circulate and have circulated in this country for generations have been backed. There is no sounder money in the country than those silver certificates.

Mr. BROOKHART. As the price of silver increased by its purchase there would be a less amount of certificates issued on the basis of the price of silver. Is not that so?

Mr. DILL. That is true; we would pay a larger amount of money, but we would still be removing the silver from the markets of the world.

Mr. BROOKHART. The Senator would leave it all redeemable by the gold standard?

Mr. DILL. Absolutely. I propose that because any other proposition is immediately called inflation; any other proposition is immediately called fiat and cheap money; and I would earmark the gold to 40 per cent of the amount of this silver.

Mr. BROOKHART. Have we not been off the gold standard ever since the Federal reserve system was inaugurated, anyway?

Mr. DILL. I do not want to go into a discussion of that technical matter. I am not so much concerned about the technical side of whether we are on the gold standard or whether we are not. I am concerned about a policy that will restore the purchasing power of the billion people of this earth, who, from the beginning of the history of money, have used silver as their currency.

I listened, as some of you may have listened some days ago, to a radio address by Winston Churchill, the great Conservative of England, in which he pleaded for the cooperation of England and America to make silver take its place as a money to be used throughout the world. He said that these two nations, and only these two nations, could do this. Yet, sir, in these days of depression, in these days when millions of men are out of work, in these days when millions of farmers can not pay their taxes, in these days when business grows worse, the President does nothing in this connection. We are met continually with proposals of more credit, more loans to somebody, more appropriations to some Government agency to sell somebody some bonds, when by the operation of natural law throughout the world there is an opportunity at least to test the theory that has never failed in the history of mankind since governments have existed as we know them to bring the price of products upward.

Why do we not try something? Why are we to be bound forever to the dead body of precedents of the past? Why can we not experiment a little bit, especially when that experiment will not endanger our money system, when it will not take any new step of any kind other than to take a little money out of the Treasury and invest it safely in the metal that has been one of the basic money metals through all the history of mankind?

Mr. FESS. Mr. President, will the Senator yield for a question?

Mr. DILL. I yield to the Senator.

Mr. FESS. I understood that the Senator's proposal was that the Government should purchase the silver and issue certificates for it, those certificates to be redeemable either in silver or in gold.

Mr. DILL. Yes.

Mr. FESS. Would not that involve the same principle that we had in the Bland-Allison Act, under which the holder of a silver certificate might demand gold for it; and then, when that was paid out, come back and demand it again and start that circle of drawing gold out of the Treasury?

Mr. DILL. If any large amounts were involved—by "large amounts" I mean hundreds and hundreds of millions of dollars—that would be true. If the circle method of drawing gold were used, the Secretary of the Treasury could withhold these certificates as cashed. I maintain, however, that $100,000,000 will be sufficient to take the surplus silver off the markets of the world and not endanger our financial system at the same time; and even supposing that everybody who secured a silver certificate went and demanded its redemption in gold, with enough gold down here to authorize $4,000,000,000 of new money, it seems to me there need not be any fear, but in any case the Secretary could withdraw the certificates cashed from circulation until the emergency was past.

Mr. FESS. Would there be any limit to the purchase of silver?

Mr. DILL. From my viewpoint, I would simply authorize the expenditure of $100,000,000 and leave it in the discretion of the Secretary of the Treasury. My own judgment is that it would never be necessary to spend the $100,000,000. I think, before we spent a hundred millions, silver would be back to 75 cents an ounce.

Mr. FESS. The Senator recalls that the act to which I referred, which President Cleveland called Congress in session to repeal, required the purchase and coinage of not less than $2,000,000 nor more than $4,000,000 of silver a month.

Mr. DILL. Yes.

Mr. FESS. That was not very much.

Mr. DILL. But I remind the Senator that we have no such basis of gold on a 40 per cent standard.

Mr. FESS. I say to the Senator frankly that if there were some international proposition whereby we could maintain some reasonable parity, I should be inclined to look with some favor on trying to use silver, but as matters stand it is difficult.

Mr. DILL. I want to make it clear to the Senator that I have not suggested that we peg the price of silver, but merely that we buy it in the market and let it take its natural rise due to the removal of silver from the markets of the world.

I did not intend to discuss this subject, but it is a subject which is extremely important, and I could not resist giving expression to my views, because it seems to me that we who sit here in the Senate have little realization of the despair in the hearts of the people of America to-day, of the hopelessness on the part of our farming population, and of the fear in the hearts of all those who have any property at all that it will not be worth anything a few months hence unless something is done to stop the ever-downward plunge of prices and the loss of confidence throughout America.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Iowa?

Mr. DILL. I yield to the Senator.

Mr. BROOKHART. I understood the Senator, in answer to my question, to say that the redemption would be in gold only.

Mr. DILL. It could be in either metal, but of course it could be redeemed in gold. Suppose it were, however; suppose the one hundred millions in gold were all taken, when we have billions of gold here that are not earmarked. Why, Senators, all of our Federal reserve notes are backed by 40 per cent gold and not by silver, but by the notes given by those who borrow the money at the banks.

Mr. BROOKHART. I understand that proposition, but I did not understand how this money could be redeemed in silver at a changing price.

Mr. DILL. Of course, if the price changed, less ounces of silver would be necessary as the price went up.

Mr. BROOKHART. It would be a dollar's worth of silver, whatever the price was?

Mr. DILL. Certainly. There is nothing requiring the total amount of silver to be bought. The fact is, the reserve of silver would become more valuable as the price of silver rose.

Mr. BROOKHART. Upon that theory, we could issue a dollar based on fractions of the national wealth and have it redeemed in any commodity at the market price.

Mr. DILL. Of course, the Senator recognizes that when he makes that proposal he is immediately accused of proposing a fiat money. He is accused of proposing a money that the people can not be trusted to accept.

Mr. BROOKHART. That accusation is made by somebody who does not know what he is talking about, even though he happens to be the Secretary of the Treasury.

Mr. DILL. There may be much in what the Senator says. Nevertheless, the people of the country are affected by the statements of the Secretary of the Treasury, mistaken as they may be, and we must consider their effect, but neither the Secretary of the Treasury nor anybody else can question the soundness of the silver-certificate system which has been in operation in this Government now for generations.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Florida.

Mr. FLETCHER. The Senator perhaps is aware of the bill introduced by the Senator from Nevada [Mr. PITTMAN], authorizing the purchase of silver at the market and converting it into coin and issuing certificates against it at the rate of so many millions per month.

Mr. DILL. I am fully familiar with that proposed legislation, and I am strongly in favor of it. I am also familiar with the proposal of the Senator from Arizona [Mr. HAYDEN], who proposes that other countries may pay us their debts in silver, and that it be coined on the same basis. I am not in favor of the value he puts upon the silver from foreign countries, however.

Mr. FLETCHER. I will say to the Senator that the Banking and Currency Committee have finished the hearings on the Pittman bill, and I hope they will be able to get action on it. I think that meets very much the idea that the Senator has been discussing.

Now, may I ask the Senator another question?

How would it appeal to the Senator if we were able to work out a plan whereby our surplus products—cotton, wheat, and so forth—might be sold to foreign countries for silver, and be paid for in silver? Would that help the situation?

Mr. DILL. I think that would naturally follow if the value of silver were increased. My whole purpose is to increase the value of the money which the people who would naturally purchase from us have to spend for our goods. The trouble now is that the money of these nations is so cheap that they can not buy in terms of the money which we use, and in which we price our products.

Mr. HOWELL. Mr. President, we are considering a tax bill; and no amendment to that tax bill providing for a tariff is germane unless it is for the purpose of producing revenue. Nevertheless, we have introduced four major tariff items into this bill. We have introduced these four tariff items because it has been urged that certain industries are in need of protection. We have introduced in the bill an amendment for a tariff on oil because it is urged that the oil industry is in such straits that something must be done to improve its position.

So in the case of lumber. It has been urged here that the lumber industry in recent years has been in a deplorable condition. However, it is a fact that not only the oil industry, but the lumber industry, has enjoyed prosperity during the last 10 years, up to the time of this depression. Nevertheless, the lumber industry has asked for a tariff for its protection, that its income may be increased—not that the income of the Government may be increased—and we have granted it.

The copper industry has come to us for the same reason, urging that it was entitled to protection, that it needed aid, and we have given that industry what it asked.

Now it is suggested, when we ask something for agriculture, that there is no place in this bill for such legislation. True, we do not ask for a tariff, but we do ask that aid be granted to agriculture; and the proposed form of this aid is set forth in the amendment that has been offered by the senior Senator from Nebraska [Mr. NORRIS]. A bill similar to that amendment has passed the Senate in recent years. The Senate is familiar with it. It is not new. It has been discussed for several years. Furthermore, the debenture plan has been in effect in Germany since 1894. For a few years during the war it was suspended, but since the war the debenture plan has again been in effect in Germany. Also, the debenture plan was for a time in effect in Sweden. I do not know whether or not it is utilized there now.

This amendment offered by the senior Senator from Nebraska [Mr. NORRIS] provides that the debenture shall be limited to one-half of the tariff. Several years ago the Department of Agriculture made an estimate as to what it would cost the Treasury should the plan be adopted, and the amount then estimated was $114,000,000 a year. True, that would be a subsidy to agriculture; but agriculture needs it and is as much entitled to a subsidy as oil, copper, lumber, or coal, to which we have now assured indirect subsidies. This amendment is as germane to the pending tax bill as were these tariff amendments. So the question is, Are we going to do anything for the farmer in connection with this tax bill? Are we to listen to the copper industry, to the oil industry, to the coal industry, and to the lumber industry, but pay no attention whatever to the farmer?

The objection that this is a tax bill, and that we propose to add a nongermane amendment to this tax bill, is of no force in view of what we have already done in connection with this same tax bill. If we can afford relief to these other industries, we certainly ought to do something for agriculture, because there is no industry in this country that is suffering to the extent that the agricultural industry is suffering to-day.

As I have before stated on this floor, the farmer must now deliver two wagonloads of his products in order to buy what one wagonload would purchase in the 1909–1914 period.

Mr. President, as stated by the Senator from Iowa [Mr. BROOKHART], the Committee on Interstate and Foreign Commerce of the House of Representatives has recommended that the recapture clause of the 1920 transportation act not only be repealed, but retroactively repealed, and that would mean that we would hand over to the railroads $368,000,000, not as a subsidy, but as a gift.

When that recapture provison was introduced into the transportation act, it was at the suggestion of the railroads. It was their plan. They tacitly agreed to abide by that plan. But now, after paying in only some eight or nine million dollars, as required by law—and all of that paid in under protest so that it could not be used—after all these years have gone by, and they owe $368,000,000, they have lobbied a bill through the committee in the House to relieve them of paying this $368,000,000, notwithstanding the fact, that in the last nine years the Class I railroads paid $350,000,000 in dividends, and put aside about $250,000,000 in surpluses.

Mr. President, it seems that Congress can act favorably in behalf of nearly every other interest and industry except the agricultural industry. As a consequence, it is proposed to pass this tax bill, with these four tariff items in it for the relief of four industries, items which have no place in a tax bill; and naturally when it comes to adding to it a provision which would aid agriculture, it is urged that it should not be included because there ought not be added to this tax bill a farm-relief provision; that such a measure should be considered separately.

Mr. President, something ought to be done for the farm industry during this crop year. This debenture plan would do something. There is time to do something if it is added to the pending tax bill.

It is unnecessary for me to say to you, familiar with legislation, that there is great danger, if the amendment is not attached to some bill of this kind, that there will be no legislation in behalf of agriculture before the Congress adjourns. The debenture plan can be added to this bill and put into effect, without being subject to the objection that it would increase production this year. The crops are

planted, it is too late to increase them, and the cost to the Treasury probably would not exceed $114,000,000 to $115,000,000, as was estimated by the Department of Agriculture for 1930–31.

That being the case, why should we not go at least that far in subsidizing agriculture? Tariffs are but subsidiaries of an indirect character.

Mr. President, something must be done for agriculture. Here is the opportunity and the opportunity to do it this year. This amendment has a place in this bill because of the precedent that has been established by the inclusion of tariff items in the bill. Hence, why should we not act favorably thereon?

We should also keep in mind that under the provisions of the amendment it will be put into effect only if the Farm Board deems it wise and necessary. By the same token, if at the end of this year it were found not to be wise and necessary, the board could desist from further application of the plan.

Therefore, Mr. President, we will merely be trying an experiment, an experiment which we are justified in attempting because of the tremendous interests at stake, for the prosperity of all this people is based fundamentally upon the prosperity of agriculture, and therefore it is of the greatest moment that agriculture be rescued, that the rest of our people may enjoy a return of prosperity.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Nebraska [Mr. NORRIS].

Mr. LONG. I ask for the yeas and nays.

Mr. FRAZIER. Mr. President, I have been very much interested in this amendment and the discussion upon it. I feel, however, that it is absolutely unfair to continue to compromise with measures of this kind for the supposed benefit of agriculture.

For the last several years bills have been introduced in behalf of agriculture; in fact, such bills were offered before I became a Member of this body. The proponents of those measures have been willing to compromise and to get anything under heaven they could for agriculture. We have had compromise after compromise. The result has been that agriculture has gone from bad to worse, especially since the deflation started back in the good old Democratic administration in 1920.

The condition of agriculture has gone from bad to worse, and these compromise agricultural relief measures which have been presented have resulted in putting millions of farmers out of business, causing them to lose their farms and their homes. That condition exists at the present time. Farmers are still suffering from foreclosures. They are losing their property, their homes, the farms on which they have lived for years, which their families have faithfully worked to build up for a generation.

It is time we were getting away from compromise measures alleged to be in the interest of agriculture. I want to say now, Mr. President, that, judging from the letters I have received from farmers—not only farmers in North Dakota but farmers throughout the Middle West and some in the East and South—they are not in a frame of mind to accept compromises at the present time. They want real relief, they want some real assistance, they want something that will be of benefit to them, something that will help them save their homes, something that will enable them to get for their products prices equal to the costs of production. Unless they can get some such relief I believe the average farmer of the United States to-day would say, "We do not want compromise; we want real, worth-while legislation or nothing at all."

The pending amendment, embodying the debenture, is based on one-half of the existing tariffs. One-half of the existing tariffs, in addition to the present prices of farm products, would not begin to give the farmer cost of production for his products or anything like cost of production. Even the total amount of the tariff would not give the farmer cost of production at the present time. I think that if it is to be agreed to, the amendment should provide for at least the full amount of the tariff as the amount of the debenture.

Mr. President, I had not intended to make any remarks about the attitude of the administration toward agriculture, but that question was brought up this morning, and I think perhaps I might discuss it just a moment.

When the pending tax bill was reported to the Senate, several members of the Committee on Finance, which had the bill in charge, made the statement that the Secretary of the Treasury had come before the committee and had discussed the tax measure, and had made several recommendations, and that most of the proposed changes had been adopted, showing that the Secretary of the Treasury was vitally interested in the tax bill, vitally interested, according to some members, in cutting down the proposed increase in income taxes in the higher brackets and the surtaxes, placing the burden on a greater number of people and on those who, in my estimation, are not so well able to pay, but who are interested in the business affairs of the Nation nevertheless.

When the Glass-Steagall bill was before the Committee on Banking and Currency, I understand the Secretary of the Treasury came before the committee and advocated the bill. Prior to that time, when the $2,000,000,000 Reconstruction Finance Corporation bill was under discussion, the Secretary of the Treasury came before the committee and advocated that measure as a relief for the banking interests, as the relief of the railroad and insurance companies of the country.

On the other hand, we have the Secretary of Agriculture, a member of the President's Cabinet, too, whose duty it is, at least it seems to me it is his duty, to look after the welfare of agriculture, to advise committees upon agricultural bills, and to put up a fight for the interests of agriculture. Unfortunately, we have not, in my opinion, such a Secretary of Agriculture at the present time, and I do not think we ever have had, at least not in recent years.

On March 3 the senior Senator from Mississippi [Mr. HARRISON], discussing some of the departments, referred to the present Secretary of Agriculture, and I want to read a paragraph appearing on page 5155 of the CONGRESSIONAL RECORD of that day:

> I am not going to refer to the Secretary of Agriculture as did his distinguished fellow citizen, Jim Reed, of Missouri. Of course, Senator Reed had known him for many years. They were neighbors, fellow Missourians. Mr. Reed referred to him as "the steam whistle of a fertilizer plant." I do not go that far. I do not say that, because I have respect for the fertilizer plant.

[Laughter.]

I do not know that I want to go quite so far, either; but when we have had agricultural measures pending before the Committee on Agriculture, we have not had any real help from the Secretary of Agriculture. One such measure I introduced myself, S. 1197, to provide for refinancing the farmers, refinancing the existing farm indebtedness at the rate of 1½ per cent interest on the principal and 1½ per cent for amortization. The bill was sent to the Secretary of Agriculture asking for his opinion upon it. After some time and after a special effort was made to get a statement from him, we finally heard from him about it. I was chairman of a subcommittee that held hearings upon the measure. I wrote to the Secretary of Agriculture, telling him that hearings had been set and were about to take place and urging him for a statement upon the bill. The Secretary wrote back:

> It is my judgment that the bill which you inclose is not conducive to the best interests of the American farmer.
>
> Sincerely yours,
>
> ARTHUR M. HYDE, *Secretary.*

That was under date of January 30. On March 5 he wrote a letter to the chairman of the Committee on Agriculture and Forestry in regard to the same bill and said:

> It is my judgment that this bill is hostile to the best interests of agriculture.

Mr. President, that bill provided for the liquidation of the present farm indebtedness at 1½ per cent, reducing the rate of interest from 6 or 8 per cent, as now paid, to 1½ per cent.

How any man who is interested in agriculture can say a measure of that kind is "hostile to the best interests of agriculture," how he can say it is "not conducive to the best interests of the American farmer," is more than I can understand. Reducing the rate of interest from 7 or 8 per cent, as now paid, down to 1½ per cent, the Secretary of Agriculture says would be hostile to agriculture and not conducive to the best interests of the American farmer.

Mr. President, if we had a Secretary of Agriculture who was willing to fight for the interests of agriculture, for the interests of the farmer, as is the Secretary of the Treasury willing to fight for the interests of the bankers, the railroad companies, and other big business of the country, we might get some legislation which was not a compromise in behalf of the American farmer. But under existing conditions we have been unable to get anything but compromises, and they have amounted to but very little.

Mr. President, I wish to offer an amendment to the amendment of the Senator from Nebraska. On page 4, line 5, strike out the word "one-half." That would make it provide that the—

Debenture rates in effect at any time with respect to any agricultural commodity shall be the rate of duty in effect at such time—

And so forth. I ask unanimous consent to offer another amendment to accompany it, because they relate to the same subject matter. On the same page, line 8, strike out the numeral "2" and insert the numeral "4," which would make the debenture rate on cotton 4 cents per pound instead of 2 cents per pound. I offer these amendments to the amendment of the Senator from Nebraska and ask unanimous consent that they may be treated as one amendment.

The VICE PRESIDENT. The question is on the amendments of the Senator from North Dakota to the amendment of the Senator from Nebraska.

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Cutting	Johnson	Reed
Barbour	Dale	Jones	Robinson, Ark.
Barkley	Davis	Kean	Robinson, Ind.
Bingham	Dickinson	Kendrick	Schall
Blaine	Dill	Keyes	Sheppard
Borah	Fess	King	Shipstead
Bratton	Fletcher	La Follette	Shortridge
Broussard	Frazier	Lewis	Smith
Bulkley	George	Logan	Smoot
Bulow	Glass	Long	Steiwer
Byrnes	Goldsborough	McGill	Thomas, Idaho
Capper	Hale	McNary	Townsend
Caraway	Harrison	Moses	Tydings
Carey	Hastings	Neely	Vandenberg
Cohen	Hatfield	Norbeck	Walcott
Connally	Hawes	Norris	Walsh, Mont.
Coolidge	Hayden	Nye	Watson
Copeland	Hebert	Oddie	Wheeler
Costigan	Howell	Patterson	White
Couzens	Hull	Pittman	

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

The question is on the two amendments of the Senator from North Dakota to the amendment of the Senator from Nebraska. The Senator from North Dakota asks unanimous consent that the two amendments may be voted upon at the same time. Is there objection?

Mr. FRAZIER. Mr. President, I would like to have the amendments stated, and I shall then ask for the yeas and nays.

The VICE PRESIDENT. Let the amendments be stated.

The CHIEF CLERK. The Senator from North Dakota proposes to amend the amendment of the Senator from Nebraska, on page 4, line 5, by striking out "one-half" before "the rate of duty," and in line 8 by striking out the numeral "2" and inserting the numeral "4," so as to read:

(d) Debenture rates in effect at any time with respect to any agricultural commodity shall be the rate of duty in effect at such time with respect to imports of such commodity, except that so long as no import duty is imposed on cotton the debenture rate thereon shall be 4 cents per pound.

The VICE PRESIDENT. Is there objection to voting on the two amendments as one? The Chair hears none, and it is so ordered. The Senator from North Dakota asks for the yeas and nays. Is the demand for the yeas and nays seconded?

Mr. HULL. Mr. President, I dislike to interrupt proceedings at this stage even for a few moments. I only do so in view of the fact that the pending general proposal is predicated upon the assumption that any tariff protection, whether high or low, as it is provided to-day, is recognized as a permanent, fixed, and unalterable policy of this country, and that this proposal is to aid one group of persons to secure their share, or at least some of their share, of the benefits and artificial advantages that are supposed to accrue to every individual in the country and to every class of individuals, provided they are able to secure it and to reduce it to possession.

I can not, Mr. President, acquiesce in the acceptance of that sort of policy. When we hear it said carelessly and loosely that if we are going to have a high tariff in this country we should therefore vote for this and vote for that in order to afford protection for Bill Jones and John Smith and every other Tom, Dick, and Harry who comes along and wants to acquiesce in the whole system, without any thought or real concern as to what it actually signifies in its economic effects, I think it is time that we should take occasion which this sort of opportunity suggests to take stock or to make some sort of a reexamination of the place our country occupies in the world's economic situation and the place that each group of citizens in this country occupies with respect to the different classes of legislation that are enacted from time to time by Congress.

If we are going to have tariff protection, some will say, "Let us have high protection"; others will say, "Let us have moderate protection"; and still others may say, "let us have merely tariff"; but all will say, "If we are going to have any of these things or all of them, then let us get in on it; let us put Bill Jones in on it; Bill is in trouble; he is in distress." Then the problem is to rake and scrape together any and all kinds of artificial devices and nostrums and methods that the imagination can possibly conjure up and prescribe them as an agency or a vehicle on which some neglected or abandoned or forgotten group may ride in and secure their share of either real or imaginary benefits that arise under different tariff laws.

To assume, Mr. President, that we are going to have tariff protection in this country means, from long experience, to assume that we are going to have high tariff protection; it means that we are going to have tariff protection written by the chief tariff beneficiaries; it means that we are going to have a perpetual operation of that unholy, ungodly, and corrupt combination between business and politics; that we shall have government through that kind of agencies on from generation to generation. It means, Mr. President, that we are to have inordinate, exorbitant, and hopelessly intolerable and almost unbearable tariff and tax conditions in this country, with their effects not only on the taxpayer directly but on our industrial, commercial, and entire economic situation, both domestic and international. I am opposed to passing carelessly by and accepting this sort of tariff policy with all its extremes and its excesses, with its complete domination not by the farmers, not by the American people generally, but by a small but powerful segment comprising the chief tariff beneficiaries.

It has been said that the poor farmer must fall back and take such crumbs as may drop from the table, so to speak, and that the only way he can even get the crumbs is to construct a clumsy scaffold such as the equalization fee law or the debenture proposal. Mr. President, I measure my words when I say that the 30,000,000 farm population of America can, within the next six months, take control of this Government, can take control of both Houses of Congress, and compel the enactment of any and all kinds of legislation they desire. They can compel their Senators and Representatives to walk away from the lobbyists of the great in-

dustrial concerns and to give heed to sound, equitable and decent economic policies and to legislate in the interest of American agriculture, as they did prior to the Civil War. Of course, we all know that, unfortunately, the Civil War divided agriculture half and half, with the result that American agriculture has never seriously attempted to unite and unify itself behind a common program of economics that would meet its rights and interests. It has permitted itself to be dragged along behind the chariot wheels of industry which has been in supreme and autocratic control of both politics and Government in this country.

Mr. President, if the farmers of America were willing to defy the politicians who go back and harangue them during every campaign until they succeed in getting back into office; if the farmers would demand a system of moderate or reasonable tariffs in this country instead of a system of embargo tariffs, a system of absolute prohibitions so far as any competitive or anything remotely or speculatively competitive is concerned; if the farmers would put forth their fiat that this Nation should adopt a tariff policy like that of Holland, of Sweden, of Belgium, and other nations that maintain low or moderate tariffs as compared with France, with Italy, with Germany, and with this country; if they would make their demands known, Mr. President, instead of cringing and cowering and caving in, so to speak, whenever the politicians go out with hothouse remedies to tide themselves over another campaign; if the farmers would read the riot act to the politicians and say, "We have been kicked and cuffed about over this country for two generations, blindly following the leadership of the chief tariff beneficiaries," who become millionaires in normal times almost overnight throughout the year, and then in turn go back to the impoverished farmer and buy up his abandoned farms and establish great plantations and hunting preserves; if the farmers should do that, if they should assert their rights and exercise their undoubted power, they could speedily secure the enactment of all legislation such as they are entitled to demand.

The time has come, in my judgment, Mr. President, when all these excesses—and any reasonable person is obliged to admit that our tariffs are filled with excesses; they are filled with exorbitant rates—the time has come when those excesses should be eliminated and when the American farmer ought to challenge that condition. Every sober-minded American ought to challenge that condition of rank excesses.

Mr. President, what is to become of this country if we continue blindly to go along the narrow economic path which we are proposing now to follow? We must inevitably reduce all our production practically down to the narrow scope of our ability to consume it here at home.

What is going to become of the cotton grower, who must find a market for from 40 to 50 per cent of his cotton in other countries? If the cotton grower hesitates or falters or listens to false counsel, he is going unerringly into a state of peasantry. The cotton grower, in my judgment, ought to set about to improve his efficiency to the highest possible state, in order that he may be able to produce the best possible quantity of middling cotton, and produce it at the lowest possible price. What the farmer needs is efficiency and low production costs, low living costs, low transportation costs, and low marketing costs.

The farmer hesitated with his cotton industry for a while, and we immediately saw Russia put out a new cotton crop in Turkestan; we saw an extension of cotton growing in Egypt and India, with the result that in one year they sold abroad more cotton than we were able to sell abroad for consumption purposes. But the very moment we set about to improve our quality of middling cotton we will cause it to be in demand as against the cheaper, the coarser, and the shorter cotton in every cotton market in the world. That is the salvation, as I see it, Mr. President, of the cotton farmer. Otherwise he must restrict production about 40 per cent and then peddle his cotton on the American market at prices fixed without his permission—at such prices as he can get.

The farmer is in no condition, he has suffered too much already, to undertake experiments. The farmer's level of prices, Mr. President, has decreased 54 per cent since the panic broke in early October, 1929, while the general level of prices of those commodities the farmer must buy has decreased only 32 per cent. There is an impassable gulf between the market situation of agriculture and of industry, and there must be some remedy other than of blindly and casually acquiescing in what somebody says to the effect that if we are going to have permanently a high-tariff policy, then the farmer by some artificial device only must share in it.

Mr. President, I want to repeat what I stated in undertaking to define the situation in 1929, which was while the Smoot-Hawley bill was pending. This was the statement I undertook to set out at that time:

> We condemn and denounce both the method of tariff making and the tariff policy pursued by the present dominant Republican leaders in close alliance with a small segment of industry, comprising the chief industrial tariff beneficiaries, under which the latter are permitted to dictate, primarily in their own interest, the present and the proposed extreme high tariff and narrow commercial policy of the Nation. That their revisions, always upward, are intended to promote domestic monopoly for themselves, while impoverishing other domestic industries and flouting foreign markets.

I said further:

> That the time has come for gradual and careful revision of these excessive industrial rates—by an uncontrolled Congress with the aid of an impartial fact-finding commission—to a level of moderate or competitive rates, rates so adjusted as to prevent conditions of domestic monopoly on the one hand and to avoid abnormal or unreasonable imports against efficient industries operating under normal conditions on the other—

And so on.

I am opposed to acquiescing permanently in a system of tariff taxation that is largely responsible for our present dislocated economic condition.

Mr. President, this proposal to recoup agriculture drives us at each step more and more in the direction of attempting to restrict production to just what we are able to consume here at home, as I have already indicated. The excess, of course, would be dumped somewhere, in some sort of way, if other nations would permit it; and it remains to be seen as to the extent to which other countries, which are watching us like hawks and fomenting the economic war which we have really instigated, will permit us to dump surpluses or to pursue a policy of bonuses or subventions on exports without retaliation and without resentment.

Of course, it would be easy enough if we could induce our farmers to restrain themselves and to accept some sort of an artificial device which would be guaranteed to give the American farmer more or less relief, while in the meantime this country goes forward for industry in the perpetuation of high and still higher tariff walls around our shores.

I do not believe that this Nation can progress in any definite, permanent, and safe manner from a business standpoint unless it halts and makes a real analysis of the underlying conditions, and adopts a program pertaining to our commercial and economic affairs that is calculated to lead us back to permanent and sound business recovery.

We can see very clearly that world conditions are tremendous factors in the present unreasonable delay of business improvement in this country. It is clear to any sane person that business people are not going to venture forward with large investments when they know that collapsed world conditions overnight may crash into and interfere with their business ventures, and pull them down and hold them down, and so prevent the Nation from going forward as a real, going, economic organization.

I think, Mr. President, that before we hurry to support artificial arrangements of any kind we ought to take stock and see really where we are heading, see where this great Nation is going with reference to other countries, and to what extent we are interdependent in our efforts to rehabilitate our economic situation.

My judgment is that the important nations could have a conference next week and take up the problem of price

level and adopt policies that would be very potent in raising and restoring the present almost hopelessly collapsed commodity price level. We have our cotton and our wheat and our other primary commodities that are bought and sold in the international markets every day in the year at some price, and we must know that those prices are not fixed by us arbitrarily. They are fixed primarily by the law of supply and demand in the world market; and whatever we may attempt to do artificially to lift up and to hold up and to peg the prices of cotton or copper or zinc or lead or wheat or other products of world use and world consumption on a broad scale, our efforts are entirely puny and helpless.

I say, Mr. President, that we have ample time to sit down and deliberate on this matter, and analyze in a broad-gaged manner the extreme difficulties and the unusual complications that exist in our whole economic order, and agree upon a program that would deal practically, basically, and intelligently with those phases of our commodity prices that are so vitally affected by world prices, those phases of our international credit which have hopelessly broken down, and the restoration of which alone an economic conference will make possible, and the hopelessly tied-down exchanges, which prevent peoples everywhere from the ordinary international, financial, and commercial transactions, and which alone an international conference of farseeing, hard-headed business men and statesmen can solve and reveal to an anxiously awaiting public in this country and in other countries.

I say to you, Mr. President, that if we expect to get anywhere in dealing with this unprecedented panic condition, which is so deep-seated and so chronic in its devastating effects, we will not get anywhere by offering mere superficial propositions, nostrums, temporary palliatives, by whatsoever name they may be called. This is too serious and too deep-seated and permanent to be treated in that superficial, careless manner. It calls for the best brains that the most highly civilized nations can furnish to sit down here and brush away the demagogues, brush away the place hunters and the time servers who are always ready to array popular prejudice under the influence of distress incident to panics. The time is here, in my judgment, when this great body of statesmen ought to wake up and face these actual conditions and decide what is wrong, and whether we are going to adopt a policy of restricting all production in this country to just what we can consume.

If we are, then let us frankly say to the farmer that there is nothing left for him except to cut down his cotton production 40 per cent, to cut down his wheat production 25 or 30 per cent, to cut down his corn, to cut down his hogs, to cut down his oats and his rye and his tobacco, to cut down his hay, and all these other staple commodities that American agriculture, at the cost of great labor and immense toil, undertakes to bring forth from year to year. Let him understand that nothing is coming to him in this country in the future except in exchange for just such of his products as the American people in their own way see fit to consume.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. I do.

Mr. KING. I invite the able Senator's attention to the fact that Secretary Hyde and representatives of the Farm Bureau—and doubtless they were speaking for the present administration, including Mr. Hoover—have for a number of years insisted that we should produce less of agricultural commodities, that we should tear up one-third of the cotton crop, and that we should destroy one-half or one-third of certain other crops, anticipating that we were to adopt legislation that would destroy our foreign market, or rather that we were not to seek any foreign markets, and were to confine ourselves to producing only that which we consume, and consume everything that we produce.

I agree with the Senator that we are now at the parting of the ways. We shall either have to adopt the policy that will give us world trade and world commerce and make us a puissant and powerful international factor, or we shall have to draw into a circumscribed area and build a Chinese wall around ourselves, so that we will have no intercourse with the world.

The Senator is doing a great public service in challenging us to get out of our shell, and to look abroad, and to insist upon playing a man's part in a world that calls for the leadership of this Nation.

Mr. HULL. Mr. President, it is stimulating to hear the able Senator from Utah refer to certain patent facts and conditions which everyone must recognize. I think nothing is more clear than that the people of this country could not escape the responsibility and the duty of analyzing and interpreting the postwar economic situation as it has left us. It left us, as I sometimes say, the greatest creditor nation and the greatest exporting and trading nation in all history; and we were confronted and are now confronted with the inescapable duty of deciding definitely on a future economic policy—a policy that will operate successfully in the light of our place in the world economic situation.

The time has long passed when we might debate pre-war economic formulas or economic notions or policies that were prevalent without particular challenge before the war. It is utterly bootless for us to look back and undertake to discuss the pros and cons of economic policies before the war, when we were a young and a debtor and an undeveloped nation. Since then we have become a creditor nation, with vast surplus-producing capacity; and I lay down the rule, which I challenge any person successfully to controvert, that all of our products produced on a substantial surplus basis or a substantial exporting basis stagnate, prices fall, labor is thrown out of employment, and depression overtakes the industry unless our surplus finds a way to enter world markets on a profitable basis.

You may surround it by tariff walls as high as the moon, just as we have wheat surrounded, and whatever wheat sells for in the world market reacts back upon wheat in our domestic market. That is human nature. That is a law of trade. That is a part of our international market psychology which human experience everywhere confirms.

I repeat, Mr. President, that, in my judgment, we will be recreant to our plain duty unless we decide whether this country is to become a hermit country and order all of the different groups engaged in surplus production in every line to desist, to cut down their labor, throw it out of employment, or put it on three days a week, even though it does it only to reduce its productivity; and that is what generally happens, whatever number of days labor is placed on; or producers will be notified that we are not pursuing the doctrine of living by ourselves, with no concern about world markets, about international commerce, which, as we all say, constitutes the very lifeblood of civilization. We are going to take that course and legislate accordingly and boldly and courageously give leadership to the American people, or we are going to become the victims of fear of the chief beneficiaries of tariffs and other special privilege, whose blind and selfish and dumb leadership constitutes the biggest factor in the present-day world catastrophe. We are going to become subservient to their narrow leadership and to their sole concern for commercial profit, or we are going to assert ourselves, as the statesmen of America during the past generation have unhesitatingly asserted themselves, and give sound ideas and sound policies and competent leadership to the great American electorate. There is no escape from that situation.

I hope, Mr. President, that we will not be called upon hereafter to report at the office of the chief beneficiaries of the tariffs and other special privilege for orders when we come to deal with public affairs. I hope we will not be dragged out of one panic virtually into another by reason of their short-sightedness and selfish leadership that is without vision, that is without constructive ability, that does not look forward, that is utterly indifferent to all the high standards of human conduct, whether they be social, political, commercial, moral, or economical, in a broad and general sense.

The time is here when we should brush aside that sort of benighted position and leadership and go out before the

country this year with a constructive analysis of just how this world panic came on, why it came on, and what were the dominant factors conducing mainly to this complete dislocation of the whole commercial and industrial and economic structure of the world; and then present to our fellow citizens what we conceive to be clean-cut, basic remedies, remedies calculated to inspire confidence among our business people, remedies which carry assurance to forward-looking industrialists and business men everywhere that they can depend upon stability, that they can depend upon sound and safe fiscal policies, sound and safe economic policies, policies which will not permit world conditions or any other unexpected outside conditions to crash in and dislocate our financial and general economic structure.

I desire to make this appeal, Mr. President, because I have grown weary of sitting around this Capitol for twenty-odd years and listening to the old song that everybody must bow down and listen to the chief beneficiaries of governmental favoritism in this country, that only they are competent to tell us what to do, that we must follow only them, and accept their advice.

Notwithstanding the disastrous experiences we have had in our efforts to follow them, nothing is clearer, in my judgment, than that under these new postwar industrial and commercial conditions, unless this great Nation becomes a trading nation, unless it utilizes its boundless resources, its materials, its manufacturing production, its trading opportunities, there is nothing left in this country except for agriculture, in the first place, to head straight down to a condition of permanent peasantry, to become the servants of industry, for the reason that all these plans and devices of favoritism which people come here and get from Washington in the way of legislative hand-outs and rake-offs, including tariffs, mean nothing more than a transfer of the property of a citizen who gets no tariff benefits, like the corn grower or the hog grower, to the citizen or manufacturer who does get tariff benefits, with the result that we have to-day a constant redistribution of property in this country.

All these artificial proposals mean that that redistribution shall go on until the chief population of the Nation reaches a condition of economic helplessness, and I am opposed to that. I am in favor of halting all this mad and half-crazy exaltation of what we call living to ourselves, what we call economic isolation, and what we are preaching everywhere. I am opposed to exalting that, and to teaching people everywhere that they can really live by themselves; that they can really produce surpluses and in some way get rid of them, here, there, or somewhere else. I am opposed to teaching what I consider such erroneous economic policies to the greatest creditor and surplus nation in all history, leaving the impression that we can go forward as though we were a provincial country, not producing enough foodstuffs to consume, not producing enough manufactured commodities for export, not producing surpluses in any important line above our capacity to consume. If anybody thinks we can go forward in that way, without stagnation and falling of prices and inability to transfer goods and capital between nations, we only have to attempt further pursuit of the identical course we were following when we plunged into the world panic in October, 1929.

We will find inevitably that for a creditor and a surplus-producing country on the huge scale and magnitude of ours to pursue such a course will mean insecure and unsound business foundations from year to year as we go forward; we will find that business is in a lopsided condition; that monetary instability is rising from year to year, to confuse and demoralize our industrial and commercial affairs; and we will find that about every half dozen years this Nation will plunge into a new panic, as it did in 1929, after it had emerged from the panic of 1923, equipped with every possible agency to safeguard it and guarantee it against a repetition of a panic similar to that of 1921–1923.

It is not possible for a great overproducing nation, with a great surplus of credit and gold, to maintain the gold standard or to maintain monetary stability and at the same time produce up to a normal level and to ship and sell its surpluses at a profitable return in order to give employment here at home to our capital instead of exporting gold.

If we are to give employment to our capital instead of exporting it, if we are to give our manufacturers a chance to produce instead of transferring their plants in the form of branches or otherwise to all the other nations of the world, if we are to give American labor full employment at high wages, with high living standards, we must find ways to sell our surpluses; and if in lending $28,000,000,000 during recent years we are not able to find markets for our surpluses, then we ought to be kicked off the face of the earth, because it would be due to utter incapacity and utter stupidity and cupidity if we should sit here with our merchant marine, with our credit advantages, with our Panama Canal, with our loans running into the billions, and pusillanimously admit that we were not able to sell our surpluses, that we are suffering from a great glut of excess of production, which inevitably results in falling prices, in every sense setting back the great industrial conditions of this country.

Mr. President, I could not refrain from offering these remarks, in view of the new and wholly unusual condition that confronts the American people with respect to their industrial and commercial and economic affairs. I could not refrain from making an appeal to my colleagues, which I hope is void of any vestige of partisanship, to stop and examine these conditions and to decide whether or not we are under serious obligations to prepare a modernized program and present it to the American people, instead of falling back to those hopeless and antiquated and archaic formulas about economics, and through them endeavoring to lull to sleep American agriculture and all the victims of favoritism which certain groups are accustomed to come here and demand and receive ad libitum.

With all due respect to any of my colleagues who differ with me, I am opposed to any economic policy that contemplates exclusive advantages to any individual or group of individuals in this country. If I vote for the debenture plan, which I oppose in principle, it will be solely upon the theory of fighting the devil with fire. I am also opposed, of course, as many of us have said, to what might be called absolute prohibitions. In many countries to-day they have what they call the quota system, which has been carried to such extremes that a government abroad will not only say how much of a given import can be brought in, but from which nation it shall be purchased, to the exclusion of other nations.

I am opposed, of course, to the policy toward which we are steadily gravitating, and that is a more and more autocratic method of dealing with the international, financial, commercial, and general trade situation. I am opposed to that phase of it which prescribes absolute embargoes, embargoes just as complete as any embargo rate that can be found anywhere in the Smoot-Hawley bill. They all embody the same principle. They all embody the same economic philosophy.

So long as we proceed to play up agriculture with tariffs and play up industry with tariffs, vying with each other as to who can raise the rates the highest, with one group in Congress exalting the rates of industry or manufacture and undertaking to hold down the rates of agriculture, and another group facing them and exalting the rates of agriculture and undertaking to hold down the rates of industry or manufacture, naturally both finally get what they want and both finally adopt the same philosophy, economically speaking. But agriculture gets only paper rates. The result is that excesses are indulged in, and other countries follow suit, either by way of retaliation or by example, and finally the world finds its entire economic structure badly and severely dislocated.

It is against these possibilities, against these conditions that I am protesting. I am in favor of moderation with respect to all these policies, moderation as to commercial policy, moderation as to obstructions to imports by all the nations in order that we may exchange our surpluses, in order that we may give capital and labor and agriculture

full leeway in this country with high living standards and high earnings at home.

Mr. President, I had intended to offer two or three amendments relating to certain phases which I have discussed, but for the present I shall await some expression from some of my colleagues who differ with me. I would like very much to ascertain some concrete reasons in support of the narrow and blind and deadening policy of what we call economic isolation.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. HULL. Certainly.

Mr. FLETCHER. I share very generally the Senator's views on the tariff. While I deplore very greatly and hold that there is no possible excuse or reason for some of the schedules and some of the items in what is known as the Smoot-Hawley bill, still I have thought, as I thought at the time the vote was taken, that it was an improvement over the 1922 act, principally because it undertook to make provision for agriculture.

Whatever we may say about the tariff, the Senator will admit that we do have a protective tariff in this country, and it has been in operation a great many years so far as industries are concerned. Under that tariff agriculture has never had any fair show or fair treatment. We attempted to remedy that to some extent in the tariff act of 1930, but even that has not been effective. The question now is, How are we to place or approach placing agriculture on the same level with industry as to our tariff system and under our tariff laws—tariff benefits, if you please? That seems to me to be the main question. Whether or not the Senator would disapprove of the tariff laws as affecting industry, ought we not to attempt in some way to apply the same rule to agriculture that we do to industry under the tariff laws?

Mr. HULL. I appreciate the Senator's interruption and the spirit in which he speaks. I would say in reply, from my own viewpoint, whether it is sound or unsound, that any nation having agriculture that is producing on an exporting basis presents a situation where agriculture is at a hopeless disadvantage in competing with manufacturing industry for tariff benefits. In countries like France and Germany, where the farmers do not produce enough to meet the domestic consumption of their fellow citizens and their home population, they are in a position to go and demand every farthing of their relative share of tariff benefits; but in our country our farmers are unfortunately on an exporting basis as to 90 per cent of the acreage planted to crops in this country. Their tobacco is on an exporting basis, as are their wheat, their corn, their hogs, and all their hog products, their oats, and most of their staple commodities. Even wool has fallen 40 per cent in this country, although we do not produce enough for our home consumption.

I suggest this observation first, that our farmers can not hope to secure what is called economic equality so long as they are on a substantial surplus-producing or exporting basis as to their chief productions. That, I think, has been demonstrated by human experience and that is why I plead for moderation instead of letting our industrial friends come here and dictate more than once.

During the 22 years it has been my privilege to sit on tariff-making committees at one end of the Capitol or the other, I have occasionally sat down with a Republican friend of mine and we have been able to agree on what would constitute a proper tariff rate on a given article. But the next week a manufacturing beneficiary, who had put up a good-sized campaign fund for some political party, would come to Washington and say, "Thirty-five per cent which you people suggest is not what we want. We want 65 per cent," and 65 per cent would be approved before the tariff bill makes its way through the Capitol.

It is these excesses about which I complain. I think I have a right to appeal to my colleagues, regardless of political persuasion, to join and halt these ever-increasing excesses that creep into our whole legislative situation. Then we would be able to face in the direction of moderation. We have been in the habit of permitting business to come here and make assurance of its needs for relief, and we would then prescribe rates for the entire industry, which includes the efficient as well as the inefficient part of the industry.

We have had that kind of abuses and our good friends on the Tariff Commission have that psychology. They have that slant in the direction of ultrahigh tariff philosophy. They honestly believe that whenever anybody makes the slightest complaint they should soon get busy and find some set of figures upon which to base some favorable action. I think it is inexcusable when we look around at our methods of tariff making. Just a few days ago I noticed where the Tariff Commission had frankly admitted that it was unable to ascertain foreign costs in six out of seven cases which it had reported to the President. In other words, we have carelessly adopted or carried along that yardstick of difference in cost of production, with the result that in 9 cases out of 10 nobody pretends that the facts can be ascertained as to foreign cost, so that we have the unfortunate condition of the Tariff Commission sending out its clerks to get the figures about invoice value and from them infer the foreign costs, and on that basis our entire tariff revision or policy and action is based.

I am opposed to that. It is not fair. It is not justified. From my viewpoint if we would liberalize our commercial policies and let business everywhere understand that as we become independent economically we would gradually unfetter ourselves, we would soon have a far healthier state of business prosperity in this country than we have been accustomed to have. We would have ready markets for our surplus exports, and we would employ all our American labor at good wages in this Nation, instead of seeing plants by the thousands take their flight to other countries and billions of American capital taking its flight to other countries, while 7,000,000 or 8,000,000 American people are thrown out of employment here, and our agricultural population come here looking for a hand-out, which it is told will place it on an economic equality with those industrial producers who are able to reach out and take in their tariff benefits to the extent of 100 per cent.

That is the situation, and I apologize for having consumed the time of the Senate to venture to inject the impressions and opinions I entertain in that respect.

Mr. COPELAND. Mr. President, there can be no doubt the world is in dreadful health. The worst of it, the doctors do not agree as to why the world is in this condition and certainly are not agreed as to what should be done to relieve the disease. In my profession I have witnessed a similar state of affairs in the sick room. A patient has had an ailment, and it is apparent he is very sick, but there is no agreement on the part of the doctors as to what is the matter with him and less agreement as to what should be done about the case.

America is in the unfortunate position of being without a single friend in the family of nations. We have no friends. Perhaps we do not deserve to have. Anyhow, it is perfectly natural for a nation to hate another one to which it owes money, as the individual hates the man to whom he owes money. The nations of the world are in debt to us. They can not pay. They do not understand our attitude toward their predicament. In consequence they have no feeling of friendliness for us, and we have not promoted a spirit of friendliness on their part by our various tariff legislative acts. I am not finding particular fault with those acts. I have had a part myself in putting into various tariff bills items which were of interest to my locality; but, nevertheless, because of these acts, we have alienated still farther the good will of foreign nations.

Then, Mr. President, we have our own domestic distress. If I diagnose the situation rightly, the people living in the industrial centers and in the financial centers are in exactly the same frame of mind in which the farmers have been for the past 10 or 15 years. In the cities the people have not been used to this sort of thing; in the country the farmers are getting hardened to it, perhaps. Because of the

fact that the city dwellers are now feeling the pressure and the stress and the strain of economic disaster, there is a hysteria of desire on the part of those living in the industrial and business centers to have something done to bring relief and to bring it speedily.

Some of us who live in the great centers of population have long espoused the cause of the farmer. We have seen, or thought we could see, the necessity of restoring his buying power. I have said in speeches a hundred times in New York City that unless the farmer can have his buying power restored, there will be bread lines in the cities, and there are bread lines in the cities. One of the reasons why there are such bread lines is that the farmers can not buy the things which are made in the cities.

Mr. President, it is very easy to take a "Pollyanna" attitude and to say that everything is going to be all right. I read as patiently as I can the hundreds of letters I receive telling me what is wrong with the Congress, how bad we are. At the same time they tell me how necessary it is that we balance the Budget; how necessary it is that we should have a moderate tax bill; how necessary it is that we should have a sales tax; how important it is that there should be found ways of raising revenue that will not put undue pressure upon the country, but at the same time will restore the country to prosperity.

Mr. President, I think it is a good idea once in a while to tell the country the truth. In my judgment, what we are going to do here between this time and the adjournment, while it may produce a certain psychological benefit for a few weeks, will not solve the distress of the American people. I know when I say that I am going against the conviction of thousands of good citizens who think that the recovery of the country is retarded by the slowness of Congress to act and that prosperity will be restored the minute Congress adjourns, having balanced the Budget, as we are undertaking to do. There will be no such recovery because of our adjournment. I know there will be a sense of relief. I think the people of the United States feel toward Congress about as the nations of Europe feel toward the United States. They do not like us. Somehow or other we are associated with all their troubles. We are associated in their minds, at least, with all the distressing conditions from which they suffer; and many of them believe that when we adjourn, having balanced the Budget, all of the troubles of the country will disappear.

They will not disappear, Mr. President. The causes of this great national and international depression are far beyond any relief that we can afford by legislative act.

It was only a few weeks ago that the country was demanding that the Glass-Steagall bill be passed. It was demanding that the Reconstruction Finance Corporation bill should be passed. The belief was held by our people that when those measures relating to the fiscal policy of the United States should be enacted into law, business would be restored. Those bills were enacted into law, but business was not restored.

There was the same enthusiasm for a few weeks, the same phychological effect that is going to flow from the passage of pending measures, including the economy bill, and from the adjournment of Congress, but the causes of the Nation's distress will be here just the same. We may relieve some of the symptoms that are annoying, some of the conditions which are really superficial, but the fundamental defects will be here just the same.

How can we hope, Mr. President, to have a recovery of business in the United States when the bankers hoard in their vaults the money of the Nation? If I were a banker, I would not take any pride in saying, "My bank is 85 per cent liquid." To my mind it is just as absurd for a banker to say that his bank is 85 per cent liquid as it is for a hospital to say, "85 per cent of our beds are empty," when there are a thousand persons applying for admission. It never was intended that banks should be liquid. What is the use of piling money up in the banks unless that money is to be used and turned over in industry and in business? The banks are hoarding their money. A year ago there was a great campaign to get the people to stop hoarding money that was hidden under the mattress or put in the teapot. It was said, "If we get that money out of these hidden places and into circulation, prosperity will come." Is it any different, Mr. President, for banks to hoard their money than it is for individuals to hoard their money? I fail to see the distinction.

The President may appoint commission after commission; he may take pride in the fact that a great group of men in my city recently organized a committee to help pour out credit. I pray to high heaven that that committee may succeed; but until the banks of America function as banks should, there can be no return of prosperity.

We are now called upon by the plan of the President—and when I mention him I am not doing so by way of criticism; I am simply dealing with the facts as they are—to provide by legislation that a large amount of money, under control of the Reconstruction Finance Corporation, shall be used to aid industry. Mr. President, why should a corporation established by Congress be used to aid industry? What are the banks for? We passed legislation to assist the banks in order that they might aid industry. Why do they not do it?

Now we have this bill before us. It is an essential piece of legislation; it must be passed in some form. I want it passed; I intend to vote for it. As one Member of the Senate, without criticism of any of my fellows, I have felt incensed that there were put into this bill items relating to tariff schedules, items which have no more business to be put in this bill than they have to be put in the collection box at church next Sunday.

This is not a tariff bill; nobody contends that we are going to derive revenue from these tariff items. I will join with others in a limited revision of the tariff at the proper time. There are industries in my State which I think need help. It does not make me happy, Mr. President, to know that 10,000 men and women who normally work in the sugar refineries of New York are now without work because of the lack of a proper differential between raw sugar and refined sugar. My heart goes out to them. I plead with the Senate two years ago for a tariff on gypsum. There are great mines of gypsum in the western part of New York, where miners for generations have been bringing up the gypsum from the depths of the earth. But, for my part, I have resisted every single appeal to put into this bill anything relating to the tariff. I did so because I had a conscientious conviction that they did not belong here.

I do not look with favor upon the alliance which made possible the incorporation in the bill of the tariff items which have gone into it. They ought not to have gone in. I have voted and shall continue to vote against every single item relating to tariff schedules, even though I may feel that a given item is of interest to my State, because I think it is improper to include tariff items in this bill.

Mr. President, because of that conviction, I am embarrassed by the presentation of the amendment offered by our distinguished friend, the able Senator from Nebraska [Mr. NORRIS]. I voted for the debenture plan. If it were before us now independently of this bill, separated from these tariff items, I would vote for it again; but, Mr. President, I have the feeling that it would be no kindness to the farmers of America to vote the debenture into this bill, because the prejudice of certain factions in the Congress is such that in all human probability the debenture would disappear in the conference.

If I am led or forced into voting against the debenture, I want it to be understood by the farmers of my State—and we stand eighth in agriculture—I want it understood by the farm groups of the country generally, that my vote is not intended as a vote against anything which will help agriculture. But I do not want the farmers of America to join the unholy alliance which has put in this bill items which have no business there, items which will add to the cost of business, the cost of agriculture, and which will place another burden upon the American people.

If the copper tariff had been considered here by itself, I should have pointed out the fact that 200 items, articles in common use, will have a corresponding tariff increase by the wording of the bill in order to meet the tariff upon the raw material. The inclusion of these tariff items in the bill will add to the burden of our people at a time when that burden should be lightened and not increased.

So, Mr. President, I should be sorry to see the farmers made a party to this unholy combination.

In saying that I am not unmindful, as I have already said, of the great distress of American agriculture. There can be no doubt of that distress. I do not know anything about cotton or tobacco. I know nothing about corn. I know something about wheat. I know that the Canadian wheat grower, with his fertile soil, can grow 50 per cent more wheat upon his acreage than the American farmer can grow. Much of the wheat land in Canada is virgin soil, rich and productive. It will grow 50 per cent more wheat per acre than our depleted lands will grow. I know that the initial cost of the Canadian land, the investment of the farmer, is far less than the investment of the American farmer in wheat lands. I know that the labor costs in Canada are less than they are in the United States. Beyond that is the fact that the nationally owned railroads of Canada have nailed to their charter a requirement that those railroads should make a rate on wheat from Saskatchewan and Alberta to the lake head which is materially less than the rate charged on wheat from Montana to Duluth.

How can the American wheat farmer hope to compete with the Canadian wheat farmer with less interest charge, with less labor cost, with greater productivity, with lower freight rates? How can the American wheat farmer hope to compete with the Canadian farmer under those conditions?

In the next place, we can not disregard the fact that blood is thicker than water. Liverpool is the wheat center of the world, and the English will buy from the Canadians before they will buy from the Americans. Unless there can be found some means of practical relief for the wheat farmers of America, they are crushed, and crushed forever.

As I have said, I do not know about cotton, tobacco, corn, or pork. I have no doubt that the things I have said about wheat apply to those other farm products.

What are we going to do for the farmer? Mark my words, Mr. President, we must do something for the American farmer that will better his condition or he will become worse than the serf and peasant of the Old World ever were. We might just as well face these facts as sane and sensible men. The buying power of the farmer must be restored. If there is any sort of legislation that will be effective, either the allotment plan or the debenture plan or the equalization fee, we must give the farmer the benefit of an enactment that will make it possible for him to make use of this method of marketing his product.

For my part I have always had faith, and have faith now, in the equalization fee. A flexible, varying fee, suited to the year and the season, has in it, as I see it, soundness from an economic standpoint, and success in practical operation. I do not care what the method is, however. If there is a method which will make it possible for the farmers of America to sell their products at something beyond the actual cost of production, the farmers of America are entitled to that relief.

Ah, Mr. President! I wish we could find a way to solve all these problems that face us. We have the question of the international debts. Sometimes I get a little provoked at the newspapers because they do not fully quote me, and I suppose other Senators do. I saw a roll of the Senate a few months ago which told about what Senators were in favor of cancellation and what Senators were in favor of full payment and what Senators were in favor of a moratorium. I found my name in a list of those in favor of cancellation.

I am not in favor of cancellation. These debts are due us. We are entitled to be paid. We never will be, but at least we are entitled to be paid.

But, Mr. President, we are a peace-loving people. We want to impress upon all the countries of the world our desire for peace. I have enough confidence in the character of other nations to believe that they want to pay their debts, too. If I had my way, I would have the nations sit down around a table, and I would say to them, "You owe us so much money. We are not going to cancel that debt; but year by year we will cancel the interest and principal payment due that year, provided you give us evidence that you have reduced your expenditure for armament to that extent; and then next year, if you do the same thing, we will cancel further." At the same time that the nations of the earth disarm we in our turn can disarm. We can not disarm before.

Mr. President, those who say, "Let the United States take the lead in destroying its Navy and doing away with its guns and reducing its Army" are indeed idealists. We can not do those things which make for permanent peace until we are joined by the nations of the earth in doing the same thing, in carrying out their part of the same program.

I have no doubt that our relationship with other nations would be improved if we had that understanding. The hatreds which they have for us now would not be so great. But, Mr. President, we ought not at this moment, by any enactment of ours, to indicate our unfriendliness to other nations. So I say that this is not the time, this is not the occasion, for us to do anything relating to the tariff.

I have believed, and I believe now, that the Tariff Commission can be extremely useful to us.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. COPELAND. I yield to the Senator.

Mr. LONG. We respect very much the advice of the Senator from New York. Does he think that the debenture plan connected with this tariff bill would be a good thing?

Mr. COPELAND. Mr. President, if this debenture plan were before us as an independent thing, unassociated with the "unholy alliance," of which we have heard, I would vote for it. As I said a little while ago, I have faith in the equalization fee; but I do not think this is the time to attempt to solve the problem of the farmer by putting into this bill even a second cousin to the tariff items which are in it.

Mr. President, I am not going to say more. I know that there has been a vein of pessimism in what I have said; and I do not want to have the figure of speech which I use now forced into a wrong application.

It is always the duty of the doctor to tell the family the truth if the disease is serious, and perhaps likely to take the life of the patient. I do not want a forced application made of that. I do not believe that America is going to die, or that the world is going to be destroyed; but I think the country should be told, and told frankly, that there is not in this bill, there is not in the balancing of the Budget and in the economy measure which we must enact, any hope of recovery from the depression in which we are.

Mr. President, that makes no difference. It is our duty anyhow to do these things, unpleasant as they are. No man likes taxes. I come from the State which pays one-third of all the taxes of our country. When we raise $3,000,000,000 in taxes, my State pays $1,000,000,000 of those taxes. There is no State in the Union which will feel more the effect of the taxes which we provide for than my State. But that makes no difference. The taxes provided for in the pending bill must be levied, and they must be paid, and if they are burdensome to my constituents I am sorry.

The economies we demand must be accomplished, but, as I have said before, after we have done all these things, after we have passed the tax bill, after we have passed the economy bill, after we have passed the greatly reduced appropriation bills, our country will still be in the morass of distress and economic trial.

Every citizen of the United States owes it to his country now to do everything he can to bring it back to prosperity. There rests an unusual burden upon those who control the fiscal policy of our country. In all frankness, Mr. Presi-

dent—once more I go back to my own city—I say in all frankness that the bankers of the United States are not doing their duty. We must be aroused in our country, and no citizen should be more aroused than the banker. The trouble is not with the small banker or the small bank. The trouble is away up at the top, so far up that the group in charge is an invisible group, an oligarchy, an invisible oligarchy, controlling the welfare and the fate and the future of the United States.

Mr. President, there must be made an effective appeal to that invisible oligarchy. We can not have our country broken and destroyed because of the attitude of a few men. We should make the appeal to that group to send down word through the big banks to the smaller banks, and so on, to the little banks, in order that the fear which now governs all bankers may be relieved, and that the banks will function as they ought to function.

Mr. President, money is the blood of the Nation. The life of the individual depends upon the circulation of the blood within his body. Unless these banks function so as to circulate the money of our Nation, our Nation must continue to suffer from anæmia as it is suffering.

I hope no citizen of the United States will be misled into thinking that the fault lies in Congress, that we are to blame for the failure of the restoration of business in the United States. It is not our fault. It may be our fault that we delay some things. It would be our fault, and a serious one, if we were to fail to pass pending measures. But in the last analysis the trouble is not here. The trouble is with the invisible oligarchy. Until the money is permitted to flow, there can be no money for the industrial plants, there can be no money for the movement of crops, there can be no money to finance the farmer.

Mr. President, the cause for this ailment of ours lies far beyond this Chamber, far beyond anything within our power to correct.

When I rose in my place, I had no thought of saying all these things. It can readily be believed that I will be bitterly criticized in high place for what I have said. But beyond the pleasure of having the good will and the kind words of those in high place, I would rather see my country restored to prosperity. I want to do everything I can, of course, but the people themselves, outside of the Congress, have a solemn responsibility resting upon them. They must use their influence to see that those who have it in their power to restore confidence and to restore floods of money into the marts of trade render the assistance which they are capable of giving.

I am not at all satisfied to have it charged against the Senate that its dilatory action and its failure to enact measures are responsible for the conditions which exist. They are not. Nevertheless, it is our duty to pass the pending bill, and I hope we may speedily send it to the President for his signature.

Let me express again my regret that because of my attitude toward the matter of tariffs I doubt exceedingly whether I can bring myself to vote even for a thing which is apparently so desirable as the debenture.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. SMITH. Has the Senator any doubt at all that practically every dollar this bill is supposed to bring in will ultimately have to be paid, in the larger part, by the wage earners and the farmers of this country?

Mr. COPELAND. Undoubtedly it will.

Mr. SMITH. Very well. The Senator has taken quite a good deal of time, as have others who have preceded him, to reiterate what we all know, that the farmers of this country almost universally are bankrupt and ruined. When we consider that wheat has dropped from more than a dollar a bushel to about 25 cents and that cotton has dropped from 25 or 30 cents a pound down to about 5 cents a pound and that livestock does not bring enough to pay the freight to get it to market; that as to one item alone, namely, cotton, the difference between what was obtained for it and the cost of production in one year amounted to $800,000,000, does the Senator feel justified in voting for the pending tax bill, to balance the Budget, which will impose a burden of a billion dollars additional on the already unspeakably oppressed agricultural class, without carrying along with it in some shape or form the possibility of enabling the farmer to meet that burden which inevitably, under the law of gravitation, will be found resting on him?

The Senator said we ought to pass the bill and let it go into operation, a bill which would extract from the already distressed people of our country a billion dollars. Would the Senator make no provision, contemporaneously with passing that bill, for aiding the farmer in some way, somehow, to meet this additional obligation we will lay upon him?

Mr. COPELAND. Mr. President, before I answer the Senator's question, I want to ask him one. The Senator from South Carolina has an unblemished record as regards his attitude toward the tariff. Not in all the years I have been associated with him have I known him to vote for any tariff, regardless of how he might think it might be of some temporary benefit to his State.

I want to ask the Senator a question not for the purpose of controversy but because I am sorely distressed. I have been so outraged by the inclusion in this bill of these extraneous subjects, things which had no business going into the bill, that I made a solemn declaration that I would not vote for any tariff, no matter what it was. The Senator has a record so unblemished that I want to ask him now whether, in all good conscience, he can vote for this amendment?

Mr. SMITH. This is not a tariff amendment. This is exactly along the line of the measure I tried to make plain to the Senate the other night we ought to enact.

Mr. COPELAND. If it is not a tariff, it is the "reverse English" of it, then.

Mr. SMITH. If you by law force me to pay a dollar a unit more for an article than the price for which I could have gotten it otherwise, you are in duty bound to provide me the means of paying that extra dollar. In other words, if by the imposition of a tariff you force me under the law to pay more for an article than I would without the tariff have had to pay, if you have a sense of democratic justice, you will provide me with the means of acquiring the extra amount I would have to pay.

The principle of the debenture is this, that there are these unorganized farmers in our country who have no reserve power. They are individualists. But their aggregate products are the hope and life of America. We have forced them to pay a tribute to organized and protected industries in the prices they pay for whatever they must purchase. We can not justify ourselves in that. But we will do this, we will take away from these protected individuals enough of that which they get and turn it over to those who have had to pay the extra amount for their products, not on account of any lobbying activity on the part of the farmer, but out of a sense of justice. We say, "We are not protecting you; we are simply keeping the protected individuals from taking from you that to which they are not entitled." It is the reverse of the protective tariff. If the policy of protection is carried to its logical conclusion, we could take from the protected every dollar of profit they have and distribute it amongst the unprotected.

The senior Senator from Texas [Mr. SHEPPARD] has introduced a bill which illustrates the point I am making. He provides in that bill that where any agricultural export product has to be sold in the free markets of the world such product may be exchanged by barter abroad for articles needed by the exporting farmer and that these articles may be brought to the American exporting farmer free of duty.

Mr. SHEPPARD. It practically provides for foreign trade by barter in our export products, foreign articles so acquired to be delivered to the exporting farmer without tariff charge.

Mr. SMITH. By barter. Therefore, this amendment is nothing more nor less than that principle applied in practice.

Mr. SHEPPARD. My measure is intended to meet existing emergencies and is to terminate when farm prices

shall have been restored to parity with American manufactured products.

Mr. SMITH. If we can not reach the farmer—and we can not reach him by this nefarious, unholy, unjustified principle of a protective tariff—if we can not reach him, and he is a citizen of this country, we are in duty bound to recompense him for the injustice done him. That is the position I take.

Mr. COPELAND. "Almost thou persuadeth me," may I say to the Senator from South Carolina. I have been terribly distressed over this matter. I have talked with my charming and beloved seat mate [Mr. GEORGE]. I have talked with my leader [Mr. ROBINSON of Arkansas] about it. I want to do the right thing. I know the farmer is ruined if we do not do something for him, but I am afraid the bill we have before us is ruined if we insert the debenture plan.

Mr. SMITH. Let me change the phraseology for the Senator. He said the farmer is ruined if we do not do something for him. The farmer is ruined, and we had better do something for him. That is where the thing stands now. There is no question of "if" about it.

Mr. KING. Is not everybody ruined?

Mr. SMITH. Yes. Sometimes I think we are coming at last to a realization of the really vital part the farmer plays in the economic structure of our country. For the first time in the history of the country we get no revenue and get no trade from the agriculturalists for the reason that there never was a time in all the history of organized society and civilization when wealth was so powerful and poverty so helpless as to-day.

Mr. COPELAND. I think that is true.

Mr. SMITH. The things wealth can get by an expression of its power are infinitely greater and more numerous than 40 years ago. Any man that holds the labor of an automobile and has the price to pay multiplies his individual power to every horsepower expressed in that vehicle; and by the same token, as wealth gathers unto itself power, just by the law of comparison poverty sinks that much deeper in the scale of organized society.

Mr. COPELAND. I think the Senator speaks the truth, but I want to ask him this question. In my State we make a good deal of fish oil. It is used in making soap. That industry feels that it is terribly hampered and its very existence threatened by foreign competition. If I should be willing to vote for the debenture, which is a sort of reverse English on the tariff, certainly a second cousin to it——

Mr. SMITH. No; I do not think it is related at all. I think it is a necessity growing out of the farmer calling for merely simple justice.

Mr. COPELAND. My fish-oil man would say that his necessity is such that he must have a tariff to cut out foreign competition in order that he may sell his fish oil. What am I going to say to him if he hears that I voted for a debenture which is going to assist the farmer and then tell him I am not able to vote to put a tariff on fish oil?

Mr. SHIPSTEAD. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Minnesota?

Mr. COPELAND. I yield.

Mr. SHIPSTEAD. I may say to the Senator from New York that when the pending amendment has been voted upon, I have an amendment already printed which I intend to offer immediately, which will take care of the fish oil of the Senator from New York. [Laughter.]

Mr. COPELAND. The Senator is a tempter! Mr. President, I must not detain the Senate longer. I shall attempt to keep an open mind on the matter of the debenture, hoping all the time that I may be convinced that it is wise to vote for it. I do know that the farmer must he helped. There must be found some way to relieve his distress or our whole economic system is going to break down. His is the basic industry, and without prosperity on the farm there can be no prosperity anywhere.

I want to do what I can to help the farmer. When he is happy the Nation thrives. His fate is the fate of all.

Mr. ROBINSON of Arkansas obtained the floor.

Mr. SHEPPARD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Robinson, Ark.
Bailey	Cutting	Johnson	Robinson, Ind.
Bankhead	Dale	Jones	Schall
Barbour	Davis	Kean	Sheppard
Barkley	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Shortridge
Blaine	Fess	King	Smith
Borah	Fletcher	La Follette	Smoot
Bratton	Frazier	Lewis	Steiwer
Broussard	George	Logan	Stephens
Bulkley	Glass	Long	Thomas, Idaho
Bulow	Glenn	McGill	Townsend
Byrnes	Goldsborough	McNary	Trammell
Capper	Gore	Moses	Tydings
Caraway	Hale	Norbeck	Vandenberg
Carey	Harrison	Norris	Wagner
Cohen	Hastings	Nye	Walcott
Connally	Hatfield	Oddie	Walsh, Mont.
Coolidge	Hayden	Patterson	Watson
Copeland	Hebert	Pittman	Wheeler
Costigan	Howell	Reed	White

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, the debate on the pending amendment has been somewhat prolonged and there is no intention on my part to defer the vote longer than is necessary to state the conclusion which I have reached after a somewhat full consideration of the subject.

It is still my opinion that a great mistake was made when the Senate consented to the consideration of tariff items in the pending bill. The author of the pending amendment and others here foresaw that such a policy would invite issues which necessarily would delay the passage of the revenue bill.

It seems to me pertinent to state also that the main consideration underlying the adoption of tariff items has not been to obtain revenue but to secure protection for the interests affected by the various amendments proposed. Of course, there is a probability that a limited amount of revenue will be derived from the various articles upon which duties are imposed, and certainly from some of them; but if there is anyone here who doubts the primary consideration is to secure protection rather than revenue, I think there are abundant facts and arguments to convince him that his belief is unfounded.

It would be easy to force this amendment into the bill and thus bring about a condition that would delay indefinitely the enactment of revenue legislation; and there has been provocation for that course; but the conclusion which I have reached, after listening to the arguments, is that such a result is still to be avoided, if it is possible to do so.

This Congress can not complete its labors without giving consideration to legislation affecting the agricultural industry; but it is my conclusion that it is unwise to attempt to attach such legislation to this bill, for the reason that, in all probability, it will not become effective. Within the last few minutes the able Senator from Minnesota [Mr. SHIPSTEAD] has announced his purpose to propose a tariff protection amendment in some form, and without doubt there are numerous others to be presented. If those primarily charged with responsibility for this legislation insist upon a revision of the tariff on a revenue bill, they may be compelled to take the responsibility for the consequences of that policy. For the very reason that it is impracticable, not to say impossible, to conclude the consideration of tariff proposals that, from the standpoint of their proponents, have merit, within a brief period, it would have been the part of wisdom to have treated the tariff question separately from the revenue issue.

I have great sympathy with the forceful argument made by the Senator from Nebraska. He has pointed out in language which can not be forgotten that the effect of the pending measure, in so far as it has been framed, is not

only to impose additional tax burdens upon those who are not the beneficiaries of protection but it is calculated and designed to add materially to the cost of the necessities which they must buy and consume. That declaration of facts is indisputable, and for that reason those who seek to equalize the burdens carried by this bill find justification for the proposal submitted by the Senator from Nebraska. But, Mr. President, it is a well-known fact that any bill embracing a debenture provision for agriculture must encounter the peril of an Executive veto. That consideration does not intimidate me, because if the processes that are prevailing in the writing of this bill are to be continued, then a veto of its provisions may be justified in the interest of the American people, notwithstanding the imperative necessity for the balancing of the Budget.

Under the language of the amendment it will not be effective during this administration if we adopt it. Is there a Senator who hears me who believes that the Federal Farm Board as now constituted would exercise the discretion which it is proposed shall be vested in them to find the necessity and administer the provisions of the act? I know it may be said in answer that if the proposal be meritorious the responsibility should be placed on those who are charged with its administration for failure to make it effective. I have voted against the incorporation of any tariff item in this bill and against the tariff items which are in the bill in the belief that to pursue any other course invites, if it does not compel, a policy here which will result in confusion, combination, and detriment to the public interest.

On two occasions the measure proposed by the Senator from Nebraska received my support; and let me say now that before the Congress shall adjourn I favor taking up and considering the measure reported by the Committee on Agriculture and Forestry containing, as I understand, among other things, the provision relating to debentures.

It is neither my purpose nor province to criticize the course taken by other Senators; but I have felt that there is a sane and practical policy which does not invite the acceptance by one Senator of a tariff proposal in order to secure the adoption of his own. I still feel that the manly, straightforward course to be pursued is promptly to write the revenue bill and obtain the revenue necessary to balance the Budget. In general terms, it is easy to make that declaration; in practical application there is great difficulty. We are reaching out into the upper regions and into the lower regions, searching everywhere for new sources of revenue; and there is not any plan that has been suggested under which the Congress can secure a billion dollars in addition to the funds now being received by the Government under our tax laws without imposing hardships and some measure of discrimination. No matter what we do, the result is not going to be popular. The Senator who votes against a measure to balance the Budget and maintain the national credit will invite condemnation; the Senator who supports any bill that will add $1,000,000,000 to the load the American people are now carrying in the form of taxation is certain to receive censure; but there is a duty to perform, an obligation to be observed, and I feel sure that every Senator here recognizes that obligation.

If we go forward in the way that we have been going, we will be considering tariff measures for several days to come; and when we have considered them, we will not be proud of our action; the country will not be proud of the course which the Senate has taken.

I think that it will be necessary to consider agricultural relief measures. I think it is best for the agricultural interests to consider them separately from this bill. In that view of the subject I shall reluctantly withhold my support from the pending amendment.

Mr. NORRIS. Mr. President, I, of course, do not question the sincerity of the Senator from Arkansas [Mr. ROBINSON], and I freely concede his right to follow such course in this matter as he thinks best; but there are certain things that ought to be called to the attention of the Senate and the country in connection with and, I think, in answer to the conclusions reached by the Senator from Arkansas.

I am aware of the force of his argument and the force of his leadership. I desire, however, to call attention to one or two of the things he said.

He said that those in charge of this legislation, if they permitted such things to go on and permitted things outside of a revenue bill to be put in this measure—tariff items and items such as the proposed and pending amendment—might be responsible even for a veto of the whole thing if they were all enacted into law, and that they would be responsible for other items of tariff schedules that would be offered as amendments to this bill.

I want the Senators to know that those who favor this debenture amendment are not responsible for the action of those who have had in charge this legislation. The chairman of the committee who sits before me, the Republican leader on this side who sat with him in the committee, and his associate who sits by his side when he is here, all voted for every one of these tariff amendments that have been proposed and put in this bill.

When the leaders of legislation, responsible for the legislation that comes from the committee, unite in voting for tariff items upon a bill that everybody admits ought to have no tariff items in it, are you going then to put the responsibility for the failure of this legislation upon the shoulders of those who are opposed to dragging tariff items in here? Are you going to put the responsibility upon us who are behind the motion now pending, and say that we are responsible, when we are coming in here in self-defense, when we are coming in here asking for this amendment in direct opposition to what we would like to ask for in this bill? Are we, who have fought the tariff amendments as they have been offered from time to time, and have been regularly defeated by the men who are behind this bill, responsible, as the Senator from Arkansas says, for this bill and this legislation?

We did not bring in this evil. It is not because of any action of ours that the Senate is in this dilemma and this illogical position. We fought it. We may be weak and lack ability when compared with the great leaders of the Finance Committee, but we did see this very predicament, and we pointed it out to the Senate and to the country. We were overridden by the so-called leaders responsible for this legislation. Now, when they have had their way, it seems to me it comes with poor grace for anybody to say to us, "Stop! Do not try to get relief for a large portion of our citizens, whose purchasing power for the very necessaries of life has been, to a great extent, taken away by these very amendments."

The farmer, for whose benefit this amendment is proposed, is going to be compelled, on account of the leadership we have had here and the combinations we have had here, to pay more for his gasoline, more for his coal, more for his lumber, than he would have had to pay if the advice of those who are behind this amendment had been followed by our leaders. Our voices were unheeded, our advice was spurned, and you put these amendments into this bill, overburdening the great agricultural West with an additional cost of living, making it impossible for an already overburdened farming community to obtain the very necessaries of life.

Do you suppose the men out on the great plains who will have to pay an additional price for coal are going to be satisfied when you place an embargo upon coal for the benefit of the coal men? They think just as much of their families and their firesides as do the men who produce the coal; and you are going to relieve one by adding to the burdens of the other. Do you expect the American people to be satisfied when you say to every farmer and every other person all over the great prairie West who wants to build a new house, a chicken coop, or a hogpen, and wants to do it at a time when he is toiling 16 hours a day to produce the food that we eat, that he will have to pay a higher price for his lumber? Does not he love his home? Does not he love his com-

munity? Is not he in the picture pointed out by the Senator from Washington [Mr. JONES] when he told of the misery and the suffering of those in the lumber regions?

It is just as great a burden for him to see his children go only half-clad, to see his family suffer from the cold chills of winter, if he lives in a house out in Kansas or Nebraska as it is for the man who sits under the shade of a fir tree in the State of Washington. He has the same instincts, the same love of family, the same responsibilities as the man in the lumber region. Yet you are going to try to relieve one by adding to the burdens of the other, piling upon his already overburdened shoulders responsibility that he can not bear, while those who have immense incomes that they can not spend, and inheritances that they are going to control a thousand years after they are dead have so much money that they do not know what to do with it?

That is justice in America, is it? That is the reason for saying to those who want to continue the purchasing power of the farmers of the West, "You must not offer this amendment to this bill."

Is there something sacred about these four things that must be protected by a tariff to add to the distress of the already overburdened and downtrodden farmers? It takes as much fuel to keep a farmer in the West warm as it does a millionaire sitting with his feet on top of his mahogany desk. It takes practically as much clothes to clothe him and his children; yet you are adding to the burdens of those who are already overburdened, and you say, "You must not offer this amendment to a revenue bill."

If you are a coal magnate, if you own a lumber mill, it is all right to do it then. If you own oil wells, it is all right; but if you want to do something for downtrodden agriculture, it is all wrong.

Go on with this combination, Mr. President. Drive on your steam roller. There will come a time when you yourselves will not be able to buy the fuel to keep it running. You can push it over the forms of farmers and laboring men, from whom you have taken away their purchasing power for the necessaries of life, but eventually you will have nothing left of your own. Destroy agriculture and you have ruined our country. Add much more to the burdens of those who toil day and night, and then find a financial loss at the end of the season, and it will not be long before the man in the skyscraper, living in luxury, will realize that the foundation stone of all happiness and of all prosperity has been taken out from the building, and the entire edifice will come crumbling, falling down upon those who do not expect it now.

Nobody denies the justice of this amendment. In this debate there has been no voice that said it was not fair. No one has said it would not work, but, "You are not in the oil business. You are not in the coal business. You are not in the lumber business. Hence you must stand back and let us fix up this bill just to suit ourselves. You have no rights." You say to the magnates who are living in luxury, "You have these farmers down. You have your feet upon their throats, and we are going to see that you are allowed to keep them there." Then, in the political contest, you go to the farmer and you say, "Luxury and monopoly and trusts and combinations have their feet upon your neck. We will see to it that they go no further"; and that is the remedy that you offer to us!

That is the remedy which was promised us in the name of justice. You say to us now, "We promised in the campaign, in the words of Herbert Hoover, that if we were successful we would put the farmer upon an equality with the manufacturer; that we would give the farmer the benefit of the protective tariff." Here is your opportunity to make good your promise.

Are we going to be afraid because we are afraid of a presidential veto? This amendment, as a matter of fact, enables Herbert Hoover to carry out one of the pledges he made to American agriculture. He has not carried it out yet. This will give him an opportunity to do so. If he loses the opportunity and does not want to embrace it, it is for him to consider. I do not care to take up his duties or his responsibilities now. The responsibility at this moment is upon us, and we can not shift it. Yet there is no doubt that there are quite a number of votes in this Chamber which are going to be cast against this amendment simply to carry out the wishes of the man in the White House. If he wants to kill this legislation, let him kill it like a man, openly and aboveboard, and not through the operation of the political machinery by which he pulls the strings upon his servants and his followers in the United States Senate.

Mr. President, the Senator from Arkansas said he wanted to consider this legislation in a separate bill. So do I. So have all of us. But we have always been blocked one way or the other by the political power and the political machine, and by the combinations of wealth and monopoly operating through those political elements.

This amendment was offered to the agricultural marketing act in practically the same form in which it appears here. It was agreed to in the Senate. It went to conference and was defeated in conference, mainly through the power and influence of the White House. It was said then, "This is not the place for this measure. It really belongs on a tariff bill." So it was defeated and thrown over the fence. But after a while the tariff bill came along, and we offered it again as an amendment to the tariff bill. It was said then, "It is not a tariff measure at all," just the reverse of what had been said before, "and has no business on a tariff bill." But a majority of the Senate said it did, and they put it in the tariff bill and in the exact terms in which it stands before us to-day.

We know what happened. We know the objection that was made by the President publicly, and undoubtedly in many and many a private conversation with Members of the House and Members of the Senate. We know the strings that were pulled; and again it went out.

Now comes this tax bill, the only opportunity we have had since to offer this measure, and we have had no desire to offer it as an amendment on this bill, because we have wanted to act in cooperation with the administration forces. We want to help as best we can to pass a revenue bill. But in that situation comes the chairman of the Finance Committee and the other leaders, administration followers, and put these four tariff items into the bill. They never could have gotten through any one of them, and everybody knows it, except by putting in the four. They made them sacred, and one is an enemy to his country if he dares suggest that there is any other product on earth that should be protected by a tariff in this bill except those four, selected by the leaders, and by those who were responsible for the particular bill now pending.

We have said from the very beginning that we wanted to cooperate, that we did not want to delay, that we wanted to make this a revenue bill. We tried our best to do it, but we are defeated by this combination, partially Democrats and partially Republicans, Democrats who ordinarily would claim to be low-tariff people voting for an embargo, Republicans over here in combination with them voting for tariffs which reach the very dome of heaven—embargoes—tariffs run wild and mad. They say, in effect, "We want to build a tariff wall around this country that can not be penetrated by anybody. We want to make it possible for combinations, monopolies, and trusts to form their illegal and their inhuman combinations this side of the tariff wall. So we put these four sacred items in this bill."

I understand, Mr. President, that these items have not only been placed in this bill, but, if the bill becomes law, they will be beyond the jurisdiction of the Tariff Commission. It will be impossible for us to go to the Tariff Commission and get a hearing upon them, as we ordinarily could as to any other tariff item, in order to reduce an exorbitant tariff. That will be impossible as to those items. These sacred four products will be placed above the control and the jurisdiction of the Tariff Commission itself. They will have to keep their unclean hands off these sacred items. They can not do anything to open up a discussion or a debate or an investigation in regard to these four items. They are sacred.

Then, in the sacredness of these four holy of holiest, comes the leader of the Democratic Party in the Senate and says, "Do not put this amendment on this bill. It should not be on this bill." He says that, although we have already put on four tariff items.

The combination seems to be so complete that we can not succeed in levying a tariff on anything else, we can not succeed in getting any relief from the additional burdens put upon the farmer by the inclusion of these four items.

I state, Mr. President, that those responsible for this action may be rejoicing in what they believe to be the victory that has come to them on account of this unholy combination; they may be riding in the car of success, running their steam roller over anybody and everybody who dares to raise his weak voice in defense of any of his suffering people. But I predict that history will repeat itself. There has never been a monarch upon his throne supreme, happy in the power that he wielded, but some day went so far that he drove his victorious car over the precipice into ruin and destruction. And there is where we are going, that is where our country is going if it permits itself to be run and managed by combinations, unholy and wicked combinations, in the highest of all legislative halls.

Let them go on with their machine and drive it over the prostrate forms of their fellow citizens, but there will come a time when the very stones of Rome will cry out against them, the very pavements in the streets will some day rise up and strike them in the face.

They can not continue this unjust discrimination against our fellow citizens, they can not continue permanently to hold down the farmers of America in subjection, in cruel human slavery, in economic depression. There will come a time when their Juggernaut will itself be capsized by the force of its own power.

Mr. TRAMMELL. Mr. President, representing in part a State which can not, in my judgment, get any assistance from the tariff provisions already written into the pending bill but, on the other hand, will be required to make a considerable contribution on account of the protection afforded the four industries which have so well been cared for—at least, an attempt has been made to care for them—I am strongly convinced that agriculture is deserving of a measure of relief in this bill.

While I am not responsible for the situation, a majority of the Senators have not hesitated to vote to impose tariffs in this measure which, if they operate as intended, these tariffs will cost the agricultural interests of this country millions upon millions of dollars. Yet, when a proposal is made here that the farmers shall in a measure be reimbursed for the contribution and the tribute which you intend to take from them in the interest of the oil people of the country, in the interest of the copper people of the country, in the interest of the coal people of the country, and in the interest of the lumber industry, some say, "Oh, we will wait until a more convenient day to do anything for agriculture."

I want to commend and thank the Senator from Nebraska [Mr. NORRIS] for bringing this question before the Senate. I think this is the proper time to make an adjustment and to let the agricultural interests of this country know that the Senate desires to do them justice, and that the Senate is not going to keep on passing over the matter of doing something for our farmers.

There is no class of people in America who are more stricken, and whose industry is more paralyzed, than that of the farmers of America. I am unable to see why those who were so zealous in behalf of the oil industry, so alert in behalf of the coal people of the country, and of the lumber and of the copper interests, should not have been equally as active before the committee in an effort to bring forth some measure of relief for agriculture at this time.

The hope was, on the part of many, at the time this bill was reported to the Senate, that Congress would adjourn within two and a half or three weeks. That was the intention, and the effort to drive the bill with undue haste through the Senate was largely actuated, I think, by a motive to have Congress adjourn in two and a half to three weeks. If that hope could be accomplished, it is very apparent that no relief measure in the interest of the farmer will be passed. With this bill once out of the way we will see extra speed applied again. It will be said that we must rush, that we must dispose of this measure and that measure, and that we must have an adjournment of Congress so that certain Senators can go to the political conventions. The fate of agriculture will be that it will again be waved aside. I am opposed to any such policy of indifference toward our farmers. I think this is a good opportunity to do something for our agricultural interests, and I want to congratulate the Senator from Nebraska for seizing the opportune moment. He has always been the friend of agriculture, and never more so than in this instance. He knows the modus operandi and procedure that usually prevail here, and he, of course, feels, as I do, that if we do not take this occasion to act for the promotion of the interests of agriculture the chances are that nothing will be accomplished in this direction at this session of Congress. It is doubly appropriate to place the legislation on this bill because the majority of the Senate have already dealt with the agricultural interests in making an imposition of taxation in the way of import duties or tariffs in this identical measure. The farmers have been made the victims of burdens imposed.

I do not favor taking away from the farmer millions and millions of dollars, if the plans operate as it is intended they shall operate, and then make no adjustment with him or for him. In all justice he is entitled to some contribution in return for that which it is expected to take away from him in the interest of oil, coal, copper, and lumber. Of course, everyone knows that it is the intention to get an increase in the prices of all such products. Some of them may deserve an increase, but when it is taken away from the farmer of the country, then the appropriate time has come to legislate and make an adjustment for him in this particular measure.

So far as the question of revenue is concerned, I do not believe anybody is going to be fooled or deceived with the idea that revenue for the Government was the prime and moving cause for the tariff provisions being placed in the pending measure. The inspiring and moving cause was to try to do something for these special and favored interests.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Nebraska?

Mr. TRAMMELL. Certainly.

Mr. NORRIS. The Senator has correctly said what the object was, but the result is going to be that with these items in the bill, with the terrible tariff that is put upon them amounting in practically every case to an embargo, there will be less revenue under the rates put into the bill than there would be if they had been left out of the bill.

Mr. TRAMMELL. In all probability that is true. Of course, I think the object was merely to do something for the particular interests involved regardless of the cost to the remainder of the people. The question of balancing the Budget had nothing to do with it, nothing whatever. It was just a question of responding to the demands of the oil interests, the coal interests, the copper and lumber interests of the country, regardless of the cost to the people of the United States.

The majority wrote the tariff provisions into the bill which, if they operate as it is contemplated or hoped they will, while they are not going to raise any great increase in revenue are going to inflict an enormous additional burden upon the people of the country. Agriculture is one of the great interests of the country that will be affected. I repeat some adjustment, some atonement should be made to the farmer for what is imposed upon him in the very provisions of the bill.

Mr. NORRIS. Mr. President, will the Senator yield further?

Mr. TRAMMELL. Certainly.

Mr. NORRIS. When I referred to less revenue I was thinking of the amendments offered by the Senator from Maryland [Mr. TYDINGS] on aluminum. In my judgment,

there will be no revenue from the tariffs levied on the articles in question, because they will be an embargo. When I spoke of less revenue under existing conditions I was thinking of the amendments relating to aluminum that were offered by the Senator from Maryland.

Mr. TRAMMELL. I thank the Senator.

Representing, as I do, a State which will not enjoy any of the beneficent benefits contemplated in behalf of copper and coal, gasoline and lubricating oil, a State that is going to be only an unwilling contributor on account of these impositions, I wish to say in behalf of that State that I desire to have some of the contribution my people will be forced to make because of these high tariffs, contributed to agriculture.

Mr. LONG. Mr. President, I was hoping that some of us who are going to vote for the debenture would not have to admit that we had been caught with the wool in our teeth and were voting for it for that reason; in other words, that we had been taken in completely. If that is the case, it would seem to us, those of us who have stood by the tariff items, that we are petitioned now to take somebody else into the combination, that we have been caught with the swag and somebody else is demanding his share. Are we being censured for the vote we cast on the tariff items and now being petitioned to divide the moneybag with some one? That would seem to be the only explanation of some of the statements that have been made. But such is not the fact.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. TRAMMELL. I did not mean it in that way. I meant that if those who had favored the tariff items wanted to make a proper adjustment, it would be very appropriate to have the amendment placed on this bill.

Mr. LONG. I think so.

Mr. TRAMMELL. Because the tariff items are intended to raise some revenue and they are certainly contemplated to assist in promoting and advancing the interests of the particular industries to which the tariffs apply.

Mr. LONG. I think so, from that standpoint, and I am going to vote for the debenture. However, I did not want one or two statements to go unchallenged, particularly the ones which were made about oil. When the oil matter first came up I made an effort to speak on the floor of the Senate on March 21, and I want to quote a short paragraph from the debate which took place at that time. The Senator from Arkansas [Mr. ROBINSON] addressed the Chair and I yielded to him, and he then said:

> A few moments ago the Senator from Louisiana referred to the tax on crude oil, and I think justified such a provision.

That was long ago, on the 21st day of March, when on the floor of the Senate the leader of our Democratic Party made that statement, and I deferred to him then. He said further:

> He also attacked the House for failure to incorporate a provision on the subject while seeking to impose a general sales tax. I know the Senator desires to be accurate in his statement, and I wondered if the Senator's attention had been called to pages 228 and 229 of the bill which is now before the body at the other end of the Capitol, the bill to provide revenue, etc., in which, on page 228, there is provision for a tax, as follows.

And the Senator from Arkansas then, as the Senator from Utah [Mr. SMOOT] will remember and as the Senator from California [Mr. SHORTRIDGE] will remember, agreed to the proposition, as the RECORD shows, from which I am reading at page 6542. The statement of those who are undertaking to say that my friend from Kentucky [Mr. BARKLEY] has departed from any Democratic policy in this matter are sailing right into the face of the record that is here in black and white, that the matter was understood as coming from our Democratic House and was justified on the Democratic side of the Senate.

Mr. SMOOT. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Utah?

Mr. LONG. Certainly.

Mr. SMOOT. Senators must know that the House imposed a duty upon crude oil and petroleum. They must know that the House imposed a duty of 10 cents a hundred on coal. The Senate did not enter into those two fields. The House itself did.

Mr. LONG. The facts are it was not any deception, that the two Houses understood it as concurred in the debate right on the floor of the Senate, that this was not anything that anybody was being slipped up on, because I have here in my hand what I have read from the CONGRESSIONAL RECORD showing that the leader on this side of the Chamber read to me those provisions and made the statement that the Senator from Louisiana had spoken of a tariff on oil and had justified the tariff on oil, and I feel that it is justified. So why have any more argument over this thing that ought to have been passed into history? The only difference is that we voted one-half cent when the item was reduced from 1 cent.

I want to correct the Senator from Florida [Mr. TRAMMELL] for one other remark, because the Senator from Florida is very accurate in his statements, as a usual rule, and means to be accurate in this instance. We can not decrease the revenues from oil because to-day we have no tariff on oil. This is not an increase in the tariff on oil. We have no tariff on oil at all. Maybe there is a tariff on Florida fruit too high. I think myself the Senator has one or two of them. Most of them are too low. Maybe he has a tariff on tomatoes too high. Maybe it ought to be lowered. Maybe they are too low and ought to be increased. Maybe there is a tariff on wool in Massachusetts that is too high. Maybe it ought to be lower.

But the Senator certainly ought not to say to the people of Oklahoma, Texas, Louisiana, and Kentucky, where we have no tariff whatever, that we should be left here with no tariff whatever on any of these products. When the Senator says it will not produce any more revenue than it is producing now, certainly he is reckoning without his host, because if we are not getting a dime of revenue from it now, certainly 21 cents a barrel is going to be 21 cents a barrel more than we are getting now if we import a barrel of crude oil. If we do not import more than one barrel, we will get 21 more cents than we are now getting on such product.

Mr. SMOOT. And if there is not a barrel imported, nobody is hurt.

Mr. LONG. That is just the point. There is nobody hurt.

I want to say one thing further. We are fencing ourselves into a very peculiar situation in continuing the argument. I know the Senator from Nebraska [Mr. NORRIS] is a friend of labor and so is the Senator from Florida [Mr. TRAMMELL]. I believe I am a friend of labor. But this is the only tariff, gentlemen of the Senate, that has ever been asked for by the laboring men of America. You stood here and put every tariff on the backs of the people of the country that had been protested by the American laboring man, but this is the only tariff that has ever been voted by the United States Senate for which there was a demand and a request from the American Federation of Labor and the four railroad brotherhoods of the country. All the howl that has been raised at this time has been against the only tariff that has ever been demanded by the laboring people and by the farmers' unions of the country.

Why should we have this howl and this clap-trap when these people were not objecting to the other tariff items? The only objection in this long-continued protest that refused to yield is against the only tariff that has ever been voted on a product that had no tariff at all and is requested by the laboring and farming people of the country. It is the only one that has ever been requested by them, one that was introduced in the Democratic House and with the silent understanding if not open approval of the Democratic side in the Senate. I see no reason why we should keep on rehearsing that proposition in the Senate.

Now, as to the debenture, I do not think we are being treated exactly right. I am voting for the debenture. Many others of us want the debenture. I think, however,

the case is weakened when we are placed under an attack for doing what was requested and what ought to have been done in the Senate. You are certainly not giving us very much grace to be with you in this kind of a proposition when it is put upon the basis that we did some things that ought not to have been done and now we should do something else as a result of having done something we ought not to have done. I do not believe the case is strengthened in that particular.

Mr. GLENN. Mr. President, in reference to my position upon the pending revenue measure I desire to say that I took the same attitude as that of the Senator from Nebraska relative to the incorporation in it of tariff items, believing that this should be a revenue measure rather than a tariff measure. So in voting upon the pending amendment my vote will not be because I am hostile to agricultural relief. Few States have greater agricultural interests than has Illinois, and I presume that none of the States are suffering more grievously than is Illinois. Having voted in an endeavor to keep the revenue measure as a revenue measure and having been defeated upon that, we now have a revenue measure and a partial tariff measure. I intend to be consistent.

The bill being bad now, in my judgment, because it is both a revenue measure and a partial tariff measure, I do not intend to make it a revenue measure, a tariff measure, and a farm-relief measure. I can not see that that would be helpful in the present vital situation. We have already had prohibition considered, and I fear that if we adopt the pending proposal we shall have a revenue measure, a partial tariff measure, a farm-relief measure, and before long a World Court measure and a League of Nations measure, and I do not know but what the birth-control measure will be added to it. So I intend to vote against the pending amendment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from Nebraska [Mr. NORRIS].

Mr. FRAZIER. Mr. President, I ask for the yeas and nays.

Mr. CONNALLY. Mr. President, I desire to take a moment of the Senate's time to say that I intend to vote for the pending amendment. The Senate on two prior occasions adopted a similar amendment, which was defeated because of the stubbornness of the House of Representatives, influenced by the administration. In my view, this is the most important and most practical farm-relief measure that has as yet been proposed. I do not agree to the view that we will unnecessarily delay matters by adopting this amendment at the present time. As soon as this bill shall be out of the way, we shall have before the Senate measures called "relief measures" designed to give relief to industry, to banks, and to the railroads. I think it is just as important that we spend a little of our time endeavoring to rehabilitate the great wheat, cotton, and other agricultural pursuits of the Nation as to relieve the great organized industries. I therefore intend to vote for the amendment.

SEVERAL SENATORS. Vote! Vote!

Mr. THOMAS of Idaho. Mr. President, I should like to have the attention of the chairman of the Committee on Agriculture and Forestry for just a moment. That committee has recently voted to report out a bill which embodies the equalization fee, the debenture provision, and the allotment plan, all of which are indorsed by the great farm organizations of America. It had been my intention to support that bill as a rider to the revenue bill. The Senator from Nebraska, however, is anxious to have a vote upon the debenture alone, and I am wondering if that amendment shall be defeated, or whether it is defeated or not, if we are going to have an opportunity to vote at this session of Congress upon the farm relief bill agreed to by the farm leaders? I should like to have the opinion of the chairman of the Committee on Agriculture and Forestry upon that question.

Mr. McNARY. Mr. President, it is true that the major farm organizations, after many years of disagreement, have come to an agreement with respect to a plan, as an amendment to the marketing act, which pools the three ideas, one of which is the debenture plan, another the so-called allotment plan, and the third the equalization-fee plan. The agreement reached by the farm leaders was expressed at a meeting of the Committee on Agriculture and Forestry some time in April. Last Friday the committee met in executive session and unanimously voted to report the bill. The chairman of the committee was authorized to make the report. The report will be finished to-morrow. We have had so very much to do here on the floor of the Senate and elsewhere that since last Friday I have not had an opportunity to place the report in form. I can, however, assure the Senator from Idaho and other Senators that the report on the bill, embodying these three proposals as amendments to the agricultural marketing act, will be filed to-morrow in the Senate. The bill will then go to the calendar, and as chairman of the committee it is my purpose before the end of the present session to ask that a vote be had upon the bill, which embodies the plans, the purposes, and the ambitions of the three major agricultural organizations of the country.

Mr. THOMAS of Idaho. I thank the Senator from Oregon.

Mr. HOWELL. Mr. President, I take the liberty of asking the chairman of the Committee on Agriculture and Forestry when he thinks the Senate will consider the farm relief bill?

Mr. McNARY. Mr. President, my judgment is not any better than and probably not equal to that of the distinguished Senator from Nebraska. It is my hope, expressed on many occasions, that we may conclude our work here by the 11th day of June. I have dedicated what little efforts I have been able to make to that end, and between now and the 11th of June I think I shall find ample opportunity—and I shall seek the opportunity—to bring the measure before the Senate.

Mr. HOWELL. Mr. President, I thank the distinguished Senator from Oregon. I wish to call the attention of the Senate to the fact, however, that there is just a week left of this month, and then we will be in June. I also call the attention of the Senate to the fact that if we are to aid the farmer this year we must act promptly. If the amendment embodying the debenture feature shall be adopted, it will be possible to give the farmer the benefit of the debenture upon this year's crops.

What the farmer needs is immediate help. He needs it far more than does the copper industry; he needs it far more than does the oil industry; he needs it far more than does the coal industry or the lumber industry, because all these industries have enjoyed a marked degree of prosperity during the most of the past 10 years, while the farmer has been in the trough of depression during that entire period.

The prospect now is that if we do not act immediately in behalf of agriculture that there can be no hope for agriculture until another year. The farmer's crops are annual; they must be provided for in advance. A measure of this kind going into effect after, for instance, wheat is out of the way, or partially harvested, and in the hands of the middlemen, would prove a failure. The question before the Senate is: Do we intend to do anything for the farmer? If we do—there will be no alibi—we must act now.

It is possible under this amendment to give the farmer a subsidy of about $114,000,000 this year. If the Senate does not want to do that, the Senate will, in effect, say it has not the will to act.

I can not imagine the President vetoing this tax bill because this amendment is attached to it when the amendment places the discretion in the Farm Board as to whether the provisions of the amendment shall be applied or not. Even though the President should sign a bill including this amendment, he still would be in a position to prevent its application if he should see fit to do so. We ought not to intimate to the farmer that we sympathize with him, that we desire to do for him, and at the same time negate our words by refusing to act now when there is an opportunity to serve him.

Mr. GLASS. Mr. President, I was one of those who voted for the debenture when it properly came before this body, and I have a very great desire and inclination to vote for it now, but I do not think it has any place upon a revenue bill. It is not a measure to raise revenue; it is a measure to take revenue out of the Public Treasury and hand it over to a worthy class. I voted for it before, notwithstanding my avowed opinion that it was uneconomic and a species of privilege, but I took the view that the American farmer was the unhappy victim of an uneconomic tariff system and that the debenture would afford him the only assurance of a measurable return in compensation for the tribute he was compelled by the tariff system to pay to the manufacturers of the country.

I have resisted every appeal made to me from my own State to put onto this revenue bill tariff protection for Virginia industries. Within the hour I have been called out of the Senate Chamber and appealed to to support certain proposed tariff riders to this bill in which industries in my State are vitally interested, but I have resisted all such appeals with the statement that they have no place upon this revenue bill.

I have no reproach for any Member of either House of Congress who stands in his place when we are considering tariff proposals and maintains in equity and in sound theory the right of his State and of the industries of his State to be accorded equal consideration to that accorded the industries of other States. That, however, is not the case here, and I do not propose by my vote to contribute to the political tragedy that was enacted in this Chamber last week. Therefore, with much regret, I shall be compelled to change my attitude on the debenture, and to vote against the proposal to embody it in the pending revenue measure.

Mr. TYDINGS. Mr. President, I shall be very brief in what I am about to say; but I have been sitting here to-day, taking no part in the debate, listening to this tariff argument, and if I have heard anything to-day about raising revenue I have heard it in the cloakrooms and in the corridors, and not on the floor of the Senate.

A great deal has been said about the responsibility for putting these tariff measures in this revenue bill. Some have claimed that the House is responsible, some have claimed that the Senate is responsible, and some have claimed that everybody is responsible. It strikes me that the real responsibility for having these tariff items voted in the bill at this time is partly ours and partly that of the House; but in this period of great national emergency the real responsibility is with the White House, for the following reasons:

Everyone knows that the chairman of the Finance Committee, the senior Senator from Utah [Mr. SMOOT], would be delighted to drop these tariff measures if the White House would so much as indicate that it was inadvisable to have them in this bill at this time. Everybody knows that the senior Senator from Pennsylvania [Mr. REED] would be glad to goose-step if Mr. Hoover were to request him so to do. But, Mr. President, let me point out that four or five days ago Senators on the other side of the aisle sent word to the White House that it was inadvisable to incorporate these tariff items in this revenue bill at this time, and the President even went so far as to write out a statement urging that the tariff items be taken out of the revenue bill; but did he send that statement? Oh, no! Before the statement could leave the White House other Senators had heard of it, and they went down and told the President that they wanted these items in the bill, and pictured the situation, saying that it would be inadvisable to take these items out of the bill now; that it would ruin their chances of reelection, forsooth, if these things were extracted from this precious revenue measure; and the President, with the usual courage and forthrightness which has characterized his efforts from the beginning to the end, said, "Well, then, I will do nothing whatsoever about it."

Mr. SMOOT. Mr. President, the Senator has referred to me in relation to these items. I desire to say that the President of the United States has never said a word to me about the items.

Mr. TYDINGS. No; but if he did say a word to the Senator from Utah, he would jump through a hoop in a minute, and the Senator knows it.

Mr. SMOOT. The Senator from Utah does not know any such thing. I have never yet had a President of the United States dictate to me how I should vote; and if any President of the United States should try to do so, and I was opposed to it, I would plainly tell him so. There is no doubt about that.

Mr. TYDINGS. Yes; I realize that. Why, if the President of the United States, with his press clippings on his desk every day for him to peruse, knowing that these items were being considered, knowing that they would bring on a tariff debate, knowing that the country wanted this bill passed, had sent word down to the Senator from Utah that he wanted these items taken out of the bill, that he insisted upon it, I know that the Senator is too good a party man not to have gone along with the presidential request; and every other Member of this body knows it.

Mr. SMOOT. Mr. President, I do not want the Senator from Maryland to announce what I would do.

Mr. TYDINGS. I am not reflecting on the Senator from Utah. I am commending him for his party loyalty because I realize that protection has to come ahead of revenue, and that has been the Senator's stand from beginning to end.

Mr. SMOOT. There is no question in my mind but that the Senator from Maryland knows very well that I am a protectionist. I have been all my life so far. I expect to be as long as I live, as long as the American standard of living is as it is, and the standards of living in foreign countries are as they are.

Mr. TYDINGS. Yes; the standard of living in America to-day is 10,000,000 people living on charity. If that is any standard to hold up with pride, the Senator is entitled to all the credit he can get out of it.

I rose to say, however, that the responsibility for this measure is with the White House. The President is the leader of the whole Nation—not a Democrat, not a Republican, but in control of this country's interests—and if he were the kind of President that he ought to be, he would send word down here to take these controversial matters out of this revenue bill and send it on its way. But he is silent, because, forsooth, he first writes a message, and then he withdraws his message; he talks to two Senators and says this, and he talks to two more Senators and says that. That is the type of leadership we have in this country! My God, save the Republic!

Mr. SMOOT. Mr. President, I have no objection to the Senator expressing any opinion of the President that he desires and so forcefully expresses. I can not agree with him.

Mr. TYDINGS. The President could send a message to this Congress. He could tell the ex-service men not to come here in the hour of their country's need and ask for an additional gift from the Treasury. Nobody criticized him for that; but he could not tell these four large interests that have come here to take $486,000,000 a year out of the consumers' pockets to lay off in the hour of our country's need, and stand aside, and let their commodities come up with all other commodities.

Mr. SMOOT. Mr. President, I only get about halfway through a statement, and the Senator then speaks louder than I can, and I am unable to finish.

Mr. TYDINGS. I can not hear the Senator, and I try to speak loud enough so that at least he can hear me.

Mr. SMOOT. There is no doubt but that the Senator from Maryland can be heard outside of the Chamber.

Mr. TYDINGS. Ah, Mr. President, the Senator from Utah must stand shoulder to shoulder under this responsibility.

Mr. SMOOT. I am not trying to shirk responsibility.

Mr. TYDINGS. That is what I wanted to hear the Senator say. I wanted to hear the Republican chairman of the Finance Committee, the majority chairman, say, "I am

responsible for inserting these tariff measures in this revenue bill."

Mr. SMOOT. But I am not responsible for that.

Mr. TYDINGS. The Senator has just said that he was.

Mr. SMOOT. No; I said——

Mr. TYDINGS. The Senator just said that he was responsible.

Mr. SMOOT. I said that I would take the responsibility for my vote and for my action.

Mr. TYDINGS. I refuse to yield, Mr. President. The Senator just said he was responsible, and he voted to put them in the bill; and he stands under that responsibility more than any other man because, forsooth, he is the chairman of the committee; and if he had voted against them, no one of those items would have been in the bill. Every member of the Senator's party voted to put them in except the Senator from Wisconsin [Mr. LA FOLLETTE]. Let the Senator take his blame along with his credit, and not take his credit without his blame. In the hour of the country's peril, when the Budget should have been balanced, when everybody should have sacrificed every sectional interest, he did not mind saying, "That goes for everybody in the country except the oil interest and the copper interest and the lumber interest and the coal interest. You gentlemen come up. You sit at the speakers' table. You eat off the painted china plates, but we will let the rest of America eat off the wooden sandwich plates. We want copper and coal and lumber and oil to have special treatment."

The Senator knows that if the President were to say to him this night, "Senator SMOOT, I ask you for the country's welfare to take these controversial matters out of this bill and pass a revenue bill, not a tariff bill," the Senator would be patriotic enough and party man enough to respond to the slightest invitation of that kind from the President. But has the President said anything? He can talk at other times. He can drive the ex-service men from the Capitol; but if he scorned the lobby which wrote these measures into this bill, why does he not scorn the results of the lobby's work? What good does it do to scorn the lobby by generalities, and approve by silence the results of the lobby's work?

We never had a more equivocation, more evasion, and less courage from any President in my lifetime than under the existing administration. I repeat now the question which I have asked for four years: Is there any man beneath God's sun who can tell me where Herbert Hoover stands on the prohibition question? If so, let him stand up and tell me. Is there anyone?

You do not mean to tell me that the leader of this country, with everybody under the sun having an opinion upon this question, has no opinion. What can you think of a man who will let two of his Cabinet officers go all over the country indicating that he is going to be for a change in prohibition later on, and have a member of his semiofficial family, a member of this Government, say he is not going to be for any change, and be put in that equivocal position?

I am sick of this hypocrisy, sick of this sham, sick of the politics, sick of the evasion, sick of the equivocation, sick of the lack of courage, while all the country is suffering in a quagmire of misery, in a slough of despond, in a bog of hopelessness; and all we get is silence. When the whole Nation asks that this tax bill be passed, that the Budget be balanced, that enough money be brought into the Treasury to pay the Government's debts, the leader of the Nation is content to sit up in his swivel chair and let his own party jam tariffs into this bill, which are pure protective measures, embargoes, and nothing else.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Illinois?

Mr. TYDINGS. I yield.

Mr. LEWIS. May I answer something, perchance by way of consoling the situation?

The eminent Senator from Maryland addresses an interrogatory as to why members of the President's Cabinet go out and indicate that the President is now for changing prohibition, and will occupy a position against it. I will answer the Senator that it seems, that being so, that the President is showing a rare sagacity in providing very early to liquidate a frozen political asset. [Laughter.]

Mr. TYDINGS. Some one may say, "The speech of the Senator from Maryland is cheap. It is partisan. It is Democratic. It is not patriotic."

Let me point out, Mr. President, that there has not been one measure which your leader has asked to have passed in this body which has not had my support. I voted for his moratorium, not because I thought it wise but I thought we were in a period of great emergency, and if he considered the emergency severe enough to ask for my detached approval I would give it to him for a year. I have supported them all; and all I have seen and all I have had to support is a lot of opiates shot into the arm of a sick man who is crying out for medicine which will cure.

The Reconstruction Finance Corporation bill, the Glass-Steagall banking bill, the other propositions that have been offered, none of them go to the heart of the matter. They are all things to check the toboggan going down hill. There is no courage, no real solution; and when the senior Senator from Arkansas [Mr. ROBINSON] stood up on the floor the other day and advocated some relief measures, he was called to the White House, because it looked as though the Democrats might have a good plan which Mr. Hoover had better grab first. Then the plan was embraced; it became the Robinson-Hoover plan; and two days after that Mr. Hoover repudiated the plan that he embraced, and said he was not for that sort of a plan.

The President can berate Congress all he wants to. I have been silent these many months under the urge to say what I have said this afternoon. I defy anybody in this Republic to tell me where the President stands on four or five of the largest questions now before the people. If you have that type of leadership in the White House, what do you expect of a Congress that is supposed to follow, at least in some measure, presidential recommendations whenever those recommendations come down here?

I remember all too well the campaign of four years ago. We were told, "Put the great engineer in the White House, and the farm problem will be solved." What a lurid chapter of this country's history the solution of the farm problem has been. Five hundred million dollars poured down a rat hole; agriculture more prostrate than it ever has been; the White House bankrupt of any solution; and Senators on both sides of the aisle advocating the abolition of the board which was created in such a burst of enthusiasm and patriotism.

What is the President's farm plan now? Balancing the Budget will cure this, balancing the Budget will cure the loss of our world trade, balancing the Budget will cure the prohibition imbroglio.

What I rose particularly to say was that when a man is caught with the goods in his hands, the fact that he may have an accomplice does not excuse him, and while that illustration is rather crude, I say to the senior Senator from Utah that he is caught with the vote to put these tariff items in the bill, and with one exception every member of his party on the Finance Committee voted to put them in the bill. Without the vote of every one of that party, except the senior Senator from Wisconsin [Mr. LA FOLLETTE], they would not be in the bill. More than that, if the President of the United States should ask the Senator from Utah to take them out of the bill as being improper in a revenue measure, or for any other reason, I know the Senator better than he knows himself if he says he would not be the first to try to get them out of the bill.

The soldier should not come here and ask for any special "hand-out." It is not patriotic. The Senator from Utah said so, and the Senator from Pennsylvania said so. But it is patriotic for these 20 large oil companies to come here and take $486,000,000 a year out of the consumers' pockets. We do not hear any protest against that, do we?

There must not be any debenture in this bill. It ought to be in a separate bill. It is all right to put a protective tariff measure in a revenue raising bill, but we should not put a farm measure in a revenue raising bill because the farmers have no place here now. The places are reserved. All the seats are purchased for the 20 large oil companies who are to get a tribute of $486,000,000 out of the pockets of the American public. It is not to go into the Treasury; ah, no. The Senator from Utah, over his own signature, said the tax would raise only $5,000,000 in the way of revenue; but the $486,000,000 will go into the pockets of the large oil companies of this country.

"You farmers have no right here whatsoever. This is not the place for you to have your day in court. We are going to give you that 18 months from now when the remaining few of you who have a few dollars left will have likewise gone into bankruptcy, and therefore that question will solve itself."

We all know what is going to happen at the convention of the majority party which is soon to be held. We are going to have a referendum on the liquor question. The men who wield the lead pencils are drawing the plank up now for that, and how to word that referendum so as to hold all of the "wets" and all the "drys" possible presents a very serious problem. Every comma is measured, every word is gone over repeatedly, phrases are interchanged, present-tense verbs become past-tense verbs if it will make it a little easier. The idea is to be both wet and dry, to be all things to all people, and therefore to fool both sides again.

Mr. GLENN. Mr. President, can the Senator give us any authoritative statement as to what the Democratic plank will be on that question?

Mr. TYDINGS. Yes; I can. The Democratic candidate will not rely on platform vagueness. He will state on the stump that he is opposed to prohibition, and favors the return of the control of that question to the States, where the people know best how to solve the problem.

Mr. GLENN. I asked about the plank. What is the plank going to be?

Mr. TYDINGS. It will be that in effect. What will the Republican plank be? Now, that I have been good enough to answer the Senator's question, will he be good enough to answer mine, and tell me what the Republican plank will be?

Mr. GLENN. I do not know what the plank of either party on that question will be.

Mr. TYDINGS. At least I know a little about my own party's platform, and I believe I know a great deal more than the Senator from Illinois knows about his party's platform, because by the "grape vine" I am advised that we are agreed on a referendum or revision. They have thrown out the word "revision," because they used that in connection with the Smoot-Hawley Tariff Act, and that has brought so much suffering on the country that the word "referendum" is to be substituted, I understand, for "revision" of the eighteenth amendment.

What a pity it is. In a few days we are to vote to impose a new burden on the American people of a billion two hundred million dollars in annual taxes, a sum of money equivalent to $10 for every man, woman, and child in the country, or $40 a family a year. Yet our great leader of the Nation, who tells the Congress when it is bad just what it ought to do, who is the strong man who stands out in this period of equivocation, who knows the answer to this question but will not tell it to anybody because, forsooth, it might be criticized—he has no remedy at all. Yet, knowing this tremendous financial burden is coming down upon the backs and shoulders of the American people, he waits until Congress has practically adjourned to put into motion the machinery which would immediately afford the Government $500,000,000 annually and make just that much less of this tax necessary.

I have already spoken longer than I had intended to. I just want to say this, that I lay the responsibility upon the doorstep of the President, because he has remained silent in the face of the fact that his whole party, as represented on the Finance Committee, with the exception of the senior Senator from Wisconsin [Mr. LA FOLLETTE], on all of the votes, and one or two other Senators, perhaps, on some individual votes, voted to put these tariff items in the bill, and this whole week of debate could have been saved if he had not first written his message and then decided not to write it, and conferred with two Senators who were against the tariff first, and then two who were for it and decided he would not do anything and let a whole week of time go by because he might antagonize some of the elements on the other side of the aisle.

The VICE PRESIDENT. The question is on the amendment of the Senator from North Dakota [Mr. FRAZIER] to the amendment of the Senator from Nebraska [Mr. NORRIS], the amendment to the amendment being on page 4 of the amendment, line 5, to strike out "one-half" before the words "rate of duty," so as to make the debenture rate on any agricultural commodity the rate of duty in effect at such time; and in line 8, before the words "cents," to strike out "2" and insert "4," so as to read, "the cotton debenture rate thereon shall be 4 cents per pound."

The yeas and nays have been requested. Is there a second?

The yeas and nays were ordered, and the Chief Clerk proceed to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote upon this question, in his absence I withhold my vote.

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote if present and voting. If I were at liberty to vote, I would vote "nay."

Mr. LEWIS (when his name was called). I am paired with the senior Senator from Florida [Mr. FLETCHER]. I do not know what his position would be on this amendment to the amendment. Were I privileged to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate on account of illness. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

Mr. TYDINGS (when his name was called). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF], who is ill. I understand that if he were present he would vote as I shall vote on this amendment, and therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. CUTTING. I have a pair for the evening with the junior Senator from Mississippi [Mr. STEPHENS]. Not knowing how he would vote, I withhold my vote.

Mr. FESS. I wish to announce the special pair of the junior Senator from Indiana [Mr. ROBINSON] with the junior Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 16, nays 64, as follows:

YEAS—16

Blaine	Frazier	Norbeck	Shipstead
Brookhart	Hawes	Nye	Thomas, Idaho
Bulow	Howell	Schall	Thomas, Okla.
Costigan	Long	Sheppard	Wheeler

NAYS—64

Ashurst	Connally	Gore	Logan
Bailey	Coolidge	Hale	McGill
Bankhead	Copeland	Harrison	McNary
Barbour	Couzens	Hatfield	Moses
Barkley	Dale	Hayden	Neely
Bingham	Davis	Hebert	Norris
Borah	Dickinson	Hull	Oddie
Bratton	Dill	Johnson	Patterson
Broussard	Fess	Kean	Pittman
Bulkley	George	Kendrick	Reed
Capper	Glass	Keyes	Robinson, Ark.
Carey	Glenn	King	Shortridge
Coben	Goldsborough	La Follette	Smith

Smoot	Trammell	Wagner	Walsh, Mont.
Steiwer	Tydings	Walcott	Watson
Townsend	Vandenberg	Walsh, Mass.	White

NOT VOTING—16

Austin	Cutting	Lewis	Robinson, Ind.
Black	Fletcher	McKellar	Stephens
Byrnes	Hastings	Metcalf	Swanson
Caraway	Jones	Morrison	Waterman

So, Mr. FRAZIER's amendment to the amendment proposed by Mr. NORRIS was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from Nebraska.

Mr. NORRIS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. If he were present, he would vote "nay." If permitted to vote, I would vote "yea."

Mr. CUTTING (when his name was called). I have a pair with the junior Senator from Mississippi [Mr. STEPHENS]. If the junior Senator from Mississippi were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. HASTINGS (when his name was called). Making the same announcement regarding my pair as on the last roll call, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. JONES (when his name was called). I again announce my pair with the Senator from Virginia [Mr. SWANSON]. If at liberty to vote, I should vote "nay."

Mr. LEWIS (when his name was called). I again announce my pair with the senior Senator from Florida [Mr. FLETCHER].

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

Mr. TYDINGS (when his name was called). On this vote I have a pair with the senior Senator from Rhode Island [Mr. METCALF], who is ill. In his absence I withhold my vote.

The roll call was concluded.

Mr. FESS. I wish to announce the special pair of the Senator from Indiana [Mr. ROBINSON] with the Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 33, nays 46, as follows:

YEAS—33

Barkley	Costigan	Long	Smith
Blaine	Dill	McGill	Thomas, Idaho
Borah	Frazier	Neely	Thomas, Okla.
Bratton	George	Norbeck	Trammell
Brookhart	Hawes	Norris	Walsh, Mont.
Broussard	Howell	Nye	Wheeler
Bulow	Hull	Schall	
Cohen	La Follette	Sheppard	
Connally	Logan	Shipstead	

NAYS—46

Ashurst	Davis	Johnson	Shortridge
Bailey	Dickinson	Kean	Smoot
Bankhead	Fess	Kendrick	Steiwer
Barbour	Glass	Keyes	Townsend
Bingham	Glenn	King	Vandenberg
Bulkley	Goldsborough	McNary	Wagner
Capper	Gore	Moses	Walcott
Carey	Hale	Oddie	Walsh, Mass.
Coolidge	Harrison	Patterson	Watson
Copeland	Hatfield	Pittman	White
Couzens	Hayden	Reed	
Dale	Hebert	Robinson, Ark.	

NOT VOTING—17

Austin	Fletcher	Metcalf	Tydings
Black	Hastings	Morrison	Waterman
Byrnes	Jones	Robinson, Ind.	
Caraway	Lewis	Stephens	
Cutting	McKellar	Swanson	

So the amendment proposed by Mr. NORRIS was rejected.

Mr. KING. Mr. President, I reluctantly voted against the amendment offered by the Senator from Nebraska [Mr. NORRIS]. If the amendment had been presented as an independent proposition and not as a part of the tax bill before us, it would have commanded my support. The depressed condition of agriculture may not be ignored and before Congress adjourns relief measures should be enacted into law. The debenture plan may not be comprehensive enough; it may be defective; but it is infinitely better than the farm-relief measure which Mr. Hoover imposed upon the country and which has failed to meet the needs of the farmers.

Several years ago when the debenture plan was before the Senate, and it was textually the same as the amendment just offered by the Senator from Nebraska, I voted for it, believing that it would be of some benefit to the agriculturists of our country. I am advised that before Congress adjourns a number of agricultural bills will be submitted for the consideration of the Senate, and ample opportunity will then be afforded to discuss the merits or demerits of the debenture plan and to adopt or reject the same. As stated, we are now considering a tax measure, and, in my opinion, the question involved in the amendment is not germane to it and should not be incorporated in the tax bill. It is important that this revenue measure be enacted into law at the earliest possible moment. Delay should be avoided. Under the circumstances and in view of the fact that farm-relief measures will be considered before we adjourn, I felt constrained to vote against the Senator's amendment, although, as stated, I have heretofore supported it; and if nothing better is offered I shall again give it my support.

PHILIPPINE INDEPENDENCE

Mr. BINGHAM. Mr. President, I have received from the Legislative Commission from the Philippines a communication urging the early consideration and passage of Philippine legislation now before us. In the nature of a petition I ask unanimous consent that it may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The communication is as follows:

LEGISLATIVE COMMISSION FROM THE PHILIPPINES,
Washington, D. C., May 23, 1932.

Hon. HIRAM BINGHAM,
United States Senate, Washington, D. C.

DEAR SENATOR: As the session of the Congress draws to a close, we take the liberty, on behalf of the people of the Philippine Islands, to appeal once more to the United States Senate, through you, for early and favorable action with respect to the Philippine bills now pending in the Senate, before adjournment.

The Philippine problem has been discussed, examined, and investigated by the United States Congress almost continuously during the last 15 years, and extensive hearings on the pending bills have been conducted this year by the House and Senate committees. It would seem, therefore, that no great length of time will be needed for its disposal. The Hare bill passed the House by a practically unanimous vote, and the Hawes-Cutting bill, favorably reported last March by your committee, has, in its underlying features, so far as we can judge, the support of a large majority of the Senate. The differences between the Hare bill and the Hawes-Cutting bill concern matters of detail which can be readily adjusted.

We are not unaware that the Senate is confronted with economic and social problems of transcendental importance to the United States, urgently requiring action. However, the people of the Philippine Islands trust that when these problems shall have been acted upon the Senate will consider and pass the pending Philippine legislation.

We are urging action at this time, confident that the Senate realizes the importance of this legislation for the Philippine Islands, not only because it will definitely determine its future political status but also because it will settle other vexatious questions concerning immigration and the tariff which have arisen in the course of American-Philippine relations. It is apparent that to permit the Philippine measures now before the Senate to go without action will increase the uncertainty which already characterizes the Philippine situation. This indecisiveness is very harmful, not only to the political development of the islands but also to business interests there. Until the question of independence and trade relations with the United States is defined and adjusted stable economic conditions can not exist in the Philippines, no new capital will risk investment there, and real economic progress is hardly possible.

Believing that the Members of the Senate will appreciate the reasons which constrain us to request the consideration and passage of the Philippine legislation at this session, we beg to remain,

Yours respectfully,
For the Philippine Commission:

S. OSMENA,
Acting President of the Philippine Senate.
MANUEL ROXAS,
Speaker of the Philippine House of Representatives.

DEPRESSION AND LEGISLATIVE RELIEF

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an admirable address delivered by the distinguished senior Senator from Nevada [Mr. PITTMAN] during the national radio forum and broadcast over the National Broadcasting Co. network on last evening.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

DEPRESSION AND LEGISLATIVE RELIEF

I appreciate this opportunity through the courtesy of the Washington Star and the National Broadcasting Co. to briefly outline present emergency laws enacted for relief from depression and the proposals for future legislation. It will not take long to discuss existing legislation, as only a few bills have been enacted looking to such relief.

I do not wish to be understood as speaking in a critical vein. This depression is unique in our history. Our other periodical depressions have been more or less local in their nature, limited to countries or sections, and due to such definite causes that they could be easily understood and expeditiously remedied. This astounding and devastating depression is world-wide in its scope and effect. Strange to say, our country, the richest in gold, natural resources, intelligence, industry, and efficiency, is probably the greatest sufferer.

While this depression has buried us with the speed of an avalanche, it has come upon us with the silence and surprise of death. Few of the great minds of the world anticipated it. But a little over two years ago the world was enjoying the greatest prosperity and our country was leading in this great advance. To-day our factories are operating upon from 20 to 30 per cent of their normal capacity. The products of our farms and our mines are generally selling below the cost of production. Our export trade has almost reached the vanishing point, surpluses have piled up, and our domestic market has decreased approximately 40 per cent. From eight to ten millions of industrious, able, intelligent, and willing men and women are unemployed, walking the streets of our cities and the roads of our country, seeking labor from which to earn sufficient to feed and clothe themselves and their families.

It is conclusively evident that we are faced with the gravest emergency in our history. We met the emergency of the World War fearlessly and unselfishly. We taxed ourselves without limit and we did those things that had to be done without complaint. We can and should do the same things now.

Is there any statesman or economist who dares assert that two and one-half years ago he visualized this appalling condition? If so, I do not know of him. On the contrary, the citizens of this country and their representatives in government were lulled into dormancy and inaction through the mistaken optimistic predictions of those in high authority in government, industry, and finance. There were some, however, who partially visualized the impending disaster.

Some warnings were issued, but they were submerged and obscured in the great wave of optimistic declarations. The American Federation of Labor persistently called attention to the steady increase in unemployment. These warnings, however, were neutralized by controversial statements from the Department of Labor. Captains of industry continued, through the months of depression, to predict that the turning point would soon be reached. It was these things that excuse inaction by Congress for so long a time.

There were statesmen, however, who visualized the trend toward depression. As far back as February 15, 1928, Senator WAGNER, of New York, introduced in the Seventieth Congress Senate Resolution 147, to investigate the extent of unemployment in the United States and to provide methods for collecting statistics thereof. Even then unemployment had commenced, although the stock market was still booming.

Again, on April 20, 1928, Senator WAGNER introduced Senate bill 4157, for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and to regulate the expenditure of moneys to be appropriated for such purposes. Again Senator WAGNER, on May 1, 1928, introduceed Senate bill 4307, to provide for the emergency construction of certain public works for the relief of unemployment during the periods of business depression. All of these measures, except the last, that I have named met such overpowering opposition that it was impossible to enact them.

However, in the Seventy-first Congress Senator WAGNER was successful in passing through Congress Senate bill 5776 entitled "An act to provide for the advance planning and regulated construction of public works, for the stabilization of industry, and for aiding in the prevention of unemployment during periods of business depression." This act is known as the employment stabilization act of 1931. It was approved and became a law on February 10, 1931. This was the first relief act to become a law.

At the beginning of this session of Congress Senator COSTIGAN, of Colorado, introduced a bill calling for an appropriation of $375,000,000 to be expended by the Federal Government in aid of the destitute throughout the United States. The bill was subsequently known as the Costigan-La Follette bill. Some of the friends of the proposed legislation objected to it being administered by a Federal bureau. Without the support of these friends there were not sufficient votes to pass the bill. A substitute was therefore offered by Senators BULKLEY, WALSH, and WAGNER carrying all of the original provisions of the Costigan-La Follette bill, but transferring the administration of the act to the States and local charity institutions. Whilst a majority of the Senate favored the purpose of the act, their forces were divided, and the opposition Senators defeated both the substitute and the Costigan-La Follette bill.

A compromise bill was then drafted which received the approval of the Committee on Manufactures, of which Senator LA FOLLETTE is chairman, and was reported to the Senate. This bill carries an appropriation of $375,000,000 for the relief of the destitute, and $375,000,000 for Federal-aid road work. It also provides that part of such money may be used in cities, towns, and other municipalities in the construction of streets, alleys, bridges, and aqueducts. No action has been taken on this bill because Congress has had all of its time taken up with revenue, banking, and appropriation bills.

The Reconstruction Finance Corporation act was proposed by the President. The corporation was to be organized and function along the lines of the old War Finance Corporation, but with larger and broader authority. This was in no sense a partisan measure. It was passed practically unanimously by Congress. By reason of its limited authority and its administration it has been used chiefly to aid in sustaining the credit of banks and railroad corporations. Its authority must be greatly enlarged if it is to serve the purpose of stimulating industry generally and employment throughout the country.

The Glass-Steagall Banking Act was largely the conception of its sponsors. It was intended to increase the securities in banks that might be utilized through rediscount with the Federal reserve banks for the issuance of additional currency. The banks, at the time of the passage of the act, according to Senator GLASS, even then had approximately $5,000,000,000 in securities eligible for such rediscount. The banks seemed to fear to use these securities and so Senator GLASS proposed that certain bonds held by the banks might also be added to the eligible securities and so they were. The act has not served the high purpose intended by its authors and by Congress. The banks have failed and refused to avail themselves of the opportunity of obtaining and circulating the additional currency. This is due to fear. They fear to borrow additional currency from the Federal reserve banks and lend it to industry because most industry is suffering a deficit rather than earning a profit. Industry will not borrow money when it can not make a profit on such money above the interest that it pays for it.

The President, in his public statement on May 13th, said that "There is no dearth of capital, and on the other hand there is a real demand for capital for productive purposes that have been held in abeyance."

Our citizens wonder why, in such case, do the banks require Government aid; why the banks do not lend money to such industries. The country was told that the passage of the Reconstruction Finance Corporation act and the Glass-Steagall Banking Act would restore confidence. These acts have evidently failed to restore confidence, for we still hear the cry that we must restore confidence. According to the President, the banks have ample capital and there are safe industries that seek this capital.

It is therefore difficult to understand why there should be a lack of confidence on the part of the banks. It is not so difficult, however, to understand why there is a lack of confidence on the part of the unemployed, the farmer whose product sells for less than it costs to produce it, and the manufacturer who can find but few to purchase his goods.

In view of the foregoing statement of the President, many believe that the doubt as to the economic stability of our Government, and the lack of confidence in the safety of our Government securities, is due in a large measure to the fear and hysteria of capital and its constant, dire predictions of disaster.

There is no investment in the world as safe as the bonds and securities of our Government, and our people should know that. It is the patriotic duty of those controlling the enormous capital of this country to reassert their confidence in our Government and its ability to finance the development of Federal projects and to pay all obligations that it may incur.

So the Reconstruction Finance Corporation act and the Glass-Steagall banking act, while accomplishing some good, have in a sense been failures. Commodity prices have continued to fall and unemployment to increase.

Senator ROBINSON, the Democratic leader of the Senate, on May 11, in an address in the United States Senate, set forth a program for relief. It embraced the enactment of the last Wagner relief bill, which I have described, and also advances by the Reconstruction Finance Corporation in aid of what he termed self-liquidating projects such as bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to public use when such projects, through tolls, rents, lease, or royalties, will insure the return of the money advanced. The President immediately called Senator ROBINSON into conference. On May 13 the President gave out a statement on the subject. He approved of adding to the authority and power of the Reconstruction Finance Corporation for the purpose of aiding through loans "economically sound and self-supporting projects of a constructive replacement character." His statement was construed to include such self-liquidating projects as Senator ROBINSON designated in his speech. The President also approved of advances by the Federal Government, through the Reconstruction Finance Corporation, to the States of from $250,000,000 to $300,000,000, upon approved security, for the purpose of aiding in

the relief of the destitute. He opposed further Federal aid for what he termed "unproductive public works."

A subcommittee of the Democratic policy and steering committees, composed of Senators WAGNER, WALSH, PITTMAN, BULKLEY, and ROBINSON, was appointed to draft a bill for the relief of industry, agriculture, and labor. This committee, on May 21, issued a statement setting forth the proposed program of legislation. The program provides for $300,000,000 to be advanced to the States in proportion to population, for the relief of destitution, upon demand of the governor seeking such relief and his certification that it is needed, such advances to be deducted from future grants to the State under the Federal aid highway act. This is in accord with the Wagner bill, approved by the Committee on Manufactures and now on the calendar of the Senate.

Additional authority is to be granted to the Reconstruction Finance Corporation so that it may advance not to exceed $1,500,000,000 for the following purposes:

"(a) Construction of revenue-producing projects initiated by States, municipalities, and public corporations.

"(b) Housing and slum clearance projects undertaken by limited-dividend corporations.

"(c) Construction by private corporations of self-liquidating bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to the public use. Under this proposal no loans shall be made to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made now under the Reconstruction Finance Corporation act.

"(d) Forty million dollars to facilitate the financing of agricultural exports."

Government works are also taken care of in the program. The report says:

"Provision to be made for construction of $500,000,000 worth of previously authorized Federal works and for the financing of such construction by means of a 25-year bond issue and sinking fund, the bonds to be issued as needed to pay for the works as they progress.

"The Federal projects to be selected must stand these specific tests:

"(a) They have heretofore been investigated and authorized by Congress with the approval of the President.

"(b) The necessary plans for their construction are in readiness or in preparation.

"(c) All are needed for the proper conduct of the Government business.

"Most of the works can be commenced at once. All of the works can be put under way within a few months. All have been carefully chosen with a view to giving maximum employment."

There are some items in the Budget and carried in the current appropriation bills that are in the nature of capital investments. For instance, for the Boulder Canyon project there is carried in the Interior Department appropriation bill $6,000,000. The department informs us that this amount will have to be increased by $11,000,000 in the forthcoming deficiency appropriation bill. This project should not be included in the current Government expenditures. It is a self-liquidating project. The future hydroelectric power to be generated has all been sold in advance to solvent contractees for a sufficient sum to repay the Government expenditure with interest at 4 per cent in a period of 30 years. A separate fund has even been created for this project.

Such proposed expenditure and similar expenditures should be lifted from the appropriation bills and included in the projects to be carried on under the foregoing proposal. This will materially aid in balancing the Budget, which must and will be balanced. It is fully realized that platitudinous statements and even definite proposals will mean nothing until concrete legislation is submitted to Congress. Therefore a bill to carry out the proposed program of the subcommittee is now in process of preparation and will be presented and introduced in the Senate in a few days.

It is apparent that there is a conflict of judgment with regard to relief legislation, yet it is fortunate that the administration and a majority of the Senate, as I believe, are in accord with regard to the major proposals for emergency relief.

We must realize that there are two schools of thought in this country and the proponents of each are sincere. One school of thought believes that we should spend only sufficient money to exist and thereby be enabled to reduce taxes. The proponents of this school of thought hold that the money thus relieved from taxation will go into private industry. They contend that by thus reducing expenditures they can collect sufficient in taxes to assure the payment of any debts the Governfent incurs and thus restore the confidence of capital. They urge that "There is no dearth of capital, and, on the other hand, there is a real demand for capital for productive purposes that have been held in abeyance."

The other school of thought, of which I am a member, is that the steady growth in depression can not be stopped until the market price of commodities rises above the cost of production; that such rise in commodity prices can not take place until the demand for our products is increased through the increase of the purchasing power of our people; that 40 per cent of the purchasers in our domestic market are laborers and those dependent upon them; that it follows, therefore, that labor must be employed, and, if individual industry can not afford to employ them, then the Government must employ them upon economically sound Government works until industry may assume its normal function as the employer.

The proponents of one school of thought believe that because we have nearly half of the gold of the world in our banks there is ample circulating currency. The other school of thought believes that this gold, frozen in the banks of the country, has failed to circulate and is not, in a true sense, circulating currency that may be used in trade transactions by the people of the country. One school of thought believes in maintaining the purchasing power of gold, while the other school of thought believes in depreciating to a reasonable extent the purchasing power of gold and relatively increasing the purchasing power of labor and commodities.

I have only briefly touched on proposed legislation that has reached a stage where it may be interpreted. Many other acts, such as the calling of an international silver conference and the purchase with silver certificates of silver produced in the United States, looking to the raising of the exchange value and purchasing power in our markets of the money of silver-money-using countries so that they may return to the purchase of our export goods, are under consideration.

International monetary conferences have been proposed. International tariff conferences were urged under the Democratic policy measure recently passed through Congress and vetoed by the President.

The House of Representatives and the Finance Committee of the United States Senate, in their desperate search for revenue, have placed certain articles now on the free list on the dutiable list. It is complained that such tariff items should not be attached to a revenue bill. They have been attached many times in the past. It is also contended that they are protective tariffs.

It may be answered that we are living under a high protective tariff system and that there should not be any discriminations against any industry. The copper industry, for instance, is attempting to continue the production of copper, although it has suffered a deficit for two years and is now attempting to produce copper at less than half of the average cost of the production of copper in the United States. We must not blame too severely citizens of States who are suffering desperately for seeking emergency legislation, no matter in what form and how extraordinary it may appear.

All of these things are complex problems upon which the minds of men naturally differ. However, they must be solved. We have no right to surrender. Congress will violate its duty, in my opinion, if it adjourns without acting upon all of these questions and doing everything in its power to bring order out of chaos, not only in our own country but throughout the world.

NATIONAL ORATORICAL CONTEST PRIZE ORATION

Mr. SHORTRIDGE. Mr. President, Miss Lucylle Goldsmith was the winner of the National Oratorical Contest held in Washington, D. C., on Saturday evening last. Miss Goldsmith is a pupil of the Benjamin Franklin High School of Los Angeles, Calif. The subject of her oration was "The Constitution—the Culmination of Centuries." It is an oration to be the author of which any Member of this body might well be proud. I ask respectfully that it may be published in the RECORD.

There being no objection, the oration was ordered printed in the RECORD, as follows:

In spite of the turmoil and strife of this modern age, in spite of the many mistakes which mar the record of civilization's progress, there is one great truth which shows upon the horizon of this new day. It is a truth which above all else brings hope to man. It is so fundamental that those who understand its meaning must cease to doubt the success of this Nation's future. What is this truth? It is simply this, that regardless of the problems which confront our Nation, the people have an undying faith in that foundation of our governmental structure, the Constitution. They have this faith because they know that built into the Constitution are the fundamental needs of man. Our Constitution was not the product of 1787, nor was it the immediate creation of those who gave it form and substance at the Constitutional Convention. Its guaranties bear the brand of centuries for their justification and existence. It is great, not as many think, because of any one stroke of genius but rather it is great because it is the expression of the best results of man's struggle through the ages to learn how to govern himself. The living out of man's divine destiny necessitates certain great fundamental principles, such as domestic tranquillity, religious liberty, and individual liberty. The history of the ages is replete with accounts of man's victories achieved one by one to establish these principles in response to the requirements of his own God-given nature. The greatness of our Constitution lies in the fact that it is the embodiment of all these victories from the beginning of civilization to the signing of the last amendment.

There are buildings that soar to the sky; others remain close to the ground; but none can mount high unless its foundation is intrenched deeply, firmly into the ground. It can ascend just so high as that foundation allows. The makers of our Constitution knew that, and, mighty builders that they were, when they erected that invincible, that ever-growing building, the United States of America, they gleaned for its foundation the best from all of history.

Our idea of a senate we get from the Romans and from the Hebrew Sanhedrin of biblical times. That was one of the corner stones in the foundation. From England these draftsmen borrowed more material. Using the lessons taught by and the ideals

of the Magna Charta of 1215, of the Petition of Right, of the habeas corpus act, of the Bill of Rights, they cemented the stones comprising this foundation yet more strongly together, intrenched them yet more firmly into the soil of personal liberty. The idea of a law so fundamental as to limit even the power of the ruler runs far back into the early story of England.

Stone and mortar of more recent origin were supplied by the State constitutions. From Maryland comes the idea of the Electoral College and of the small Senate with a long term of service. From New York comes the periodic readjustment of representation after each census and the Vice President's duty to preside over the Senate and to vote only in case of a tie. Massachusetts has contributed the duties of both houses with respect to impeachment and the power of the Executive veto. Some provisions, important in the composition of this puissant document, such as the judiciary system, the short term in the lower house, and the single executive were common to nearly all the States.

The provisions in our Constitution, which divide our Government into three departments—the executive, judicial, and legislative—each acting as a check upon the other, serving to guarantee against abuse of power by any one department in the Government, were not the inventions or creations of the framers of our Constitution, but go clear back to the Magna Charta of 1215, to the codes of European states, to the days of ancient Rome, and still farther removed to the times of the first organized governments.

What were the rights our Constitution sought to safeguard? What were the weapons it provided to insure our people against despots, tyrants, and autocrats? What were the rights our Constitution declared to be inalienable, and stripped legislatures and courts for centuries after of the power to repeal or modify? Were they merely the problems of a people living in the twilight of the eighteenth century, or were they problems which have always existed from the dawn of history? The provisions in our Constitution which guarantee to every citizen the right to a trial by jury, to freedom of speech, to freedom of assembly, to petition for redress of grievances, to religious liberty—are provisions which are found in less perfect documents long before the Constitutional convention was conceived.

Kingdoms, empires, dynasties may crumble and fall to pieces, but the fundamental principles of liberty and justice embodied in our Constitution will serve the governmental needs of man forever. Thus we may go on, building an ever finer and greater structure of our country, secure in the knowledge that its foundation rests on principles wrought out through ages of actual human experience. Thus, we have a glorious foundation for a glorious structure, and that structure—of liberty, of justice, of hope—rises to the sky, glorifying the contribution of the ages, secure on the foundation that is the life of our Nation—the Constitution.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment, which I offer and ask to have read.

The VICE PRESIDENT. Let the amendment be read for the information of the Senate.

The CHIEF CLERK. On page 244, after line 9, insert the following:

(9) Copra, including products of the Philippine Islands, hempseed, palm nuts, kapok seed, palm nut kernels, tung nuts, rapeseed, perilla seed, sesame seed, rubber seed, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(10) Coconut oil, the product of the Philippine Islands and other countries, palm oil, perilla and sweet almond oil, tung oil, herring oil, pilchard oil, whale oil, seal oil, sperm oil, crude, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(11) Palm-kernel oil, sunflower oil, sesame oil, rapeseed oil, olive oil, all the foregoing if in inedible form, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. SHIPSTEAD. Mr. President, the purpose of the amendment is twofold. It will place a tax upon certain commodities that are now imported into this country in large quantities without paying an import tax, and I am informed it will, under the proposed rates, yield a revenue of $24,000,000.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. SHIPSTEAD. I yield.

Mr. FESS. Where is the amendment to be inserted in the bill?

Mr. SHIPSTEAD. It is to be inserted on page 244 after line 9, following the lumber amendment.

Mr. FESS. Does it come in as a separate paragraph?

The VICE PRESIDENT. The Chair is advised that it is a separate paragraph.

Mr. BROUSSARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. BROUSSARD. Does the amendment include all products imported from the Philippine Islands to the United States?

Mr. SHIPSTEAD. No; it includes copra and its products produced in the Philippine Islands.

Mr. BROUSSARD. I had hoped that it would include all Philippine products.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. SHIPSTEAD. I yield.

Mr. WALSH of Massachusetts. In order that we may follow the argument of the Senator from Minnesota, will he be good enough to tell us what the present duties are upon each of the commodities and what is the duty he proposes?

Mr. SHIPSTEAD. Yes. On copra, hempseed, palm nuts, kapok seed, palm-nut kernels, tung nuts, rapeseed, perilla seed, sesame seed, and rubber seed there is now proposed a tax of 1 cent a pound. There is no tax at present.

Mr. WALSH of Massachusetts. They are on the free list?

Mr. SHIPSTEAD. Yes.

Mr. WALSH of Massachusetts. All these items?

Mr. SHIPSTEAD. Yes. On coconut oil produced outside of the Philippines there is now a tariff of 2 cents a pound.

Mr. WALSH of Massachusetts. What duty does the Senator propose on coconut oil?

Mr. SHIPSTEAD. Two cents a pound.

Mr. WALSH of Massachusetts. The Senator proposes that duty?

Mr. SHIPSTEAD. Yes.

Mr. WALSH of Massachusetts. What is the duty now?

Mr. SHIPSTEAD. Two cents a pound.

Mr. WALSH of Massachusetts. But the Senator is going to include coconut oil from the Philippine Islands and to retain the same rate?

Mr. SHIPSTEAD. Yes. It will have this effect: That coconut oil imported from the Philippines will pay 2 cents in order to come into this country and coconut oil from outside of the Philippine Islands will pay 4 cents.

Mr. WALSH of Massachusetts. The Senator proposes to double the present duty. It is 2 cents now, and the Senator proposes to change it to 4 cents.

Mr. SHIPSTEAD. Yes. The Philippines now, on account of having free entry for coconut oil, have a monopoly of imports of that product into the United States. Under this amendment they will have practically the same monopoly, because they will be able to sell their coconut oil here 2 cents cheaper than any other country producing coconut oil.

Mr. WALSH of Massachusetts. Is that the item that will produce the most revenue?

Mr. SHIPSTEAD. I will give the figures as to the production of revenue. The estimated revenue from coconut oil under this proposal will be $15,272,000. It would produce more revenue than any of the other tariff items in this amendment.

Mr. WALSH of Massachusetts. The tariff items together will only produce $6,000,000, so the amendment will produce much more than all of them.

Mr. SHIPSTEAD. Yes.

The Senator asked for the other items that are covered by the tariff. There are some here that are so covered. There are included in the amendment herring oil, pilchard oil, on which there is a tariff of 5 cents a gallon; whale oil has a tariff of 6 cents a gallon; seal oil has a tariff of 6 cents a gallon; and sperm oil, crude, has a tariff of 10 cents a gallon. There will be added to the existing rates an additional 2 cents a pound.

The total revenue from all these items is estimated at something over $24,000,000. That is one purpose of offering the amendment, but there is another purpose. There is a different situation, I think, in connection with these items possibly than in the case of coal, lumber, and oil, because we were told that duties on those commodities would not raise their price to the consumer. I am frank to confess that I believe, at least I am informed, that if this amendment shall become a part of the bill and a part of the law it will raise the price of butter, because most of these oils which come in here are used in competition with butter and to make imitation butter.

They are bought at a very low price. Some of these oils used to command a price of 17 cents a pound, but can now be bought for 3½ cents. It costs about 6 cents a pound to make a pound of oleomargarine to be sold in competition with butter. I am informed it cost 21 cents a pound to make a pound of butter and place it on the market. I am also informed that, so far as vitamins are concerned, it takes 24 pounds of vegetable oil oleomargarine to equal in food value 1 pound of butter.

Some one has called this a tariff bill. I want to call the attention of the Senate to the fact that I did not want to make it a tariff bill. But it is one now. It has been said here upon the floor of the Senate that those of us who have voted to keep this revenue bill from becoming a tariff bill and are now coming to ask for items under the tariff are requesting those who fought for tariff items to "divide the swag" with us. We are not asking them to "divide any swag" with us.

A very able Senator told me to-day that it was an old maxim of equity that "he who comes asking equity must come with clean hands." I have never seen clean hands in a tariff bill. We who represent farming communities never dreamed of having equity dealt out to us in a tariff bill. We never did. We are in the position of the man who has had his pockets picked and asks for car fare to his home.

Mr. SHORTRIDGE. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from California?

Mr. SHIPSTEAD. I do.

Mr. SHORTRIDGE. When the farmers asked for an increase of the tariff on casein, the rate on which was 2½ cents, and, through the efforts of some of us, the rate was raised to 5½ cents, that was giving some relief, according to the petitioners, was it not?

Mr. SHIPSTEAD. Undoubtedly; but I happen to be talking of equity.

Mr. SHORTRIDGE. Was not that equitable, just, and right? I think so.

Mr. NORRIS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. SHIPSTEAD. I yield.

Mr. NORRIS. If it is on the ground of equity, then the Senator from California, who voted against the debenture amendment proposed in order to give the farmer equity, has got a confession to make or a plea in avoidance.

Mr. SHORTRIDGE. On another occasion I will endeavor, with permission, to make reply to my learned brother from Nebraska.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I believe the Senator from Minnesota mixed the maxims of equity. One is that he who seeks equity must do equity; and then there is the other maxim that he who comes into court and asks for equity must come with clean hands.

Mr. SHIPSTEAD. That is right.

Mr. LONG. The point I desire to make is that it rather seems the Senator ought not to undertake to live in a house that he has done everything he could to burn down.

Mr. SHIPSTEAD. I tried to explain that our position is that of a man who has had his pocket picked, or who has been robbed, and is asking those who robbed him to give him car fare so that he may get home.

Mr. NORRIS. From the Senator's experience during to-day and the few days that have recently passed he ought to know better than to ask these fellows to give him car fare. We know they will not do it. They have robbed us, it is true, and they are laughing about it and delighted with it, and ride in their limousines with their chauffeurs and pass us by while we are trudging along afoot.

Mr. SHIPSTEAD. After the vote on the Senator's amendment I realize we can not get car fare home, but I was at least trying by this amendment to get something to eat on the way home. [Laughter.]

Mr. President, I speak figuratively, but that is the position of the farmer when it comes to legislation; that is the way he has been treated.

I was very much interested in the enumeration of the groups that have come here to get aid and comfort from the Congress at this session of Congress. They are the same old interests that have always come here—the banks, the railroads, coal, oil, lumber, copper, and foreign governments. They have all come to get their aid and comfort. It is the same old story. The soldiers came here and were told to go home. The farmers come here asking for something, and they are told, "This is not for you."

Instead of making an argument in regard to the inequitable distribution of the largess of Congress, which has been covered here this afternoon, I simply want to point out in all seriousness that this amendment which I propose is really a revenue measure rather than a tariff measure, because I am informed that it will not in any sense prove to be an embargo; and I am also informed that it will reduce very little, if at all, the imports of these products.

The objection may be made that under this amendment we are compelling the Philippine Islands to pay something for bringing coconut oil in here. They are protected. They would still have a monopoly of the importation into the United States of coconut oil, because they could bring it in here at 2 cents a pound cheaper than it can be brought from any other country. In the present stress of the United States, with a Treasury deficit, I do not believe, as a friend of the Philippines, that it is asking too much that they pay a little toward the expenses of conducting the Government of the United States, which gives them protection, and help to balance the Budget.

The only people who have objected to taxes upon these imports have been the manufacturers of soap. I want to point out that they have done very well; that they can afford to pay a little something toward the contribution that is expected to be made to the balancing of the Budget.

The soap manufacturers have played the American farmers against the producer of foreign oils for the last two decades. They have used cheap foreign oil to depress the domestic oil markets, and they have been highly successful.

In 1912, 81 per cent of the oils used in the soap industry were domestic oils. Then the soap manufacturers went after foreign oils, and to-day 56 per cent of the oils used in the manufacture of soap are domestic oils. In 1931 they bought coconut oil for 3½ cents a pound, while in 1920 they paid 17 cents a pound. Palm oil dropped from 11½ cents to 4 cents during the same period. The farmer suffered accordingly. Inedible tallow dropped from 13 cents a pound in 1920 to 3½ cents a pound in 1931, and cottonseed oil from 15½ cents a pound to 6 cents a pound during the same period.

Mr. President, in the last tariff bill this item was discussed in detail. It is not my purpose to carry on an extended argument on this measure, because it has been before the Senate heretofore. It is on a raw material coming in here in competition with our production. There will be no material diminution in imports. From the imports of 1931 it is estimated that the revenue will amount to $24,000,000. It will give some measure of relief to the producers of dairy products, particularly butter, with which these products come in

competition. We can not successfully compete, in producing butter at 21 cents a pound, with a raw material that can be bought for 3½ cents a pound.

I am not going to say that this amendment will not raise the price of butter to the consumer. I hope it will. The farmer must get something back for what he is going to pay in this tariff bill. If, however, it does not help the farmer by making it possible for him to get a better price for his butter, it will do one thing that we can not deny, and that is, it will bring to the Government a revenue of about $24,000,000.

A great deal of unemployment, I am informed, is prevailing along the coast among the fishery people. These products come in from abroad in competition; and as a result of the fact that it is claimed that the existing tariff is not sufficient to make it possible for them to compete it is necessary to have this protection for the fishing industry.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from California?

Mr. SHIPSTEAD. I do.

Mr. SHORTRIDGE. I was not in the Chamber when the Senator's amendment was read. Will he have the goodness, if it does not divert him, to state just what the items affected are? I did not have the benefit of hearing them.

Mr. SHIPSTEAD. The items affected are copra, hempseed, palm nuts, kapok seed, palm-nut kernels, perilla seed, sesame seed, and rubber seed, now on the free list, which will come in at 1 cent a pound.

Mr. SHORTRIDGE. The Senator's suggested amendment is 1 cent a pound?

Mr. SHIPSTEAD. Yes; 1 cent a pound. They are now on the free list. The second paragraph contains these oils:

Coconut oil at 2 cents a pound from every country except the Philippine Islands. This paragraph raises the tax 2 cents, and will include the Philippine Islands. From the Philippines the tax will be 2 cents a pound. From outside the Philippines it will be 4 cents.

Mr. SHORTRIDGE. I see.

Mr. SHIPSTEAD. Then palm oil, perilla and sweet almond oil, tung oil—these are the finished products of the raw material in paragraph 1—herring oil, pilchard oil, whale oil, seal oil, and sperm oil, crude, are taxed 2 cents per pound on the finished product.

Mr. SHORTRIDGE. An increase of the rates?

Mr. SHIPSTEAD. With the exception of coconut oil. The rest, except fish oils, have no tariff.

Mr. SHORTRIDGE. I am following the Senator with much interest.

Mr. SHIPSTEAD. The Senator honors me.

Mr. SHORTRIDGE. Would the Senator have the kindness to point out wherein the suggested rates would be of service to our fishing industry? He has made just brief allusion to it. If he would have the kindness to elaborate that thought a little bit, I think it would help the cause.

Mr. HASTINGS. Mr. President, I desire to inquire of the Senator from Minnesota whether it would be agreeable to him to permit this matter to go over until to-morrow after he has finished his address to-night? I desire to discuss it, and I am not prepared to discuss it to-night. I should like, if it is satisfactory to the Senator from Minnesota, to permit it to go over until to-morrow, if the Senator will agree to that.

Mr. SHIPSTEAD. I shall be very glad to comply with the Senator's request.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Missouri [Mr. HAWES] is going to make reply to the Senator from Minnesota.

Mr. SMOOT. Mr. President, do I understand the Senator to say that he does not want final action on this item to-night because he desires to speak upon it to-morrow?

Mr. HASTINGS. That is correct.

Mr. SMOOT. That will not prevent the Senator from Missouri from proceeding.

Mr. HASTINGS. Not at all; and if I can have that understanding, I shall appreciate it.

Mr. SHORTRIDGE. Not to vote to-night; that is all.

Mr. SHIPSTEAD. As I understand, the Senator does not want to vote until to-morrow, and he would like to have time to discuss this amendment.

Mr. HASTINGS. I want to have a little time to discuss it to-morrow. I do not want to have to discuss it to-night.

Mr. SHIPSTEAD. Any arrangement the Senator can make will be agreeable to me.

Mr. SMOOT. What I should like to do would be to go on with the discussion as long as there is anyone to speak on it to-night, and then lay it aside until to-morrow morning, when the Senator from Delaware will take it up the first thing.

Mr. SHIPSTEAD. So far as I am concerned, I have said about all I have to say on the subject. The Senator from Delaware will discuss what the Senator from California inquired about this afternoon. I put in that part of the amendment at the request of constituents for whom he speaks, and he can speak with greater information on the subject than I can. If the Senator from Missouri wants to continue the discussion, I should be very glad to yield.

Mr. SHEPPARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield the floor?

Mr. SHIPSTEAD. I yield to the Senator from Texas.

Mr. SHEPPARD. I should like to discuss the amendment briefly to-morrow.

Mr. SHIPSTEAD. I yield the floor.

Mr. HAWES obtained the floor.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Florida for the purpose of suggesting the absence of a quorum?

Mr. HAWES. I do.

The VICE PRESIDENT. The clerk will call the roll.

Mr. SHORTRIDGE. Mr. President, I hope the Senator will withdraw that request. Can we not agree——

Mr. TRAMMELL. I withdraw it for the moment.

The VICE PRESIDENT. The Senator from Missouri [Mr. HAWES] has the floor. He has yielded for a quorum call. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Costigan	Hawes	Reed
Bankhead	Couzens	Hebert	Sheppard
Barbour	Davis	Hull	Shipstead
Bingham	Dickinson	Johnson	Shortridge
Blaine	Dill	Jones	Smoot
Bratton	Fess	Keyes	Steiwer
Broussard	Frazier	La Follette	Thomas, Idaho
Bulkley	George	Logan	Townsend
Bulow	Glenn	Long	Trammell
Byrnes	Goldsborough	McGill	Tydings
Capper	Gore	McNary	Vandenberg
Carey	Hale	Moses	Watson
Cohen	Harrison	Norris	White
Connally	Hastings	Nye	
Coolidge	Hatfield	Patterson	

Mr. HULL. I desire to announce the absence of my colleague [Mr. MCKELLAR] on account of illness.

The VICE PRESIDENT. Fifty-eight Senators have answered to their names. There is a quorum present.

Mr. HAWES. Mr. President, the friends of Philippine independence have not attempted to push in the Senate the various bills presented looking to that end. We have felt that the first problem to be solved by the Nation was that relating to the balancing of the Budget and reduction of the expenses of Government; when that is completed, we will pass a Philippine independence bill.

Some six weeks ago the House of Representatives, by a vote of 306 to 47, passed a bill providing for the independence of the Philippines. If we add 42 absentees who favor the bill to the number voting, the result demonstrates a remarkable degree of unanimity in the House.

The amendment offered by the senior Senator from Minnesota [Mr. SHIPSTEAD] I know is not intended to interfere with the Philippines, and I know the Senator is in favor of Philippine independence. I am quite confident that in the Senate there are 76 assured votes for Philippine independ-

ence when that question comes before this body, and I would be very much surprised if the vote were not greater than that. But this amendment of the Senator from Minnesota presents a very interesting question.

When the Philippine Islands came into the possession of the United States, our Government, recognizing the trade relations of the Philippines with Spain and the rest of the world, allowed 10 years for the readjustment of those relations, and during that period we might almost say the old Spanish law governing those relations prevailed. Then, in 1909, it was proposed in the Congress of the United States that trade relations between the Philippines and our country should be put upon a free-trade basis. The Filipino people objected. Their legislature passed a resolution opposing it. Their public men and their newspapers opposed it, because they believed at that time that if free trade were established, it would unduly increase the production of certain articles in those islands and that it would establish a relationship which later, when they sought to secure their independence, would present severe obstacles to independence.

This amendment of the Senator from Minnesota provides that we continue our control over these people, and, at the same time, tax their exports. Time and time again before the committees of the House of Representatives and before the committees of the Senate the question of a limitation of Philippine exports and a tariff on their exports to our country has been presented. The question of a limitation of immigration also has been brought before the committees of both branches of the Congress. But every time such questions have been presented, some great Republican or some great Democrat, and all the executive departments of our Government, have, I am glad to say, appeared in opposition to such treatment. To hold these people as subject wards, to hold them with their hands tied behind them and helpless, and to strike them in the face, would be a thing Americans would not be proud of.

I need mention only two men. There was Elihu Root, an ornament to this body, one of the great men of the Nation, who protested against such thing being done in his own vigorous, eloquent way, upon the Republican side. On the Democratic side was Oscar Underwood. The War Department and the State Department have, on every occasion when it was sought to put tariff duties upon imports from the Philippine Islands, appeared before the committees and objected. That objection came from all administrations since 1909. Starting under a Republican administration, the policy of fair and just treatment of the Philippines continued until the last Democratic administration, under Woodrow Wilson.

We send our American products to the Philippines without duty; we can not honorably do this and place a tariff upon Philippine products; if we place a tax upon their production, we must permit them to tax our products.

Everyone has conceded that it would not be fair to these people to introduce free trade over their objection, over their protest; build up businesses in the islands under that arrangement, and then, when those businesses had grown to be a powerful economic factor in the trade relations between the United States and the Philippines, suddenly to change our policy. The Philippines was not responsible for the development of these industries; it was the program of the American Congress that did it.

Mr. President, I am satisfied that before Congress adjourns it will keep its promise to the Philippine people. The House of Representatives has registered its voice in that matter. It is only a matter of three or four weeks' delay at the most, and then any one of the bills—the bill which passed the House, the bill reported by the Senate committee, or the substitute suggested by the junior Senator from Michigan [Mr. VANDENBERG]—would in an equitable, proper way solve this problem.

I can not see how we could face the world, how we could face these 13,000,000 wards of ours while holding them under the administration of the United States, and passing laws which control them, at the same time strike down the products of those islands.

The philosophy of these Philippine bills, upon which the Senate will soon vote, embodies the theory of limitations; that is to say, it stops the expansion in the production of certain of their exports. Then it goes farther. After a period of adjustment has been allowed, a tariff barrier is to begin. But it would be a politically immoral act, I think conceded by everyone, while holding the Philippines, without setting a definite date for their independence, to curtail either their exports or to put tariff duties upon those exports to the United States. It would be a thing of which the American people should be ashamed.

Time and time again this question has come up during our 30 years of sovereignty over the islands, and in every case where a committee has registered its voice or a great American has spoken that committee or that great American has said that to treat the Philippines as wards, with unfairness, with discrimination, would be almost as bad as to draw the line between citizens of different States of the Union.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Michigan?

Mr. HAWES. Certainly.

Mr. VANDENBERG. Will the Senator permit me to state that, although there are many interests in my State which are keenly concerned in the strictest possible limitation upon Philippine imports into the United States, I completely and cordially and unequivocally concur in the statement of our responsibility and duty which the Senator is now making?

Mr. HAWES. I thank the Senator. There is not a Senator in this Chamber who has given a more conscientious study to this problem than has the Senator from Michigan. The more this problem is studied the more certain will be the voice of the Senate—that to put a burden upon the Philippine people prior to a definite statement of American policy would be an act of political immorality. Of course, I am not reflecting upon the Senator from Minnesota [Mr. SHIPSTEAD], because, as the Senator from Michigan [Mr. VANDENBERG] has said, the people of his State want this question settled. Five million members of union labor are asking for its settlement; 6,500,000 farmers are asking for its settlement; 17 beet States want it settled; 5 sugar States want it settled. The distinguished Senator from California [Mr. SHORTRIDGE] knows that the Pacific coast demands a definite clean-cut settlement at this session of Congress in the matter of immigration.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from California?

Mr. HAWES. Certainly.

Mr. SHORTRIDGE. With unfeigned respect for the views of the Senator, he will permit me to dissent from his views in so far as they relate to the migration or the immigration of Filipino laborers to the United States. First, I observe that for many years I have taken a position in favor of granting to those ten or eleven million people their complete independence. If I had the power, I would grant that independence much more quickly or sooner than either of the bills which are now pending and which are designed to grant that independence.

But as to the migration or the coming hither of Filipino labor, I have taken the position and, with great respect for the Senator, I hold the position that it would be for the interests of the Filipino people themselves to restrict or to stop that immigration. It is quite true, as the Senator has just remarked, that the whole Pacific coast people are in favor of stopping that immigration. I think they are practically unanimous in favor of granting Philippine independence.

When during the last session of Congress I introduced a bill to stop that immigration, I received from practically every labor union on the Pacific coast, certainly practically every labor union in California, telegrams approving and

earnestly hoping for the passage of such a measure. I have reintroduced that bill, which is pending before our Committee on Immigration. As a friend of the Filipino people, I urge the passage of that bill. As a friend of our own people, I urge its passage. I think it would be for the benefit of both the Filipinos and the American people to stop that immigration now, before the granting of independence, which I favor.

Mr. HAWES. The Senator might go a little bit farther. He might add that there is not a State upon the Pacific coast, a Congressman or Senator upon the Pacific coast, who is not demanding a solution of this problem. The Senator has probably read in the CONGRESSIONAL RECORD the statement of the American Federation of Labor, comprising some 5,000,000 men. He has probably read of our colored citizens, who in their papers are demanding a definite certain solution of this problem. So the demand for a solution and a wiping out of this uncertainty, while it is unanimous upon the Pacific coast, extends throughout America.

Mr. SHORTRIDGE. Mr. President, will the Senator permit me further to interrupt him?

Mr. HAWES. Certainly.

Mr. SHORTRIDGE. I have said I favor granting independence to the Filipino people. I would not defer it to as remote a date as is fixed in the one or the other of the bills referred to; but pending that I favor the stopping or the shutting off the Filipino labor migration, and for reasons which it is not necessary for me now to state. The condition of our labor in America, the state of unemployment in America to-day, in my judgment warrants such legislation. I am not in dissent from the Senator's general view in respect to the early granting of independence to those people.

Mr. HAWES. May I say to the Senator from California that we promised these people their independence. It has been the policy of every President since McKinley to promise or to hold out the hope that in the near future they would have independence. But it may interest the Senator from California to know that at one period of our history the Filipinos were led to believe that they might be incorporated as a part of the United States and become a State of the Union. One of the most dramatic recitals I ever listened to was by an old Filipino leader who, after Aguinaldo's surrender, came to the United States. He headed a party in the Philippines to demand statehood for those islands, and amongst others, he called upon Mr. Elihu Root. He was told by that gentleman and he was told by others that the problem of a new nationality, a new racial element in our body politic, would not succeed. That party in the Philippines died because nowhere in our country was a hope held out.

So, may I say to the Senator from California I do not think it is fair, holding those people as we do, partly under our flag and partly under their flag, with no settled nationality, but under our sovereignty, under our control, under the jurisdiction of Congress, unable to defend themselves except in the matter of protest, either to limit immigration, raise a tariff barrier, or put a burden upon those people, when we are solely responsible for the present situation ourselves. I think if the Senator with his great energy and his knowledge of the disposition of the Pacific coast will help the friends of Philippine independence to secure a vote before we adjourn, which has been promised by the leadership on both sides, the question in which he is interested can be settled definitely and finally within the next three weeks.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield further to the Senator from California?

Mr. HAWES. Certainly.

Mr. SHORTRIDGE. May I ask the Senator if the bill which bears the Senator's name provides the time for the granting of the independence?

Mr. HAWES. There are two bills. The one from the House provides for independence after eight years, but upon the passage of the bill immigration is limited to 100 annually. The Senate bill provides for independence after 15 years and upon the adoption of a constitution, which is a matter of one year, then the inhibition begins. So there is approximately a difference of one year in the inhibition between the House bill and the Senate bill.

Mr. SHORTRIDGE. But does each bill provide for a limited migration?

Mr. HAWES. Yes; limited to 100 annually.

Mr. SHORTRIDGE. As to our presence in the Philippines and holding them, as claimed, somewhat in subjection, of course it must be admitted that we have been an unmixed blessing to the Philippine people. We broke the Spanish yoke of 300 years. I claim we have been an unmixed blessing to them. To repeat myself, looking forward to their independence, to the necessity for the development of their natural resources, it will be to their benefit to restrict the migration of their laboring people; it will be for their benefit to remain in their native country, even though under our quasi or full jurisdiction. They will be needed at home after they have become free and completely independent—as I hope they will soon become.

I do not wish my country to rest under the imputation that we are holding them in subjection, or that it is wrong to restrict their coming to the United States. I think it will be beneficial to the laboring people of those islands, and beyond question it will be beneficial to our country, to stop this immigration. Our first duty is to the United States. I may be wrong, but I hold to that view.

Mr. HAWES. Historically speaking, when our great Admiral Dewey steamed into Manila Bay, he sent for Aguinaldo and brought him from Hong Kong. He gave him arms and ammunition and Aguinaldo's army drove the Spanish from every portion of the Philippine Islands into the City of Manila. He cut off their water supply. It was a Philippine army that held the Spanish in the city of Manila for three and one-half months, before our American troops arrived. I am convinced in my own mind that so far as the Spanish are concerned, they would have been driven out of the islands without the assistance of our Americans. Of course, the great things we have done for the Philippine Islands in the matter of sanitation and education and the teaching of English and of our philosophy of government have been the most magnificent things done in the history of the world by a great people for a smaller nation.

Now the time has come when we must redeem our promise. The younger Filipinos each day are demanding independence with greater earnestness and more vigor. Senators read this morning, I am sure, the statement of our former ambassador to Japan, Mr. Forbes, which has a distinct bearing on this subject.

Mr. President, I hope that Senators will not press amendments either for the exclusion of the Filipinos or for the erection of tariff barriers against Philippine products until we can pass upon the question of Philippine independence. Then we will be able to take action honorably and in keeping with the best traditions of our country.

As to the amendment of the Senator from Minnesota, let me say I am in a way sympathetic with it. Those engaged in dairying in my section are complaining; the cotton growers are complaining; they do not like commodities produced by cheap labor on cheap land coming in free and competing with our domestic dairy products and farm products. However, I ask the Senator to delay just for two or three weeks in presenting this question. When independence comes, then the voice of labor, the voice of agriculture, the voice of the 17 sugar States asking for protection against the free entry of products competing with them, I know will be answered here in very definite terms, and we will settle the question in accordance with the better traditions of America, and not in a manner for which we may later have to apologize.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on agreeing to the amendment offered by the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, in view of the discussion some time ago, it was tentatively agreed that this amendment should go over until to-morrow, in order to give the Senator from Delaware [Mr. HASTINGS] and the Senator from Texas [Mr. SHEPPARD] an opportunity to discuss it. If a definite arrangement can be made that the amendment shall come up when the Senate convenes to-morrow morning, that the Senator from Delaware will then take the floor and discuss the amendment, and that the discussion shall continue until a vote is had on the amendment, such an arrangement will be very agreeable to me. I have no desire to prolong the debate, but I believe that Senators who are interested in the amendment should have an opportunity to be heard. So, if an arrangement, such as I have suggested, can be definitely entered into, it will be agreeable to me to have the amendment go over.

Mr. SHORTRIDGE. Mr. President, that was agreed to, was it not?

Mr. SHIPSTEAD. It was not definitely agreed to.

Mr. SMOOT. I will say to the Senator I have no objection to such an agreement being entered into.

Mr. SHIPSTEAD. Then, Mr. President, I ask unanimous consent that the amendment may be laid aside until the Senate convenes to-morrow morning; that at that time the Senator from Delaware [Mr. HASTINGS] may take the floor, and that the discussion of the amendment shall continue until a vote is had upon it.

The PRESIDING OFFICER. The Senator from Minnesota asks unanimous consent that the amendment may be temporarily passed over, with the understanding that it shall be pending to-morrow when the Senate convenes. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of its business to-day, the Senate take a recess until 11 o'clock a. m. to-morrow.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Texas?

Mr. SMOOT. I yield.

Mr. CONNALLY. Has the Senator given consideration to the question of meeting at 10 o'clock each morning and running until 7 or 8 in the evening without having night sessions?

Mr. SMOOT. I do not think the time has arrived when we can proceed in that way. The question was brought to my attention to-day, but such an arrangement would only give us nine hours.

Mr. CONNALLY. Let me say to the Senator that I am willing to abide by the present rule of working until 10 o'clock or 11 o'clock, or even 12 o'clock, if that will speed the consideration of the bill.

Mr. SMOOT. So am I.

Mr. CONNALLY. And put the bill through, because the country wants it put through, and it ought to be put through; but, candidly, I believe that if we would meet at 10 o'clock in the morning and work hard all day until 7 or 8 o'clock and then adjourn, we should make more progress than by holding night sessions. I say that for this reason: The night session is a sort of a grand opera; there is a wonderful gallery; the newspaper men are all here, and the temptation to indulge in oratory is aggravated and stimulated and exaggerated until those who have power to entertain, or think they have, take up the time in debate, frequently on questions that do not pertain to the immediate subject matter. So my purpose in suggesting to the Senator that we consider such an arrangement is in the interest of economy of time and holding the nose of the Senate to the items of this bill until we get through with it.

Mr. SMOOT. There is much merit in what the Senator says.

Mr. CONNALLY. I thank the Senator.

Mr. SMOOT. And I will take the suggestion under consideration.

Mr. CONNALLY. I hope the Senator will.

Mr. SMOOT. If the Senate has really made up its mind that it is going to pass this bill, then I am perfectly willing to adopt the course suggested, and then let us stick right to such an arrangement and make Senators talk to the bill.

Mr. CONNALLY. But how can we do it? How can we make them talk to the bill?

Mr. SMOOT. We can not unless they will agree to do so.

Mr. CONNALLY. Let me say to the Senator it is now 7.20 p. m.; we are going on with the bill, where are the Senators? There is no gallery here. Within an hour, however, when the gallery fills, Senators will be here on the floor. I believe that if we could work all day long and hold the nose of the Senate to the grindstone on this bill we would get through much more quickly than we will by holding night sessions. I want to see the bill passed; we have been working on it, as the Senator knows, in the Finance Committee for five weeks all day long, and I think Senators ought to stay here and work on this bill and get it through.

Mr. SMOOT. I can not agree to any such arrangement to-night, for the reason——

Mr. CONNALLY. I am not going to insist on it to-night, but will the Senator consider it to-morrow and let us determine whether or not we will adopt that sort of a program?

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent that when the Senate concludes its business to-day it take a recess until 11 o'clock a. m. to-morrow. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. I want to say to the Senator from Texas that a number of Senators have objected to the plan he suggests. I have discussed it with them. They object for the simple reason that they have committee meetings. When we meet at 11 o'clock that gives only an hour for committee work; and if we should meet at 10 o'clock that would give them scarcely any time. We have only about an hour as it is now, and if we should meet at 10 there would be very little opportunity for committee meetings or other work.

Mr. CONNALLY. Where are those Senators now? They are not here. We are working, and they are not here.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. SMOOT. Yes.

Mr. SHIPSTEAD. To the best of my knowledge, I have been here practically all the time, and I have not seen the bill advanced on its course by any of the night sessions. I do not think we have gained five minutes' time by holding night sessions.

Mr. SMOOT. There has been more real work done in some of the night sessions in voting on amendments than there has been at any time during the day.

The PRESIDING OFFICER. The clerk will report the next amendment.

The next amendment was, on page 245, after line 4, to insert:

(8) Rubber, 5 cents a pound. All articles containing rubber, 5 cents a pound on the rubber contained therein. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles. As used in this paragraph, the term "rubber" includes all kinds of rubber and gutta-percha.

Mr. LA FOLLETTE. Mr. President, I call the attention of the chairman of the committee to the fact that the rubber amendment has just been stated. I am sure the Senator desires to have that amendment go over.

Mr. SMOOT. Mr. President, the Finance Committee will meet to-morrow morning at 9.30 to consider the rubber item, and therefore I ask that it go over.

Mr. JOHNSON. Mr. President, does not the Senator think that we ought to call for a quorum before we proceed? It was assumed that we would go on with the rubber amendment.

Mr. SMOOT. I did not think there was any question about it going over.

Mr. JOHNSON. I am not questioning that; but that is not the point.

Mr. SMOOT. There can be a call for a quorum before we proceed with the automobile amendment.

Mr. JOHNSON. The Senator from Connecticut [Mr. BINGHAM] had an amendment, as I recall, which he desired inserted at this place. I may be in error as to that, but that is my recollection.

The PRESIDING OFFICER. Without objection, the rubber amendment will be passed over. The next amendment will be stated.

The next amendment was, on page 245, after line 10, to strike out:

SEC. 602. TAX ON TOILET PREPARATIONS, ETC.

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Perfumes, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, tooth and mouth washes, dentrifices, tooth pastes, aromatic cachous, toilet soaps, toilet powders, and any similar substance, article, or preparation, by whatsoever name known or distinguished; any of the above which are used or applied or intended to be used or applied for toilet purposes.

Mr. DAVIS. Mr. President, I ask that the amendment be again stated.

The amendment was again stated.

Mr. SMOOT. The amendment just stated is one of several amendments striking out provisions of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The next amendment was, on page 245, after line 22, to strike out:

SEC. 603. TAX ON FURS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value.

The amendment was agreed to.

The next amendment was, on page 246, after line 3, to strike out:

SEC. 604. TAX ON JEWELRY, ETC.

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: All articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments); watches; clocks; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars.

The amendment was agreed to.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Coolidge	Johnson	Sheppard
Bailey	Copeland	Jones	Shipstead
Bankhead	Couzens	Kean	Shortridge
Barbour	Davis	Keyes	Smith
Barkley	Dickinson	La Follette	Smoot
Bingham	Dill	Lewis	Steiwer
Blaine	Fess	Logan	Thomas, Idaho
Borah	Frazier	Long	Thomas, Okla.
Bratton	George	McGill	Townsend
Brookhart	Glenn	McNary	Trammell
Broussard	Gore	Moses	Tydings
Bulkley	Hale	Norris	Vandenberg
Bulow	Harrison	Nye	Walsh, Mass.
Byrnes	Hastings	Oddie	Walsh, Mont.
Capper	Hatfield	Patterson	Watson
Carey	Hayden	Pittman	White
Cohen	Hebert	Reed	
Connally	Hull	Robinson, Ark.	

The PRESIDING OFFICER. Seventy Senators having answered to their names, a quorum is present.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BINGHAM. Do I understand that we have now reached page 246, the tax on automobiles?

The PRESIDING OFFICER. Section 602. The clerk will state the amendment first.

Mr. BINGHAM. At this point, in accordance with the announcement which I made yesterday, as we have gotten through with the import duties on various products and have passed over temporarily the subject of rubber and are about to take up the question of automobiles, I desire to have taken up my amendment, which is on the desk, and which provides for striking out the committee's proposal on page 246, line 23, of 3 per cent on automobile trucks, and so forth, restoring it to 2 per cent.

The PRESIDING OFFICER. The amendment has not yet been stated. The clerk will state the amendment.

Mr. BINGHAM. The amendment which I have to offer covers a considerable number of matters in the tax bill. Therefore I desire to offer it at this time; and if it is necessary, I shall explain it.

Before doing that, however, in view of the fact that it was not expected that this measure should come up at this evening session, I am going to ask unanimous consent that the amendment may be voted on at 2 o'clock to-morrow afternoon, in order to give everyone an opportunity to know that it is coming up, because a number of Senators who are not present this evening desire to vote against it, and some Senators who are not present will vote for it.

Mr. SMOOT. Mr. President, may I ask the Senator if he will not make that not later than 2 o'clock?

Mr. BINGHAM. Not later than 2 o'clock.

Mr. SMOOT. And does the Senator desire that when the Senate reconvenes at 11 o'clock to-morrow, he and other Senators shall occupy the time on this amendment up to 2 o'clock?

Mr. BINGHAM. I shall be ready to take it up at 11 o'clock to-morrow morning. I should have been ready this evening had I had any idea that it was coming up; but in view of the fact that we had the copra amendment before us, and the rubber amendment, I told a number of Senators that I thought it could not possibly come up this evening.

Mr. SMOOT. I should like to ask the Senator from Michigan [Mr. VANDENBERG] whether he is prepared to go on with the automobile amendment.

Mr. VANDENBERG. Mr. President, I should like to inquire what position that leaves us in. I am ready to proceed with the automobile section to a conclusion. Suppose we proceed with the section to a conclusion before we reach to-morrow and the Senator's proposition, in what position would the Senator find himself, and in what position would we find ourselves?

Mr. BINGHAM. Mr. President, I understand that the Senator proposes to strike out the tax on automobiles entirely. Is that correct?

Mr. VANDENBERG. That is correct. I propose to take a test on the general question by moving, as a substitute for the committee amendment, to strike out all of paragraph (a).

Mr. SMOOT. Of what section?

Mr. VANDENBERG. Paragraph (a) of section 602.

The PRESIDING OFFICER. The Chair is trying to get this amendment clarified. The Chair will state that the committee amendment takes precedence, and will have to be acted on first. Is not the amendment of the Senator from Connecticut just the reverse of the committee amendment? In other words, would not a negative vote on the committee amendment do what the Senator's amendment seeks to accomplish?

Mr. BINGHAM. A part of the amendment which I desire to offer includes a disagreement with the committee amendment, but that is only a small part of it. I understand that the Senator from Michigan desires to strike out the entire paragraph (a) as it came from the House.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question? Even though we proceed with this section, and even though it should be concluded one way or another this evening, would not the Senator from Connecticut still be in position to proceed with his substitute, which offers a substitute source of revenue?

Mr. BINGHAM. I will say to the Senator that if the amendment which he proposes, to strike out section (a), is adopted, then I shall be very glad to alter my amendment accordingly, and strike out something else. The whole object of the amendment which I have proposed, and which is lying on the desks of Senators, is to make it possible to legalize the manufacture and sale of beer of

2.75 per cent alcohol by weight, and raise a revenue conservatively estimated at $375,000,000, and therefore not make it necessary to place the taxes on automobiles at the rate suggested by the committee. If the Senate is willing to strike out entirely paragraph (a), as desired by the Senator from Michigan, it would then be perfectly possible for me to make this amendment which I desire to offer applicable to some other section of the bill, thereby relieving the taxpayers of another amount.

Mr. SMOOT. Mr. President, why would not the better plan be to offer the Senator's amendment as a separate paragraph, and proceed with it in that way?

Mr. BINGHAM. Mr. President, in view of the fact that the Senator from Michigan proposes to save the taxpayers even more than I do on the question of automobiles, I am entirely willing to let him proceed until a vote has been reached on his amendment.

Mr. TYDINGS. Mr. President, will the Senator from Connecticut yield?

Mr. BINGHAM. I yield to the Senator from Maryland.

Mr. TYDINGS. I wish the Senator would put in the RECORD, if he can make a fairly accurate estimate of it, the amount of money which his amendment would yield, and how it will be used to replace other excise taxes now in the bill, so that we can all get an idea, if we vote for his amendment, to what extent we can substitute that revenue for the contemplated revenue of other excise taxes, and just how the Senator proposes to use that revenue in replacing other excise taxes.

Mr. BINGHAM. I will say to the Senator that I shall be very glad to do that; but I should prefer to debate it tomorrow morning, beginning at 11 o'clock.

Mr. TYDINGS. Will the Senator yield for another question?

Mr. BINGHAM. I yield.

Mr. TYDINGS. May I ask the Senator if his present amendment is not on a basis of 2.75 per cent by weight?

Mr. BINGHAM. That is correct, Mr. President. At the request of several Senators who were in doubt as to the constitutionality of voting for beer that is 4 per cent by volume and 3.2 per cent by weight I changed it to 2.75 per cent by weight, which is about equivalent to 3.6 per cent by volume, because, that being the point at which war-time beer was made legal, they believe that in view of all the affidavits made before the Supreme Court at the time of the celebrated case there is no question whatever that beer of an alcoholic content of 2.75 per cent by weight is nonintoxicating, whereas, notwithstanding the testimony offered before the Committee on Manufactures, there is some question in the minds of some Senators that beer of an alcoholic content of 3.2 per cent by weight, or 4 per cent by volume, might be considered to be unconstitutional.

The PRESIDING OFFICER. The clerk will state the amendment which is before the Senate.

The LEGISLATIVE CLERK. On page 246, line 23, the committee proposes to strike out "2 per cent" and insert "3 per cent."

Mr. VANDENBERG obtained the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Mississippi?

Mr. VANDENBERG. I yield.

Mr. HARRISON. A parliamentary inquiry. What was done with section 602, the tax on toilet preparations?

Mr. SMOOT. The Senate committee amendment was agreed to, Mr. President, striking that out.

Mr. HARRISON. The amendments with reference to sections 602, 603, and 604 have been agreed to?

Mr. SMOOT. They have been agreed to.

The PRESIDING OFFICER. That is correct.

Mr. HARRISON. In each of those cases I desire to enter a motion to reconsider. I do that for this purpose: If, in the course of the consideration of this bill, we should need additional revenue from some source in order to balance the Budget, it may be necessary for us to go to some item that the House has passed. So I am merely doing that as a formality, in order to take care of the situation which might arise in case it is necessary.

Mr. WALSH of Massachusetts. Mr. President, will the Senator repeat those sections and designate them?

Mr. HARRISON. We have just agreed to the committee amendments striking out the tax on toilet preparations, section 602; the tax on furs, section 603; and the tax on jewelry, section 604.

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. The Senator from Michigan has the floor.

Mr. VANDENBERG. I yield to the Senator from Connecticut.

Mr. BINGHAM. In view of the fact that we have reached a tentative agreement that this matter may be considered to-morrow morning at 11 o'clock I ask unanimous consent that there may be printed in the RECORD, as a part of my remarks, a very remarkable letter which I have received from the representative of the International Steel Co. at Evansville, Ind., stating what in his opinion would be the immediate and simultaneous effect of adopting the amendment which I have offered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

INTERNATIONAL STEEL CO.,
Evansville, Ind., May 20, 1932.

Hon. HIRAM BINGHAM,
United States Senate, Washington, D. C.

DEAR SENATOR BINGHAM: Two hundred thousand restaurant buildings, creating a real-estate boom and requiring thousands of building mechanics, painters, decorators, etc.; 200,000 gas stoves; 200,000 radios; 200,000 refrigerators; 200,000 meters; 200,000 sets of bar fixtures (including soda fountains); 200,000 sets of furniture; 200,000 sets of cutlery, dishes, glassware; 200,000 cash registers; 200,000 showcases; 200,000 electrical fixtures; 200,000 sets of electric fans; 200,000 linoleums; 200,000 desks, safes, etc.; 200,000 sets of decorations; 200,000 users of farm products, gas, electricity, heat, etc.; 200,000 proprietors; 400,000 to 600,000 restaurant employees; and 200,000 of many other items for restaurants.

Hundreds of thousands of brewery workers, bottle workers, bottle-cap workers, coopers, coal miners, farmers, railroaders, machinists, building mechanics, painters, tinners, truck drivers, truck factory workers, etc. Twenty thousand trucks, thousands of automobiles, and millions of dollars' worth of new equipment for breweries.

A great boon in the stock and bond markets, bringing millions of dollars into circulation and into closed and open banks.

Millions of dollars would come out of hiding.

Revival of foreign trade.

Restored confidence and the purchase of that mighty volume of deferred necessities.

The above, in my opinion, would be the immediate and simultaneous requirements and effects should 2¾ per cent beer by weight be determined nonintoxicating in fact, on the following basis:

First. Using the population of Evansville, Ind., as a comparative basis for the 15 States which, when national prohibition first became effective, permitted the sale of alcoholic beverages. Therefore, the above figures are for those 15 States only.

Second. Legalizing the sale of beer in restaurants (each old saloon to be replaced by a restaurant where coffee, tea, ice cream, etc., would also be sold).

Sincerely yours,

F. O. WEBER.

The PRESIDING OFFICER. The Chair may state that there seems to be a misunderstanding as to what is to take place to-morrow. Before the Senator from Connecticut came into the Chamber an agreement was reached that we would pass over the vegetable-oil amendment, and that it should be taken up at 11 o'clock to-morrow. That agreement has already been entered into.

Mr. VANDENBERG. Mr. President, for the purpose of getting this issue squarely before the Senate, I move as a substitute for the committee amendment that all of subsection (a) in section 602 be stricken from the bill. I understand the parliamentary situation to be that the committee amendment, being a perfecting amendment to the text, will have to be voted upon first.

The PRESIDING OFFICER. That is correct.

Mr. VANDENBERG. But that subsequently my motion to strike out can then be submitted to the Senate.

The PRESIDING OFFICER. That is correct.

Mr. VANDENBERG. Therefore, I submit this amendment as the basis for what I want to say, with brevity, in respect to this proposition. In the main, I shall confine myself to the visual exhibits which were submitted to the Senate Finance Committee by the spokesmen for the automotive industry.

I want to preface these observations with a statement of four fundamental propositions, which indicate the nature of the appeal which I am submitting to the Senate.

First. The automotive industry does not ask for tax immunity. On the contrary, it has stated without equivocation that it will take its share of any universal tax which the necessities of Government may require. This is not a plea, therefore, for special favor; it is simply a plea against special and ruinous discrimination.

Second. Even this latter plea does not assert that the automotive industry particularly deserves tax justice on its own account; but it does assert that the country deserves the free and unhampered chance of domestic economic recovery, and of resurgent trade, which the automotive industry is best calculated and most bravely willing to inspire.

In other words, I shall undertake to prove to every Senator with open mind, first, that this special levy aimed at automobiles, trucks, and parts, is tax tyranny which blindly burdens a basic necessity of life and trade. Fiat logic to the contrary from the Treasury is no sounder than fiat money from that same exalted source.

Third. I shall undertake to prove that this is a tax against recaptured prosperity, and therefore is in violation of every motive and objective to which this Congress is presumptively dedicated.

I shall come immediately to the point and to the proofs; but as I submit the latter, I beg of Senators to remember that I am not speaking merely for automotive manufactories in my home State of Michigan, though Michigan happens to be the principal home of this sick but convalescent giant of modern times. I speak for the automotive industry as a whole, its labor, its capital, its sales and service agencies dotting every corner of every State in the Union—the greatest single universal economic stimulant and factor in modern American commerce.

I speak for this universality of national concern, a universality measured by the American ownership of 26,500,000 motor vehicles, which are 75 per cent of all the motor vehicles in all the world. I speak for more than 4,000,000 men of labor, who depend, directly and indirectly, upon this industry for their hopes of livelihood.

I speak by special mandate for organized agriculture in the United States which asks me to say to the Senate that the motor vehicle is as much an indispensable farm implement to-day as is the plow, and that motorized marketing is as essential as cooperative marketing for agriculture's success.

I speak, Mr. President, for the most inviting opportunity to break the vicious circle of this depression, and to provide the long-wanted and much-sought stimulation of trade. The automobile industry has dared to plan to do this thing. The question for the Senate to decide is whether it shall have this unhampered chance.

This latter is the vital consideration, because it rises above any expedient quest for handy tax targets and goes to the heart of our economic complex. The Treasury in its wisdom asked a basic 5 per cent penalty and impediment—I emphasize the word "impediment"—upon this key industry. As a matter of fact, the Treasury has always favored punishment at this point. The present Secretary objected to the repeal, even, of its war levies at the height of peace prosperity in 1927. He said, I hope prophetically, on October 31, 1927:

> Once the auto tax is removed, it can not be reimposed in time of peace.

The House cut the basic penalty to 3 per cent. The Senate Finance Committee put it up to 4 per cent. I am proposing, as did my distinguished colleague in the Senate Finance Committee, to wipe it out entirely and give agriculture a chance. At the particular moment the question is to be taken on that section of the tax dealing with trucks. The committee proposes to increase this rate from 2 to 3 per cent, and I propose to strike it out entirely.

Now to the proofs. I intend to be brief. Indeed, I intend to let the charts in the rear of the Senate speak substantially for themselves. I am appealing not merely for the ears of my colleagues but primarily for their eyes. I am appealing fundamentally for their common sense. I suppose it would be an anachronism to appeal to their horse sense in this connection. [Laughter.]

Proposition No. 1; and this is fundamental to the whole conception. The automobile has long since ceased to be a luxury, and anybody who undertakes to deal with the automobile in its relationship to American life on the luxury basis to-day absolutely reckons without his host. It is absolutely a necessity of life.

I do not believe that Congress will pick out this one necessity of life, single it out practically alone, among all the commodities in the market place of America, and victimize it with a discriminatory and burdensome assessment. There are too many other universal alternatives available.

Mark you, I say that proposition No. 1 is that the motor vehicle has come to be a necessity. There are more motor-vehicle registrations in the United States to-day than there are telephones, than there are domestic electric connections. It is a necessity of life.

Who is the typical automobile buyer at whom this tax is aimed? That is important, and it goes to the very crux of the problem. Who is the man at whom this tax is aimed?

Here upon this first chart is shown an authenticated net analysis of the automobile sales of the United States. The average man who buys an automobile in the United States has an income of $2,500; he is 40 years of age; he is married and has two children; he is buying a $3,000 home; he owns a $765 car; he spends annually for food $800, for clothing $275, for fuel and light $110, and the balance of his budget in other directions.

Here is the average man at whom this tax is aimed, I repeat. He is not a rich man; he is not even a man of moderate means. He is a type of the great mass citizenship of the country, with an income of not to exceed $2,500, and his car is a necessity to him, as we shall see as we proceed with the charts.

Let me suggest this, Mr. President, at this point: If this man is eligible for this motor tax, then a general sales tax would be even more logical. But if a general sales tax is not logical because of its burden upon mass consumption, then a special discriminatory motor tax aimed at this average man is completely illogical. Take your choice. In neither event is the special motor tax justified.

If one mass necessity is to be taxed, why not all? If none are to be taxed, why should this one productive commodity, belonging typically to this average man, with an income of $2,500, be selected to be victimized?

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to my colleague.

Mr. COUZENS. I may point out to the Senator that he is talking about the average man. That man, under the 1918 income-tax rate, would pay an income tax of $6, and under the rate in the pending bill, if he had a $700 car, at 4 per cent he would pay $28.

Mr. VANDENBERG. I thank the Senator for his observation. It bears squarely upon the general question of choosing alternatives which have an equity to support them instead of a discrimination to damn them.

Now let us look at the next chart.

> Nearly two-thirds of all new cars are bought by persons with a yearly income of less than $3,000.
>
> More cars are purchased by persons with incomes under $1,400 than by those having incomes over $6,500.

Not only that, but observe on the next chart the type of car, because the type of car bears finally upon the question of whether this is a luxury or a necessity. Observe the type of car which monopolizes the motor trade.

> Eighty-five per cent of all cars sell under $750 wholesale.

Here on the chart is a circle representing the total sales. Here is the 85 per cent under $750. Here is 7.9 per cent selling under $1,000, and only 6.4 per cent selling for over $1,000.

The price of cars purchased is just one more factor indicating to what extent automotion has become a mass service to mass Americans, which has been chosen, singled out, practically alone, among all commodities in the United States for discriminatory, burdensome, utterly hampering assessment in connection with this bill.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. Certainly.

Mr. BORAH. I understood the Senator to make the statement in regard to the number of people who purchase cars or the proportion of cars which are under the price of $1,000.

Mr. VANDENBERG. Yes.

Mr. BORAH. How much would this mean in the matter of taxes to the man buying a car of $1,000?

Mr. VANDENBERG. It would mean $40 under the terms of this bill.

Mr. NORRIS. What would be the additional cost he would have to pay on account of the tax levied on gasoline?

Mr. VANDENBERG. That is a matter of argument. I do not think he will have to pay any additional cost in normal situations.

Mr. BORAH. I was anxious to know where the weight of this tax would fall. I suppose it would fall on the small man?

Mr. VANDENBERG. I wonder if the Senator was in the Chamber when I showed the chart with the complete division upon it in respect to incomes? This is the chart which shows the yearly income group of the automobile owners and drivers of the country. The Senator will see that 1.4 per cent of the owners have incomes under $1,000; 1.2 per cent of the owners have incomes from $1,000 to $1,200. Then it follows on up to the peak. The largest single group is 30.3 per cent of car owners with incomes of $2,000 to $3,000. I think this is the information the Senator was seeking.

Mr. President, bearing still further upon the point of the question whether the automobile is a luxury which is entitled to be singled out for special discrimination at this time, or whether it is a necessity, I invite the attention of the Senate to another chart showing where the motor vehicles in use are to be found. Farmers own 26 per cent of all the trucks and 18 per cent of all the cars. Fifty-seven per cent of all the cars are on farms and in towns under 10,000 population. The balance of the chart breaks the figures down and indicates the distribution by groups.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. VANDENBERG. I yield.

Mr. BLAINE. Do these figures represent the new trucks and new cars that are purchased?

Mr. VANDENBERG. It is my understanding that these figures represent the 1931 total registration.

Mr. BLAINE. But many of the farmers' trucks, probably a very large percentage of the farmers' trucks, are usually rebuilt or secondhand automobiles.

Mr. VANDENBERG. The Senator is correct about that.

Mr. BLAINE. They purchase a chassis for $75 or $100 and then pay some carpenter or they themselves make a box for the chassis. That constitutes a very large part of the farmers' trucks, as I have observed.

Mr. VANDENBERG. I shall subsequently point out, in line with the Senator's' suggestion, for which I thank him, the proposal in this bill to single out parts and accessories for another discriminatory tax as a direct levy upon that farmer who is rebuilding his truck.

Make no mistake, Mr. President, as to the distribution of the ownership of these automobiles which are being recommended to the Senate by the Finance Committee for special discrimination, special assault, and special burden. About a week ago I was called upon in my office by a group of gentlemen which included Mr. L. J. Tabor, master of the National Grange; Mr. Fred Bowen, of Oklahoma City, representing the National Farmers Union; Mr. Charles A. Hurst, of Des Moines, Iowa, vice president of the American Farm Bureau Federation; Mr. M. C. Hull, of Lansing, Mich., president of the National Dairy Union; and also the Washington representatives of those very farm organizations. It was their emphatic, unanimous, unequivocal statement that agriculture has a definite, specific, and unsurrendering desire for the elimination of these automotive taxes above any other amendments in the bill as it has come from the Senate Finance Committee. They believe these taxes are a tax on farm welfare.

Mr. BLAINE. Mr. President, do I understand that the tax under the bill attaches to the sale of secondhand cars or used cars?

Mr. VANDENBERG. I am unable to answer that question. I refer it to the senior Senator from Utah.

Mr. SMOOT. Mr. President, it applies to just the first sale of the car by the manufacturers.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. BROOKHART. The Senator stated that farm leaders are in favor of eliminating this above any other tax. My telegrams from Mr. Hurst put oil first. He wanted the elimination of the oil and gasoline tax first and then the automobile tax came next.

Mr. VANDENBERG. I think the Senator is justified in saying that equal emphasis was put upon it in the general campaign which came from these organizations. I am stating that in the interview with me, which had nothing to do except with excise taxes, the whole emphasis of agriculture was put upon the need for relief from this particular discrimination against agriculture in respect of heavy, discriminatory motor taxes.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. Certainly.

Mr. BORAH. Do I understand the Senator is proposing to strike out all excise taxes on this item?

Mr. VANDENBERG. That is the Senator's proposal.

Mr. BORAH. Is it his contention that they should pay no tax at all?

Mr. VANDENBERG. It is my contention and it is their contention that they shall accept any tax which is general and universal. They made that frank and courageous statement to the committees in the House and the Senate. They have never complained to my knowledge against the increase in income taxes. They have never complained against any suggestion of a general sales tax. They are perfectly willing to take whatever the Senate concludes to be the best form of a universally applied assessment, and I am taking that position in presenting this matter to the Senate.

Mr. BORAH. The Senator's contention is that as a matter of equity it should go out entirely?

Mr. VANDENBERG. That is my contention, that it should go out so far as it is a selective discriminatory assessment against this one commodity alone among all the commodities that are competing for the consumer's dollar in the American market place. I am going to undertake to prove to the Senate before I conclude that there is a distinct and specific economic reason for this elimination. I think, perhaps, if I am permitted to run through the charts before further questions are submitted I may anticipate many of the questions which otherwise might be asked.

The first proposition which I submit and which I think stands beyond controversy is that the automobile no longer can be classed as a luxury. It must be classed as a necessity.

The second proposition I want to submit is that motor vehicles already are the most heavily burdened tax patriots

in the country. Indeed, they are now the essential source of substantial State revenues in every State in the Union and are largely looked upon as, and in my judgment ought to be allowed to be, the tax target of the States, if a tax target at all, instead of the Nation's.

But I want to point out to what extent the automobile vehicle already is paying its share and infinitely more than its share of the cost of Government. The motor-vehicle taxes in 1931—I am calling the attention of the Senate to the next chart now—totaled $1,022,000,000. In gasoline taxes the motor vehicles paid, in 1931, $524,000,000; in license fees, $348,000,000; in personal property and municipal taxes, $150,000,000; a total of $1,027,000,000 in taxes.

Motor vehicles pay nearly 10 per cent of all taxes collected in this land. On the chart is the line showing the motor taxes and the comparison. All motor taxes equal one-fourth of Federal expenditures. The chart shows also the comparison with the expenditures of Federal Government.

The pending bill contemplates adding other burdens on top of this superlative burden which the traffic already bears. I say again there is no complaint from the gentlemen who have come to Washington and appeared before the committees of both Houses as against any tax which is universal in its application and respects all alike; but special levies on top of everything else are deemed to be not only insufferable but, as I shall presently indicate, it is believed to be a definite bar upon the most hopeful opportunity which there is in the present economic situation for a restimulation of general trade.

In looking at the chart which indicates the tremendous burden already carried by the motor vehicles and realizing to what an extent this contribution is being made to the States and local subdivisions of government, I submit that it might be well to remember the advice of the old adage, that it is possible to kill the goose that lays the golden egg or, changing the simile, that it is possible to put the last straw upon the camel's back which makes it break.

Here is another chart bearing upon the same subject to which I have just adverted, but showing progressively how these assessments from year to year have been rising, rising, rising. I pass the chart with the observation that inevitably there is a top where this thing will blow up.

Before coming to the next chart, I want to refer to another exhibit bearing upon the question of multiplicity of levies, because, after all, when an industry confronts a multiplicity of levies it inevitably confronts embarrassment and discouragement and difficulty. Here is a typical sample bearing upon the multiplicity of motor levies. The city of Mobile, Ala., is offered as an example. This automobile in Mobile, Ala., pays $11.28 registration fee, $7.80 personal-property tax, $31.15 State gasoline tax, $6.23 city gasoline tax, $9.35 county gas tax, a total of $65.78. We are proposing in the terms of this bill to manufacture one more crushing levy to be added to this total.

I want to use one more card before I leave that phase of the subject to show what these taxes mean to the individual owner of the car. I am calling attention now simply to the bottom exhibit upon this card. Senators will note the average tax for motor vehicle in 1931 was $39.74. The total tax is 20.1 per cent. The percentage of average tax paid throughout the average life of the vehicle, namely, seven years, is 140.7 per cent of its value.

In other words, the average automotive car owner in the course of seven years, under the existing automobile tax levies of the Nation, pays almost one and a half times the cost of his car in taxes. That fact has a bearing upon the contention that there is a point at which this burden can not be extended.

The third proposition, Mr. President, is what does all this mean to labor and employment? These are factors involving unavoidable challenge in this hour of economic perplexity. Here is an industry with a potential employment of 4,022,000 men. Nine and a half per cent of all the gainfully employed workers in the United States are embraced within this classification. Those employed directly total 3,197,000. Here [indicating on chart] is the breakdown of that figure. I will not take the time of the Senate to read the details; the chart speaks for itself. Those employed directly number 825,000, and the total is 4,022,000.

The point is, Mr. President, in respect to this chart [indicating] that I am coming to prove that this is the key industry of the United States, speaking in terms of industry, if there is a key industry in the United States.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Iowa?

Mr. VANDENBERG. I yield.

Mr. BROOKHART. Could the Senator have these tables inserted in the RECORD at some time? I think it would be valuable to have them printed in full.

Mr. VANDENBERG. Mr. President, I should be very happy to act upon the Senator's suggestion. At the moment, for the RECORD, I will call attention to the fact that the employees in the motor-vehicle factories number 228,000; in parts factories, 119,000; in tire factories, 50,000; among dealers and salesmen, 205,000; supplies, accessories, tires and parts, dealers and salesmen, 95,000; garage and repair-shop employees, 537,000; professional chauffeurs, 380,000; professional truck drivers, 1,573,000; automobile financing and insurance and those connected with such lines, 10,000; gasoline refining and retailing, 350,000; iron and steel workers, 40,000; copper, lead, tin, nickel, and aluminum workers, 10,000; railroad workers, 60,000; lumber and wood workers, 6,000; electric power and coal workers, 4,000; highway workers, 325,000; miscellaneous others, 30,000. No possible tax could be devised which would attack and hamper more elements of trade and employment.

Mr. President, again let me say that the point I am undertaking to make and which is still further emphasized by this larger chart [indicating] is that this is the key industry of the United States.

Here [indicating] is a map of the United States showing every State in the Union. The letters in red upon each State indicate the commodities from each State which are purchased and used in the manufacture of automobiles. The letter "E" in each State represents direct employment in the auto industry; the letter "S" indicates the number of automobile retail stores; the letter "F" represents the number of automotive factories and gasoline refineries.

Mr. President, I challenge any Senator from any State in the Union to identify his commonwealth upon this map and fail to find upon it the clear, specific, unanswerable demonstration that his State has a specific and direct interest in the restimulation of the automotive trade of the United States.

I invite the attention of every Senator to the fact that this industry breaks down into subactivities which touch thousands of wage earners in every State in the Union; I invite the attention of every Senator to the fact that in his State, without exception, there are basic commodities which are purchased and brought into the production of motor cars and motor vehicles. As a whole and in sum total, Mr. President, this is to-day the key industry of the United States.

This key industry, Mr. President, in the last six months has demonstrated more economic bravery than has any other industry in this land. I think Senators are familiar with the fact that during the spring sales season the automotive industry undertook to proceed regardless of profit primarily for the purpose of recreating employment, upon plans for a courageous assault upon the retail markets of the United States this year. In undertaking to proceed with that program they recurred to publicity plans upon a broad and ambitious scale, the first publicity of this sort that has been in any degree reminiscent of normal economic times in this country. They proceeded in this campaign upon the basis of the lowest possible production cost which could be attained and the lowest possible price at which the cars could be offered to the country.

The spokesman for them, Mr. President, before the Senate Finance Committee, declared that the possibility of reducing costs 10 cents upon a car was the cause of a major conference in order to achieve it; in other words, the whole point

and effort of the automotive adventure during this dark spring season has been to furnish the power which should reinspire and restimulate American industry and American business, not only with courage but with orders. They have proceeded upon that ambitious adventure, Mr. President, with a bravery that is to their everlasting credit, and with an optimism and a courage which deserve something better from the American Congress than not only a discrimination but an actual impairment of the possibility of achieving the thing so essential to American commerce in every State in this Union. They have sought orders, not profits. They seek to provide employment, not dividends.

It is upon that basis, Mr. President, fundamentally, that I submit to the Senate that it is not sound business for the Congress, itself in a situation of this character, to pick out the one business that offers any hope to America and to crucify it with a special discriminatory tax which, in the judgment of those who deal with this subject intimately, puts an additional and final load upon the industry which it can not endure if it is to carry on.

Not only that, but here is a sixth proposition, and I dismiss it in two or three sentences. The tax on replacement parts which is carried in this amendment is a tax on misfortune; it is a tax upon accident; it is a tax which invites the sacrifice of safety; it becomes veritably a tax on human life. To state the case is to prove it.

Another proposition: The automobile revenue as estimated by the Treasury is capable of being proven to have been more alluring—I do not say deliberately so—but more alluring than reliable. The fact that appears to me is that the figures submitted to the Senate as a justification for this levy have been at an altitude calculated better to "sell" the scheme to the Senate than to produce revenue for the Treasury; and I say that advisedly.

Mr. President, the estimate of revenue on the basis of the Senate Finance Committee bill is supposed to be a total of $73,000,000. If production in 1932 shall equal that of 1931—and it will be a miracle if it does—the total revenue from this tax will be not $73,000,000 but $54,000,000.

Again, Mr. President—and I am now using the figures of the National Automobile Chamber of Commerce—estimated upon the basis of production for the first quarter of 1932, the product of this tax instead of being $73,000,000 will be $30,000,000, of which $23,000,000 will come from automobiles, $3,000,000 from trucks, and three and a fraction million dollars from parts.

Mr. President, the possibilities of income from this source cease to be so attractive when they are figured upon the cold realities of the situation, and I submit that it is a poor business bargain for us to single out, for the sake of $30,000,000 instead of $73,000,000, the one industry in America which gives any hope of resurgent trade and the restimulation of economic life; to single it out not only for a special and discriminatory and fatal burden but for actual hobbles to hold it back in its race for trade.

Mr. President, I wish to say in conclusion that there are ample alternative methods for obtaining either the $30,000,000, which is the proceeds of this tax based upon current production, or the $73,000,000 which is the Treasury estimate. There are ample alternative sources from which to get either one of those sums, but there is no source to which Congress may turn for either of them to less advantage than is indicated in the plan and chart of this bill in respect to this industry. Any other tax can have a better defense than this particular tax under these particular circumstances and in these particular times, when, as I have demonstrated time and again, the best economic hope of the country is in the restimulation of trade which can be touched by this key industry, and which this industry has dared to plan upon precipitating.

So I say, in conclusion, the motor industry is ready to carry its share of any uniform load, and it has never asked for any favor otherwise. It wants no favors. It simply wants an even chance at the consumer's dollar. It wants an even chance to give the consumer maximum value. It wants an even chance to put and keep 4,000,000 men at work. It wants an even chance to stimulate all these other industries which are related to and dependent on it. It wants an even chance to survive, and to help America to survive.

The VICE PRESIDENT. The question is on the committee amendment.

Mr. VANDENBERG. Mr. President, I have submitted a substitute. I think perhaps the Chair is informed of that fact. I understand that the substitute can not be voted upon until the amendment is perfected.

The VICE PRESIDENT. Has the Senator proposed a substitute?

Mr. VANDENBERG. I have proposed a substitute.

The VICE PRESIDENT. The question is on the committee amendment.

Mr. SMOOT. Will the clerk state the substitute?

The VICE PRESIDENT. Will the Senator submit his substitute at this time?

Mr. VANDENBERG. I did submit my substitute at the opening of my observations. May I say, in view of the parliamentary situation, that my hope would be, first, that the committee amendment shall be defeated, because the committee amendment is seeking still further to increase this discrimination and burden. Therefore, on the first vote, which is a vote upon the committee amendment, I shall hope that the committee amendment will be defeated. Then, whether defeated or carried, when the Chair submits my substitute, which strikes out the entire section, I shall, of course, hope and pray that that may carry.

Mr. SMOOT. Mr. President, the committee amendment is supposed to provide a revenue of $73,000,000, as stated by the Senator from Michigan. That is the estimate of the Treasury Department. That is on the rates recommended by the Senate committee. On the rates as passed by the House, the revenue would be $56,000,000. Those rates are as follows:

On automobile truck chassis and automobile truck bodies, including in both cases parts or accessories therefor sold on or in connection therewith or with the sale thereof, the House provided a rate of 2 per cent. The Senate committee recommended 3 per cent.

On other automobile chassis and bodies and motor cycles, the House provided a rate of 3 per cent. The Senate committee amended that by striking out 3 per cent and inserting 4 per cent.

On parts and accessories the House provided a rate of 1 per cent, and the Senate committee provided a rate of 3 per cent.

The VICE PRESIDENT. May the Chair state to the Senator from Utah that the first motion to strike out relates to paragraph (a) of section 602.

Mr. SMOOT. Yes; but I was giving the whole picture, because the Senator from Michigan referred to the amount of revenue that would be raised by the Senate committee provisions covering paragraphs (a), (b), and (c); and in what I stated I covered the revenue from all three of the paragraphs.

It is true, Mr. President, that the automobile truck chassis would provide at 3 per cent $44,000,000, and at 4 per cent $58,000,000. There is not a tax imposed in this whole bill but that there are objections to—not one.

The committee was compelled to do the best it could, and select industries, first, from which we could get the revenue; second, to do as little harm as possible to the business of the country by imposing taxes that amount to a billion dollars. That is what we had to do; and I sometimes feel that under the provisions of this bill, we will not raise the billion dollars. If business continues as it is to-day, without any increase whatever, I feel positive that under the provisions of the Senate committee amendments to the bill we can not raise that amount of money.

It is true that the industry we are taxing at this time will pay a considerable part of the tax that we intend to collect from the people. Your committee thought there is no industry in the United States that is in better condition to pay than the automobile industry. Your committee did not select it because they had any ill-will toward the

manufacturers of automobiles. They did not select that industry because of the fact that its product is used by hundreds of thousands of American citizens. Your committee had to select sources where the tax could be collected; and I think myself that the amendments that have been made by the Senate committee meet the situation as it exists in the United States as well as any changes designed to raise a billion dollars that it was possible to make.

God knows I wish we did not have to raise any additional taxes, whether from the automobile or from all of the many sources covered by taxes imposed in this bill; but in order to meet the obligations of the Government that must be done. The Budget can not be balanced unless we hurt some industries and all of the industries in the United States.

I know that this is a burdensome tax. I know that it is a tax that reaches more of the people directly than any other tax, perhaps, that there is in the bill; but we can not raise the requisite amount of money unless we do reach them.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Louisiana?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. LONG. We have all been pretty well exhausted fighting this tariff bill. That is true of several of us, including the Senator himself.

I have talked to several Senators, and I want to make a suggestion. A few of us would like to get our wits together on this matter, and I suggest that we recess to-night before trying to vote on this automobile tax and these excise taxes, and come back to-morrow morning as early as the Senator sees fit. I know there are a number of Senators that I want to confer with since we have gotten through with the tariff items, concerning which we were all in doubt as to whether or not we were going to be able to pass them. They involved considerable revenue, and it was almost impossible to make calculations until we got through those tariff items.

Mr. SMOOT. Mr. President, I assure the Senator right now that notwithstanding the tariff taxes, and taking into consideration what we anticipate collecting from them, we will not have a dollar of revenue more than is necessary to balance the Budget. I say again that it is my opinion that under the provisions of the bill as it is, if every item remains in the bill and we collect the anticipated amount from the tariff rates, I think we will fall short of the amount that is necessary.

I know the state of business throughout the country. I know that it has not improved, and it must improve if we are going to collect enough money under the provisions of this bill to raise a billion dollars and over. If I had my way, or in other words, if I were framing the bill, I would try in every possible way to avoid imposing a good many taxes that are imposed. This, of course, seems like a large amount, and it is a large amount, because the automobile industry is the greatest industry in the United States to-day.

I agree with all that the Senator from Michigan [Mr. VANDENBERG] has said in regard to the volume of business carried on by the manufacturers of automobiles in this country. I know that the business reaches into every nook and corner of the United States. There is hardly a family in the United States that is not involved in some way; but if we are to raise the necessary money to meet the Budget, we shall have to go into almost every home. We shall have to hit every individual in the United States. We can not pick out one industry and say that it shall pay all the taxes. It is an impossibility.

As far as the business is concerned for this year in which we expect to collect our taxes, I may be wrong, but I have a feeling that we are going to be greatly disappointed. I think when the tax returns come to light, and the figures are shown, there will be a greater loss than is anticipated even by the Treasury Department.

I know of no one who could have made a better plea than did the junior Senator from Michigan [Mr. VANDENBERG] in behalf of the automobile business. I know that all he has said about the real value of the industry to America is true, and more, too.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Iowa?

Mr. SMOOT. Yes; I yield to the Senator.

Mr. BROOKHART. I should like to ask the Senator if he considers higher income taxes and estate taxes a burden on the industry of the country?

Mr. SMOOT. Every tax is a burden on the industry of the country.

Mr. BROOKHART. Then a tax that would be paid by the mass of the common people, reducing their buying power, would also be a burden on industry, would it not?

Mr. SMOOT. Every tax that is imposed in any form falls in one degree or another upon industry.

Mr. BROOKHART. I think the Senator is right. Why, then, do we have to worry our heads about balancing the Budget in time of emergency? Why can we not balance the Budget on the credit, the taxing power of the Nation in the future, when we know there will be some recovery?

Mr. SMOOT. The safest way for any government to do is to live within its income, especially where it is necessary to impose upon every individual a tax directly concerned with his own personal business.

Mr. BROOKHART. Is not that an indication that the recipients of big incomes would like now, in this time of stress, to transfer the tax over onto the recipients of the little ones?

Mr. SMOOT. No, Mr. President; they can not do that.

Mr. BROOKHART. And then be relieved from their burden when prosperity returns?

Mr. SMOOT. They can not do it. Under the present system of taxation how many persons does the Senator think pay income taxes to the Government of the United States?

Mr. BROOKHART. I know how many there are in Iowa—yes, and in the United States, too. There are about two and a half million.

Mr. SMOOT. Oh, no. There are just a little over 2,000,000 income-tax payers in the United States to-day. That is all there are. I wish we were in a position where we did not have to increase that number, but we shall have to do so.

Mr. BROOKHART. They are the ones who get all the incomes, and that is why they have to pay it.

Mr. SMOOT. Oh, no; they do not. I do not want to go into an explanation as to why they do not. There is no necessity for that at this time.

I do not know what more I could say to the Senate than what I have said. It is up to this body, on this vote, it seems to me, to decide as to whether we are to raise sufficient money to meet the deficit of our Government, which we know is going to exist.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. SMOOT. I yield.

Mr. FESS. Every Senator would like to vote against this tax. If we defeat the tax, what is the recourse?

Mr. SMOOT. I have already explained that.

Mr. COUZENS. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. I yield.

Mr. COUZENS. I think the Senator from Ohio was here the other day when I disclosed a way of balancing the Budget without this tax. He certainly is not asking the question now as to how we could raise the money if we did not impose this tax.

Mr. FESS. I was here, but I was not impressed with what the Senator suggested.

Mr. COUZENS. It was a way, whether the Senator was impressed with it or not. I did not expect the Senator to be impressed.

Mr. FESS. We can not collect income tax when there is no income.

Mr. SMOOT. That is a certainty.

Mr. COUZENS. The statement that there is no income is almost absurd.

Mr. SMOOT. I suppose the Senator meant relatively. The Senator did not mean that nobody would pay an income tax.

Mr. FESS. Mr. President, I understand the situation of the Senator from Michigan. I am asking the chairman of the committee, if we defeat this, what is the recourse? It certainly is not in taxing high incomes. That does not impress me.

Mr. SMOOT. If we defeat this item, which we anticipate will really bring the revenue, I do not know where we will get an amount of money equal to what we would collect under this provision. Of course, there is one way, and I tried that in 1922, when a tax bill was before us, and I think I got 22 votes.

Mr. FESS. That is, the sales tax?

Mr. SMOOT. That is the general sales tax.

Mr. FESS. Is that feasible?

Mr. SMOOT. It is feasible; yes.

Mr. FESS. Why not try it?

Mr. SMOOT. Because there are not votes enough in the Senate to carry it.

Mr. COPELAND. Mr. President, will the Senator from Utah yield?

Mr. SMOOT. I yield.

Mr. COPELAND. I was called from the Chamber and did not hear the argument on this proposed amendment. As I understand it, the proposition is to strike out the committee amendment providing a tax of 3 per cent.

Mr. SMOOT. No; the pending amendment is to strike out paragraph (a) entirely, so that there will be no tax on automobiles, truck chassis, or automobile truck bodies.

The VICE PRESIDENT. The Senator is mistaken about that. The first vote will be on the committee amendment on page 246, line 23. The Senator from Michigan will then make his motion to strike out paragraph (a), after the vote is taken on the committee amendment.

Mr. SMOOT. I went to the object of the amendment directly. The object of it is to strike out all of the tax on automobiles.

Mr. COPELAND. In spite of what the object may be, I would like to know the effect of the various steps. As I understand it, the first motion is to reject the committee amendment. Is that right?

The VICE PRESIDENT. The question is on agreeing or disagreeing to the committee amendment.

Mr. COPELAND. I would like to ask the Senator from Utah this question. Suppose we reject the committee amendment. We would then go back to the 2 per cent tax, would we not? If so, what would be the estimated loss in revenue, if we were to reduce the tax from 3 per cent to 2 per cent?

Mr. SMOOT. It would be $14,000,000.

Mr. COPELAND. The Senator is quite confident that this is a better tax than the tax on wort?

Mr. SMOOT. One article is used by everybody, and wort is used for making beer. They can get along without that.

Mr. COPELAND. Do I understand the Senator to say that wort is used by everybody?

Mr. SMOOT. Just the reverse.

Mr. COPELAND. Oh, I see; I misunderstood the Senator. [Laughter.]

Mr. SMOOT. I am quite sure the Senator was thinking as I stated it, however.

Mr. COPELAND. As I understand the Senator, if we reject the committee amendment, the effect would be to reduce the possible income from this item by $14,000,000?

Mr. SMOOT. That is right.

Mr. COPELAND. If we were to reject the entire paragraph, it would mean the loss of three times fourteen, or $42,000,000?

Mr. SMOOT. No; it would mean a loss of $73,000,000 in the whole automobile tax.

Mr. COPELAND. I mean just as to paragraph (a).

Mr. SMOOT. If that were rejected, it would mean a loss of $58,000,000.

Mr. COPELAND. Then, on the first vote we would have to choose as to whether we would retain in the bill $14,000,000 which we would lose by going back to the House rate?

Mr. SMOOT. Yes. If the Senate committee amendment is not agreed to, we will lose $14,000,000. If, then, the paragraph were stricken out, we would lose $58,000,000.

Mr. COPELAND. This paragraph (a) relates wholly to trucks, does it not?

Mr. SMOOT. It covers "automobile truck chassis and automobile truck bodies."

Mr. COPELAND. I am very serious about this, because I want to know the effect of the proposed amendment. If paragraph (b) is stricken from the bill, that will include the Lincolns and the Pierce-Arrows, and the high-grade cars, will it not?

Mr. SMOOT. I stated the amount to be collected on the passenger cars. The rate on those was 3 per cent in the bill as it passed the House and is 4 per cent in the Senate committee bill. That is where the difference of $14,000,000 comes.

Then under the 2 per cent rate—that is, on trucks—the estimated revenue is $4,000,000 under the 2 per cent rate and under the 3 per cent rate it would amount to $6,000,000, or a difference of $2,000,000. Under the 1 per cent rate the amount would be $8,000,000 under the House provision, and it would be $9,000,000 under the Senate committee bill. That is, on tires, tubes, and so on.

Mr. COPELAND. I find myself confused, Mr. President.

Mr. SMOOT. On passenger cars the House fixed a rate of 3 per cent, the Senate committee 4 per cent, and the difference between the revenue estimated under the 3 per cent and the 4 per cent rate is $14,000,000.

The next is trucks. The rate in the House was fixed at 2 per cent; in the Senate committee bill at 3 per cent. The difference is estimated to be $2,000,000.

On parts and accessories the House fixed a rate of 1 per cent, under which it is estimated we would collect $8,000,000, and the revenue estimated under the Senate committee amendment is $9,000,000, or a difference of $1,000,000.

Mr. COPELAND. To face the amendment which is pending, if the 3 per cent suggested by the committee were rejected, we would go back to the House rate and the loss would be $2,000,000.

Mr. SMOOT. If one of the Senate committee rates is picked for defeat, I suppose we will take all of them. In other words, under the House provisions, all three of them, we would collect $56,000,000, and under the Senate provisions we would collect $73,000,000. That means a difference of $17,000,000, taking all together.

Mr. COPELAND. I do not want to take them all together. I want to make a separation between the trucks and the pleasure cars. In my mind, at least, there is a great distinction between the trucks and the pleasure car.

Mr. SMOOT. The rate on the pleasure car is 4 per cent under the Senate committee bill, and on trucks 3 per cent, and on parts and accessories 2 per cent.

Mr. COPELAND. If we were to reject the Senate committee amendment providing for 3 per cent, in paragraph (a), and go back to the House text, our loss would be $2,000,000?

Mr. VANDENBERG. That is correct.

Mr. SMOOT. That is, on trucks; yes.

Mr. COPELAND. While, on the other hand, if we reject the Senate committee rate of 4 per cent, in paragraph (b), and accept the House rate, we will lose $14,000,000?

Mr. SMOOT. Fourteen million dollars.

Mr. COPELAND. So the matter that is pending now is the question of whether we will accept the Senate committee amendment of 3 per cent, or go back to the House rate of 2 per cent, and by so doing lose $2,000,000?

Mr. SMOOT. On this particular amendment.

Mr. COUZENS. Mr. President, I do not desire to take the time of the Senate to go all over what we covered to-day, but in view of what the Senator from Ohio just stated, that he did not know what substitute we could find in place of this tax, if we could eliminate it, I want to say a word.

My colleague pointed out a few moments ago that we would expect some $30,000,000 of tax from this item, based

on the production of three months in 1932. If that is so, then this estimate of the Treasury of $73,000,000 is about $40,000,000 or more off.

While I am speaking of that, I may say that I am not going over the field my colleague covered, but I want to point out that the automotive industry this year has spent nearly as much as the entire tax would be in exploiting the business, in the form of advertising and exhibits. In other words, they have spent over $22,000,000 this year in trying to revive business. And now comes along the proposal to hobble the one great industry of the Nation with a tax which no other industry is to be hobbled with.

It is said there are no other sources of income we can tap except the motor industry, and the Senator from Utah made a very eloquent plea that this tax be retained, saying that he would not know where to go to raise the revenue if we did not impose this tax.

Obviously, we can not expect to obtain from the high income-tax brackets any substitute for these excise taxes. I am not claiming that. Whether the Senator from Ohio intended to imply that I would expect to raise the revenues from these high brackets or not, I do not know. If he did, he is in error.

I particularly pointed out the other day that the great hope of stable income this year was from the incomes in the low brackets; nevertheless, a guaranteed substantial income, not a speculative income. The incomes from two to ten thousand to twenty-five thousand dollars a year are not speculative incomes. They are the incomes from the great stable income groups of the country, and I want just for a moment to point out where the revenue could be raised.

For example, we estimate that over and above the rate now being collected the reinstatement of the 1918 rates would bring in $486,000,000. That is $331,000,000 more than the Finance Committee provides for.

Just consider the groups which would pay the taxes. From the group of those earning from one to two thousand dollars a year—and they would be the group of single men, without the married man's exemptions—we would get $40,000,000.

From incomes of from two to three thousand dollars we would get $49,000,000.

From incomes of three to five thousand we would get $99,000,000.

From incomes of from five to ten thousand we would get $109,000,000.

The largest group we would have would be of those earning from ten to twenty-five thousand dollars, from which we would get $174,960,000.

It will be seen, therefore, that it is in the medium-income groups that we find the reliable incomes from which we would get the revenue.

This tax, as my colleague pointed out, would come from the average man who earns $2,500 a year income and has a wife and two children. Under the 1918 rate he would have to pay $6 per year income tax. He is the man who purchases an automobile at an average price of $700 wholesale. That multiplied by 4 per cent would be $28. Under the income tax of 1918 he would pay $6, and under the proposed rate of 4 per cent on automobiles he would pay $28. So I ask where is the average man? Is he better off with the income tax of 1918 or is he better off with the 4 per cent sales tax on his automobile?

Mr. President, there is no reason for any of these sales taxes. The Budget can be balanced by eliminating all of the excise or sales taxes, with the possible exception of the tax on wort, and I understand that the chairman of the Finance Committee is not anxious to have that exempted. All of the rest of the sales taxes can be exempted. We can balance the Budget by reinstating the 1918 rates, cutting out all excise taxes, but imposing the gift tax, estate tax, postal increase, stock-transfer tax, admission tax above 45 cents, and the check tax. By that means we can absolutely balance the Budget and there will be no question of whether the Budget will be balanced by guessing at what the production of automobiles or radios will be. My colleague has very vividly pointed out that the estimate of $73,000,000 is twice too great based on the productivity of the motor industry during the first three months of 1932.

The committee itself recognizes, perhaps more impressively than I can state, the undesirability of picking out specific industries upon which to place a sales or excise tax. Just see what they eliminated. After having considered all of the different articles on which they were to place an excise tax, they raised the rate on automobiles and eliminated the others. For example, they eliminated the excise tax or sales tax on toilet preparations, furs, jewelry, yachts and motor boats, mechanical refrigerators, sporting goods, cameras, firearms, matches, candy, and soft drinks.

The Finance Committee itself recognized how unwise and uneconomic it was to place a sales tax on all of those commodities, and so they properly eliminated those items from the bill and made up the loss of revenue that was caused by their removal by adding a 1 per cent sales tax to the already existing 3 per cent tax on automobiles.

I do not think it is necessary to have any question raised, as it has been raised by the Senator from Utah [Mr. SMOOT], that there is no other means of securing the revenue.

Mr. WALSH of Montana. Mr. President, I am not at all averse to the position taken by the Senators from Michigan [Mr. COUZENS and Mr. VANDENBERG] with respect to these provisions of the bill. I am wedded to the idea advanced by the senior Senator from Michigan [Mr. COUZENS] that we ought first to exhaust all reasonable opportunities for return from the income tax. The figures submitted by the junior Senator from Michigan [Mr. VANDENBERG] were very interesting, but it does seem to me that neither of the Senators has approached the real determinative question as to whether, if we are to have excise taxes, this particular tax should be imposed.

It is very interesting to me to know that our State of Montana, for instance, supplies a considerable amount of commodities to the automobile industry, and likewise other States throughout the Union. But, of course, we are interested in knowing what the result of this tax will be upon our supplies. Of course, if this tax would utterly destroy the automobile industry we would not be able to sell anything more to it. But it has not been established, at least, except by the statement of the junior Senator from Michigan, that the automobile industry would be destroyed. Indeed, I am concerned particularly to know to what extent the sale of automobiles would be hampered or destroyed by the imposition of this particular tax.

In other words, ought we not to have some information as to how prosperous this industry has been, what profits have been made during these periods of depression, or what losses they have sustained to indicate the burden that this particular tax would be. For instance, on an automobile that sells for $650, if the sales tax of 4 per cent were imposed, that would be $26, and the price exacted of the purchaser would be $676. How much of a loss would there be in the sale of automobiles if we increased the price from $650 to $676?

Take the case of the automobile that sells now for $1,000. If we impose a 4 per cent tax that would be $40, and the purchaser would be obliged to pay $1,040 instead of $1,000. How many quite willing to buy an automobile that costs $1,000 would decline to buy it if they had to pay $1,040? These seem to me to be the important questions for determining, if we are going to impose excise taxes, whether we ought to impose this particular tax on this particular industry.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Michigan?

Mr. WALSH of Montana. Certainly.

Mr. VANDENBERG. Of course it would be absurd to say that this tax would destroy the automobile industry. On the other hand, it would be absurd for a layman, either like the Senator from Montana or myself, to undertake to estimate the handicap involved in such a tax. We can only go to those who are presumed to know. I invite the attention of

the Senator to the fact that perhaps 15 of the major automotive executives of the United States appeared in person before the Senate Finance Committee and submitted it as their considered conclusion that the assessment of this tax would provide just enough of a handicap and barrier to absolutely defeat their sales-campaign purpose for this spring, which they had built upon the absolute cost basis for the purpose of attempting to contribute a trade stimulus to their country and reopen their automobile factories.

Again, on the question of what their profits have been, I am not permitted to make public the schedule I have in my hand, although I shall be very happy to show it to the Senator, but I tell him that out of the 13 major companies of the country 11 show a distinct and substantial operating loss during the first three months of this year.

Mr. WALSH of Montana. But let me inquire if the real evidence of that would not be the income-tax returns?

Mr. VANDENBERG. Yes; and I would be quite happy to refer the Senator to those tax returns if he can get at them. I think the automotive industry, in the face of a lack of profits, relatively speaking, has been so much more patriotic than any other industry in the United States in going ahead in spite of its burdens, that I would be very happy to have the Senator check upon that statement in the income-tax figures, if he can do so.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Utah?

Mr. WALSH of Montana. I yield.

Mr. SMOOT. The example to which the Senator has called attention showed that on an automobile costing $700 the added tax would make a price of $728. But the Senator must remember that this tax is not to be imposed upon the retail price that would be paid by the purchaser.

Mr. WALSH of Montana. I understand.

Mr. SMOOT. It is to be imposed upon the manufacturer's wholesale price.

Mr. WALSH of Montana. Yes; it is a wholesale price, I understand; but I was assuming those figures for purposes of illustration. I suppose very likely, the retail price being $700, the wholesale price would not be more than $550, or something like that.

Mr. SMOOT. Certainly.

Mr. WALSH of Montana. I just used those figures for the purpose of illustration. I merely desire to say, of course, that the opinion of these gentlemen, expressed before the committee, without any facts upon which that opinion is based, is a rather unsafe basis upon which we ought to act.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Montana yield to the Senator from Michigan?

Mr. WALSH of Montana. I yield.

Mr. COUZENS. Is there any way an estimate could be made of how much this tax would deter sales? How would the Senator go about it? If he were to ask the motor manufacturers to tell him how much the tax would deter sales, I do not think it would be humanly possible for them to give an answer.

Mr. WALSH of Montana. I presume the next best answer would be the margin of profit there is in it.

Mr. COUZENS. Whether or not there is any margin of profit in the industry, it was obvious from the statement made that they would have to add it, as they have always added it, to the sale price of their car. In previous years when we have had such a tax they have not only advertised the wholesale price of the car, but have advertised "plus Federal tax of so much," and that in itself would be a deterrent on the sale.

Mr. WALSH of Montana. In the case I stated, it would be a deterrent to the extent of $40.

Mr. COUZENS. There is another matter I want to emphasize. The president of one of the large companies pointed out to me very vividly the psychology of picking out this industry as a luxury. The president of this company said they had just produced a new car costing about $1,700. If I remember correctly, he said they had demonstrated that car to 2,000 people through their sales agencies and they had closed practically no sales because everybody said, "It is a brand-new car and shiny; it is a luxury, and I guess I had better not be seen driving it now because of the effect it has upon those who are in distress." Not only is the tax involved but the psychology of picking out of all the industries in the United States this one industry and saying, "We will place a tax on it because it is a luxury," has a bad psychological effect.

Mr. VANDENBERG. Bearing upon the question of whether there is a sales resistance as a result of taxation, let me invite the attention of the Senator to a chart showing the States with high gasoline taxes. Ten of them are set forth. The average decrease in automobile registration in those 10 States for last year is 9.7 per cent, compared with the average national decrease of 2.8 per cent. On the chart is shown likewise the spread in States with a high gasoline tax. There are also shown 10 comparable States with a low gasoline tax. The average decrease in those 10 States is 0.8 per cent, as compared with 2.8 per cent, the national average. For whatever it is worth, I suggest that it bears upon the question of the sales resistance which the higher gasoline taxation provides.

Mr. WALSH of Montana. There must be many other factors inducing caution in investment in automobiles in those States.

Mr. VANDENBERG. If it is just a coincidence, it is a coincidence in 20 States.

Mr. COPELAND. Mr. President, I can not for the life of me see why the manufacturers of automobiles are the ones to complain. When one goes into a salesroom in New York to buy a car the price that is quoted to him is the price of the car in Detroit or at the place of manufacture. He has to pay the freight, he has to pay the charges of delivery, and I doubt exceedingly if the question of a small tax on a pleasure car would make any difference in the sale of that car. However, when it comes to the trucks, which are used by farmers and the delivery men, which, in fact, are a part of their business, I should like to see the price as low as possible. I can not see why the committee did not classify trucks and pleasure cars, too, in relation to value. The man who can afford to buy a Lincoln can afford to pay very much higher taxes proportionately than one who is likely to buy a Ford, although I know a very rich man now in sight of my eyes who rides in a Ford.

However, Mr. President, if I might use a much overworked modern term, I think it is "all bunk" to talk about the effect of this tax upon the manufacture of automobiles. I do not believe a word of it, in spite of the eloquence of those who advocate the idea. We must have revenue from some source; and, therefore, so far as I am concerned, I am going to vote for the tax on the pleasure car and against the tax on the truck.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. VANDENBERG. I ask for the yeas and nays, Mr. President.

The yeas and nays were ordered.

Mr. LA FOLLETTE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Connally	Hatfield	McNary
Bailey	Coolidge	Hayden	Moses
Bankhead	Copeland	Hebert	Neely
Barbour	Couzens	Howell	Norbeck
Barkley	Davis	Hull	Norris
Bingham	Dickinson	Johnson	Nye
Blaine	Dill	Jones	Oddie
Borah	Fess	Kean	Reed
Brookhart	Frazier	Keyes	Robinson, Ark.
Broussard	George	King	Schall
Bulkley	Glass	La Follette	Sheppard
Bulow	Gore	Lewis	Shipstead
Byrnes	Hale	Logan	Shortridge
Capper	Harrison	Long	Smith
Cohen	Hastings	McGill	Smoot

Steiwer	Trammell	Wagner	Watson
Thomas, Idaho	Tydings	Walsh, Mass.	Wheeler
Thomas, Okla.	Vandenberg	Walsh, Mont.	White
Townsend			

The PRESIDING OFFICER. Seventy-three Senators having answered to their names, a quorum is present. The question is on the amendment reported by the committee, on which the yeas and nays have been ordered.

Mr. VANDENBERG. Mr. President, let me make it plain, inasmuch as the parliamentary situation has become somewhat involved, that the roll is about to be called on the committee amendment increasing the automobile tax on trucks.

Mr. TRAMMELL. Mr. President, when the pending bill was reported to the Senate there was ample reason for adopting the House rates on trucks and automobile accessories instead of the rates recommended by the committee. The reasons which then existed for a reduction of those rates have been intensified on account of the action of a majority of the Senate in imposing a tariff of 4 cents a gallon on lubricating oil and 2½ cents a gallon on gasoline. On account of this additional burden, which a majority of the Senate has imposed upon the users of automobiles and on machinery requiring lubricating oils in their operation, amounting approximately to half a billion dollars, if the scheme operates as hoped for, no doubt, by its proponents, there is now double the reason why we should strike from this bill the tariff of 3 per cent upon automobile trucks and accessories, and also when we reach the amendment we should eliminate from the bill the tax of 4 per cent upon automobiles, as recommended by the committee.

Throughout the entire country—and I speak with more definite knowledge in regard to my own State—automobiles have for a number of years become the prey of those who find it necessary to provide for additional revenue. Every time a State gets into desperate straights for additional revenue it seems the first move is to turn toward the imposition of an additional tax upon gasoline and upon automobile license tags. In my State we have to-day a tax of 7 cents per gallon upon gasoline, and we have very high license taxes and charges for automobile tags. The rate of tax upon accessories has also been increased. The imposition of an additional tax by Congress will inflict upon the owners of automobiles a burden which will be almost unbearable. I very much hope that some other source for raising revenue may be found rather than singling out and discriminating against the automobile. I hope the Senate will first adopt the House rate and later on strike the tax entirely from this measure.

I am not speaking particularly for the industry; I am speaking for the users of automobiles. The Senators from Michigan speak for the industry. They have been pleading for it with great ability, except when the question arose of imposing a tax of 2½ cents on gasoline. I do not imagine that will be very conducive to the success of the automobile industry; I do not imagine that will assist very materially in keeping millions at work in the automobile factories; I do not imagine it will very greatly intensify the sales of automobiles; but I am sure that the Senators from Michigan are very capable of representing and speaking in behalf of the automobile industry.

My plea is more for those who use automobiles, which have become practically a necessity in this country. Certainly we know that trucks are a necessity to the farmers. So I hope that the Senate will first reject the Senate committee amendment, and then I shall be very much pleased to cooperate in an effort entirely to wipe out the tax on trucks and automobile accessories.

Mr. BINGHAM. Mr. President, as is well known, I have an amendment pending which will more than provide for the increased revenue proposed by the Senate committee. Because it was not supposed that the amendment would come up to-night, there are several Senators absent, some of whom would vote against it and some of whom would vote for it.

I shall vote against the committee amendment on this particular item in the hope that it may be defeated and that the money thereby lost to the revenue may later be provided by a tax which would be taken not from the pockets of honest taxpayers engaged in legitimate business but from the pockets of those engaged in illegitimate business.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. BINGHAM. I yield.

Mr. KING. Assuming that the Senator's amendment which, as I understand, relates to beer, is not adopted—and I think I can prophesy that it will not receive a majority vote of the Senate—and the tax on automobiles is stricken out, would the Senator, then, favor a sales tax? It is obvious, if all these excise taxes are eliminated from the bill, that we will have to resort to a sales tax or some other plan in order to obtain the revenue provided for in the pending bill.

Mr. BINGHAM. Before that happens I hope the Senate will realize that there is one source from which we may derive $375,000,000 or possibly $450,000,000, which will be taken not from the pockets of honest business but the profits of illegal industry. The Senate has already, by unanimous vote, agreed to attempt to take some $90,000,000 from the profits of illegal industry by placing a tax of 15 cents a gallon on brewer's wort, which is used for nothing else than making illegal beer.

Mr. President, while it is perfectly proper that they should attempt to reduce the profits of the alley brewers by that much money—it is expected to raise the sum of $90,000,000—since the Senate has unanimously voted to take $90,000,000 from the profits of the alley brewers, I can see no reason why the Senate should not be willing to take $375,000,000 from the profits of the bootleggers.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Montana?

Mr. BINGHAM. I yield.

Mr. WHEELER. Will the Senator kindly tell me how his leader at the other end of the Avenue stands with reference to this proposition? I am speaking of Mr. Hoover. Can the Senator tell me how the President stands with reference to this amendment?

I will say to the Senator that I have voted heretofore for a tax on beer; but I am a little hesitant about doing it again because of the fact that Governor Smith and the rest of these notable gentlemen have urged us to have a nonpartisan Government here in Washington and to stand by the administration; and I wanted to find out how Mr. Hoover stood before I voted at this time for this tax on beer.

Mr. BINGHAM. Yes; I realize perfectly well that the Senator from Montana would give a great deal to be able to follow the President in these matters; but the last time the matter was voted on upon the floor of the Senate there were 12 Republicans who voted for beer and 12 Democrats. Therefore it would seem to be fairly evenly divided; and I submit that it is not a partisan issue.

In the votes in the House on this subject the House has been very evenly divided. On the question of repeal there have been more Republicans voting for it than Democrats, and on the question yesterday on beer there were a few more Democrats than Republicans voting for it.

It is not a partisan issue; and, as the Senator very well knows, there have been no indications from the other end of the Avenue as to how we should vote on this subject.

Mr. KING. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. KING. I do not want to enter into any controversy with my good friend; but he knows that many of the provisions embodied in the bill were transmitted to the committee undoubtedly with the consent, if not by the direction, of the President. Secretary Mills—and it is no secret, or I would not mention it—suggested this proposition dealing with automobiles; and the Senate Committee on Finance reluctantly, I believe, voted to support it, believing that it was necessary in order to raise a requisite revenue, unless a sales tax was imposed or other excise taxes were levied. It

was appreciated that resort to other sources of revenue might be more oppressive and obnoxious than the tax under consideration.

The Senator from Connecticut is a Republican. I am a Democrat. I voted very reluctantly to tax the automobile industry; but the House bill contained an excise tax on automobiles and trucks, and the administration urged that this particular provision under discussion be incorporated in the bill. I feel some moral obligation to stand by the committee; and I also believe it to be my duty to aid in giving to the country a reasonably, just, and fair revenue bill, and one that will receive the approval of the President.

I ask the Senator in the light of all the facts, if we eliminate this tax and other excise provisions in the bill, will we not be driven either to a sales tax or to the Senator's beer tax, the latter of which can not be passed, or to the proposition of the senior Senator from Michigan [Mr. COUZENS], which imposes higher income taxes, which will probably fall far short of furnishing the revenues required?

Mr. BINGHAM. Mr. President, the Senator has asked a great many riddles which no one can answer.

Mr. KING. They are not riddles.

Mr. BINGHAM. May I say to him that he may remember, if he was in attendance at the committee meeting on the morning when the proposal was made, that the Senator from Connecticut stated that he was opposed to several of the proposals embodied in the Treasury proposition; but in order to get the matter out of the committee, where it had been sent back and forth like battledore and shuttlecock, I suggested that we accept the proposition as a whole as a compromise, even though there were matters in it which some of us could not support on the floor of the Senate. Therefore I suggested that we accept it as a whole, and I voted for it as a whole in order that it might come out on the floor of the Senate, where it could be discussed in the open.

Furthermore, on a subsequent occasion I voted against a reconsideration of any rates whatsoever in the committee; and I supposed that that vote had been a decisive vote. In fact, my recollection is that we twice voted not to have any reconsideration, the first time on the very day when the compromise was suggested, and the second time at the next meeting of the committee. Yet to-day, in the absence of several Members who did not know the matter had come up, the question of rates was reconsidered, and the rate on admissions to race tracks where horses and dogs race was lowered, the committee thereby reversing its former position, through what parliamentary situation I do not know. But I do not consider myself bound, and so stated at the time, to vote for any particular rate adopted in the committee that day.

Mr. KING. I think the Senator has given a correct recitation of some of the details that happened in the committee; and yet it does seem to me that we can not fully justify ourselves in voting to report out a bill containing these provisions and then attempt to destroy the measure.

Under those circumstances, having reported the bill, it does seem to me that we would be doing a disservice to ourselves and to the country if we spent the major part of our time trying to tear it down and then attempting to reconstruct on the floor of the Senate a measure, the proportions of which and the distortions of which no one could fully foresee.

Mr. BINGHAM. I think the Senator will bear me out when I claim that since the bill has been reported I have not consumed 10 minutes of the time of the Senate in discussing any of the measures which have been reported in the bill; and I can promise the Senate that to-morrow, when we are to take up this matter, I shall not take more than 10 minutes in discussing this amendment. It is not my purpose to delay action in the slightest degree.

Mr. HARRISON. Mr. President, may I ask the Senator one question before he sits down? I am not going to take up the time of the Senate.

Is the Senator opposed to the Senate committee amendment in order to create a deficit in the amount of revenue we are trying to raise here, so that he can then have a better argument for his beer amendment; or, is his opposition because he is fundamentally against the increase in this particular item?

Mr. BINGHAM. I think the Senator from Mississippi was not in the Chamber when I stated that the reason I should vote against the automobile tax was in the hope that the Senate might at a later time, when we had an opportunity to vote upon it, supply the deficit in another way. I will say to the Senator that had the program gone through as was expected this afternoon and had the evening been spent upon the subject of coconut oil and copra and rubber, the matter might have come up to-morrow, and I should have offered my amendment before this amendment came to the Senate.

In view, however, of the fact that we had told several Senators that it would not come up, I asked that it be allowed to go until to-morrow; and I have already stated that the reason I was voting against it was in the hope that we might find another way of filling the deficit which would be encountered if we struck out this item. I stated that the way I proposed to fill it was by extending the Senate's vote the other day, when we voted to take $90,000,000 out of the pockets of the alley brewers, to taking $375,000,000 out of the pockets of the bootleggers by legitimatizing good, wholesome beer at a rate of 2.75 per cent alcohol by weight, which, as everyone agrees, is nonintoxicating. It is not the kind of beer that some people would like to buy; but, at any rate——

Mr. HARRISON. I think the Senator has answered the question.

Mr. BINGHAM. I think I have the floor. The Senator interrupted me; and I shall hold the floor until I have finished what I have to say.

Mr. HARRISON. I will sit down, then, because I know it is going to be a long time.

Mr. BINGHAM. I had finished what I intended to say, but the Senator brought me to my feet again. If the Senator desires me to go on now, I am perfectly willing to go on; but I had taken my seat.

Mr. HARRISON. Does the Senator ask me a question?

Mr. BINGHAM. I did not ask the Senator any question.

Mr. HARRISON. I have no objection to the Senator going on.

Mr. BINGHAM. Very well; then I will proceed.

Mr. HARRISON. I was asking this question in perfect good faith, and the Senator has answered it. I thought that was his reason for opposing this particular amendment. I did not believe he had any fundamental objections to it; but I thought it was for the reason, may I say to the Senator, if he will permit me——

Mr. BINGHAM. Very well; and if the motion of the Senator from Michigan carries, I presume the Senator from Mississippi, in accordance with his usual practice, will move to reconsider, in order that the whole thing may be rehashed at a later date; and if at that time the motion to legalize the manufacture and sale of 2.75 per cent beer has failed——

Mr. HARRISON. I will not move to reconsider it.

Mr. BINGHAM (continuing). I shall probably vote with him for the tax on automobiles; but at the present time I propose to vote against it.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield the floor. I do not desire to take any more time.

Mr. HARRISON. Mr. President——

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. HARRISON. I thought that was the Senator's position, and that is the trouble about this whole situation.

The Senator from Connecticut [Mr. BINGHAM] wants to get his beer proposition in the bill. The Senator from Michigan [Mr. COUZENS] wants to get his high income-tax proposition in the bill. The Senator from Pennsylvania [Mr. REED], perhaps, or the Senator from some other State, wants to get his sales tax in the bill. These various elements are going to vote against the recommendations of the committee. If we eliminate these propositions, we are going to find

ourselves in the same confused state that the House found itself in, which action was condemned by the country.

It seems to me the only way to have an orderly measure is to try to go through on these recommendations. All of these arguments were put before the Committee on Finance. Very distinguished gentlemen represented the automobile interest. The same beautiful chart was presented to us at that time. Just before we vote on this automobile matter, however, may I say to my colleagues on this side that this is an unusual thing.

In 1918 the tax on this industry was 5 per cent on automobiles, 3 per cent on trucks, and 5 per cent on accessories.

In 1921 the tax was 5 per cent on automobiles, 3 per cent on trucks, and 5 per cent on accessories.

In 1924 the tax was put at 5 per cent on automobiles, 3 per cent on trucks, and we reduced the tax on accessories to 2½ per cent.

In 1926 we reduced the tax on automobiles to 3 per cent, we took the tax off trucks, and we took it off accessories.

The tax was not removed from automobiles until 1928. Indeed, we are not now, in the Senate committee's recommendation, going as high as the Treasury recommended, because they recommended at that time 5 per cent, 3 per cent, and 2½ per cent, the 1924 rates. The committee have reported only 5, 3, and 2 per cent.

Mr. REED. Mr. President, it is true that in the Finance Committee I voted against and did my best to strike from the bill a number of these special sales taxes which seemed to me to be grossly unfair.

I disapprove of this tax on automobiles and trucks, just as I disapprove of all the other special excise taxes in this bill; but the Senator from Mississippi [Mr. HARRISON] is wrong if he thinks that I am going to vote against them. I am going to vote in favor of the committee's action right through this list, although I am glad to have this opportunity of saying now that I think the whole system is unfair; and I hope and believe that when we have gotten through perfecting it and going over the separate amendments, we will then be driven by the very logic of events to adopt a uniform manufacturers' tax at a low rate. I understand that the Senator from Massachusetts [Mr. WALSH] expects to propose such an amendment. If he does propose it, I expect to support it.

Meantime, however, this country is faced with a situation that is infinitely more important than the details of any tax bill. If this tax on beer can not be adopted, if the very high income-tax rates urged by the Senator from Michigan [Mr. COUZENS] can not be adopted—and I do not think either of them can be adopted, either the beer tax or the high surtaxes—if they can not be, and if, contrary to my expectation, a sales tax that is uniform, bearing equally on all businesses, can not be adopted, then in order to balance the Budget we shall have to put on these special excises; and it is vastly more important to the United States that we should balance the Budget than that we should be fair to particular industries.

There will not be any industry left in the United States unless the Senate and the House have the courage to raise taxes to the point where the revenue will equal the spending we have authorized. There will not be any United States to save, there will not be any business left to be fair or unfair to unless we have the courage to balance the Budget, and that is much more important than the fairness of any single rate that is here.

For that reason, although I hope later to see a fair and uniform tax adopted, I expect, until that time comes, to vote to support the action of the committee in the matter of these special taxes, although in my heart I disapprove of every one of them.

Mr. NORRIS. Mr. President, I dislike to see Senators become excited about the balancing of the Budget and the place where we are going to levy more taxes. We have not exhausted the objects of taxation by any means. Of course, some of us thought we ought to tax big incomes, big inheritances, giving big exemptions, so that the men with millions and billions, with incomes of from a million to five million, would pay a portion of their large incomes to help the Government, which the Senator from Pennsylvania has just pictured in its distress, in its misery, and in its collapse, about to pass out. But we did not succeed in doing that.

I sympathize with the Senator from Michigan in his advocacy of an amendment for the relief of the automobile industry from taxation. I can see how those Senators who want to relieve the automobile industry from taxation feel. They have just united with other Senators in putting a tax on gasoline. That has a direct influence upon the automobile industry. The men who are making automobiles will be injured by that tax, and, of course, they naturally want to relieve the automobile industry of the tax, so they will be able to bear the loss of lessening sales caused by the increase in the price of gasoline and oil.

I feel like returning good for evil to the automobile people, who strenuously and successfully imposed upon the farmers of America a gasoline tax, which will interfere with their automobile occupations and activities, and interfere with the purchases of new automobiles. So I am going to vote against the committee, in order to let the automobile fellows off a little on their taxes, so they will not need to go to the poorhouse but can still live in luxury, and not sell quite as many automobiles to the farmers, who have to pay the additional tax upon gasoline.

That is not all, however. There are other sources of revenue. We all love to tax the farmer. We have demonstrated that. We have sources of income among the farming communities of this country that will make it unnecessary to tax beer, will make it unnecessary to tax automobiles, will make it unnecessary to tax big incomes, it will make it unnecessary to tax large inheritances. We are not "soaking" the rich, but we are going to "sock" the poor.

On the farms of this country there are millions of hogs, literally millions. Why not levy an excise tax on hogs? It would be a great tax raiser. We could get unlimited funds, and we could relieve the rich from taxation. A dollar a head on hogs would yield a great revenue.

Mr. LA FOLLETTE. Did the Senator say dogs?

Mr. NORRIS. No; I would not tax dogs, because there are too many society women in the fashionable houses of this country who have dogs, and of course we must not tax them. [Laughter.] But a dollar a head on hogs would relieve us of our trouble, and it would put the burden upon the farmer, who is used to it. That is where we ought to go with our taxes.

I dislike to see this controversy between the Senator from Utah and the Senator from Connecticut, frittering away valuable time in a discussion whether we should tax bootleggers or not, frittering away the valuable moments of the Senate in a discussion of whether we should levy a tax on beer. That is immaterial. We ought to give due consideration to the occupation and the business of racketeers. We ought not to ruin them. We have not done it very much lately. They are going along pretty much as they want to. They control large sections of the country, and some people think they do it very well. But we need not concern ourselves about burdens of taxation as long as we have such lucrative untaxed fields. If we can not get enough on hogs, let us tax cultivators or let us tax plows. There are millions of plows all over South Dakota doing nothing. Why not tax them and put them to some use? [Laughter.] There are harrows all over the West. Let us tax some of the harrows.

Mr. LONG. How about chickens?

Mr. NORRIS. Well, tax chickens if you want to, but if a tax were put on chickens, the farmer might increase the price of the chickens when he sells them, and that would not work, because we who live in the mansions eat chickens, and we must not tax ourselves. We must put the tax where it can not be passed on.

I think we could very well afford to lay aside this disagreement we have been hearing about taxing automobiles and wealth and business. Business would feel good if it were relieved of some of the taxes. They are threatening to take money out of business, and we would not want them to do that. They would consent to do business and make millions.

They would go right on making millions. Those engaged in business would still consent to operate at a profit where they could accumulate billions of dollars and make millions in net incomes if we would not tax them. So we should let the farmer bear the burden.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LEWIS. I take the liberty to propound a question to my learned friend from Nebraska, the eminent Senator, conscious of his discriminating intelligence in matters of agriculture and in the application of taxes. Might I not ask the Senator, since he conceives the thought of taxing the hogs of the country, what is his conception of taxing the asses of the city? [Laughter on the floor and in the galleries.]

Mr. NORRIS. Mr. President, I did not catch the Senator's question. Did he ask me a question? Will not the Senator please repeat the question?

The VICE PRESIDENT. The Chair announces that if there is further demonstration in the galleries the galleries will be cleared. The rules of the Senate must be obeyed.

Mr. LEWIS. Mr. President, I am sorry I awakened the risibilities of the audience to such a degree as to endanger their presence here. But my eminent friend from Nebraska says that the gentle interruption of the pleasurable laughter prevented him hearing my inquiry. My inquiry of the Senator was, announcing as a predicate——

Mr. NORRIS. As a what?

Mr. LEWIS. As a predicate that, as the Senator is so capable, as disclosed, in his distinguished wisdom as to the application of taxes in order to relieve the burdens he feels unconscionable, and having announced what he thought was an equitable policy, of taxing hogs of the country, I sought from the Senator his judgment as to adding to that the taxation of asses of the city.

Mr. NORRIS. What of the city?

Mr. LEWIS. It is evident that my eminent friend from Nebraska, being a good farmer, has not associated with the large cities enough to know what aggregates their population—the asses of the city.

Mr. NORRIS. The Senator, being a resident of one of the large cities, I suppose, has a good idea of what he means. I am not very familiar with it.

Mr. LEWIS. I regret to say, Mr. President, that in politics I have seen more display of that equine juris than of any other order in the large cities, when it comes to the question of the representatives of the respective political parties.

Mr. NORRIS. The Senator, of course, is more familiar with that than I am.

Mr. LEWIS. I live in Chicago, where a very large percentage of mankind may be observed, and I still insist that since the Senator chooses from the country one of its particular products as a possibility of taxation, I can not see why certain other products throughout our country ought to be exempt, in view of what I have seen of their conduct in political affairs in this country.

Mr. NORRIS. Mr. President, of course the Senator is more familiar with that than I am, whatever the thing is. I do not know myself what it is, but I presume it is something which lives in the city.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield the floor.

Mr. GORE. I do not care to occupy the floor, but if rumors are true, there are a good many sons of wild asses in the West. I presume the Senator from Nebraska is not one of them, however. His ears did not seem to be long enough to catch the remark of the Senator from Illinois. [Laughter.]

Mr. NORRIS. Mr. President, in my judgment, one's ears would have to be much longer than the ears of the particular animal with which the Senator from Oklahoma appears to be familiar to hear what the Senator from Illinois said. It may be that my hearing is defective. When the Senator from Illinois and the Senator from Oklahoma get to be as old, or within 50 years as old, as I am, it may be that their hearing also will be defective. I am not to blame for that.

Mr. LEWIS. Mr. President, the distinguished Senator's hearing may be defective, but all who hear him know his wisdom is not.

Mr. NORRIS. I thank the Senator and yield the floor.

The VICE PRESIDENT. The question is on agreeing to the committee amendment on page 246, line 23.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. May we have the amendment stated for the benefit of those who were not present when the roll call began?

The VICE PRESIDENT. The amendment will again be stated.

The LEGISLATIVE CLERK. On page 246, line 23, strike out "2 per cent" and insert "3 per cent," so as to read "automobile truck chassis and automobile truck bodies."

The VICE PRESIDENT. The clerk will continue the roll call.

The roll call was resumed.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I transfer that pair to the senior Senator from Florida [Mr. FLETCHER] and vote "nay."

Mr. TRAMMELL (when Mr. FLETCHER's name was called). I desire to announce a pair on this particular vote between my colleague the senior Senator from Florida [Mr. FLETCHER] and the junior Senator from Vermont [Mr. AUSTIN]. Were my colleague present, he would vote "nay."

Mr. HASTINGS (when his name was called). On this question I have a pair with the senior Senator from Alabama [Mr. BLACK] and therefore withhold my vote. If permitted to vote, I would vote "yea."

Mr. HULL (when his name was called). I have a general pair with the junior Senator from Connecticut [Mr. WALCOTT]. In his absence I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "yea."

Mr. NEELY (when his name was called). On this vote I am paired with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. I transfer that pair to the junior Senator from Arizona [Mr. HAYDEN] and vote "yea."

Mr. SCHALL (when his name was called). I have a pair with the senior Senator from New Mexico [Mr. BRATTON]. Not knowing how he would vote, I withhold my vote. Were I permitted to vote, I would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote, I withhold my vote.

Mr. TYDINGS (when his name was called). On this vote I am paired with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote as I shall vote. I therefore vote "nay."

Mr. WAGNER (when his name was called). On this vote I am paired with the junior Senator from Missouri [Mr. PATTERSON], who is detained because of illness in his family. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The junior Senator from Wyoming [Mr. CAREY] with the senior Senator from Wyoming [Mr. KENDRICK];

The junior Senator from Indiana [Mr. ROBINSON] with the junior Senator from Arkansas [Mrs. CARAWAY]; and

The junior Senator from New Mexico [Mr. CUTTING] with the junior Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 30, nays 39, as follows:

YEAS—30

Ashurst	Gore	Lewis	Smoot
Barbour	Hale	McNary	Steiwer
Barkley	Harrison	Neely	Thomas, Idaho
Broussard	Hatfield	Pittman	Watson
Connally	Hebert	Reed	Wheeler
Dickinson	Jones	Robinson, Ark.	White
Fess	Kean	Sheppard	
George	King	Shortridge	

NAYS—39

Bailey	Cohen	Johnson	Oddie
Bankhead	Coolidge	Keyes	Shipstead
Bingham	Copeland	La Follette	Smith
Blaine	Couzens	Logan	Thomas, Okla.
Borah	Davis	Long	Trammell
Brookhart	Dill	McGill	Tydings
Bulkley	Frazier	Moses	Vandenberg
Bulow	Glass	Norbeck	Walsh, Mass.
Byrnes	Hawes	Norris	Walsh, Mont.
Capper	Howell	Nye	

NOT VOTING—27

Austin	Dale	Kendrick	Stephens
Black	Fletcher	McKellar	Swanson
Bratton	Glenn	Metcalf	Townsend
Caraway	Goldsborough	Morrison	Wagner
Carey	Hastings	Patterson	Walcott
Costigan	Hayden	Robinson, Ind.	Waterman
Cutting	Hull	Schall	

So the amendment of the committee was rejected.

Mr. LA FOLLETTE. Mr. President, I wish to enter a motion to reconsider the vote by which the amendment was rejected.

The VICE PRESIDENT. The motion will be entered. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. SMOOT. Mr. President, as we have already discussed the next amendment relating to automobiles, I should like to have a vote on the amendment at this time.

Mr. HARRISON. Mr. President, will not the Senator let us proceed, so we may vote on this particular item of the Senator from Michigan and settle it at this time? If we are not going to have a tax on automobiles, then we ought not to have it. If the sales-tax people and the beer people and the high income tax people want to join, let them do it now and kill the bill.

Mr. SMOOT. I have asked that we may have a vote on the amendment of the Senator from Michigan.

Mr. HARRISON. I want to say to the Senator and some of my Republican friends that this side of the aisle is not going to furnish any votes on this proposition with those on the other side of the aisle laying down on it.

Mr. SMOOT. I am just as much interested in it as is the Senator from Mississippi, and that is the reason why I think as long as the Senators are all here and the matter has been discussed we might have a vote on it. This is the amendment relating to trucks. Some Senators want to vote for a tax on trucks. Let us have the vote, and then perhaps Senators will support the committee.

The VICE PRESIDENT. The question is on the amendment of the Senator from Michigan.

Mr. SMOOT. I call for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. Let the amendment of the Senator from Michigan [Mr. VANDENBERG] be stated.

The LEGISLATIVE CLERK. The junior Senator from Michigan proposes, on page 246, to strike out paragraph (a) of section 602, lines 20 to 25, both inclusive, as follows:

(a) Automobile truck chassis and automobile truck bodies (including in both cases parts or accessories therefor sold on or in connection therewith or with the sale thereof), 2 per cent. A sale of an automobile truck shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

The VICE PRESIDENT. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll, and Mr. ASHURST answered in the negative.

Mr. LONG. Mr. President, there is much confusion among Senators as to what we are voting on. May we have it stated by the Senator from Utah so we may know what we are voting on? I am not the only one confused.

The VICE PRESIDENT. Let the Senate be in order, and the clerk will state the amendment again.

The legislative clerk again stated the amendment.

Mr. SMITH. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. SMITH. Does the amendment apply just to trucks?

The VICE PRESIDENT. Just to trucks.

Mr. SMITH. Or to trucks and accessories?

The VICE PRESIDENT. Truck chassis and truck bodies. The clerk will continue calling the roll.

The legislative clerk resumed the calling of the roll.

Mr. BANKHEAD (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DALE]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. TRAMMELL (when Mr. FLETCHER's name was called). I desire to make the same announcement with regard to my colleague the senior Senator from Florida [Mr. FLETCHER], who has a pair on this particular vote with the junior Senator from Vermont [Mr. AUSTIN].

Mr. HASTINGS (when his name was called). Making the same announcement as on the last vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. HULL (when his name was called). I again announce my general pair with the junior Senator from Connecticut [Mr. WALCOTT]. Not knowing how he would vote, I withhold my vote.

Mr. NEELY (when his name was called). On this vote I am paired with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. I transfer that pair to the junior Senator from Arizona [Mr. HAYDEN] and vote "nay."

Mr. WATSON (when the name of Mr. ROBINSON of Indiana was called). My colleague the junior Senator from Indiana [Mr. ROBINSON] is detained at home by reason of illness.

Mr. SCHALL (when his name was called). I have a pair with the senior Senator from New Mexico [Mr. BRATTON]. Not knowing how he would vote, I withhold my vote. Were I permitted to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). Making the same announcement as on the previous vote, I withhold my vote.

Mr. TYDINGS (when his name was called). Making the same announcement as before, I vote "yea."

Mr. WAGNER (when his name was called). I am paired upon this vote with the junior Senator from Missouri [Mr. PATTERSON]. I am informed that if he were present, he would vote as I propose to vote. I therefore feel at liberty to vote. I vote "nay."

Mr. BINGHAM (when Mr. WALCOTT's name was called). My colleague the junior Senator from Connecticut [Mr. WALCOTT] is necessarily absent. If present, he would vote "nay."

The roll call was concluded.

Mr. HASTINGS. I find that I can transfer my pair with the senior Senator from Alabama [Mr. BLACK] to the senior Senator from Colorado [Mr. WATERMAN]. I make that transfer, and therefore am permitted to vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Washington [Mr. JONES] with the Senator from Virginia [Mr. SWANSON];

The Senator from Indiana [Mr. ROBINSON] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. STEPHENS]; and

The junior Senator from Wyoming [Mr. CAREY] with the senior Senator from Wyoming [Mr. KENDRICK].

The result was announced—yeas 29, nays 40, as follows:

YEAS—29

Bailey	Byrnes	Dill	Johnson
Blaine	Capper	Frazier	Logan
Brookhart	Cohen	Glass	Long
Bulkley	Coolidge	Hawes	McGill
Bulow	Couzens	Howell	Norbeck

Nye	Thomas, Okla.	Tydings	Walsh, Mass.
Oddie	Trammell	Vandenberg	Walsh, Mont.
Smith			

NAYS—40

Ashurst	Fess	King	Sheppard
Barbour	George	La Follette	Shipstead
Barkley	Gore	Lewis	Shortridge
Bingham	Hale	McNary	Smoot
Borah	Harrison	Moses	Steiwer
Broussard	Hastings	Neely	Thomas, Idaho
Connally	Hatfield	Norris	Wagner
Copeland	Hebert	Pittman	Watson
Davis	Kean	Reed	Wheeler
Dickinson	Keyes	Robinson, Ark.	White

NOT VOTING—27

Austin	Cutting	Jones	Schall
Bankhead	Dale	Kendrick	Stephens
Black	Fletcher	McKellar	Swanson
Bratton	Glenn	Metcalf	Townsend
Caraway	Goldsborough	Morrison	Walcott
Carey	Hayden	Patterson	Waterman
Costigan	Hull	Robinson, Ind.	

So Mr. VANDENBERG's motion to strike out was rejected.

Mr. LA FOLLETTE. Mr. President, I desire to enter a motion to reconsider the vote just taken.

The VICE PRESIDENT. The motion will be entered.

AGRICULTURAL RELIEF

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD and appropriately referred resolutions recently adopted by the Taxpayers' League of Pottawatomie County, Kans. They are brief, to the point, and to my mind outline a constructive and helpful program. I particularly approve the appeal for lower interest rates for the agricultural industry.

There being no objection, the resolutions were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

To the Members of the United States Senate and House of Representatives from Kansas:

We, the Taxpayers' League of Pottawatomie County, Kans., being assembled at the call of our chairman, make the following resolutions for the purpose of showing to our legislators our attitude on certain problems which now confront our country.

1. We indorse the efforts of the farm groups now working in behalf of depressed agriculture and urge you, our representatives in the national legislative body, to cooperate with those groups and vote in favor of legislation sponsored by those groups.

2. We particularly urge you to vote in favor of any bill introduced in Congress the purpose of which is to lower or reduce the interest rates on farm loans made by the Federal Farm Loan Board or Federal land banks, affecting those made in the past and those to be made in the future, as interest now appears to be one of the largest items of expense from the standpoint of the farm owner.

Passed this 30th day of April, 1932, by the above-named body in session in the city of Westmoreland.

F. J. PRAGUE, *President.*

Attest:

FRED M. BROWN, *Secretary.*

PETITION OF THE AMERICAN FEDERATION OF MUSICIANS

Mr. WAGNER presented the petition of the American Federation of Musicians, praying for a redress of grievances, which was referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

To the PRESIDENT, the VICE PRESIDENT, and the SPEAKER OF THE HOUSE OF REPRESENTATIVES:

Your petitioners, the American Federation of Musicians, an organization comprising 683 local unions, with a total membership of 140,000 citizens who are professional instrumental musicians dependent upon their employment as such for a living for themselves and their families, exercising an age-old right of English-speaking peoples expressly guaranteed to us by the first amendment, do hereby respectfully petition you, the chief representatives of our Government, for a redress of certain grievances that bear destructively upon us as a class, do injury to our people as a whole, and tend to bring disrespect for our Government. These grievous conditions are caused by:

1. The Navy Department's persistence in the unlawful practice of ordering or permitting United States Navy bands to be used by civilian individuals and organizations for their private purposes.

2. The Navy Department's unlawful practice of hiring our Government bands to private booking agents and tour conductors for the profitable exploitation and pecuniary benefit of those individuals.

3. The resort by radiobroadcasting to machine-made and reproduced "music" for the real living art.

I

There are 145 service bands (89 Army, 56 Navy), with a membership of some 4,000 enlisted men. Three or four years ago the War Department took measures to prevent the use of the Army bands to the injury of civilian musicians. But the Navy Department, despite our continual protests, steadfastly persists in its practice, to our great injury.

These 56 Navy bands are of course a part of the regular Navy, and their members are paid fair compensation out of the Public Treasury. Several of these bands are stationed in or near the District of Columbia, some on our ships, many at our various shore stations. Beginning many years ago, when our defense establishments were small, naval commandants made a practice of permitting Navy bands to furnish music at private functions, as to some extent did the Army. In 1908, and again in 1916, Congress undertook to prohibit such uses of service bands in competition with civilian musicians. The Army, for the past several years, has accorded the statute fair respect, but, as for the Navy, the legislation has made the situation worse, as that department has, in practice, regarded the legislation as a grant rather than a limitation of authority. At least, since 1921, the Navy Department and naval commandants have habitually ignored the spirit and intent of the law and have persisted in doing with the bands as they pleased.

Instances of misuse of these bands by the department are as numerous and varied as the requests of civilians deemed prominent enough to be thus favored. They include all classes of private entertainments of which music is usually a part; private balls, dinners, and card parties, dinners in honor of naval officers, who are invited to bring their bands along with them; cabaret, hotel, and amusement-park entertainments; automobile shows, horse shows, and flower shows; radio programs; dedications of hotels and radio stations; football and baseball celebrations; outings and other functions given by city clubs, rotary clubs, boards of trade, and chambers of commerce; meetings of lawyers and national advertisers; church affairs of one kind and another; Knights of Columbus balls and Masonic banquets; in short anything held or sponsored by those having sufficient influence to get a band. Only in a single instance known to us has the department ever failed to approve a commandant's order for the use of a Navy band on such occasions.

By such methods naval personnel are put into the service of a class of private personages who thus get their diversions, entertainment, and self-aggrandizement at the expense of the public; this to our injury, to the degradation of the enlisted men of the bands, and to the cheapening of the Government in the esteem of thoughtful citizens.

A bill (H. R. 5647) designed to redress this grievance and to keep naval bands within the scope of their naval duties was introduced December 14, 1931, but we have not yet been able to arrange to be heard by the committee. We submit that the bill merits the favorable consideration of the Congress, and we respectfully ask for the enactment of legislation that will prevent such misuses of Navy bands to our injury.

II

In addition to the above general abuses, Navy bands stationed in Washington are annually hired out to private booking agents, who send the bands on concert tours upon itineraries and to places selected by the booking agent as offering him the greatest profit. This is called "enabling the public to hear their own bands." The few localities that make the most generous arrangements with the booking agent, who for the purpose owns the band and uses it for his profitable exploitation, do get to hear a band maintained by the taxpayers, but the people of such localities pay the booking agent handsomely for the privilege. The Navy Department turns the band over to the booking agent and there stops, divesting itself of all further responsibility; it knows and cares nothing about the terms of the employment nor the prices charged the public, nor the amount of profit made by the booking agent, nor the division of the profits between booking agent and band leader, nor the share which the band leader passes on to the individual members of the band. The bands are placed by the booking agents in direct competition with civilian musicians. Congress has been prevailed upon to provide in sporadic legislation that during such tours members of the bands shall suffer no loss of pay and allowances, from which the department has deduced what it regards as full authority.

If it is the policy of Congress that the public is entitled to have service bands go on tour in order that at least some of the people may hear them (a policy which we do not oppose although doubting its wisdom), it would seem that Congress should provide appropriate means and sufficient funds to that end. If a naval band can be let to a private individual to be exploited by him for profit, then, with equal consistence and with equal dignity, a naval vessel with its crew might be let to a shipping firm as a freighter or to a wealthy citizen as a yacht, or a crack troop of cavalry might be hired out to a circus.

We respectfully ask that the hiring out of these bands to booking agents be stopped by appropriate legislation.

III

Radio and "canned-music" machines of one kind and another play a prominent part in making this an age of substitutes in which sham serves for the genuine here, there, nearly everywhere. Canned music, cheap, novel, and ingenious, but not music, is being put over, ever increasingly, at great cost to the public and with great gain to the exploiters. Canned music has its place but never where better can be had. If present progress in foisting it upon the public suffers no check, the time may come when we shall no more hear and no more feel real music, that art which is most generally appreciated and which most influences human conduct.

Music is as necessary to proper human development as food and clothing. It has far-reaching social consequences, contributing to personal happiness, good citizenship, enlightened civilization.

For radio purposes, the air is owned by the people, under absolute Federal control. Broadcasting stations and systems are but the people's permittees holding subject to the people's will as imposed by Congress. Broadcasting should serve the necessities, the greatest convenience, the highest interest, not of the few but of all the people, as such interest is determined by the most enlightened standards. Such is not the case now, nor is the tendency in that direction. Music constitutes about 75 per cent of all programs, but relatively few musicians are employed. A single band or orchestra is made to serve where many equally good could be employed and should be employed in the public interest. Recorded music, the ordinary kind and that which is specially manufactured for the purpose, and the various methods of reproductions, are largely taking the place of real music. Nor is this practice limited, as necessity or advisability may require, to small stations serving rural territories, but higher power stations serving large and urban sections devote a large part of their time, including evening hours, to programs of such reproduced music. Moreover, mechanical music devices, from the coin-operated machines to those of more extensive character, are in general use. The result of it all is that our people are denied the advantages of living music; music as an art is suffering; and musicians, denied the opportunities for earning a livelihood, are disappearing; all of which is permitted, even stimulated, by Federal statutes and Federal administration.

We respectfully ask that broadcasting methods be modified and changed in many material respects, including the use made of music, the principal component, so as better to serve the interests and advancement of our people as a whole and of American musicians.

IV

The plight of American musicians is pitiable and our people are being starved for want of music and its advantages which are rightfully theirs. To-day 72 per cent of the members of our federation are out of employment as musicians; many are endeavoring to find other work in fields already overcrowded and for which they are little suited, and, failing, become objects of charity. Only a few years ago America was fast becoming one of the greatest musical countries of the world; now all that is changed, and not solely nor in greater part because of the present depression, although the depression has borne particularly hard upon us. Even before the depression we were struggling against adversity. We did not share in the general prosperity of a few years ago. While others were prospering, tens of thousands of us were being displaced by the phonograph, the music machine of every kind and description. Then we were met by the disastrous introduction of sound in motion pictures, which alone displaced at one fell blow 23,000 American musicians. Moreover, until this very Congress, which a few months ago passed an effective remedial measure, we had to meet the competition of hordes of alien musicians, of the like of whom we had more than enough to supply every demand, brought here, despite the contract labor law, because they would accept terms and conditions of employment to which no American should be subjected; and the radio, as indicated, has operated to our great detriment and is employed, we think, contrary to the best interests of the American people. In addition to all this, our Government, as represented by the Navy Department, without justification or excuse but with callousness and cruelty, insists that it will continue to permit its bands to play for private individuals and organizations who have no right to be furnished music at public expense and who are abundantly able to supply themselves with such music as they may need. Our Government, by thus catering to the vanity and self-glorification of a few wealthy and influential citizens, cruelly takes food from the mouths of ourselves, our wives, and our helpless children.

We, your petitioners, do humbly pray for a redress of these painful grievances.

THE AMERICAN FEDERATION OF MUSICIANS,
By JOSEPH N. WEBER, *President.*

MUSCLE SHOALS—AMENDMENT

Mr. BANKHEAD submitted an amendment in the nature of a substitute intended to be proposed by him to the joint resolution (S. J. Res. 15) to provide for the national defense by the creation of a corporation for the operation of the Government properties at and near Muscle Shoals, in the State of Alabama, to authorize the letting of the Muscle Shoals properties under certain conditions, and for other purposes, which was ordered to lie on the table and to be printed.

EXECUTIVE REPORTS OF THE POST-OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations of postmasters, which was referred to the Committee on Post Offices and Post Roads.

RECESS

Mr. SMOOT. I move that the Senate take a recess until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 10 o'clock and 17 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, May 25, 1932, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 24 (legislative day of May 9), 1932

POSTMASTERS

ALABAMA

James H. Turner to be postmaster at Odenville, Ala., in place of J. D. Newton, resigned.

Gladys M. Bomar to be postmaster at Woodward, Ala., in place of Walter Morgan, deceased.

ALASKA

Charles A. Sheldon to be postmaster at Seward, Alaska in place of C. A. Sheldon. Incumbent's commission expired May 12, 1932.

ARIZONA

Paul D. Snyder to be postmaster at Ajo, Ariz., in place of L. L. Scott. Incumbent's commission expired February 5, 1931.

ARKANSAS

Forrest L. Downs to be postmaster at Norphlet, Ark., in place of W. E. Hill. Incumbent's commission expired April 23, 1932.

CALIFORNIA

Frances L. Summers to be postmaster at Arbuckle, Calif., in place of F. L. Summers. Incumbent's commission expired March 26, 1932.

William Henson to be postmaster at Riverdale, Calif., in place of William Henson. Incumbent's commission expired January 11, 1932.

Harry E. Meyers to be postmaster at Yuba City, Calif., in place of H. E. Meyers. Incumbent's commission expired May 22, 1932.

CONNECTICUT

Edward S. Coulter to be postmaster at Essex, Conn., in place of E. S. Coulter. Incumbent's commission expired May 12, 1932.

Judson B. Griswold to be postmaster at Ivoryton, Conn., in place of J. B. Griswold. Incumbent's commission expires May 29, 1932.

Margaret C. Kelly to be postmaster at Noroton, Conn., in place of M. C. Kelly. Incumbent's commission expires May 26, 1932.

Edward S. Lewis to be postmaster at Portland, Conn., in place of E. S. Lewis. Incumbent's commission expired February 7, 1932.

FLORIDA

Elia B. Colson to be postmaster at Deerfield, Fla., in place of E. B. Colson. Incumbent's commission expired July 2, 1930.

Royal W. Storrs to be postmaster at De Funiak Springs, Fla., in place of R. W. Storrs. Incumbent's commission expired February 1, 1931.

John B. Carlin to be postmaster at St. Cloud, Fla., in place of J. B. Carlin. Incumbent's commission expires May 29, 1932.

GEORGIA

John T. Cagle to be postmaster at Ball Ground, Ga., in place of J. T. Cagle. Incumbent's commission expired June 7, 1930.

George W. Bryan to be postmaster at Rossville, Ga., in place of C. R. Jones. Incumbent's commission expired December 19, 1931.

HAWAII

Antone Silva to be postmaster at Hawi, Hawaii, in place of Antone Silva. Incumbent's commission expires May 25, 1932.

IDAHO

Edith M. Alexander to be postmaster at Genesee, Idaho, in place of E. M. Alexander. Incumbent's commission expired May 14, 1932.

ILLINOIS

Russell S. Brown to be postmaster at Brighton, Ill., in place of R. S. Brown. Incumbent's commission expired January 10, 1932.

Orville Donaldson to be postmaster at Edgewood, Ill., in place of M. B. Rush. Incumbent's commission expired May 18, 1930.

Roy O. Benson to be postmaster at Glen Ellyn, Ill., in place of J. H. Wagoner. Incumbent's commission expired June 5, 1924.

Leo M. Stoecklin to be postmaster at Highland, Ill., in place of L. M. Stoecklin. Incumbent's commission expired January 12, 1932.

Fred S. Wallich to be postmaster at Knoxville, Ill., in place of T. W. Collins, deceased.

Leonard E. Sheppard to be postmaster at National Stock Yards, Ill., in place of E. S. McIntyre, deceased.

Eugenia L. Prange to be postmaster at New Douglas, Ill., in place of M. E. Prange, resigned.

John C. Speck to be postmaster at Rankin, Ill., in place of R. C. Auth, resigned.

Laura A. Gregory to be postmaster at Willisville, Ill., in place of L. A. Gregory. Incumbent's commission expired May 12, 1932.

INDIANA

Herschell A. Vermilya to be postmaster at Brownstown, Ind., in place of C. F. Robertson. Incumbent's commission expired January 13, 1932.

Clara I. Boesen to be postmaster at Griffith, Ind., in place of C. I. Boesen. Incumbent's commission expired May 12, 1932.

George E. Norman to be postmaster at Jasper, Ind., in place of J. J. Himsel. Incumbent's commission expired January 10, 1932.

Glenn B. King to be postmaster at Kirklin, Ind., in place of J. T. Stevenson. Incumbent's commission expired March 16, 1932.

Leland L. Bond to be postmaster at Liberty, Ind., in place of F. B. Husted, deceased.

John A. Jones to be postmaster at Marion, Ind., in place of J. A. Jones. Incumbent's commission expired December 19, 1931.

Harold P. Willoughby to be postmaster at Spencer, Ind., in place of H. P. Willoughby. Incumbent's commission expired May 5, 1932.

Detroit M. Simmons to be postmaster at Winchester, Ind., in place of H. E. McNees. Incumbent's commission expired February 10, 1932.

George E. Thompson to be postmaster at Wingate, Ind., in place of Austin Palin. Incumbent's commission expired January 11, 1932.

IOWA

Della J. Riordan to be postmaster at Correctionville, Iowa, in place of O. P. Riordan, deceased.

Calvin C. Knoll to be postmaster at Gilmore City, Iowa, in place of C. C. Knoll. Incumbent's commission expired May 14, 1932.

Frederick J. Okell to be postmaster at Lewis, Iowa, in place of F. A. Okell, deceased.

Pearl M. Kraft to be postmaster at Melvin, Iowa, in place of George Kraft, deceased.

Robert E. Hill to be postmaster at Oxford Junction, Iowa, in place of F. E. Moravec. Incumbent's commission expired May 14, 1932.

KANSAS

Herbert L. Fryback to be postmaster at Colby, Kans., in place of H. L. Fryback. Incumbent's commission expired May 12, 1932.

Carroll B. Kelly to be postmaster at Wakeeney, Kans., in place of C. B. Kelly. Incumbent's commission expired December 19, 1931.

KENTUCKY

Susie H. Curran to be postmaster at Bedford, Ky., in place of S. H. Curran. Incumbent's commission expires May 29, 1932.

Everett Hickman to be postmaster at Burlington, Ky., in place of Everett Hickman. Incumbent's commission expired March 3, 1931.

George D. Scott to be postmaster at Carlisle, Ky., in place of W. M. Insko. Incumbent's commission expired March 29, 1926.

George L. Wallace to be postmaster at Central City, Ky., in place of J. P. Lawton. Incumbent's commission expired May 23, 1932.

Trilby A. Russell to be postmaster at Kevil, Ky., in place of T. A. Russell. Incumbent's commission expired May 23, 1932.

Gertrude Berry to be postmaster at La Center, Ky., in place of Gertrude Berry. Incumbent's commission expired May 23, 1932.

Mattie L. Wood to be postmaster at Russellville, Ky., in place of Homer Felts. Incumbent's commission expired May 17, 1932.

Henry H. Hargan to be postmaster at Vine Grove, Ky., in place of H. H. Hargan. Incumbent's commission expired January 5, 1930.

Harry Beall to be postmaster at Warsaw, Ky., in place of Harry Beall. Incumbent's commission expired March 3, 1931.

Era W. Peniston to be postmaster at Wilmore, Ky., in place of F. W. Rice, deceased.

LOUISIANA

Mildred P. Prescott to be postmaster at Lutcher, La., in place of M. P. Prescott. Incumbent's commission expires May 29, 1932.

MARYLAND

Walter J. Crowe to be postmaster at East New Market, Md., in place of J. M. Richardson. Incumbent's commission expired December 15, 1931.

Esther C. Baker to be postmaster at Woodbine, Md., in place of E. C. Baker. Incumbent's commission expires May 26, 1932.

MASSACHUSETTS

Henry N. Wixon to be postmaster at Dennis Port, Mass., in place of D. N. Wixon, resigned.

MICHIGAN

Frank Beedon to be postmaster at Croswell, Mich., in place of J. M. Jackson. Incumbent's commission expired January 9, 1932.

Benjamin W. Somers to be postmaster at Hesperia, Mich., in place of B. W. Somers. Incumbent's commission expired May 16, 1932.

Margaret J. Stuber to be postmaster at Lexington, Mich., in place of I. O. Pessley. Incumbent's commission expired January 9, 1932.

MINNESOTA

Homer B. Hanson to be postmaster at Morton, Minn., in place of Mattie Dains. Incumbent's commission expired January 29, 1931.

Dennis T. Mulhern to be postmaster at Waverly, Minn., in place of E. J. Giblin, removed.

MISSISSIPPI

John B. Going to be postmaster at Calhoun City, Minn., in place of J. B. Going. Incumbent's commission expired May 8, 1932.

Ernest McC. Hawkins to be postmaster at Corinth, Miss., in place of Lee Gray. Incumbent's commission expired March 28, 1932.

Mills T. Williams to be postmaster at Durant, Miss., in place of D. J. Crawford, resigned.

Lena W. Price to be postmaster at Tutwiler, Miss., in place of J. L. Donald. Incumbent's commission expired February 14, 1927.

Francis C. Hayden to be postmaster at Vaughan, Miss., in place of F. C. Hayden. Incumbent's commission expired March 5, 1932.

MISSOURI

Earl E. Pillow to be postmaster at Clarkton, Mo., in place of W. B. Ashbaugh. Incumbent's commission expired December 19, 1931.

Henry A. Illers to be postmaster at Jackson, Mo., in place of J. G. Kies. Incumbent's commission expired January 13, 1932.

NEBRASKA

Milton R. Cox to be postmaster at Arapahoe, Nebr., in place of M. R. Cox. Incumbent's commission expired May 2, 1932.

Edward F. Farley, jr., to be postmaster at Bancroft, Nebr., in place of E. F. Farley, jr. Incumbent's commission expired May 12, 1932.

Hannah P. Eggleston to be postmaster at Bennet, Nebr., in place of H. P. Eggleston. Incumbent's commission expired May 7, 1932.

W. Ross Pedley to be postmaster at Bertrand, Nebr., in place of W. R. Pedley. Incumbent's commission expired December 19, 1931.

Stanley E. Hemenway to be postmaster at Clearwater, Nebr., in place of S. E. Hemenway. Incumbent's commission expired May 12, 1932.

Archie L. Smith to be postmaster at Imperial, Nebr., in place of A. L. Smith. Incumbent's commission expired May 12, 1932.

Jacob H. Jimerson to be postmaster at Liberty, Nebr., in place of J. H. Jimerson. Incumbent's commission expires May 26, 1932.

Charles O. Lewis to be postmaster at Marquette, Nebr., in place of C. O. Lewis. Incumbent's commission expired May 17, 1932.

Frank C. Patton to be postmaster at Omaha, Nebr., in place of J. D. Ringer, deceased.

Arthur H. Logan to be postmaster at Ponca, Nebr., in place of A. H. Logan. Incumbent's commission expired May 7, 1932.

Myrtle L. Anderson to be postmaster at Republican City, Nebr., in place of M. L. Anderson. Incumbent's commission expired February 26, 1931.

Lawrence A. Kibbee to be postmaster at Winnebago, Nebr., in place of L. A. Kibbe. Incumbent's commission expired December 19, 1931.

NEW JERSEY

Lyle W. Morehouse to be postmaster at Little Falls, N. J., in place of L. W. Morehouse. Incumbent's commission expired May 14, 1932.

Harry B. Mason to be postmaster at Pompton Lakes, N. J., in place of H. B. Mason. Incumbent's commission expired May 14, 1932.

NEW YORK

Miles C. Dales to be postmaster at Laurens, N. Y. Office became presidential July 1, 1931.

Clarence H. Ash to be postmaster at Nedrow, N. Y. Office became presidential July 1, 1931.

Copeland E. Smith to be postmaster at Olean, N. Y., in place of C. E. Smith. Incumbent's commission expired May 14, 1932.

J. Frank Smith to be postmaster at Patterson, N. Y., in place of J. F. Smith. Incumbent's commission expired May 5, 1932.

Alfred M. Butts to be postmaster at Sag Harbor, N. Y., in place of G. H. Farley. Incumbent's commission expired January 10, 1932.

William K. Dunwell to be postmaster at Southampton, N. Y., in place of Charles Blackburn. Incumbent's commission expired March 14, 1932.

OHIO

Pearl W. Athey to be postmaster at Belpre, Ohio, in place of P. W. Athey. Incumbent's commission expired May 16, 1932.

Nestor J. Taylor to be postmaster at Beverly, Ohio, in place of N. J. Taylor. Incumbent's commission expired May 16, 1932.

William F. Kubicek to be postmaster at Independence, Ohio, in place of Lillian Mumea. Incumbent's commission expired February 6, 1932.

Robert E. Friel to be postmaster at Lore City, Ohio, in place of R. E. Friel. Incumbent's commission expired May 10, 1932.

Don B. Stanley to be postmaster at Lowell, Ohio, in place of D. B. Stanley. Incumbent's commission expired May 10, 1932.

William A. Ray to be postmaster at Mount Sterling, Ohio, in place of W. A. Ray. Incumbent's commission expired May 25, 1932.

Frank M. Murphy to be postmaster at Murray City, Ohio, in place of F. M. Murphy. Incumbent's commission expired May 16, 1932.

Rufus A. Borland to be postmaster at West Jefferson, Ohio, in place of R. A. Borland. Incumbent's commission expires May 25, 1932.

OKLAHOMA

Joseph H. Hopkins to be postmaster at Woodward, Okla., in place of L. M. Hopkins, deceased.

PENNSYLVANIA

David E. Trone to be postmaster at Clarendon, Pa., in place of D. E. Trone. Incumbent's commission expires May 29, 1932.

Harry C. Best to be postmaster at Enon Valley, Pa., in place of H. C. Best. Incumbent's commission expired January 24, 1932.

Christian A. Jansen to be postmaster at Essington, Pa., in place of C. A. Jansen. Incumbent's commission expired March 7, 1932.

Dewey W. Sechler to be postmaster at Fairchance, Pa., in place of D. W. Sechler. Incumbent's commission expired June 22, 1930.

Bernard E. Stansfield to be postmaster at Mechanicsburg, Pa., in place of J. L. Eppley, retired.

Stanley L. Campbell to be postmaster at New Albany, Pa., in place of S. L. Campbell. Incumbent's commission expires May 29, 1932.

Lake S. MacNab to be postmaster at New Castle, Pa., in place of E. W. Crawford. Incumbent's commission expired January 10, 1932.

Naomi G. Hazell to be postmaster at Norwood Station, Pa., in place of N. G. Hazell. Incumbent's commission expired January 18, 1932.

William E. Brooks to be postmaster at Ridley Park, Pa., in place of W. E. Brooks. Incumbent's commission expired April 9, 1932.

Homer B. Asheld to be postmaster at Tunkhannock, Pa., in place of H. B. Asheld. Incumbent's commission expires May 26, 1932.

SOUTH DAKOTA

Floyd Twamley to be postmaster at Alexandria, S. Dak., in place of Floyd Twamley. Incumbent's commission expired May 10, 1932.

Ralph L. Hazen to be postmaster at Canistota, S. Dak., in place of R. L. Hazen. Incumbent's commission expired May 10, 1932.

John W. Coverdale to be postmaster at Elk Point, S. Dak., in place of J. W. Coverdale. Incumbent's commission expires May 26, 1932.

Francis Smidt to be postmaster at Freeman, S. Dak., in place of Francis Smidt. Incumbent's commission expires May 26, 1932.

Hellen S. Angus to be postmaster at Humboldt, S. Dak., in place of H. S. Angus. Incumbent's commission expired May 10, 1932.

Charles J. Moriarty to be postmaster at Marion, S. Dak., in place of C. J. Moriarty. Incumbent's commission expired May 10, 1932.

Clyde C. Asche to be postmaster at Olivet, S. Dak., in place of C. C. Asche. Incumbent's commission expired May 10, 1932.

Mae George to be postmaster at Ravinia, S. Dak., in place of Mae George. Incumbent's commission expired May 10, 1932.

Cyrus J. Dickson to be postmaster at Scotland, S. Dak., in place of C. J. Dickson. Incumbent's commission expired May 10, 1932.

Charles Sundling to be postmaster at Vermillion, S. Dak., in place of Charles Sundling. Incumbent's commission expires May 26, 1932.

Howard R. Mortenson to be postmaster at Viborg, S. Dak., in place of H. R. Mortenson. Incumbent's commission expires May 26, 1932.

Lewis W. Ford to be postmaster at Wakonda, S. Dak., in place of L. W. Ford. Incumbent's commission expires May 26, 1932.

Will C. Bromwell to be postmaster at Wessington Springs, S. Dak., in place of W. C. Bromwell. Incumbent's commission expires May 26, 1932.

TENNESSEE

James H. Clonts to be postmaster at Isabella, Tenn. Office became presidential July 1, 1931.

Rennie G. Connelly to be postmaster at Lyles, Tenn., in place of R. G. Connelly. Incumbent's commission expired May 19, 1932.

UTAH

John McPhee to be postmaster at Salt Lake City, Utah, in place of John McPhee. Incumbent's commission expired May 22, 1932.

VIRGINIA

Arthur B. Parker to be postmaster at Onancock, Va., in place of E. P. Schultz. Incumbent's commission expired January 5, 1932.

WEST VIRGINIA

Gertrude O. Smith to be postmaster at Oak Hill, W. Va., in place of G. O. Smith. Incumbent's commission expired May 10, 1932.

Homer S. Hatfield to be postmaster at Williamson, W. Va., in place of W. E. Hatfield, resigned.

WISCONSIN

John A. Dickerson to be postmaster at Edgerton, Wis., in place of J. A. Dickerson. Incumbent's commission expires May 26, 1932.

WYOMING

Edna M. Booth to be postmaster at Sunrise, Wyo., in place of E. M. Booth. Incumbent's commission expired April 23, 1932.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 24, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We thank Thee, Merciful Father, that Thou dost always hold before us some beautiful ideal, some radiant light, some great height which can be attained by help divine. Thou dost not leave us alone to go wandering without chart or compass. O write the Beatitudes in our hearts, lest we lose their music and go fumbling at some broken string. O write the Decalogue on the tablets of our memories, and may it always attest the handwriting of the finger of God. By these may we always be beckoned away from the lower plains of life. The mouth of the Lord hath spoken great and precious promises, and none can ever destroy the covenant of the Ancient of Days. Meet us to-day with a blessing that falls like an angel's spirit from the upper places. Amen.

The Journal of the proceedings of yesterday was read and approved.

BEER TAX

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their own remarks on the so-called beer bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. UNDERHILL. Mr. Speaker, reserving the right to object, I do not object to the gentleman from New York or the gentleman from Texas, who led the fight for and against the bill, extending their remarks; but to throw it open to all Members of the House neither adds nor subtracts anything from the merits of the question. It has been settled for this session, and it is only incurring an expense that ought not to be placed on the taxpayers.

Mr. BLANTON. This is an important question that affects every Member here alike, and every Member ought to have the same right.

Mr. SNELL. I object.

Mr. O'CONNOR. Then, Mr. Speaker, I ask unanimous consent that all Members who spoke on the bill may extend their remarks.

Mr. SNELL. There will be nothing new added to what has already been said.

Mr. O'CONNOR. Just a minute—I had 10 minutes, and I gave away 9, 6 of which was given to the gentleman's side of the House. Now, I ask unanimous consent to revise and extend my own remarks.

The SPEAKER. The Chair will put one request at a time. What is the request of the gentleman from New York?

Mr. O'CONNOR. I ask unanimous consent that I may be permitted to revise and extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. O'CONNOR. Mr. Speaker, to-day the House of Representatives is afforded the second opportunity to vote on the universally discussed question of prohibition.

On March 14 of this year 187 Members of this House voted to submit to the people, by way of conventions, the question of continuing the eighteenth amendment in its present form. Unfortunately the vote was not sufficiently large to afford the people an opportunity they have never had to express their sentiments on this much-mooted question.

The vote to be taken here to-day will determine how many representatives of the people still support that "legislative lie," the Volstead Act. It will also serve as a medium of ascertaining how many men and women here are more concerned with the economic welfare of the country by levying nonnuisance taxes sufficient to support the Government and balance the Budget than they are concerned with the threats of the Anti-Saloon League and other minority groups.

It is unfortunate that the "discharge rule" under which my motion was made was not more closely scanned at the time of its adoption. In actual practice, however, its unfairness is apparent. I venture to say that 90 per cent of the membership of the House believe that the rule meant that if 145 Members signed a petition the bill would come before the House for consideration and discussed on its merits. Such is not the fact, however. A majority of all Members present is still necessary before the bill is actually before the House for consideration.

Therefore I appeal to all the Members of the House, whether they be wet or dry, to vote to discharge the committee so that this measure may be read to the House and considered by it. The bill has never had any consideration anywhere.

On March 2, 1932, the bill H. R. 10017 was introduced by me and on the same day referred to the Committee on Ways and Means. I communicated by letter and personally with every member of that committee requesting a hearing. None was ever granted. After waiting about six weeks I lodged my petition on the desk. On May 14, 1932, the one hundred and forty-fifth signature was affixed to the petition.

Surely there is sufficient demand throughout this country from the people in every part to entitle them to a real consideration of the bill on its merits. A vote to consider the

bill is not necessarily a "wet" vote any more than a vote to resubmit the eighteenth amendment is strictly a "wet" vote. On March 14 several Members who voted to discharge the Judiciary Committee from further consideration of the Beck-Linthicum resolution would not have voted for the repeal of the eighteenth amendment; likewise the first vote to-day to consider my bill does not mean that every Member so voting would vote for the passage of the bill or would accept it in every detail.

I therefore submit to your fairness in approaching this vote, not to be frightened by the threats of the Woman's Christian Temperance Union or other similar organizations who have swarmed like "locusts" the House Office Building during the past few weeks, intimidating Members by saying "they" would interpret a vote to discharge as a "wet" vote. Every Member of this House knows that is not so.

During the nine years I have been a member of the Rules Committee countless times have I voted to report a rule for the consideration of a bill to the passage of which I was opposed and which I intended to oppose and vote against. I voted for the rule so as to afford the House an opportunity to pass on the merits of the measure.

Now, what would a real consideration of this bill disclose?

H. R. 10017 legalized the manufacture and sale of beer containing not more than 2.75 per cent of alcohol by weight. This is equivalent to 3.46 by volume or about seven times the one-half of 1 per cent limitation in the Volstead Act. To that extent it modifies the national prohibition act and no more. The percentage of 2.75 was unanimously adopted by the two "wet" groups in the House, because the lengthy hearings before the Judiciary Committee of the House in February, 1930, had demonstrated beyond further doubt that beer containing that percentage of alcohol was not intoxicating in fact. Furthermore, the decisions of the Supreme Court of the United States in the prohibition cases clearly indicated that Congress was within its rights in declaring such a percentage as nonintoxicating, as this bill does declare.

The bill provides that this beer shall be taxed at 3 cents per pint, or substantially $7.50 per barrel. The average consumption of beer in the United States between the years 1910 and 1918 was about 61,000,000 barrels per year. In 1914 is was 66,000,000 barrels. A continuance of that average consumption would yield revenue of substantially $500,000,000 per year, not to anticipate the increased consumption due to the continuance of the ban of the eighteenth amendment on other liquors. Some people estimate the possible consumption as high as 85,000,000 barrels. Will anyone here say the Government is not sorely pressed for this revenue? The United States of America stands to-day as the only nation in the world which does not utilize the liquor traffic as a revenue producer. England with one-third of our population derives nearly $700,000,000 a year from taxes on liquor. The chief item of sales-tax receipts in Canada is made up of taxes on liquor. In 1910 40 per cent of the revenue of the United States was derived from internal-revenue impositions on liquor. Contemplate that!

It was estimated when we considered the revenue bill at this session that the proposed "sales tax" would yield about $500,000,000 per year, although there would be the necessity of setting up an entirely new organization and machinery for its enforcement, the cost of which was indefinite. The collection of a tax on beer is nothing new in this country. Up to 1919 there was levied a tax of $1 per barrel. In 1919 this tax was raised to $6. The organization set up is still in existence in the Treasury Department. The tax is collected at the brewery, a comparatively small number of places of collection. You will recall that the "sales tax" was opposed on the grounds that it was a levy on every man, woman, and child in the United States, and especially on the poor; that it was an involuntary tax on necessities. Surely no one can say a tax on beer is similarly objectionable. It is a voluntary tax. It might be called a "luxury tax." No one need buy beer unless he so desires.

Mr. Speaker, in these days of a universal demand from the country that we levy the taxes necessary to balance the Budget, what fairer, less objectionable tax could be imposed than that suggested in this bill?

The practically universal demand that the saloon be forever abolished is answered by this bill. The saloon can not exist without draft beer, which requires the bar and all its appurtenances. Under this bill the beer can only be sold in bottles, not to be consumed on the premises where sold except in a "regularly established dining room of a hotel, restaurant, or duly incorporated club, with each member paying annual dues of not less than $10." It is anticipated that this beer would be sold in the "chain" stores and other stores and should retail at 10 cents a pint bottle including the tax.

The bill also puts the beer gangster and racketeer out of business by specifically prohibiting the issuance of any permit to any person convicted of a felony or who employs any convict on the premises. The gangster has thrived and multiplied on beer, not whisky. Take that source of revenue away from him and a long step will be taken in eliminating lawlessness and its accompanying heinous crimes, such as kidnaping.

H. R. 10017 completely protects those States which do not desire to permit the sale of this beer within their borders. Furthermore, the bill goes farther and protects the smallest hamlet or local subdivision of a State which desires by local option to prohibit the sale of beer. Why should a village in Texas, which can prohibit the sale of this beer within its boundaries, be concerned with its sale in a town in northern New York?

One of the most important features of the bill is contained in section 6, under the terms of which no grains or other materials can be imported for use in manufacture of this beer. Prior to prohibition large quantities of hops and grains were imported into this country for use in the manufacture of beer. It is estimated that under the terms of this bill an outlet will be afforded to our farmers to dispose of about 150,000,000 bushels of grain. Who will say that any similar aid has been granted the farmer, long since suffering by an engulfing surplus?

Mr. Speaker, to-day 8,000,000 of our citizens are without employment. That is our greatest problem. Will they ever be all employed in this age of machine production? Many deep thinkers believe they will not be unless some new industry be found to occupy them. By the enactment of prohibition we destroyed one of our largest industries.

It is estimated that the restoration of beer to the people will immediately cause the employment directly and indirectly of nearly 2,000,000 persons, including employees in breweries, wholesale and retail dealers, club, hotel, and restaurant employees, hops and barley growers, bottle and box makers, printers, truck drivers, railroad employees, and clerks. It is estimated, incidentally, that 80,000 freight cars will be needed to transport this beer. Hoarded capital will be released and a new investment opened up for stockholders.

In all the hearings before the Senate and House committees eminent physicians have testified that beer is a healthy food, when properly and scientifically made. Hundreds of millions of gallons of beer are being made annually in this country, according to the statistics published by our prohibition-enforcement officials. Practically all of it, however, is unaged "home-brew" or etherized with a count of about 95 bacteria, as compared with a count of 3 in scientifically brewed beer. Is subservience to the fanatical moralizing of an organized minority of our people more important than the health of millions of our citizens who demand the right to drink beer when and if they see fit?

Mr. Speaker, since 1929 our country has suffered the greatest business and employment depression in its history. Many people believe conditions have and are gradually becoming worse. In the highest places in Government and business statements have been made that a very large part of the plight in which we find ourselves is due to timidity and lack of confidence; that much of our condition is "psy-

chological"; that some "spark" is necessary to start the engine running again. Not only I but countless people sincerely believe that the enactment of this bill and the legalizing of beer will do more to furnish this "spark" and restore this confidence than any measure yet suggested in Congress or elsewhere.

In all my activity in behalf of prohibition reform it has been my constant objective not to embarrass my colleagues. It would be a lasting regret to me if anything I might do in this connection were to result in any difficulty to any Member here. But my country comes ahead of moralizing or the demands of small organized groups. Who here will bankrupt their country to follow the pratings from pulpits? Very few, I am confident.

About a month ago when our distinguished Speaker took the floor and called upon the membership of this House to evidence their patriotism, every man and woman rose in their places.

Again, to-day I call on those who love their country, who desire to balance our Budget, who desire to answer the demands of an overwhelming majority of our people, who sincerely desire to relieve unemployment, to help the farmer, to release frozen capital, to restore confidence to our people—I call on them to bravely meet the issue and to vote for the consideration and the passage of this bill.

Mr. BLANTON. Mr. Speaker, I shall not ask for a privilege that is not granted to all the others who are entitled to the same right.

ADDRESS OF HON. JOSEPHUS DANIELS IN STATUARY HALL

Mr. LAMBETH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing the address of Josephus Daniels at the unveiling of the statue to Gov. Charles B. Aycock in Statuary Hall.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMBETH. Mr. Speaker, under leave to extend my remarks in the RECORD I include the following address of Hon. Josephus Daniels upon the occasion of the unveiling of the Aycock statue, presented by the State of North Carolina, in Statuary Hall, National Capitol, in Washington, D. C., on Friday, May 20, 1932.

CHARLES BRANTLEY AYCOCK—DEMOCRAT

To this historic hall the Commonwealths have brought statues of their sun-crowned men. Most of them memorialize cherished sons who commanded listening Senates or who won distinction in war by courage beyond the call of duty or who pioneered in science or conquered new continents or discovered new ways to alleviate suffering or to prolong human life. North Carolina to-day presents to the Republic, which the wisdom and valor of its sons helped to establish, the statue of a beloved son whose whole life was spent in the confines of his State and whose genius was consecrated wholly to the service of the people among whom he was born. Although his labors were restricted to a single State, he proclaimed a social and economic philosophy that transcended geographical and political limitations and survived the complexities of changing years. It embodied the remedy for the evils of his own time and a potent solvent of the ills that stagger this Nation to-day. As he neared the end of life he expressed his faith in these words:

"Epual! That is the word! On that word I plant myself and my party—the equal right of every child born on earth to have the opportunity to burgeon out all that there is within him."

The man who professes that creed and dedicates himself to it would be noble and just however narrow his environment.

I dare to say in a time fraught with more of peril than he dreamed could ever confront this Nation that this truth and this alone will free us from the oppression of organized greed grown fat and arrogant and poisonous on privilege mulcted from the rulers of a patient people; and that will restore this Government to its primary function—the adequate protection and even-handed service of those for whose freedom and happiness it was created.

It was the genius of the man, and through it his supreme claim to immortality, that he pierced the fog of prejudice and despair of his day with a forward call, universal in its breadth and timeless in its appeal. Because of it he is a greater man in North Carolina to-day than on the day the State gave him its richest reward. Because of it, also, the forces of order and progress, equality and justice are stronger in North Carolina to-day than when he led them to their greatest victory.

In Governor Aycock's devotion to the weal and advancement of his own people there was not time for him to sow or to reap in the so-called larger fields. But North Carolina is a noble State, worthy of the undivided love of the illustrious son honored to-day. Other spheres of service, larger in terms of geography or population, might have lured him. Charles Brantley Aycock exemplified the eternal truth that the highest call that comes to any man is the duty that lies nearest. His mission, as he conceived it, commanded his whole-hearted espousal of causes projected for the strengthening and the elevation of the people of his own State.

Richard Grant White, writing of Palmerston, said he was a typical Englishman, having all the virtues and prejudices of his countrymen. In much the same way it might be said that Charles Brantley Aycock was a typical North Carolinian, embodying in his life the virtues, aspirations, the hopes, as well as the beliefs of his people. Some of those beliefs might be regarded as parochial. It is true that he was confessedly more state-minded than national-minded. But do not confuse that with prejudice. There was no room in his heart for that unwholesome attitude unless you account it prejudice that more conspicuously than any other North Carolina leader since Vance he identified himself with his people, making their cause his cause, their wrong his wrong, their progress his reward.

Born a little more than a year before the beginning of the War between the States, Governor Aycock remembered the return of his older brothers and their comrades from the Confederate Army, "weary, worn, and sorrowful, to find their farms gone to ruin, their fences down, their ditches filled, their stock slaughtered, in many instances their houses burned." He was old enough to understand how the iron entered the souls of these men as they drank to the dregs the bitterness of the cup of reconstruction. His impressionable young mind shared the resentment of his elders in the humiliation and injustice heaped upon his people. His father's house became a rendezvous for the farmers of the community. They gathered on his broad piazza summer evenings to discuss their problems when Union League and Ku-Klux organizations made political action a matter of vital preservation.

Frequently the boy crept down the back stairs in his night clothes and, hiding under the front-porch steps, listened to the political talk that stirred his elders. Public political discussion was then the chief interest of a people who believed the protection of the things most dear to them must come through political victory. Aycock attended political meetings at an age when most boys were thinking only of play. Serious conditions troubled the family and the State. The eloquence, some of it rude, fascinated him. He would return home to repeat pointed passages that stuck in a peculiarly retentive memory. The burden of the speeches he heard involved the restoration of government to the people from whom reconstruction had wrested it. Before he was out of his teens he had imbibed the spirit of the political orators and had developed a talent for public speaking which gave promise of the eloquence which enriched his later public career.

The Federal reconstruction administration in North Carolina, it must be remembered, was in the hands of officials most of whom did not enjoy or merit the confidence of the people. The soldier brothers of Aycock, in common with the people in general, regarded them as aliens to the spirit of North Carolina. For a long time even the Federal courts were held to be foreign to the genius and indifferent to the traditions of North Carolina.

In such an atmosphere Aycock developed a passionate love for his State and a profound conviction that it had been wronged by the Government of the country which the blood of his fathers had established. It was not until he reached manhood that this early resentment was erased. But it left its scars with him, and with the men of his generation, even though they later rejoiced that this is an indissoluble Union of indestructible States. In his riper years no more ardent lover of the Union lived, but always his dearest affection was for the government units that were nearest home.

In an impromptu address at the Charleston, S. C., exposition he shared honors with President Roosevelt. A speaker preceding him had said he "thanked God there was now no North, no South, no East, no West," seeming to be apologetic for the attitude of the South of a former day. Governor Aycock graciously said that "there is a very fine and high sense in which my distinguished friend said there is no North, and no South, and yet there is another and a finer sense in which I am glad to say to-day that there is a South." Touching upon the industries developed after its people had been stricken by four years of destructive war, he added:

"Nor am I ashamed of the mighty deeds which you wrought from 1861–1865. I shall forever defend these men and women, and I must do so in order to justify the splendid courage of the President of the United States," turning to Mr. Roosevelt, who was sitting on the platform. Continuing, Governor Aycock said: "They were a great folk, sturdy, determined, hot-blooded maybe, but their blood stayed hot through four years. Your hot-blooded man cools under less than four years of suffering. But it took from Bethel to Appomattox to cool the blood of these southern people. They were tired of fighting against their brothers, but they had just gotten themselves into good fighting training for fighting the greatest battles of life. And so I say that I have ceased to talk about the fact that we are in the Union, for we never got out. And if there be any State—in the Philippines or elsewhere—that wants to secede, we will teach them that they can not get out."

President Roosevelt joined in the applause, calling out: "You are all right, Governor," to which Aycock replied: "I will say for the President that I know he is happier that he may be a President of a people who are proud of their history than he would be to be President of a people who were ashamed of it."

It is an interesting aftermath of that meeting between Theodore Roosevelt and Charles Brantley Aycock that the President tendered to Aycock, after his term as governor expired, an appointment

to a position of honor. Aycock declined it with high appreciation, saying to a friend: "I would not fit in. How could I oppose Republican policies and oppose Republican victory while holding office under a Republican President? Besides, if there is any public duty I owe, it is here in North Carolina where so much is to be done to educate the people and undergird and advance the material development of the State, to which tasks I long ago committed myself."

Invited to make a series of educational speeches in Maine, Governor Aycock enunciated the creed that his environment and love of home had developed and which made him the best-loved man in North Carolina: "I love my home town better than any town in Wayne County, I love Wayne County better than any other county in North Carolina, I love North Carolina better than any other State in the Union, I love the United States better than any other country in the world." He added, with the inimitable humor that characterized him, half jestingly and half seriously; "And I love this world better than the next."

He expressed his passion for home in the following extract from an address on Robert E. Lee, in which he ascribed to Lee the quality that marked his own life:

"The love of home, of family, of neighborhood, of county, of State predominated him. The elemental foundation of all free government is found in this vital fact. There can never be a free people save those who love and serve those closest to them first, and farthest away afterwards. The gospel must be preached to all the world, but its preaching must begin at Jerusalem. It could never have begun anywhere else, and if it had, it would never have gone anywhere else."

This philosophy, in a day when his home State needed him and leaned upon him and was nourished by his inspiring faith and accomplishments, accounts for his absorption in service at home.

Deeply interested in politics and profoundly versed in the great issues that touched the life of the Republic, he declined election as delegate to the national convention of his party and put aside the proffer of support for a position on the national ticket. Writing to a friend of a younger generation, who urged that, having done so much for the people of North Carolina, he ought to seek service in national affairs, Governor Aycock set forth what had actuated his course in these words:

"My own conviction is that the generation to which I belong, those in and around 50 years, will never furnish to the South the leadership which it must have. We came on during, or at the end of the war, and our environment has been such that we were compelled to devote ourselves to local issues. These issues are important; indeed, they were vital. The future of our State and section depended upon their right solution. But, vital as they were, they were narrow, and in the discussion of them and in working them out, we imbibed passions and prejudices that unfitted us for great work on the stage of the Nation. It was my hope, and still is, that our labors would not be in vain but would produce a stronger and broader leadership out of the generation to which you belong. That is my firm belief now."

What did Governor Aycock mean when he said: "Vital as the questions were that compelled us to devote ourselves to local issues, they were narrow, and in the discussion of them and in working them out, we imbibed passions and prejudices that unfitted us for great work on the stage of the Nation"? Clearly he was thinking about the question of suffrage in the South. The greatest wrong done to the southern white man and to the Negro in the reconstruction era was immediately entrusting all the enfranchised slaves with the ballot. Mr. Lincoln never favored it. On the contrary, he advised the Governor of Louisiana to grant suffrage at first only to such negroes as had acquired property or by education had shown fitness to use the ballot wisely. If this Lincoln plan of gradual extension of suffrage had prevailed over the Thaddeus Stevens plan, based upon political advantage rather than interest in the welfare and advancement of the Negro, what a Pandora's box of ills the whole country would have escaped.

Governor Aycock grew up in a district having 8,000 Negro voting majority. He saw how ignorant negro voters were used en masse by designing leaders, white and colored, to the injury of both races. Later, in 1894–1898, the manipulation of the solid Negro vote by unscrupulous and faithless white men brought a return of incompetent government to North Carolina. Men climbed to office by the support of ignorant and unqualified voters and then deserted them and kicked them over when they could no longer serve their selfish ends. The character and results of such government in this State was thus described by Governor Aycock in his inaugural address as Governor of North Carolina, January 15, 1901:

"Under their rule lawlessness stalked the State like a pestilence—death stalked at noonday—'sleep lay down armed'—the sound of the pistol was more frequent than the song of the mocking-bird—the screams of women and children fleeing from pursuing brutes closed the gates of our hearts with a shock.

To overthrow such administration Aycock was selected by the unanimous vote of his party as candidate for governor to lead in the most critical campaign of his generation. He was chosen by reason of the recognition of his "preeminent power to convince the minds of men and to arouse their highest and best emotions, to enthuse them with the truths of his cause, and lead them to action." In his first speech in the campaign he told the voters that the passage of the suffrage amendment "will mean an end of an era of crime and lawlessness, insure security of property and purity of politics, and no more rule of the incompetent and corrupt." He made a campaign without precedent in the annals of North Carolina, championing a constitutional amendment that would exclude from the ballot all negroes who lacked the necessary educational qualifications for the exercise of suffrage. In a contest involving bitterness and some racial animosities he lifted the cause above passion and prejudice and showed by every word and act a friendliness and sympathy for the uneducated negroes he was proposing to disfranchise. In it he won their lasting esteem and his subsequent policy proved his justice and friendship.

Governor Aycock declared that before the party he led had proposed the limitation on suffrage, "we endeavored with sincerity to bring the negroes to a realization of the true dignity of full citizenship," and pointed out that the State opened schools for them, cared for their afflicted, and yet "the result was a disappointment." Why? The 120,000 negro voters were the pawns of unworthy political leaders who employed them for their own undoing, bringing about a reign of terror in certain parts of the State.

Many people outside the State and some within its borders believed the policy of which Aycock was the chosen crusader was born of desire for political advantage and prejudice of the Negro race. Undoubtedly political victory came to the party espousing the suffrage amendment. But neither of these considerations controlled, certainly not with Aycock. His magnanimous nature forbade hatred or injustice toward a people wanting in power to demand and secure justice. During the epochal campaigns from 1894 to 1900 Aycock pledged that if power were given to his party it would be exercised in such spirit as to help the negro as well as to restore order and promote prosperity. Proof that he entertained no hostility to the negro is afforded by this extract in his speech of acceptance:

"May the era of good feeling among us be the outcome of this contest. Then we shall learn, if we do not already know, that while universal suffrage is a failure, universal justice is the perpetual decree of Almighty God, and that we are intrusted with powers not for our good alone but for the Negro as well. We hold our title to power by the tenure of service to God, and if we fail to administer equal and exact justice to the Negro, whom we deprive of suffrage, we shall in the fullness of time lose power ourselves, for we must know that the God who is love trusts no people with authority for the purpose of enabling them to do injustice to the weak."

This noble consecration pledge was the guiding star of his administration and those succeeding it. His policies of justice and equality brought peace and order. Freed from political disturbance, there followed an "outburst of industry" and agriculture, commerce, and manufacturing. Banking expansion initiated the largest growth and prosperity that North Carolina had known in all its history. The disgrace of lynching faded under a sound public sentiment strengthened by the new governor and the just administration of law. This was Aycock's creed:

"The law must have full sway. It will be enforced with impartiality, and I shall strive to be a just governor of all the people, without regard to party, color, or creed. The mob has no place in our civilization. No man is so high that the law shall not be enforced against him, and no man is so low that it shall not reach down to lift him up, if may be, and set him on his feet again and bid him Godspeed to better things."

When it came to enact election laws in consonance with the new suffrage amendment, Governor Aycock demanded that they should have in them no provision open to unfair operation. He had favored the North Carolina method of restricting suffrage, because it gave no opportunity to election officials for discrimination, but was open and understandable. If for a time under its operation advantage rested with the whites, the time was fixed definitely when the education was to be the only qualification for all voters. Equally resolved that elections should be fair, he insisted that each party should have representation upon all election boards from the precinct to the State board. He never rested until such legislation was enacted. Thus was the "vital" and "narrow" issue, which monopolized his talents for so many years, met by Aycock and the leading men of his Commonwealth for the weal of all its people.

UNIVERSAL EDUCATION

Another "vital issue," local in its setting and testing the stuff of which Aycock was made, was raised during his administration. It was the question of universal education, embracing the children of both races. During his candidacy Governor Aycock had committed himself and his party to this principle. Long before this the State had established separate public schools for both races, but the terms were short and many of them were indifferently manned. Immediately upon his inauguration larger sums were required for improved schools, and this necessitated an increase in taxation. There were those citizens in the State who had not been converted to the Aycock theory that the State owed equal school facilities to both races.

They protested that as the white people paid the larger portion of the school taxes, it was not just that the negroes, whose tax contribution was relatively small, should have school terms equal in length to those of the white children. Indeed, there appeared an element who did not believe in the education of the negro. They demanded that the money paid by white taxpayers should be applied solely to white schools and that the negro schools should have only the money paid by negro taxpayers. Those entertaining this view were more vocal than numerous. To these dissenters from Aycock's educational policy were added the critics

who complained of other policies of his administration. The opposition was increased by some who saw in Aycock's great popularity a danger to their political ambitions.

Altogether, therefore, quite a body was massed in opposition to that portion of his educational policy which included equal schools for the negro. These opponents caused to be introduced in the legislature an amendment to the constitution for a distribution of school taxes on the basis of what each race paid. The manifest purpose of this amendment was to restrict the opportunity for the negro to become educated and qualify himself as a voter. Governor Aycock in the most unmistakable terms let the legislators understand that he should regard the adoption of such an amendment as a violation of the pledge made by him and his party, and that if the plighted pledge was broken, over his opposition, he "would resign his office and return to private life." He said: "It must be manifest that such a provision as this is an injustice to the negro and is injurious to us." He declared it was unconstitutional, was in violation of the fourteenth amendment, and contrary to the platforms of both political parties. His opposition strengthened the hands of the men of like views in the general assembly and prevented the measure from coming to a vote.

However, its champions secured the adoption of resolutions for such segregation of school funds by the conventions in several counties of the State. In his message to the general assembly of 1903, Governor Aycock, after an able and conclusive argument against the suggestion, declaring it to be "unjust, unwise, and unconstitutional," said: "It would wrong both races, would bring our State into the condemnation of a just opinion elsewhere, and mark us as a people who have turned backward." He pleaded with the people thus: "Let us not seek to be the first State in the Union to make the weak helpless. This would be a leadership that would bring us no honor but much shame." His strong argument determined its fate, and it could not muster a corporal's guard in the legislature.

When the Democratic State convention met in 1904, there was a well-organized movement to bring the question up in the hope of securing approval of race tax segregation. There was a rumor, which lacked confirmation, that an element would howl down anyone who should support Aycock's universal educational policy. He was told that if he raised the issue and defended his course he would experience humiliation. The suggestion that he should avoid this controversial question was met by a resolve to make it the central idea in the address he was scheduled to deliver. When he appeared on the platform the atmosphere was cool, not to say hostile. He began quietly and confidently, piling reason upon reason, with a winning and lucid manner which few could resist or refute. Within 10 minutes the coolness had turned to warmth. From that time on he was master of the vast assembly and the delegates enthusiastically approved what a portion had entered the hall to condemn. A greater oratorical conquest is not recorded in the annals. His long-time law partner, Judge Frank A. Daniels, gave this judicial estimate of what will always be regarded as the high-water mark of convincing eloquence in North Carolina:

"I have long regarded this as the greatest triumph of moral and intellectual powers attained by a North Carolinian, certainly in my day. Its immediate and ultimate effect was to break in pieces the opposition to our educational advance which has never since been able to rear its head; and this victory of truth and justice has made secure the progress of enlightenment throughout the length and breadth of the State."

If the "vital issues" to which Governor Aycock referred were narrow in the sense that they were sectional, the cause to which Aycock's life was consecrated was universal. It was the one into which Jefferson breathed the breath of life in Virginia and which enabled Horace Mann to give primacy and distinction to Massachusetts—the duty of the State to set up public schools for all the children. Mainly because of this faith Aycock came to be known as "the educational Governor of North Carolina"; and because he transformed educational thought and progress in North Carolina, the people of his State have caused his statue to stand in this place. It is the lasting tribute of a people who are grateful for his translated vision of universal education. As a boy he was denied this inalienable right. He never went to a public school until he entered the University of North Carolina, established in the Constitution of 1789 as "the head of the public-school system" before there were any public schools. The few schools supported by taxation were of only a few weeks duration and generally inefficient. The educational fund built up before 1860 was swept away by war or squandered by reconstruction. Young Aycock, thanks to the pride of a family whose members early perceived he had rare gifts, was given the best instruction in private schools which his section afforded. He learned easily; and when most boys were wrestling with Latin verbs, young Aycock was translating English into Latin with the utmost facility and laying the foundations of accurate scholarship and style which lifted him above his fellow students both in the preparatory schools and at the university.

The hour may not be fixed when, like Samuel of old, he heard the voice setting him apart as the leader of public education, and answered, "Here am I." Before he was of age he taught in a public school. Among his closest friends when he was a student in the university were three men who did more to revolutionize North Carolina educationally than any three others among the many who have poured their lives out in that endeavor—Dr. Edwin A. Alderman, who became successively president of the University of North Carolina, Tulane, and the University of Virginia; Dr. Charles D. McIver, who founded the North Carolina College for Women and was the educational dynamo of his generation; and Dr. James Y. Joyner, under whose leadership as State superintendent of schools in Aycock's administration a schoolhouse was built every day in the year including Sunday. These men and others were fired by love of State and troubled because many children were growing up without schooling. "There was no better place, I think, for the making of leaders in the world than Chapel Hill in the late seventies," said Doctor Alderman. "The mode of life was simple, rugged, almost primitive. Our young hearts, aflame with the impulses of youth, were quietly conscious of the vicissitudes and sufferings through which our fathers had just passed. A heroic tradition pervaded the place, while hope and struggle, rather than despair or repining, shone in the purpose of the resolute men who were rebuilding the famous old school."

With a zeal as holy as sent the Wesleys from Oxford to preach a gospel of universal salvation, these four young men left the university consumed with a zeal for universal education. They started a revival that swept over the State, culminating in its glow and glory during the years when Aycock was governor of the State. Aycock went into the law to become the educational statesman. The other three went into the school room and from that day were united and dedicated to one great aim—the establishment of an educational system that would remove the stigma of illiteracy. The influences they created are seen in the magnificent school buildings that give honor to the State and guarantee the opportunity to every child to secure a common-school education.

The first public office Governor Aycock held was county superintendent of the public schools of Wayne County and the second was as chairman of the school board in his home town of Goldsboro. Ending his term as governor, the last office he held was on the same school board. No perfunctory official was he, but a trustee who gave his time and thought to the cause nearest his heart.

Horace Mann may have been as eloquent an advocate of public education or as efficient an educational statesman as Charles B. Aycock. If so, no other public man in the United States deserves equal rank with the North Carolina Governor in the sphere in which he made his largest contribution.

Unless there is appreciation of the lack of decent schoolhouses and trained teachers and money for schools and knowledge of the widespread indifference to the right of the child to go to school and a sense of the power of the widespread prejudice against taxation for the education of the children of other people, unless the condition prevailing in Aycock's youth can be visualized, there can be no proper appraisement of the revolution of public sentiment under his leadership and that of his coworkers.

As "educational governor" not only did he create sentiment for public schools but he brought about an era of good feeling and cooperation of all the educational institutions in the State, secured larger appropriations for State schools, and stimulated gifts to church and other colleges. One day publication was made that an old and useful church institution for the education of women was to be closed and its magnificent campus cut up and sold as city lots. "No educational institution shall close its doors in North Carolina during my administration," he declared, as he announced he would speak for the continuation of the college in the town in which it was located. The college was not closed, and shortly was enlarged to accommodate its increased attendance.

He was an evangel of the new order, an order dedicated to the "equal right of every child born on earth to have the opportunity to burgeon out all that there is within him." His conviction and his eloquence stirred North Carolina to a zeal from which the State has never slumbered and in the wake of which have come the manifestations of progress that now distinguish it. He spoke in every county in North Carolina and in many other States upon occasion. His addresses on universal education became as familiar and as famous as Webster's oration on the Constitution and the Union, and quite as eloquent and effective. Like Webster's masterpiece, it was a growth. Webster while a teacher just out of college gave the substance of the same argument in a small Maine town in a Fourth of July address that he employed in his famous reply to Hayne. But in the years it had evolved from a patriotic oration of a young man into the great oration of the master of assemblies. It was the same with Aycock's masterpiece. It was first given in its essence in his home township of Nahunte. From frequent repetition and polishing, it became the masterpiece which Aycock was delivering on the night of April 4, 1912, at Birmingham, Ala., when death claimed him.

"God Almighty, who is no respecter of persons, has made it so that you can not get the best for your boy and your girl until you are ready to give the best to my boy and my girl," he declared, and demonstrated his point with most convincing illustrations. Then he added:

"You are going to educate your girl; I know you are. You are going to sit up all night to educate her; you are going to save to educate her; going to economize; going to be stingy to educate her. Maybe you want her to be a musician. Well, I am going to tell you. You can send her to all the schools; you can let her burn the midnight oil; you can let her study under great musicians until she is almost blind; you can send her to the conservatory of music, you can send her abroad until her whole soul thrills and feels the glory of her gifted music, but she can not make music to people that do not understand. You can not talk to an audience that can not hear. Governor, did you ever try it?

Well, I have. When I was governor I made speeches all over North Carolina. I canvassed the State for four years in behalf of the education of the children of the State, right straight along; sometimes on Sunday they would ask me down to the churches to talk, and I always talked about education—"

With these words he fell dead. He died like his father, who dropped dead while opening a conference at Aycock's Primitive Baptist Church, Wilson County, N. C. The State of North Carolina, "like Niobe, was all tears" when the news of his sudden death reached its people. Millions have been appropriated and stately memorials erected in honor of the men who gave their lives in the World War, but in North Carolina to-day the people regard the sacrifice Governor Aycock made to open larger doors to the children as constituting him the great casualty of the war against illiteracy. It was this universal feeling in the State that brings us here to-day.

Because Governor Aycock chose to deny himself ambition for official station in the Nation, feeling an irresistible call to give himself to the rebuilding of an ancient Commonwealth, it must not be inferred that he was not deeply concerned and profoundly informed as to national problems and national affairs. His own people were compelled to construct a foundation upon which to stand in the rebuilding of the State. This was vital to them and to him. It came first and commanded all his powers and allegiance. The people felt "he was come to the kingdom for such a time as this." He was truly the Moses who led them toward the promised land. Events have proved he was right, for though nearly three score and ten years have passed since Appomattox, neither of the chief political parties has nominated a southern man for President. It was not that he and others lacked ambition or the fitness for the Chief Magistracy. It was, certainly, for a long period because engrossing State issues and local demands may have disqualified them "for great work on the stage of the Nation." He could say with Stevenson that he could "renounce when that shall be necessary and not be embittered." For all along he believed, as he wrote to a young friend, "It was my hope, and still is, that our labors would not be in vain but would produce a stronger, broader leadership out of the generation to which you belong."

The country produced no man of his era who was more profoundly versed in the issues which divided political parties, particularly the tariff question around which so many political battles have been waged. He was familiar with the debates and papers on this subject from the time of Hamilton and Jefferson. In his last written speech, in the early part of 1912, the ablest and most illuminating treaties upon Democratic doctrine of the half century, Governor Aycock declared:

"I agree with Governor Woodrow Wilson that the tariff is the one central issue. It is at the head of every other economic question we have to deal with, and until we have adjusted that properly we can settle nothing in a way that will be lasting and satisfactory." It was a tragedy that he died before he could cooperate with Wilson, as he made sound tariff measures the first item in his program of reforms. I have been privileged to hear such authorities on the tariff as Roger Q. Mills, William L. Wilson, Grover Cleveland, William Jennings Bryan, and Woodrow Wilson elucidate the tariff question, but I weigh my words when I declare that not one of them surpassed Aycock in knowledge or apt illustration or lucidity of statement or convincing argument. In his last political speech Governor Aycock compressed his attitude on the tariff in these four propositions:

"1. I am in favor of a tariff for revenue only.

"2. Such tariff to be levied—

"(a) On luxuries.

"(b) On comforts.

"(c) And only as a last resort on necessaries.

"3. Such tariff to bear equally upon all productive energy engaged in agriculture, mining, or manufacturing.

"4. Such tariff to bear equally upon every section of the country. And under this head I would observe that I do not believe in protection for New England and free trade for North Carolina, but a tariff for revenue only, applicable alike to both sections. I would not be guilty of the quixotic folly of compelling my own people to bear an unequal proportion of the burdens of the maintenance of Government; nor would, I on the other hand, exact one cent of tribute from any other section of the country in order that my own State and the South, which I love with my whole heart, should prosper at the expense of others."

His discussion of the tariff was no siccant presentation of schedules. It was the philosophy of taxation. He properly regarded the tariff as a moral question which lifted it to the heights. He drew a graphic picture of how he had seen, during the span of his life, "the struggle of the people for continued and enlarged freedom seeking to work itself out" by invention and industry, and commerce providing fabulous wealth and enormous products, with the prophecies of the orator that "with the coming of this wealth there should come also a better age and a finer chance for those who sweat and struggle." He was forced to this conclusion: "And yet I have looked in vain for the coming of that hour, and as I read the current history of the times, I find strikes and lockouts and cold and suffering greater than when Great Britain acknowledged the independence of the thirteen American Colonies."

The superabundance of the few and the want of the many, the flow of wealth along smooth channels to the coffers of the elect and the struggle of the masses of his countrymen for wages barely enough to keep soul and body together, struck Aycock's democratic heart with a deep conviction of the essential injustices of the existing system.

To him the problem was not insoluble. Unlike many then, and more now, he did not sit in the ashes and regret that there was no escape from the conditions he deplored. He knew that there was a remedy for the unequal distribution of wealth, and a simple one, if only it could be put to work. He said in a notable address:

"Yet I can not bring myself to believe that the problem is insoluble. Yes; I believe that it has already been solved and the solution has been forgotten by us. It was solved in the single phrase 'Equal opportunity to all and special privileges to none.' It found its correct exposition in the inaugural address of President Jefferson when he insisted that the Government should be economically conducted to the end that labor shall be lightly burdened."

He pointed out that ever since this utterance we have been going away steadily from it and seeking to find in the extension of special privilege to some the hope that, out of their abundance, they would make easier the condition of all. He laid down this proposition, and by powerful reasoning and illustration proved it: "You may tax some people rich by creating a monopoly by reason of taxation, but you can not tax all the people rich." Proceeding upon that sound thesis, too often overlooked, he traced how the protective tariff had bred trusts. In one of his best speeches on the hustings, speaking to make plain and clear a subject often dull, he made the operations of the protective tariff so lucid that a child could understand it. Here is his graphic portrayal of what happens under high tariff laws:

"By means of this protective tariff what has happened? You can build up an industry by it. I have never disputed that proposition anywhere. We could grow tea in South Carolina by operation of the protective tariff, Senator Tillman says. If you will make it high enough, you can grow it in South Carolina and make some people rich. You can build up a special industry. Don't you see when they put on that high tax and exclude foreign competition the manufacturer starts up? One man starts with a capital of $100,000. He hurries up his plant. He has a large market, and it is exclusive. The tariff has shut out all foreign competition. He goes to work and gets his goods on the market and sells them nearly as high as the tariff will allow him. He coins money and gets rich fast. The next man sees this, and says, 'If A is making money that way, I can, too.' He builds a $250,000 factory and gets rich, too. Then C comes in and builds a factory for $1,000,000, and the prices go a little lower. And so they keep on until they have 25 or 26 plants throughout the United States supplying the needs of the American people, and they have brought the prices down as low as the foreign market. We are reveling in low prices for these manufactured goods.

"Finally the smartest one of these fellows drops a letter to the others. He says:

"'MY DEAR SIR: You and I are engaged in the same line of business. For the past few years we have not been making much profit. In the beginning we made a great deal of money, but for the last few years, by reason of competition with one another, it is getting almost impossible for us to make a living. It is folly for us to waste our lives in this mad struggle of competition. I am going to be at the Waldorf-Astoria next Thursday at 3 o'clock p. m., where I hope to see you and have a little conference.'

"He sends that to the others, and the next Thursday the whole push is there. They eat a little, and drink a little, and smoke a great deal, and finally the same fellow says, 'Boys, this is all foolishness; we are cutting each other's throats. We have the American market and there is no sense in barely making a living. We used to make big money and can do it again. I want us to form what is known as a trust; that is to say, I want us to form one great big corporation. You take stock in this corporation to the extent of the value of your plant, and I will take stock to the value of my plant, and so on around, and we will have it all in one company. We won't have but one president, one superintendent, two or three drummers, and we will discharge all the rest of them and centralize these plants and the management, and produce our product cheaper and earn a bigger dividend, and not only put our plants in at the valuation they are now worth, but we will double the amount of stock and give each one twice what his plant is worth and still make a dividend.'

"That looks good to all of them except one fellow born a hard-shell Baptist Democrat. They are all like Paul. 'None of these things moves me,' he says. 'I have been an independent manufacturer and am going to remain one still.' They say, 'All right, Bill. Good-by.' Bill goes down home and goes to work and overhauls his plant, and oils it up and gets all the rust out of it and makes it run as smoothly as possible. He begins to economize because he knows there is a good fight on. The other 25 form their combination and put out their goods and offer them on the market a little higher than before, and Bill sells at the old price, so they can not get much rise on them because Bill is offering his goods to the jobbers a little cheaper than theirs. Finally they send a fellow down in Bill's neighborhood, and every time Bill tries to go down a little they go down. They tell their representative, 'Every time Bill goes down on those goods, you go two better.' Bill goes down 5 points and they go down 15. Bill goes down 5 more and they go down 15.

"It is beginning to wear on Bill. He is turning gray and getting pale. He has been a tactful, pleasant-faced fellow, and he used to go home in the afternoon and take his wife and children to ride in the automobile, or, better, in the old-fashioned buggy. Now he does not get home until dark, and there is a scowl on his face. Mary meets him at the door and says, 'William, what is the matter?' He scowls and says, 'Nothing the matter with me.' The trust had just gone down 15 points the day before, and he knows 5 points more will bankrupt him. He goes to bed and dreams dreams and sees visions, and his visions of the devil are the most real. He gets up unrefreshed and a cold bath fails to put him in good humor. The morning is a bright, glorious, sunshiny morning, and there is a crispness in the air. Nothing appeals to Bill. Bankruptcy is before him. From being wealthy he is about to descend to poverty. From having his family have everything they want, they are about to descend to want.

"He finds a representative of the trust in his office. 'Good morning; how are you feeling, Bill?' 'Don't feel much. How are you?' 'I am feeling fine. Now, Bill, there is no use in this foolishness. Come to terms. While we are in the humor, you had better get out. We don't want to hurt anybody. We are good folks. You have $100,000 in your plant. We will give you $100,000 stock in our concern and a $50,000 check on top of it.' Bill had had visions of bankruptcy, and his wife wants a new automobile and his children want to go to college. He is mad, but he reaches over and says: 'Make out your papers,' and he makes his deed and gets his $100,000 in stock, and he sticks that check for $50,000 into his pocket and walks around town with a stoop in his shoulders and a scowl on his face, but there is a smile lurking around the corner of his eye. He banks that check, and in a week's time Bill is beginning to smile again, and in a month's time he is driving out with his family. The world looks good to him. He votes with the Democrats, for a while against the trusts, but he is softening. At the end of the quarter Bill gets a 10 per cent dividend on that $100,000 stock, and he sticks that $10,000 into his pocket and he steps about 3 feet at every step now. He is still mad, but he will vote the Democratic ticket, provided the fellow on the ticket is a good man.

"Another quarter rolls around and another $10,000 check comes in. Well, sir, there ain't hardly room on the sidewalk for Bill. His thumbs have found the armholes of his vest. 'I am a Democrat, but I tell you this Democratic Party is getting mighty silly, putting out a heap of fool-fangled notions. Better let the business men run it. I will vote the Democratic ticket, but I am getting mighty tired of them calling on me to vote for the kind of men I have been voting for, and I am not going to do it any more.'

"Another quarter rolls around and then at the end of the year they send Bill a stock dividend of 25 per cent. He says, 'I am getting tired of this whole business anyhow. I have long thought those Democrats had too many fool things in their heads. I believe I will vote for Taft this fall.' Just as soon as the Republicans hear tell of that they elect him chairman, and at that instant they become respectable.

"Oh, my countrymen! This is no fancy picture. It is the everlasting truth of history as it has been written in the United States for the past 20 years, and is being written to-day. It is the history of the United States as it must needs be written and always will be written as long as the doctrine prevails that the power rests in the Government to levy taxation for any purpose other than the administration of the Government. You may take every other plank out of the Democratic platform, but I will not submit to putting power into the hands of anybody to tax me poor and to tax you rich."

Governor Aycock went further and demonstrated that the tariff "corrupts the entire body politic," and proved that it is "a moral issue." Once enjoying the benefit of this subsidy the beneficiaries contribute to campaign funds to keep or put in power the men who will continue to vote them largesses and to defeat those who believe that taxation can be levied only for public purposes," declared Governor Aycock. He denied that combinations would produce more cheaply or sell their products at a lower price to the consumer. Answering the contention that such claim was well founded, Governor Aycock said:

"But fortunately at this juncture Mr. Brandeis, of Boston, in his evidence before the Interstate Commerce Committee of the Senate has demonstrated beyond all peradventure that at this very point the trust fails instead of succeeds. The highest efficiency of production and the greatest economy attainable are to be found not in gigantic plants but in the reasonably small ones. Efficiency is due to the cooperation of every man engaged in the production, and this cooperation is largely dependent upon the esprit de corps which is developed, so that each worker in his department is necessary to every worker in every other department, and when the heads of these departments are in direct contact with all the men, and when each man feels that the business is his own. When the business grows beyond this point and the men become units instead of individuals and are counted by numbers instead of names, inefficiency creeps in and expenses increase in the various departments. The only way to secure the highest efficiency and the greatest economy is by a large number of plants under separate and independent conduct, each one striving to the utmost limit with the power of every individual in its employment to outdo the others."

Governor Aycock ended a powerful discussion on trusts by saying:

"So I conclude on this subject that the trusts are not to be regulated but destroyed and supplanted by the old-time organization willing to fight, to work, to struggle, to invent, to discuss and initiate, willing and able to compete, and actually competing for the business of the world, asking no favor, paying for no special privilege, and eternally opposed to conferring special benefits upon others."

That is an eternally true statement of sound doctrine. If it had controlled governmental action in the years behind us, the spectacle of trust-created multimillionaires and hosts of unemployed could never have arisen to menace the American system in our time.

THE BEST LOVED

No man deserves a place here with America's immortals because of personal qualities. He must have rendered some service to mankind to be regarded as eligible. But if sincerity and simplicity and beautiful character and garnering the love of a great State could entitle any man to this distinction, then North Carolina would feel justified in saying that it had selected Governor Aycock for the niche assigned to it. He was the best-loved man the State had produced since the statue of Gov. Zebulon Baird Vance was unveiled in this hall. It is not alone because of official station that the State chose its illustrious war governor and equally illustrious educational governor as the two sons who most fittingly represent the spirit and character and flavor of its people. As the man is always superior to his song or speech or invention or achievement, so are Vance and Aycock greater than their public contributions. In the whole history of the State, which has been fruitful of men who attained eminence, Vance and Aycock, by common consent, are most representative of the people from whom they sprang and who delighted to honor them. It is a distinction worthy to be coveted for a man to be called to high office by his people because they trust him and value his ability.

It is a greater and a rarer honor when to their esteem and confidence they add their personal attachment and love. Love is something which neither wisdom nor learning can command. It comes only from a sympathetic understanding and common aspiration. The leader who wins the hearts of a people must have a heart that beats in unison with theirs. The people have rare discernment. They are never deceived into giving their affections to a man unless his whole aim is to serve the common good. They often give their votes to men who have capacity for public service without personal affection for the people whom they serve, but they do not give their affection to those who flatter them or seek to please as a means to their own ends. Rather they pass over such men and love those who are frank, sincere, genuine, and put service above ambition. Having this thought in mind, speaking at the University of North Carolina, Hon. Charles W. Tillett, sr., of Charlotte, N. C., gave this just appraisement of Governor Aycock:

"I appeal to you, sir, the president of this great university, to emblazon somewhere upon the walls of these buildings in letters of gold, set in a frame of silver:

"'The public life of Charles B. Aycock teaches that a man may have an abiding mastery over the affections of the people without sacrificing either self-respect or principle.'"

AYCOCK AS A LAWYER

If you were to ask the average North Carolinian why Aycock was chosen from the list of North Carolina's ablest leaders, the answer would not be because he was the greatest lawyer, though in the practice of the law and in its mastery he stood equal to the best in his generation. People do not erect monuments to men because they are learned in the law unless all that they know is brought under requisition for the benefit of mankind.

"Where have you been keeping that wonderful lawyer and orator?" Chief Justice White asked a North Carolina friend upon the occasion of Governor Aycock's appearance in an important case before the Supreme Court of the United States. "In all my experience in the court I have heard no lawyer present his case more lucidly and effectively and delightfully. He has the faculty of presenting his contentions so convincingly that his proposition is stated as if it were the necessary conclusion. His style and logic prove his superior quality and charm as an orator and as a lawyer."

A like tribute came from Justice Harlan: "You have a wonderful man in Governor Aycock," he said. "My dissenting opinion in the case he argued was based almost entirely upon Aycock's argument."

Many like tributes from members of the North Carolina judiciary and bar could be quoted to show his high rank as a lawyer and his primacy as an advocate. Judge Henry Groves Connor, of the State supreme court and the United States district court, who had known Aycock from his boyhood and was intimately associated with him, concluded a perfect tribute by writing:

"Both by precept and exemple he taught and practiced, illustrated and emphasized the truth that the administration of justice is the highest duty as well as the highest privilege of man. The law, to him, was a jealous mistress, demanding his best powers and most reverent service. In our active practice, in all its departments, for more than a quarter of a century, no man thought or suggested that he had perverted justice, made falsehood to triumph, truth to be sacrificed, or used his privileges to minister in the courts for other than honest and honorable means."

Learned in the law, he was always at his best in the contests in the courthouse. His partner, Judge Frank Arthur Daniels, gives this graphic picture of his conduct of cases in which he appeared and which gave him leadership at the bar:

"It was one of the great experiences of a lifetime, not to be forgotten, to have seen him at his best for the defendant in a capital case, contesting every inch, watching every development,

resisting the introduction of damaging testimony, protecting his client from every aspersion, and, when the case went to the jury, rising to the height of the occasion, dissecting every portion of the testimony, laying bare every motive of the prosecution and witnesses, exposing every fallacy and every falsehood, tearing away every mask of hypocrisy with the power of reason, ridicule, satire, and invective; constructing upon the evidence an impregnable defense, fortifying it with every argument, calling to his aid every resource known to ingenuity and sustaining it with overpowering eloquence until the prisoner was acquitted amid the plaudits of the spectators and the approval of the court."

Governor Aycock is not of the elect in this presence because he was a leader in the business world, for his life was so consecrated to securing opportunities for the child and the average man, that, like Agassiz, he "did not have time to make money." In fact, money meant nothing to him. As governor he gave stimulus to business and industrial development. While he was building a schoolhouse every day, factories were springing up and business was expanding, progress and development had waited upon the peace and good government ushered in with his administration as governor.

Without the gift of eloquence he could not have reached the hearts and mobilized the people to the giant tasks which they achieved, overcoming obstacles hitherto deemed insurmountable. Eloquence Governor Aycock possessed in a superlative degree. It was inborn. As a boy in school, when he was to recite, the children and teachers from adjoining rooms would crowd into the chapel to hear him declaim some great oration he had committed to memory and into which he imparted a meaning which the statesman who wrote it would have coveted. When, later, in debating societies he wrote his own speeches there was something indefinable in manner and delivery that gave them a charm which none could resist. It was not that he had the lute voice of Bryan at Chicago or the majesty of Webster in the Senate or the grace of Prentiss. He had none of these gifts. Neither graceful nor musical nor majestic, his oratory had a flavor all his own. He never spoke without full preparation. He often wrote his addresses, and always chose his words with care. He was deeply read and his mind was stored with the best that great men had written. He had style of a timbre all his own, that indefinable quality which clothes thought with the right words, so put together as to please, instruct, and convince.

What is eloquence? Governor Aycock thus defined it:

"Eloquence is simply the response of the common sense or general mind to that which the speaker is saying. Slumbering in the minds of men is a sense of right and justice, and the man who can interpret the feeling and give it expression is the eloquent man, and this is why he can so mightily move men." This definition leaves out the divine spark which enables the orator to play on the hearts of men and often to win them over against their will. It is a definition born of the modesty of the orator, who gave to his auditors more of the credit for the oration than they deserved. This was in keeping with an opinion he voiced frequently in his educational speeches. In one of them he said:

"No man can speak to a people who can not hear, no musician can play for those whose ears are not attuned to harmony, and no man can paint for those whose eyes are not trained to see the beauty which he produces. There must be an appreciative audience before any man can do his best."

A REAL DEMOCRAT

They called Aycock "the educational governor." He was that, but he was more than that. I make bold to say that his advocacy of universal education was born of a principle deeper and broader than the learning of what is contained in books. It is true to say that his advocacy of education and public schools was a by-product of an underlying faith that embraced the very foundations that must exist in a democracy. That principle was that he profoundly thought all men are created equal and have the inherent right to stand upon equality with all other men. He held every man to be entitled to every right and opportunity that was enjoyed by the other sons of men and that caste or class or privilege were subversive to the spirit of American life and its institutions. He was a democrat in heart and in all the relations of life. No artificial barrier shut him out from his fellows, and he believed civilization's greatest evil the denial of the doctrine Jefferson incorporated in his declaration and in his first inaugural. He wanted no door open to him that could be slammed in the faces of others.

Such injustice aroused his lifelong hostility. He insisted upon the right to enjoy every advantage that came to others. Charles Brantley Aycock was a deeply religious man; the Bible was his daily companion; he knew it thoroughly and drew upon it for his most forceful illustrations. His college mate and law partner, Judge Robert W. Winston, compresses the faith that was the mudsill upon which Aycock built his life. Judge Winston says: "Aycock's faith in God was sublime. He had no more doubt in the divinity of Jesus Christ than he had of his own existence. He once said that the best thing about the Christian religion to him was that your sins were not only forgiven but blotted out."

It was this faith that inspired lifelong devotion to the doctrine of equality which was the dominant force of his private and public career. It is a doctrine nearest divine of any human creed. Faith in God must inspire the highest faith in man and consecration to his well-being. Herein was the secret spring of Governor Aycock's hatred of all inequality, the espousal of equal opportunity, and the love of fellow men. "Faith is the victory that overcomes the world."

Why did Governor Aycock's heart flame with the passion of universal education? As a boy he saw youths of good mind grow to manhood without a chance even to learn the three R's. He saw men and women of rare qualities who had to make their mark in legal papers because there were no public schools when they were growing up. These injustices and inequalities all about him, in his own neighborhood and near him, made him highly resolve that he would consecrate his life to see that every child in the State of every race should have equal opportunity for education with all other children. Equality for all was his master passion. He closed his last written address with this declaration of his optimistic philosophy:

"We stand a-tiptoe on the misty mountain height and see the morning sun make purple the glories of the east. We are entering upon a new day, the day of equality, of opportunity, the hour when every man shall be free to work mightily for himself until his soul, filled to satisfaction, shall overflow with a common benefit to mankind, owing no tribute to anyone and bound only to love his fellow man and serve his God as to him may seem best.

"'May these things be!'
Sighing she spoke;
'I fear they will not,
Dear, but let us type them now
In our own lives,
And this proud watchword rest,
Of equal.'"

"Equal! That is the word! On that word I plant myself and my party—the equal right of every child born on earth to have the opportunity to burgeon out all that there is within him."

EXTENSION OF REMARKS

Mr. DYER. Mr. Speaker, I rose to reserve an objection in order to make a statement with reference to the request for extension of remarks yesterday on the beer bill. It was my intention and purpose to object to every request for extension put by the Speaker that I could hear. I see in the RECORD this morning that the gentleman from Michigan, Mr. McLEOD, put in an extension. I heard the gentleman ask in a way that was not heard because of the noise—he only had one-quarter of a minute to speak—he made a request for an extension, but it was not heard or put by the Speaker. I so informed the gentleman from Michigan that I was listening, and that the request was not put or granted, and notwithstanding that he put in an extension in the RECORD. I make this statement merely for the purpose of conveying to Members of the House that I was not permitting one Member to get an extension and depriving some other Members of the privilege.

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to proceed for one minute to correct the statement of the gentleman from Missouri, Mr. DYER, in reference to the gentleman from Michigan.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. O'CONNOR. The RECORD shows, on page 10955 that Mr. McLEOD had unanimous consent to extend his remarks.

Mr. DYER. I am stating that I was listening carefully, and the request was not put by the Speaker.

JOHN SNIDER

Mr. JONES. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. JONES. Mr. Speaker, there is in the gallery a distinguished visitor who knows how to do something useful. It gives me infinite and inexpressible pleasure to present to the House the greatest barbecue artist in the world, Mr. John Snider, of Amarillo, Tex. [Applause.]

MEMORIAL EXERCISES

Mr. MOREHEAD. Mr. Speaker, the House of Representatives to-morrow will hold services in memory of Members of the Senate and House who have died since the memorial services were held in the last session of the Seventy-first Congress. I ask unanimous consent that the order of exercises and proceedings of the service be printed in the RECORD of to-morrow.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOREHEAD. Also, Mr. Speaker, I ask unanimous consent that all Members of the House be granted until the close of the present session the privilege of extending their

remarks in the RECORD upon the life, character, and public services of Members of Congress in whose memory the services will be held.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOREHEAD. Also, Mr. Speaker, I might say that the services will be held at 12 o'clock and will continue for one hour.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask the gentleman from Illinois a question? As I understand it there will be no further business to-morrow after the memorial exercises.

Mr. RAINEY. I do not know. It depends upon whether we take up the guaranty bank deposit bill for general debate. We can not go into it to-day as some Members are sick. We may take it up under general debate to-morrow.

The SPEAKER. The gentleman from Illinois would have to obtain unanimous consent for that purpose, because the resolution of respect provides that the House adjourn at the conclusion of the memorial exercises to-morrow. Does the gentleman desire to put a unanimous-consent request now?

Mr. RAINEY. I can not put that request now, as we have first to hear from a Member who is ill.

The SPEAKER. That can be determined later.

ORDER OF BUSINESS—THE PRIVATE CALENDAR

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that on Thursday next it shall be in order for the House to stand in recess from the conclusion of its afternoon session until 8 o'clock p. m., and that from 8 o'clock p. m. until 10.30 o'clock p. m. it shall be in order under the old rule to call bills on the Private Calendar, commencing with the starred bill.

The SPEAKER. Is there objection?

Mr. O'CONNOR. Mr. Speaker, I reserve the right to object. Did the gentleman say under the old rule?

Mr. RAINEY. Yes.

Mr. O'CONNOR. Mr. Speaker, I object.

CONTESTED-ELECTION CASE—O'CONNOR *v.* DISNEY

Mr. GAVAGAN. Mr. Speaker, I call up a privileged report from the Committee on Elections No. 2, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 233

Contested-election case of O'Connor *v.* Disney

Resolved, That Wesley E. Disney was elected a Representative in the Seventy-second Congress from the first congressional district in the State of Oklahoma, and is entitled to a seat as such Representative.

Mr. GAVAGAN. Mr. Speaker, will the gentleman from Wisconsin [Mr. SCHAFER] kindly give me his attention? How much time does the minority desire in the consideration of this case?

Mr. SCHAFER. I have not had any requests for time. I think if we could arrange to have half an hour on this side, all of which we may not use, that will be satisfactory.

Mr. GAVAGAN. Then half an hour will be sufficient for the minority?

Mr. SCHAFER. I believe so.

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent that debate upon this resolution be limited to 1 hour and 15 minutes, 45 minutes to be in the control of myself, representing the majority, and half an hour in control of the gentleman from Wisconsin [Mr. SCHAFER], representing the minority.

The SPEAKER. Is there objection?

There was no objection.

Mr. GAVAGAN. Mr. Speaker, there is no more important function that I know of for this House or any other legislative body than to determine the rights of its Members to a seat. The Constitution vests in this House the right to judge the qualification of its Members. At the very outset, this committee, both majority and minority members, proceeded in a judicial manner to determine the contest referred to. I have nothing but the highest praise and commendation for my colleagues of the minority of this committee. They gave me at all times the benefit of their vast experience and their knowledge. I found the committee actuated with but one motive and one principle, and that was to decide this case in a judicial manner according to the rules of the House and the law and precedents of the courts of the Nation.

The contest concerns the first district of the State of Oklahoma. That district comprises 10 counties. In eight of the counties the contestant received a majority of the votes cast for Congress in the election of 1930. In but only two of those counties did the contestee receive a majority. On the State returns the contestee received a majority of 463 votes. Each county is subdivided into election precincts, in some counties called election precincts and in others called election wards. Each election precinct has its own election board, which is bipartisan, composed of two members of the Republican Party and two members of the Democratic Party. Each board elects its own chairman. In turn the counties have a county board, which is bipartisan in nature, and each has a chairman elected by its members. The election returns in the first instance are counted by the precinct or ward officials. They are then tallied and the tally sheets, including the ballots, are placed in manila envelopes and forwarded to the county election board, which, under the law of the State of Oklahoma, must retally them and then in turn certify the result to the State officials, and the State election board, or the board of elections, as it is better known in Oklahoma, which board certifies the result of the election. Accordingly the contestee, Mr. Disney, was certified as having been elected a Representative in Congress from the first Oklahoma district. Thereafter, and within due season, the contestant, Mr. O'Connor, filed his notice of contest, and he elaborated numerous charges of fraud, both in the certification by the local officials and in the method of counting the ballots as they were cast in the local precincts or ward election boards.

Briefly his charges may be summed up under this clause, that through misconstruction of the law, through mistake, error, and fraud, ballots were credited, counted, and returned to the county election boards in favor of the contestee which were illegally, mistakenly, and fraudulently counted for him through mistake, error, misconstruction of the law, and fraud.

He alleged that in but two counties this error, this mistake, or this fraud was committed. Those two counties were the county of Tulsa and the county of Ottawa. Now, this is very significant. The district is composed of 10 counties. In 8 of the counties the contestant is satisfied with the vote as tabulated. He had no complaint about any error, misunderstanding of the law, misstatement of the law, or any fraud in those eight counties. They were perfectly all right. He alleges that in the two counties above mentioned there were fraud, undue influence, mistake, and no knowledge of the legal requirements by the local election boards. At least those were his allegations in his first notice of contest. Subsequently he amended his notice of contest and reiterated practically the same allegations, except that he enumerated in greater detail the local precincts wherein he alleged those acts of malfeasance, misfeasance, or nonfeasance. On the proof that he took of those allegations in the State of Oklahoma before the duly constituted officials he abandoned his claim in so far as the county of Tulsa was concerned and joined issue on the allegations as to the county of Ottawa. At the hearings before the local officials in the State of Oklahoma I dare say some 150 witnesses were called by the contestant and the contestee. With the exception or the possible exception of but two witnesses there is not a scintilla of evidence in the record to justify the contestant's allegations. There is not one iota of evidence produced by this contestant to substantiate, in the least part, his allegations of fraud, his allegations of the officials' lack of knowledge of the election law, or his allegations of error or misjudgment in the count. But two witnesses testified, in some degree, as to a misunderstanding of the law. Briefly their position is this—and the record substantiates what I say—that, due to a change in the election law of the State

of Oklahoma, there was some misunderstanding as to the proper method of counting a split ballot. All of the membership knows what a split ballot is. An elector has voted the straight organization ticket under the organization emblem.

In some States of this Union that may still be done. Then he has crossed over into the opposite column and voted there for some other candidate. For instance, if he voted the straight Democratic ticket under the emblem, he went over to the opposite side, to the column under the Republican emblem, and placed his cross alongside the name of the contestant, and vice versa. In some instances the elector signified his intention of voting the straight Republican ticket, with the exception of the candidate for Congress, and he went over into the Democratic column and placed his cross alongside the name of the contestee.

Those two witnesses testified in full as to what they thought was a misunderstanding. The cross-examination of those witnesses showed clearly that in one or two instances the election officials, when they came to this split ticket, did not know exactly what they should do about it, so they laid it aside, and after they had counted 14 or 15 ballots, the judge of the board came in, and they asked him about it; they asked his advice in the matter. He advised them, after taking a pamphlet containing the law of the State of Oklahoma and reading it to the other three members of the board, he made his decision and correctly decided the correct manner of the count. Immediately the board then went back and started counting, in both instances, all over.

That was the only evidence of any misunderstanding of the election law of the State of Oklahoma.

I was concerned about the matter, because I thought it was generally known how a split ticket should be counted, and I was rather surprised to learn there was somebody in the State of Oklahoma who did not know, or that there was any misunderstanding or confusion about it. I personally examined into that matter. I found that since Oklahoma came into statehood there was absolutely no change in the election law of the State of Oklahoma at all; that the law as it is now and as it was in 1930 is the same law, as far as the counting of split ballots is concerned, as prevailed when Oklahoma came into statehood. That was a bugaboo. That was a bogey-man that was erected by these two supposed election officials. Of the other 148 witnesses, composed of Republicans and Democrats, some Democrats testified in favor of the contestee, and admitted that they voted against him on election day. Now that is significant. Here are Democratic precinct officials, called as witnesses by the contestant, who admitted that they were disloyal to their party and their party candidate in this election.

The SPEAKER pro tempore (Mr. KENNEDY). The time of the gentleman from New York has expired.

Mr. GAVAGAN. Mr. Speaker, I yield myself 15 additional minutes.

They admit fratricide to their candidate, but yet they readily concede there was nothing illegal or improper in the count of the vote as cast in their various precincts.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. GAVAGAN. I yield.

Mr. JOHNSON of Texas. What was the result of the election, in so far as the majority obtained by the contestee is concerned?

Mr. GAVAGAN. The contestee received a majority of 468 votes in the two disputed counties.

The contrary of what I have just said is true.

Republicans who voted against their local condidate for Congress, who were members of local election boards, testified on behalf of both contestant and contestee that there was no irregularity either in the counting of the ballots or in the method of accrediting or counting split tickets. The evidence is so replete on that point that the committee was unanimous in its determination there was no merit whatever in the allegations of mistakes, misrepresentations, or fraud in the method of counting split ballots.

What happened to these ballots after this election? As I told you in the beginning, the local precincts or wards made their returns on tally sheets, placed the tally sheets in manila envelopes containing the ballots, and placed the envelopes in boxes and sent them on to the county election boards. The county election boards opened the election boxes and checked the tally sheets and retallied or recertified to the State authorities the result of the county elections for all candidates. It so happened that in 1930 there was an election for local officers; that is, there was a local contest for district judge, and, as I remember, there was a local contest for sheriff. This is where some possible confusion might have occurred. The precinct or ward officials took all the ballots. The local officers were elected on separate ballots. The officials took those ballots, together with the ballots for State officials on which candidates for Congress were listed, and placed them in the same envelope, but certified them on separate tally sheets.

In so far as the only county where there is any contest whatever is concerned, the county of Ottawa, what happened is, that after the recheck of the ballots by the local county board they were placed again into the wooden boxes. In some instances some of the boxes were locked, but wherever the lock was clasped and made solid on those boxes the keys were left dangling from the lock. In other instances they did not even bother about closing the clasp of the lock, but just put the boxes on shelves or tiers of shelves.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. GAVAGAN. I yield.

Mr. SCHAFER. Is it not a fact that Democratic election officials handled the ballots and the keys in such manner?

Mr. GAVAGAN. I am coming to that. I am glad the gentleman advised me about it. I will reach it in a minute. It is assumed these gentlemen were professed Democrats, at least they had a job under the Democratic organization. Whether they were true Democrats or not, neither the gentleman nor I can answer.

Mr. HOLADAY. Mr. Speaker, will the gentleman yield?

Mr. GAVAGAN. I yield.

Mr. HOLADAY. Is the report of the committee a unanimous report?

Mr. GAVAGAN. Yes.

Mr. HOLADAY. Is not the gentleman afraid he will stir up some opposition if he discusses the case too much?

Mr. GAVAGAN. I just thought the gentleman might be interested before he was called upon to vote in having an intelligent idea upon what he was voting.

Mr. HOLADAY. As far as I am concerned, I am perfectly willing to rely on the committee's unanimous report.

Mr. GAVAGAN. I thank the gentleman. Sometimes, you know, we are afraid of Greeks bearing gifts, and although I am very happy to have the suggestion of the gentleman, I think it wise in order to better perform the duties of chairman reposed in me by the House, to go on and explain the difficulty of the contest in the county of Ottawa.

These election boxes in some instances were locked; in others they were not. They were placed in tiers and left for a period of nine days in the office of the county chairman of the election board, a man by the name of La Motte. The offices of the election board were in La Motte's office.

La Motte had a combination real-estate and insurance office. His offices were located in a combination hotel and office building. Even charwomen had access to the rooms where the ballots were kept for a period of nine days. The elevator boys in the hotel had access to these rooms. A witness who was in the employ of LaMotte in his real estate and brokerage office had access to these ballots and acted in some instances as an official of the election board when, as a matter of fact, he was no official. On the streets of the local town were told many stories of tampering with the ballot boxes. Such is the testimony in the record.

So, accordingly, upon the evidence produced by the contestant himself, he failed to establish any fraud or error in the counting of ballots cast for Representative in Congress, and he failed wholly to show that the sanctity of the ballots in the contested county was properly preserved. By

his own proof he established one of two things—either there was an actual tampering with these ballots, or, failing that, there was given full opportunity for a period of nine days to destroy their sanctity.

The committee is unanimous in its opinion that the contestant has failed either to substantiate the allegations of his notice of contest or to establish that the sanctity of the ballots was preserved during that period of nine days. Accordingly, the committee is unanimous in the adoption of the resolution that the contestee retain his seat in the House.

Mr. DOUGLASS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. GAVAGAN. I yield.

Mr. DOUGLASS of Massachusetts. Will the gentleman from New York introduce in the RECORD and include in his remarks the full report of the committee on the case?

Mr. GAVAGAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein the unanimous report of the committee.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks as indicated. Is there objection?

There was no objection.

The report is as follows:

[House Report No. 1288, Seventy-second Congress, first session]

O'CONNOR *v.* DISNEY

Mr. GAVAGAN, from the Committee on Elections No. 2, submitted the following report to accompany contested-election case of Charles O'Connor *v.* Wesley E. Disney:

We, the undersigned members of the Committee on Elections No. 2, to which committee was referred the contested-election case of Charles O'Connor *v.* Wesley E. Disney, from the first congressional district of the State of Oklahoma, beg leave to report that after having heard the arguments of counsel for the respective parties and having read the briefs and statements filed herein, and after carefully considering the evidence taken before Hon. John H. Venable, a county judge designated by the contestee, and Hon. John W. Roberts, designated by the contestant, sitting as magistrates pursuant to the laws of the State of Oklahoma, respectfully submit the following:

The contestant, Charles O'Connor, was the Republican candidate and the contestee, Wesley E. Disney, was the Democratic candidate for Representative in Congress from the first congressional district of the State of Oklahoma at an election held November 4, 1930.

The first congressional district of the State of Oklahoma embraces the following 10 counties: Ottawa, Tulsa, Osage, Delaware, Mayes, Nowata, Washington, Craig, Rogers, and Pawnee. According to the official count and canvass of the election returns by the county election boards, respectively, of the above-enumerated counties, which was according to law certified to the State election board of the State of Oklahoma (and in turn canvassed by the said State election board), the State election board found and certified that the contestant, O'Connor, received a total of 41,642 votes and the contestee, Disney, received a total of 41,902 votes, and certified that the contestee was elected Representative by a majority of 260 votes; accordingly a certificate of election was duly issued by the said State board to the contestee, Wesley E. Disney, on the 15th day of November, 1930.

On the 12th day of December, 1930, the contestant, Charles O'Connor, served upon the contestee, Wesley E. Disney, a notice of contest alleging, among other things, the existence of fraud, irregularities, and misconstruction of the election statute in Ottawa and Tulsa Counties, of the first congressional district of the State of Oklahoma. The said original notice was amended by an amended notice of contest served on the contestee on the 15th day of December, 1930, alleging among other things that the precinct election officials in certain precincts of Ottawa County, through misconstruing the law, through mistake, error, and fraud, credited, counted, and returned to the county election board votes in favor of the contestee which were not cast or which were illegally, mistakenly, and fraudulently counted for him, and that the said precinct election officials, through mistake, error, misconstruction of the law, and fraud failed to count for the contestant votes to which he was entitled, making in all a difference of 607 votes.

Similar allegations were made in reference to certain precincts and precinct officials in Tulsa County of the first congressional district, whereby the contestant was alleged to have been deprived of not less than 155 votes. The contestee duly served a written answer to the notice of contest, averring allegations in general denial of those contained in the notice of contest, and among other things specifically alleging that in certain precincts of Ottawa County the ballot boxes for a long period of time after they were delivered to the county election officials were left unprotected and afforded opportunity of being tampered with, and that should a recount be had, that any change found in the said ballots would be the result of tampering by persons unlawfully entering the boxes long after the precinct officers had certified their returns, and the county returns had gone to the State election board. Subsequently the depositions of numerous witnesses were taken on behalf of the contestant and the contestee before Hon. John H. Venable, a county judge of the State of Oklahoma designated by the contestee, and Hon. John W. Roberts, designated by the contestant.

The following contains a reference to the testimony of the numerous witnesses called by the contestant and the contestee, and shows the precincts in Ottawa County complained of by the contestant and the page number where the testimony in reference thereto may be found in the record of the testimony:

Peoria, precinct No. 1, pages 162, 165, 22, 167, 169, 175, 174.
Peoria, precinct No. 2, pages 187, 25, 192, 425.
Quapaw, precinct No 1, pages 285, 286, 291, 289, 379, 283.
Quapaw, precinct No. 2, pages 203, 204, 46, 200, 197, 195.
Quapaw, precinct No. 4, pages 205, 208, 210, 340, 346.
Quapaw, precinct No. 6, pages 232, 235, 408, 338, 348.
Quapaw, precinct No. 7, pages 294, 374, 58, 371, 372, 369, 364.
Picher, ward 1, precinct 2, pages 387, 29, 31, 393, 398, 395, 391.
Picher, ward 2, precinct 2, pages 175, 45, 178, 211.
Picher, ward 4, precinct 2, pages 244, 36, 341, 342, 41, 341, 263.
Miami, ward 2, precinct 3, pages 312, 316, 310, 313.
Miami, ward 3, precinct 2, pages 328, 334, 336, 330.
Miami, ward 4, precinct 1, pages 308, 317, 314, 315, 424, 307.
Miami, ward 4, precinct 2, pages 72, 74, 323, 327.
Afton, precinct No. 1, pages 350, 80, 383, 362.
Afton, precinct No. 2, pages 300, 410, 303, 404, 405, 51.
Afton, precinct No. 3, pages 419, 420, 417, 416.
Narcissa, precinct No. 1, pages 403, 277, 279, 401.
Narcissa, precinct No. 2, pages 243, 339, 62.
Council House, precinct No. 1, pages 221, 384, 385, 223, 76.
Council House, precinct No. 2, pages 226, 228, 230, 49.
Council House, precinct No. 4, pages 352, 357, 355, 54.
Wyandotte, precinct No. 1, pages 214, 66, 67, 219, 218, 359, 317.
Wyandotte, precinct No. 2, pages 258, 414, 265, 260, 261.
Commerce, ward 4, pages 180, 423, 421, 183.
Quapaw, precinct No. 10, pages 270, 273, 276.

In the consideration of the evidence in the whole case, your committee has been guided by the following postulates deemed established by law and the rules and precedents of the House of Representatives:

I. The official returns are prima facie evidence of the regularity and correctness of official action.

II. The burden of coming forward with evidence to meet or resist the presumption of regularity rests with the contestant.

III. That to entitle a contestant in an election case to an examination of the ballots, he must establish (a) that some fraud, mistake, or error has been practiced or committed whereby the result of the election was incorrect, and a recount would produce a result contrary to the official returns; (b) that the ballots since the election have been so rigorously preserved that there has been no reasonable opportunity for tampering with them.

DISCUSSION OF THE EVIDENCE

COUNTING OF THE BALLOTS

Both the contestant and the contestee called numerous witnesses, all of whom for the most part were precinct election officials engaged in the general election that is the subject of this contest, and as the precinct boards are nonpartisan, these witnesses represented about evenly, members of the Republican and Democratic Parties. With the possible exception of but two of the many witnesses called, the testimony conclusively established that the precinct boards were duly and properly instructed as to the election law of the State of Oklahoma; as to the manner and method of counting ballots and especially split ballots; that in some instances questions arose when a counter would pick up a split ballot, and thereupon the judge of the board would consult the law and properly instruct the counters and watchers as to the principles governing the counting of the ballots. The evidence on this point is so overwhelming that the majority of your committee is convinced that all ballots were properly and duly counted, and that the contestant has wholly failed to establish the burden of proof of any mistake in the method of counting of the ballots.

CARE AND PRESERVATION OF THE BALLOTS

The evidence established that each election precinct board at the close of the election placed the paper ballots in folders together with a tally sheet of the votes cast, which, in turn, were placed in wooden boxes, and sent the boxes to the office of the county election board located in a combination hotel and office building; part of the offices were used as a real-estate and insurance office by the witness Lloyd La Motte, then secretary of the county election board. Each ballot box was placed upon a shelf, and in some instances the keys opening the locks thereon were left dangling from the boxes, and in other instances the keys were kept in an unlocked drawer. The testimony of the witness La Motte and the witness Corkins (pp. 94, 154, 82, 94 et seq. of the record) is to the effect that several persons had keys to the outside office of the place where the ballot boxes were kept, and the witness La Motte testified to the fact that rumors of tampering with the ballot boxes were prevalent on the streets for a period of days after the election. This condition of easy access to the ballots continued for a period of nine days after the election, before they were removed to a place of safety and preservation.

The evidence as to the lack of care and preservation of the ballots and ballot boxes for a period of nine days is so clear and undisputed that one is impelled to the inference that the ballots were in fact tampered with or that there existed a grave possibility of having been tampered with. Furthermore, the witnesses Corkins

and La Motte, called on behalf of the contestant, testified to an absolute bribery of the witness La Motte by one Cuddie Davidson, a former local judge in Ottawa County. According to the evidence of the witness La Motte, he was visited at his home late on the evening following the general election by Judge Davidson, and in the course of a conversation Davidson proposed a proposition whereby La Motte, the secretary of the county election board, was to absent himself from the county for a period of time to afford Davidson or his agents an opportunity to open the ballot boxes and change the votes cast in the election for sheriff of said county, which ballots were contained in the same ballot boxes as the ballots cast for Representative. In order to carry this scheme to completion, La Motte testified, Davidson gave him a roll of bills; that the roll was a large one, but he did not know the exact amount.

The witness Corkins testified that Davidson came to his home on the same evening, told him of his proposition to La Motte; that La Motte himself later that evening told him of Davidson's proposition, and that he (Corkins) advised against the carrying out of the scheme. Accordingly, La Motte subsequently returned the roll of bills to Davidson, and the scheme was supposed to have been abandoned. It should be borne in mind that the witness La Motte testified that rumors were prevalent for several days after the election about tampering with the ballot boxes; that people in the street were talking about it; with this in mind, the testimony of these two witnesses as to bribery or attempted bribery on the part of Davidson is significant and suggestive of the inference that something was wrong; that the ballots and ballot boxes were or might have been tampered with, and compels the conclusion that these ballots and ballot boxes were not protected to the degree that their sanctity was preserved, as is required by the well-settled rules of law and the precedents and rules of the House of Representatives.

In People *v.* Livingston (79 N. Y. 279) the court said:

"They (the returns) may be impeached for fraud or mistake, but in attempting to remedy one evil we should be cautious not to open the door to another and far greater evil. After the election it is known just how many votes are required to change the result. The ballots themselves can not be identified. They have no earmark. Everything depends upon keeping the ballot boxes secure. * * * Every consideration of public policy, as well as the ordinary rules of evidence, require that the party offering this evidence should establish the fact that the ballots are genuine. It is not sufficient that a mere possibility of security is proved, but the fact must be shown with reasonable certainty. If the boxes have been rigorously preserved, the ballots are the best and highest evidence; but if not, they are not only the weakest but the most dangerous evidence. * * * Where ballots in an envelope sealed with the village seal are put by the village clerk in an unlocked desk containing also the village seal, and situated in a room exposed to the public, and the envelope is partly torn by some unknown person while it remained in such desk, the ballots are not better evidence of the result of the election than the returns of the judges."

In the opinion of the majority of your committee the record in this case is barren of any competent proof tending to show or establish fraud, mistake, or error in either the counting of the ballots cast or the official returns of the vote in the general election held in November, 1930, in Ottawa County of the first congressional district of Oklahoma; that said record is sterile of proof of the safeguarding of the ballots after the said election, but contrarywise, is pregnant with positive evidence that said ballots were, for a 9-day period subsequent to said election, available, accessible, and perhaps subjected to public interference or private tampering; that the proof of such accessibility is so compelling as to give rise to a reasonable presumption that the sanctity of said ballots was indeed violated, the true result of the election falsified, and the will of the electorate defeated, thwarted, or destroyed. Consequently, the majority of your committee believes that a recount of ballots cast in the said election would destroy the will of the electorate, defeat the true result of said election, and visit grave injustice on the duly elected Representative from said district.

We therefore submit the following resolution:

"*Resolved*, That Wesley E. Disney was elected a Representative in the Seventy-second Congress from the first congressional district in the State of Oklahoma, and is entitled to a seat as such Representative."

JOSEPH A. GAVAGAN, *Chairman*.
JOHN J. DOUGLASS.
LINDSAY C. WARREN.
JOHN H. OVERTON.
WILLIAM P. COLE, Jr.
O. H. CROSS.

We dissent in portion of finding of fact in last paragraph but concur in conclusions.

C. B. MCCLINTOCK.
CHARLES E. SWANSON.

After a careful and thorough study of the evidence in this case and citations called to the committee's attention, and a study of the precedents of the House in connection therewith, and with a particular of the most recent precedent in the case of Kunz *v.* Granata, I must, as a member of this committee, advise the House that Wesley E. Disney is entitled to his seat from the first congressional district of Oklahoma. I, however, do not concur in the entire statement made by the majority of the committee, and at the proper time, if necessary, will advise the House of my reasons therefor.

There are many points of similarity involved in the case of Kunz *v.* Granata and this case of O'Connor *v.* Disney. If we were to follow the latest precedent of the House, to wit, that established in the case of Kunz *v.* Granata, I could not but reach a conclusion that the recount requested by O'Connor should be granted and the committee be bound by the result thereof.

The decision in the case of Kunz *v.* Granata, in my judgment, is wholly erroneous, not being based on good judgment and facts nor well-established precedents of the House, but without question a purely partisan decision. I, therefore, must necessarily disregard any and all phases of this latest precedent of the House in order to come to a proper decision in the instant case.

As a Member of the House and of one of its Committees on Elections, I am happy indeed to join with the majority in recommending the seating of Wesley E. Disney, and thereby establish a later precedent which will remove from consideration by future Congresses the ill-advised, ill-considered, and indefensible partisan precedent established in the case of Kunz *v.* Granata. There is no doubt, considering all precedents other than the Kunz-Granata precedent, but that the evidence in the instant case justifies the seating of Disney.

JOHN C. SCHAFER.

Mr. SCHAFER. Mr. Speaker, after a careful and thorough study of the evidence in this case and citations called to the committee's attention and a study of the precedents of the House in connection therewith, and with a particular study of the most recent precedent in the case of Kunz against Granata, I must, as a member of the Elections Committee, advise the House that Wesley E. Disney is entitled to his seat from the first congressional district of Oklahoma. I, however, do not concur in the entire statement made by the majority of the committee.

There are many points of similarity involved in the case of Kunz against Granata and this case of O'Connor against Disney. If we were to follow the latest precedent of the House, to wit, that established in the case of Kunz against Granata, I could not but reach a conclusion that the recount requested by O'Connor should be granted and the committee be bound by the result thereof.

The decision in the case of Kunz against Granata, in my judgment, is wholly erroneous, not being based on good judgment and facts, nor well-established precedents of the House, but without question is a purely partisan decision. I therefore must necessarily disregard any and all phases of this latest precedent of the House in order to come to a proper decision in the instant case.

As a Member of the House and one of its Committees on Elections, I am happy indeed to join with the majority in recommending the seating of Wesley E. Disney and thereby establish a later precedent which will remove from the consideration of future Congresses the ill-advised, ill-considered, and indefensible partisan precedent established in the case of Kunz against Granata. [Applause.] There is no doubt, considering all precedents other than the Kunz-Granata precedent, but that the evidence in the instant case justifies the seating of Disney.

Mr. Speaker, after reading page 4 of the report of the majority in this pending contest you might reach the conclusion that the Committee on Elections took the action it has taken by reason of some alleged tampering and bribery on the part of Republicans in behalf of the Republican contestant, Mr. O'Connor. On page 4 of the report of the majority you will find that a former judge conspired, or is accused of conspiring, with an election official, an election official who had the custody of these ballots during the period of time in which it has been maintained they have not been preserved in full integrity. Certainly the House should know that the former judge who was going to tamper with those ballots was not a Republican and not a henchman of the Republican contestant, Mr. O'Connor. Certainly, Mr. Davidson, the former judge who is accused of bribery and of making it possible not to preserve these ballots in their full integrity, is not a Republican. The evidence before the committee shows that he is none other than a former Democratic judge from the State of Oklahoma, and the election official having custody of the ballots, with whom he is accused of conspiring, is not a Republican

and not a henchman of Mr. O'Connor, but he is a Democratic election official, selected by the Democratic Party.

Mr. GAVAGAN. Will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. GAVAGAN. The gentleman will concede that the judge to whom he directs his remarks is an ex-Democratic judge.

Mr. SCHAFER. An ex-Democrat, certainly, and there is no evidence in the record which indicates that he turned Republican overnight in the same way that some of our friends in Texas did in the last presidential election.

There is no evidence whatever to show that he attempted to tamper with the congressional ballots, directly or indirectly. This Democratic judge was trying to change ballots in the sheriffs' race in favor of the Democratic sheriff candidate.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Speaker, I yield myself five additional minutes. Now, Mr. Speaker, I want to call attention to some legislation which should be enacted in the future, and which really should be enacted before this session of Congress adjourns. What we really need is a joint committee, composed of several members of all of the election committees of the House, to make a study and formulate regular policies, principles, rules, and procedure which the election committees in the future and Members of the House will follow in these contested-election cases. I know that in the closing days of this session it will be impossible to complete that study.

Mr. GAVAGAN. Will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. GAVAGAN. I have the utmost respect for the gentleman, both as a Member of this House and as a member of this committee, and I have greater respect for the fairness and lawyer-like attitude—in spite of the fact that the gentleman is not a lawyer—which the gentleman exhibited in reaching a decision in connection with this case. The gentleman knows that both he and I have discussed the wisdom of introducing a resolution in the House which will prohibit a recount of ballots in a contested election by any State official known as a notary public.

Mr. SCHAFER. The gentleman is absolutely correct. I believe every Member of our committee feels as we do about it, and that being so, I think the leaders of this House should speed the enactment of legislation which will prohibit a recount by a notary public henchman of a defeated candidate, as in the case of Kunz against Granata. It is unthinkable that such a henchman should have the custody of ballots and make the recount for Congress while the opponent who has perhaps been legally elected and has his certificate of election is in Washington, thousands of miles away, attending to the people's business. [Applause.] It is not only unthinkable but ridiculous. All of the precedents in the House indicate that before a recount should be had in a contested-election case, where a Member has been issued a certificate of election and is seated, that some reasonable evidence must be presented to indicate irregularity or fraud. I frankly confess that I could not find sufficient evidence of fraud or irregularity in this contest to justify calling for the ballot boxes in Ottawa County and counting the ballots. Of course, if I had followed the latest decision in the case of Kunz against Granata I would have had no hesitation in recommending that the ballots be called for and recounted because in that case a political appointee of the contestant was permitted to issue a subpœna duces tecum and have the ballots in a room where many different people had their hands on them, where they were subjected to the possibility of fraud right under the nose of the notary public, who, under your decision in that case, was acting, a thousand miles away, as the Congress of the United States for the purpose of authorizing and carrying on the recount.

I do not believe it is necessary to take up very much more time on this contest; but when you consider the report of the majority, bear in mind that there is not one scintilla of evidence in the hearings or in the records indicating that Mr. O'Connor or anyone acting for or on behalf of him has attempted to bring about any fraud, either in the count of the ballots or tampering with the ballots after they had been placed in the custody of the Democratic election officials. All allegations and evidence of fraud in the case refer to the sheriff's contest, and in behalf of a Democratic candidate for that office. Of course, if they have the kind of Democrats in Oklahoma that the record would seem to indicate, perhaps some of the Democratic leaders in Oklahoma who might have been trying to make hay while the sun shines and to benefit themselves would sell out one of their own candidates and change the ballots in favor of a Republican. This would have to be the state of affairs if we were to infer that the ballots had been tampered with in behalf of the Republican contestant, Mr. O'Connor.

I hope this resolution will be adopted by unanimous vote and that we may have a decision in this case based on facts, justice, and well-established precedents, and in this way add to the precedents of the House and remove from future consideration in election contests the indefensible, partisan decision in the case of Kunz against Granata, with respect to the policy and authority of the Congress in reference to recounting ballots in election contests. [Applause.]

Mr. CLARKE of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CLARKE of New York. Mr. Speaker, I would like to know whether it would be in order to move to dispense with further discussion and proceed to action.

The SPEAKER pro tempore. The Chair will state to the gentleman from New York that the chairman of the committee, the gentleman from New York [Mr. GAVAGAN], has control of the time.

Mr. GAVAGAN. Mr. Speaker, I may say for the benefit of the gentleman from New York [Mr. CLARKE] that we have only one more speaker.

Mr. Speaker, I yield five minutes to the gentleman from Massachusetts [Mr. DOUGLASS].

Mr. DOUGLASS of Massachusetts. Mr. Speaker, I would gladly accede to the request of the gentleman from New York if I were in position to do so; but, considering the remarks of the gentleman from Wisconsin, just made, a word or two in explanation of the real meaning of this decision of your committee is necessary.

May I state that the committee was not interested in whether the officers who were liable to suspicion were Democrats or Republicans. Whoever they were, their actions showed them to be political renegades. I may say further that there would never have been a contest in this case but for the fact there was a previous dispute over the contest for sheriff in this same county of Ottawa. There was a recount carried on with respect to the contest for sheriff in Ottawa County, and the Republican unseated the Democrat. Learning this, Mr. O'Connor, the contestant, our former esteemed Member, thought that he would have a chance upon a recount for Congressman and for this reason gave notice of contest and claimed a recount. However, there was a great distinction. Your committee was influenced by the fact that the ballot on which the election of a sheriff in Ottawa County depended was a separate ballot and not connected in any way with the congressional ballot. So that even if it had been shown to the committee that there were errors in the ballots for sheriff, that, of course, would have no bearing upon the congressional ballots. The only argument that Mr. O'Connor had for a recount at all was that there had been errors in counting the separate county ballots and therefore it must follow there were errors in counting the congressional ballots, which, of course, was a contention that no judicial mind could entertain. Then the question arose that even if this were not the case, and even if the fact of errors in connection with the fight for the county office should be considered in the congressional contest, then the question would immediately arise whether the ballots in the congressional contest were properly preserved.

The evidence presented to your committee showed they were not properly preserved, and this evidence, unwittingly, came from the contestant himself. The evidence showed

that the congressional ballots were kept in a hotel room which was also used as a real-estate office and the ballots were open and exposed to anybody who came into that room and your committee felt that in consideration of all the evidence, the ballots were not properly preserved and therefore could not be recounted.

Let me say, in conclusion, that upon the admission now of the gentleman from Wisconsin, this becomes a unanimous report from the Committee on Elections No. 2. I have had the pleasure and honor of serving upon this committee for eight years. The reports of the committee have always been fair and nonpartisan and have always been adopted by the House. In this instance, regardless of party affiliations, we have tried to regard this particular contest from purely a judicial standpoint, and from such a standpoint the committee has decided unanimously that Mr. Disney is entitled to his seat in the House of Representatives. [Applause.]

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

CONTESTED-ELECTION CASE OF KENT *v.* COYLE

Mr. CLARK of North Carolina. Mr. Speaker, I call up a privileged report from the Committee on Elections No. 1.

The Clerk read as follows:

House Resolution 234

Contested-election case of Kent *v.* Coyle

Resolved, That Everett Kent was not elected a Representative to the Seventy-second Congress from the thirtieth congressional district of the State of Pennsylvania, and is not entitled to a seat therein.

Resolved, That William R. Coyle was a duly elected Representative to the Seventy-second Congress from the thirtieth district of the State of Pennsylvania, and is entitled to retain his seat therein.

The resolution was agreed to.

THE PRESIDENT'S VETO OF THE PENSION BILL

Mr. GASQUE. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. GASQUE. Mr. Speaker, in view of the President's harsh denunciation of Congress in his veto message of the last omnibus pension bill that was brought before the House by a unanimous report of the Committee on Pensions, and which was passed unanimously by the House and Senate, and because of the fact that the committee intends to call up in the next few days another omnibus pension bill, I think it only fair to the House and the country to state some of the facts that warranted the report of and the passage by Congress of this bill.

Mr. Speaker, I want to say in the beginning, that since the first pension laws were passed, Congress has realized that a general law could not be passed that would cover all meritorious pension cases. The Congress has reserved to itself the right to pass on cases, which were in their opinion meritorious, but which could not be granted under the general law. This right has never been delegated to any bureau. It has reserved this right and has been exercising it for more than 100 years. It has never yet intimated that it desired to transfer the right to pass on the merits of claims of this kind to any other authority, and especially to bureaus created by Congress. The Pension Committee has adopted a set of rules with regard to the class of claims that would be considered by the committee, and a copy of these rules has been annually placed in the hands of the Members. In order to set aside any rule of the committee, a vote of two-thirds of the membership of the committee is required. When a bill is reported, a full and complete history, giving all the facts in each case is printed with the report, giving the House an opportunity to know just what the committee has reported. For the past 10 years, to my knowledge, and I do not know how much longer, these bills have been passed under unanimous consent, where any one Member can prevent their passage. I state this to show that nothing is brought to the House by the committee, without giving the membership every opportunity to inform themselves of the work of the committee.

This plan has been in operation for a long time. I am unable to say how long, but certainly ever since the present President has been an occupant of the White House, and it is strange that he has just learned that the Congress had been passing such vicious legislation. Certainly, not on account of the present bill, because the items in this bill have been passed almost entirely on precedents of past committees of Congress, and a number of precedents have been abolished. I am saying this because the President's veto message of the omnibus bill H. R. 9575 undoubtedly needs explanation, as it would give the impression to the country at large that Congress is passing vicious legislation for veterans, their wives and orphans. This false impression to the country at large has its purpose. It is criticism of Congress, and especially the Pension Committees of the House and Senate. The House Committee on Pensions can justify the action taken on the bills which were included in the omnibus bill. This veto message raises objection to four items of the House bill. The other remaining 10 items were from the Senate. This message contains statements which are very misleading to the public, and undoubtedly were intended as a political club to wave over the heads of Congress by creating a sentiment among the people against pensions and giving a false impression. In the President's message he states that a proposed pension was to a man who was discharged without honor because of chronic alcoholism. This is as far as he goes on that statement. He has pointed out the fact, which in itself appears to be a disgrace for Congress to pass relief for a veteran of this kind.

However, he has failed to state all facts in the case, especially the extenuating circumstances surrounding this particular case. He further remarks that he will "cite instances in the bill and give the facts in the case." This he does not do. He suppresses the main facts in the case. The most vicious statements contained in the report have been mentioned and the rest of the facts are eliminated. The Committee on Pensions of the House of Representatives acts as a court of equity and considers private bills for soldiers, widows, and orphans who for some reason are denied relief under the existing laws because of a purely legal or medical technicality which Congress, in their judgment, could properly set aside as a matter of equity and justice. Only a small percentage of the bills presented to the Committee on Pensions are enacted into law. Very careful consideration is given each bill introduced before the committee, and should favorable action be taken, you can rest assured that it has been shown by evidence that there are circumstances and equities to the case sufficient for Congress to grant relief. Before action is taken the complete files of the department are transmitted to the committee. In addition to this evidence they have a report from the War Department, Navy Department, with additional evidence furnished by the claimant. A careful study is made of all the facts in the case, and each bill before the House Committee on Pensions is acted upon by a full committee and not by a report from a subcommittee.

To go back to the first objection by the President of the discharge for chronic alcoholism, the facts in this case are that the soldier served during the war with Spain for a period of 11 months, when he was discharged on a surgeon's certificate of disability. The reason given was chronic alcoholism. The War Department holds this discharge to be one without honor and not dishonorable. There is a vital difference between a discharge without honor and one which is dishonorable. This veteran is 61 years of age, owns no property, and has no income, and is in indigent circumstances, and is physically unable to earn his support by manual labor. Under existing laws a Spanish-American War veteran who rendered the same service and under the same circumstances, but was fortunate enough to have obtained an honorable discharge for these conditions instead of one without honor, can file his claim for pension direct in the department, and undoubtedly would receive a pension of $60 per month. Congress by virtue of their action passed the Spanish War act of June 2, 1930, which eliminated vicious habits and specific diseases as a factor

in title to pension. This being true, the committee was fully justified from an equitable and charitable standpoint of extending some relief, and in this particular case recommended that he be granted a pension at the rate of $6 per month, the minimum amount allowed.

Another objection raised by the President "was one in which a proposed pension to a widow whose claim was filed five years after the death of the veteran, and upon call having been made of evidence of legal widowhood, claimant abandoned her claim for a period of 25 years. A recent investigation indicates that the claimant was never the legal widow of the soldier." This statement in itself is not sufficient. The facts in the case are different. The committee found, first, that claimant's husband rendered service in the Mexican War in 1847 and 1848, when he was honorably discharged.

The claimant is past 95 years of age, owns no property, has no income, and is in indigent circumstances. Further, it is shown that the claimant lived with the soldier as man and wife for over 30 years prior to his death, and, in fact, raised a family. Further, the law of the State in which the soldier and claimant resided recognized a common-law marriage. The department in this case held that ex parte evidence appears to have established the facts of cohabitation with the veteran for many years before his death. The ceremonial marriage of the soldier and claimant alleged was not shown and could not be shown, as all witnesses to marriage were dead. Hearsay evidence was furnished in the case tending to show a former marriage of soldier. No true evidence of this fact has been furnished; and, if evidence had been furnished, such former wife of soldier was not known by name and had never been heard of from 1878, and the presumption would have been, after seven years of unexplained absence, that she was dead; and even then common-law marriage by soldier and claimant could arise in the State in which soldier and claimant resided; and, in view of all the circumstances involved in this case, the committee was fully justified in presuming that a common-law marriage did exist, and for that reason claimant was given a pension at the rate of $30 per month. One of the examiners in the bureau stated to me that had this old woman cooperated with the investigator, she probably would have been given a pension. How could this very aged woman past 95 years cooperate?

The above statement of facts has been given to show to what extent the committee has gone into the facts of the claim to determine whether there were sufficient circumstances to warrant equitable consideration of the claim and had the President stated the facts and circumstances in his veto message, as have been set forth in this explanation, which is the record in the case named, undoubtedly the people of the country would not labor under the false impression that Congress is passing vicious legislation for veterans and their dependents. All of the other cases cited are similar to the above.

The omnibus bill contained 367 items and would increase the annual cost to the Government approximately $50,000 per year, which amount would decrease as these old veterans and their widows were dropped from the rolls momentarily because of death or remarriage. There is a greater reason back of this veto message than the mere fact that there were 14 objectionable items contained in approximately 400 bills. These items which have been pointed out by the President would cost approximately $2,200 per year. This objection was not made from an economy standpoint. It was vetoed to create a sentiment throughout the country against equitable adjustment for veterans' legislation, and especially in the form of private bills, this sentiment to be used to deny more important legislation than this mere omnibus bill, which would cost approximately $50,000 per year. If it had been vetoed from an economy standpoint, it would have been far cheaper for the President to have signed the bill than to have vetoed it, especially if he objected to only 14 items. If a careful study is given to the fact as to the cost which is being placed upon the taxpayers of the country because of this veto message, it will readily be seen that this cost alone for the consideration of this veto message would have paid these controverted items for many years.

The severe criticism of the House and Senate by the President in this message is very unjust, as the message itself is very misleading. Approximately 400 Members of the House and Senate have private bills in this omnibus bill, representing districts of all States of the United States. These bills were introduced in good faith by Members of Congress and Senators, they believing that they were meritorious bills and that they were sufficient equities to warrant recognition by Congress. This message is an obvious attempt to abolish private bills for pensions, which, in fact, would nullify the standing committees of the House and Senate. It is now placed squarely to the membership of the House to determine at this time whether they wish to retain or surrender this function to an executive bureau, or to continue to reserve the right to themselves to pass on the merits of cases which could not be granted under the general law, or to now delegate this authority to a bureau created by them. This statement has been made to the membership of this House in rebuttal of the attack upon the membership of Congress and the committee, and to show that misleading statements were presented in the veto message presented to Congress.

In closing, I want to say that I am convinced that the President would not have written such a message if he had been correctly informed. Quoting from his message:

> I cite some instances in the bill, without mentioning names, the facts as to which have been furnished me by the Government agencies.

This being true, if any Government agency furnished such data as he quoted, it ought to be abolished, or the person, who is responsible for such suppression of the facts, which is worse than a misrepresentation, ought to be summarily dismissed from the executive service.

Another phase of the message, which shows ignorance on the part of some one is—

> Most of these undeserving cases have been previously rejected by the Pension Bureau as having no sound basis upon which to construe any obligation in equity for the granting of special benefits.

In the first place, no case is ever considered by the Pension Committee until it has been rejected by the bureau. In the second place, the Pension Bureau has no authority, under the law, to pass on any "obligation in equity" in granting pensions. Their business is only to pass on the legality of cases coming before them. Hence, the message again unfairly and unjustly attacks Congress, because some one appears to be ignorant of the duties and business of the bureau and also what Congress has reserved to itself and what it has delegated to a bureau, established by Congress to assist Congress in its labors, rather than have the bureau dictate to Congress.

As I have stated, the committee expects to call up in the next day or two another omnibus bill. A full report of each and every case contained in this omnibus bill is now available to the membership of the House. I hope that every Member will get a copy of this report and familiarize himself or herself with the facts in each case.

I wish further to state for the benefit of the House that the committee has had the Director of Pensions of the Veterans' Bureau go over carefully each of these cases with it, and the Director of Pensions of the Veterans' Bureau has stated to the committee that he approves of the equities and the amounts contained in each item carried in the bill.

RECORD IN CONGRESS

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to address the House for five minutes and permission to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, I have asked the indulgence of this House to speak during general debate to-day in order to give my views on important legislation—past, pending, and prospective—and problems before the Congress.

CRITICS UNFAIR

This Congress has had many perplexing problems, harder to deal with than the public realizes. We have been criticized severely for inaction, big appropriations, high taxes, and failure to produce prosperity. Much of this criticism is unjust and many of those who criticize fail to place the responsibility where it belongs. They give no credit to those of us who have labored and voted for the people's interests, but who have been outnumbered by Congressmen and a President with opposite views.

CONGRESS IS CUTTING APPROPRIATIONS

Critics fail to recognize the actual good Congress is doing. They never mention, for instance, the saving of $600,000,000 this Congress has already made by cutting appropriations from what they were a year ago. They never mention the fact that Congress actually cut $161,000,000 from the Budget estimates approved by President Hoover in spite of the fact that all members of the President's Cabinet and heads of all bureaus and commissions appeared before the Subcommittee on Appropriations and vigorously opposed every proposed reduction. Some critics even try to deny the fact that the Members of Congress voted a reduction of our own salaries and those of all Government employees in the face of a storm of opposition from the President and Federal employees from all over the country. No doubt the Congress will make more drastic reductions before adjournment.

MY RECORD IN CONGRESS FOR THE PEOPLE

I believe in fair play and I propose to acquaint the people of my district with my record in Congress. They have reelected me twice with increasing and overwhelming majorities, and I have tried to show my appreciation by my stand on all matters affecting their welfare. I have consistently and vigorously opposed special-interests legislation for and by Wall Street and the international bankers. I feel that the people of my district will indorse my stand, but whether they do or not they are entitled to my record in Congress.

AGAINST HAWLEY-SMOOT TARIFF ACT

Two years ago I vigorously opposed and voted against the Hawley-Smoot-Grundy Tariff Act, the most outrageous, unfair, and unscientific tariff law ever enacted in the history of the United States. It has robbed the American farmer of hundreds of millions of dollars, has caused practically every nation on the face of the earth to retaliate against the United States, and has closed the world markets to our products. This high tariff law has added much to our economic troubles. I insist, Mr. Speaker, that the present tariff laws in all fairness to our farmers should be repealed.

AGAINST MORATORIUM

Early in the present session I voted against the moratorium on foreign war debts due this country, on the ground that it would lead to ultimate cancellation. I felt it was a measure that would "rob Peter to pay Paul," or, in other words, rob the Government in order to make it possible for the international bankers to collect that money in payment of private debts due them from the same foreign countries. I thought then and believe now that if moratoriums are in order, they should begin at home with some of our poor farmers and others who are losing their homes.

AGAINST $2,000,000,000 FINANCE CORPORATION

I voted against the $2,000,000,000 Reconstruction Finance Corporation, and stated on the floor of the House that that money should be used to pay the soldiers' bonus due our World War veterans instead of to Wall Street bankers and big interests. The recent loans made to railroads from this fund were immediately used to pay off mortgages to Morgan & Co., leaving the United States "holding the sack." In my opinion it is only a matter of time until the Government will have to take over those railroads in their run-down condition, thus relieving J. P. Morgan instead of the tax-burdened farmer and small business man.

FOR SOLDIER BONUS

The huge appropriation for the Reconstruction Finance Corporation was largely responsible for the defeat in the committee recently of the soldiers' bonus bill. I am for the Patman bill especially, because it provides for expansion of the currency and requires no bond issue to increase the public debt or impair the gold reserve. The bonus money of over $2,000,000,000 would be spent in every nook and corner of the country, reach the common people, increase the buying power of the public, and revive business generally throughout the United States.

FOR EXCISE TAX ON IMPORTED CRUDE OIL AND COAL

During my time here I have urged a tariff or excise tax of $1 a barrel on imported oil. I am opposed to the importation of cheap foreign crude oil produced by foreign labor in competition with our independent operators of America. I supported the compromise 42 cents per barrel excise tax on oil on the ground that "half a loaf is better than no loaf at all," but insisted at the time that the tax should be at least doubled to 84 cents a barrel. This would mean much, not only to the independent operators of Oklahoma but to thousands of farmers and royalty owners of the United States. Largely for the same reason I supported a tax on imported coal.

AGAINST GENERAL SALES TAX

I am unalterably opposed to a general sales tax and have no apologies to make for my position on that unjust tax that would have heaped $600,000,000 on the backs of our tax-burdened people, who are in no way responsible for the Treasury deficit. I felt that I would betray the confidence of the people of my district if I voted for a general sales tax.

FOR ECONOMY LEGISLATION

Not only in the present session but in every Congress in which I have had the honor to serve, I have advocated and voted for the most rigid economy at every opportunity. I have voted for every legitimate economy item that has come before the present session. I voted to reduce my own salary and office expenses. I voted to combine the Army and Navy under one department. That item alone would have saved around $100,000,000 per year, but was defeated largely by lobbyists consisting of Cabinet members and a private secretary from the White House.

I voted to cut $24,000,000 from the Army appropriation and am confident it could stand a still further cut without impairing the efficiency of our standing Army. I voted to cut over $200,000,000 from the top-heavy departments of Government below what the President and his army of so-called experts told Congress it would take for them to function.

FOR TAXES BASED ON ABILITY TO PAY

Besides this, I advocated and voted for those provisions of the House revenue bill, raising income taxes to practically war-time basis, believing that taxes should be based upon ability to pay. I have urged that the surtax and gift tax be drastically increased. I also supported the House provision taxing Wall Street stock gamblers. I have been amazed at the audacity of the White House in yielding to Wall Street demands that this small tax on all sales of stock exchanges be eliminated from the bill. A tax of 1 per cent on sales of Wall Street stock gamblers would amount to approximately $400,000,000 per year, and would go far toward balancing the Federal Budget.

FOR ORIGINAL FARM MARKETING ACT

I supported the original farm marketing act, as I am a firm believer in cooperative and orderly marketing. I reluctantly voted to permit the President to name a Farm Board to carry out the provisions of the act. It was, however, a recognition of the farmer, and I was hopeful that some good might come from it, but to my chagrin and surprise, Alexander Legge, head of the Harvester Trust, was appointed by the President as head of the Farm Board. While the Harvester Trust sent millions of dollars' worth of farm machinery to Russia that was responsible in a great measure for the unusual increase in Russia's cotton and wheat crops to flood the world markets in competition with American farmers, Mr. Legge, as chairman of the Farm Board, gave out frequent interviews warning the American farmers to reduce the acreage of their wheat and cotton.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. CARTWRIGHT. I yield.

Mr. JOHNSON of Oklahoma. I am much interested in the gentleman's remarks, especially his reference to the farm marketing act. Does not the gentleman think that the present farm marketing act ought to be amended?

FARMERS SHOULD BE GUARANTEED COST OF PRODUCTION

Mr. CARTWRIGHT. Yes. Replying further to my colleague from Oklahoma, will say I am convinced that the marketing act should be amended in a manner that will guarantee to the farmers the cost of actual production. A bill for this purpose is now pending in Congress and has the indorsement of the Farmers Union, the Grange, and other farm organizations. I shall oppose the adjournment of the present session of Congress until some such progressive and remedial farm legislation is enacted into law. [Applause.]

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. CARTWRIGHT. I will.

Mr. LANKFORD of Georgia. I have listened with interest to the gentleman's speech. I agree with what he said a few moments ago about economy, and also agree that he placed the responsibility where it belongs.

REPUBLICANS IN CONTROL

Mr. CARTWRIGHT. I thank the gentleman.

Let me also remind you, the Congress, and country that it is the Republican ox that is in the ditch. Republicans have been in complete control for the past 10 years. Wanton extravagance and shortsightedness of the Republican administration have brought the country to this unhappy and crucial hour. During the three years of the present administration innumerable boards and commissions have been appointed until it has become a standing joke. During all that time not so much as a feeble whisper came from the White House urging economy. But now that the country is faced with a $3,000,000,000 deficit because of doles to big business, especially the international bankers, who have had their worthless bonds underwritten by the Federal Treasury as the main part of the President's so-called constructive program, the President suddenly becomes solicitous that Congress economize.

WILL STAND ON RECORD

Let me again say in conclusion that I have supported every meritorious measure of economy during my five years in Congress. I have not hesitated to vote my conscientious convictions on all occasions. I have not side-stepped nor evaded any issue. On that record I am willing to stand or fall. [Applause.]

UNITED STATES ROANOKE COLONY COMMISSION

Mr. POU. Mr. Speaker, I call up privileged House Resolution 172.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. Con. Res. 26, to establish a commission to be known as the United States Roanoke Colony Commission.

That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes—to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Library—the resolution shall be read for amendment under the 5-minute rule.

At the conclusion of the reading of the resolution for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution, and any amendments thereto to final passage without intervening motion, except one motion to recommit.

The SPEAKER. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, I did not expect that anything of a controversial matter was going to come up this afternoon. This is the beginning of another celebration that will lead to a considerable expense. If we are going to take the matter up this afternoon, I think we should have a quorum present so that everyone will understand exactly what is under consideration.

The SPEAKER. The Chair understood that this is a unanimous report from the Committee on Rules.

Mr. POU. There will be no expense attached to this, as I understand it.

Mr. SNELL. Surely the gentleman from North Carolina does not mean to say that there will be no expense attached to the resolution.

Mr. POU. I refer the gentleman from New York to the author of the resolution, the gentleman from North Carolina [Mr. WARREN].

Mr. SNELL. I would rather have it referred to some one, but when we start a commission as formidable as this, it means expense to the Federal Government. That is the reason for the resolution.

Mr. WARREN. Mr. Speaker, will the gentleman permit me to briefly explain?

Mr. SNELL. Certainly.

Mr. WARREN. This resolution calls for a committee of three Members of the House and three Members of the Senate to report back to Congress on December 15 the advisability of Federal contribution and Federal participation in the three hundred and fiftieth anniversary of the birth of English-speaking civilization on the American Continent. It is, therefore, the oldest celebration in which we can participate. I do not hesitate in stating to the gentleman from New York and to the membership of the House that we expect only a very modest contribution on the part of Congress. If this commission should come in here with any extravagant plan for the celebration or calling for any large appropriation, I assure the gentleman from New York that I would personally oppose it.

Mr. SNELL. I have been on the floor during the last few years when we have started about a half dozen of these celebrations, and I know exactly what it has done and how it is done and what it eventually leads to. Has the gentleman any idea whatever but that this commission will report favorably upon having this celebration?

Mr. WARREN. I hope the commission will so report, but I hope they will also ask for a very small contribution.

Mr. SNELL. At the present time under present conditions I individually shall have to oppose this resolution if it is to be called up this afternoon. We shall have to have a quorum here and I shall have to get a record vote on starting a commission at this time.

Mr. WARREN. I call the attention of the gentleman to the fact that the Committee on Rules unanimously reported the resolution.

Mr. SNELL. It has never come to my attention until now. I do not think this is any time to start any new celebration when we are giving our entire attention to economy and balancing the Budget.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. SNELL. If I have the floor.

Mr. SCHAFER. Has the Economy Committee favorably acted upon this resolution? That committee has usurped the duty and jurisdiction of all of the standing committees.

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. POU. Mr. Speaker, I withdraw the resolution for the present.

Mr. SNELL. Mr. Speaker, I withdraw the point of order that there is no quorum present.

GOVERNMENT COMPETITION WITH PRIVATE ENTERPRISE

Mr. POU, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 235 (Rept. No. 1408)

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of five Members for the purpose of investigating Government competition with private enterprise and all other questions in relation thereto that would aid the Congress in any necessary remedial legislation. The committee shall report to the House not later than December 15, 1932, the result of its investigation, together with such recommendations for legislation as it deems advisable.

That said special committee or any subcommittee thereof is authorized to sit and act at such times and places within the United States whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the

attendance of such witnesses and the production of such books, papers, and documents, by subpœna or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary, and such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpœnas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee, or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. POU. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 235, which I have just sent to the desk.

The SPEAKER. The gentleman from North Carolina asks unanimous consent for the present consideration of House Resolution 235, which the Clerk will report.

The Clerk reported the resolution.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object.

Mr. BLANTON. Mr. Speaker, I reserve the right to object in order to ask the gentleman from North Carolina why it is that our special Economy Committee, headed by the majority whip of the House, can not handle this matter just as well as a new committee and save all the overhead expense of an additional committee?

Mr. POU. It is not within the province of the Economy Committee to handle a matter of this kind.

Mr. BLANTON. It is already organized, it already has its overhead, personnel, and machinery, and it could be authorized to handle this matter without any additional expense.

Mr. POU. If the gentleman will examine the resolution, I think he will see that it could not very well handle the matter.

The SPEAKER. If the House will permit, the Chair was informed this morning by the gentleman from North Carolina [Mr. POU] and the gentleman from Indiana [Mr. PURNELL] that this resolution was submitted to the Committee on Rules, and that the Committee on Rules unanimously ordered it reported to the House. It occurred to the Chair that inasmuch as it came with a unanimous report from the Committee on Rules it would probably have the support of the House; and the Chair, therefore, recognized the gentleman from North Carolina to ask that it be taken up at this time.

Mr. SNELL. I did not understand what the gentleman from North Carolina asked. I thought he was just submitting the rule for printing under the rules.

The SPEAKER. No; this is the resolution which the Committee on Rules reported out this morning for consideration by the House. Under the rules of the House, however, the matter would have to go over until to-morrow unless unanimous consent was granted for immediate consideration. The only question is whether the House wants to consider the resolution to-day or at some other time.

Mr. BLANTON. Mr. Speaker, if I could stop it by an objection now, I would do so; but just to put it off for a day would not avail anything. Therefore I shall not do a futile thing by objecting, as it will pass to-morrow under the special rule.

The SPEAKER. Is there objection?

Mr. MARTIN of Oregon. Mr. Speaker, I object.

The SPEAKER. The report will be referred to the House Calendar and ordered printed.

REVISION OF THE COPYRIGHT LAW

Mr. O'CONNOR. Mr. Speaker, I call up a privileged resolution (H. Res. 229) and ask for its immediate consideration.

The SPEAKER. The gentleman from New York calls up a privileged resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 229

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 12094, a bill to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings.

That after general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Patents, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, may I inquire of the gentleman from Indiana just how much time he desires?

Mr. PURNELL. I would like the gentleman to yield me 30 minutes. I have no requests for time. I will try to save as much time as I can.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Indiana.

Mr. Speaker, this is a rule from the Committee on Rules for the consideration of the copyright bill, providing for two hours' general debate.

The question of a general copyright bill has been before the Congress for many years. The last copyright bill was passed 23 years ago. The Committee on Rules felt, from the presentation made to it by the members of the Committee on Patents and Copyrights, that this was an important matter, affecting the interests of great organizations and businesses throughout the country and that it was worthy of consideration by Congress.

The Members will recall that in the last Congress we passed the so-called Vestal bill, which failed of passage in the Senate. Although I have no intimate knowledge of the details of this bill, I understand it follows somewhat generally the copyright provisions which were intended to be put into effect by the Vestal bill. The Rules Committee felt it was of sufficient importance for the House to consider it at this session.

Mr. SNELL. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. SNELL. As I understand, it is practically the same bill that was passed at the last session?

Mr. O'CONNOR. I do not want to say that. I understand it has the same general purpose in view.

Mr. SNELL. But not necessarily following the same language.

Mr. O'CONNOR. Some of the details are different, I imagine.

I yield to the gentleman from Indiana.

Mr. PURNELL. I have no desire to yield time at this particular time, Mr. Speaker. This is a highly technical matter, and I wish the gentleman from New York would have some Member who is more familiar with the detail of it address the House.

Mr. O'CONNOR. I have no other speakers at this time.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

Mr. SIROVICH. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 12094) to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12094, with Mr. GAVAGAN in the chair.

The Clerk read the title of the bill.

Mr. SIROVICH. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. SIROVICH. Mr. Chairman, the subject of copyright is one of the most highly technical subjects that can come

before the Congress of the United States, and in order that the membership of this House may properly understand the bill that will be presented to them, I thought I would take the privilege of giving a history of copyright legislation from its very inception up to the present time, so that each Member could intelligently understand the subject that will be discussed.

You may search through the writings of ancient and medieval times and not find a word indicative of any right possessed by the author of a book to control the multiplication of copies.

In the year of 1454 Gutenberg invented movable types of printing which made the multiplication of books exceptionally easy and brought them within the reach of all the people of Europe.

In the beginning of the sixteenth century when Henry VIII, King of England, broke with the Church of Rome, to prevent the publication of books that might be considered heretical, and to prevent dissension and discord in England, he licensed 20 printers to engage in printing, compelling them to register their works in the Stationers Co., so that he might understand, censor, and control whatever was written. Even the printer had to be apprenticed for seven years to learn his profession and be licensed by the Crown. In that way Henry controlled the printing process, as well as the printer, in the work in which he was engaged.

From 1550 to 1775 a great controversy was carried on between booksellers and lawyers as to whether authors were entitled to the exclusive right to multiply copies of their works as property or as a privilege. The courts finally declared it to be a property right. The essence of property is the unwillingness to share it, but literary property lives by communication.

About 1709 the printers of England, who enjoyed the exclusive monopoly of printing, appealed to Parliament to redress their wrongs because of the piracy of their works through Scottish printers, who were bootlegging their works by competing with English printers and underselling them in their own markets. Parliament passed a bill, the first copyright statute anywhere to be found, supposed to be drafted by that eminent writer Doctor Swift.

Queen Anne probably never realized what she was doing when she spread her angular signature on the page of a document that was handed to her as part of her royal routine. Anne was Queen Anne of England and the paper she signed was an enactment of the Lords Spiritual and Temporal and Commons, forming Parliament, which became the since famous Statute of Anne, the statute that has caused more controversy since in Great Britain and the United States than any other nonpolitical act of government.

The Statute of Anne runs to many words, but its asserted purpose is set forth in the preamble and the whereas of the act, which reads:

> An act for the encouragement of learning by vesting the copies of printed books in the authors or purchasers of such copies during the times therein mentioned.

Cleared of its cumbersome phrasing, the Statute of Anne vested in the author of a book—

> The sole right and liberty of printing such book and books for the term of 1 and 20 years, to commence from the 10th day of April, 1710, and no longer—

If he already had a "copy or copies of such book or books already printed," but if his "book or books" was or were not already printed, but were still to be written, his term of copyright was to be for 14 years, with a renewal for 14 years if he was still living. The author or authors were capacitated by the common law to transfer rights to a printer or bookseller, and such persons were enabled to obtain copyright on books purchased from the author for 14 years, but by the last provision of the statute the "sole right" returned to the authors, and, inferentially, ceased to remain in the printer or bookseller.

The statute provided that "any person whatsoever" who should print or reprint or cause to be printed or reprinted or imported any such books without consent of the proprietors in writing, on discovery, of course, shall forthwith forfeit one penny for every sheet of printing, one-half of this fine to go to the Queen and the other half to the complainant. But to insure this last it was necessary for the author or proprietor by purchase to enter before publication, "the title to the copy of such book or books * * * in the register book of the company of stationers," and deposit copies of the printed works therein.

Anne started price fixing, a subject of much controversy even in these days, by decreeing in her statute that if the price of a book was too high or unreasonable, an intending purchaser could make complaint before any one of a group of officials "in that part of Great Britain called Scotland" and that any of these, "according to the best of their judgments and as to them shall seem just and reasonable, * * * and if the printer persisted in 'high or unreasonable' prices," he was fined £5 for every book so sold, or exposed for sale, by him—and the Queen got one-half of that.

Books in Greek, Latin, or foreign languages were exempted from the provisions of the statute, probably to provide source material for the "learned men." The printer was protected against unfair competition, and the public was guarded in the statute.

This Queen Anne statute directly affected the American colonies and so, directly, we may bid goodbye to Anne and the Georges, but indirectly the statutes passed by them affect our copyright laws to this day and directly affected the form, substance, and scope of copyright legislation passed by the several States of the United States before the adoption of the Constitution.

It is interesting to note the various points of view of the legislators of the States in regard to the object, subject and scope of copyright, "the sole right and liberty to copy," had now been contracted into a single word—"Copyright" in common usage, and the property element had been somewhat lost sight of, though stressed in the later English acts.

Connecticut has the honor of enacting the first copyright act; New York was the file closer. The action of the States was initiated by a resolution of the Second Continental Congress, which was the result of a report made to it by a committee, composed of Madison, Williamson, and Izard, to whom had been turned over for action certain petitions, memorials, and other papers on the subject of literary property. The resolution of Congress, dated May 2, 1783, read:

> *Resolved*, That it be recommended to the several States, to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their executors, administrators, and assigns, the copyright of such books for a certain time not less than 14 years from the first publication; and to secure to the said authors, if they shall survive the term first mentioned, and to their executors, administrators, and assigns, the copyright of such books for another term of time not less than 14 years, such copy or exclusive right of printing, publishing, or vending the same, to be secured to the original authors, or publishers, their executors, administrators, and assigns, by such laws and under such restrictions as the several States may deem proper.

Connecticut, in January; Massachusetts, in March; Maryland, in April, 1783, had already passed copyright acts. New Jersey led the balance of the States after the recommendation of the United States Congress on May 27; New York waited until April 29, 1786, before passing its copyright act; while Delaware seems not to have passed any copyright act. Authors seem to have taken revenge on little Delaware since by asking for few copyrights from within her borders.

The copyright laws of the several States were not successful in operation between States, and it was realized in this, as in other matters affecting the public welfare and the commerce between States, that Federal control, through Congress, was necessary. So among other rights enumerated in the Constitution and powers delegated to the United States was conveyed, in a few brief words, the authority under which Congress since has enacted all copyright legislation. The words are in Article I, section 8, paragraph 8, of the Constitution, and read:

> The Congress shall have power (par. 1) * * * To promote the progress of science and useful arts, by securing for limited

times to authors and inventors the exclusive right to their respective writings and discoveries.

The first Congress—under the Constitution—in its second session, on May 31, 1790, passed the original copyright act of the United States. To all intents it was a digest of previous legislation in Great Britain and in the several States, using the "sole right and liberty" of Anne twice in reference to the first term of 14 years and the "exclusive right" of the Constitution in referring to the second term of 14 years for copyright.

This is the first time the word "copyright" was ever used.

Other sections of this copyright bill permitted the entry of foreign maps, charts, and books; allowed the American author or proprietor to sue infringers for damages; and permitted pleading of the general issue and the giving of the special matter in evidence.

It may seem curious, unless one stops to think, that maps and charts were given the place of honor in this act before books. Maps for the land and charts for the sea were far more valuable to the pioneers who were living the great adventure of building up a new country than any book or books, save a few great ones, could be. There was ample intelligence in practical things, but book "larnin" was confined to the few and those resident in the cities. That does not make the pioneers lesser men; the man who studied a map or chart could be and probably was the peer of the student of books in general intelligence.

The copyright act of 1790 lasted, unamended, until April 29, 1802, when a supplementary act was passed to extend the benefits of the original act to the arts of designing, engraving, and etching historical and other prints. In 1819 an act was passed extending the jurisdiction of the circuit courts of the United States, in law and equity, to original cognizance of suits, actions, controversies, and cases "arising under any law of the United States, granting or confirming to authors or inventors the exclusive right to their respective writings, inventions, and discoveries." Note here the use of "granting" and "confirming."

In 1831 an act was passed "to amend the several acts respecting copyright." Between that time and the present copyright act, 26 amendments, restrictions, or enlargements of the law on copyright were passed by Congress. Of these, the acts of 1856, 1865—extending copyright to dramatic productions and photographs—1870, 1874, 1891, 1897, and 1909 were of major importance.

Before entering on the legislation for the revision, amendment, and codification of the laws on copyright, patent, trade-mark, and design, now the active and pressing concern of the Committee on Patents, of Congress, it may be well to devote a few minutes to consideration of matters abroad affecting American authors and inventors.

The "international union" and the "convention" are often referred to in discussions on copyright. The international union is not a political movement; its full title is "The International Union for the Protection of Literary and Artistic Works."

The marked increase in the diffusion of literary productions and works of art during the nineteenth century, a result, doubtless, of the general growth of education among large groups of people, brought about a distinct demand on the part of authors and artists for protection beyond the limits of their respective countries. Many countries, including the United States, in fact, denied protection to alien authors and artists and consequently encouraged piracy, which had developed to considerable proportions.

Prior to 1886 a number of European countries entered into bipartite treaties for the purpose of reciprocal protection of copyright. As early as 1839 the British Government proposed such a treaty to the United States and one was actually signed on behalf of the two countries in 1853. Opposition to it, however, developed in the Senate and consent to ratification was withheld.

In 1878 an international literary and artistic society was formed in Paris under the presidency of Victor Hugo, with the purpose in view of extending copyright protection beyond national frontiers. It held annual meetings in various European capitals.

The project of a general convention for world-wide copyright protection and the formation of an international copyright union was advanced at the meeting of 1882; the Swiss Government issued invitations to an official conference which was convened in 1884 and followed by a larger one in 1885, the latter including a consultative delegate from the United States.

This original Berne convention creating an international union for the protection of literary and artistic works was ratified and entered into force in 1887. By its terms the contracting states were "constituted into a union for the protection of the rights of authors over their literary and artistic works." Authors in one of the countries of the union were to enjoy in the others the rights which the respective national laws granted or might subsequently grant to natives; such enjoyment to be "subject to the accomplishment of the conditions and formalities prescribed by the law of the country of origin of the work." The term of enjoyment in other countries could not exceed the term granted in the country of origin.

Thus the keynote of the convention was the national treatment of literary and artistic property, provided the owner had complied with the requirements of the law of copyright in his own country or the country where he first published his copyrightable work.

The convention was applicable to all such works, which, when it came into force, had not fallen into the public domain of the country of origin. The countries parties to it were, however, left free to regulate the manner of application of this principle, each by its own domestic legislation.

The union was provided with an international office or bureau, charged with the collection and publication of useful information and preparation for subsequent conferences, contemplated in order that the convention might be periodically revised and amended.

The first such revision took place through the signature at Paris, May 4, 1896, of an additional act and declaration which undertook to clarify certain of the articles of the convention of 1886 and to increase its protective influence. An officer in the United States diplomatic service was designated to attend the conference at Paris.

A complete revision was prepared by a conference meeting at Berlin in 1908, at which an observer for the United States was present. The revised convention was signed on November 13.

The latest revision of the convention creating an international union for the protection of literary and artistic works took place at Rome in 1928. The revised instrument was signed June 2 on behalf of 33 countries. The delegates of the United States were not authorized to sign.

Compared with 1908 the developments of 1928 are few and unimportant. There are, however, three new articles and changes in half a dozen others. Protection of the author against mutilation of his work in such a way as to be prejudicial to his honor or his reputation, the term of copyright in the event of two or more collaborators, and the specified right of authors to control the use of their works in radiobroadcasting form the principal additions. The convention as revised in 1908 permitted adhering countries to substitute for any provision the corresponding provision of the original convention or the revision of 1896. As revised in 1928, such privilege was limited to certain stipulations regarding the translation of literary works.

The Rome revision entered into force August 1, 1931, among the countries which had deposited ratifications. Other countries remained members of the union by virtue of participation in an earlier form of the convention. Preparations for the next conference, to meet at Brussels in 1935, are in progress.

The International Union is now composed of 45 countries. The office of the union remains at Berne and continues to exercise much the same functions as were stipulated for it in the beginning.

Without sacrifice of any American rights, the copyright bill now before the House of Representatives enables the United States to enter the International Union for the Protection of Literary and Artistic Works.

When the Committee on Patents was organized at the first session of the Seventy-second Congress, 19 members being present, it was unanimously decided to hold hearings on the subject of copyright legislation. Every industry interested in copyright was invited to be present.

This novel method was used in inaugurating and continuing the hearings of the Committee on Patents. These hearings, starting in January, 1932, were in the beginning held with no formal bill before the committee. I had extended invitations to all persons, associations, companies, concerns, and counsel interested in and affected by copyright to come before the committee and express their ideas and convictions as to what might be done to improve the copyright law of 1909 in view of the great changes brought about since then in all lines of communication, presentation, and publishing.

In doing this it was my intention to get a cross section of opinion from those most competent to give it of what should be incorporated in the proposed bill, so that all those entitled to it should have fair and equal representation and be given ample time to present their views. Authors, dramatists, composers, publishers of periodicals, magazines, books, maps, and charts; motion-picture authors, scenarists, directors, and producers; radio organizations; phonograph, music-roll, and record makers, their counsel, or organization representatives were urged to appear before the Committee on Patents and state their views. No one was denied hearing or full opportunity to present his or her views on the rights of authors and others to copyright.

After a series of hearings had been held and the statements of those present and those communicating had been considered, a bill was drawn up and introduced in the House of Representatives in order to have a definite document corrected to the moment before the committee. This and other bills were amended and introduced until the final bill, H. R. 12094, was laid before an executive meeting of the committee, favorably reported out to the House, a rule obtained, and the bill given a place on the calendar.

Mr. BLOOM. Mr. Chairman——

Mr. SIROVICH. I do not yield to the gentleman.

Mr. BLOOM. I am not asking the gentleman to yield, I want to enlighten him.

The CHAIRMAN. The gentleman from New York declines to yield.

Mr. SIROVICH. For the benefit of my colleague, who may differ with me, I want to assure him that in a few minutes I will allow him to ask me any question he desires, but I would like to present my story in sequence without further interruption.

This bill is now being considered by the Committee of the Whole House on the state of the Union. It contains 12 fundamental principles. What are they?

First. Copyright in the author's name: Not only for the protection of the author, but in order to clarify titles for the benefit of the purchasers of author's material, it is essential that the author upon creation of his work should become entitled to copyright therein. Under the provisions of the bill the author can never lose copyright except by his own act, either by making an assignment or granting a license. It is true that if he fails to register his work his remedies against an infringer are restricted according to whether the infringement is innocent or willful. Placing the copyright in the author in the first instance further accomplishes for the United States the desired protection for its nationals abroad. The interests seem agreed that starting with the author as the copyright owner, all rights, titles, and interests derived in any part of his work will be the clearer, better protected, and more easily traced.

Second. Assignment of copyright: The author may assign his copyright. This is not a new provision of law but is continued from the present act which permits an assignment of copyright as a whole.

Third. License under copyright: The author may also license any part or interest in his work. This means that an author has complete legal right to convey any and all privileges to licensees. As an illustration of this provision, an author of a novel may legally license magazine rights to a magazine, book rights to a book publisher, theatrical rights to a manager, motion-picture rights to a producer, and radio rights to a broadcaster.

Fourth. Licensees: The bill further protects a licensee to the same extent as the present act protects a copyright proprietor. Without looking to anybody else the licensee has the absolute legal right to enforce and protect his license. This again makes for clarity of titles and clarity of title is as essential to the author as it is to the licensee.

Fifth. Remedies: The rule of damages the world over usually resolves itself into a question as to what will make the injured party whole; in other words, what will compensate him. That is the invariable rule in all ordinary cases. The new bill provides that damages where awarded may take into account this element of compensation and that the profits that may be awarded are those which may be attributed to the creation of the injured author.

Injunctions and statutory damages are retained with certain limitations.

Sixth. The innocent infringer: The present law, except in the case of certain infringements by motion-picture producers, takes no account of innocence in the matter of infringements. The new bill takes account of innocence—for instance, innocent printers who act merely to print a work, and who have no other interest in it are subject only to injunctions against future printing.

Aside from these specific instances, all innocent infringers are treated alike under the provisions of the bill and are protected by provisions which limit the amount of recovery and the character of the remedy, according to the registration or nonregistration of the work. Under the present copyright law all profits are taken from an infringer, whether innocent or otherwise. As pointed out, we believe that the success of infringement suits has been hampered by the drastic provisions of this kind in the law.

Seventh. Registration and notice: In order to obtain full remedies against an infringer, the author is required to place upon his work a copyright notice, which need not be technical, and to register his work in the copyright office at Washington. Notice and registration under the present law have always been required in the case of all published works and all works reproduced in copies for sale. Since the new bill makes the author in first instance the copyright proprietor, it is deemed a wise provision to make it very advisable for him to protect his rights by registration. Not only is this for his own benefit, but it is for the benefit of purchasers who depend upon a record title in purchasing.

Eighth. Term of copyright: In place of the awkward method of providing two terms of 28 years each, the bill substitutes one term of 56 years, which begins to run on the first publication or other public presentation of the work. The disadvantage of two terms of copyright has been that in many cases an author loses his copyright by failing to renew, and too many controversies have arisen over the rights of purchasers and the rights of authors on the expiration of the first term. The author here is given a complete term of 56 years and his copyright for that term is a property right which can be easily dealt with, and under this provision no misunderstandings can arise. On the death of the author his copyright continues in favor of his personal representatives until the end of the term, unless he has already assigned his copyright, in which case the same holds true of the copyright owner.

Ninth. Foreign market for American works: The foreign market for the works of American authors has been on the increase. American stage dramas are in great demand in the capitals of Europe, and American plays are produced each year by the dozens. American books are following the progress of American plays, and, of course, American motion pictures and music are known all over the world.

It is not unusual for a single playwright to earn many thousands of dollars in the course of a year by the performance of one of his plays in a single city on the Continent. Protection in the foreign market is becoming more and more precarious in direct proportion to the success there of the American author. Present protection of unpublished works is had by means of treaties, but it is not in all countries that these works are protected. Protection of published works is becoming more and more uncertain every day. Treaties may easily be abrogated. The sure way of protection abroad is by means of the machinery provided by the International Copyright Union, which is nothing but a treaty between 40 or 50 countries. The United States has never adhered to this union, but the provisions of the articles of the union are so clear and well defined and the protection to authors' works so secure that there is no other practicable method by which the United States can vouchsafe to her authors and their licensees this much-desired protection abroad to an equal degree. The bill is so drafted that the United States can adhere to the union.

Tenth. Radio and future rights: At the time of the passage of the 1909 act radiobroadcasting was an unknown quantity. Because of certain general provisions of that act, such as "public performance" and "mechanical reproduction," it turned out that dramatic and musical compositions were protected over the radio, but the act nowhere provided for protection over the radio in any other respect. The author of literary works is not protected under the present law. The new bill gives radiobroadcasting rights to all authors alike without discrimination and also provides that if in the future there shall be any new mediums or methods of dissemination of authors' ideas, the author shall be protected in respect of those as well.

Eleventh. Rights of the press: The bill in section 12 carefully exempts from infringement suits, performances, and so forth, neither public nor for profit, public performance of music not for profit, performance of music by charitable, religious, and other organizations, reception of radio programs and music from disks and records except where admission is charged, and the fair use of quotations from literary works. These are matters on which the House had distinctly declared itself in times past, and the committee has endeavored to meet the fixed policy of the House.

Twelfth. Construction of the bill: We claim for this bill that it is simple in its form and construction, uncomplicated by too many technicalities, and that it is a piece of legislation that can be readily read and understood by an author, publisher, producer, or other layman. It provides for all authors and all interests the rights and remedies that are now recognized in the trade between the most successful authors and the most reputable business houses. In other words, it crystallizes into law the best trade practices of the day.

Now, Mr. Chairman, I shall be very pleased to answer any questions that any Member of the House may propound regarding the bill on copyright legislation.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. GIFFORD. I particularly want to inquire about musical compositions. As I understand it, in the past the author of a musical production sold the copyright to the printer, and we paid for the piece of music as we bought it, and the author got his money from that source. Under the bill the author receives not only money from the publishers, but I, as an innocent user of that music, may be sued by the author if I play the music, even though I pay for the copy when I buy it.

Mr. SIROVICH. That is true.

Mr. GIFFORD. I am wondering if the remedy for the innocent purchaser here is sufficient. I want to make it clear if I can, that in the past the author got his money through the publisher, but to-day I not only pay for the piece of music that I buy, but if in my hotel an orchestra should be playing that music, I am liable to pay a large sum of money to some organization to which the author seems to be forced to assign his rights.

Mr. SIROVICH. The assignment is in the old law.

Mr. GIFFORD. As I understand it the author would have to assign to one central body his privileges. The point I want to bring out is that small radio stations have to recognize this central body, and the prices for these musical compositions have recently been doubled and might be trebled, and the author himself is practically forced to assign to that central body or else he could not himself get that protection.

Mr. SIROVICH. Mr. Chairman, I want to be fair to the gentleman and answer his question and bring out a subject that is going to involve a great deal of controversy on this floor. We had extensive hearings from an organization called the American Society of Composers, Authors, and Publishers. This society is an organization with a board of directors of 24 members, composed of 600 to 700 authors and composers as members and about 70 to 90 publishers. When it was originally formed it had 12 publishers on the board of directors representing the publishers and 12 authors and composers representing the authors and composers. This board of directors is self-anointed, self-appointed, and self-perpetuating. Its object is to do one thing, and that is to protect the publishers and to protect the authors and composers. In order to join the organization, as I understand it, every author and composer has to assign his right to this society, and when Sigmund Romberg, one of the greatest American composers, came before our committee, the man who wrote plays like Maytime, Blossom Time, the Student Prince, the Desert Song, Rio Rita, and other productions, he said that he received the highest award, with John Philip Sousa, as royalties every year, which amounted to about $5,000, but that if he had to go out and collect these royalties himself all over the United States and find out where some one was playing his music, it would have cost him $25,000 to $30,000 to collect the $5,000 that belonged to him. So it stands to reason that it is necessary to have an organization that will collect the royalties of these authors. Because of protests of many Members of Congress along the line the gentleman has indicated, I endeavored to find out something about the organization and found that it collects about $800,000 to $900,000 a year from the motion-picture industry—I mean by that the picture exhibitors, who have between 15,000 to 20,000 motion-picture houses in the country—and it gets about $1,000,000 a year from radiobroadcasting and about $200,000 a year from hotels and other collateral interests.

This money is divided by the American Society of Composers, Authors, and Publishers into two parts. Half goes to the publishers and the other half to the authors and composers, who are divided into classes, depending upon how their music sells. The complaint that came in is the fact that the organization is charging more than it should charge.

I admit that in the hearings conducted before our committee there are some parts where they are charged too little, and some parts where they charged too much. For example, if you have a small motion-picture house in a city in Texas or Oklahoma that may play three or four times a week, perhaps an hour or two at night, they charge 10 cents royalty per year per seat. If, on the other hand, you go to New York City to the great Capitol or Roxy Theater, which play from 11 in the morning until 1 o'clock at night, using 2,000,000 pieces all the year round, they charge the same identical sum. Now, it stands to reason that income taxes are not paid on that basis in this country. A man who is paid little should not be compelled to pay the same as the man who has earned a million. So, when that organization was before our committee they conceded that and stated they would try to change it later on.

There are broadcasting stations which complain that this society has just brought to them a statement in which they want more money. They want 5 per cent of the gross income, in addition to the license fee that is being charged; but when the representatives were before the committe, they stated distinctly that the big broadcasting stations are taking in millions and millions, and use 95 per cent of the music of the American Society of Composers, Authors, and Publishers, and pay them less than 1 per cent of the total

amount of money that may be brought in. They feel that the radio has destroyed the sheet-music-publishing industry, because where an author or composer made money in the past through the sale of millions of copies of music which went all over the United States, to-day the radio, by playing this music one month, destroys the music and there is no income.

With reference to manufacturers of records, like the Victor, the Columbia, and the Brunswick, where millions of dollars were made in the past, this organization has been ruined through the medium of the radio, because nobody is buying records. So the author and composer comes along and says, "Since the radio has destroyed my income, and since through the perfection of mechanical devices and records my source of revenue is destroyed, it must come from the substitute, which is the broadcasting station." The only bone of contention, however, is that many of these small broadcasting stations are in the red. They are not making any money, and if they are compelled to pay this additional fee, according to the statements made before the committee, the small broadcasting stations will be ruined and bankrupted.

Does that answer the gentleman's question?

Mr. GIFFORD. It answers the question, and it brings forward the other question: Is there to be no limitation of this self-appointed organization as to what they may charge? And the other point that I want to continually bring out is the fact that after we buy and pay for our sheet of music are we forever to be subject to a possible law suit on account of using the music that we buy and pay for? I would like to vote for this bill, but I also fear what the future may bring forth in these changes which are being made.

Mr. SIROVICH. In relation to the last question, I wish to state that in a decision handed down by Mr. Justice Oliver Wendell Holmes, in the case of American Society of Composers, Authors, and Publishers against Shanley, in a decision written by Mr. Justice Holmes he contended that this society has the right to collect royalty on a public performance for profit of music and finds in this decision that the author and composer is being protected, that where a public performance for profit is taking place, where music is being played and admission and cover charges and other charges are being paid, the author and composer has the right to collect his royalty. So for the benefit of many Members of Congress who came before this committee and said to the committee that there were charitable institutions, religious institutions, agricultural institutions, and fraternal institutions which used music whose proceeds are applied for the development of that organization, this committee placed an exemption clause in the bill that no royalty shall be collected from them where that money goes for religious, charitable, and agricultural and fraternal purposes.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. CLARKE of New York. As I understand, the original bill in section 35 provided that one copy of any work printed in a foreign country could be brought into this country free for any public library or branch thereof, and so forth; and I find there is now eliminated from this bill the privilege of an American scholar bringing in one copy. I have a letter dated April 18, 1932, from the gentleman, stating that he was in favor of that principle. Do I now understand that such an amendment will be acceptable to the gentleman?

Mr. SIROVICH. For the benefit of my friend, the gentleman from New York, I would like to explain the following facts appertaining to what the gentleman has just read. When our committee heard representatives of the American Federation of Labor and other interests, like the publishers of books and some of the representatives of the learned societies, this point was brought out: That where an English author secures a copyright in England and the book is printed in England—mark you, this is very important—where a book is copyrighted in England and where it is published in England but it is not published in America, then every learned society, every library, or organization that promotes education has the right to send to England and import that book; but where an English author has a copyright in England and the book is printed in England, and an American publisher is licensed to print this same book in America, and it is printed in America, it was the unanimous opinion of the Committee on Patents and Copyrights that the American learned societies and scholars should buy the book in America from American publishers. It helps to keep the American printers at work. That is all.

Mr. ERK. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. ERK. I am in accord with certain provisions of the bill, but I would like to ask the gentleman a question. When the gentleman says "printed or published" he means also circulated, does he not?

Mr. SIROVICH. Exactly. That is the purpose of printing and publishing.

Mr. ERK. The bill does not state "circulate." You may print or publish, but not circulate. Another thing, no song or piece of music is original. Every piece of music or song is a rhythm of some other song or music. Who will determine whether or not a person is infringing another author's song? Strictly speaking, there is nothing new or original.

Mr. SIROVICH. When we had the American Society of Composers, Authors, and Publishers before us some of the great composers felt that where four bars of music were used that constituted plagiarism.

So far as the gentleman's thought is concerned that no music is original, for that matter we can say nothing is original. What is the difference between a patent and a copyright? In a patent an individual is given an exclusive monopoly for 17 years over the invention he has perfected, and nobody else is permitted to make it. Now, let us take a copyright. If I write a history of the World War and secure a copyright for 56 years, and secure control over that book on the history of the World War, every Member of Congress could write a history of the World War, but he must put it in his own thought. The circulation is limited because different people want to read different versions of the history of the World War. When invention comes in there is an exclusive monopoly. In a copyright we have the intellectual thoughts of a man without invention, it is creation.

Mr. GIFFORD. Will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. GIFFORD. I live in a section of the country where we have a very large number of hotels. Other Congressmen represent places where they have a very large number of hotels, and every Congressman has perhaps one. Is there to be no limit upon the charges this organization can make against a hotel? My experience has been that arbitrarily they send in a bill for so much money and threaten trouble. Is there no way in which the bill can be amended to provide some limitation upon the charges that can be made so that a man would know there would be reasonableness to the charge?

Mr. SIROVICH. I may say to the gentleman from Massachusetts [Mr. GIFFORD], the decision of Mr. Justice Holmes where the three p's come in—public performance for profit—makes it absolutely mandatory for hotels or other institutions that use music for the purposes of getting a clientele to pay. Of course, where the question of reasonableness enters in, the courts can not determine what the price shall be. We can not go into price fixing.

Mr. BUSBY. Mr. Chairman, will the gentleman yield?

Mr. SIROVICH. I yield.

Mr. BUSBY. Under section 9 of the bill, where an innocent party infringes a copyright, I notice it is provided that nothing but an injunction shall apply against the future use of the copyrighted work, except that where such infringer has incurred a substantial expenditure of liability in connection with the exploitation, production, or performance of any such copyrighted work, such infringer shall be liable

only for a reasonable license fee not in excess of $2,500 nor less than $25.

Who fixes that license fee?

Mr. SIROVICH. I may say to the gentleman from Mississippi this section pertains to infringement before registration or recordation.

Mr. BUSBY. No; that is section 8. I am reading section 9, where a party innocently infringes without public use, without knowledge of the copyright. Who fixes the fee that is to be charged?

Mr. SIROVICH. The court.

Mr. BUSBY. No; the bill does not so provide.

Mr. SIROVICH. That is what the bill states, if the gentleman will read it further. If that provision is not in the bill, the gentleman can amend it. The court fixes the fee. If Mr. Ziegfeld innocently took a play that did not belong to him, or purchased it from some one where he had no idea it had been copyrighted, and if he had been put to expense he would be required to pay a reasonable license fee.

Mr. BUSBY. What I have in mind is that heretofore the composers, authors, and publishers' organization has set up what they called fees, fixed by themselves on certain copyrighted material. I take it they would be the ones to fix the charge against the infringer in those circumstances if the copyright were in their hands.

Mr. SIROVICH. No; that does not pertain to them, it pertains to any innocent infringer.

Mr. BUSBY. Anybody?

Mr. SIROVICH. Anybody. The newspaper people came before our committee and complained that there are rackets in the newspaper game. Photographs are sent in and the newspapers held up for all kinds of infringement because of some little contention, and where it is an innocent infringement, and where the whole publication of a newspaper, magazine, or periodical might be prevented from being published by injunction, it was thought best where an innocent infringement takes place to have the court decide what the fee should be.

Mr. BUSBY. What provision gives the court authority to decide what the reasonable license shall be that is to be charged under section 9 of the bill?

Mr. SIROVICH. The gentleman will find it if he will read the bill further.

Mr. BUSBY. I am just asking the gentleman from New York, thinking he understood it.

Mr. SIROVICH. There is a section of the bill that absolutely gives protection to every innocent infringer and provides that the court shall decide what ought to be paid after the thing is done.

Mr. BUSBY. That is all well enough, but the court does not come in voluntarily and decide that a charge is unreasonable.

Mr. SIROVICH. My dear sir, if you infringe innocently upon some one else and you are notified through an attorney, and then if you are willing to make an amicable settlement, why should the court intervene?

Mr. BUSBY. I will discuss that in my own time.

Mr. ARENTZ. Will the gentleman yield?

Mr. SIROVICH. Yes.

Mr. ARENTZ. Under section 12, subsection (d), I think you are going to create the greatest racket we have ever seen in this country. Under subsection (d), if there is a radio set in a hotel room, it provides for the overhead charges. Of course, a hotel is not going to have a radio set in a room unless it is included in the overhead charge. Under this provision an association can step in and demand a royalty.

Mr. SIROVICH. That again comes in under the consideration of a public performance for profit, for the simple reason that if you have a hotel on one side of the street with no radio in it and I put up a brand-new hotel with radio sets in it and charge the same price for a room you charge, with the additional advantage of a radio set in a room, that is going to promote the business of the hotel that has radio in it to the disadvantage of the other hotel.

Mr. ARENTZ. In my opinion you are doing just the thing we are trying to prevent in this country; that is, to stop harassing individuals. All through the United States we are doing it in the laws we are continually passing here. It is ridiculous and absurd, in my opinion.

Mr. STAFFORD. This bill is founded on the theory of monopoly for the authors and let the public pay the freight.

Mr. SIROVICH. Copyright laws and patent laws absolutely grant a monopoly. That is what Article I, section 8, paragraph 8, of the Constitution of the United States provides.

Mr. STAFFORD. But the Constitution says for a limited term. You are granting an absolute monopoly to the authors and giving no consideration to the public. I say, the public first and then the authors.

Mr. SIROVICH. This bill provides just what the Constitution of the United States grants. When the gentleman comes to any provision in the bill which he feels is not right, I suggest that he offer any amendment that the House will support.

Mr. STAFFORD. The whole bill is written on the idea of granting an absolute monopoly to the author and not giving any consideration to the public.

Mr. SIROVICH. Is not an author entitled to a monopoly? Does not the Constitution of the United States say?—

> Congress shall have the power to promote the progress of science and the useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

Is not that a monopoly?

Mr. STAFFORD. Not for 56 years; absolutely not.

Mr. SIROVICH. The copyright bill now in existence, written in 1909, gives an author 56 years.

Mr. STAFFORD. It should not be 56 years.

Mr. SIROVICH. I want to call the gentleman's attention to the fact that almost 40 years ago Congress passed a law giving every author a copyright for 28 years, with the right of renewal for 28 years more, which makes 56 years. So Congress gave it to them.

Mr. Chairman, ladies and gentlemen of the committee, with almost 30 different interests involved in this copyright bill, pretty nearly every industry—authors, composers, publishers, motion-picture exhibitors, newspapers, magazines, periodicals, theatrical and dramatic interests, mechanical device people, record companies, and so forth—all with the single exception of the American Society of Composers, Authors, and Publishers have indorsed this bill. Such great writers as Will Irwin, George Creel, Rupert Hughes, Owen Wister, John Erskine, Struthers Burt, Robert Chambers, Juliet Wilbor Tompkins, Irvin S. Cobb, and innumerable others have written Members of Congress appealing to them to emancipate them by giving them copyright in their own name. I appeal to the justice and consideration of the membership of this House to answer their cry for copyright protection. Will you heed their request? [Applause.]

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. LANHAM]. [Applause.]

Mr. LANHAM. Mr. Chairman, most of the Members of the House are familiar with the fact that for many years I have been very much interested in copyright legislation, and working in an effort to get upon our statute books some proper provisions to supersede the very archaic and obsolete law of 1909, under which we are now operating.

To-day, with this copyright measure pending, many pleasant memories of this service come to me, but they are tinged also with sadness. In my judgment, no man in this country has done or will do as much to make desirable copyright legislation possible as our late and lamented friend, Albert H. Vestal, of Indiana. [Applause.] For eight years he labored faithfully, diligently, and efficiently in an effort to reconcile and harmonize the divergent interests affected by copyright legislation. At first these various interests were at one another's throats, but through the patience and persistence of our former colleague he so oiled the troubled

waters that in the last session of Congress he was able to bring before this body and to pass a copyright bill. It passed the House of Representatives with only one amendment, and that is a tribute to his skill and to his industry and to his intelligence.

Through those years it was my pleasure in a very modest way to cooperate with Mr. Vestal, and I value that association with him. It is out of the depth of that experience that I am enabled to make this statement and pay this tribute.

As is generally known, last year the Vestal bill failed of passage in another body largely by reason of certain filibustering tactics, which prevented many measures from being considered. When we came back for this session, Mr. Vestal, who had labored so long and so faithfully with the committee in the forming of his bill and in preparing the way to make a consideration of copyright matters feasible, introduced on the 8th day of last December H. R. 139. That bill, in the main, is the bill which the House passed last year. That bill, introduced by this man who had given so many years of study to the measure and who had made it possible to consider copyright legislation in this body, was never considered for one minute by the Committee on Patents.

Now, what is the situation this year? I am familiar with the terms of the Vestal bill. I worked on it for eight years. In collaboration with Mr. Vestal during the last session, I explained its various provisions when it was before the House. I know something about it. Casting aside this bill that was the result of these years of labor and study, we have had introduced this year several copyright bills.

I wish to be entirely fair to the chairman of the committee; and if I make any statement which is inaccurate, I should like to be corrected. Three copyright bills were introduced by the chairman of the committee. One was introduced on the 10th of March, one on the 22d of March, and one on the 30th of March, 1932. He has introduced two or three bills since then, but they have been more or less modifications or amendments of the three bills cited.

What about the hearings on this measure? Hearings began early in February, but they were quite general in their nature. The chairman had an idea, very much the English idea, and perhaps it is a good one, of conducting a school for the benefit of the committee and having men interested in various features of copyright legislation appear and give their views without reference to any particular bill, for no bill had then been introduced except the Vestal bill, and it was not considered or made the basis of hearings.

After the bill of March 30 was introduced—and it was upon this bill that a rule was originally asked—we had, I think, two days of hearings. I attended them. I did not attend the school during February, because I had had eight years of study on this subject, was very busy with many official matters, and wanted to reserve my strength for the time when we should actually have a bill before us. All the hearings, which were held prior to the application for a rule, were held prior to the introduction of the bill on which the rule was asked. The Committee on Rules suggested that the Committee on Patents should hold further hearings and give those who desired an opportunity to be heard, and such a hearing was held on May 12.

The bill this year is different in many particulars from the one we had before us last year. This bill was not drawn by the Committee on Patents, and I think I may say, and I hope members of the committee will correct me if I am wrong, that the committee did not share in drafting the provisions of this bill. I had heard the rumor that the bill had been drawn by a young lawyer in New York in the office of some attorneys who are of counsel for certain concerns which would be affected by copyright legislation. If it is a good bill, I take no exception to that, if, indeed, that be true. It happened that on May 12, the last day on which hearings were held, this young gentleman was present and rose to interpolate some statement in the testimony of a witness before the committee. That was a rainy day, the House was not in session, and the chairman of the committee, the gentleman from Minnesota [Mr. GOODWIN], and I were the only committee members present. We devoted the entire day to the hearing. I incorporate an extract from this hearing of May 12, pages 115 and 116:

The CHAIRMAN. Read the bill. The sky is the limit. Mr. Jaffe, where willful infringement takes place after registration, the sky is the limit?

Mr. JAFFE. After registration.

Mr. LANHAM. What interest do you represent, Mr. Jaffe?

Mr. JAFFE. I am associated with the counsel for the National Publishers' Association.

Mr. LANHAM. May I ask him this question?

The CHAIRMAN. Any question you want.

Mr. LANHAM. I have understood that this bill, not those features we are discussing, was drawn by you. Is that correct?

Mr. JAFFE. No. I sat in with a number of other people with various interests, with a number of other attorneys who took part in drafting the provisions.

Mr. LANHAM. Was it drawn by attorneys in New York?

Mr. JAFFE. No.

Mr. LANHAM. Who did draw this bill?

The CHAIRMAN. I drew the bill. I took the bill that was given to me by Mr. DILL, redrafted his bill, took his bill, and I did not like every word of it, and I rewrote it and redrafted it and called in various representatives of different organizations that were responsible to help along with the particular interest that they represented.

It seems clear from this excerpt that the Committee on Patents has had little or nothing to do with the preparation of this measure.

Now, gentlemen, reflect upon the situation. After the committee had worked for eight years in drafting a bill which the committee understood, this year we have had three different bills introduced in rapid succession, prior to the subsequent ones which have been amendatory of certain provisions, and these bills have had the careful consideration, it seems, of various persons but not of your Committee on Patents.

I want a copyright measure that will protect everybody that is entitled to protection.

Mr. DICKSTEIN. Will the gentleman yield for a question?

Mr. LANHAM. Yes, for a brief one.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield the gentleman from Texas five additional minutes.

Mr. DICKSTEIN. Is the Vestal bill that we passed in this House much of an improvement upon the bill that is now being considered in the committee to-day?

Mr. LANHAM. I will say to the gentleman that I wish I could tell him. These bills have been introduced in such rapid succession and we have been so busy with so many matters here, and the bill upon which the rule was asked was introduced on the 30th of March, with other amendatory bills introduced subsequent to that date, I do not know just exactly what the present bill does.

Mr. DICKSTEIN. Does not the gentleman know something about the Vestal bill?

Mr. LANHAM. Yes; I do know something about the Vestal bill.

Mr. DICKSTEIN. And whether the Vestal bill would discriminate or would give equal protection to everybody?

Mr. LANHAM. The Vestal bill is not before us. If the Vestal bill were before us, I could discuss it with the gentleman; but I have not had sufficient opportunity to study the provisions of this bill. That is the very point I am trying to make.

Mr. O'CONNOR. Why did the gentleman say before the Rules Committee and say on the floor now that the bill was drawn by some lawyer? Does the gentleman wish to imply that there was anything ulterior?

Mr. LANHAM. Nothing whatever.

Mr. O'CONNOR. I am afraid the Members will so take it.

Mr. LANHAM. I trust not, for no offense is intended. I am simply trying to convey the impression, which is an accurate one, that the committee did not draw this bill. If it had been drawn by the committee, I should understand it better.

Mr. BLOOM. Will the gentleman yield?

Mr. LANHAM. Yes.

Mr. BLOOM. Would the gentleman, knowing as much as he does about copyright legislation, be willing to accept the Vestal bill passed by Congress last year?

Mr. LANHAM. Yes; but I think there are a few amendments which should be made to that bill. We now have the benefit of the Senate hearings on that measure as well as those of the House.

Mr. BLOOM. The gentleman is for the Vestal bill rather than this bill?

Mr. LANHAM. Well, I understand the Vestal bill, and I know very little about this bill.

Now I should like to call attention to one or two more things. In the first place, the constitutional provision which forms the basis for copyright legislation has to do with the protection of authors and inventors. It appears from this bill that the prime consideration all the way through is to give protection to the users of their material.

Mr. HUDDLESTON. Does the gentleman refer to the publishers, the middlemen, or the consumers?

Mr. LANHAM. I am referring to the various interests that use the material in trade.

Mr. HUDDLESTON. The gentleman does not mean the general public?

Mr. LANHAM. No; I do not.

Mr. SIROVICH. What does the gentleman say about the author, so far as this bill is concerned?

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield the gentleman five minutes more.

Mr. SIROVICH. Will the gentleman state what he said about the authors?

Mr. LANHAM. I say that authors of all classes are better protected by the Vestal bill than they are by this bill. I say that this bill is drawn primarily for the benefit of the users.

Mr. TABER. The gentleman does not mean the public.

Mr. LANHAM. I do not mean the public. In the last session of Congress it was brought to our attention that there was then great urgency for copyright legislation because it was contended, whether correctly or not I hardly know, that if we could pass a copyright law prior to August 1, 1931, we could enter the Berne convention under the terms of the Berlin convention of 1908, which would be more favorable for American authors than the terms of the Rome convention of 1928. However, inasmuch as August 31, 1931, has come and gone, that urgency has passed.

There are many things about this bill that are confusing. One worthy of consideration is that this measure deprives authors of their common-law rights. The constitutionality of this bill is attacked by some on that ground, whether wisely or not I do not know, for I have not had the time to investigate the question as I should like. In the light of various judicial decisions, it is clearly a matter worthy of serious study.

I hold no brief for any interest that has appeared before this committee during the last 10 years, but have been and am seeking in fairness to get justice and proper protection for them all. Very much attention has been centered on the American Society of Authors, Composers, and Publishers. They have even been referred to as racketeers and much has been said about their receipts for the use of copyrighted music. It seems to be generally conceded that some such organization is necessary inasmuch as the users of music would otherwise have to deal with each individual copyright owner and this would lead to a chaotic condition for all who have need of these works. But great stress has been laid on their receipts. I take no exception whatever to such investigation of the income but, if we are to act intelligently in settling these puzzling problems, it seems that similar information should be available with reference to other interests affected by copyright. The recent hearings give such information with reference to some of the organizations. One of these is known as Erpi, a word made up of the initials of the name of the corporation, Electrical Research Products (Inc.). We are advised that this organization owns and controls the patent rights for reproducing sound from films.

It was testified before the committee that Erpi charges the producer of motion pictures $500 per reel—not per picture—for the use of these rights. In other words, if a picture has six reels, the charge made of the producer by Erpi would be $3,000. We were told, too, that the producers and distributors of motion pictures were for all practical purposes the same organizations. Of course, this charge made by Erpi is passed on to the exhibitors of motion pictures and they have to pay it in what is known as a score charge. To explain, when an exhibitor wishes to present a motion picture he has to pay for the picture itself and then an additional sum for the score charge based on these patent rights.

The testimony shows that up to date the Erpi organization has made from this score charge $128,000,000 and that the people who furnished the music for the films were paid $2,000,000. However, this music was not furnished by the American Society of Authors, Composers, and Publishers, and we were told that not one cent of this money went to this society.

I am not now discussing whether this charge made by Erpi on these patent rights and passed on to the exhibitor is just or not. It may be. Without further investigation, I should not undertake to say, but I mention this in order to bring to your attention that in the matter of financial receipts there are many things to be considered in addition to the 10 cents per seat per year which the American Society has charged for the use of music. When we go into the matter of commercial returns, a spirit of fairness would certainly impel us to know what we could about all phases of the question in the many fields affected by copyright.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PERKINS. Does the gentleman desire more time?

Mr. LANHAM. Give me one minute more.

Mr. PERKINS. No; I yield the gentleman five minutes more.

Mr. BLOOM. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. BLOOM. In speaking of Erpi, that made in the first two years or put in reserve $128,000,000 in profits by the reproduction of these sound waves, is it not a fact that this bill now intends to give to Erpi or these different companies the right to charge whatever they want under the licensing of music instead of charging 10 cents per seat per year?

Mr. LANHAM. I think there is no limitation in the bill as to what they may charge, but I am not now discussing that phase of the matter.

Mr. BLOOM. And if this bill should prevail, then the companies who license the moving pictures, such as Erpi and others, would have the right to charge anything they want to the moving-picture theaters throughout the country, whether 10 cents a seat or $1 a seat.

Mr. LANHAM. That is my understanding; but let me say that I am not now arguing the question as to whether or not Erpi is entitled to make such charge—it may be, I do not know—but I am undertaking to show that when we begin to talk money matters, it is hardly fair to consider only the receipts of the men who make the whole industry possible and overlook the many millions that these various concerns, through modern invention, are making out of the products that are furnished them.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. WHITTINGTON. Is the gentleman opposing this bill, and if so, is he proposing anything as a substitute for it?

Mr. LANHAM. In copyright matters I think the most careful committee consideration of a bill is absolutely necessary. I contend that the provisions of this measure have not had that consideration. Consequently, if I now had to make a choice, I should prefer the Vestal bill as a substitute, because I do know something about that bill. I think it needs some amendments, but it was passed in the House last year substantially as it is and then was made the basis of hearings before the Senate committee. Those hearings disclosed some modifications that might well be made.

This is my attitude: I do not want to stand in the way of proper copyright legislation. I have been working for it for years, but I must say in all candor that I do not know just what this bill does. We have had copyright bills hurled at us with such rapidity and frequency during this session that I am necessarily entirely too confused about them to know what to recommend.

Mr. TABER. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. TABER. If the committee itself does not understand the bill thoroughly and is not prepared to tell the House what we should do with reference to the details of it, would not the proper procedure be to let the committee try again?

Mr. LANHAM. That is a matter for the Committee of the Whole House and the House to determine. For my part, I am willing to sit there and hold hearings day in and day out, month in and month out, to try to get a bill that will really be a proper one to place upon our statute books and deal fairly with all concerned, one that will have due regard to the interests of the public, the authors, and those who in business use the author's material.

Mr. SIROVICH. Will the gentleman yield?

Mr. LANHAM. I yield.

Mr. SIROVICH. The gentleman has made a statement about Erpi and a great imposition put upon the theaters.

Mr. LANHAM. Just a moment. I beg the gentleman's pardon. I made the statement that Erpi might be justified in charging that amount, that I did not know. I was simply calling attention to some of the large sums that go to others than the authors.

Mr. SIROVICH. I just wanted to say to the gentleman that I just received a letter from the motion-picture exhibitors which says:

> The Committee on Patents has reported, and the Committee on Rules has given a special rule for the consideration of the above-mentioned bill. We are glad to say that in its present form the bill is entirely satisfactory to the independent motion-picture theater owners represented by this association.

Mr. LANHAM. The gentleman will please not take up all my time, because the gentleman knows as well as I do that he is referring to something very different from what I have alluded to.

Mr. SIROVICH. Was that not taken up with the motion-picture-theater exhibitors and the American Society when we had hearings?

Mr. LANHAM. Mr. Chairman, I do not yield further. I simply make this statement, that the question to which the gentleman from New York refers is as to whether the exhibitors shall pay for all these charges in one fee or whether they shall pay one fee for the picture, another for the score charge, and another for the right to use the music.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. PERKINS. I yield the gentleman from Texas one additional minute.

Mr. LANHAM. Mr. Chairman, copyright is a technical and troublesome and controversial matter. It is a difficult thing to understand in all its ramifications even after years of study have been devoted to it. The phraseology of our copyright law has been so often construed by the courts that various words have come to have fixed and definite meanings. Now, when we undertake to supplant a bill which has been the subject of 8 years of study with one that has capped the climax of 3 or 4 or 5 introduced recently and in rapid succession, a bill which the committee has not had ample opportunity to consider, and in the drawing of which it had little or no part, it seems to me we ought to pause and reflect before we take hasty action, because when we do get a copyright law on the statute books, we should put one there that we feel and believe deals fairly with all interests and the public as well. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, my position in opposition to hasty and ill-considered copyright legislation was rather strengthened by an opinion delivered by the Supreme Court which I read during last summer's vacation, Buck versus Jewell-LaSalle Realty Co., Two hundred and eighty-third United States Supreme Court Reports, where a hotel proprietor, having receiving sets in the various rooms of his hotel, was, without knowledge of infringement, held liable as broadcasting the music that came in over the air; he was held liable as an infringer by the owner of the original copyright.

I said in colloquial discussion with the gentleman from New York that this bill is spread with monopoly from beginning to end. It only considers the author and composer and their assignees. It does not give consideration to the public. I am standing here, as I did a year ago, trying to take the viewpoint of the public, and I know from my service in this House and from my observation afield that the patent laws are breeders of monopoly, breeders of trusts, and here we are extending a right which, under the provision of the Constitution, says the right shall be for a limited term. We are not only extending the right to the author but to those who control the author's rights, namely, the radiobroadcaster, this group of composers, authors, and publishers, who have racketeering attorneys out in my district trying to mulct from a little hotel or a little restaurant a penalty for happening inadvertently to play on a phonograph a piece that happens to be copyrighted.

I differ from the previous speaker. My service here causes me to look with suspicion upon an attorney for a special interest who prepares a bill. A year ago I had some litigation with a prominent patent attorney in New York. He beseeched me to favor some patent legislation. Of course, he views it from the angle of his clients. So this attorney who has prepared this bill views it from his viewpoint.

Mr. SIROVICH. Will the gentleman yield?

Mr. STAFFORD. In a moment. I say that this bill has not been given the consideration which bills are generally given—it is not in accord with established practice to accept the viewpoint of the special interest, but they should be analyzed by the committee and gone over disinterestedly from the public standpoint, which has not been done in this instance.

The gentleman from New York made a wonderfully historical discourse about copyright legislation, dating back to the time of Queen Bess or Queen Anne. That was all very nice, but the gentleman never got down to the real fact before the House, and that is this bill. The gentleman did not say anything about it, except to say we are throwing a protecting arm over the author, the author's assignee, in every possible way. But who pays the freight, as the gentleman from Texas said? The public. Who is being mulcted to-day by this Erpi? The public. Who is going to be mulcted more by Erpi? The public. Does the gentleman intend to recognize in these times of depression exacting further tribute from the public who patronizes the popular motion-picture house?

Mr. SIROVICH. For the sake of the gentleman from Wisconsin I want to say that the statement that that man prepared this bill is absolutely and unqualifiedly wrong.

Mr. STAFFORD. Whose bill is it?

Mr. SIROVICH. It is the bill of the committee.

Mr. STAFFORD. The gentleman from Texas [Mr. LANHAM] denies that it is the bill of the committee.

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield five minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, I served for a time on the Committee on Patents, which handles copyright legislation. I took a great deal of interest in the subject some two or three years ago, when Mr. Vestal worked so hard and so continuously to bring out his bill and secure its enactment into law. He is to be commended for the zeal he put into that effort. He was assisted ably by the gentleman from Texas [Mr. LANHAM]. Unfortunately I could not see the merit in that bill.

The present bill is very similar in many respects to the Vestal bill, and I will point out in a few words wherein I think it is undesirable.

In the first place, a copyright is a monopoly. Under the law the individuals holding this monopoly are permitted to join in a supermonopoly by combining. The Sherman antitrust law does not touch them, because a copyright is an intangible thing and is not dealt with by the Sherman Antitrust Act. So this supermonopoly makes such arrangements as it believes the trade will be able to bear. This supermonopoly was defended by the gentleman from Texas, but he did not mention the real heads—Mr. Buck, Mr. Burkhan, and others—who are in the business solely for what they can get out of the people through the "squeeze" methods they have inaugurated. I will also mention the Erpi interests. I think this is another organization that is working the public all it possibly can.

The trouble with the bill is there is no restraint of any kind put upon these organizations in their treatment of the public. There is no licensing arrangement whereby they can be restrained from doing the most outrageous things if the public can be made to stand for them. Why, the Society of Composers, Authors, and Publishers could absolutely—and I invite the criticism of any gentleman if this statement is not right—put all of the radio stations in this country out of business in 30 days if they raised the license fees too high, because they are the sole judges as to what they will charge the public through the broadcasting organizations. They have been getting about $1,000,000 a year from this source. Under their present purpose as announced by them I am reliably informed they will get three and one-half millions of dollars from the public through the radio-broadcasting stations of the country during the coming year.

Any bill that does not provide for a restraint on the Society of Composers, Authors, and Publishers and other like organizations, and provide for a determination of what is reasonably independent of any of these high-handed organizations is not a proper bill.

Mr. SIROVICH. Will the gentleman yield?

Mr. BUSBY. I have but five minutes. The gentleman from New York used over an hour.

Now, the gentleman from New York says the provisions of the bill take care of that. What are the provisions that take care of that? Section 24 provides:

> The Supreme Court of the United States shall prescribe such rules and regulations as may be necessary for practice and procedure in any action or other proceeding under this act.

That is not very specific. The fact is these organizations are thoroughly organized throughout the country, and have snoopers going about from hotels to barber shops and drug stores and all these little places using graphophone records and other means of recording and making them pay enormous amounts by threatening them with law suits. This bill is no better in that respect than the Vestal bill for the simple reason you will find in sections 8 and 9 that even if an individual infringes innocently, he shall be charged not more than $2,500 by this individual owner, or this society, or by Erpi, or whoever owns the copyright, and not less than $25.

I am against any bill having that kind of a provision, and where the public is unprotected. [Applause.]

[Here the gavel fell.]

Mr. PERKINS. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, obviously I am not in a position to know much about the details of this copyright bill which is before us to-day, but over the last five years I have seen enough of abuse of the present copyright law to cause me not to be particularly enthusiastic in supporting any kind of legislation which extends one iota more privilege to any piece of copyrighted music. As a matter of fact, I should be ready and willing to-day to vote that music is not subject to copyright, on the theory that those who have enjoyed the blessings and privileges of copyright music have abused and sinned away their rights, call it racketeering or call it what you please.

A little country drug store or restaurant buys a phonograph; then buys a phonograph record, the recording company having paid for the privilege of making that record; then that little drug store or restaurant plays that phonograph in that restaurant or drug store, and then some snooper comes in and has that man haled into the United States district court and compels him to pay $50 or $100 or more in the form of fees. When that is done I claim it is racketeering, and I do not care whether it is Capone who practices that kind of business or whether it is the most sanctimonious author of music who has ever lived. [Applause.]

It is done in the name of the United States because it is abusing the rights of the copyright law. I believe in the right of patents and I believe in the right of copyright. When a man has copyrighted something he should profit to some extent, but he should have no right to take advantage of the right which has been granted to him and use it as a means of robbing the public.

The patent law has been used in that way more than once. We go ahead and enact antimonopoly laws in this country. Then some poor fellow patents something. He never gets much out of it. Some company picks it up and uses it as a stranglehold on the public.

The invention of the talking picture was a fine thing, but it was not right to use it as a means of monopolizing the picture-show business of this country; but they did that. In the early days of the talking picture an individual in a town operating a picture show could not get the talking equipment. If he did get it, he was obliged to pay $10,000 or $15,000 for it, and then he did not own it. He was only renting it. Not only did they keep him from getting the machine but they waited until some chain picture house was able to come down and freeze him out and buy his property for little or nothing. They use the patent laws to-day in that way, and the copyright laws are likewise being used.

An individual could buy a radio and set it up. He would hold a country dance, and along would come one of these snoopers for the Society of Authors and Composers, not particularly interested in the $5 or $10 license that might be collected from that man but interested in the fees and penalties that can be collected from him. It is a hijacking game the way it is practiced, and nothing less.

When I come here to vote for a copyright law I believe I should prefer to vote for one that will take away the right to copyright music. However, instead of now changing the copyright law for the benefit of copyright holders, I prefer to let it go the way it is until the people get sick and tired of it and rebel against it, or until the composers do the right thing. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield three minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I realize that I may not be competent to discuss many features of this bill, but as I have heard members of the committee say that they, themselves, do not fully understand it I feel that I need make no further excuse. However, I do feel qualified to ask about the measure and to criticize it. Since many proprietors of small hotels have told me that they have been called upon to pay large sums, or make settlement for having used some musical compositions for which they had bought and paid, or because they had been using records on a talking machine with no knowledge that the authors of the compositions had not already been fully settled with by the publishers, I make this protest.

I have asked the question whether or not an innocent infringer of a copyright is to be properly taken care of under this bill, and the only answer which I have received so far is that the author of a musical composition must necessarily assign it to some central body, which can afford to see to it that the composer's rights are protected, and that in doing this the central body becomes a manipulator for the composer in his name. It would seem that there is going to be no limit to what this central organization can demand from a proprietor of a small hotel or the owner of a small radio-broadcasting company. They swoop down upon them and say, "You are running that at a profit." Of course, a hotel, for example, is supposed to make a profit, but in heaven's

name is every little thing which is added to make it more attractive to its guests, but which may not bring any profit by, or of, itself to be made to pay a duty?

Many moderate-sized hotels can not afford to hire an orchestra, but do so simply for the benefit of their guests. Of course, it might not be possible to prove that the orchestra did not add anything to its profits, but it would be equally difficult to show that it did. I therefore say that at present this demand for payment to copyright holders in such cases is an abuse of power which should not be permitted. There ought to be some definite limitation in the matter, or some impartial body should be created to determine the fair and proper sum to be assessed.

I fear that this organization which represents the composer may be not purely protective but a manipulating body. It may be extremely harmful, not to say offensive, and I ask the Members who, like myself, may have had small broadcasting radio stations and hotels within their own localities imposed upon, if it is not a good time to inquire into this matter during the consideration of this bill? This is my reason for speaking at this particular time. [Applause.]

Mr. PERKINS. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Chairman, personally, in the present condition of affairs in this country, I do not believe this is an opportune time to pass such a drastic copyright law. I am going to try to answer, if I may, some of the questions that have been brought up this afternoon; and if any of the Members want to ask me any question, do not hesitate about interrupting me. I shall be pleased to yield at any time.

With reference to copyright, it has been stated that the copyright should be in the name of the author. The copyright to-day can be in the name of the author. It can be in the name of anyone who wants the copyright. If you write something and want the copyright in your name or in your wife's name or under any other name, you can have it, and the protection you get under such a copyright to-day is just the same as the protection provided in the bill.

Last year, when we had up the Vestal bill and we fought for a divisible copyright, for which the gentleman from New York [Mr. SIROVICH] is claiming so much to-day, the gentleman himself was the only man on the committee who opposed that very important provision.

Furthermore, with respect to the Berne convention, I was appointed a delegate to the convention by President Coolidge and was sent to Rome and stayed there nearly two months in consultation with delegates from the different countries, and it was because we asked, through our ambassador at Rome, for a special concession that we were so anxious to go into the Berne convention last year, as provided for in the Vestal bill. However, under present conditions, to-day is not the proper time to consider going into the Berne convention. I have been studying the Berne convention for 25 years and this is not a new idea with me. I know practically all about the Berne convention, and, in my opinion, we would be making a mistake to go into the Berne convention at this time, under the Rome convention of 1928, when we know nothing at all about it.

Under the provisions of this bill one of the greatest, and perhaps the only, right that the author now has, which is his common-law right, is taken away from him. There would be no more secrecy in letter writing, and you would have no protection for the treasures of your dear ones. If you have any letters of a great-grandmother or a great-grandfather or of your mother or father, under the provisions of this bill any newspaper or any magazine in the country could print them and you would have no recourse. This would be a denial of your common-law rights. This is a right that is given to you, not by the Constitution because a copyright is a constitutional right, and this bill takes away any such rights you may have.

I do not know just what is in the pending bill, because I have not seen the bill. This is a secret bill, and I just heard about it to-day, but I will say that they even tried to make the provisions of the bill retroactive, and you can imagine just what this means. You would have no rights whatever.

Mr. GREEN. Will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Florida.

Mr. GREEN. I would like to know, and I believe the gentleman is well advised, to what extent this bill would link us up with foreign countries.

Mr. BLOOM. I thought I had answered that question. I will say, however, I am in favor of the Berne convention. I do not want anyone to doubt that for a moment. I am in favor of going into the Berne convention if we can go into that convention with reservations as provided in the Berlin convention of 1908. I have all the records of that convention, and I have had them translated into English, and I can prove to any Member of this House that if we go into the Berne convention, under the Rome convention of 1928, we will be doing something that we do not know any more about than we do about the provisions of the bill we are considering to-day.

I want the members of the committee to listen to this statement, because it refers to one of the great troubles involved here. They want to take away the right of the Association of Authors, Composers, and Publishers to charge 10 cents a seat a year for each and every moving-picture theater. For a theater of 1,000 seats the charge is $100 a year. Let us see what they get for this charge. They get the right to play at all times all the music that is printed and published throughout the world; not the music that is printed and published and copyrighted in this country alone, but the right to use everything throughout the world for 10 cents a seat a year.

Then this little bugaboo comes sneaking into the picture and says to the Association of Authors, Composers, and Publishers, "We do not want this. We want you to charge the producers, and we want the producers to add the cost of the right to produce the music to the cost of the film." Imagine a little operator who is paying $30 a year on a 300-seat house. The producer of the talking picture, or whatever it may be, comes along and says to him, "I have got to charge you for the right to reproduce this music, and I am going to charge you $5 a week or $10 a week or $15 a week, and you have got to pay it."

You can not get away from the payment of this charge, because you can not use the music without the picture, and you can not use the picture without the music. It is giving to Erpi or the people that may come along in future years the greatest monopoly that was ever established in music or moving pictures or anything else. [Applause.]

Do not allow yourselves to be fooled. You are getting letters from home about this bill just like you get a lot of letters about a great many other matters that you know more about than the writers of the letters; but this is one thing that nobody knows anything about. How many members of the Committee on Patents are here to-day listening to this debate? There are probably two.

Mr. SIROVICH. Will the gentleman yield?

Mr. BLOOM. No; the gentleman did not yield to me.

Mr. SIROVICH. The gentleman knows we were only notified to-day to call up this bill this afternoon.

Mr. BLOOM. Let me tell you something about the public library. Here is a letter I received from the trustees of the public library in New York:

[Extract from the minutes of a meeting of the board of trustees of the New York Public Library, Astor, Lenox, and Tilden Foundations, held at the Central Library Building, Fifth Avenue and Forty-second Street, New York City, on May 11, 1932]

Resolved, That the trustees of the New York Public Library, believing that any curtailment of importation privileges now open to American public libraries and university libraries would be a severe hindrance to the advancement of scholarship and public service generally, and believing furthermore that purchases of foreign books by public libraries are not made in competition with American editions or to the detriment of American publishers, do hereby respectfully protest against any change in the provisions of the existing copyright law that would tend to curtail the importation privileges of such libraries.

Now, I want to call your attention, gentlemen, to this fact. If you want to know something about the word copyright, they have a word for copyright in all languages, but you have to know the language of the country to know what the word is. If you do not know the language, you can stand up here and say, "Where was the first time that the word 'copyright' was used?"

Now, gentlemen, on May 16, 1932—and that is coming pretty near home—there was a unanimous decision handed down in the Supreme Court by Chief Justice Hughes. If you want to understand something about copyright law and protection, read that decision. Justice Hughes says that a copyright is the right to exercise by one during the term at his pleasure, for his own profit, and forms the basis for an extensive and profitable business enterprise.

These people have this right now, and you can not take it away from them.

[Here the gavel fell.]

Mr. PERKINS. I yield the gentleman one minute more.

Mr. BLOOM. I say that we all want a copyright bill, there is no question about that. If we could keep the lawyers away from it, we could get a good bill, but one lawyer puts in something and another lawyer wants to take it out. But, gentlemen, this is not the copyright bill for this House to pass. It would be criminal for you to allow this bill to pass and let it become a law. Therefore, I hope you will not pass the bill. [Applause].

Mr. PERKINS. Mr. Chairman, I yield the remainder of my time to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I would not have asked for this time had not certain remarks been made concerning the rights of composers and authors. I hope that this House will not approach the subject with a prejudice against the composers as expressed by the gentleman from Kansas [Mr. MCGUGIN].

The gentleman refers to a hotel using the work of a composer, and contends that the composer should have no right over his own creation.

I am sure that the gentleman from Kansas would be the first to protest if we were to pass a bill permitting any hotel to take the cheese and eggs away from the farmer when they had not been paid for by the hotel proprietor.

Mr. MCGUGIN. Will the gentleman yield?

Mr. LAGUARDIA. I can not yield now. It is by law only that we can protect the creation of the composers and authors. Of course, it is a monopoly. The law creates the monopoly. That is the way the law provides protection for the author and composer. I have not heard any protest against giving an inventor a monopoly in any mechanical device. There is not a word of protest being said as to the exclusive right given the inventor over the invention to reproduce music mechanically, and yet because the music or composition of a composer or author seems to be something probably intangible, that contention is urged. Why should this distinction be made?

Would anyone urge the right to use a patented article without paying for it; and yet, without a blush, without any hesitancy, it is urged here that the radio use of a musical composition should be given the public, regardless of the rights of authors or composers. I do not see how you can distinguish between the two. In considering a bill of this kind we naturally have a great many complications.

When copyright was originally written into the law, there could be only a personal reproduction of that work, whether a play or music or copies of the work made. Now we have visual and sound mechanical reproduction, and it is necessary to keep the copyright law abreast of the times and protect the creators of music and literary work in the mechanical reproduction of their creation. If the bill does that, well and good. But the bill is not fair to authors and composers. The common-law rights of authors and composers are taken from them in this bill. I believe that is not necessary and, of course, shall resist that provision in the bill. I would like to see a bill brought before this House where any common-law right involving property is taken away. There would be a protest from every lawyer in the House. I appeal that in the consideration of this bill we should not overlook the inherent right of the creator, whether he is an author or a composer. It seems to me that this talk that because a sheet of music is sold there passes with it all of the right to use it in any way, shape, or form, is contrary to any fundamental property right. The same is true of a phonograph record or a celluloid film. If they are sold for a limited specific use, such limitations must be respected.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. ARENTZ. I have not heard anybody differing with the gentleman on the fundamentals of this thing. It is just a question of degree—how far are you going to go with the thing? The gentleman does not believe in going into a little lunch counter where there is a receiving radio set, which a customer may turn on, and then holding the owner liable to pay a royalty on the music that comes over the radio set, does he?

Mr. LAGUARDIA. It all depends on the facts in each case. The lunch-counter man has no more right to disregard the ownership of music or the ownership of a copyright than he has to disregard a patent right. He could not manufacture and sell parts of his radio set, which he may easily copy. Why? Because he purchased the radio for his own use only. It is the same with music or a literary work.

Then the proviso in section 13 is unfair. Why should the owner of a mechanical patent be given the right to sell the right to reproduce a copyright work? That section, too, will be opposed. Perhaps the best thing to do would be to send this bill back to the committee. As the gentleman from Texas [Mr. LANHAM] pointed out, there is no pressing urgency for the bill. The question of adhering to the Berne convention has been often stated as the reason for haste. Well, a great many things have happened since last year. I now hear that England will not continue within the convention unless registration is provided for. That same question has held the attention of a great many in this country. I do not believe it may properly be construed as criticism of the committee if this bill should be referred back. I know they labored long and patiently on it. The mere fact that there is anything but agreement among the committee members is good and sufficient reason, I believe, to refer the bill back for further study and consideration.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc.—

COPYRIGHT GRANTED TO AUTHORS

SECTION 1. Authors are secured copyright in all their writings and the component parts thereof subject to the provisions of this act.

Mr. BLOOM. Mr. Chairman, I move to strike out the enacting clause. As I said in the last few words of my remarks before, and has been said by every speaker on the floor this afternoon, we are all in favor of a copyright bill. There is no question about that; but this bill has not been properly considered by the Patents Committee or in the hearings before the committee. I did not know until a few minutes before the bill came up to-day that it was going to come up at all. No member of the committee knew the bill was going to come up. Perhaps the chairman did, I do not know. I think if the bill were given proper consideration and attention, if all the members of the Patents Committee would sit in the hearings and listen to the testimony of people directly interested, if they would make a study of the real requirements of a real copyright bill, that we could get a copyright bill that would allow us to enter the Berne convention. You can not enter the Berne convention at any time if you have a copyright contingent upon any formality, and this bill is full of formality, so that it destroys the original intent of the chairman of the committee. Therefore, gentlemen, I believe if proper consideration and hear-

ing were given to the bill in committee and it reported out a good bill that every Member of the House would be willing to pass that kind of a bill. [Applause.]

Mr. BANKHEAD. Mr. Chairman, I rise in opposition to this motion because of the peculiar situation in which the members of the Committee of the Whole are confronted with reference to a consideration of the bill. It is a rather unique situation, and I am impelled to make this statement very largely because I am a member of the Committee on Rules, and that committee voted for the rule for the consideration of the bill. It is apparent that there is a very great demand upon the part of at least certain industries in the country that some modifications and amendment be made to the existing copyright law. It was apparent from what gentlemen have said to you here this afternoon that there are inequalities and injustices that exist under the statutes in respect to the copyright law, and certainly from the fact that for 8 or 10 years serious and earnest consideration has been given to proposed amendments, it is apparent that there ought to be some changes in the law. I do not know anything in the world about these technical differences between the gentlemen from New York [Mr. SIROVICH and Mr. BLOOM], or the other gentlemen who have spoken here this morning upon this bill. I make no pretense whatever of having any understanding of this bill or what is sought to be accomplished by it. The Committee on Rules had a request for an order for the consideration of this apparently important legislation. That request was presented to your committee by the chairman of the Committee on Patents. The statement was made by the chairman of that committee to the Committee on Rules that this bill had practically the unanimous support of the Committee on Patents. It has subsequently developed by the statement of the gentleman from Texas [Mr. LANHAM], and others, that probably the full membership of the committee did not have what they thought was a reasonable and fair opportunity to consider all of the provisions of the bill, to arrive at correct conclusions with reference to it. If this proposition is a matter of sufficient importance to engage the attention of the committee and Congress for 10 years, then after the committee has brought out a bill, whether it is satisfactory in all details to the members of the committee or not, it seems to me, as the legislation has been placed on the program for consideration, if we are ever going to get any copyright legislation, if there is any necessity for it, that the bill, if it is defective, could be remedied by amendment on the floor of the House.

I am opposed on principle, as a general parliamentary practice, to striking out the enacting clause of a bill, simply because of objection to some of its features. I do not commit myself to this bill at all. After hearing the argument, if the argument has substantiated the injustice of this legislation, I would be one of the first to vote against the bill.

I simply rose as a member of the Committee on Rules for the purpose of stating to the committee something about the history behind the rule providing for the consideration of the bill. What the committee does with it, of course, is of no importance or interest to me in any way.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. HUDDLESTON. The gentleman realizes that this is a highly technical subject and one that the ordinary Member is not qualified to deal with?

Mr. BANKHEAD. I understand that.

Mr. HUDDLESTON. And that it is impossible to write a bill on this subject on the floor of this House. It is impossible to do it with any satisfaction.

Mr. BANKHEAD. In reply to that, permit me to state it is apparent to me that it is impossible to write a bill in the committee.

Mr. HUDDLESTON. Let us dismiss the subject, then.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BANKHEAD. If in the opinion of this committee this matter has not been properly considered by the Committee on Patents, it seems to me certain that if it is against the wisdom of the committee to consider the bill at this time, the proper procedure would be, of course, to refer it back to the committee, and not strike out the enacting clause.

Mr. SIROVICH. Does the gentleman realize that the committee has held hearings for three months, and that 16 members voted on the bill, 14 in favor of reporting the bill, 1 voting for a right for amendments on the floor, and the other also voting that way? We were told by the Rules Committee to go back and work again, and we did that, and the objection was made that there was no one against this bill except the American Society of Composers and Authors.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. O'CONNOR. Mr. Chairman, I ask unanimous consent to address the committee for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. STAFFORD. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion of the gentleman from New York [Mr. BLOOM], that the committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The question was taken; and on a division (demanded by Mr. O'CONNOR) there were ayes 71 and noes 18.

So the motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GAVAGAN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 12094) to amend and consolidate the acts respecting copyright and to codify and amend common-law rights of authors in their writings, had directed him to report the same back to the House with the recommendation that the enacting clause be stricken out.

Mr. O'CONNOR. Mr. Speaker, I offer a preferential motion. I move that the bill be recommitted to the Committee on Patents and Copyrights.

The SPEAKER. The gentleman from New York moves that the bill be recommitted to the Committee on Patents and Copyrights.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The question was taken and the motion was agreed to.

ECONOMY AND BALANCING THE BUDGET

Mr. BARTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. BARTON. Mr. Speaker, I have recently received several hundred letters critizing the present Congress, especially the House. In many the membership is charged with being unfaithful and playing politics, and our action as being an orgy of extravagance. Others express the same ideas in less forceful terms. This calls for a plain and simple statement.

I am informed by older Members that there has been less party politics in our deliberations than for many sessions. Both sides seem to realize that no party program can be put through because the House is slightly Democratic, the Senate slightly Republican, and the President now Republican altogether. Excepting one bill—tariff—I believe practically every measure passed was nonpartisan in character and most of them were supported by many men of both parties. Since organization was perfected there has not been a Democratic caucus nor conference and but few Republican. This ought to dispose of the partisan question.

The letters referred to seem to base complaint on the belief that this Congress has only accomplished a saving of $42,000,000 under the expenditures of last year. No one so believing can be blamed for denouncing us and our actions in the strongest terms, for last year's Congress with the

President's full approval was certainly an orgy of extravagance.

What have we done? Turning to the CONGRESSIONAL RECORD, page 9727 of May 6, we find a total saving in the general appropriation bills of $563,601,223.35. In these figures the Army appropriation bill was taken as reported by the committee. Since then it has been amended by adding $5,792,284.50, leaving a total actual saving on these bills of $557,808,938.85. To this should be added $42,000,000 saved on the so-called economy bill. Besides these several small items, certain in fact but uncertain in amount, have been added, carrying the total saving thus far accomplished by the House bills well above $600,000,000. This saving is $231,000,000 more than recommended by the President in his Budget message and more than one-third of the entire expenditures of the Government last year if we exclude what the President in his message of May 5 says "is for uncontrollable obligations." (CONGRESSIONAL RECORD, p. 9673.) If our action has been an orgy of extravagance, what was the action of the last Congress, with the approval of the President?

In the message of May 5 the President poses as one wielding a big stick in an effort to drive an unwilling Congress into a saving of $700,000,000 below the sum which had been expended last year with his approval. Last December in his message transmitting the Budget he advised Congress to cut expenditures $369,000,000 below those of last year. Congress was not satisfied with that amount, so they began to cut expenditures deeply in every branch of the Government, appointed an Economy Committee, and set them to work. Then it was that he awoke and announced his willingness to have appropriations "cut to the bone," and asked leave to sit in with the Economy Committee. He now poses as a driver for economy.

Whether we reach the $700,000,000 mark recently laid down by the President I am unable to say. I can say that we have already made savings of at least $231,000,000 more than the President asked us to make in his message transmitting the Budget. We are still working on the job, and I hope will reach greater savings.

When President Hoover entered the White House, the Budget was balancing from year to year and prosperity was promised. In his first fiscal year he and his Congress created a deficit of $903,000,000. The next year, the fiscal year ending June 30, 1932, the President and a Congress of his party in both branches, according to the estimate of the Secretary of the Treasury, created a deficit of $2,500,000,000. These staggering sums aggregating $3,400,000,000 have been met by issue and sale of short-time certificates and long-time bonds in time of peace, ten times as many as were issued during the Cleveland administration, of which we heard so much in subsequent campaigns.

Why this misunderstanding and these denunciatory letters? The opinions of these writers were evidently based upon newspaper reports, and these in turn upon the President's message of May 5. In this message he takes credit for the $369,000,000 recommended in the Budget and belittles the economy bill, saying its savings were less than $30,000,000, although the newspapermen figured it at $42,000,000. He did not say that the House had saved $231,000,000 more than he recommended last December. Why did he not tell the whole truth when he undertook to relate the facts? I leave the answer to your candid judgment and ask who is playing politics.

In considering these figures remember that "fiscal year" as distinguished from "calendar year" is intended. The "fiscal year" begins on the 1st day of July and ends on the 30th day of June. The last Congress provided for expenditures of 1931 and 1932 ending June 30 next. This Congress has authorized no new expenditures for this year. Our duty is to provide revenue and direct expenditures for 1933 and 1934, so the Budget will balance. "'Tis a consummation devoutly to be wished."

The Democratic Members from Missouri have worked consistently for economy. If all the savings voted for by them had carried, the National Treasury would be about $200,000,000 better off than it now is. We welcome investigation.

STATUS OF SUITS BROUGHT BY THE FIVE CIVILIZED TRIBES AGAINST THE GOVERNMENT

Mr. HASTINGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing some brief statements showing the status of some Indian bills that have been instituted under certain jurisdictional legislation of the House.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. HASTINGS. Mr. Speaker, in 1924 jurisdictional bills were enacted to permit the Five Civilized Tribes in Oklahoma to bring suits against the Government of the United States, in the Court of Claims, with the right of appeal to the Supreme Court, upon any claim which the tribes might have against the Government. By amendatory legislation the time within which suits might be filed was extended to June 30, 1930.

All of these suits have been filed in the Court of Claims on behalf of the respective tribes.

I am receiving many inquiries as to the status of these suits, the amounts involved in them, and as to when it is expected final disposition will be made of them.

I am attaching letters, in the nature of reports upon these suits, as follows:

First. Letter from C. C. Calhoun and Frank J. Boudinot, attorneys for the Cherokee Indians.

Second. Letter from W. F. Semple, representing the Choctaw and Chickasaw Indians.

Third. Statement from E. J. Van Court and associates, representing the Creek and Seminole Indians, giving a list of the suits filed on behalf of these tribes and showing their status:

CHEROKEE NATION

May 20, 1932.

Hon. W. W. HASTINGS,
House of Representatives, Washington, D. C.

MY DEAR MR. HASTINGS: In response to your request for a statement showing the present status of the various suits brought by the attorneys for the Cherokees, we have the honor to submit the following:

Nine separate suits have been filed in the Court of Claims for and on behalf of the Cherokees. These separate suits are referred to specifically below.

Before making this specific reference, we are pleased to report that the report of our auditors has been completed. This report is referred to as the most complete and comprehensive report ever made by the representatives of an Indian nation covering the transactions of that nation with the United States Government, and is being used by the Government in a most helpful manner in making its audit of the affairs of the Cherokees.

By reason of the helpfulness of this report and the work of our auditors, the Government expects to be able to complete its audit before the 1st of next December.

On September 1, 1931, at a formal hearing, at which were present Mr. George T. Stormont and others representing the United States, defendant, and at which hearing the Cherokee Nation or Tribe was represented by Ralph H. Case, C. C. Calhoun, Frank J. Boudinot, Frank K. Nebeker, the entire volume of evidence accumulated by six years of accounting work was introduced in behalf of plaintiffs. It was stipulated that the evidence then introduced should be regarded in all Cherokee cases where any part of the evidence might be applicable. Mr. C. R. Cranmer and Mr. A. N. O. Armstrong were the witnesses for the plaintiffs, and the entire accounting work, which has taken more than six years to complete, was introduced in evidence by Major Case through the witness, Armstrong.

The accounting goes into every single phase of the financial relations existing between the Cherokee Indians and the United States from 1798 down to June 30, 1926. The written evidence is contained in more than 50 exhibits, consisting of a basic report on each financial subject; an intermediate summary of accounts drawn from the basic exhibit on each financial subject; then, finally, a composite financial report embracing all the subjects, and in addition thereto, and most important of all, the accounting conclusions of the expert witnesses, stating what their investigation has developed, and what their findings are, and what they state is due and owing to the Cherokee Tribe by the United States.

It is quite impossible to describe in detail the tremendous volume of these exhibits, but it is sufficient to say that the attorneys feel that the Cherokee Nation cases, so far as financial matters are concerned, have been proved up to the last dollar. This evidence is now on file in the Court of Claims, and copies of all

exhibits are now under consideration by the Comptroller General, who is giving due consideration to this evidence in the making of the report and answer in behalf of the United States.

Suits have been filed as follows:

1. Clifton Roll case—Cherokee Nation *v.* United States, Court of Claims, No. H–47. Filed February 9, 1927. This claim is for $436,803.36, with interest at 5 per cent, and is for money paid by the Government to the freedmen in the nineties (last century) who never were Cherokee freedmen but State freedmen. This petition has nothing to do with the main freedman petition.

Considerable progress has been made since our last report toward getting this case ready for presentation to the court. Reports have been made by the Indian Office showing the number of persons who have been paid and the amount paid to each. Information has been requested as to the amount of expenses incurred in making the Kern-Clifton roll and making the payments thereunder. This information is now being prepared by the Comptroller General at the request of the Attorney General and should be available within the next two weeks. Just as soon as this information is received it is believed that our side of the case can be closed and our brief prepared and filed.

Mr. Stormont has indicated that he is willing to stipulate that this case can be heard by the court and a decision rendered, but with the condition that should this decision be in favor of the Cherokee Nation entry of judgment be withheld until the Government has been heard upon any counterclaims which it may file in connection with any of the Cherokee suits.

2. Too Late Baby case—Cherokee Nation *v.* United States, Court of Claims, No. J–8. Filed March 12, 1928. Claim is for $8,915,160.20, with interest at 5 per cent, for money alleged to have been unlawfully paid to persons not living September 1, 1902, and therefore not entitled to participate in the distribution. This suit is to test the constitutionality of the act of April 26, 1906, under which a new roll of additional people was made and to whom allotments were given.

3. Freedmen case, Cherokee Nation *v.* United States (C. Cls., No. K–17). Filed January 17, 1929. Claim is for $10,638,559, for unlawful allotments of land made and money paid to freedmen.

The Government demurred to our petition in this case. We have prepared and filed with the court an elaborate brief on this demurrer and argued it orally before the court on May 2, 1932. Other attorneys present in the court room at the time expressed an opinion that we would get a favorable decision from the court on this demurrer, which we are confidently looking forward to, in which event we feel it means a victory for the entire case, as the facts can not be disputed. We are hoping to get a final decision in this case and in the Clifton Roll case within the next 12 months.

4. Trust fund—Cherokee Nation *v.* United States (C. Cls., No. L–46). Filed February 18, 1930. Claim is for $669,793.05, which includes interest at 5 per cent to June 30, 1926, for money alleged to have been unlawfully paid out of trust funds of the Cherokees.

5. Suit No. L–174, filed May 9, 1930: (1) For the Eastern Cherokees, and (2) for the Western Cherokees. The petition in this suit contains two counts:

A. For and on behalf of the Eastern Cherokees involving a restatement of interest amounting to $2,653,596.12; and

B. For the benefit of the Western Cherokees, involving a restatement of interest amounting to $362,687.01.

6. Suit No. L–257, filed June 26, 1930, for shortage of land. This claim is for a shortage of land, and is for a balance of 575-082.23 acres of land described in the Cherokee patent of 1838, which has not been accounted for.

7. Suit No. L–266, filed June 28, 1930. This claim is for land embraced in the "outlet" and "promised" as stated in the first article of the treaty of 1846, amounting to at least the acreage contained in the panhandle of Oklahoma west of 100°, or approximately 3,000,000 acres, which, at $1.25, would amount to $3,750,000.

8. Suit No. L–267, filed June 28, 1930. This suit has two counts:

(1) Claim for money paid to intermarried whites, with interest from date of payment at 5 per cent per annum, $69,000.

(2) Claim for money paid for intruder improvements, $250,000.

9. Suit No. L–268, filed June 28, 1930, general accounting petition. This suit involves a general accounting, challenging many items erroneously expended from tribal funds without authority of law or treaty not extending beyond a period beginning in 1902. Twenty-eight specific claims.

We are expecting to begin with the preparation of some of the other cases even before the Government's audit is completed. After this audit is completed we will be able to proceed with the preparation and argument of the other cases just as soon as they can be prepared by us and the Government's attorneys.

In this connection, on behalf of our clients, we desire to express the very deep appreciation of ourselves and our associates for the invaluable services you have upon all occasions rendered to the Cherokees.

From our knowledge of the subject we can truthfully say that the Cherokees and all of the Indians of your State and the entire country have never had a more loyal and helpful friend in our Congress than you have been upon all occasions. Your fine sense of justice and thorough knowledge of Indian affairs has enabled you to win out for the Indians where others with less experience and information would have failed, for all of which we are deeply grateful.

Very respectfully submitted.

C. C. CALHOUN,
FRANK J. BOUDINOT,
For and on behalf of the Attorneys for the Cherokees.

MARCH 31, 1932.

Hon. W. W. HASTINGS,
House of Representatives, Washington, D. C.

MY DEAR MR. HASTINGS: I hand you herewith a copy of our brief on the Government's demurrer in the Cherokee Freedmen case which you have been good enough to freely and helpfully advise me about.

I regret to have had to make this brief so lengthy, but exceedingly important questions are involved, and I hope to get a decision by the court on this demurrer which will practically settle the case.

I took the liberty of quoting quite freely from one of your very able and excellent briefs filed for the Cherokees some years ago. I think your argument is as unanswerable now as it was then.

I wish to take advantage of this occasion to express the very deep appreciation of my associates, and particularly of myself, of the great and intelligent service you have so frequently rendered for and on behalf of our clients, the Cherokees. Speaking personally and from an extensive knowledge, I wish to say that the Cherokees and all of the Indians of our county have never had a more loyal and helpful friend in our Congress than you have proven yourself to be upon all occasions. You have been strong in your advocacy for justice and fair dealings with the Indians, and have always protested strongly against any injustice and wrongs which have been done the Indians, particularly the Cherokees and the other Indians of your State. I have a sense of personal gratitude to you for the services you have rendered my clients and take advantage of this occasion to express it.

Very sincerely yours,

C. C. CALHOUN.

APRIL 12, 1932.

DEAR MR. HASTINGS: Representing the Cherokees, I have been in Washington continuously since you were first elected to Congress and desire not only to agree with the statements made by Mr. Calhoun but to further state in my own behalf that it has been through your efforts that we have been able to secure the enactment of legislation through which the claims of the Cherokees, in nine suits, are now pending in the Court of Claims, and to say that no one could have been more loyal or rendered at all times more effective service. You have secured for us all of the legislation required to present these claims to the court.

Yours very truly,

FRANK J. BOUDINOT.

CHOCTAW AND CHICKASAW NATIONS

Washington, D. C., May 7, 1932.

Re: Choctaw and Chickasaw cases pending in Court of Claims.
Hon. W. W. HASTINGS,
Member of Congress, Washington, D. C.

DEAR MR. HASTINGS: Replying to your request of recent date that you be advised as to the present status of the cases pending in the Court of Claims in which the Choctaw and Chickasaw Nations are plaintiffs, I wish to give you the following statement:

In case H–37, involving approximately $4,880,339.97, for original freedmen allotments, Mississippi Choctaw per capita payments, and railroads, the record for trial has been completed and we confidently expect the case to be on the October, 1932, docket of the court for final trial.

In case No. F–181, involving $525,508.81, and being a suit for the value of lands allotted to freedman minors, and lands given to negroes as preferential filings, all testimony has been taken and the record for trial completed. We also expect to have this case on the trial calendar for the October term of the court.

In case No. F–182, involving $175,000 paid to former Senator Owen as attorney's fee for the Mississippi Choctaws, all testimony has been taken and the case is likewise ready for trial. We expect to have it on the October, 1932, assignment.

In all other cases pending in the Court of Claims we are waiting for reports either from the Department of the Interior or the General Accounting Office, and for your information in this connection we wish to say that under date of April 27, 1932, we were informally advised by the Department of Justice that the estimated dates on which reports would be forthcoming from the General Accounting Office are as follows, to wit:

K–260. For accounting, June, 1932.

J–231. For $468,000, one-fourth and three-fourths apportionment of funds, July, 1932.

K–281. Involving $750,000 fee paid Mansfield, McMurray & Cornish fee, August, 1932.

J–620. Cola lands case, $8,830,000, December, 1932.

L–253. For accounting on coal royalties, October, 1932.

K–187. One million dollars for funds used in contract schools, etc., October, 1932.

In case L–261, I wish to say that this case was on the calendar for oral argument on the 2d day of May, 1932, and I appeared and argued the case for the nations on a demurrer filed by the Government.

The work of getting these cases ready for trial has been attended by many difficulties. As you know, the work has been unavoidably retarded by reason of the fact that Congress has passed a large number of jurisdictional bills authorizing numerous tribes to bring suits in the Court of Claims, and the Department of Justice could not go to trial in any of our cases until reports were filed with the court from both the General Accounting Office and the Interior Department. We have been persistent and unflagging in our efforts to get reports from these offices, and as

above indicated, we have finally succeeded in getting reports in several of our cases and will go to trial at the October, 1932, term of the Court of Claims.

I feel that it is due to you to say in this connection that you have rendered very valuable services to us at all times in pressing these matters with the departments. Without your active cooperation we would certainly not be as far advanced as we now are with our cases, and I thank you very much for the interest you have taken in these matters and the assistance you have rendered.

Yours truly,

W. F. SEMPLE,
Special Attorney for Choctaw Nation.

CREEK NATION

There have been filed on behalf of the Creek Nation petitions in the following suits:

1. F-168 (filed May 20, 1926). This is known in the office as the Fort Jackson case. This suit is brought for lands taken under the treaty of 1814. This treaty makes no provision for payment of lands. On January 10, 1927, a demurrer to the petition was sustained by the Court of Claims on the ground that the claim did not come within the jurisdictional bill and an application was made for a writ of certiorari to the Supreme Court of the United States, and the same was denied. A bill is now pending before Congress to have the Court of Claims make a report to Congress as to the amount which in fairness and justice the United States should pay for these lands.

2. F-205 (filed July 3, 1926). This is known in the office as the Creek-Oklahoma Boundary case. This suit was brought for a strip of land along the western boundary of the present lands of the Creek Nation, which was opened to homesteaders through an erroneous survey. This case has been ready for trial since December, 1927.

3. F-369 (filed November 29, 1926). The petition in this case is identical with that in the Seminole case, No. L-88. It involves the questions of the right of the railroads to take what are known as station reservations, now used for nonrailroad purposes; the failure of the United States to collect the $15 per mile per annum charge for railroads, and several other related matters.

4. F-371 (filed December 2, 1926). This case involves questions arising under the treaty of 1896.

5. F-375 (filed December 2, 1926). This is known in the office as the Erroneous Enrollment case. This case involves erroneous enrollment of persons as citizens of the Creek Nation, duplicated and triplicated enrollments of citizens, etc.; the recovery of the value of lands allotted to them, and equalization money paid them.

6. H-510 (filed November 28, 1927). This suit is brought on various items aggregating $569,846.07, spent by the Secretary of the Interior, out of the trust funds of the Creeks alleged to be without authority of Congress. Same as Seminole L-51.

7. No. L-78 (filed March 13, 1930). This case is the same as the case filed for the Seminole Nation No. L-123. It presents a claim the funds of Creek Nation expended for education, construction of buildings, and equipment of persons not children of citizens of the Creek Nation, or citizens thereof. An accounting is requested, and judgment for the amounts so expended is asked.

8. No. L-136 (filed April 26, 1930). This petition presents claims arising from the failure of the Secretary of the Interior to comply with section 15 of the act of April 26, 1906, and sell buildings, property, etc., of the tribe.

9. No. L-137 (filed April 26, 1930). This petition presents what is known as the town lot frauds, and prays for an accounting in regard to them.

10. No. L-168 (filed May 6, 1930). Known in the office as the Alabama Reservation case. This case is a claim for the value of 2,187,200 acres of land which should have been sold for the benefit of the Creeks in 1837.

11. No. L-205 (filed May 31, 1930). This claim is for the value of 2,397.71 acres of land, excluded from the Creek Nation by an erroneous survey under the act of August 5, 1882 (22 Stat. 265).

12. No. L-206 (filed May 31, 1930). This claim is for the recovery of $270,283.71, part of the proceeds of the sales of lands under the act of March 1, 1889 (25 Stat. 757), which was illegally paid by the Creek treasurer as attorney's fees, and which the United States as trustee of said nation failed or refused to recover for their benefit.

13. No. L-234 (filed June 16, 1930). A claim of $150,000,000 for the value of the mineral rights to the beds of rivers running through the Creek Nation, which were reserved to the said nation by the Creek agreement and which were lost to the Creek Nation by the failure of the United States to protect it in the possession of same.

14. No. L-263 (filed June 28, 1930). A general claim for any amounts due the Creek Nation under its trust relations with the United States.

15. No. L-133 (filed April 24, 1930). A claim for money credited to deceased Indians who died without heirs, which money should be credited back to the funds of the tribe.

Preparation is actively going forward in all of the above cases. A number of reports have been made by the Indian Office in these suits. Some of the legal questions have been presented. The attorneys for the Creek Nation, Mr. E. J. Van Court and Mr. Paul M. Niebell and associates, give assurance that they are 95 per cent ready in all of the above cases and that they hope to be able to have all of them presented to the Court of Claims during the next court year.

SEMINOLE NATION

Suits have been filed on behalf of the Seminole Nation in the following cases:

1. No. L-51, filed February 24, 1930. This petition presents a claim for the expenditure of the trust funds of the Seminole Nation for purposes other than those authorized by Congress. An accounting is asked to determine the amounts so expended without authority of law, and judgment for same is requested.

2. No. L-87, filed March 21, 1930. This petition presents two distinct claims, which are set forth as follows:

A. That the $500,000 permanent school fund created under the Seminole agreement of December 16, 1897 (30 Stat. 567), has been mismanaged and misspent by the United States for purposes other than those specified in said agreement. An accounting is asked to determine the amounts so expended without authority of law, and judgment for same is requested.

B. That under the act of April 26, 1906 (34 Stat. 137), the Secretary of the Interior was directed to sell all tribal buildings and other property of the Seminole Nation and to place the proceeds of said sale to the credit of the Seminole Nation. That although the said property was taken over by the United States and converted to its own use, yet same has not been sold as directed. An accounting is asked to determine whether or not the said nation has been paid for said property; and if not, judgment for the value of same and for the use and occupation of same is requested.

3. No. L-88, filed March 21, 1930. This petition presents claims arising out of grants of lands to railroad companies of rights of way through the country of the Seminole Nation. Said claims are set forth as follows:

A. Misuse of said rights of way for purposes other than those necessary for the operation of said railroads.

B. Misappropriation of lands for station reservations for purposes other than those necessary for the operation of said railroads.

C. Nonpayment to said Seminole Nation for lands so taken.

D. Nonpayment of the $15 per mile per annum charge.

It is alleged that the United States, as trustee, has failed to collect from said railroad companies for the lands so unlawfully taken from the Seminole Nation, and has failed to collect the annual charge. An accounting is asked to determine whether or not the Seminole Nation has been paid for any of said lands, and judgment is requested for the amounts so found to be due said nation.

4. No. L-89 Filed March 21, 1930. This petition presents a claim for allotments of lands and the distribution of funds of the Seminole Nation to persons of African descent, alleged to be in violation of treaties, and of the rights of the Seminole Nation. An accounting is asked, and judgment is requested, for amounts found to be so due.

5. No. L-123. Filed April 11, 1930. This petition presents a claim for the funds of Seminole Nation expended for education, construction of buildings, and equipment of persons not children of citizens of the Seminole Nation, or citizens thereof. An accounting is requested, and judgment for the amounts so expended is asked.

6. No. L-207. Filed May 31, 1930. This petition presents a claim for the illegal sale of Seminole town lots, and prays an accounting for same.

No. L-208. Filed May 31, 1930. This petition presents two distinct claims:

(a) This claim is for the value of 11,550.54 acres of land excluded from the Seminole national domain by an erroneous survey of land guaranteed to them under the treaty of March 21, 1866 (14 Stat. 755).

(b) A claim for $250,000 invested by the Seminole Nation in the Wewoka Mission School property which they lost by building same on lands of the Creek Nation in reliance on an erroneous survey of the United States.

7. No. L-209 (filed May 31, 1930).

This petition presents four distinct claims:

(a) An accounting is requested of all moneys illegally paid out to the Seminole treasurer under the act of April 15, 1874 (18 Stat. 29), and judgment is prayed for same with interest.

(b) A claim for $20,000 illegally paid out under the act of March 3, 1875 (18 Stat. 402), for debts that were not legal obligations of the Seminole Nation.

(c) A claim for the recovery of $191,294.20, part of the proceeds of the sales of Seminole lands under the act of March 2, 1889 (25 Stat. 1004), which was illegally paid by the Seminole treasurer, as attorney's fees, and which the United States as trustee of said Indians failed or refused to recover for their benefit.

(d) A claim for $15,000 for a mill to have been furnished under the treaty of March 21, 1866 (14 Stat. 755), which was never furnished in accordance with the terms of said treaty.

8. No. L-233 (filed June 16, 1930).

A claim for the mineral rights reserved to the Seminole Nation by the Seminole agreement and the Curtis Act, which rights were lost to the Seminole Nation by the failure of the United States, to protect it in the possession of same. An accounting is requested for all minerals extracted.

9. No. L-262 (filed June 28, 1930).

A general claim for any amounts due the Seminole Nation under its trust relations with the United States.

10. No. L-132 (filed April 24, 1930).

A claim for money credited to deceased Indians who died without heirs, which money should be credited back to the funds of the tribe.

I am assured by Mr. E. J. Van Court and Mr. Paul M. Niebell, and associates, attorneys in the Seminole cases, that work is going forward on the accounting in these cases, that the legal questions have been settled, and that these suits will be actively pressed for trial. The attorneys advise that all preparations are actively going forward.

TO AMEND SIXTH EXCEPTION IN SECTION 3 OF IMMIGRATION ACT OF 1924

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report (H. Res. 236) on the bill H. R. 8766, to amend the sixth exception in section 3 of the immigration act of 1924, with reference to nonimmigrant status of certain aliens, which was referred to the House Calendar and ordered printed.

House Resolution 236

Resolved, That immediately upon the adoption of this resolution, it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8766, "A bill to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens."

That after general debate, which shall be confined to the bill and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman, and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion, except one motion to recommit.

ORDER OF BUSINESS

Mr. RAINEY. Mr. Speaker, it is the intention, if possible, to adjourn Friday until next Tuesday. In order to do that, it will be necessary to take up the Steagall bank guaranty bill to-morrow at the conclusion of the memorial exercises. In order to do that, it will be necessary to amend the resolution.

I ask unanimous consent, Mr. Speaker, for the present consideration of a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 237

Resolved, That the proceedings whereby House Resolution 219 was agreed to by the House on May 10, 1932, be, and the same is hereby, vacated, and said resolution is hereby amended by striking out all after the resolve and inserting the following:

"That on Wednesday, May 25, 1932, immediately after the approval of the Journal, the House shall stand at recess for the purpose of holding memorial services as arranged by the Committee on Memorials under the provisions of clause 40a of Rule XI. The order of exercises and proceedings of the service shall be printed in the CONGRESSIONAL RECORD, and all Members shall be given the privilege of extending their remarks in the CONGRESSIONAL RECORD At the conclusion of the proceedings the Speaker shall call the House to order. Business in order under clause 7 of Rule XXIV shall be dispensed with for the day."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. MAPES. Mr. Speaker, reserving the right to object, do we understand from the majority leader that, if this resolution is adopted, the gentleman will later ask for an adjournment on Friday until Tuesday?

Mr. RAINEY. If we finish with the Steagall bill on Friday night, and I think we can get through with it, if we have general debate to-morrow only on the bill.

Mr. WHITTINGTON. Mr. Speaker, reserving the right to object, what provision will be made for the consideration of the Private Calendar?

Mr. RAINEY. I will propound a unanimous-consent request soon to cover that.

Mr. SCHAFER. Mr. Speaker, reserving the right to object, are we to correctly understand that the Democratic Party, which with one magic sweep of the wand was to cure all of the depression and unemployment, does not now have any legislation to bring before the House and on Friday is proposing to adjourn over until Tuesday?

Mr. RAINEY. We are greatly hindered in the House by the fact a Republican Senate does not discharge the duties imposed on it. [Applause.]

Mr. SCHAFER. Where is your relief legislation? There has been no substantial relief legislation brought before the House.

Mr. WOODRUFF. Mr. Speaker, I came into the Chamber just as the rule was being read. I did not arrive early enough to learn whether or not under general debate it would be possible to discuss things other than the bill in question.

The SPEAKER. The rule provides that the debate shall be confined to the bill.

Mr. SCHAFER. Mr. Speaker, reserving the right to object, and I believe I shall object. In answer to the Democratic leader, the delay in the other body is not caused by Republican Senators but by embargo-tariff Democratic Senators, as the roll calls and RECORD show.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. RAINEY]?

There was no objection.

The resolution was agreed to.

Mr. RAINEY. Mr. Speaker, I desire to propound again the unanimous-consent request I submitted earlier in the day, to which I understood there is no objection.

Mr. Speaker, I ask unanimous consent that on Thursday it shall be in order to recess until 8 p. m., and from 8 p. m. until 10.30 p. m. it shall be in order to consider bills on the Private Calendar unobjected to, under the old rule, commencing with the starred bill.

The SPEAKER. Is there objection?

Mr. DICKSTEIN. Mr. Speaker, reserving the right to object, under the old rule on the Private Calendar one objection would practically destroy the bill.

Mr. RAINEY. That is the old rule, but it does not destroy the bill.

Mr. CHINDBLOM. It does not destroy the bill; the bill stays on the calendar.

The SPEAKER. The Chair will state the unanimous-consent request.

The gentleman from Illinois asks unanimous consent that it shall be in order Thursday to take a recess until 8 o'clock p. m., and from 8 o'clock to 10.30 p. m. it shall be in order to consider in the House as in Committee of the Whole bills on the Private Calendar unobjected to, beginning with the starred bill. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, I wish to state to the gentleman from Illinois that Thursday evening a group of Members have called a meeting which is to be held in the caucus room of the House Office Building, at which we are going to discuss the necessity of relief legislation.

Mr. Green of the American Federation of Labor, a representative of the farm organizations, and an economist have been invited to talk. If we were to hold a session the same evening, it might be understood that theer is apposition to getting facts and information on conditions throughout the country.

May I suggest having the meeting Friday night?

Mr. RAINEY. We want to adjourn if we can from Friday over the following Monday.

Mr. LAGUARDIA. Can the meeting be arranged for to-morrow, Wednesday? It will be misunderstood if it is held on Thursday.

Mr. STAFFORD. I would like to accommodate the gentleman. A session Wednesday will be all right with me if it is agreeable generally.

Mr. RAINEY. Mr. Speaker, I amend the request and ask it for to-morrow, Wednesday.

Mr. MAPES. Reserving the right to object, there are several stars on the calendar.

The SPEAKER. The Chair thinks the call would begin with the last star on the calendar. If the Chair may be indulged, the Chair will state that, in his opinion, there should be an opportunity to pass bills in the House of Repre-

sentatives where there is no objection to them, and as the Chair understands the request, it is that we consider tomorrow night, commencing at 8 o'clock and continuing until 10.30, bills on the Private Calendar unobjected to beginning with the last starred bill.

Mr. WHITTINGTON. Under the old rule?

The SPEAKER. Under the old rule; that is, bills unobjected to will be considered. Is there objection?

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, I want to ask the gentleman from Illinois if it is the purpose to disregard the new rule entirely?

Mr. PARKS. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from Arkansas demands the regular order. The regular order is, Is there objection?

There was no objection.

EXTENDING THE TAXING POWER OF NEVADA

Mr. ARENTZ. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Nevada?

There was no objection.

Mr. ARENTZ. Mr. Speaker, a few weeks ago, at the request of the city of Las Vegas, Nev., I introduced a bill, which I insert at this point and which I have had under consideration for some time, providing that the taxing power of the State of Nevada be extended over the Boulder Canyon area to include non-Government property. To-day I received a telegram reading as follows:

LAS VEGAS, NEV., *May 24, 1932.*

Hon. SAMUEL S. ARENTZ,
House of Representatives, Washington:

During six months previous to May 1 Las Vegas cared for 2,356 indigent men who came here hoping to find work at dam. More than 7,300 meals served. Have, in addition, cared for 445 families, representing more than 2,200 people. This combined service has cost community more than $6,000. In addition, county hospital has cared for many transient indigents at a cost approximately $10,000. Figures include only most needy cases. Many seek and obtain alms on streets. Employment seekers are not allowed to enter dam reservation, thus forcing all indigent care on Las Vegas. Six Companies have not given one cent for such work.

CHAMBER OF COMMERCE.

H. R. 11945

A bill to provide that tax laws of Nevada and Arizona shall apply to construction and reserved areas at Boulder Dam

Be it enacted, etc., That the Boulder Dam project act is amended by adding at the end thereof the following new section:

"SEC. 22. Within areas in Nevada and Arizona in which construction is to be done under this act, or which are withdrawn or reserved to carry out the provisions of this act:

"The laws of the State where the property is located or where income is earned shall apply to the taxation of real or personal property not owned by the United States, and to the taxation of incomes."

I want to say that the bill which I have introduced provides for the taxing of non-Government property by the State of Nevada and subdivisions thereof so that, through such revenue collected, private business, including the Government contractors, may participate in bearing some of the expense in carrying on State and county functions. The bill is at the present time on the Consent Calendar, No. 341, and I sincerely hope that gentlemen who are inclined to object to this bill for lack of knowledge concerning same will study this bill between now and the time the Consent Calendar is taken up, and I ask them to help me have this legislation passed before we adjourn Congress. Time does not permit me to acquaint you with the school situation.

Mr. EVANS of California. Will the gentleman yield?

Mr. ARENTZ. Yes.

Mr. EVANS of California. What does the gentleman mean by non-Government property? What property will it tax?

Mr. ARENTZ. It will tax the contractors' property; it will tax all of the permittees and all property except that property owned by the Federal Government. All of the other property should be taxed.

Mr. EVANS of California. In other words, it will tax the property of the Six Companies and other contractors who are there temporarily for the construction of this dam?

Mr. ARENTZ. Absolutely.

Mr. EVANS of California. And those properties are taxed at the place where these companies are resident?

Mr. ARENTZ. No. My bill provides for taxing property located in Nevada the same as property located anywhere else in the State.

[Here the gavel fell.]

ADJUSTED-SERVICE CERTIFICATES

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, all Members of the House who are in favor of paying the adjusted-service certificates should sign the petition on the Speaker's desk at once. If the petition is not signed by 145 Members within the next few days, it will be impossible for the subject to be given consideration this session of Congress. Ninety-one Members have already signed it. A Member believing in any form of payment, interest reduction, or any other change in the adjusted-service certificate law should sign this petition and obtain consideration of the subject. When the bill comes before the House amendments may be offered. Any plan will be considered. If such consideration is not obtained, no plan can be voted upon. If you are opposed to the plan presented by the 10 members of the Ways and Means Committee, but favor some form of payment, interest reduction, or other change in the law you should sign the petition. Then when the bill is presented your plan may be offered as an amendment.

EXPANSION OF THE CURRENCY

We desire to get consideration of the bill providing for a controlled expansion of the currency and the payment of the adjusted-service certificates. Allowing the people to incur more debts will not be as helpful as the distribution of $2,000,000,000 in money in payment of this just debt, which has already been confessed by the Congress.

This money will go into every city, town, and community. If we adopt a billion-dollar public-building program, one city in my district will get a $50,000 post-office building. If our plan is adopted, the veterans in every county of my district will get the money due them. The total will be approximately seven or eight million dollars, and the veterans in the county in which the new post-office building would be located would get $250,000. A similar ratio will undoubtedly prevail in the average congressional district.

Much has been said about more money being in circulation to-day than in 1929 and therefore there is no need of currency expansion. Although there is more money outside of the banks and the Treasury than there was in 1929, it is not circulating. I doubt that we have more than a billion dollars in actual circulation. About 90 per cent of the business of the country is done on bank checks or credit. In arriving at the amount of money or credit that the country needs, the amount of work that is being done by money or credit should be taken into consideration. In other words, it is the turnover that counts. In 1929 all money and bank deposits turned over twenty-five times. In 1931 they turned over only thirteen times.

I invite your attention to the difference in the velocity of money and checks in 1929 and 1931:

1929

Bank deposits	$60,000,000,000
Money in circulation[1]	4,500,000,000
	64,500,000,000

Multiply this figure by 25, because it turned over twenty-five times during the year 1929. Therefore the amount of work done by all credit and checks during 1929 was $1,612,500,000,000.

1931

Bank deposits	$45,000,000,000
Money in circulation[1]	5,500,000,000
	50,500,000,000

[1] Outside of Treasury and banks presumed to be in circulation.

Multiply this figure by 13, because it turned over thirteen times during the year 1931. In other words, the velocity of money had slowed up from a turnover of twenty-five times a year to thirteen times a year. The amount of work done by both checks and money during the year 1931 was $656,500,000,000.

It will be noticed that money and credit were doing about one-third the work in 1931 as they were doing in 1929. The velocity of credit and money is less now than in 1931. There is only one way to make up for lack of velocity, and that is by increasing the volume. Two billion dollars will be a basis for $20,000,000,000 new credit. The additional money will come into competition with the money now outstanding and cause an increase in its velocity. Prices will commence to rise and there will be some incentive for people to invest their money. There is no incentive to invest money on a declining market. On a declining market money gets more valuable every day without investing it. On a rising market a hoarded dollar becomes less valuable each day.

INFLATED DEBTS CAN NOT BE PAID WITH DEFLATED PRICES

The people are complaining about taxes being so high. They have a right to complain. Taxes have become doubly high because the value of the dollar has been doubled. Our economic problems can not be solved without giving attention to the purchasing power of money.

EQUAL DISTRIBUTION OF MONEY

It will take about $2,200,000,000 to pay the remainder due on the adjusted-service certificates. We have sufficient idle gold in the Treasury to authorize the distribution of this amount of money and still have more than 40 per cent gold behind all of our paper currency.

February 18, 1932, I inserted in the CONGRESSIONAL RECORD of that date a statement showing the amount of money the veterans in each county in the United States will receive in the event of the passage of this bill. Remember, if this money is not paid now practically all of it will be consumed by the payment of interest to the Government and banks on prior loans.

TWO BILLIONS NOT TOO MUCH

The debts of the Nation, including national, State, county, city, corporation, installment purchases, and other debts, amount to approximately $203,000,000,000. Our money and credit are doing about $1,000,000,000,000 less work now than in 1929. Therefore no one can contend that the distribution of $2,000,000,000 more money will cause an undue expansion, although it will be a basis for $20,000,000 of new credit.

Money is not in the hands of producers and consumers. If our plan is adopted, money will be placed into the hands of consumers who can purchase from producers.

H. J. RES. 394

Mr. STRONG of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. STRONG of Kansas. Mr. Speaker, under the leave to extend my remarks in the RECORD, I answer the propaganda given to the press by the president of the Chicago Board of Trade in opposition to House Joint Resolution 394 which I introduced in this House on May 19, 1932, and which is pending before the Banking and Currency Committee.

The president of the Chicago Board of Trade, Mr. Peter B. Carey, recently gave out to the press considerable misinformation in his effort to prevent the passage of legislation for increasing the exportation of wheat and cotton to foreign countries. As I introduced one of these bills, I feel that he expects me to make a reply.

Mr. Carey's statement may be summed up in a few words:

First. That the Federal Farm Board's administration of the marketing act has depressed wheat prices to the lowest levels in the history of this country, resulting in great losses to the wheat producer.

Second. That the Chicago Board of Trade, built up by its members over a period of 75 years, has been the wheat farmers' protection in getting the best price for wheat.

Third. That the Chicago Board of Trade has at least six members who could take the Farm Board's wheat stocks on hand and immediately market them at gradually higher prices and get this surplus out of the way.

ANSWER I

The answer to No. 1 is that for the first time in history wheat prices in Chicago are higher than in Liverpool, which before Congress passed the marketing act was always from 11 to 14 cents above Chicago. This accomplishment is in spite of the efforts of the Chicago Board of Trade to destroy the effectiveness of the United States Government agency in its effort to aid farmers and help bring the Nation out of its worst depression.

ANSWER II

The Chicago Board of Trade has earned out of its 75-year history the notoriety of being the world's biggest wheat gambling rendezvous. Raids on the market and corners in the market at the expense of farmers mark many black spots in its long career in market manipulations.

It has often traded in futures, commonly known as options, more bushels in one day than all the actual wheat handled at Chicago in a year. These wheat options in a year will exceed many times the actual wheat produced in the entire United States. Chicago wheat-option trades in a single year have exceeded several times the world production of wheat in a year.

The Chicago Board of Trade for many years has been of no great consequence as a cash wheat market. Its wheat operations—which are very large—are trades in "wind wheat," with commissions that enrich its privileged members; enormous profits to the short sellers. The spring wheat futures (options) are traded in before the farmer has planted the seed in the ground. How is that for price based on supply and demand?

In July, 1920, when the United States Government withdrew war wheat prices, then the Chicago Board of Trade at once began its gambling in wheat options, bankrupting elevators and farmers all over the Nation. Just go back and look at wheat prices monthly from June to December, 1920. Wheat dropped over $1 per bushel. Millions and millions were lost to the wheat farmers of the Nation.

The Chicago Board of Trade to this day denies to a farmers' cooperative-marketing association membership rights to its clearing corporation, which enjoys the juicy commissions on the wheat-option trades. Thus the farmers' cooperatives are obliged to pay fee, tax, license, commission, or whatever you may denominate such charge, on every bushel of grain it desires to hedge in the Chicago futures market.

That is part of the 75-year history that President Carey failed to give out to the press, and which should be known to Congress, the public, and every farmer.

ANSWER III

Those six members of the Chicago Board of Trade who he boasts can handle and get rid of the Farm Board's wheat and advance the market at the same time have a wonderful opportunity. President Carey would have the Congress, public, and farmers believe the Farm Board has all the wheat locked up; that the Farm Board refuses to sell its wheat and, therefore, wheat prices are unnecessarily low, and the next wheat crop will bring no return to the wheat farmer.

President Carey undoubtedly considers the Uhlmann Grain Co., of Chicago and Kansas City, one of his big six. Mr. Fred Uhlmann, in a recent interview given to the Chicago Journal of Commerce, stated:

> In trying to analyze values for the coming crop, I think it is well to consider chiefly the size of the crops and actual conditions and forget about the Farm Board. If our figures on the probable carry-over are correct, there will be a total of 435,000,000 bushels of wheat in the United States on July 1, so there would be 355,000,000 bushels of "free" wheat, or almost four and one-half times the amount the Farm Board will have.

Based on the Chicago Board of Trade's wheat-expert member, Mr. Uhlmann, President Carey can now and should turn his "big six" members loose on the free wheat—355,-

000,000, as Uhlmann guesses—and quit worrying about the Farm Board wheat—less than 100,000,000. The Chicago Board of Trade certainly has a wonderful opportunity to help lick "old man depression," if Carey and Uhlmann are correct. A patriotic service awaits them, profits await them, and the wheat farmers will be grateful.

The bill I introduced, however, has no reference whatever to the Federal Farm Board. It was suggested to me by the Secretary of Agriculture, who himself dictated the terms of the bill, and no member of the Federal Farm Board or any of its agents ever even spoke to me or wrote me regarding the bill.

The Secretary of Agriculture is the governmental head of agriculture in the United States. He received information that a large amount of wheat and cotton could be marketed outside of the United States if he had funds to finance the same. The bill I introduced proposes to have the Reconstruction Finance Corporation turn over to the Secretary of Agriculture $100,000,000—

or so much thereof as may be necessary, for the purpose of financing sales of wheat and cotton in the markets of foreign countries in which such sales can not be financed in the normal course of commerce with exporting nations.

The Secretary is also given the power—

to finance such sales on such terms and conditions and through an export corporation to be created by him or through any existing agencies as, in his judgment, will best serve the purpose.

This would give the Secretary of Agriculture the power to create an export corporation in his own Department of Agriculture or to use any other existing agencies. This might be the Federal Farm Board or it might be the Chicago Board of Trade, if they have any such agency, or any other export agency in the United States, the sole purpose being to get rid of the wheat and cotton before the next crop. Why is this so objectionable to the president of the Chicago Board of Trade?

To add a little poison to his interview with the press, President Carey states that the Farmers National Grain Corporation (an organization absolutely owned and dominated and controlled by the farmers) has a representative down here, Mr. M. W. Thatcher, at $25,000 a year to represent the farmers. The fact is that Mr. Thatcher does not receive half that salary. But, I wonder whether or not it is unrighteous for the farmers to have a representative in Washington when Congress is in session, while it is the height of good ethics and unbiased citizenship for the Chicago Board of Trade to send their president to Washington to oppose legislation offered in the interest of agriculture. It might be interesting to the farmers to know how much President Carey receives.

It may be that President Carey is a man of high motives and free from any selfish interests when he rushes into print to advise the American people, and especially the farmers, that when the Government places in the hands of its Secretary of Agriculture money to make possible the exportation of surplus agricultural products, that it is doing a bad thing for the farmer. But no thinking farmer ought to believe it.

My bill, that President Carey of the Chicago Board of Trade objects to and is putting out poison to defeat, I believe will be of material help in raising the price of wheat. This deflation will not end until the prices of farm products are increased.

The crop now coming on is estimated to be below domestic needs. If our surplus wheat could be moved out of the country, it would release the pressure on our domestic prices and insure the American farmer a better price in his protected market.

Wheat led us out of the depression of the nineties and is still the recognized barometer of farm prices. The increase in the price of wheat will not only help farm prices but the price of all commodities. Our Nation's recovery must depend upon its basic industry—agriculture.

At a time when the Government is loaning billions of dollars to encourage the people to take heart and revive business conditions, surely $100,000,000 should not be considered out of line to make possible for the farmers better prices for agriculture. The farmers need emergency legislation as well as business.

PERMISSION TO ADDRESS THE HOUSE

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent that to-morrow, following the two hours of general debate on the Steagall bill, I be permitted to address the House for 30 minutes.

The SPEAKER. The gentleman from Michigan asks unanimous consent that to-morrow, after general debate on the Steagall bill is exhausted, he may have 30 minutes in which to address the House. Is there objection?

Mr. RAINEY. Mr. Speaker, reserving the right to object, we have a rule, which we have so far observed, that prevents these special orders being made in advance and cluttering up the calendar. We have observed the rule thus far during the entire session, and for that reason I shall have to object.

Mr. WOODRUFF. May I say, Mr. Speaker, that the subject I wish to discuss I would have been willing to discuss under the two hours of general debate on the Steagall bill, but I have been informed that the rule does not permit that. It is a matter of some importance to the country, I believe, and I am very desirous of making this speech within the next day or two. I will say to the gentleman that there is not the slightest tinge of partisanship in the speech.

Mr. RAINEY. That would not make any difference. We have followed this rule during the entire session and I shall have to object.

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent that general debate on the Steagall bill be extended for 30 minutes and that I may be permitted to use the additional 30 minutes.

Mr. RAINEY. I will have to object, and I suggest that the gentleman make his request to-morrow.

The SPEAKER. The Chair will say to the gentleman from Michigan that a rule has not yet been adopted. Such a rule might be adopted by unanimous consent, but up to this time no such rule has been adopted.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 6477. An act to further amend the naturalization laws, and for other purposes.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 6477. An act to further the naturalization laws, and for other purposes.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock p. m.) the House adjourned until to-morrow, Wednesday, May 25, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, May 25, 1932, as reported to the floor leader by clerks of the several committees:

RIVERS AND HARBORS

(10.30 a. m.)

Hearings—North Carolina and Oregon projects.

IRRIGATION AND RECLAMATION

(10 a. m.)

Hearings on H. R. 7446, to provide for the construction, operation, and maintenance of the Columbia Basin project in Washington, etc.

EXECUTIVE COMMUNICATIONS, ETC.

587. Under clause 2 of Rule XXIV, a letter from the Secretary of War, transmitting a report dated May 21, 1932, from the Chief of Engineers, United States Army, on St. Joseph River, Mich. and Ind., was taken from the Speaker's table and referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. House Resolution 235. Resolution creating a special committee to investigate Government competition with private enterprise; without amendment (Rept. No. 1408). Referred to the House Calendar.

Mr. CRISP: Committee on Ways and Means. House Joint Resolution 396. Joint resolution extending for one year the time within which American claimants may make application for payment, under settlement of war claims act of 1928, of awards of the Mixed Claims Commission and the Tripartite Claims Commission; without amendment (Rept. No. 1409). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 236. A resolution for the consideration of H. R. 8766, a bill to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; without amendment (Rept. No. 1414). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 1178. A bill for the relief of Lieut. Charles R. Price; without amendment (Rept. No. 1410). Referred to the Committee of the Whole House.

Mr. CRUMP: Committee on Military Affairs. H. R. 2913. A bill for the relief of Anna Stalnaker; with amendment (Rept. No. 1411). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 9768. A bill for the relief of Benjamin Wright; with amendment (Rept. No. 1412). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 10690. A bill for the relief of Frank Charles Robie; with amendment (Rept. No. 1413). Referred to the Committee of the Whole House.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 2193. A bill for the relief of John Thomas Simpkin; without amendment (Rept. No. 1415). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on Naval Affairs. H. R. 5039. A bill for the relief of John C. McCann; without amendment (Rept. No. 1416). Referred to the Committee of the Whole House.

Mr. COYLE: Committee on Naval Affairs. H. R. 9874. A bill for the relief of Sue Hall Erwin; without amendment (Rept. No. 1417). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Claims was discharged from the consideration of the bill (H. R. 6196) for the relief of Anna King, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. REILLY: A bill (H. R. 12280) to create Federal home loan banks, to provide for the supervision thereof, and for other purposes; to the Committee on Banking and Currency.

By Mr. DRIVER: A bill (H. R. 12281) to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes; to the Committee on the Territories.

By Mr. KELLER: A bill (H. R. 12282) to accelerate public construction during the present emergency, to provide employment, and for other purposes; to the Committee on Ways and Means.

By Mr. GLOVER: A bill (H. R. 12283) fixing the salary of the commissioner of the United States District Court for the Eastern District of Arkansas; to the Committee on the Judiciary.

By Mr. EVANS of Montana: A bill (H. R. 12284) extending trust periods with respect to lands within Flathead Indian Reservation; to the Committee on Indian Affairs.

By Mr. HILL of Alabama: A bill (H. R. 12285) for the relief of the State of Alabama; to the Committee on Military Affairs.

By Mr. ALMON: A bill (H. R. 12286) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; to the Committee on Roads.

By Mr. JONES: A bill (H. R. 12287) to remove certain burdens on interstate commerce in agricultural commodities by providing means of limiting and prohibiting short selling in such commodities, and for other purposes; to the Committee on Agriculture.

By Mr. POU: Resolution (H. Res. 235) authorizing the Speaker to appoint a special committee for the purpose of investigating Government competition with private enterprise; to the Committee on Rules.

By Mr. O'CONNOR: Resolution (H. Res. 236) for the consideration of H. R. 8766, a bill to amend the sixth exception in section 3 of the immigration act of 1924 with reference to nonimmigrant status of certain aliens; to the Committee on Rules.

By Mr. RAINEY: Resolution (H. Res. 237) amending House Resolution 219 regarding memorial services of the House of Representatives; agreed to.

By Mr. LONERGAN: Joint resolution (H. J. Res. 403) authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for the relief of distress; to the Committee on Agriculture.

By Mr. BRUNNER: Joint resolution (H. J. Res. 404) authorizing the Postmaster General of the United States to negotiate for advertisements to be placed on mail trucks operated by the United States Post Office Department; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12288) granting a pension to David Rice; to the Committee on Pensions.

Also, a bill (H. R. 12289) granting a pension to Rose Kennedy; to the Committee on Pensions.

By Mr. BOEHNE: A bill (H. R. 12290) granting a pension to Sallie Hutchens; to the Committee on Invalid Pensions.

By Mr. EVANS of California: A bill (H. R. 12291) granting a pension to Emilie C. Boutelle; to the Committee on Pensions.

By Mr. GARBER: A bill (H. R. 12292) granting an increase of pension to Mary J. Hurst; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12293) granting an increase of pension to Hannah Casler; to the Committee on Invalid Pensions.

By Mr. GOSS: A bill (H. R. 12294) authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam; to the Committee on Military Affairs.

By Mr. GREENWOOD: A bill (H. R. 12295) granting an increase of pension to Frances L. McQuinn; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H. R. 12296) granting an increase of pension to Ann Doyle McGill; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 12297) granting an increase of pension to Mary Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12298) granting an increase of pension to Nancy Bortner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12299) granting an increase of pension to Susannah L. Allen; to the Committee on Invalid Pensions.

By Mr. WILLIAM E. HULL: A bill (H. R. 12300) granting a pension to Patrick McAnney; to the Committee on Pensions.

By Mr. JONES: A bill (H. R. 12301) for the relief of Dan King; to the Committee on Military Affairs.

By Mrs. KAHN: A bill (H. R. 12302) authorizing the President of the United States to present, in the name of Congress, to Amelia Earhart Putnam, a medal of honor; to the Committee on Military Affairs.

By Mr. KNUTSON: A bill (H. R. 12303) for the relief of Hans C. Knutson; to the Committee on Military Affairs.

By Mr. LICHTENWALNER: A bill (H. R. 12304) granting an increase of pension to Clara E. Richards; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 12305) granting a pension to Lavinia Payne; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 12306) for the relief of Stewart Lanier Cook; to the Committee on Military Affairs.

By Mr. SCHNEIDER: A bill (H. R. 12307) for the relief of Frank E. Turner; to the Committee on Military Affairs.

By Mr. STRONG of Pennsylvania: A bill (H. R. 12308) for the relief of Frank A. Farris; to the Committee on Military Affairs.

By Mr. TABER: A bill (H. R. 12309) for the relief of Commander Francis James Cleary, United States Navy; to the Committee on Naval Affairs.

By Mr. TINKHAM: A bill (H. R. 12310) for the relief of Evangelos Karacostas; to the Committee on Claims.

By Mr. WILLIAMSON: A bill (H. R. 12311) authorizing an appropriation for the payment of the claim of H. C. Lafferty, a member of the Sioux Indian Nation, for damages occasioned by the destruction of his horses; to the Committee on Indian Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7930. By Mr. BLOOM: Resolution adopted by the executive committee of the American Society of Civil Engineers on May 9, 1932; to the Committee on Ways and Means.

7931. By Mr. CHIPERFIELD: Petition of Local Union No. 1904, United Mine Workers of America, Geneseo, Ill., urging an investigation of the Interstate Coal Co.; to the Committee on Interstate and Foreign Commerce.

7932. Also, petition of 52 residents of Quincy, Ill., opposing additional taxation on automotive products; to the Committee on Ways and Means.

7933. By Mr. CONNERY: Petition of R. P. Taylor, of Chicago, Ill., favoring immediate relief for unemployed; to the Committee on Ways and Means.

7934. By Mr. CRAIL: Petition of Board of Fire Commissioners of the City of Los Angeles, Calif., urging the passage of House bills 1967 and 8549 as beneficial to the welfare and safety of our Government; to the Committee on the Judiciary.

7935. Also, petition of Board of Supervisors of Los Angeles County, Calif., requesting Congress to include appropriation for construction of Federal post office in the city of Los Angeles; to the Committee on Appropriations.

7936. Also, petition of Mrs. J. F. Halloran and many other citizens of Berkeley, Calif., asking Congress to do all it can to decrease governmental expenditures and balance the Budget; to the Committee on Ways and Means.

7937. Also, petition of several citizens of Los Angeles County, Calif., vigorously opposing the enactment of House bill 6385, permitting the substitution of a member of the crew for a licensed radio operator on any coastwise vessel of the United States not now required by law to be equipped with radiotelegraph apparatus; to the Committee on Merchant Marine, Radio, and Fisheries.

7938. By Mr. DALLINGER: Petition of Amelia W. Fisk and other citizens of Cambridge, Mass., petitioning Congress to take expeditious action in balancing the Budget and passing equitable tax legislation; to the Committee on Ways and Means.

7939. By Mr. GRANFIELD: Petition of G. E. Graham, of Longmeadow, Mass., and other citizens, opposing the passage of certain discriminatory taxes affecting the automotive industry; to the Committee on Ways and Means.

7940. By Mr. GOSS: Petition of James W. Carroll, Paula Johnson, Joseph A. Bowen, and approximately 750 other citizens of Waterbury, Conn., petitioning the Congress to legalize beer, and place a tax thereon of 3 cents a pint; to the Committee on Ways and Means.

7941. By Mr. HOPKINS: Petition signed by the members of the Women's Bible Class of the Westminister Church, of St. Joseph, Mo., seeking an investigation of the charges that the white men of Alaska are fraudulently depriving the Eskimos of their lawful ownership of herds of reindeer; to the Committee on the Territories.

7942. By Mr. LAMBETH: Petition signed by 80 citizens of Raeford, Hoke County, N. C., urging the passage of legislation to relieve the money stringency in this country and restore commodity prices to a normal level; to the Committee on Banking and Currency.

7943. By Mr. LINDSAY: Petition of the New York State Legislative Board, Brotherhood of Locomotive Firemen and Enginemen, Albany, N. Y., urging support of retirement insurance bills, S. 3892 and H. R. 10023; to the Committee on Interstate and Foreign Commerce.

7944. By Mr. NIEDRINGHAUS: Petition of 31 citizens of St. Louis, Mo., protesting against the enactment of legislation of compulsory Sunday observance; to the Committee on the District of Columbia.

7945. By Mr. RUDD: Petition of West End Republican Club of Queens County, N. Y., favoring the passage of House bill 10602 and a rule for its consideration; to the Committee on Rules.

SENATE

WEDNESDAY, MAY 25, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. WAGNER obtained the floor.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Copeland	Hebert	Robinson, Ark.
Bankhead	Costigan	Howell	Robinson, Ind.
Barbour	Couzens	Johnson	Sheppard
Barkley	Cutting	Jones	Shipstead
Bingham	Dale	Kean	Shortridge
Blaine	Davis	King	Smith
Borah	Dickinson	La Follette	Smoot
Bratton	Fess	Logan	Steiwer
Brookhart	Fletcher	Long	Townsend
Broussard	George	McGill	Trammell
Bulkley	Glass	McNary	Tydings
Bulow	Glenn	Metcalf	Vandenberg
Byrnes	Goldsborough	Moses	Wagner
Capper	Gore	Norris	Walsh, Mass.
Caraway	Hale	Nye	Walsh, Mont.
Carey	Harrison	Oddie	Watson
Cohen	Hastings	Patterson	White
Connally	Hawes	Pittman	
Coolidge	Hayden	Reed	

Mr. LA FOLLETTE. I desire to announce that the following-named Senators are detained in a meeting of the Committee on Indian Affairs: The Senator from North Dakota [Mr. FRAZIER], the Senator from Oklahoma [Mr. THOMAS], the Senator from Wyoming [Mr. KENDRICK], the Senator from Connecticut [Mr. WALCOTT], and the Senator from Idaho [Mr. THOMAS].

Mr. DAVIS. I wish to announce that the senior Senator from West Virginia [Mr. HATFIELD] is detained in a hearing before the Committee on Mines and Mining.

The VICE PRESIDENT. Seventy-four Senators have answered to their names. A quorum is present. The Chair ought to state that by unanimous consent the Senator from Delaware [Mr. HASTINGS] was to have the floor this morning. The Senator from New York [Mr. WAGNER] was recognized, however, it being the understanding that he desires to speak with reference to a bill which he will introduce.

RELIEF OF UNEMPLOYMENT—PUBLIC-WORKS PROGRAM

Mr. WAGNER. Mr. President, I ask unanimous consent to introduce, on behalf of the Senator from Arkansas [Mr. ROBINSON], the Senator from Montana [Mr. WALSH], the Senator from Nevada [Mr. PITTMAN], the Senator from Ohio [Mr. BULKLEY], and myself, a bill to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes, which I ask may be appropriately referred.

The bill (S. 4755) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes, was read twice by its title.

Mr. WAGNER. Mr. President, I desire the consent of the Senate to make a brief statement explanatory of the bill.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from New York is recognized.

Mr. WAGNER. There can no longer be any doubt, Mr. President, that before the Congress adjourns it will take action to provide a program of relief and construction. I am satisfied that the Members of both Houses are now determined that this long-deferred action shall no longer be delayed.

It is not my purpose to recite at this time the evidence—old and new—in support of the need for such legislation. If there be any here who still require persuasion, I am sure that an opportunity will be afforded for that purpose. My present intention is to say a few words in explanation of the provisions of this bill, which I have submitted with the approval of the Senators whom I have just mentioned.

The bill, Mr. President, must be read in the light of the conditions to which it is addressed. The extraordinary remedy which it proposes can be appraised only by reference to the aggravated ailment for which it is prescribed.

More than once we have been reminded that the resources of the Nation are intact; that the machinery of the country is in excellent condition; that the productive capacity of our people is greater than it has ever been; that our credit facilities are more than ample to finance a prosperous America. Nevertheless, America is languishing. There is no demand for commodities, there is no demand for labor, and there is no demand for credit. Prices continue their decline, profits shrink and disappear, production is further curtailed, and more unfortunates are added to the number of unemployed.

There is no point in blinking the fact that this tragic evolution has continued, despite the Reconstruction Finance Corporation, despite the Glass-Steagall Act, despite the open-market operations of the Federal reserve system. The press reports that the administration is perplexed by the fact that industry is seeking very little of the newly created credit. It is not at all surprising, however, to those who clearly saw early last winter that the liberalization of credit, no matter how necessary it may be and no matter how beneficial it may be, was alone inadequate to start into activity the industrial enterprise of the country.

I recall that in connection with the consideration of the Reconstruction Finance Corporation act I stated in the Senate:

> After the most careful consideration I have come reluctantly to the conclusion that the President's recommendations are alone insufficient to deal with the present emergency * * * that they will not to any appreciable extent provide what I regard as the one all-important essential, namely, work for those who are forced to go idle.

I am glad to see that the President, though he differs to some extent, has finally come around to this view. The delay has made the problem much more difficult; it has, I feel confident, not rendered it insoluble.

We have two definite objectives in utilizing the powers of the Government: (1) To assist the States in preventing hunger; (2) to help in bringing about a resumption of employment and revival of trade. These ends are all important. The methods, of course, are open to adjustment.

In my judgment we should choose the shortest routes to these objectives. To attain the first we should make relief available, wherever it is required with the minimum of bureaucratic intervention. To attain the second we should initiate necessary Federal projects and finance local self-liquidating projects. Such a program will create a demand for commodities, employment, and credit. If the program is ample enough and is vigorously prosecuted, it will help to check price deflation, and when that occurs confidence will not require any external stimulation.

I say with confidence that the bill presented here to-day is well calculated to carry into effect such a program of rehabilitation.

It provides as follows:

First. Three hundred million dollars is made available, under the existing borrowing power of the Reconstruction Finance Corporation, for the purpose of making advances to the States for relief to the destitute upon certification by the governor of the State that there is need for such assistance. The amount advanced to any State for this purpose is to be deducted over a period of years from future Federal-aid highway grants to that State.

Second. One billion five hundred million dollars is made available to the Reconstruction Finance Corporation under authorization for additional borrowing, all but $40,000,000 of which is to be devoted to finance the following undertakings which must be self-liquidating in character: (a) Construction of revenue-producing projects initiated by States, municipalities, and public corporations; (b) housing and slum-clearance projects undertaken by limited-dividend corporations; (c) construction by private corporations of bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to the public use which are self-liquidating.

The remaining $40,000,000 are to be made available by the Reconstruction Finance Corporation to the Secretary of Agriculture to aid in financing agricultural exports. The Reconstruction Finance Corporation must be amply secured for every loan. Every undertaking it finances must meet the test that its earnings will be sufficient to amortize the cost of construction.

Third. Five hundred million dollars is made available for the construction of previously authorized Federal permanent improvements. This construction is to be financed by a 25-year bond issue and sinking fund, the bonds to be issued as needed to pay for the projects as they progress. The specific projects set forth in the bill are as follows:

1. For the Federal-aid highway systems, to be apportioned among the several States under the Federal aid highway act and to be available as a temporary advance to meet the provisions of that act as to State funds, $120,000,000. The advance made to a State is to be deducted over a period of 10 years from future Federal highway grants, beginning in 1938.

2. For the emergency construction of public roads, $16,000,000.

3. For the prosecution of river and harbor projects heretofore authorized, in addition to amounts provided in pending appropriation bills, $30,000,000.

4. For the prosecution of flood-control projects heretofore authorized, in addition to the amounts provided in pending appropriation bills, $15,500,000.

5. For the continuation of construction of the Hoover Dam and incidental works, $10,000,000.

6. For air navigation facilities under the Department of Commerce, and for the construction of lighthouses, vessels, and other construction projects of the Lighthouse Service in the Department of Commerce heretofore authorized, $7,500,000.

7. For the construction of projects heretofore authorized under the Bureau of Yards and Docks, Navy Department, $10,000,000.

8. For the emergency construction of public-buildings projects in continental United States outside of the District of Columbia, to be selected by the Secretary of the Treasury from the allocated public-buildings projects specified in House Document No. 788, Seventy-first Congress, third session, for which no appropriations have been made, $100,000,000. Such projects shall be constructed within the estimated limit of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings, under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government under a cancellation clause.

9. The remainder of the $500,000,000 is to be available for expenditure upon permanent improvement projects to be selected by the President for which appropriations have heretofore been made or shall be made for expenditures during the fiscal years 1932 or 1933.

None of the $500,000,000 fund is to be spent outside continental United States. None of it is to be spent in the District of Columbia, where a large program is already under way. None of it is to be spent upon projects employing convict labor.

In addition to these restrictions, the bill contains the very important provision that both Federal construction contracts and Reconstruction Finance Corporation loans shall, wherever practicable, be conditioned upon the 30-hour week. The construction program, both Federal and local, which this bill contemplates will thus open employment opportunities for the greatest possible number of persons.

This, in my judgment, is as conservative a program of legislation as the severity of the present emergency will permit. We can not overlook the fact that, according to the Department of Labor, there are in 123 cities, containing less than one-third of the Nation's population, more than 700,000 families who are living on charity.

The legislation presented rests on the propositions that the National Government is under a responsibility to cooperate in coping with the problems of the national crisis; that work is superior to doles in dealing with these problems; and that useful and previously planned work is superior to so-called made work.

The relief provision should quiet apprehension of actual distress during the coming seasons. As the Federal and local construction programs get under way they will release a stream of orders for merchandise and commodities which can confidently be expected to bring into activity the recuperative energies resident within industry itself.

The Federal public-works program represents but a quarter of the total volume of construction contemplated by the bill, but its emergency value is far greater. We have lost so much time that it is essential that some part of the construction program be initiated at once.

The Federal public works are entirely in the control of Congress. The minute this legislation is enacted into law they can go forward. We know definitely that the Federal projects will not encounter any local legislative obstacles. They will not be delayed by the necessary investigations incident to securing a loan from the Reconstruction Finance Corporation. With the aid of the legislation passed last year the acquisition of Federal sites can be accomplished with great dispatch and architectural work can be expedited. Altogether the Federal projects constitute that part of the program from which we can expect the earliest results.

Furthermore, the bonds to finance the public works need be issued only as funds are required to pay for such works. Obviously, but a portion of the $500,000,000 will be required during the coming year. The carrying charges can at most be a very small amount compared to the $195,000,000 which under the bill is lifted out of current appropriations. To that extent the program of Federal construction authorized by this proposed legislation will help to balance the Budget and relieve the pressure of taxation from the taxpayer.

The President has expressed himself in opposition to the enlargement of the Federal-works program. His first objection is that it involves borrowing.

Every business man distinguishes between borrowing to pay current expenses and borrowing for necessary permanent improvements and capital expenditures. The one is extravagance, the other is investment.

Mr. Hoover has himself frequently recognized this fundamental distinction. He approved the legislation creating a Reconstruction Finance Corporation, although that involved the United States in the direct borrowing of $500,000,000 and the prospective guarantee of bonds amounting to one and one-half billion dollars.

He approved the land-bank legislation of the current session, which necessitates the borrowing of $125,000,000. In his public statement he calls attention with approval to the home loan discount bill, although that may impose upon the Treasury the need for further borrowing. He speaks with approbation of the public-works program now in progress, although that, too, in view of the deficit, naturally calls for borrowing by the Treasury. Obviously, not all borrowing can be equally condemned. The test must be a specific one. Whether the borrowing is justified or not is a question that can not be answered by generalities. Our question is whether the borrowing is justified for the specific program set forth in our bill.

In view of the irrepressible need for employment and trade revival; in view of the saving which can be effected by the Federal Government in securing its necessary construction at the present low costs; in view of the saving which can be effected by removal from high-rental quarters to economically constructed Government buildings; in view of the policy we have laid down in the employment stabilization act of 1931, it is my judgment that borrowing in such circumstances is the essence of economy. In that view I am supported by the weight of opinion of those who speak with authority on the subject.

It is exceedingly difficult to follow the President when he would have us believe that the federally guaranteed debentures of the Reconstruction Finance Corporation are any less Federal obligations than the United States bonds which would be issued under this bill. Certainly no investor regards them as different. I find it impossible to believe that the mere device of incorporation can transform what the President regards as a dangerous and confidence-destroying bond into an altogether beneficial debenture. Words no longer possess that kind of magic.

Fortunately the public well understands the difference between justifiable borrowing and unjustifiable borrowing. It reacted favorably to the Reconstruction Finance Corporation. It has similarly reacted favorably to the prospect that a public-works bond issue will be authorized. The announcement of the Senator from Arkansas in advocacy of such a proposal was made in the Senate on Wednesday, May 11. On that day 8 out of 12 issues of Federal bonds registered an advance upon the New York Stock Exchange.

The announcement of the subcommittee of the Democratic conference outlining the program now expressed in this bill appeared in the press on Saturday, May 21. That day every issue of Federal bonds gained over its previous closing price.

These facts are adequate evidence of the reaction of the investing public to a public-works proposal.

In his public statement, Mr. Hoover directed a number of additional objections against a program of public works. His criticisms, however, are addressed to an imaginary program of construction composed of projects assembled through logrolling, calling for expenditures upon dredging mud creeks and similar useless undertakings, upon reclamation projects, and upon building construction outside the United States.

Obviously, such a program can not be justified. It would involve nothing but a wicked waste of money. That, however, is not the program contained in the bill presented to-day on behalf of the Senators whose names I have mentioned.

For instance, the building program is limited to places heretofore selected by the Department of the Treasury and the Post Office under the public buildings act. It is further limited to projects within the continental United States and outside the District of Columbia. It is further restricted by the requirement that preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire or can be terminated on or before July 1, 1934. And finally, the Secretary of the Treasury is given the power to make the specific selections.

I submit that there is no room here for the inclusion of what the President calls "unwarranted post offices."

Our present expenditures for a small group of post offices alone, namely, those for which leases will expire or can be terminated on or before July 1, 1934, and where the rental is $6,000 or more per annum, are $4,495,740 annually.

By every proper test there is ample justification for a program of construction which would reduce this type of expenditure for the Federal Government.

Consider as another instance the Federal highway appropriation contained in the bill. That is to be advanced to the States and deducted from future Federal highway grants. It will be used not for the construction of useless roads but to make possible the construction of the very roads contemplated under the present Budget, since it will be employed by the States in matching the Federal funds apportioned to them under the regular Federal highway appropriations. That, to my mind, is a self-liquidating investment in every sense of the word.

The other projects provided for in the bill, including river and harbor construction, flood control, lighthouses, and so forth, are precisely of the same class, respectively, as those prosecuted under existing appropriations. Their selection out of the authorized total rests in the hands of the President and the members of his Cabinet.

There is no merit in the President's criticism that public works provide but transitory employment. Surely transitory employment is better than none. Furthermore, Federal public works do not differ in that respect from local toll bridges and tunnels which are agreed to by the President.

There are other matters upon which issue can be taken. It is not my purpose to emphasize the controversy, but to secure the enactment of legislation. I do want the public to know that the program embraced within the bill is sound and constructive. With the cooperation of the men and women who have a just and well-deserved faith in the high credit of our Government that program will aid mightily in the national rehabilitation which must go forward without delay.

In view of the national necessity, I make the request, Mr. President, that the several departments of the Government come forward with constructive suggestions which will be of assistance in perfecting the bill. Irrespective of the attitude of the administration concerning some features of this legislation, I believe that we all desire that the bill, when it is finally enacted, shall be in a form most adequate to carry out its purposes.

Mr. HASTINGS obtained the floor.

Mr. COSTIGAN. Mr. President, will the Senator from Delaware yield in order that I may ask the Senator from New York a question?

Mr. HASTINGS. I yield.

Mr. COSTIGAN. May I inquire whether the Senator from New York is prepared to advise us how fast and how far unemployment may be expected to recede under the plan submitted to the Senate?

Mr. WAGNER. I can not estimate that definitely, but I have very great confidence that it will result in the absorption of a good deal of unemployment now existing, providing we get the proper cooperation from the departments of the administration.

Mr. COSTIGAN. Has any estimate been made of the number of persons who will be given employment under this plan?

Mr. WAGNER. We can all make estimates. I think it will be a large number; but I should not want to commit myself to a definite estimate. The Senator noticed that in the bill we have a provision for a 30-hour week, to be applied wherever practicable, both in the self-liquidating projects which are to be undertaken by advances from the Reconstruction Finance Corporation, and also from the public-works program, which we hope will add considerably to even the normal employment that would result from these projects.

Mr. COSTIGAN. May I further ask what distribution of funds for direct relief or Federal aid to the States is contemplated by the Senator from New York?

Mr. WAGNER. The bill appropriates $300,000,000 for that purpose, to be apportioned according to population, as was in part provided in the bill which the Senator from Colorado, together with the Senator from Wisconsin [Mr. LA FOLLETTE], originally advocated; and too much can not be said for the signal public service the Senators rendered in that regard.

Mr. COSTIGAN. If the courteous Senator from Delaware will further indulge me, I will add that it is obviously impossible at this time to give expression to any proper critical analysis of the plan submitted just now by the Senator from New York. However, with respect to direct relief it is distinctly desirable to place in the RECORD, close to the remarks of the able Senator from New York, certain resolutions adopted within the last few days by the Association of Public Welfare Officials meeting in annual national convention in Philadelphia with respect to the policies and standards deemed essential by that highly important body in approaching the subject of administered relief.

I ask permission to include the resolutions in the RECORD as part of my remarks.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the resolutions will be received and printed in the RECORD.

The resolutions are as follows:

Resolutions proposed by the resolutions committee, Richard Conant, chairman, and adopted by the Association of Public Welfare Officials, Philadelphia, May 18, 1932

Resolved, That the American Association of Public Welfare Officials believes the following policies essential to the success of any program of Federal relief.

The Federal authority should be one with experience in the field of public welfare and one having the complete confidence of those who are engaged in public-welfare administration, for example, the Federal Children's Bureau.

The local authority should be the State department of public welfare or the equivalent public social-service agency, to the end that throughout the country state-wide programs be set up for the relief of distress.

State, city, and county departments of public welfare should accept this opportunity of raising their standards and meeting their responsibility for the successful administration of whatever program of Federal relief may be adopted by taking immediate steps to strengthen and improve their organizations for greater service.

Resolved by the American Association of Public Welfare Officials, That, due to the increasing responsibilities of departments of public welfare, steps should be taken in the several States immediately for the establishment under the civil service laws of professional qualifications for public-welfare workers and where no civil service laws exist for the establishment of such professional standards through certification, with the ultimate aim of a broad system of certification such as exists for teachers and doctors of the medical profession.

The American Association of Public Welfare Officials has worked in close cooperation with the Federal Children's Bureau and has

thereby had an opportunity to observe at first hand the methods and equipment of that bureau.

From our contact we have been able to see that the bureau has had an exceptionally wide and valuable experience in public-welfare administration and has acquired much skill in this field.

The bureau has the complete confidence of public-welfare officials and we desire to record our appreciation of its service and our hope that it may not be crippled by a withdrawal of funds at a time when thousands of unemployed persons would benefit by a continuance of its activities for the public welfare.

Mr. WAGNER. I am sure we will welcome and will have the cooperation of the Senator from Colorado, as we will that of other Senators who are interested in the subject; and, of course, this proposal is subject to adjustment in the course of the consideration of the proposed legislation.

Mr. LONG. Mr. President, I wish to make an inquiry of the Senator from New York. Has this bill been approved by the President? I was just trying to find out. Is this the one that the President approved?

Mr. WAGNER. I have no idea what the President's attitude is. This is a bill which was prepared by a committee appointed by the Democratic conference, and is what we propose. I can not tell the Senator anything about the attitude of the President, except that I have such confidence in the merits of the measure that I am convinced that if the President is doubtful about it now he will be persuaded that it is an efficacious program to help in absorbing unemployment.

Mr. LONG. Mr. President, I just want to say that I have read so many contradictory dispatches to the effect that the President was in conference with some of our Democratic leaders one day, preparing or agreeing to a program of this kind, and another day that he was opposed to it, that inasmuch as I was not in any conference I was just trying to find out how far we might expect this thing to be moved along. That is the only reason I had for asking the question.

Mr. WAGNER. I have no knowledge of any such conference and know nothing about it.

Mr. President, I move that the bill be referred to the Committee on Banking and Currency, and I also request that it be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 4755), introduced by Mr. WAGNER, Mr. ROBINSON of Arkansas, Mr. PITTMAN, Mr. WALSH of Montana, and Mr. BULKLEY, was referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

A bill (S. 4755) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes

Be it enacted, etc., That (a) to aid in furnishing relief and work relief to the needy and distressed people residing in the several States and relieving the hardship resulting from unemployment, the Reconstruction Finance Corporation is authorized and empowered to make grants to the several States for such purposes out of the funds made available by the Reconstruction Finance Corporation act, under the terms and conditions hereinafter set forth, and in an aggregate amount of not to exceed $300,000,000. Such amount shall be apportioned among the several States in the proportion which their population bears to the total population of the States of the United States according to the Fifteenth Decennial Census. Such apportionment shall be made by the corporation within 10 days after the date of enactment of this act, and the corporation shall immediately certify to the governors of the several States the amount apportioned to each State. The amounts so apportioned to any State shall be available for payment to such State for the purposes of this section until the expiration of two years after the date of enactment of this act.

(b) The aggregate amount of the grants made to any State under this section shall not be in excess of the amount apportioned to such State. The amount of the grant or grants to each State shall be reimbursed to the Reconstruction Finance Corporation by making annual deductions, beginning with the fiscal year 1937, from moneys payable under regular apportionments made from future Federal grants in aid of the States for the construction of highways and rural post roads, of an amount equal to one-fifth of the share which such State would be entitled to receive under such apportionment, except for the provisions of this section, or of an amount equal to one-fifth of the grant or grants made pursuant to this section, whichever is the lesser, until the sum of such deductions shall equal the total amount of such grant or grants. Whenever any such deduction is made, the Secretary of the Treasury shall immediately pay to the Reconstruction Finance Corporation the amount so deducted.

(c) Any State making application for funds under this section shall, through its governor, certify the necessity for such funds. In any State having a State department of welfare or charities, such department shall administer the funds granted to the State pursuant to this section, except that in any State in which, in accordance with the laws of the State, there has been set up a special emergency organization for the administration of relief, such special organization may administer the funds so granted to such State: *Provided*, That in any State where no state-wide board of charities exists, or no special emergency organization has been set up, the amount allotted to such State shall be distributed by the joint action of the governor and the State board constituted for controlling the financial affairs of such State, if such board exists, or by the governor, if such board does not exist.

(d) The amount of any grant authorized under this section shall be paid to the State upon delivery by the State to the Reconstruction Finance Corporation of a receipt for such amount, which receipt shall state that the grant is accepted subject to the terms of this section.

SEC. 2. (a) The Reconstruction Finance Corporation is further authorized and empowered to make loans (1) to States, municipalities, and political subdivisions of States, public or quasi-public corporations, and public or quasi-public municipal instrumentalities of one or more States to aid in financing projects authorized under State or municipal law and which are self-liquidating in character; (2) to private limited-dividend corporations to aid in financing housing, slum clearance, or other similar projects which are self-liquidating in character; and (3) to private corporations to aid in carrying out the construction of bridges, tunnels, docks, viaducts, waterworks, and similar projects devoted to public use and which are self-liquidating in character. The aggregate amount of such loans shall not exceed $1,460,000,000. Such loans shall be made under such terms and conditions, with such security, and in such amounts and for such periods as the Reconstruction Finance Corporation may prescribe. For the purpose of this subdivision a project shall be deemed to be self-liquidating if such project may be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges.

(b) The Reconstruction Finance Corporation is authorized and directed to advance to the Secretary of Agriculture, in addition to the amounts allocated and made available to him by section 2 of the Reconstruction Finance Corporation act not to exceed $40,000,000, of the amounts made available under section 3 of this act, for the purpose of financing sales of agricultural products in the markets of foreign countries in which such sales can not be financed in the normal course of commerce, but no such sales shall be financed by the Secretary of Agriculture if, in his judgment, such sales will affect adversely the world markets for such products.

(c) All amounts received by the corporation in repayment of any loan or advance under the provisions of this section shall be used exclusively for the purpose of retiring its notes, bonds, debentures, and other such obligations, the proceeds of which are made available for carrying out the provisions of this section.

SEC. 3. (a) For the purpose of providing funds for carrying out the provisions of section 2 of this act the Reconstruction Finance Corporation is authorized and empowered to issue its notes, bonds, debentures, or other such obligations in an aggregate amount of not to exceed $1,500,000,000. Except as to dates of maturity, which may be fixed by the corporation at not to exceed 25 years, such notes, bonds, debentures, or other such obligations shall, so far as practicable, be issued in the same manner and be subject to the same terms and conditions as the notes, bonds, debentures, or other such obligations issued pursuant to section 9 of the Reconstruction Finance Corporation act.

(b) No loan shall be made by the Reconstruction Finance Corporation under section 2 of this act to any financial institution, corporation, railroad, or other association or organization of a class to which loans may be made under the Reconstruction Finance Corporation act.

(c) The Reconstruction Finance Corporation shall submit monthly to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures under sections 1 and 2 of this act, together with a statement showing the grants, loans, and advances approved by it. Such reports shall, when submitted, be printed as public documents.

SEC. 4. (a) For the purpose of providing for emergency construction of certain authorized public works with a view to increasing employment and carrying out the policy declared in the employment stabilization act of 1931, there is hereby appropriated, from the emergency construction fund hereinafter created, the sum of $500,000,000, which shall be allocated as follows:

(1) For expenditure in emergency construction on the Federal-aid highway system, $120,000,000. Such sum shall be apportioned by the Secretary of Agriculture to the several States by the method provided in section 21 of the Federal highway act, as amended and supplemented (U. S. C., title 23, sec. 21). The amounts apportioned to the States shall be available as a temporary advance of funds to meet the provisions of such act as to State funds. The amount apportioned to any State under this subdivision may be used to match the regular annual Federal-

aid apportionments made to such State (including the one for the fiscal year ending June 30, 1933), and when so used such amount shall be available for expenditure in paying the share of such State in the cost of Federal-aid projects. No amounts apportioned under this subdivision shall be advanced except for work on the Federal-aid highway system performed before July 1, 1933: *Provided*, That the amounts so advanced shall be reimbursed to the Federal Government over a period of 10 years, commencing with the fiscal year 1938, by making annual deductions from moneys payable under regular apportionments made from future authorizations for carrying out the provisions of such act, as amended and supplemented: *Provided further*, That all contracts involving the expenditure of such amounts shall contain provisions establishing minimum rates of wages, to be predetermined by the State highway department, which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work: *And provided further*, That in the expenditure of such amounts, the limitations upon highway construction, reconstruction, and bridges within municipalities contained in section 4 of the act approved May 21, 1928 (U. S. C., Supp. V, title 23, sec. 6b), and the limitations contained in the Federal highway act, as amended and supplemented, upon payments per mile which may be made from Federal funds, shall not apply.

(2) For expenditure in emergency construction on public roads during the fiscal year ending June 30, 1933, $16,000,000, as follows: (A) For the construction and improvement of national-forest highways, $5,000,000; (B) for the construction and maintenance of roads, trails, bridges, fire lanes, and so forth, including the same objects specified under the heading "Improvement of National Forests" in the agricultural appropriation act for the fiscal year ending June 30, 1932, approved February 23, 1931 (46 Stat. 1242), $5,000,000; (C) for the construction, reconstruction and improvement of roads and trails, inclusive, of necessary bridges, in the national parks and national monuments under the jurisdiction of the Department of the Interior, including national parks authorized to be established under the act of May 22, 1926 (U. S. C., title 16, sec. 403), and national park and monument approach roads authorized by the act of January 31, 1931 (46 Stat. 1053), $3,000,000; (D) for construction and improvement of Indian reservation roads under the provisions of the act approved May 26, 1928 (U. S. C., Supp. V, title 25, sec. 318a), $1,000,000; and (E) for the survey, construction, reconstruction, and maintenance of main roads through unappropriated or unreserved public lands, nontaxable Indian lands, or other Federal reservations other than the forest reservations, under the provisions of the act approved June 24, 1930 (U. S. C., Supp. V, title 23, sec. 3), $2,000,000. The Secretary of Agriculture and the Secretary of the Interior, respectively, are authorized to make rules and regulations for carrying out the foregoing provisions of this section with a view to providing the maximum employment of local labor consistent with reasonable economy of construction.

(3) For the prosecution of river and harbor projects heretofore authorized, $30,000,000.

(4) For the prosecution of flood-control projects heretofore authorized, $15,500,000.

(5) For the continuation of construction of the Hoover Dam and incidental works, as authorized by the Boulder Canyon project act, approved December 21, 1928 (U. S. C., Supp. V, title 43, ch. 12A), $10,000,000.

(6) For expenditure by the Department of Commerce for air navigation facilities, including equipment; and for the construction of lighthouses, vessels, and other construction projects of the Lighthouse Service, Department of Commerce, heretofore authorized, $7,500,000.

(7) For the construction of projects heretofore authorized under the Bureau of Yards and Docks, Navy Department, $10,000,000.

(8) For emergency construction of public buildings projects in the continental United States outside of the District of Columbia, to be selected by the Secretary of the Treasury from the allocated public buildings projects specified in House Document No. 788, Seventy-first Congress, third session, for which no appropriations have been made, $100,000,000. Such projects shall be constructed within the estimated limit of cost specified in such document, and in selecting such projects preference shall be given to places where Government facilities are housed in rented buildings under leases which will expire on or before July 1, 1934, or which may be terminated on or prior to that date by the Government.

(9) The remainder of such sum of $500,000,000 shall be available for expenditure upon permanent improvement projects, to be selected by the President, for which appropriations have heretofore been made or shall be hereafter made for expenditure during the fiscal year 1932 or 1933.

(b) The unexpended balance of any sums heretofore or hereafter appropriated for expenditure during the fiscal year 1932 or 1933 upon projects referred to in paragraphs (6) and (7) of subdivision (a), or selected under paragraph (9) of subdivision (a), shall be covered into the Treasury as miscellaneous receipts.

(c) No money shall be available for expenditure under this section except in connection with projects in the continental United States outside of the District of Columbia.

SEC. 5. (a) There is hereby created a special fund in the Treasury to be known as the emergency construction fund and to be administered by the Secretary of the Treasury. For the purpose of providing funds to carry out the provisions of section 4 of this act, the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States not to exceed $500,000,000, and to issue bonds therefor, to be known as emergency construction bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, shall mature 25 years from the date of their issue, and shall bear interest at such rates as may be fixed by the Secretary of the Treasury, but not to exceed 4¼ per cent per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, inheritance, and gift taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency construction fund.

(c) There is hereby created in the Treasury a cumulative sinking fund for the retirement of the bonds issued under this section. The sinking fund and all additions thereto are hereby appropriated for the payment of such bonds at maturity, or for the redemption or purchase thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. The average cost of the bonds purchased shall not exceed par and accrued interest. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued. For the sixth fiscal year after the issuance of any bonds under this section and for each fiscal year thereafter, until all such bonds are retired, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund an amount equal to 5 per cent of the aggregate amount of such bonds outstanding on the first day of such fiscal year, and for the fiscal year ending June 30, 1933, and for each fiscal year thereafter, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purposes of such sinking fund, an amount equal to the interest payable on such bonds during such fiscal year. The Secretary of the Treasury shall submit to Congress at the beginning of each regular session (until all bonds issued under this section are retired) a report of the action taken under the authority contained in this section.

SEC. 6. All grants and loans made and all contracts let for construction projects pursuant to this act shall be subject to the conditions that no convict labor shall be directly employed on such projects, and that, so far as practicable, except in executive and administrative positions, no person employed on such projects shall be permitted to work more than 30 hours in any one week.

SEC. 7. The last paragraph of section 6 of the Federal highway act, approved November 9, 1921, as amended and supplemented (U. S. C., title 23, sec. 6), is hereby amended to read as follows:

"Whenever provision has been made by any State for the completion and maintenance of 90 per cent of its system of primary or interstate and secondary or intercounty highways equal to 7 per cent of the total mileage of such State, as required by this act, said State, through its State highway department, by and with the approval of the Secretary of Agriculture, is hereby authorized to increase the mileage of the primary or interstate and secondary or intercounty systems by additional mileage equal to not more than 1 per cent of said total mileage of such State, and thereafter to make like increases in the mileage of said systems whenever provision has been made for the completion and maintenance of 90 per cent of the mileage of said systems previously authorized in accordance therewith."

SEC. 8. This act may be cited as the "emergency construction and relief act of 1932."

CLAIM OF ARTHUR R. SAFFRAN

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning the claim of Arthur R. Saffran against the United States, which, with the accompanying report, was referred to the Committee on Claims.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter from Charles C. Muse, of Atlanta, Ga., inclosing copy of his plan for restoring and maintaining prosperity by the creation of a permanent national prosperity board, which was ordered to lie on the table.

Mr. CAPPER presented a petition of sundry citizens of Fort Scott, Kans., praying for the maintenance of the prohibition law and its enforcement, and protesting against any

measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. COPELAND presented a resolution adopted by the Mineola-Garden City-Hempstead (N. Y.) Rotary Club, favoring the laying aside by the Members of the Congress of "every form of partisanship" and quickly uniting to adopt a balanced Budget and a taxation plan that will be economically sound and fair to every group and calling, etc., which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Brooklyn and vicinity, in the State of New York, praying for the speedy adjournment of Congress, which was ordered to lie on the table.

He also presented a resolution adopted by West (N. Y.) Kartright Grange, No. 1352, protesting against the imposition of a tariff duty on lumber, and the taxing of the automobile industry, crude rubber, lubricating oil, and gasoline, which was ordered to lie on the table.

He also presented a resolution adopted by Leyden Grange, No. 562, Patrons of Husbandry, of Boonville, N. Y., protesting against the imposition of a tariff on lumber, and the taxing of the automobile industry and gasoline, which was ordered to lie on the table.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 226 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented papers in the nature of memorials from 38 citizens of the State of Massachusetts, remonstrating against the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented letters in the nature of petitions from 91 citizens of the State of Massachusetts, praying for the passage of legislation providing a pension system for railroad employees, which were referred to the Committee on Interstate Commerce.

He also presented papers in the nature of petitions from 203 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the cash bonus proposal, the stopping of all "raids on the Treasury," and retrenchment in governmental expenditures, but preservation of the national defense, etc., which were referred to the Committee on Appropriations.

He also presented the petition of members of the Boston (Mass.) Society of Civil Engineers, praying for support of the President's economy program and the balancing of the Budget, which was referred to the Committee on Appropriations.

RECONSTRUCTION OF THE NATIONAL ECONOMIC LIFE

Mr. WALSH of Massachusetts. Mr. President, I present a memorial in the form of a resolution from citizens of Cambridge, Mass., protesting against partisanship and lobbyism in Congress, and favoring the immediate adoption of a plan for the reconstruction of the Nation's economic life, which I ask may be printed in the RECORD and lie on the table.

There being no objection, the memorial in the form of a resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Whereas, because of the unprecedented depression, unemployment, and financial deflation an emergency as serious as that of the World War now confronts the country; and

Whereas, judging by results to date, Congress seems unable to cope with the problem of the National Budget: Therefore be it

Resolved by the undersigned women, citizens of Cambridge, Mass., That we record our impatience with the methods employed by Congress in the face of national calamity and that we call upon our representatives in Congress, in view of threatened disaster to our whole economic order, to forget partisan and local politics, to resist lobbyists for special groups and particular interests, and to consider only the welfare of the Nation as a whole by accepting at once some definite leadership and by quickly adopting some plan by which a firm foundation of national integrity may be assured for the reconstruction of the Nation's economic life.

We believe that there can be no universally popular tax bill, and that every element in the country must be prepared to make sacrifices for the sake of our common safety.

Amelia W. Fisk, 82 Irving Street; Carrie F. von Balsan, 38 Monument Square; Edith C. Farwell, 4 Avon Street; Mabel Hersom Jones, 20 Prescott Street; Lena R. Morrell, 40 Avon Hill Street; Mildred Thanhouser, 5 Arlington Street; Mary Wunch, 57 Avon Hill Street; Bettina Kahnweiler, 2 Mercer Circle; Sarah Wambaugh, 22 Berkeley Street; Gertrude B. Ellis, 46 Shepard Street; Carolyn C. Holcombe, 20 Berkeley Street; Marian T. Parry, 90 Alexander Avenue, Belmont; Elizabeth A. Dexter, 536 Pleasant Street, Belmont; Alice M. Morgan, 6 Mercer Circle; May L. Allen, 22 DeWolfe Street; Helen Tufts Baillie, 22 DeWolfe Street; Amina C. Stabler, 303 Holden Green; Mrs. J. Porter Palmer, 31 Concord Avenue; Miss Susan Hildreth, 27 Everett Street; Helen Barnet Gring, 15 Hubbard Park; Mathilde T. Ward, 8 Craigie Circle; Bertha M. Lincoln, 20 Madison Street.

FLOOD CONTROL, LOWER RIO GRANDE VALLEY, TEX.

Mr. SHEPPARD. Mr. President, on Monday I offered for reference to the Committee on Printing two manuscripts from the State Department in reference to the lower Rio Grande.

I now present a letter from the Department of State transmitting those manuscripts and ask that it be referred also to the Committee on Printing with a view to having it included in the document, which I hope will contain the two other matters.

Mr. SMOOT. Mr. President, did the Senator have those documents referred to the committee with a view of having them printed?

Mr. SHEPPARD. If the committee finds that it can be done.

Mr. SMOOT. We appropriate tens of thousands of dollars to the various departments for printing. If we begin to print special reports which the departments themselves are supposed to print we shall get into trouble.

Mr. SHEPPARD. I will say to the Senator that I am submitting that matter to the Committee on Printing.

Mr. SMOOT. Very well.

The VICE PRESIDENT. The letter, with the accompanying papers, will be referred to the Committee on Printing.

REGULATION OF INTERCOASTAL COMMERCE THROUGH THE PANAMA CANAL

Mr. FLETCHER presented a resolution adopted by the Southern Cypress Manufacturers Association at Jacksonville, Fla., which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Resolution adopted by Southern Cypress Manufacturers Association at its twenty-seventh annual meeting, in Jacksonville, Fla., May 18, 1932, advocating Federal regulation of intercoastal commerce through the Panama Canal

Whereas there is a bill before the Senate of the United States, known as S. 3643, designed to amend the shipping act of 1916, for the purpose of further regulating common carriers by water in interstate commerce of the United States engaged in transportation by way of the Panama Canal; and

Whereas the control over these rates now by the Shipping Board goes no further than requiring the maintenance of maximum rates while the legislation proposed would make it mandatory for the water carriers to publish and maintain actual rates similar to the requirements of the rail lines by the Interstate Commerce Commission; and

Whereas it is in the interest of the public that just and reasonable rates be charged that have been approved by a Federal regulatory body, either the United States Shipping Board or the Interstate Commerce Commission: Therefore be it

Resolved, That the Southern Cypress Manufacturers Association go on record as favoring this or similar legislation, to the end that the intercoastal rates through the Panama Canal will be stabilized; be it further

Resolved, That a copy of this resolution be sent to the Senate Committee on Commerce, urging support of S. 3643 or any other bill or bills that may come within the scope of this resolution.

MRS. FLORENCE KELLEY—A NOTABLE AMERICAN

Mr. COSTIGAN. Mr. President, on April 30 of this year, during the discussion of the appropriation bill for State, Commerce, and Labor Departments, I took occasion to refer to a notable group of contemporary American women—among them Mrs. Florence Kelley, Miss Julia Lathrop, and Miss Jane Addams. Many Members of this Senate have enjoyed the privilege of their friendship. It is already happily clear

that their fame, which runs to the ends of the earth, will be permanent. Their lives will be identified with world-wide social welfare.

Within a short time and with startling suddenness the careers of Mrs. Kelley and Miss Lathrop have terminated. They are now comrades in immortality. It is fitting, and I so request, that a brief tribute of Miss Lathrop to Mrs. Kelley, published in the Survey of March 15, 1932, be printed in the RECORD as part of my remarks. This intimate testimonial, based on many years of friendship, was spoken in the fleeting interval of time before Miss Lathrop followed Mrs. Kelley to the hereafter. It is fine and uplifting evidence of the deathless quality of both of these remarkable American women.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter is as follows:

[From March 15, 1932, issue of Survey]

FLORENCE KELLEY—1859–1932

(By Julia C. Lathrop, former Chief of the United States Children's Bureau)

To those who read this inadequate page the name of Florence Kelley is well known. Many of you know her as a personal friend and feel for her an intimate affection and a deep respect. None of us can quite bear yet to speak of her as if she had gone away from this world which she so tenderly loved; and the more we consider what she has given to it, the more we realize that she had exemplified a spirit and method of social study and social work in the full sense of the words which will survive as long as those who come after her desire to continue her efforts, not looking down meticulously for her footprints, but in her spirit, heads up, looking forward, as she would wish.

Some of you knew Florence Kelley in her childhood or perhaps you went to school with her. I had no such privilege, but we know that she was born to a conventional and luxurious life in Philadelphia, her father, William D. Kelley, one of the ablest lawyers and most distinguished political leaders of his time; her mother of a fine Quaker family, a woman of an exceptionally gentle and retiring nature. Both must have seen with rare wisdom that this brilliant, intellectual child was not of the stuff to be driven or led in the old way of education, but rather that she must be helped to find her own path. Thus, she received a formal education indeed, but one of exceptional interest and breadth, which she pursued from school in Philadelphia to Cornell University, whose door just then was opened to women; there she was graduated with a brilliant record and thence she went to the University of Zurich. And it should be added here that years later when she felt that for her work as chief State factory inspector in Illinois she needed more knowledge of law, she quietly entered the classroom of the Northwestern University Law School, took the required courses in her spare time and received her degree in 1894.

Mrs. Kelley was an accomplished linguist, and fine translations stand to her credit. Of course she was a Phi Beta Kappa. She was always, by taste and attainments, genuinely a scholar, with a scholar's choice contempt for pretentious writing and thinking. She became absorbed in economic and social study, in the practical as well as the student's view of the labor problem, in public education as the only substitute for child labor, and in all the aspects of the struggling advance toward a just social order.

I first met Mrs. Kelley when she came to Chicago in 1891. She at once became a resident of Hull House, where she lived during the eight crowded years she spent in Illinois. Her coming was timely, and she helped from the first. Miss Addams and she understood each other's powers and worked together in the wonderfully effective way many of us well remember.

Soon a new opportunity opened. John P. Altgeld, who became Governor of Illinois in 1893, was a man of great independence of thought and action; and entirely on his own initiative, so far as I have been able to learn, he determined to appoint qualified women to various administrative and advisory positions in the State service. These appointments, carefully made and nonpolitical, surprised everyone and gratified, at least, the women of the State. The most important and difficult place was that of chief factory inspector, and for this position the governor selected Mrs. Kelley, and as first assistant appointed Mrs. Alzina P. Stevens, of Chicago, a well-known leader in women's labor organizations. A legend exists to the effect that when the announcement of these two appointments was made some one remonstrated in a friendly way, saying that two such "big women" would never be able to work together, to which the governor replied, according to the legend, "If they are big enough for the job, they will get along together well enough." The event proved that the governor was right.

Mrs. Kelley, her assistant, and staff worked courageously and ably in enforcing the Illinois statute restricting the work of women and girls in manufacture to 8 hours in one day and 48 hours in one week, but the statute was short lived. In 1895 the Supreme Court of Illinois pronounced the provision unconstitutional.

Mrs. Kelley remained in Chicago at Hull House, always doing whatever came to her hand—studying, writing, teaching, speaking, always stimulating—until she seemed an essential element of Chicago. But in 1899 she became general secretary of the National Consumers' League, whose office was in New York, and from that office she reached out across our country and beyond for the rest of her life.

In New York she lived for some years at the Nurses' Settlement with Miss Wald, and there, as in Hull House, she gave invaluable help.

It was from this settlement background in two cities that she drew much of her intimate knowledge of humankind, her interest in working women, in children, in negroes, and in immigrants.

In Mrs. Kelley's book, Some Ethical Gains Through Legislation, published in 1905, we find a plan for a United States commission for children, whose scope and purpose was carried out in concise form in the Children's Bureau act of 1912. Its passage was aided by such support from the settlements as perhaps few of us realize.

We all know how lavishly and modestly Mrs. Kelley gave herself, how faithfully she attended conventions and conferences and committees, speaking in that flutelike voice as if she was delighted to have the privilege, praising and stimulating others, asking nothing for herself. She gave herself so unsparingly that sometimes it seemed as if her life was too hard; but as I think now of her life, I think she had much happiness. She was surrounded by friends, known and unknown—she must have felt that. Always her mind to her a kingdom was. She must have had happiness in ruling it for the common good. More precious than all else, she had her beloved family, her sons, her grandchildren. Yes; hers was a nobly rich and generous life. We know its influence must reach far beyond her day and ours.

REPORTS OF COMMITTEES

Mr. SMOOT, from the Committee on Finance, to which was referred the joint resolution (H. J. Res. 336) construing section 503 (b) of the tariff act of 1930, reported it with amendments and submitted a report (No. 728) thereon.

Mr. LA FOLLETTE, from the Committee on Indian Affairs, to which was referred the bill (S. 4660) authorizing a per capita payment of $50 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States, reported it with amendments and submitted a report (No. 729) thereon.

Mr. BINGHAM, from the Committee on Finance, to which was referred the bill (S. 4367) to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail, reported it without amendment and submitted a report (No. 730) thereon.

Mr. NORRIS (for Mr. AUSTIN), from the Committee on the Judiciary, to which was referred the bill (H. R. 9259) to amend section 106 of the act to codify, revise, and amend the laws relating to the judiciary (U. S. C., title 28, sec. 187), reported it without amendment and submitted a report (No. 731) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4536) to amend the agricultural marketing act, approved June 15, 1929, reported it with amendments and submitted a report (No. 732) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

Mr. GEORGE (for Mr. ODDIE), from the Committee on Post Offices and Post Roads, reported favorably several nominations of postmasters.

Mr. GEORGE, from the Committee on Finance, reported favorably the nomination of John C. Tulloch, of Ogdensburg, N. Y., to be collector of customs for customs collection district No. 7, with headquarters at Ogdensburg, N. Y. (Reappointment.)

Mr. SMOOT, from the Committee on Finance, reported favorably the following nominations:

George D. Hubbard, of Seattle, Wash., to be collector of customs for customs collection district No. 30, with headquarters at Seattle, Wash. (reappointment); and

Passed Assistant Surgeon Leo W. Tucker to be a surgeon in the Public Health Service, to rank as such from June 15, 1932.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PATTERSON:

A bill (S. 4751) granting a pension to Lura C. Fields (with accompanying papers);

A bill (S. 4752) granting an increase of pension to Rinda Hammock (with accompanying papers); and

A bill (S. 4753) granting an increase of pension to Nancy A. Mathis (with accompanying papers); to the Committee on Pensions.

By Mr. TYDINGS:

A bill (S. 4754) granting an increase of pension to Amanda Tobias (with accompanying papers); to the Committee on Pensions.

(Senate bill No. 4755, introduced by Mr. WAGNER, Mr. ROBINSON of Arkansas, Mr. PITTMAN, Mr. WALSH of Montana, and Mr. BULKLEY and referred to the Committee on Banking and Currency, appears under a separate heading.)

By Mr. FRAZIER (by request):

A bill (S. 4756) to authorize the Veterans' Administration or other Federal agencies to turn over to superintendents of the Indian Service amounts due Indians who are under legal disability, or to estates of such deceased Indians; to the Committee on Indian Affairs.

By Mr. DILL:

A bill (S. 4757) applying the powers of the Federal Government under the commerce clause of the Constitution to aid the States in the suppression of racketeering and gangster activities; to the Committee on the Judiciary.

By Mr. THOMAS of Idaho:

A bill (S. 4758) for the rehabilitation of the Big Lost River project, Idaho; to the Committee on Irrigation and Reclamation.

By Mr. HOWELL:

A bill (S. 4759) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Florence, Nebr.; to the Committee on Commerce.

CHANGES OF REFERENCE

Mr. McNARY. In March the bill (S. 4035) for the relief of Frank P. Ross, and the bill (S. 4036) for the relief of Earl A. Ross, were referred to the Committee on Agriculture and Forestry. After considering the bills, I am of the opinion that the jurisdiction lies with the Committee on Public Lands and Surveys. I ask unanimous consent that the Committee on Agriculture and Forestry be discharged from the further consideration of the bills and that they be referred to the Committee on Public Lands and Surveys.

The VICE PRESIDENT. Without objection, it is so ordered.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

YOUTH IN POLITICS AND THE DEMOCRATIC PARTY

Mrs. CARAWAY. Mr. President, I ask permission to have printed in the RECORD a radio speech delivered by Otis T. Wingo, jr., on the subject of "Youth in Politics and the Democratic Party," over the Columbia Broadcasting System on March 7, 1932.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Seventy-six years ago the presidential campaign between the Republican, John C. Frémont, and the Democrat, James Buchanan, was terminated, as far as the Princeton campus was concerned, in an occasion of much elaborateness.

A torchlight procession was organized with a coffin occupying the foremost position of honor and notice. At the front gate of the campus an effigy of the Republican candidate was tenderly placed in the coffin and a torch applied, while a funeral sermon was delivered over the remains. The next day the orator was suspended.

Starting a century before that time, in the early years of our Nation, many of the American college and university campuses have been periodic scenes of political activity in support of the national parties, as the presidential campaigns were waged every four years.

The political activity and participation of American undergraduates, however, has not kept pace with the active interest of students in the rest of the world or the contemporary members of the younger generation of America outside of schools. European students are very politically minded and enthusiastically engage in the current discussions and decisions of public questions.

In the rest of the civilized world the nations look to their educated citizens for the bulk of leadership in public affairs, but in America the general tendency of undergraduates has turned to an aloof and sometimes cynical neglect of their inherent duties.

It has seemed to many of our students that the purpose of university life has been to improve their economic and social positions rather than pave the way for disinterested service to the community. This misconception has disregarded the dependence of the economic and social development of a nation upon the success of its political management.

The statesman who shapes the contours of public life builds the conditions upon which depend alike the progress of science and scholarship, which, in turn, foster our economic and social growth.

It is to the good of all agencies that government be efficiently and intelligently operated.

In but a few years the present bodies of undergraduates will form part of the group of educated minds whose responsibility it will be to lead in the discussion and solution of the Nation's affairs.

A serious consideration of the current questions before the Nation, which are at this time of more than usual concern to the general welfare, will not only aid intelligent solution of present controversies but will also prepare a sound understanding and satisfaction of the problems to come.

It is the duty of undergraduate citizens to prepare themselves now for their postgraduate responsibilities.

The best results in political affairs can be obtained by the individual through the party. The 2-party system, a fundamental part of our political structure, calls for the development and adoption of policies and ideals by means of the aid of the party's support and strength.

Trained citizens, who realize their duty in public affairs, can best gain their worthy aims of intelligent consideration of public problems and the efficient and equitable management of government by joining one of those groups devoted to concerted expression and action in public affairs.

To a degree far greater than that of its opposition does the Democratic Party welcome the entrance of youths and trained citizens into its ranks. Always during its history of more than a hundred and thirty years the Democratic Party has been the fort and home of all the people. Always has it stood for government, not only by the people but also for the people—the whole people, and not just for a small favored group representing a powerful interest, as has been the unhappy and ill-fortuned practice of the Republican Party.

Turning from their previous practice of heralding the full dinner pail as evidence of a great and lasting prosperity created and maintained by special permission of the copyright owners—the Republican Party—the Republicans have found that their copyright has expired and that their song has ended.

To offset as much as possible the inevitable repudiation that has consequently fallen upon them—as evidenced by the congressional elections of last year giving the majority of the House of Representatives to the Democrats—the members of the opposition are attempting the criticism that the Democratic Party has no definite program or line of action. It is regrettable that political discussion, particularly by that side which claims the incumbent national administration, should turn to destructive depreciation of the opponents' accomplishments rather than earnest application to produce constructive plans of action and material results.

Rather than criticize our rapidly weakening opposition let us turn to the constructive program of the Democratic Party.

The success of the Democratic Party in the guidance of the economic welfare of the Nation has been instanced both in the eight years of its last administration and in the noteworthy accomplishments of the present Democratic House under the leadership of the Democratic Speaker.

That admirable and effective piece of legislation, the creation of the Federal reserve system by the Democrats, has been strengthened and developed again by the Democrats in their up-to-date, constructive, and encouraging financial legislation of the present congressional session such as the Glass-Steagall Act.

Realizing the inexistence of an actual panacea for unemployment, the Democrats have taken steps to meet such a situation through the measures of Senator WAGNER, of New York. Providing machinery for accurate determination of the extent of unemployment, fixing definite provision for long-time planning of Government projects to enable the incidence of the actual work at the most desirable time, and setting up joint agencies of State and Federal Government to find work for the unemployed, the measures were impeded in every possible way by the administration and, finally, when, despite such opposition, the bills passed Congress through the force of public opinion, the most important of them was vetoed by the Republican President.

The tariff bill of the Hoover administration in its threats and then in its realities has been a potent factor in the depression from which we are suffering. America can not build up tariff walls that create an embargo on foreign goods and expect foreign nations to buy from us. This handicap to recovery must be remedied for the restoration of permanent prosperity.

The people of the world to-day are weighted down with an intolerable burden of armament. At a time when governments are tottering on the verge of bankruptcy this tremendous expenditure goes on, heavily augmented by the huge expenses

directly resulting from previous wars. America must return to its former position of world leadership in the direction of a sane movement that will effectively bring about the reduction of armaments and the establishment of peace.

The current situation in the Far East spurs us on to control the war dogs that selfishly threaten the peace of the world. Whatever we may collect from the just debts of billions of dollars owed to us by foreign nations, let us utilize our position as the greatest creditor nation the world has ever known to force upon the world such limitation of armaments as will ultimately result in the thing for which, through the ages, men have longed and women have prayed—the abolition of the means of war.

There is being unfolded now from day to day in the Nation's House of Representatives the picture of what may be expected of complete Democratic leadership of the Government.

The feeble belittling by the Republican politicians of the most excellent work of the Democratic House has been overbalanced by the more sportsmanlike admission of Republican obstacles they have had to face.

The Democratic House has not played partisan politics; where it could accept recommendations of the President it has done so promptly and generously. Where it has felt the necessity of going outside or beyond these recommendations it has the courage to assume responsibility on its own account. What it has accomplished, what it will accomplish, represents to the American people the constructive program and the intelligent administration of affairs that may be confidently anticipated at the hands of a Democratic Executive and a Democratic Congress following the election of 1932.

It is imperative that the Democrats be given complete charge of the Nation's affairs in order that the right principles and practices of Government for the benefit of the whole people may be reestablished. The Democratic Party as the liberal agency of the forces of American public life must extend its liberalism to every problem that confronts the people, not only for the next four years but for years to come. I thank you.

YOUTH IN POLITICS AND THE REPUBLICAN PARTY

Mrs. CARAWAY. Mr. President, I ask permission to have inserted in the RECORD a radio speech delivered by Donnell K. Wolverton, executive chairman of the Princeton Republican Club, delivered on March 7, 1932, on the subject of college political clubs.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

The fundamental purpose of college political clubs is to encourage study of the policies, aims, and purposes of our major political parties.

Active participation in public affairs is the duty of all, and especially of those who have the advantages of education.

How can this obligation be most effectively fulfilled, by acting singly and alone, or in unison with others?

The division of the American people into parties is the result of many years of trial and experiment in government. Experience has proved that two parties are necessary for good government.

Political parties were created not by law but by necessity. Some method of ascertaining the will of the majority on important governmental policies had to be found. Thus parties came into existence as the instrumentality by which the people could express their conviction on declared principles and programs.

For more than a century our Government has been carried on by party machinery. Ours is a government of parties.

Some individuals pride themselves on independence of party obligations, yet thoughtful consideration of what party solidarity has accomplished for the general welfare, which could not have been accomplished by independence of party action, is not only a sufficient justification for our American system of party government, but also a clarion call to the young men and women of our colleges to identify themselves with party activity.

To-day, as I present the claims of the Republican Party for your allegiance, I am proud that I am speaking in behalf of a party that has never sought to win a Presidency or carry a Congress by conspiring with destructive and uneconomic forces.

No student of American politics can fail to be impressed by the record of the Republican Party.

In preserving the Union, warding off foreign encroachments in this hemisphere, avoiding entanglements in foreign politics, expanding commerce, maintaining a high standard of living by protecting American industry, agriculture, and labor, building up the Navy and the merchant marine, improving waterways and harbors, restraining monopolies, cultivating Pan American friendship, limiting naval armament, maintaining the gold standard, establishing the Federal Budget, protecting workers from an influx of unskilled foreign labor, refusing to cancel foreign debts, renouncing war, promoting treaties to insure world peace, reducing the public debt, keeping the Government out of business, and in all other policies, both domestic and foreign, the Republican Party has constantly aimed to advance the interests of the United States and to provide for the welfare of its people.

For 55 years out of the seventy-odd years of its existence it has controlled and directed the destiny of our Nation. During this period only two Democrats have been elected President, while 11 Republicans have filled that office. Truly, it may be said that the history of the development of the United States, since the Civil War, has been synonymous with the history of the Republican Party and its accomplishments.

Time and again in periods of national crisis the people of our country have looked to the Republican Party to supply the necessary leadership to meet the emergency.

To-day the Republican Party, under the leadership of President Hoover, is the only party with a definite program. Democratic leadership has utterly failed. On the convening of Congress in December, Speaker GARNER, as the foremost Democratic official, on assuming the speakership of the Democratic House of Representatives, said: "Ordinarily this would be an occasion when I might express the hopes and aspirations of the House of Representatives in its legislative program, but at the moment I do not * * * think it advisable * * * to make a statement on that subject. At a later date—and I hope at an early date—I expect to make to you a complete statement touching that program." Although nearly three months have passed, there has not been any declaration or statement of program by Speaker GARNER or anyone else in the Democratic Party. This utter lack of constructive thought on the part of the Democratic Party affords a glaring contrast with the aggressive economic program of the Republican administration under the leadership of President Hoover.

While neither the Republican Party nor its leader is in any way responsible for the present depression, the Republicans have met the crisis with a series of economic acts that have prevented our people from experiencing the terrible conditions existing in Europe.

As soon as the depression fell upon the country, President Hoover secured an agreement between capital and labor to maintain the standard of living. Next he launched the country on an extensive construction of public buildings, and thereafter prevented further immigration by an Executive order, organized a national committee to relieve unemployment, prevented an international financial collapse through the moratorium, organized a credit corporation to strengthen banking institutions, provided financial help for industry, railroads, and banks by the creation of the Reconstruction Finance Corporation, increased credit facilities by liberalizing the laws affecting the Federal reserve system, recommended measures to relieve depositors in closed banks, also home-mortgage bank system to aid home owners, aided the farmers through extended mortgage loans and additional funds for livestock and seed planting, and established the national credit by the decision to balance the Budget through increased revenue and drastic governmental economies.

These are not all of the accomplishments, but they form ample proof of the splendid leadership of President Hoover and the Republican Party in this hour of national necessity. Let those who would criticize answer the question, "What would you have done that Hoover hasn't done?"

The Republican Party is the party of the future as well as the party of the past and present. It is the party through which young men and women can find the greatest opportunities for making progress as public leaders. As it dominated the past, so it challenges the future and calls to its colors with an irresistible appeal the students of our American colleges and universities.

LEGISLATION BY CONGRESS URGED

Mr. BROUSSARD. Mr. President, by request, I present a copy of a resolution adopted by the board of directors of the New Orleans Cotton Exchange in conjunction with and on recommendation of the New Orleans Spot Cotton Merchants Association on May 19, 1932, which I ask leave to have published in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

The continued disposition shown by Senators and Congressmen to vote billions of the taxpayers' money for the support of unsound nostrums and in support of selfish groups and salaried beneficiaries; the continued waste and extravagant spending by our Government; the seeming unwillingness of Congress to face the facts, and to bring the cost of Government down to a practical level; to devote adequate and constructive thought and action to the reopening of clogged trade channels and to the revitalizing of the Nation's economic life—all leave in their wake popular discontent, doubt, and fear among investors, producers, and generators of business, with consequent unemployment and heavy loss.

After the expenditure of half a billion dollars of taxpayers' money and the exercise of the most extensive and arbitrary powers ever granted a Federal board, the Farm Board has not succeeded in helping the cotton farmer.

On the contrary, following the most extensive speculation which has ever confronted the cotton market, the many overoptimistic promises to the farmers, the extension of excessive and inadequately secured loans, and the hoarding of large stocks of cotton, all fostered, encouraged, and aided by the Farm Board, the value of cotton not only has dropped from about 18 cents to less than 6 cents, but the sales value of a pound of United States grown cotton has dropped well below a parity with foreign growths.

No better illustration of the futility of the Farm Board as a farm aid, its exotic policies, and its waste of many millions of the taxpayers' money is needed.

We protest against the continued waste and extravagant spending by the Federal Government.

We protest against the appropriating of any further tax moneys for the use of the Farm Board.

With all the earnestness at our command we ask, urge, and insist that Congress devote its thought and action to such legislation as is required to eliminate all unnecessary boards, bureaus, commissions, and activities, and to reduce the cost of Government to a practical basis.

To promptly take steps to provide for an international conference on customs-tariff reform, in the interest of reciprocal-trade revival.

To provide for reconsideration of the antitrust laws, to the end that wholesome business may make the readjustments necessary to enable it to function efficiently under the new creditor status of the Nation.

To provide for nonpartisan and unprejudiced reconsideration of world debts due the United States before the nations repudiate them, with a view to the swapping of some old and uncollectible debts for new and helpful trade opportunities.

American business initiative and enterprise can not much longer survive the neglect—and worse—of which the economic life of the Nation is now a victim.

Our final request and demand is that Congress seriously consider ways and means of reducing and eventually eliminating the control over Government that is now so tragically exercised by selfish groups and other beneficiaries of waste and extravagant Government spending and for the restoration of such control to the people themselves.

Resolved, That copies of this declaration be sent to each Senator and Representative from Louisiana, accompanied by a request that it be read to the Senate and House of Representatives of the United States; and also that copies be sent to all cotton exchanges, boards of trade, and similar associations, with the request that they adopt this or like resolutions.

PUBLIC WORKS

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement appearing in the Washington Herald this morning from former Gov. Alfred E. Smith, of New York, concerning public works.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

SMITH TAKES ISSUE WITH THE PRESIDENT'S STAND ON PUBLIC-WORKS UNEMPLOYMENT RELIEF LOAN—HIGHWAYS MORE IMPORTANT THAN TOLL PROJECTS, LEADER THINKS—REVENUE AND NONREVENUE PRODUCING CAPACITY CALLED MINOR POINT

The President in his letter to the president of the American Society of Civil Engineers has made a number of statements as to a Federal public-works program, on which I have been asked to comment, presumably because I have been strongly in favor of such a program.

Let me say first, as I have stated repeatedly, that I am in entire sympathy with the President as to the honest balancing of the Federal Budget, as to the expansion of credit by Federal reserve banks, as to the continuation of the work of the Reconstruction Finance Corporation, and as to the general principles of relief as set forth in his letter.

I do not, however, agree with him at all as to the distinction between productive and nonproductive public works, nor as to the distinction between loaning the credit of the National Government through the Reconstruction Finance Corporation or any other agency and the issuance of public-works bonds.

What is more important is the main thing overlooked by the President, and that is the need of finding immediate productive employment for millions of people. This problem transcends all technicalities, all hairsplitting, and all finespun theories of financing.

The fact of the matter is that we must find such productive work and find it immediately to meet what every thinking person recognizes as the most deplorable condition this country has seen in the time of people now living.

It is clear that private business can not get under way on its own initiative. I think the first thing which we should do is to make a list of public improvements which are actually ready to start, for which plans and specifications are made, which will immediately employ men, but which are not moving because of lack of funds.

THE REAL POINTS

We should include in this list public works, National, State, and local, semipublic works of municipal corporations, and even corporations affected with a public interest. The important test should be not whether the work or project is self-supporting or revenue producing but, first, whether it is needed; second, whether it is ready to go ahead; and, third, how much labor it will employ directly or indirectly.

I am entirely unable to recognize the validity of the distinction which the President points out between productive and nonproductive or revenue and nonrevenue producing work. He mentions a bridge and a tunnel to be financed by tolls as being a worthy project and a highway as being an unworthy one. Obviously he can not mean this.

I do not know of a bridge or tunnel project of any magnitude, whether revenue producing or nonrevenue producing, whether it is to be operated by tolls or free, which does not depend upon connecting and approach highways for its success.

I was Governor of New York when the port-authority plan was started, was a member of the first commission after the plan was adopted, and was subsequently governor when its major projects were gotten under way. Neither the toll bridges nor vehicular tunnel under the port authority could operate successfully if it were not for the money spent on approach highways.

Millions of dollars were spent in New Jersey for vitally needed connections with the George Washington Bridge. The main difficulty with the New York side of this bridge is the absence of adequate approaches. The new Triborough Bridge, which is a toll bridge being built by New York City, will be of little use unless parkways and wide boulevards are built in Queens and the Bronx to connect it with the main arteries outside of the city.

DOZENS OF PROJECTS

Similarly, I know of dozens of highways, boulevards, and parkways on main routes on which construction could be started in 90 days, which will not only employ labor promptly, but will raise property values and otherwise redound to the permanent prosperity of the community and the country.

On the other hand I know of so-called revenue-producing projects which are only revenue producing on paper and which do not have anything like the permanent value of non-revenue-producing or nontoll projects. As to nonliquidating Federal construction, can it be possible that the President has turned his back on authorized Federal projects for which no funds have as yet been made available? If so, why were those projects ever authorized by his signature? Why have plans been drawn for them, and the local communities been told that they will be built?

Let us take another example of the relation between revenue-producing and non-revenue-producing improvements. Low-cost new housing is worthless without sewers, sidewalks, streets, and other utilities, most of which are not self-liquidating or revenue producing. Grade-crossing eliminations save lives and time. They may be vitally necessary.

A loan to railroads or States may get them started promptly, but they don't produce revenue. The distinction between liquidating and nonliquidating improvements simply does not stand analysis. And why should the President fear logrolling or favoritism? The decisions should be up to him. There will certainly be a lot less pressure for unnecessary or undesirable public works than for projects to help private corporations and railroads. No doubt there will be some mistakes and some waste, but the colossal waste and stupidity of the dole and made work will be avoided, and that is precisely what we are heading for if we don't go ahead with public works on a national scale.

SOURCE OF CASH

I am entirely unable to follow the President's distinction between the issuance of Federal bonds and the use of Federal credit. The Reconstruction Finance Corporation is a Government corporation. It is backed by the credit of the United States. When it loans money to banks, railroads, or other corporations, or, if in the future it is authorized to loan to States and municipalities, it is obvious that at some stage of the game the borrower must have cash to pay the laborers and the unemployed about whom we are all talking.

Where does the cash come from? So far it has come from the United States Treasury, in part through a direct appropriation by Congress and in part by the corporation borrowing from the Treasury. Of course, both the initial capital and the subsequent borrowing is expected to be paid back by those who borrow from the Reconstruction Finance Corporation, but, nevertheless, the Treasury must obtain the money in the first instance by selling Treasury tax notes or certificates, or by depleting the Treasury balances, so that tax-note certificates or bonds must be sold to defray other expenses.

It follows, therefore, that in the last analysis from the point of view of unsettling the bond market there is no difference between issuing Federal bonds and using Federal credit. I understand perfectly that in the one case the Federal Government merely does temporary financing, because it expects to get the money back, while in the other case it must raise enough by taxation over a period of years to pay the entire cost of non-revenue-producing improvements.

I have proposed to meet the cost of public works by a tax on beer or by a sales tax, or both. No one in his senses doubts that a reasonable beer tax over a period of a few years would take care of as much of a public-works bond issue as is needed. This is also true of the general manufacturers' sales tax.

I may add, incidentally, that it is a pretty large assumption that all the so-called self-liquidating projects entered into by the Reconstruction Finance Corporation will actually in effect liquidate themselves and pay back a hundred cents on a dollar. That would be pretty close to a miracle.

ASKS LATITUDE

In any event, I see no reason to quarrel with the President on this subject at this time. Why not give him sufficient latitude to progress public works, both revenue producing and non revenue producing, Federal, State, and local, and also semipublic works? I would prefer not to see this done through the Reconstruction Finance Corporation, but if the President insists upon it, let him have his way.

If it is to be done through the Reconstruction Finance Corporation, let Congress set a maximum sum up to which the President may thereafter issue bonds and let the President decide on the allocation for the different kinds of improvements and the officers of the Reconstruction Finance Corporation take care of the details.

The important thing is to provide sufficient credit to get all work under way which measures up to the test that it is productive and that it will employ labor immediately. It is quite possible

that the President will find when the plan begins to operate that the distinction between revenue and non revenue producing public works is not as important as he now thinks.

I am, however, recognizing the magnitude of the problem and giving the President the means to meet it. I would give him the power in the broadest possible terms and the responsibility which should go with it.

If we don't tackle this problem now in a big way, we shall be driven to much more drastic measures a few months from now, when the millions of unemployed will not be so patient with quibbling over words.

THE PRESENT CRISIS

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by Rev. John A. Ryan, D. D., director of the department of social action of the National Catholic Welfare Congress, at a meeting held in Baltimore yesterday evening.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

"Our weighty office of propagating, interpreting, and urging in season and out of season the entire moral law demands that both social and economic questions be brought within our supreme jurisdiction, in so far as they refer to moral issues."

Thus speaks the holy father in his encyclical, Quadragesimo Anno, issued one year ago this month. He tells us that economic actions and relations are subject to the moral law, and that the church is divinely commissioned to interpret and apply the moral law in the field of economics as in other spheres of human action. In the encyclical just mentioned, Pope Pius XI performed this task for the whole economic order. In conformity with the principles laid down in that document, I shall attempt this evening to apply the Christian moral teaching to the problems of our social and economic crisis.

Speaking of world conditions, Pope Pius XI declares in his latest encyclical: "If we should pass in review the long and sorrowful sequence of woes that, as a sad heritage of sin, mark the stages of fallen man's earthly pilgrimage from the flood on, it would be hard to find spiritual and material distress so deep, so universal, as that which we are now experiencing * * *." Referring likewise to world conditions, the very distinguished and very able British economist, John Maynard Keynes, asserts in the Atlantic Monthly for May, that the most urgent question before us is this: "Can we prevent an almost complete collapse of the financial structure of modern capitalism?"

The crisis has two phases, which may be designated as the human and the economic. The human elements are manifested in the unprecedented suffering of millions of our people, the plight of religious institutions, the losses suffered by thousands upon thousands who are still in receipt of some income, and the imminent danger of violent resentment and uprising unless adequate relief is soon forthcoming. Between eight and ten million wage earners are totally unemployed and several other millions are working only part of the time. A very large proportion of the wholly unemployed have been in that condition for more than a year. The abysmal distress of the unemployed can be sufficiently appreciated when we glance at the following summary facts: In Niles, Ohio, one-fourth of the population is subsisting on a food allowance of $1 a month per person; in Toledo and Tulsa the average allowance for 60,000 human beings is $2.14 a week per family; in New York the amount per family is $2.39 for all purposes; in Philadelphia it is $4.23—of this sum the food expenditure is $3.93, which the social workers there maintain is only two-thirds of what is required for health; in many other cities the weekly allotments per family for food is between three and five dollars. Admitting that the food allowance in most cities is still enough "to keep people alive," Miss Lea D. Taylor, a very able and competent social worker, declares:

"Every social worker and every intelligent citizen knows that people have other basic needs than food, needs which must be met if human values and family life are to be preserved. Shelter certainly is essential, yet we wait until almost the moment of eviction before we give a family the assurance that for a little while longer it will have a roof over its head. What does that do to self-respect? Clothing is presumably essential, yet it figures seldom in relief as we now talk about it. Can families live indefinitely with no renewal of household supplies? 'I wish they'd send a broom and a scrubbing brush with the rations,' said a distracted mother."

Referring to the social workers, Miss Taylor continues:

"Who knows better than we what the continuing depression is doing to helpless people? We know that the courage, the stanch family loyalty, the generosity of friends and relatives, the consideration of landlords and grocers are being taxed to the utmost and are near exhaustion. We see increasing malnutrition of children, heightened nervous tension of men and women facing insecurity of shelter and of family needs. We see mental strain and breakdown, a growing tendency to beggary, the shattering of self-respect and morale, the demoralizing results of idleness to adolescent children who are not in school."

Religious institutions of all sorts—educational, charitable, and spiritual—are experiencing a decline of income and resources, which is greatly reducing their ability to render service. Many parishes are on the verge of bankruptcy. Our bishops are only too well aware of the difficulties and dangers that have been created by the decline of employment and of income among our people. Hundreds of thousands of business men and the possessors of small investments are in grave and genuine distress even though they may be still in receipt of some income. And unless something heroic is done soon to check the continuous downward movement of business and employment the sufferings of almost all classes of our people will become intolerable.

Speaking of the economic reform advocated by Pope Leo XIII, the present Holy Father has said: "Unless serious attempts be made with all energy and without delay to put them into practice let nobody persuade himself that the peace and tranquillity of human society can be effectively defended against the forces of revolution." These portentous words may be applied without reserve to our present social crisis. A few days ago the representatives of the very conservative railroad brotherhoods said to the President of the United States: "We can not assume responsibility for orderly operation of railroads unless relief is given." At about the same time Edward F. McGrady, legislative representative of the American Federation of Labor, a man who has always been conservative in thought and speech, who is old enough to be and is a grandfather and who is withal an excellent Catholic, made the following statements before a committee of Senators:

"Leaders of union workers have been preaching patience. They have gone back to their hungry fellow workers time after time and urged them to do nothing drastic.

"But I say advisedly that if nothing is done by Government and starvation increases the doors of revolt will be thrown open and leaders can not close them.

"The men who have power in Washington seem to think it is enough to keep crying, 'Balance the Budget! Balance the Budget!' I want to tell you that there are two other words beginning with 'b' that are a good deal more important. They are bread and butter. The unemployed want to get their bread and butter by work, but they are going to get it.

"I have torn aside the curtain, so that you will know what is being talked about in every place where the workers gather. They are resentful, bitterly resentful. A large proportion of every gathering is composed of ex-soldiers, and they feel more resentful than the rest.

"If this administration allows Congress to adjourn without providing some relief for the more than 8,000,000 workers who are totally unemployed and at least 7,000,000 more on part time, I for one will do nothing to close the doors of revolt!

"I have traveled through 17 States in the last few weeks. I have talked to tens and tens of thousands of hungry men and women. But I am not coming before any more committees to plead for relief. * * * We, too, have lost our patience."

What has Catholic moral teaching to say about this situation? It says something very definite and very positive. It tells us that when the needs of an individual or a community are grave the possessors of superfluous goods—that is, goods which are not needed for the fitting support of their customary standard of living—are under a grave obligation of charity to relieve all the grave needs that exist. Now, the degree of need that is indicated by the miserable amounts of weekly relief bestowed upon the destitute as described above is surely grave.

If the moral theologians who originally formulated this scientific Catholic doctrine of the relation between needs and superfluities were alive in America to-day, they would unhesitatingly affirm this judgment. If the thousands of moral theologians who have for centuries repeated with approval this teaching were witnesses of the suffering now endured by millions of Americans, they would be unanimous in approving that decision. In a word, the Catholic moral teaching on almsgiving, as it is technically called in the textbooks, condemns the current "relief" as falling far short of the obligations imposed by the law of reason and the commands of Christ.

It would not be fair to include the rich or any other particular class under this severe condemnation. When the volume of distress is as great as it has been for many months in the United States, the obligation of relief can not be fully discharged through individual action or even through voluntary associated action. It can be fulfilled only by the organ which represents the whole community, namely, the State. This obligation the civil authorities have neither appreciated nor fulfilled. Many of the cities have done the utmost that is practicable; several of the States have likewise discharged their obligation in reasonable measure; but the Federal Government has up to date done absolutely nothing. The national administration has minimized the amount of suffering and exaggerated the local resources, while Congress has refused to appropriate even a moderate sum of money to fulfill even a part of its obligation. The words of Pope Pius XI in his encyclical on Christian Marriage, may fittingly be quoted here: "If, however, private resources do not suffice, it is the duty of the public authority to supply for the insufficient forces of individual effort, particularly on a matter which is of such importance to the common weal, touching, as it does, the maintenance of the family and married people."

In the present predicament, the Federal Government is the only political authority in the United States which is capable of providing adequate relief, fulfilling this duty of the State adequately. This implies an appropriation in much larger volume than the $300,000,000 recently specified by the President and by the Democratic leadership in Congress. The resources of our country, natural, mechanical, and intellectual, are more than sufficient to provide all the destitute with at least the minimum of decent

existence. That means at least $15 a week per family of five. The miserable amounts which the families of the unemployed are now receiving constitute not only a disgrace to our people and a foul blot on the fair name of America, but a grave violation of distributive justice and Christian charity. Distributive justice commands the State to allot benefits according to needs and burdens according to capacities. In the present situation this formula requires our Federal state to provide the destitute unemployed with at least the weekly amount that I have just mentioned and to collect the necessary taxes from those persons who are best able to pay. By enforcing this program, the Federal Government will also fulfill the grave obligation of charity which requires that superfluous goods be devoted to the relief of all grave needs.

Under the head of economic aspects of the crisis, I shall consider briefly the proposed Federal tax legislation and the efforts of the Federal Government to lessen unemployment and initiate a revival of business. Both as an economist and as a moralist, I regard the policy of balancing the Budget at this time as unnecessary and unjustifiable. During the great war we did not think it necessary to balance the Budget, although the annual deficit was much greater than it is at present and the productive resources of the country considerably smaller. Since, however, Congress has committed itself to that mistaken course, the only questions for consideration are those of economy and taxation. No economies in the operation of the Federal Government and its divisions should be adopted which would cause the discontinuance of any useful service to the people or the reduction of the wages or salaries of Federal employees. Such measures would make the industrial depression worse, by destroying purchasing power and thereby diminishing business. Concerning taxation, the main issues revolve about the sales tax and high income taxes.

In this field we have one clear-cut Catholic principle which has been expounded without variation for centuries by the moral theologians. It is that taxes should be imposed according to ability to pay. Incidentally, this is the canon of taxation that is generally received among the economists. Now the only accurate and the only completely just measure of ability to pay is found in a person's annual income. That measures the amount that he has available in any given year for paying taxes in that year. The moral theologians are also unanimous in declaring that the rates in an income tax should be progressive, not uniform, in order to bring about something like equality of sacrifice among the different economic classes.

The principle of ability to pay is completely set aside and grossly violated in a general sales tax. In fact, such a tax inverts the principle of ability to pay, since it imposes the heaviest burdens on those who have the lowest incomes. A sales tax upon the necessaries and the elementary comforts of life subtracts from every dollar of the poor man's income because all of his income is expended for these commodities. Only a very small portion of the rich man's income is thus disbursed. Consequently, the only just sales tax is one which is restricted to a few costly luxuries which are purchased by the comfortable and well-to-do classes. While the sales tax which was defeated in the House of Representatives exempted food and clothing, it still covered a sufficient number of necessaries to impose, according to some of its advocates, a burden of $8 upon the man receiving only $1,000 of annual income. That would mean between twenty and twenty-five dollars upon an income of $2,400. This is ethically indefensible. The minimum that is necessary for decent existence should be exempt from all taxation. This ethical truth is recognized in all our income tax laws. The Federal law has never taxed incomes of less than $2,500 in the case of married men, nor incomes of less than $1,000 in the case of single men.

During the consideration by the Senate of the income-tax provisions of the bill reported by the Senate Finance Committee an amendment was introduced which would have substituted for the committee surtaxes those of the 1918 law applying to incomes of $10,000 and over. While these rates were the highest that were ever placed in a Federal law, they were considerably below the levels that would be demanded by complete justice. For example, the entire amount in surtaxes and normal taxes levied upon certain specified incomes were as follows: $830 on $10,000, $4,930 on $30,000, $11,030 on $50,000, $35,030 on $100,000. The persons who think these levies exorbitant or unreasonable should reflect that the amounts which men are obliged to pay on the corresponding incomes in the existing British law are from 35 to 125 per cent higher. Nevertheless, the Senate rejected these relatively moderate rates by a large majority. Those who voted against these rates were no doubt well aware that the increased revenue which they refused to collect from large incomes would have to be derived from a sales tax or from the nuisance taxes proposed in the Finance Committee bill, such as those upon movie tickets costing more than 10 cents, telegrams, checks, and 3-cent letter postage. In other words, the majority of the Senate rejected the principle of ability to pay in favor of the opposite principle.

The second economic aspect of the crisis which we have to consider is methods of reducing unemployment and reviving business. Up to last December the Federal Government had done nothing or practically nothing under either of these heads. The measures enacted by Congress at the present session to facilitate and expand credit have been successful in so far as any realistic person could have expected them to succeed. That is to say, they have prevented many bank failures and many business bankruptcies and somewhat diminished public trepidation. Being purely negative, they could not and did not bring about any positive improvement.

The average level of business and employment is considerably lower now than when these credit measures were enacted. The national administration fondly and fatuously expected that they would create sufficient confidence in business circles to initiate a marked and continuous revival. A few weeks ago the Secretary of the Treasury referred to credit and confidence as "the two magicians" that would put an end to the depression. His use of this phrase exposed the capital sin of the national administration. It has relied upon the magic of "psychology" rather than upon realistic economics. And it has been widely imitated by men who ought to know better. "In the United States," says Mr. Keynes, "it is almost inconceivable what rubbish a public man has to utter to-day if he is to keep respectable."

This attitude is a part of our evil heritage of economic theory and business theory. For more than a hundred years we have assumed that if only we can keep goods produced in abundance they will somehow find purchasers; and that if the economic machine ceases to function the fault must lie in the mechanism of credit. Hence the preoccupation of business men and the national administration with credit machinery. Hence the President's emphasis upon "confidence."

All this is putting the cart before the horse. What business needs to-day is not more credit nor more confidence, but more business. Neither business men nor bankers deserve severe blame for their failure to increase the amount of commercial and industrial operations. They can not be expected to do this until they see a definite prospect of increased sales of goods. The reason that no such prospect appears is to be found in the decline of purchasing power. The money available for buying goods is now only little more than half as great as it was in the year 1929. Purchasing power began to decline in that year because the wage earners and the farmers had not been receiving a sufficient amount of the national product. Too much was distributed to the well-to-do and the rich classes, who refused to spend more for the products of our factories and farms because they had already bought all that they needed.

The unequal and inequitable distribution of the national product at length resulted in the condition that those who would like to spend more for consumption goods had not the money, while those who had the money had not the desire. These elementary facts indicate the main cause of the depression, of its increase, and of its prolongation. Defects in the credit structure have indeed intensified the slump, but they are themselves effects of the bad distribution of income and purchasing power. It should be obvious that no juggling with an effect can remove the cause.

Here again Catholic principles are pertinent and would have prevented the depression. In his Encyclical, Quadragesimo Anno, Pope Pius XI declared that in order to be just the distribution of income should provide the working class with "ample sufficiency." If American workingmen had received "ample sufficiency," as the Pope describes it, in the years 1922–1929, they would have obtained at least 50 per cent more wages. Undoubtedly they would have expended a great proportion of the increase for primary goods, consumption goods, the products of the factories and farms. Such a vast expansion of purchasing would have kept all our industries going and made the existing industrial depression impossible. To be sure, capital would probably have received smaller returns, but there is nothing in the nature of man nor in the nature of industry nor in the moral law which dictates that capital should get even 6 per cent. According to the Holy Father, capital is entitled only to that return which is consistent with the common good and social justice. If we ever emerge from the depression, we shall have to take steps to decrease the share of capital and increase that of labor. Otherwise consumption will again quickly fall below production. Unemployment will again increase and all the conditions will be at hand for another depression.

Now that the failure of the credit measures to produce a business revival has become so evident that it can not be denied by the slowest witted among us, many business men, politicians, and statesmen realize that the only effective remedy is the creation of purchasing power through the expenditure of public money for public works. Some of us saw this at least 18 months ago and we told the aforesaid business men and politicians and statesmen all about it, but ours were voices crying in a wilderness of bad economic theory, stupid business maxims, political propaganda and ballyhoo, manufactured optimism, indisposition to look facts in the face and superstitious reliance upon psychology, shibboleths, slogans, and the formula brought to us from France a few years ago by the now almost forgotten Professor Coué. Some of you can recall that faker's magic phrase. It has long since been discredited and discarded. But the catchword, "confidence," is still urged upon us. In the name of common sense and common honesty, confidence in what? Since October, 1929, the average of business activity has fallen 47 per cent; employment 40 per cent, and purchasing power 47 per cent. The decline in all these factors has been continuous since last June and there is not a single economic fact to indicate that we have reached the bottom.

Within the last few days programs of public works have been brought forward by the Democratic leadership in the Senate, by the President of the United States, and by the Speaker of the House of Representatives. All these are vitally defective in one respect: they are not sufficiently comprehensive. In order to give adequate momentum to an improvement in business and to provide employment within a reasonable time for a reasonable proportion of those now out of work, we need much more than one and a half or two billion dollars. The $5,500,000,000 proposed by Senator LA FOLLETTE would not be excessive in the present crit-

ical situation. Unless the public expenditure reaches this magnitude, I fear that the words of John Maynard Keynes will be applicable to our own beloved country. In the article already cited, he says:

"Through lack of foresight and constructive imagination the financial and political authorities of the world have lacked the courage or the conviction at each stage of the decline to apply the available remedies in sufficiently drastic doses, and by now they have allowed the collapse to reach a point where the whole system may have lost its resiliency and its capacity for a rebound."

The President's plan exhibits an additional defect, inasmuch as it would confine public works to those which are "productive," those which would bring in revenue, such as toll bridges and tunnels. This idea is another evil heritage. It comes down from the Puritan conception of work as a spiritual good and an end in itself, not merely a means to fuller and more rational life. It is the legitimate descendant of the Puritan theory that production and efficiency are the goal of the Christian's efforts. Speaking of the Puritan conception of work and production as it operated in England in the seventeenth and eighteenth centuries, R. H. Tawney declares that it supplanted the earlier doctrine that the end of economic life was consumption. (He is referring, of course, to the economic philosophy which prevailed in the Catholic Middle Ages.)

To apply to public works the test of "productiveness," "self-liquidation," and pecuniary profit, not only inverts the true order of values but ignores the very important economic fact that 80 per cent of our productive equipment could turn out all the material goods needed by the American people. Why should not the other 20 per cent be devoted to the production of public goods, of goods that might be enjoyed by all the people in common? They are not "unproductive." They produce human welfare, and that is the true end of all material production. They are not "of very remote usefulness"; they would be beneficial to the people from the moment of their completion. They would not produce pecuniary profits, but they would increase life, and, as John Ruskin said: "There is no wealth but life." Public highways, flood control, reforestation, the destruction of city slums, and many other so-called "nonproductive" works are capable of providing the community with the means of security, enjoyment, and decent living in far greater measure than additional supplies of factory products.

Most of the objections to an adequate program of public works are motivated by the ugly thing called greed, which, as the Holy Father has told us in his latest encyclical, is the main root of all the world's troubles to-day. The men who have large incomes are so greedy that they are unwilling to contemplate an increase in their taxes to provide interest on the bonds that would have to be sold to finance an adequate program of public works. The men who own existing issues of United States bonds are too greedy to put up with the decline which would take place in the value of their present holdings if the new bonds carried a higher rate of interest. Since greed is usually stupid and short-sighted, it prevents these men from perceiving that if an adequate program of public works were followed by a considerable revival of business they would gain far more from this improvement than they would lose through the payment of higher taxes or a decline in the value of their Government bonds. In 1928 an increase of 2 per cent in the rates of taxes on incomes above $10,000 would have yielded $250,000,000 of additional revenue. The possessors of such incomes will soon be called upon to pay many times 2 per cent more than they are now paying, even though we should have no public works and no revival of business. If the public works here advocated should fail to bring about a considerable upturn in business, the men who now receive large incomes would probably be in no worse position than that in which they are certain to find themselves a year from now if this program is not put into effect.

There is an objection to the public-works proposal which is not based upon greed. It asserts that five or six billion dollars' worth of bonds could not be sold. Perhaps not. But the only way to decide the question is to make the attempt. A few weeks ago an issue of more than half a billion United States Treasury notes, a part of which paid only 2 per cent interest, was oversubscribed ten times. There is still plenty of money in the country for such a program. If it is not put into operation this summer, there will be considerably less money when Congress reassembles next December. If the money can not be got through the sale of bonds, it could be produced by the Government printing presses. While this recourse would be attended with considerable danger, it would be a far less evil than another winter of unemployment complicated by revolution.

If an adequate public-works program can not be financed by either an issue of bonds or of paper money, there is nothing left but Government operation and control of such basic industries as are necessary to provide the destitute millions with the means of decent human existence. To shrink from this last alternative is to confess intellectual and economic bankruptcy. We can not permit millions to starve in this land of plenty, nor can we afford to unleash the forces of savagery and revolution. In the extreme predicament that is closer to us than we like to contemplate there is another Catholic principle which is pertinent and adequate. It was stated by Pope Leo XIII, in his encyclical on the Condition of Labor: "Whenever the general interest or any particular class suffers or is threatened with injury which in no other way can be met or prevented, it is the duty of public authority to intervene." If for any reason the public-works remedy fails, the public authorities will be under moral obligation to take temporary charge of and operate our essential industries, not only for the benefit of our most distressed classes but in the interest of the whole community.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, the pending question being on the amendment proposed by Mr. SHIPSTEAD, which was, on page 244, after line 9, to insert:

(9) Copra, including products of copra of the Philippine Islands, hempseed, palm nuts, kapok seed, palm-nut kernels, tung nuts, rapeseed, perilla seed, sesame seed, rubber seed, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(10) Coconut oil, the product of the Philippine Islands and other countries, palm oil, perilla and sweet almond oil, tung oil, herring oil, pilchard oil, whale oil, seal oil, sperm oil, crude, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

(11) Palm-kernel oil, sunflower oil, sesame oil, rapeseed oil, olive oil, all the foregoing if in inedible form, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

Mr. HASTINGS. Mr. President, I desire to address myself for a few moments to the amendment offered to the pending bill by the Senator from Minnesota [Mr. SHIPSTEAD] affecting fish oil and vegetable oil.

I think I might say that perhaps no Member of this body tries to follow as carefully as I do the recommendations of the committees of the Senate. If I can conscientiously do that, I endeavor to do it. I think that ought to be particularly true with respect to a tax bill, where very many persons who are taxed are complaining of the tax; and those of us who are not on the committee realize the burdens resting upon the committee in endeavoring to find by taxation the necessary money to meet the deficit that exists and is likely to exist.

I have the same feeling with respect to this bill. I had it when I voted upon the four items that are commonly called tariff items in this bill. I think it is wholly unimportant at this time to discuss who is responsible for what are called tariff items being in this particular bill.

It is well known to all of us that when the bill came to the Senate it had two of those items in it, and it is also well known that the Finance Committee added two other items to the bill. We all know that in support of the measure and in support of the taxes on these particular items the two sides of this Chamber were equally divided, or practically so. Therefore, I am not concerned about placing the responsibility. I care not whether it belongs on this side or whether it belongs on the other side. From the very beginning I believed it was a mistake to place tariff items in the bill. I believed it was a mistake because, having once opened the door to what are called tariff items, it would be so very difficult to close that door.

The question I am faced with now is whether we shall let the committee close the door or whether I shall be justified in presenting to the Senate the claims of persons who are very much interested in this particular amendment.

I do not think it is worth while to discuss whether these tariff measures were placed in the bill for the sole purpose of raising revenue or whether they were placed there for the purpose of protecting the various industries. I think it may very well be admitted that for the most part they were put there for the purpose of protecting the industries. The people in my State and in other States who have appealed to me with respect to this particular item certainly are more interested in protection than they are in raising revenue.

It is, however, a fact that if this amendment is adopted it will go a long way toward increasing the revenue which is necessary to be raised by the bill that is now before the Senate.

When the people interested in this subject appeal to me it is not possible for me to say to them that the item was not included in the committee's recommendation, and therefore they can have no vote upon it in the Senate. I have hesitated, and I hesitate now, to urge it upon the Senate.

On the other hand, I find that on next to the last vote last night both sides of this aisle did not hesitate at all to turn aside from the recommendations of the committee, and to vote out an increase in the taxes upon automobile trucks and accessories.

I do not think the criticism of the President by the senior Senator from Maryland [Mr. TYDINGS] is justified. He complains that the President of the United States, if he wants this bill passed and wants the Budget balanced, should have seen to it that the tariff items were taken from the bill. He complains because the President sits in his chair at the White House and keeps silent with respect to the matter, when the Senator urges that a single word from the President would have kept out these items entirely and would have hastened the passage of the bill.

It is undoubtedly true that if the President had made a recommendation to Congress, if he had sent here a message urging that those things be kept out, he would have been criticized very much more severely for sending such a message and undertaking to interfere with the Congress than for saying nothing, as he did in this particular instance. So I pass that by as unworthy of any particular comment or any particular answer. We are discussing now this particular amendment and I want to call to the attention of the Senate just what it means.

If the amendment is adopted as presented by the Senator from Minnesota [Mr. SHIPSTEAD], it will mean, from last year's figures, the approximate sum of $25,000,000 in revenue to this Government. I frankly admit, however, that that is not the purpose I have. I have in mind the distressed condition of the fish-oil industry in this country of ours; and I call attention to the fact that it is not only my State that is affected. Many States in this Union are affected. All of the coastal States on both sides are affected.

The State of Maine has a number of plants, covering more than a page. There are plants in Massachusetts, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Louisiana, Mississippi, Texas, Washington, Oregon, California, and Alaska. Every State that I have mentioned has more than one plant. Some of them have as many as 50 plants. The State of Maine, I think, has as many as 50 plants; and my understanding is that there has been invested in this industry a sum amounting to approximately $150,000,000.

I do not know, and the people who have talked with me on the subject say they do not know, of a single one of these plants that has been able to operate at all for the past two years, because of the oils that are being sent into this country from foreign countries, without the payment of any tax of any kind. I call the Senator's attention to the fact that some 1,500,000,000 pounds of various oils are sent into this country without the payment of any tax whatever.

As I have stated, the total tax—and it is a small rate, of 2 cents a pound—would, it is estimated, bring into the Federal Treasury some $25,000,000.

The industries to which I have referred employ some 35,000 men in the 300 plants, and for two years they have not been able to manufacture and sell their product at a profit at all because of the influx of the oil from all the countries of the world.

This condition affects not only the particular industry to which I am drawing attention, but the imposition of this tax is the same thing the farmers of this country have been asking the Congress to do for many years. In the consideration of every tariff bill that has been passed an effort has been made by the farmers of the country to have inserted in the measure a sufficient tax to protect the farmers who are constantly producing this oil. What has been the answer? It has been that if we put a tax upon this oil, we will increase the price of soap, in the manufacture of which this kind of oil is used. If Senators will look at the financial sheets of the large soap manufacturers of this country, who have done so much to prevent the imposition of a tariff duty being placed upon that product, they will find that they have not suffered as other industries of the country have suffered. It will be found, in addition to that, that the argument that has been made, that it was a crime to put a tax upon this article, and thereby put a tax upon the poor people who use for bath purposes the soap manufactured from these oils, is like the argument used by the manufacturers of bread. While the article they use in the manufacture of soap has decreased in price, not a dime has been taken off the cakes of soap they sell to the public. People are paying just as much for soap as they ever paid, and if this amendment shall be agreed to, they will not pay one cent more per 100 pounds than they are paying now.

Mr. President, I want to call attention to the fact that in the years 1912 to 1914 the soap manufacturers used 80 per cent of domestic oils. From 1919 to 1921 they used 68 per cent. From 1928 to 1930 they used 57 per cent and 43 per cent of foreign oil. So it can be seen that there is no chance for the persons manufacturing this oil, either from fish or in any of the various ways it is manufactured from foreign importations.

There is one difficulty in connection with the pending amendment which has been referred to by the senior Senator from Missouri [Mr. HAWES]. That is with respect to the Philippine Islands. The amount of these oils sent from the Philippine Islands to the United States is very large. Something like $11,000,000 would be the tax on the oils coming from those islands, so that if the Philippines shall be excluded, as the Senator from Missouri proposes, it would cut down the amount of revenue received from the tax on these oils to approximately $14,000,000 instead of $25,000,000. In pounds the amount sent here is 783,000,000, out of a total of 1,500,000,000 pounds.

So far as I am concerned, I do not care to get into a discussion as to whether or not it is necessary to exclude from the effect of this amendment the Philippine Islands. I assume it is, because the Senate has time and time again refused to put upon sugar produced in those islands the tariff necessary to protect the sugar industries of this country, and I am assuming, therefore, that it may be the sense of the Senate that the amendment which the Senator from Missouri I understand is about to offer, namely, to exclude the Philippine Islands from the operation of this amendment, may be adopted by the Senate. But even if that amendment shall be adopted I respectfully submit there is enough merit left in the Shipstead amendment, as there will be enough help to be afforded by it to do some good to the farmers and to revive this fishing industry. Therefore I hope the Senate may see its way clear to adopt the amendment as proposed by the Senator from Minnesota.

Mr. HOWELL obtained the floor.

Mr. HAWES. Mr. President, will the Senator from Nebraska yield to me to offer an amendment to the pending amendment?

Mr. HOWELL. I yield for that purpose.

Mr. HAWES. I offer an amendment in the nature of a substitute to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. BINGHAM. Let the amendment be reported, Mr. President.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 244, after line 9, the Senator from Missouri proposes to insert:

(9) Copra, hempseed, palm nuts, kapok seed, palm-nut kernels, tung nuts, rapeseed, perilla seed, sesame seed, rubber seed, 1 cent per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, but notwithstanding the provisions of paragraph (5) of subsection (b) of this section, shall not apply to importations from the Philippine Islands or other possessions of the United States.

(10) Coconut oil, palm oil, perilla and sweet almond oil, tung oil, herring oil, pilchard oil, whale oil, seal oil, sperm oil, crude, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, but notwithstanding the provisions of paragraph (5) of subsection (b) of this section, shall not apply to importations from the Philippine Islands or other possessions of the United States.

(11) Palm-kernel oil, sunflower oil, sesame oil, rapeseed oil, olive oil, all the foregoing if in inedible form, 2 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles, but notwithstand-

ing the provisions of paragraph (5) of subsection (b) of this section, shall not apply to importations from the Philippine Islands or other possessions of the United States.

PURPOSE OF AMENDMENT

Mr. HOWELL. Mr. President, the determination on the part of Congress to introduce tariff items in this revenue bill is evident. The House of Representatives has already approved tariff duties on petroleum, gasoline, lubricating oil, and coal. The Senate Finance Committee revised the list by accepting tariff duties on all these products, with some modifications, in addition adding tariffs on all other liquid-petroleum products; paraffin; asphalt; lumber, rough, planed, or dressed; copper; and rubber tires and tubes. The Senate thus far has approved duties on petroleum and petroleum products, gasoline, lubricating oil, lumber, copper, paraffin, asphalt, and coal.

All of these duties impose additional burdens upon the consumers, and especially upon agriculture. The farmers are large users of petroleum, gasoline, lubricating oil, rubber tires and other rubber products, and lumber of all kinds and will have to pay more for these products because these tariff duties will be passed on to the consumers, the largest group being composed of farmers.

Congress is inserting tariff duties in this revenue bill not primarily to obtain revenue, except in the case of tires and tubes, but to aid the oil industry, to aid the lumber industry, to aid the copper-mining industry, the asphalt industry. But what has it proposed to do for the farmers? If we are to put additional burdens on the farmers of this country to aid these industries, then agriculture—now lowest on the economic scale—must receive some aid.

The purpose of the amendment under consideration is twofold: First, to produce revenue; and, second, to remedy to some extent agriculture's inequality in tariff benefits.

It is estimated that this amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] would yield a total revenue of approximately $25,000,000 annually.

This tax will be more equitably distributed than the tariff duties already imposed, which will hit special groups particularly hard. The taxes on vegetable and animal oils, if paid by the great, affluent soap companies and other industrial users of these oils, will be less burdensome than the duties paid by farmers and laboring people. Even if passed on to the consumers of these industrial products, the costs will be distributed over such a wide range of products and the percentage of increased cost will be so small and will be distributed among such a large number of taxpayers, that this indirect tax will not be burdensome.

On the other hand the benefits of this proposed amendment will be diffused among millions of farmers and among thousands of workmen in oil mills which can resume operation in competition with mills using imported oils, whereas the tariffs on oils, copper, coal, and lumber will benefit mainly a comparatively small number of oil corporations, coal barons, mining companies, and lumber companies, together with the limited number of employees in these specialized industries.

Agriculture is not protected, in fact, as is industry protected under existing tariff rates. Congress ignored many of the recommendations of agriculture when it enacted the tariff act of 1930. One of the most important omissions was the failure to protect agriculture from the enormous flood of tropical oils and fats which enter our markets duty free and displace the use of American butter and American lard and American vegetable and animal oils which otherwise might be used for similar uses in place of the imported oils.

The pending amendment proposes to remedy this injustice and to levy moderate excise taxes on the imports of certain oils and fats which for the most part enter our markets free of duty. With the exception of fish and whale oils, which now carry very low rates of duty, all of the oils and fats and all of the oil-bearing materials in the pending amendment enter our markets free of duty.

The proposed amendment would place a tax of 1 cent on the following oil-bearing seeds and nuts which now enter free of duty: Copra, hempseed, palm nuts, kapok seed, palmnut kernels, tung nuts, rapeseed, perilla seed, sesame seed, and rubber seed.

A duty of 2 cents per pound would be placed on the following oils and fats: Coconut oil, product of the Philippine Islands; palm oil; perilla and sweet almond oil; tung oil; herring oil; pilchard oil; whale oil; seal oil; sperm oil, crude; and upon the following oils in inedible form: Palmkernel oil, sunflower oil, sesame oil, rapeseed oil, and olive oil.

We now import nearly 2,000,000,000 pounds of oils and fats, including oil from imported materials. In 1923 our exports practically equaled our imports, whereas in 1930 our exports had sharply declined and our imports had sharply increased, with the result that the imports exceeded exports by 932,905,000 pounds, or nearly 1,000,000,000 pounds. This is shown in a table appearing in the 1932 report of the Tariff Commission on certain vegetable oils.

I now ask unanimous consent to have inserted at this point in the RECORD the table referred to.

The VICE PRESIDENT. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—*Oils: Relation of imports to exports in the United States*

Year	Excluding oil from imported stock			Including oil from imported stock		
	Imports	Exports	Excess exports over imports	Imports	Exports	Excess imports over exports
	Pounds	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
1923	727, 629, 000	1, 372, 938, 000	+645, 309, 000	1, 447, 663, 000	1, 372, 938, 000	+74, 725, 000
1924	680, 451, 000	1, 296, 256, 000	+615, 805, 000	1, 231, 357, 000	1, 296, 256, 000	−64, 899, 000
1925	824, 338, 000	1, 028, 319, 000	+203, 981, 000	1, 419, 833 000	1, 028, 319, 000	+391, 514, 000
1926	870, 553, 000	999, 107, 000	+128, 554, 000	1, 629, 992, 000	999, 107, 000	+630, 892, 000
1927	920, 620, 000	1, 005, 952, 000	+85, 332, 000	1, 672, 120 000	1, 005, 952, 000	+666, 168, 000
1928	948, 954, 000	1, 031, 419, 000	+82, 465, 000	1, 658, 725 000	1, 031, 419, 000	+627, 306, 000
1929	1, 261, 783, 000	1, 079, 195, 000	−182, 588, 000	2, 150, 979, 000	1, 079, 195, 000	+1, 071, 784, 000
1930	1, 124, 390, 000	872, 961, 000	−251, 429, 000	1, 805, 866, 000	872, 961, 000	+932, 905, 000

Source: For basic statistics, Foreign Commerce and Navigation of the United States, Department of Commerce. Report of Tariff Commission on Certain Vegetable Oils, 1932.

Mr. HOWELL. Mr. President, what does this mean to agriculture? It means that domestic oils produced from the products of American farms have been displaced to a large extent by the use of cheaper imported materials.

Since 1914 the use of domestic oils and fats in food has increased 31.1 per cent, while the use of foreign oils in food has increased 2,169 per cent. The use of domestic oils for soap making has increased about 41 per cent, while the use of foreign oils for soap making has increased 389 per cent. The total consumption of the principal domestic oils and fats for all uses has increased about 27 per cent, while the use of the principal foreign oils and fats for all uses has increased 2,862 per cent. These figures are shown in a table from the report of the Tariff Commission, 1932, which I request permission to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE II.—*Consumption and exports of principal domestic and foreign animal and vegetable oils, not including butter, edible olive oil, paint oils, and other specialized oils, 1914 and 1929*

[In thousands of pounds]

	Domestic oils made from domestic materials			Five foreign oils covered by resolution	Total foreign soap and food oils [2]	All foreign and domestic oils	
	Lard (except neutral)	Other [1]	Total			Exeluding lard	Including lard
Consumption in food:							
1914	1,152,197	1,533,860	2,686,057	5,280	12,645	1,546,505	2,698,702
1929	1,725,164	1,795,535	3,520,699	284,980	286,886	2,082,421	3,807,585
Increase or decrease	572,967	261,675	834,642	279,700	274,241	535,916	1,108,883
Per cent	49.7	17.1	31.1	5,297.3	2,168.8	34.7	41.1
Consumption in soap:							
1914	10,484	581,547	592,031	123,358	160,334	741,881	[3] 752,365
1929		832,402	832,402	673,871	783,900	1,616,302	[3] 1,616,302
Increase or decrease		250,855	240,371	550,513	623,566	874,421	863,937
Per cent		43.1	40.6	446.3	388.9	117.9	114.8
Total consumption: [4]							
1914	1,162,681	2,118,171	3,280,852	168,987	234,816	2,352,987	3,515,668
1929	1,725,164	2,833,871	4,559,035	1,067,779	1,191,484	4,025,355	5,750,519
Increase or decrease	562,483	715,700	1,278,183	898,792	956,668	1,672,368	2,234,851
Per cent	48.4	33.8	39.0	531.9	407.4	71.1	63.6
Exports:							
1914	438,016	350,971	788,987	997	1,071	352,042	790,058
1929	829,328	174,419	1,003,747	29,532	29,532	203,951	1,033,279
Increase or decrease	391,312	−176,552	214,760	28,535	28,406	−148,091	243,221
Per cent	89.3	−50.3	27.2	2,862.1	2,522.7	−42.1	30.8

[1] Including cottonseed, corn, peanut, soybean, oleo oil, neutral lard, edible and inedible tallow, greases, fish and whale oils.
[2] Including, in addition to the five oils mentioned in the resolution, inedible olive oil and foots, soybean, peanut oils, other animal oils, including fish.
[3] The difference between these totals and those shown in Table IV-3, p. 15, −66,308,000 pounds in 1914 and 75,488,000 pounds in 1929, is accounted for by soap stock, red oil, vegetable tallow, and miscellaneous oils, which are not included in this table.
[4] Exceeds food and soap consumption by quantities used in other industries.

Source: Report of Tariff Commission on Certain Vegetable Oils, 1932.

Mr. HOWELL. Mr. President, the dairy farmers have suffered from increased competition and displacement of butter by the enormous increase in production of margarine. A table—Table III—taken from the 1932 report of the Tariff Commission shows the enormous increase in the output of this industry in the United States, the total production increasing from 144,000,000 pounds in 1914 to 312,000,000 pounds in 1930, or about two and one-half times the production in 1914. Every pound of margarine displaces a pound of butter which otherwise might be utilized.

I desire to insert at this point in the RECORD another table.

The VICE PRESIDENT. Without objection, it is so ordered.

The table is as follows:

TABLE III.—*Production of margarine in the United States by classes*

[In millions of pounds]

Calendar year	Total quantity	Vegetable-oil margarine		Animal-oil margarine	
		Quantity	Per cent of total	Quantity	Per cent of total
1914	144				
1916	203	2	1.0	201	99.0
1918	356	89	25.0	267	75.0
1919	371	143	38.4	228	61.6
1920	370	196	52.8	174	47.2
1921	212	102	47.8	110	52.2
1922	185	76	40.8	109	59.2
1924	229	101	44.2	128	55.8
1926	239	121	50.8	118	49.2
1928	308	196	63.7	112	36.3
1929	342	222	64.8	120	35.2
1930	312	216	69.3	96	30.7

Report of Tariff Commission on certain vegetable oils, 1932.

Mr. HOWELL. Production of lard substitutes has increased from 876,927,000 pounds in 1912 to 1,211,268,000 pounds in 1930, which is an increase of almost 50 per cent. At this point I ask consent to insert an additional table in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The table is as follows:

TABLE IV.—*Production and consumption of lard compounds in the United States*

[Report of Tariff Commission on certain vegetable oils, 1932]

[In thousands of pounds]

Calendar year	Production	Consumption
1912	876,927	
1914	1,136,522	
1919	1,350,000	

TABLE IV.—*Production and consumption of lard compounds in the United States*—Continued.

Calendar year	Production	Consumption
1921	811,095	
1923	750,522	747,899
1925	1,152,620	1,135,215
1927	1,178,995	1,166,413
1929	1,220,102	1,214,986
1930	1,211,268	

Mr. HOWELL. Every pound of lard substitute displaces a pound of lard, which otherwise might be used. The production of lard substitutes in 1929, totaling 1,220,102,000 pounds, exceeded our total exports of lard amounting to 829,328,000 pounds by approximately 400,000,000 pounds, or 50 per cent more than our exports of lard. In other words, if it were not for the competition of lard substitutes we would have a deficit of 400,000,000 pounds of lard instead of an exportable surplus of 800,000,000 pounds. Visualize what this would mean in increased price to the hog producers of the country who are now forced to take the world price for their lard, whereas if they were on a deficit basis the tariff of 3 cents per pound on lard would tend to become fully effective.

If it were not for the unprofitableness of the use of cottonseed oil and other vegetable oils in other industrial products by reason of the competition from imported oils, large quantities of these domestic vegetable oils could be used in those industries instead of using such large quantities in production of butter and lard substitutes to compete with butter and lard.

In the soap industry there has been a large replacement of domestic oils by foreign oils. In 1914 domestic oils constituted 79 per cent of all the oils consumed in soap in the United States, whereas in 1929 domestic oils constituted only 51 per cent of all the oils used in soap, due to the increased utilization of imported oils.

The use of imported coconut oil increased from 9.5 per cent of the total consumption of oil for soap in 1914 to 19.4 per cent in 1930. The use of imported palm oil increased from 1.2 per cent to 12.3 per cent. The use of imported whale oil increased from one-half of 1 per cent in 1914 to 3.3 per cent in 1930. The use of imported herring and sardine oil increased from virtually nothing in 1914 to 1.4 per cent in 1930.

In striking contrast with the increased utilization of imported oils for soap, the use of domestic cottonseed oil decreased from 14.6 per cent of the total oil consumption in

soap in 1914 to one-half of 1 per cent in 1930; domestic cottonseed foots from 13.2 per cent to 6.6 per cent; domestic tallow from 31.5 per cent to 27.8 per cent.

This is shown in tables from the 1932 report of the Tariff Commission, which I ask unanimous consent to insert in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The tables are as follows:

TABLE V.—*Consumption in soap making of major classes of domestic and foreign oils* [1]

[Report of the U. S. Tariff Commission on certain vegetable oils, 1932]

Calendar year	Made from domestic materials				Made from foreign materials		
	Vegetable oils	Animal oils and fats, except marine	Whale and fish oils	Miscellaneous	Vegetable oils	Animal oils and fats, except marine	Whale and fish oils
	In 1,000 pounds						
1912	256,261	316,835	1,103	27,414	114,301	15,510	9,927
1914	263,763	351,690	11,853	31,033	131,956	24,355	4,023
1916	345,615	436,922	4,726	40,464	200,275	22,667	8,126
1917	292,429	410,036	7,576	56,613	342,124	87,176	5,732
1919	198,407	338,696	8,712	41,111	269,787	45,967	4,843
1921	159,445	498,653	35,179	24,048	246,761	24,041	2,434
1922	114,507	580,550	41,863	19,169	292,818	21,832	48,642
1923	100,775	554,326	36,127	22,334	414,047	30,823	37,142
1924	112,214	714,564	33,764	20,000	386,412	20,440	34,017
1925	140,824	630,427	46,074	20,000	508,194	16,828	52,866
1926	153,727	652,663	42,886	20,000	512,002	35,647	68,787
1927	194,011	726,741	40,507	20,000	534,851	15,000	95,042
1928	168,866	684,897	52,814	20,000	586,180	32,500	89,406
1929	162,716	670,271	49,527	20,000	679,696	25,000	84,580
1930	146,775	678,554	41,160	15,000	585,542	20,000	72,669
	In percentages of total consumption of oil in soap making						
1912	34.6	42.7	0.2	3.7	15.4	2.1	1.3
1914	32.2	43.0	1.4	3.8	16.1	3.0	.5
1916	32.6	41.3	.5	3.8	18.9	2.1	.8
1917	24.3	34.1	.6	4.7	28.5	7.3	.5
1919	21.9	37.3	1.0	4.5	29.7	5.1	.5
1921	16.1	50.3	3.6	2.4	24.9	2.4	.3
1922	10.2	51.9	3.7	1.7	26.2	2.0	4.3
1923	8.4	46.4	3.0	1.9	34.6	2.6	3.1
1924	8.5	54.1	2.6	1.5	29.2	1.5	2.6
1925	10.0	44.6	3.2	1.4	35.9	1.2	3.7
1926	10.4	43.9	2.9	1.3	34.5	2.4	4.6
1927	11.9	44.7	2.5	1.2	32.9	.9	5.9
1928	10.3	41.9	3.2	1.2	35.9	2.0	5.5
1929	9.6	39.6	2.9	1.2	40.2	1.5	5.0
1930	9.4	43.5	2.6	1.0	37.5	1.3	4.7

[1] Government figures 1912–1919; 1921–1923 estimated from data furnished by the trade to the Tariff Commission; 1924–1930 estimated from trade sources based on Government data.

TABLE VI.—*Consumption in soap making of vegetable oils, imported or from imported materials* [1]

Calendar year	Coconut oil	Palm oil	Palm-kernel oil	Olive oil, foots	Olive oil, inedible	Soybean oil	Miscellaneous oils
	In 1,000 pounds						
							Peanut oil
1912	78,816	7,546	20,579	5,457	690	1,182	31
1914	77,959	10,000	31,376	7,298	748	4,499	76
1916	111,084	14,938	5,804	9,411	1,184	57,373	4,811
1917	168,602	27,345	4,762	10,500	1,731	124,058	5,126
1919	182,613	17,268	4,551	3,964	935	58,401	2,055
1921	194,417	24,386	593	15,842	767	10,756	----------
1922	237,702	30,389	685	20,688	1,047	2,307	----------
							Vegetable tallow
1923	267,982	102,323	3,287	27,324	1,317	3,266	8,548
1924	260,000	82,250	4,440	24,785	7,239	2,500	5,198
1925	286,000	119,400	45,037	38,197	10,886	2,250	6,424
1926	270,206	100,960	83,653	42,981	9,225	2,500	2,477
1927	334,765	112,460	31,248	41,372	6,818	2,500	5,688
1928	335,417	142,363	50,578	39,621	8,439	2,500	7,262
1929	[2] 344,205	192,331	72,920	43,417	10,212	6,400	10,211
1930	303,271	191,956	29,431	43,013	6,829	5,000	6,042

[1] Government figures 1912–1919; 1921–1923 estimated from data furnished by the trade to the Tariff Commission; 1924–1930 estimates based on Government data.

[2] Census of factory consumption of animal and vegetable oils in 1929 shows 393,914,000 pounds of coconut oil used in the soap industry; 178,851,000 pounds of palm oil; 44,532,000 pounds of palm-kernel oil; 38,448,000 pounds of olive-oil foots; 2,375,000 pounds of inedible olive oil.

TABLE VI.—*Consumption in soap making of vegetable oils, imported or from imported materials*—Continued

Calendar year	Coconut oil	Palm oil	Palm-kernel oil	Olive oil, foots	Olive oil, inedible	Soybean oil	Miscellaneous oils
	In percentages of total consumption of oils and fats in soap manufacture						
							Peanut oil
1912	10.6	1.0	2.8	0.7	0.1	0.2	----------
1914	9.5	1.2	3.8	.9	.1	.6	----------
1916	10.5	1.4	.6	.9	.1	5.4	----------
1917	14.0	2.3	.4	.9	.1	10.3	0.4
1919	20.1	1.9	.5	.4	.1	6.4	.2
1921	19.6	2.5	.1	1.6	.1	1.1	----------
1922	21.2	2.7	.1	1.9	.1	.2	----------
							Vegetable tallow
1923	22.4	8.6	.3	2.3	.1	.3	0.7
1924	19.7	6.2	.3	1.9	.6	.2	.4
1925	20.2	8.4	3.2	2.7	.8	.2	.4
1926	18.2	6.8	5.6	2.9	.6	.2	.2
1927	20.6	6.9	1.9	2.5	.4	.2	.4
1928	20.5	8.7	3.1	2.4	.5	.2	.5
1929 [3]	20.3	11.4	4.3	2.6	.6	.4	.6
1930	19.4	12.3	1.9	2.8	.4	.3	.4

[3] Based on census of factory consumption referred to in the preceding note, the percentages for this year would be as follows: Coconut oil 24.3, palm oil 11, palm-kernel oil 2.8, olive-oil foots 2.3, inedible olive oil 0.1. This report did not distinguish foreign and domestic soybean oil and miscellaneous oils.

(Report of Tariff Commission on Certain Vegetable Oils, 1932.)

TABLE IV–6.—*Consumption in soap making of specified domestic vegetable oils* [1]

[In 1,000 pounds]

Calendar year	Cottonseed oil		Cottonseed-oil foots		Corn oil	Peanut oil	Miscellaneous soap stock
	Quantity	Per cent total oil consumption in soaps	Quantity	Per cent total oil consumption in soaps			
1912	132,312	17.8	89,127	12.0	9,822	----------	25,000
1914	119,254	14.6	108,141	13.2	11,368	----------	25,000
1916	194,916	18.4	112,178	10.6	12,821	700	25,000
1917	126,390	10.5	115,042	9.6	15,997	10,000	25,000
1919	56,130	6.2	108,389	11.9	2,235	1,000	30,653
1921	47,935	4.8	76,018	7.7	2,405	10,983	22,104
1922	19,759	1.8	61,966	5.5	4,941	6,711	21,130
1923	10,824	.9	52,676	4.4	5,617	6,900	24,753
1924	10,000	.8	77,214	5.8	5,000	5,000	15,000
1925	8,000	.6	109,824	7.8	5,000	----------	18,000
1926	5,000	.3	118,727	8.0	5,000	3,000	22,000
1927	7,500	.5	147,511	9.0	5,000	2,000	32,000
1928	20,000	1.2	105,206	6.4	5,000	3,000	35,660
1929	12,000	.7	108,904	6.4	5,000	1,700	35,112
1930	7,500	.5	103,360	6.6	4,000	1,500	30,415

[1] Government figures 1912–1919; 1921–1923 estimated from data furnished by the trade to the Tariff Commission; 1924–1930 estimates based on Government data.

Report of the Tariff Commission on certain vegetable oils, 1932.

Mr. HOWELL. Mr. President, here is an opportunity to do something for the farmer. Here is an opportunity to insert in the tax bill an amendment which is wholly germane because it provides for the raising of revenue. If the amendment should be adopted, it would mean an additional $25,000,000 of revenue raised annually. Therefore, as I said, the amendment is germane, whereas the other tariff amendments were not germane because they are not for the purpose of raising revenue and will raise but little revenue. Their purpose is to aid the industries affected, whereas we want to aid the agricultural industry. Yet, Mr. President, this is an appreciable increase of revenue under the tax bill, and it is for that reason I say it is germane. It is now proposed that we eliminate importations from the Philippine Islands. If that is done, vast amounts of coconut oil will come in free in competition with the American products of this character. We certainly ought to give some consideration to agriculture. Here is an opportunity, and we should not split hairs.

Mr. President, agriculture must be rescued!

Mr. SHEPPARD. Mr. President, when the tariff act of 1930 was under consideration in the Senate I sought duties which, in my judgment, would have guarded our farmers from the disastrous competition of tremendous importations of vegetable, animal, and marine oils and fats. The

farmers, through their organizations, pleaded with Congress for such duties. Adequate tariff treatment, however, was not accorded by Congress.

During 1929 the imports of duty-free oils and fats, including raw material in terms of oil, totaled over one and one-quarter billion pounds. The tariff act of 1930 gave the farmers but little substantial protection against this volume of free imports. As a result, during 1930 a total of 1,302,702,000 pounds was imported duty free into the United States, or a somewhat larger amount than in 1929.

Will anyone say that agriculture is sufficiently protected against the competition of tropical oils and fats when a total of 1,302,702,000 pounds are imported free of duty, compared to 511,005,000 pounds dutiable? Many of the oils and fats in the dutiable list carry duties wholly inadequate to allow domestic oils and fats to compete successfully with them in our own markets.

I offer for the RECORD a table which I have marked "Table No. 1" showing the increase in duty-free imports of oils and fats during the past few years. I ask that all the tables to be inserted at my request may be printed in the order mentioned at the conclusion of my address.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Table No. 1.)

Mr. SHEPPARD. The proposed amendment places an excise tax primarily for revenue purposes upon all of the oils and fats which now enter free of duty, and all of the oil-bearing seeds and nuts which now enter free of duty. All of the materials taxed under this amendment enter free of duty except fish oil and whale oil, which are dutiable under the tariff act of 1930 at 5 cents per gallon and 6 cents per gallon, respectively, or approximately two-thirds of 1 cent per pound, and four-fifths of 1 cent per pound, respectively.

These taxes would not only bring in a substantial amount of revenue but would help our farmers to compete with imported products in their own markets.

Permit me to indicate how some of our farmers have been injured by the increased utilization of these foreign oils and fats at the expense of domestic oils and fats. In 1914 cottonseed oil, for example, constituted 63 per cent of the total consumption of all domestic oils, except lard, butter, and edible olive oil, but in 1929 cottonseed oil constituted only 36.6 per cent of the total domestic consumption of these oils. Cottonseed foots constituted 4.6 per cent of the total consumption of these oils in 1914, and only 2.7 per cent in 1929, whereas during the same period the use of imported coconut and palm-kernel oil increased from 4.9 per cent of the total consumption to 18.6 per cent, the use of imported palm oil from 2.1 per cent to 5.7 per cent, the use of imported whale oil from two-tenths of 1 per cent to 1½ per cent.

I ask to insert in the RECORD a table which I have marked "Table No. II," showing these comparative figures.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Table No. II.)

Mr. SHEPPARD. Note what has happened in the margarine industry. In 1914 crude coconut oil was selling at 12.2 cents per pound on the Pacific coast, and cottonseed oil at 6.6 cents per pound at New York, coconut oil representing only three-tenths of 1 per cent of the total oil consumption in margarine, cottonseed oil representing 20 per cent. In 1931 coconut oil was selling for 4.5 cents per pound, cottonseed oil for 7.2 cents per pound, coconut oil supplying 66.8 per cent of the total oil consumption in margarine, while cottonseed oil supplied but 9.4 per cent. This shows the extent of the displacement of domestic cottonseed oil by imported coconut oil in the manufacture of margarine.

In this connection I wish to insert in the RECORD another table which I have marked "Table No. III."

The VICE PRESIDENT. Without objection, it is so ordered.

(See Table No. III.)

Mr. SHEPPARD. This table shows that the rapid displacement of domestic cottonseed oil by imported coconut oil has been closely accompanied by the reduction of price in coconut oil to such extent that the latter has undersold domestic cottonseed oil in our own markets.

In the soap industry, the proportion of cottonseed oil has greatly declined while that of imported oils has greatly increased during the period from 1914 to 1931. In 1914, coconut oil was selling at 12.2 cents per pound, and cottonseed oil at 6.6 cents per pound, cottonseed oil representing 14.6 per cent of the total domestic consumption of oils in soap, whereas coconut and palm-kernel oils represented 13.4 per cent. In 1930, when coconut oil was selling for 5.9 cents per pound and cottonseed oil for 8.1 cents per pound, cottonseed oil amounted to only one-half of 1 per cent of the domestic consumption of oils in soap making, whereas coconut and palm-kernel oils, both of them articles of foreign production, represented 21.3 per cent.

With the permission of the Senate, Mr. President, I desire to insert another table which I have marked "Table IV." It shows a close connection between the comparative prices of domestic cottonseed oil and imported coconut oil, with the relative use of these oils in soap making during the period from 1914 to 1931.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Table No. IV.)

Mr. SHEPPARD. Mr. President, while there are particular types of soap to which coconut oil and palm-kernel oil are better suited than domestic oils by themselves, this can not be said by any means of all soaps, and only applies to a few types of soap. Moreover, the Tariff Commission reports that even for the types of soap in which coconut oil and palm-kernel oil are used extensively, the amount of coconut oil and palm-kernel oil can be increased or decreased considerably without changing appreciably the character of the soap.

The Tariff Commission further reports that soap manufacturers some years ago deliberately inaugurated an advertising campaign to promote the use of white soap as against yellow soap, and by means of these advertising campaigns helped to create a feeling in favor of white soaps, although colored soaps are just as efficient in their cleansing properties. In the manufacture of white soaps, coconut oil and palm-kernel oil are extensively used. In the manufacture of yellow soaps, cottonseed oil, foots, inedible tallow, domestic rosin, and other domestic materials are used.

I desire to refer to another table, being Table V, Mr. President, which I should like to insert in the RECORD at the close of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Table V.)

Mr. SHEPPARD. Mr. President, Table V shows that approximately 272,987,000 pounds of rosin might have been used in 1929 for the manufacture of soap if the use of rosin had increased to the same extent as the use of soap oils increased. Imported oils and fats are also used extensively in colored soaps. The soap manufacturers not only have displaced domestic oils in the manufacture of colored soaps to a large extent, but they have further displaced domestic oils by promoting through high-pressure sales methods and advertising campaigns the use of white soaps, in which large amounts of imported coconut oil and palm-kernel oil are used.

The soap interests have placed an exaggerated emphasis upon the alleged value of certain imported oils for soap uses. Even if imported oils were better ingredients than domestic oils for all types of soap, we would still be confronted with the displacement of domestic oils and fats in the manufacture of margarine and lard substitutes, as well as the displacement of domestic butter, as was pointed out by the Senator from Minnesota [Mr. SHIPSTEAD] yesterday. There can be no question but that cottonseed oil, tallow, and other domestic materials are just as good as the imported oils and fats in making margarine and lard compounds. There can be no question as to the displacement of domestic butter in substantial and growing degree by the importation of foreign oils and fats for margarine manufacture.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Minnesota?

Mr. SHEPPARD. I yield.

Mr. SHIPSTEAD. It is also a fact that soap manufacturers are charging as much for soap now with the raw materials at 3½ cents a pound as they charged when the raw materials were 17 cents a pound.

Mr. SHEPPARD. I welcome that statement from the Senator.

The proposed amendment will not end the importation of foreign oils and fats. The soap manufacturers can still secure the oils and fats which they consider suitable to their particular formulas. The difference will be that these foreign oils and fats now entering our markets free of duty will have to pay a very modest contribution to the support of our Government instead of using our markets and paying nothing to the Government for the privilege. At the same time, the passage of the amendment will stimulate the use of domestic products with undoubted benefit to American agriculture.

Mr. President, the most important fact in connection with any industry is the condition of the workers engaged in its operation. Far above inanimate commodities, such as lumber, coal, copper, and oil, in true value and significance are the men, the women, and the children dependent on the production of such commodities for their livelihood. The masses of the American people find sustenance and occupation almost wholly as hand toilers in the various industries of the United States. Probably not more than 15 per cent of the American people may be found outside the ranks of manual toilers. These hand workers are the principal pillars of our civilization. It is vital to them and to the country that the industries affording them subsistence and employment be preserved.

The disappearance or the impairment of one industry with the purchasing power it establishes to sustain markets for the production of other industries would weaken our entire economic structure. Strike down the earning and producing power and therefore the purchasing power of the working masses in oil, in copper, in coal, in lumber, in farming, and they will not only undergo unspeakable hardship and privation themselves but they will have nothing with which to buy the products of the remainder of the laboring multitudes. It is no remedy for the poverty and distress of the producing masses to permit floods of foreign articles, made by impoverished labor, continuously to pour into this country and break down the already inadequate prices the home workers are now receiving.

It has been said, Mr. President, during the course of this debate, that we should buy wherever we can buy cheapest, not only here but throughout the world. Everything produced in the United States can be produced somewhere on the globe outside our own limits at a lower price than is possible here. Suppose we buy everything abroad, thus causing domestic production to cease. When, in pursuing such a course, we exhaust existing funds, credits, and surpluses, how will the American people obtain further funds, credits, and commodities to exchange for the necessities of existence even at the low prices of low-standard foreign regions? With our producing power destroyed, where will we obtain the purchasing power to make possible the continuance of our existence and our civilization? Not only will there be nothing to exchange for foreign articles on which a policy of buying wherever we can buy the cheapest will have made us dependent but there will be nothing with which to support Government itself or the institutions and facilities essential to our civilization and our progress.

If the support of measures intended to relieve the stricken workers in coal and lumber and copper and oil while extending such support to measures for workers in all other lines wherever needed, including agriculture, makes one a member of an unholy combination, as some Senators so mistakenly have charged in the course of this debate, I welcome that designation as a badge of honor and a mark of merit.

The present Congress has been compelled to devote itself mainly to relief measures, due to the fact that the American masses are suffering from the severest economic distress they have as yet experienced, and many Senators are opposed to the relief measures which have been inserted in the pending bill on the theory that they are willing to save America but are unwilling to save it in the wrong bill. I am supporting all these measures in the hope that the working multitudes in every industry and occupation will have been reached by every aid at the command of government before this session of Congress ends. The tariff amendments proposed in connection with this bill comprise a part, as I see the situation, of a general relief program.

We have enacted immigration laws because we desire to protect the producing masses of America from the cheap labor of the world, and yet we are still admitting the products of that labor without any restrictions whatever, so far as many basic industries are concerned, to beat down the economic conditions and the purchasing power of the American workers engaged in such industries.

The Democratic House of Representatives has opened the way for aid to certain essential industries in the present bill by sending us a revenue measure with tariff rates on foreign articles competing with these industries which provide relief as well as revenue. It might be well to say here that almost every tariff bill in our history has combined revenue with its other objectives.

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from California?

Mr. SHEPPARD. I yield.

Mr. SHORTRIDGE. Addressing myself to the Senator from Texas, let me say that I did not have the benefit of listening to all his address, but I take it that his reasoning justifies adequate protection on, for example, long-staple cotton, almonds, citrus fruits, casein, and poultry and dairy products, all of which, unless adequately protected, will come into fatal competition with the like products shipped into this country from countries where cheap pauper labor prevails.

Mr. SHEPPARD. Wherever that condition applies undoubtedly there should be adequate relief. In my view, the proper theory of the tariff is to consider each article on its own merits and apply such tariff treatment as legitimate conditions demand. That, however, is an entirely different proposition from saying that one is in favor of exorbitant tariffs or corrupt tariffs, or anything bearing the name of tariff.

Mr. SHORTRIDGE. But they should be adequate to measure the differential between the cost of producing the article here and the cost of producing it in some cheap-labor country.

Mr. SHEPPARD. Undoubtedly.

TABLE I.—*Animal and vegetable oils, dutiable and free, including raw material in terms of oil: Imports for consumption in the United States*

	1923	1924	1925	1926	1927	1928	1929	Jan. 1 to June 17, 1930	June 18 to Dec. 31, 1930	Total, January to December, 1930
Dutiable:	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Flaxseed (in terms of linseed oil)	456, 474, 000	311, 210, 000	309, 722, 000	418, 655, 000	412, 877, 000	329, 775, 000	447, 383, 000	203, 717, 000	33, 830, 000	237, 547, 000
Olive oil, edible	73, 568, 000	76, 900, 000	87, 683, 000	80, 760, 000	71, 848, 000	83, 394, 000	92, 050, 000	53, 330, 000	38, 687, 000	92, 017, 000
Whale oil, n. s. p. f.	28, 853, 000	37, 528, 000	53, 558, 000	39, 247, 000	53, 130, 000	48, 427, 000	56, 550, 000	29, 516, 000	23, 186, 000	52, 702, 000

TABLE I.—*Animal and vegetable oils, dutiable and free, including raw material in terms of oil: Imports for consumption in the United States*—Continued

	1923	1924	1925	1926	1927	1928	1929	Jan. 1 to June 17, 1930	June 18 to Dec. 31, 1930	Total, January to December, 1930
Dutiable—Continued.	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Castor bean (in terms of castor oil)	37,186,000	35,691,000	45,037,000	42,334,000	51,501,000	58,988,000	73,665,000	16,505,000	26,735,000	43,241,000
Castor oil	1,019,000	293,000	330,000	450,000	19,000	1,033,000	135,000	15,000	30,000	45,000
Menhaden, herring, and cod oil	4,324,000	4,511,000	4,253,000	14,571,000	39,216,000	375,000	34,713,000	21,916,000	7,067,000	28,983,000
Rapeseed oil	15,932,000	17,363,000	12,675,000	20,767,000	19,222,000	876,000	18,801,000	7,190,000	2,475,000	9,665,000
Soybean oil	33,222,000	11,210,000	15,905,000	26,370,000	11,515,000	12,587,000	16,317,000	7,227,000	3,387,000	10,614,000
Palm-kernel oil									9,867,000	9,867,000
Wool grease	9,431,000	12,744,000	9,967,000	11,797,000	10,927,000	10,669,000	10,550,000	5,977,000	1,936,000	7,913,000
Seal oil	3,806,000	3,630,000	2,738,000	4,881,000	4,719,000	1,461,000	4,731,000	2,206,000	1,146,000	3,352,000
Sperm oil	960,000	529,000	1,937,000	1,030,000	1,995,000	3,315,000	2,600,000	1,352,000	1,657,000	3,009,000
Linseed oil, raw, boiled or oxidized	42,729,000	13,577,000	13,906,000	9,610,000	6,360,000	173,000	9,135,000	2,500,000	72,000	2,572,000
Butter	20,810,000	19,279,000	6,361,000	6,727,000	8,456,000	4,335,000	2,586,000	1,906,000	544,000	2,450,000
Fish oil, n. s. p. f.	1,052,000	1,122,000	943,000	816,000	697,000	2,371,000	3,493,000	1,502,000	549,000	2,051,000
Peanut oil	4,876,000	5,076,000	2,540,000	5,930,000	2,809,000	2,219,000	1,906,000	850,000	978,000	1,828,000
Oleo stearin	216,000	1,009,000	891,000	1,960,000	2,064,000	1,622,000	1,737,000	83,000	1,283,000	1,366,000
Animal tallow	10,823,000	2,440,000	1,771,000	13,647,000	12,908,000	13,482,000	16,468,000	400,000	190,000	590,000
Expressed and extracted oils, n. s. p. f.	170,000	267,000	112,000	2,441,000	1,641,000	1,092,000	3,344,000	46,000	854,000	900,000
Sesame oil, edible									88,000	88,000
Oleo oil	6,000			(1)	817,000	624,000	188,000	33,000	41,000	74,000
Animal oils, fats, and greases, n. s. p. f., inedible	223,000	136,000	216,000	225,000	145,000	262,000	229,000	53,000		53,000
Coconut oil (not from Philippine Islands)	1,209,000	135,000	453,000	327,000	38,000	60,000	43,000	29,000	3,000	32,000
Poppy-seed oil, raw, boiled, or oxidized	16,000	19,000	64,000	176,000	42,000	45,000	39,000	14,000	14,000	28,000
Cottonseed (in terms of cottonseed oil)	10,314,000	14,258,000	9,575,000	8,843,000	1,640,000	157,000	25,000	13,000	5,000	18,000
Cottonseed oil	25,000			6,679,000	(1)	1,000	2,000			
Total	757,244,000	568,927,000	581,137,000	718,237,000	714,586,000	631,343,000	796,690,000	356,380,000	154,624,000	511,005,000
Free:										
Copra (in terms of coconut oil)	209,780,000	183,371,000	229,368,000	288,287,000	284,127,000	316,254,000	359,687,000	155,865,000	219,198,000	375,063,000
Coconut oil (from Philippine Islands)	180,700,000	224,635,000	232,499,000	245,129,000	293,370,000	290,637,000	411,936,000	167,707,000	150,213,000	317,920,000
Palm oil	123,495,000	101,780,000	139,179,000	130,747,000	159,911,000	169,228,000	261,816,000	101,030,000	186,462,000	287,492,000
Chinese wood oil, nut oil, tung oil, or oil of nuts	87,293,000	81,582,000	101,555,000	83,004,000	89,650,000	109,322,000	119,678,000	62,741,000	63,777,000	126,518,000
Olive oil, inedible	42,565,000	33,024,000	52,431,000	50,703,000	50,131,000	49,358,000	57,386,000	40,923,000	30,952,000	71,875,000
Palm-kernel oil	2,566,000	4,739,000	52,624,000	74,980,000	43,128,000	53,812,000	69,909,000	17,052,000	12,052,000	29,104,000
Perilla and sesame (in terms of sesame oil)	6,279,000	6,378,000	1,794,000	1,325,000	1,356,000	4,598,000	8,436,000	6,463,000	19,143,000	25,607,000
Sesame oil	8,702,000	7,843,000	4,295,000	8,862,000	1,704,000	6,264,000	21,585,000	10,669,000	25,000	10,695,000
Perilla oil	6,441,000	3,016,000	6,017,000	7,401,000	5,358,000	2,011,000	5,574,000	7,460,000	1,378,000	8,838,000
Cod-liver oil	3,983,000	6,983,000	9,150,000	14,411,000	17,815,000	19,289,000	21,455,000	12,059,000	9,653,000	21,712,000
Cod oil	13,392,000	14,367,000	13,163,000	18,192,000	15,857,000	11,769,000	15,681,000	7,622,000	7,760,000	15,382,000
Vegetable tallow	8,548,000	5,197,000	6,424,000	3,779,000	5,688,000	5,326,000	11,530,000	5,516,000	1,606,000	7,122,000
Almond oil, sweet	59,000	70,000	74,000	81,000	66,000	86,000	77,000	43,000	34,000	77,000
Croton oil	2,000	17,000	1,000		2,000	1,000	1,000	1,000	1,000	2,000
Rapeseed oil									5,295,000	5,295,000
Total	698,805,000	673,002,000	848,574,000	926,902,000	958,163,000	1,037,955,000	1,364,751,000	595,151,000	707,550,000	1,302,702,000

Source: Foreign Commerce and Navigation of the Department of Commerce. Report of Tariff Commission on certain vegetable oils, 1932.

[1] Less than 1,000 pounds.

TABLE II.—*Percentage of consumption of domestic and foreign food and soap oils, 1914 and 1929*

[From Table 1-7, pp. 1-20, Report to the Congress on copra, and coconut, palm-kernel palm, sesame, perilla, rapeseed, and whale oils, U. S. Tariff Commission, March, 1932.]

Item	Percentage of total consumption, excluding lard, butter, and edible olive oil		Percentage of total consumption, including lard, butter, and edible olive oil	
	1914	1929	1914	1929
Butter			31.5	27.1
Lard			22.3	21.5
Domestic oils:				
Cottonseed	63.0	36.6	28.5	18.4
Cottonseed foots	4.6	2.7	2.1	1.4
Oleo oil, neutral lard, edible tallow	4.5	4.3	2.0	2.1
Inedible tallow and greases	14.1	20.8	6.4	10.5
Fish	.5	1.6	.2	.8
Whale		.3		.1
Corn	3.2	3.4	1.5	1.7
Peanut		.4		.2
Soybean	.1	.3	.1	.1
Total domestic	90.0	70.4	94.6	83.9
Foreign oils:				
Coconut and palm kernel	4.9	18.6	2.2	9.3
Palm	2.1	5.7	.9	2.9
Whale	.2	1.5	.1	.8
Sesame		.8		.4
Other animal and fish	1.2	1.6	.5	.8
Inedible olive and foots	.8	1.3	.4	.7
Edible olive			1.0	1.1
Soybean	.5	.2	.2	.1
Peanut	.3		.1	
Total foreign	10.0	29.6	5.4	16.1

TABLE III.—*Comparison of prices and consumption of coconut oil and cottonseed oil in margarine*

Year	Prices in cents per pound [2]		Per cent of oil consumption in margarine [3] supplied by—	
	Coconut oil, crude (in tanks), Pacific coast	Cottonseed oil, prime, summer, yellow (in tanks), New York	Coconut oil	Cottonseed oil
1913	12.0	7.3		
1914	12.2	6.6	0.3	20.0
1915	12.3	6.8		
1916	15.1	10.6	.3	30.1
1917	17.1	15.4	7.9	25.6
1918	18.1	20.1	22.6	13.4
1919	17.4	24.1	23.3	12.7
1920	17.4	15.4	26.5	13.0
1921	10.1	7.9	43.8	7.9
1922	8.4	10.1	35.3	9.5
1923	8.2	11.3	37.0	10.6
1924	8.6	10.8	41.0	10.2
1925	9.8	10.8	43.2	11.4
1926	9.4	11.8	46.4	12.1
1927	8.2	9.7	49.2	10.7
1928	8.0	9.9	56.3	9.9
1929	7.1	9.7	59.9	9.8
1930	5.9	8.1	62.7	10.2
1931	[4] 4.5	[4] 7.2	66.8	9.4

[1] Prices, calendar years; consumption, fiscal years.
[2] Bureau of Labor Statistics, Wholesale Prices.
[3] Calculated from data given in margarine on section.
[4] Average for first six months.

Report of Tariff Commission on Certain Vegetable Oils, 1932.

TABLE IV.—*Comparison of prices and consumption in soap making of coconut oil, cottonseed oil, rosin, and inedible tallow*

[Report of the Tariff Commission on Certain Vegetable Oils, 1932]

Year	Prices (cents per pound)[1]				Percentage of consumption of oils in soap making supplied by[2]			Consumption of rosin in soap[5]
	Coconut oil, crude (in tanks), Pacific coast	Cottonseed oil, prime, summer, yellow (in tanks), New York	Tallow, inedible, packers prime, Chicago	Rosin, K grade, Savannah[3]	Coconut and palm-kernel oils	Cottonseed oil	Inedible tallow and competitive materials[4]	
								1,000 pounds
1913	12.0	7.3	7.1	1.7				
1914	12.2	6.6	6.9	1.5	13.4	14.6	47.8	185,310
1915	12.3	6.8	6.9	1.3				
1916	15.1	10.6	9.9	2.0	11.0	18.4	45.2	
1917	17.1	15.4	15.6	2.1	14.4	10.5	44.1	
1918	18.1	20.1	17.9	3.5				
1919	17.4	24.1	15.4	5.8	20.6	6.2	50.3	119,529
1920	17.4	15.4	13.1	5.3				
1921	10.1	7.9	6.4	1.5	19.7	4.8	59.0	
1922	8.4	10.1	7.1	1.7	21.3	1.8	64.6	
1923	8.2	11.3	8.2	1.7	22.7	.9	63.6	
1924	8.6	10.8	8.5	1.8	20.0	.8	66.9	104,956
1925	9.8	10.8	9.7	3.5	23.4	.6	61.2	140,615
1926	9.4	11.8	8.7	4.5	23.8	.3	60.6	118,257
1927	8.2	9.7	8.1	3.2	22.5	.5	60.9	100,227
1928	8.0	9.9	8.8	2.8	23.6	1.2	61.3	92,777
1929	7.1	9.7	8.5	2.7	24.6	.7	60.4	114,300
1930	5.9	8.1	6.8	1.9	21.3	.5	64.4	
1931[6]	4.5	7.2	4.3					

[1] Bureau of Labor Statistics, Wholesale Prices.
[2] Computed from data given in section on soap making.
[3] Gamble, Thomas. Yearbook, 1913-1918 (naval stores); Naval Stores Review 1921-1930.
[4] Includes greases, red oil, palm oil, whale, and fish oils.
[5] Bureau of Census, 1914 and 1919; Bureau of Chemistry and Soils, 1924-1929.
[6] Average for first 6 months.

TABLE V.—*Report of the Tariff Commission on certain vegetable oils, 1932*

[Thousand pounds]

Calendar year	Amount of rosin used in soap	Amount of rosin which would have been used in each year specified in soap if its use had increased compared with 1914 to the same extent as the use of oils	Difference
1919	119,529	203,841	84,312
1924	104,956	298,349	193,393
1925	140,615	318,733	178,118
1926	118,257	335,411	217,154
1927	100,227	336,913	266,686
1928	92,777	368,766	275,989
1929	114,300	387,297	272,987

Mr. FLETCHER. Mr. President, the Houston platform laid down the rule and established the yardstick by which the Democratic Party is pledged to a tariff that will measure the difference between the cost of production at home and abroad. I have endeavored throughout all the tariff discussions of 1929, 1930, and the present time to follow that rule. I have never violated it so far as I know.

The position I took at the outset in reference to this bill was that we ought not to involve tariff items with the revenue bill. It seemed apparent to me that if we launched upon that field, we would find ourselves in the difficulties which now confront us. It is not fair to put in the bill certain items which are entitled to be considered—meritorious items, deserving of our attention in every way—and then exclude others and say, "We will go so far and no farther. We will put in four tariff items. We will not put in five." That amounts to a discrimination against other products that are just as meritorious, but are necessarily involved in the tariff idea.

I think it would have been well if we had omitted all tariff items from this bill and had submitted to the House of Representatives, where that legislation must originate, the idea that they should bring in tariff bills affecting these items and any other items that had merit in them. Let them bring in what we had during the war—what we called "popgun" tariff bills—and consider bills respecting different items or different schedules. They need not undertake to revise the whole tariff law but they could submit bills covering items of particular emergency demands and claims.

That idea did not seem to appeal to them. At any rate no such bills have been introduced in the other body. They did submit this bill with coal and oil in it; and, notwithstanding opposition to considering in this bill any items of a tariff nature, they were reported here by the committee.

I voted against them because I had a strong impression that we ought not to have those items in this bill; but the Senate voted them in. So we are in the position of having in the law certain particular commodities that are dealt with under the tariff rules imposing duties upon imports respecting particular items; and when that has been done I do not feel that we ought to say that we will go thus far and no farther, and we will not undertake to adjust meritorious items and claims beyond the particular things that have been voted in the bill.

Consequently, when the lumber amendment came up, the Senate having already voted in coal and oil, lumber seemed to me just as thoroughly justified; and there being considerable interest in that industry in the yellow-pine region of my part of the country, I felt that it would be a discrimination against them to say, "Your claims shall not be considered."

So we undertook to add to that item a provision for phosphate. There is a great industry. Sixty-seven million dollars are invested in it. A large number of people are employed in it; and it is threatened by Government monopoly. An inexhaustible supply of phosphate is now available in Morocco. The Moroccan Government are operating the mines, transporting the product, establishing docks and terminals for handling it, and are able to bring it across the ocean practically as cheaply as we can transport our phosphate to the markets in the United States.

They have already practically taken away the markets of Europe from our exporters, and they are invading this market, and they will eventually take this market. We can not mine phosphate in this country and produce it and put it on the market and transport it to the market as cheaply as they can do it there, where they are paying Arab labor 25 cents a day to mine it. The Senate, however, said, "No; we will not have that"; and I felt somewhat chagrined at the idea, because I think it is as meritorious an item as can be offered here.

However, here comes another proposition. As I have stated, I believe all these tariff items should be omitted from the bill. If I get an opportunity later on to strike them all out of the bill, I will vote to do so. I do not think they ought to be in the bill; but we have put them in. The Senate has done it; the House has done it; and here is another proposition that I think has very great merit. I do not feel that I would be justified in voting against it, in view of what has already been done, merely because of my belief that the bill should not include tariff items.

I shall not undertake to comment further on the arguments that have been submitted by the Senator from Delaware [Mr. HASTINGS], the Senator from Nebraska [Mr. HOWELL], and the Senator from Texas [Mr. SHEPPARD]. They have gone especially into paragraphs (9) and (11) of the amendment. I shall confine the few remarks I make to paragraph (10), because I happen to know something about the menhaden-oil industry.

It is quite an important industry. The people engaged in it are being almost driven out of business by the competition of other oils that are being imported into this country. Profits have diminished, and they practically see the end of their venture unless something is provided that will enable them to compete on a proper basis with the foreign importations.

There were produced in the United States last year, of menhaden oils, 15,179,099 pounds; of herring oil, including sardine and pilchard, 46,224,048 pounds; of whale oil, 16,193 pounds; and of other oils, for 1930, 1,754,558 pounds.

The exportation of these marine-animal oils from the United States is negligible; but the imports of competing oils are increasing year after year, and now amount to enormous quantities.

Of herring oil, for instance, including sardine and pilchard, the imports in 1931 were 31,825,650 pounds; of whale oil, 81,196,875 pounds; of seal oil, 599,025 pounds; and of other oils, 1,636,433 pounds.

The salvation of the industry depends upon the provisions carried in this amendment, and I think they are entitled to them. I am not particular about eliminating the Philippines. I make no objection so far as that is concerned. I think that would really be in accordance with our past policy; but, for the reasons I have stated, and without enlarging upon them, I am inclined to support and shall support this amendment.

Mr. BINGHAM. Mr. President, I did not know until this morning, when my attention was called to it through reading the amendment offered by the Senator from Missouri [Mr. HAWES], that in the Finance Committee we had permitted to remain in the bill section 601, paragraph (b) (5), which states that the taxes on imports imposed in this bill—

shall be imposed in full, notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States.

Of course, one is always in danger in trusting to one's memory. My own recollection of our discussion in the Finance Committee was that this paragraph, which formerly included also provisions of treaties with other countries, had been entirely stricken out. Apparently my recollection is at fault, for in the bill, as reported from the committee, while the words "or treaty" are stricken out of the provision, so that we do not change, and very properly so, the duties on products coming from Cuba, for instance, or any country to which we grant a reduction of duties, we have under this provision treated our possessions in a manner contrary to the policy which heretofore has been followed by the United States.

I think that is a correct statement of the case.

Our possessions include the Philippine Islands, Puerto Rico, and several small groups of islands, like the Virgin Islands, Guam, and the Samoan Islands, that are not incorporated territories, as are the Hawaiian Islands, and as is the Territory of Alaska. My recollection is that with the possible exception of tobacco, on which a drawback is given to the Philippine government, we permit the products of our possessions to come in free of duty. That has been our policy for many years. During the discussion of the last tariff bill passed by the Congress the matter was fully threshed out, and by a very large vote the proposal to place a duty on Philippine products was voted down by the Congress. I see my friend the Senator from Missouri [Mr. HAWES] about rising to his feet, and I shall ask him whether or not that is correct.

Mr. HAWES. That is correct. May I ask the Senator from Connecticut a question? All of the products of the United States, which are in rather large volume, are admitted to these possessions of ours without tax, are they not?

Mr. BINGHAM. Entirely free of duty.

Mr. HAWES. And the Philippine Islands are not permitted to levy such a tax.

Mr. BINGHAM. That is correct.

Mr. HAWES. Which practically excludes all foreign importations, and does not permit the Philippines to derive a revenue of any kind for their own government.

Mr. BINGHAM. That is true also of the Virgin Islands and Puerto Rico.

Mr. HAWES. So in this case we would put a tax on the products of the Philippines and prevent the Philippines from putting a tax upon the products of the United States.

Mr. BINGHAM. That is correct.

Mr. HAWES. And they have nothing to say about it. It is a matter controlled exclusively by our Congress.

Mr. BINGHAM. Mr. President, at the proper time I shall move to strike out, on page 240, lines 21 to 24, which I thought the Finance Committee had stricken out in the committee. I shall move to strike that language out on the ground that it is contrary to the policy the United States has followed for many years past.

In regard to the pending amendment, the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD], and the substitute offered by the Senator from Missouri, let me say that it seems to me that to include two of the principal products of the Philippines, namely, coconut oil and copra, and to put copra on the tariff schedule when to-day it comes in free of duty, is entirely indefensible.

Copra is not produced in the United States. Copra is a product which we have always had on the free list. Copra from the Philippine Islands naturally comes in free of duty, as it comes in from other countries, and to put a duty on Philippine copra would be striking at one of the industries of a country which is now under our guardianship and striking at our wards in an entirely indefensible manner.

To double the duty on coconut oil, the present duty being 2 cents and the proposed addition of 2 cents bringing it up to 4 cents, might be defensible from the point of view of those who produce oils of one sort or other in the United States, but to place a tariff of 2 cents on oil coming from the Philippines would destroy the Philippine coconut-oil industry, an industry started largely with American capital. It is not a very large industry, but it is one of the things on which the Philippine government depends for part of its revenue. That provision would simply mean that the coconut-oil industry in the Philippines would be wiped out, and that the material would come in under the head of copra. Placing a tax on a material imported from one of our possessions, for whom we are responsible, whose laws we make and to whom we deny the privilege of placing a tax on any of our products, seems to me so indefensible that I trust the amendment offered by the Senator from Minnesota, in so far as it concerns the Philippine Islands, will not prevail and that the substitute offered by the Senator from Missouri will prevail.

Mr. NORRIS. Mr. President, I had not intended to say anything on the pending amendment, but it seems to me, since a large share of the argument offered in favor of it has been on the ground that it was going to help agriculture, my silence might be misconstrued when considered in connection with the vote I am going to cast.

I think the argument as to the benefits this amendment would mean to agriculture is very much exaggerated, although I am not going to discuss that proposition. If the substitute offered by the Senator from Missouri shall be agreed to, I shall have no objection to the amendment and expect to vote for it.

My objection is based upon an entirely different principle. We are holding the people of the Philippine Islands without their consent. We are passing laws for their government. They are under our control and under our flag—not because they asked to come under it but because we took them under it by force.

We pass laws for their government. Our laws will not permit them to levy a tariff upon anything going from the United States into the Philippine Islands. This amendment proposes to levy a tariff on their products coming to the United States.

In my judgment that is absolutely indefensible, regardless of what the thing or the subject is upon which we are to levy the tariff. Our Government originally became a government because our forefathers said that taxation without representation was tyranny. It seems to me that if there is one thing more than another that is the very foundation corner stone and excuse for our existence of the Government it is that principle. It would be absolute tyranny, as I look at it, to say to any people, "We will take you without your consent, hold you in subjection; we will

make laws for your government; you are a part of our country, under our laws; we will not permit you to pass any tariff act that will levy a tariff duty upon anything coming from our country into yours, but we will, without consulting you, and without your consent, levy a tariff tax upon the products of your country which come to ours."

The Philippines are not under our Government, as I said, because they want to be. They are clamoring, and have been for years, for independence. I am one who believes that we ought to give them their independence; and when we do, then the amendment of the Senator from Minnesota perhaps would be something we ought to engraft into our laws. But I protest against our Government levying a tax upon the people of the Philippine Islands while, without their will and without their consent, we are holding them in subjection. That goes away beyond any benefit that might come to anybody on account of such a tariff as is proposed.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. CAREY in the chair). Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. COSTIGAN. Was it not the attempt of Great Britain to dictate the economic life and development of the thirteen Colonies which led to the American Revolution?

Mr. NORRIS. That is as I understand it.

Mr. COSTIGAN. That policy was pursued through the navigation laws.

Mr. NORRIS. As I tried to say a few minutes ago, it is the fundamental principle of our existence. If that principle had not been invoked, we probably would now be under the British flag instead of having one of our own.

With these helpless people—weak, unable, of course, to cope with us in strength—compelled to submit to whatever we say shall be the law, we ought to be careful, more careful than we would be if we were legislating for our own people, because the people of the Philippines are held without their consent, and we are taxing them without their representation.

I feel that it would be just as bad if we said that we would levy a tax upon the products of Florida before they would be permitted to cross the line into North Carolina. Our forefathers were so careful that such a thing should never be done that they put an inhibition into the Federal Constitution against it.

It seems to me, Mr. President, that we can not afford to adopt this amendment levying a tax upon the products of the Philippine Islands.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WALCOTT. I feel very strongly about this matter. There is no question in my mind but that the Filipino has at least provincial status, somewhat on the terms under which Australia and Canada are connected with Great Britain. I agree with the Senator in what he has just said, but I would like to ask him whether he knows of any Supreme Court or other decision which would prevent our taxing articles coming from the Philippines. I was just wondering what the law is.

Mr. NORRIS. I do not know of any Supreme Court or other judicial decision which denies that right. I am assuming that we could impose a tax. Although I have never looked the matter up, I believe we have a legal right to do it. I am not relying on any technicality. If it had been decided a million times that we had the right to do it, I would not be in favor of doing it.

I do not want our Government to perform an act which we can perform simply because we are strong, and against the people who are weak, if it is unjust, even though we have the technical legal right to do it.

Mr. WALCOTT. I entirely agree with the Senator's last statement. My question was not intended to indicate an opposite view.

Mr. COSTIGAN. Mr. President, may I supplement and indorse what the rarely gifted Senator from Nebraska has so well stated by reminding the Senate that in the controversy over the independence of the thirteen Colonies the question was raised in the British Parliament, as it is here to-day, whether that Parliament, thousands of miles away, had the power legislatively to control the economic future of the thirteen Colonies by limiting and determining their markets without their consent? Led by Lord George Grenville, it was then argued by some of the advocates of such technical legal power that the power not only existed but should be employed. It was the contention of Edmund Burke, a far wiser statesman, whose judgment has been vindicated by history, that though the power existed, it should not be used to the disadvantage of a remote and unwilling colonial people under the same flag.

Mr. SHIPSTEAD. Mr. President, I agree with all the sentiments that have been expressed on the matter of taxation without representation and with all the beautiful sentiments that have been expressed by Senators as to how a government should govern and control a subject people. Seriously, I can not understand what that has to do with the case. The question of local taxes in the Philippine Islands has nothing to do with this matter. The question of taxing the Filipinos has nothing to do with it. The Filipinos will not pay one cent of tax under this amendment. They have a monopoly of coconut oil which is sent to the United States and they will still continue to have a monopoly. It is not claimed that less coconut oil will come in then than comes now. I am informed it will come here in just as large quantities as now. I am informed that copra will come here in the same quantity it comes now.

The effect of the amendment will not be an embargo; it will not hamper the exports of the Philippines and it will not cost the Filipinos one cent, because the extra tax that will be levied will be paid in the United States. The Oil Trust can pay twice its tax on its raw material without raising the price of the finished products they sell to the United States. Does anyone claim the oil tariff put upon oil was a tax upon the people of Venezuela? Will anyone deny it was a tax upon the American people? Is there anyone here who will claim that a tariff is not a tax upon the American people? Does anyone deny that the tax of $2 a ton on coal will raise the price of coal to the American people?

These imports will come here in the same quantities, I am informed, in which they have come in the past, and the revenue that will be raised will amount to about $25,000,000; so I fail to see where it will affect the economic welfare of the Philippine Islands.

Mention has been made of the capital invested in the Philippine Islands. That capital is not Philippine capital. It is American capital, English capital, and other European capital. This foreign capital is taking advantage of a sentimental situation artificially created to make enormous profits at the expense of the farmers of the United States. As a result the farmers of the United States are compelled to pay indirectly the cost of maintaining the Philippines under the American flag.

I yield to no one in my good wishes for the Philippine Islands. I have been ready ever since I came to the Senate to vote for their freedom. I am ready to vote it to-day. But this capital invested there has been able to play upon the sentiment of the American people to prevent the freedom of the Philippines and to prevent a tax upon the products which they use and which they obtain in competition with American products for the manufacture of soap. They have an advantage which they are not willing to give up.

The soap industry will not absorb, and does not want to absorb, this tax unless it has to do so. If it can be passed on to the American people, the American people will pay the tax of $25,000,000. Of course, it is a tax upon the American people. So is the tax upon automobiles. So is the tax upon checks. So is the tax upon coal. So is the tax upon oil. This will not lower the importation of the products involved. The incidental benefit to agriculture will be that it will have the incidental effect of increasing the price of the products of the farmer which now have to meet upon the market these imported articles which are imitations of

products of the farmers. It is first of all, therefore, a revenue measure and incidentally it will have some effect upon the price of farm products.

Mr. BORAH. This amendment brings to our attention again the supreme necessity of disposing of the question of the independence of the Philippines. That is the large and important matter; and while it may be true, as said by the Senator from Minnesota [Mr. SHIPSTEAD], that in a large measure this tax will fall upon the American people, it is equally true in my judgment that no real permanent advantage can be had by the American farmer with reference to trade in the Philippines until the Philippine question is settled, and settled permanently.

It is a matter of supreme importance to agriculture in this country. Agriculture is brought in contact and in competition with the cheapest labor in the world and with the most fertile soil in the world with reference to certain products.

I hope, Mr. President, that before this session closes we will take action upon the question of the independence of the Philippines. If we can do that with a bill based upon sound principles, we can render a real service to American agriculture—perhaps not immediately, because the question of the economic relations can not be solved immediately, but it can be solved within a reasonable time and to the advantage and protection of American agriculture.

I am not disposed to vote for the pending amendment, first, for the reason which has been stated by some of my colleagues, but secondly, because I do not regard it as reaching the real problem and settling the question as it ought to be settled. I must say, however, that if the Philippine Islands are not to be given their independence and economic relations with that country settled within a reasonable time, I am not in favor of making American agriculture carry this burden indefinitely. Undoubtedly we have the legal power to do what is proposed here to do. There is a question of ethics and morality in it, yet we have the legal power. There is another side also to the question of ethics and the question of just justice, and that is whether American agriculture should be compelled to carry indefinitely this burden which they are now carrying. I hope, therefore, that before the session closes we will settle the Philippine question. We should determine at this session a permanent policy toward the Philippines. If they are to have independence, let us determine that. If not, let us determine that. But let us try to establish a permanent policy and adjust our relation with the Philippines upon a permanent basis.

Mr. HAWES. Mr. President, the pending amendment involves two distinct questions. One is a moral question of sustaining the established American position regarding the Philippines since our first occupancy of those islands. The other is a tariff question or a tax question.

A few days ago the Senator from Connecticut [Mr. BINGHAM] introduced into the RECORD a letter from former Ambassador Forbes, who held many distinguished positions in the Philippines, has written a great book on the subject, and now is advocating Philippine independence and the passage of the Senate bill.

The first commission sent to the Philippine Islands was under President McKinley. He selected as the head of that commission Dr. Jacob Gould Schurman, scholar, student, and historian, who was at that time president of Cornell University. I ask that a statement by Doctor Schurman, advocating the freedom of the Philippines, and advocating the passage of the Hawes-Cutting bill, be inserted in the RECORD in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

[From the Pasadena Star-News, February 25, 1932]

PHILIPPINES' FREEDOM IS ADVOCATED—DR. JACOB G. SCHURMAN'S VIEWS PLAINLY GIVEN—COMPACT'S FRAMER IS EMPHATIC

"If the Filipinos themselves are willing to fill the higher governmental offices and to assume the problem of self-defense, we must recognize that it is their problem and leave the islands, whether we think we can run them better than they or not. We have formally agreed to this by act of Congress. Our own Government is based on the consent of the governed, and the Filipinos appeal to us on the same ground to grant them independence."

This unequivocal declaration was made in Pasadena last evening by the man who headed the first mission to the Philippines, Dr. Jacob Gould Schurman. He made it at the end of a lecture given in Dabney Lounge at the California Institute of Technology, and with deliberation, after explaining that he wished to be quite fair and not allow personal feelings to enter in. Doctor Schurman helped largely to frame the original compact with the Filipinos.

After an exhaustive review of events leading to and succeeding the Aguinaldo insurrection, Doctor Schurman made it clear that the Hawes-Cutting bill, now before Congress, should in the interests of justice be passed.

SIGNIFICANT DECLARATION

He referred also to its predecessor, the Jones law, which, he said, "gives to the Philippines practically all the powers of government that can be granted to a people short of complete sovereignty. The Philippines now," he continued, "are substantially in the hands of the Filipinos, with the exception that the highest officers are appointees of the President of the United States."

Doctor Schurman went on to quote the preamble of the Jones law, which he described as "the most important declaration of policy we have ever given." This is, he said, quoting, "An act to declare the purpose of the people of the United States as to the future political status of the Philippine Islands and to provide a more autonomous government for these islands."

The preamble goes on to state that "it has always been the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands, and to recognize their independence as soon as stable government can be established therein."

"COMPLETE INDEPENDENCE"

The law clearly points to the time when, as the preamble states, the Filipino "may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence," continued the speaker.

Consequently, the purpose of the Hawes-Cutting bill, now up in the Senate at Washington, is to provide for the withdrawal of United States sovereignty and for the granting of independence to the Filipinos.

Doctor Schurman pointed out that the Senate committee majority had reported strongly in favor of the bill, and that the minority report only raised questions of the wisdom of quitting the highest offices, the ability of the islanders to pay their own way, and the risking of outside aggression.

But, the distinguished diplomat and former president of Cornell University, added, in effect, if the Filipinos are prepared now to shoulder the full responsibilities of home rule, then it is up to the United States to withdraw and let them do it.

Mr. HAWES. Mr. President, I have with considerable care tried to ascertain if there is in the Senate a single Senator who would oppose Philippine independence. I have not been informed that such a man exists. It is true that one Senator has a constitutional question to discuss, that another disagrees with the limitation and the time; but as to the general problem of granting independence to the Philippines and fixing a definite date, I can not find any opposition.

The House recorded itself in a most remarkable manner. Of 435 Members, approximately 350 have expressed themselves in favor of Philippine independence. During the last year there has been a marked change in the sentiment of our great magazines, our great newspapers, and without exception every independent investigator of the subject who has gone to the Philippines and studied the question favors the carrying out of our historic promise to those people.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Maryland?

Mr. HAWES. I yield.

Mr. TYDINGS. I think the remarks of the Senator from Missouri, who has put in so much time on a consideration of this subject, are worthy of the attention of every Senator. While I shall not insist upon it, I should like the Senator to yield so I may suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Missouri yield for that purpose?

Mr. HAWES. Mr. President, as I proceed I want to make it perfectly clear that the friends of Philippine independence do not want to occupy the time of the Senate when we have pressing and immediately distressing domestic conditions before us. I have pursued a policy since the early report of our committee of occupying very little time upon this subject in the Senate, so I prefer not to yield for a quorum call.

Mr. TYDINGS. Very well.

Mr. HAWES. Mr. President, I mention the legislative situation because in a very short while I hope the Philippine independence bill will be passed. That bill deals specifically with these tariff questions. In the House bill and in the bill reported by the Senate committee there is a limitation placed upon the exports of the Philippine people. In the Senate bill there is a graduated tariff. So that within the next two or three weeks the question should solve itself in the Senate and in the American Congress, and therefore it is unfair now and is unnecessary to adopt the pending amendment.

Mr. President, I have never introduced political subjects in any discussions, either before the House when I was a Member of that body or before the Senate; but I can not believe it is possible that the Republican Senate would adjourn without passing upon the question of Philippine independence. It would be very unfortunate for the American people and very unfortunate for the Philippine people if we go to the country, if you please, with the Philippine independence bill passed by a Democratic House and the issue raised that a Republican Senate refuses to pass upon the same question.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Connecticut?

Mr. HAWES. Yes.

Mr. BINGHAM. As chairman of the committee which reported out the Senator's bill, may I say to him at this point, or repeat what I have said previously, that I shall be glad to join with him in any effort he may make to bring the bill to the attention of the Senate and to get it passed, because it seems to me that it is only fair to the Philippine Islands that this question be settled and that it should not be left in the air. I hope the Senator will press at the earliest opportunity to have this bill taken up and considered, and I shall be glad to lend any aid in my power to that end.

Mr. HAWES. I am certainly grateful to the Senator. I know the farmers of America are grateful to him, as are union labor and the exclusionists on the coast, but particularly the people of the Philippine Islands. It is impossible for them to adjust their economic condition or their political position until this question shall be determined.

I mentioned the unanimity of sentiment in the Senate for this reason: The consideration of the bill will not occupy many hours of discussion. Certainly a half hour will suit me. I believe the Senator from Michigan [Mr. VANDENBERG] may possibly consume an hour, and perhaps the Senator from New York [Mr. COPELAND], who has a constitutional question in mind, may consume a half hour. I do not think the consideration of the bill could possibly occupy more than two afternoons or three evening sessions. Then the question will have been decided by a Democratic House and a Republican Senate, and it will meet the demand coming from all classes of our people for dispelling the present situation of uncertainty.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Massachusetts?

Mr. HAWES. I yield.

Mr. WALSH of Massachusetts. Will the Senator state what is the status of the bill?

Mr. HAWES. The bill is not only on the calendar, but it is on the preferential calendar.

Mr. WALSH of Massachusetts. I had the impression that the bill is on the preferential calendar.

Mr. HAWES. It follows the Muscle Shoals measure and one or two other bills. It is fourth on the preferential calendar.

Mr. WALSH of Massachusetts. I assume, however, when the bill relative to economy shall be reported it will take preference, perhaps, over all other pending legislation, as will be the case also with reference to the proposal for emergency legislation providing a public-works program.

Mr. HAWES. The Senator is correct; but, so far as the friends of Philippine independence are concerned, we give way to those great public measures that are pressing.

Mr. WALSH of Massachusetts. I notice the Senator from Missouri has in his hand the program of the steering committee. Will the Senator read that program as to the bills that are proposed to be taken up before the bill providing for Philippine independence?

Mr. HAWES. Calendar No. 298, the Navy bill, has been disposed of.

Then come the bill of the Senator from Virginia [Mr. GLASS] and the joint resolution of the Senator from Georgia [Mr. GEORGE].

Mr. WALSH of Massachusetts. The Glass bill has been temporarily laid aside, has it not?

Mr. HAWES. Yes.

Mr. WALSH of Massachusetts. The George joint resolution, I assume, will be taken care of by the economy bill?

Mr. HAWES. I assume so.

Next on the calendar is the measure making an appropriation for emergency highway construction, which I believe will be covered in the same way.

Mr. WALSH of Massachusetts. Exactly.

Mr. HAWES. Then comes the measure of the Senator from Nebraska [Mr. NORRIS] with regard to Muscle Shoals, and then comes the Philippine independence measure.

Mr. WALSH of Massachusetts. I concur in the Senator's judgment that it is very important, in the interest of stabilizing economic conditions in the Philippine Islands as well as political conditions, that we act as promptly as possible on the bill providing for the independence of the Philippine Islands.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Connecticut?

Mr. HAWES. I yield.

Mr. BINGHAM. May I suggest to the Senator that it ought to be possible, after we get the tax bill and the economy bill out of the way, to have two or three night sessions during the period when we are considering appropriation bills and when appropriation bills are in conference to consider the Philippine independence measure and to permit those who differ with the committee in regard to it to state their views and others who may desire to do so to speak? In that way we ought to be able to do what the Senator wishes, and what I am desirous of helping him do, without interfering with the consideration of the necessary revenue and appropriation bills.

Mr. HAWES. I thank the Senator for his suggestion.

Mr. President, I find that the Democratic leader of the Senate, the Senator from Arkansas [Mr. ROBINSON], is entirely sympathetic with the idea of an early vote on the Philippine independence bill and that the same statement may be made with reference to the leader of the majority, the Senator from Indiana [Mr. WATSON], and the distinguished Senator from Oregon [Mr. MCNARY].

Mr. WALSH of Massachusetts. Mr. President, the Senator did not state what is the situation in reference to this measure in the House of Representatives. Is there a similar bill pending in that body?

Mr. HAWES. The House passed the bill by approximately 350 votes out of 436.

Mr. WALSH of Massachusetts. I recall that now. So all that is necessary for us to do is to substitute the proposal of the Senator from Missouri and have the bill go to conference?

Mr. HAWES. That is all.

Mr. BINGHAM. Mr. President, may I say to the Senator from Massachusetts that the House bill is now on the calendar, having been reported from the committee with the House text stricken out and the text of the bill offered by the Senator from Missouri in the Senate in lieu thereof?

Mr. WALSH of Massachusetts. I thank the Senator for refreshing my memory about that.

Mr. HAWES. Mr. President, returning to the amendment which I have suggested, my attention was called during the discussion of the Smoot-Hawley tariff bill to this same problem in its relation to sugar. At that time the senior Senator from Louisiana [Mr. BROUSSARD] fought very

long and vigorously to place a tax upon sugar coming from the Philippine Islands. It was during that discussion that my attention was directed to this phase of the subject. I believe that it attracted the attention of the people of the United States, and certainly had a great bearing on our deliberations both in the House and the Senate committees. We tried to comply with the thought of limitation and the thought of a tariff, but these two things should be coupled only after independence has been decided upon.

Mr. President, beginning in 1909, each of our Secretaries of State and our Secretaries of War have protested before House and Senate committees against any discrimination of the Philippine Islands at this time. Every Governor General whom we have sent to represent us in the Philippine Islands similarly has protested. It seems to me that it would be a most unfair thing to discriminate against these people at this time, and particularly because probably within the next 30 days the question of their permanent status and relations with the United States will be definitely determined. My amendment does not interfere with the imposition of a tax, if it is the voice of the Senate that one should be imposed, upon the importation of copra from all the rest of the world. All the amendment does is to protect the people in our colonial possessions while we control them, while they are under our sovereignty, from having a distinction drawn which would be not only obnoxious to them but unfair.

Our own products go there in unlimited quantities, to the profit of American manufacturers. The islands can not, under our direction, tax foreign imports coming to them. So, from every point of view, the historical, the economic, and because of approaching independence for those islands, I hope that the amendment I have offered will be adopted.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Missouri [Mr. HAWES] to the amendment offered by the Senator from Minnesota.

Mr. McNARY. Mr. President, I have been requested by a number of Senators to suggest the absence of a quorum when the debate on this question was concluded. I do so at this time.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Sheppard
Bailey	Couzens	Johnson	Shipstead
Bankhead	Dale	Jones	Shortridge
Barbour	Davis	Kean	Smith
Barkley	Dickinson	Kendrick	Smoot
Bingham	Dill	La Follette	Steiwer
Blaine	Fess	Lewis	Stephens
Borah	Fletcher	Logan	Thomas, Idaho
Bratton	Frazier	Long	Townsend
Brookhart	George	McGill	Trammell
Broussard	Glass	McNary	Tydings
Bulkley	Glenn	Moses	Vandenberg
Bulow	Goldsborough	Neely	Wagner
Byrnes	Hale	Norris	Walsh, Mass.
Capper	Harrison	Oddie	Walsh, Mont.
Caraway	Hastings	Patterson	Watson
Carey	Hatfield	Pittman	Wheeler
Cohen	Hawes	Reed	White
Connally	Hayden	Robinson, Ark.	
Coolidge	Hebert	Robinson, Ind.	
Copeland	Howell	Schall	

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present.

Mr. ROBINSON of Arkansas. Mr. President, I do not intend to delay the vote. It is my purpose now merely to state that I think the incorporation of tariff items in this bill is to be condemned, and that it is particularly objectionable to impose taxes on imports from the possessions of the United States.

There is pending now in the Senate a bill to assure the independence of the Philippine Islands upon conditions and within a reasonable time. There is practically no opposition to that bill in the Senate. When I say that, I mean that if a vote were taken, the bill, with such modifications as the Senate might see fit to impose, would be enacted by an overwhelming vote. During this session I think the Senate ought to vote on that bill; but it is particularly objectionable to carry this tariff-making process, these protective provisions, to the extent that they may apply to imports from territory possessed by the United States.

I should like to elaborate this thought, but, realizing that the Senate is ready for a vote, I shall refrain from doing so.

Mr. BINGHAM. Mr. President, will the Senator yield before he takes his seat?

Mr. ROBINSON of Arkansas. Certainly.

Mr. BINGHAM. Does the Senator remember that one of our possessions, which I had the honor of visiting with him, has for its sole product copra, which is mentioned in this amendment; and that if a tax is put on copra, it would practically ruin the Samoan Islands, which depend for their entire revenue and their entire economic activity on the product known as copra?

Mr. ROBINSON of Arkansas. The statement of the Senator from Connecticut is entirely correct. We have the power, and if we wish to exercise that power we can destroy the prospects for advancement of peoples occupying territory belonging to the United States by the exercise of the constitutional authority to levy import duties; but I should regard it as an act of tyranny that can not be characterized in any other way.

Mr. PITTMAN. Mr. President, I assume that the question is on the amendment of the Senator from Missouri [Mr. HAWES].

The VICE PRESIDENT. The pending question is the amendment of the Senator from Missouri [Mr. HAWES] to the amendment of the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. PITTMAN. I think the offer of the amendment by the Senator from Minnesota and the necessary amendment by the Senator from Missouri disclose the necessity of acting at an early date upon the question of Philippine independence.

As has been stated by the Senator from Arkansas, and it need not be restated, we consider it immoral to place a tariff tax on these people while we have sovereignty over their islands and over them. As the Senator said, there is no particular opposition in the Senate to the passage of the Philippine independence bill. It should be acted on without very much debate. The only real difference of opinion, as I understand, is as to details. There are a few in this country—a very few—who hold the view that no date should be fixed for independence. That view will not be sustained in this body, I think, by any Senator.

The period of time intervening between the preparation for independence and independence was a subject of discussion. It was realized, of course, that there must be preparation, that there must be adjustment, and the Committee on Territories and Insular Affairs gave that matter very careful study for many weeks and came to a unanimous agreement except with regard to certain details.

The bill provides that the Philippine Islands may become independent from and after 15 years from the passage of the act, if by a plebiscite the Philippine people vote in favor of it, but if they do not vote in favor of it, then the conditions as they are will continue to exist.

The bill goes further than that. It provides that the first thing that shall be done is to adopt a constitution. The bill contains mandatory provisions to be included in that constitution. Those mandatory provisions, in my opinion, carry every protection of the people of the Philippine Islands and of our own citizens that is carried in the Constitution of the United States. That constitution must be prepared, the first thing that is done, and it must be submitted to the President of the United States for his determination as to whether or not it contains the mandatory constitutional provisions for protection that are included in this bill.

In other words, the bill sets out a constitution. When that is prepared by a constitutional convention in the Philippine Islands, it is then sent by the Governor General of the Philippine Islands to the President, and he determines the question as to whether or not that constitution contains all of the mandatory provisions prescribed in the bill. If it does, then it is sent back to the Philippine Islands, and it

still does not become their constitution until it has been adopted by a vote of the people of the Philippine Islands.

There is another provision; that is, that having adopted this constitution, the government of the islands then becomes an autonomous government in a sense; but during the period of the autonomous government down to the time that the islands become independent after the period of 15 years by a plebiscite vote, they pledge themselves in the constitution to swear allegiance to the United States and the sovereignty of the United States is not disturbed.

There are, however, other tests made of them than that.

We have found the very difficulty in Congress that is now aroused by this amendment and the amendment to it; that is, there is no question but that our farmers are suffering to a certain extent from competition with imports from the Philippine Islands. There is complaint that our labor is suffering from immigration from those islands; and yet we meet exactly the same objection that has been met in Congress before—that it is immoral on our part to attempt to apply the laws that we apply to foreign countries to the Philippines so long as they are under our sovereignty and control.

The Philippine commission, on behalf of the Philippine people, recognize that this competition with regard to agricultural products and labor is disagreeable to our people; and they have willingly and voluntarily agreed with our committee that the status quo of imports from the Philippine Islands may be maintained for the period of the first 10 years, that they shall not be increased, and that all imports from the Philippine Islands over and above the present status quo shall be subjected to our tariff laws. They also provide that from the very beginning of the autonomous government, which takes place upon the adoption of the constitution, immigration to this country shall be limited to 100 individuals per annum. Those are things that we desire to accomplish. Those are things that are perfectly agreeable to the people of the Philippine Islands.

That is not all. At the end of 10 years, while their autonomous government is still in existence, they subject themselves to taxation on their exports to the United States. During the eleventh year, on those things that they have been allowed to bring in free for 10 years, they pay 5 per cent tax; the next year, 10 per cent; the next year, 15 per cent; the next year, 20 per cent; and after that, during the period of the autonomous government, 25 per cent. That is, on the things that come in under the status quo free for the first 10 years—they pay the ordinary tariff duties on all above that—they start in at the end of 10 years to pay tariff duties on those things that have previously come in free under the quota.

Of course, if and when independence is voted after 15 years, then all of our immigration laws and all of our tax laws apply to the Philippine Islands, just the same as they apply to any other country.

Objections have been made by one or two that there should be no date fixed for independence. They say, "Wait 20 or 25 years and find out whether the people of the Philippine Islands have reached sufficient advancement for independence." That is a denial of independence. The Senate is not going to deny independence.

The questions the committee had to determine were as to the reasonable time for preparation, and the reasonable conditions which should be imposed in the meantime.

In the first place, we tried to maintain the status quo of exports from the Philippine Islands during the time of the autonomous government, so that they could not increase. In the second place, we tried to teach the Filipino government as to the complications they would find when they did obtain independence. So we started in, with their approval, on a gradually rising tariff on the quota imports after 10 years. Mind you, we had in mind to apply our tariff laws to them, but they made a suggestion to us that was far superior; that is, they would impose those taxes in the form of an export tax, and that they would take the money they earned from the export tax and place it in a special fund for the purpose of amortizing the bonds and securities they had issued, and for which our Government is morally if not legally responsible.

So that when they do, after 15 years, vote for absolute independence, every bond, every indebtedness of that government will be wiped out. They further agreed at that time to assume all responsibilities after the 15 years.

Let me go further. Not only do they, during the period of the autonomous government, and the period of 15 years at the end of which they vote upon the question of independence, carry these mandatory constitutional provisions, but there is retained in the President of the United States practical control over the economics and finances of the islands, and over their actions respecting any foreign country. It is expressly provided that the President may suspend any act of that government which threatens the financial condition of the islands, or the violation of any obligation undertaken by the government of the islands or by the Government of the United States.

That is an extraordinary power, but the representatives of the Philippine government are satisfied that their autonomous government will do nothing to threaten the financial condition of the Philippine Islands, or to threaten in any way the constitutional government of the islands, or to do anything that will disturb the relations of the Philippine Islands or the United States with any foreign country. So they have themselves vested in the President of the United States absolute power and control to suspend any law that would threaten such misfortunes.

It seems to me that the representatives of the Philippine Islands have been not only fair but that they have been broad in meeting the demands of our Government, not only with regard to what we consider the protection of their own future existence but for the protection of our own citizens and our own property in the islands. Do Senators realize that in this act, agreed to by the Philippine delegation, our Government is allowed to retain forever, if it sees fit, several hundred thousand acres of land in the Philippine Islands; that it may retain its present naval bases, its Army bases, its posts, and all of those reservations; that it may maintain in fee simple forever every selection our Government has made through the War Department, the Navy Department, the Interior Department, or any other department of our Government, for the use and benefit of the United States?

Mr. President, the chief value of this bill at the present time is not only that it has been carefully worked out for the protection of the Philippine people and their future government as we see it, but that it has been worked out just as carefully for the protection of our Government and our citizens as we see it. Above and beyond all that, it has been gladly and readily accepted, not only by the committee of the United States Senate but by the representatives of the Philippine people.

It is a happy solution of this question. All have met in the friendliest spirit. All stand for independence. There were some few minor objections with regard to the power, we will say, of the Governor General under the bill, or called, as he might be, the high commissioner. Former Ambassador Forbes to Japan, who was Governor General of the Philippine Islands for years, who studied the Philippine question for years, indorsed the Hawes-Cutting bill heartily, but he suggested that there were two or three minor amendments which he thought should be adopted, and those amendments have been offered by the Senator from Missouri [Mr. HAWES], one of the coauthors of the bill, and undoubtedly will be accepted.

This measure is ready to pass. It is ready for acceptance. There may be a few detailed amendments and changes in it, but the general thought behind the whole bill is unanimous. We are ready to act on it. It is on the legislative program at the present time. It should be acted on, in my opinion, and will be acted on.

Therefore I say that amendments which controvert the policy and the principle agreed on by our committee with

the representatives of the Philippine government and the Philippine people should not at this time be permitted to pass.

Mr. McNARY. Mr. President, I am tremendously interested in Senate bill 3377, introduced by the very able Senator from Missouri [Mr. HAWES]. The bill is now on the calendar and has received very studious and careful consideration by the Committee on Territories and Insular Affairs, and whatever I may have to do with the conduct of affairs on the floor of the Senate, I shall further the early consideration of that measure.

Of course, the Senator from Missouri realizes that as we approach the end of the session there is more or less of a congestion, but inasmuch as that bill touches on the freedom of the Philippine people it is an important measure. I shall give it my very loyal support.

Touching on the amendment offered by the Senator from Minnesota, in view of the legislation now on the calendar, referring, as it does to a graduated tax, an impost-duty system, and the ultimate independence of the Philippine people, it is my judgment that it should not at this time be injected into a revenue bill in the way of an amendment. If it were the only possible opportunity for reaching the situation close to the heart of the senior Senator from Minnesota, it would be very well for us to consider it, but inasmuch as a measure dealing in a general way with this whole important subject matter is on the calendar and is ready for action, and the opportunity will soon come to us to act on it, it is my judgment that we should exclude the Philippines from the operation of the amendment offered by the Senator from Minnesota. For that reason I shall oppose the amendment.

Mr. BROUSSARD. Mr. President, I can not take any position different from that I took a couple of years ago when a tariff bill was before us. I offered an amendment to the tariff bill to grant independence to the Philippine Islands, or to take the preliminary steps looking to that end, and then sought to have imposed a tariff upon the sugar imported from the Philippine Islands. I pointed out the fact that the oils imported from the Philippine Islands were doing great harm to the agricultural people and to the dairy people of this country.

Therefore I shall vote for the pending amendment, although I can quite agree with the Senator from Oregon, the Senator from Nevada, and the Senator from Missouri, that if we enact the pending bill there might be some amendment offered which might correct what we are trying to accomplish along the lines of the amendment offered by the Senator from Minnesota.

When House bill 7233 came to the Senate, I offered an amendment which I believe it necessary to reoffer to the Senate bill. I would like to have the clerk read the amendment, and have it printed. It is offered as an amendment to the Senate bill.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The clerk will read.

The Chief Clerk read as follows:

Amendment intended to be proposed by Mr. BROUSSARD to the bill (S. 3377) to enable the people of the Philippine Islands to adopt a constitution and form a government for the Philippine Islands, to provide for the independence of the same, and for other purposes, viz: On page 25 strike out lines 17 to 23, inclusive, and insert in lieu thereof the following:

"There shall be levied, collected, and paid on refined and unrefined sugars coming from the Philippine Islands in any calendar year the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries: *Provided*, That for the first year of the existence of the government of the Commonwealth of the Philippine Islands 50,000 long tons of refined sugar and 800,000 long tons of unrefined sugar shall be exempt from the payment of said duty, and that for the second year the amounts of refined and unrefined sugars herein provided to be admitted free of duty shall be reduced by 5 per cent, for the third year by 10 per cent, for the fourth year by 15 per cent, for the fifth year by 25 per cent, for the sixth year by 40 per cent, for the seventh year by 60 per cent, for the eighth year by 85 per cent, and thereafter, and until final independence is granted, full duties shall be paid."

The PRESIDING OFFICER. The Chair understands the Senator from Louisiana desires to have this amendment printed and lie on the table.

Mr. BROUSSARD. I make that request.

The PRESIDING OFFICER. That order will be made.

Mr. WHEELER. Mr. President, I agree thoroughly with what the senior Senator from Nevada [Mr. PITTMAN] has said with reference to attempting to place a duty on articles coming in from the Philippine Islands. I agree that it would be immoral for the Congress of the United States, while holding the Philippine Islands, to place duties upon imports from those islands.

I want to say further that the reason why there is so much clamor at this time for increased tariffs on the part of the copper miners and on the part of every other industry is because of the difference in the rate of exchange between the money of this country, which is upon the gold standard, and the money of countries which are off the gold standard. So far the Congress of the United States has not seen fit to meet the fundamental thing that is wrong in this country to-day.

I first want to read an article by Louis J. Taber, master of the National Grange, and I understand late a candidate for the Senate in the State of Ohio on the Republican ticket:

IRON DEBTS AND RUBBER MONEY

By L. J. Taber, master of the National Grange

If the farmer borrowed a dollar in 1919 and must pay that dollar to-day on the present price index, he must pay $2.33 for every dollar borrowed. Coming down to as late as 1928, if a farmer borrowed a dollar and must pay it back at the present price index, he must pay $2.08. Averaging it over the last 15 years for agriculture, measured in terms of products, it means he must pay $2.25½ for every dollar he has borrowed.

These figures indicate that the interest rate, if you figure on a basis of 6 per cent, computed on the basis of the present price of farm commodities, is now 13.5 per cent; and if the rate is taken at 8 per cent, the farmer must now pay 18.5 per cent interest.

What has happened to agriculture in the way of paying debts at the present level of commodity prices is graphically told in the subjoined table. The Bureau of Agricultural Economics of the United States Department of Agriculture is authority for the statement that the farm barometer in January stood at 66. Comparing to-day's farm prices with the former price index, the table below shows in terms of what the farmer has to sell just how much he has to pay in the way of farm crops for each dollar borrowed during each of the years indicated in the table.

[Department of Agriculture statistics. Other figures from Yearbook]

Index	Year	Equivalent payments required to-day
117	1930	$1.77
133	1929	2.02
137	1928	2.08
138	1927	2.09
129	1926	1.96
143	1925	2.17
142	1924	2.15
132	1923	2.00
130	1922	1.97
119	1921	1.80
152	1920	2.30
220	1919	3.33
203	1918	3.08
192	1917	2.91
146	1916	2.25

This table indicates the average for the past 15 years required that the farmer must give the equivalent of $2.25½ for every dollar borrowed when forced to pay at to-day's price level.

In other words, 6 per cent interest is equivalent to 13.5; 7 per cent interest is equivalent to 15.75; 8 per cent interest is equivalent to 18.8. This is an impossible situation.

The commodity price level must be raised to approximately the same level upon which our debts were contracted. Unfortunately the banker to whom we pay our money receives no benefit from the fact that we must give him more than $2, measured by commodities, for every dollar borrowed. What we must do is to raise the price level through restoring the volume of currency or else face disaster.

Mr. President, I have contended from the very inception of this session of the Congress that the fundamental thing that is wrong in this country to-day is the contraction of debt and the contraction of our currency, and that the one

way in which this could be met is to have a sufficient inflation of our currency and our credit to place them back in approximately the position where we were in the year 1926. When the Senator from Pennsylvania [Mr. REED] was speaking the other day he spoke of honest dollars; and he intimated that if we raise the price of commodities, if we had an inflation sufficient to raise commodity prices to the level of 1926, we would have a dishonest dollar in this country. I submit, Mr. President, that the bill which I introduced some time ago for the remonetization of silver so as to increase primary money, not only of this country but throughout the world, would do more than any piece of legislation which has thus far been advanced in this Congress to bring back the commodity price levels of products throughout the United States. Some one has said that the Government of the United States would not be able to remonetize silver by itself; but let me invite the attention of those who are at all doubtful about the situation to the fact that if this country itself should, independently of any other country in the world, remonetize silver we would immediately take from Great Britain all of her trade in the Orient, in China and in India, and in the rest of the Orient. It would immediately force Great Britain, which is now off the gold standard, to a bimetallic standard in order to hold her trade. I doubt if there is any economist in the United States or in the world to-day who would contend for one moment that Great Britain and her colonies, together with the United States of America, could not maintain bimetallism and that it would not be beneficial to the people of this country and to the people generally throughout the world.

Some Members of the Senate will recall that when we had before us the so-called Glass-Steagall bill, sponsored by the administration, and the junior Senator from Connecticut [Mr. WALCOTT] was speaking in favor of the bill, I asked him the question, "Will the Senator please tell me how it is possible for this bill or any provision in the bill to raise the commodity price level of products that have to be sold upon the world markets?" The Senator at that time answered in substance that if the bill is enacted into law and is put upon the statute books of the United States of America, we would soon become a gold Gibraltar, smoke would soon be coming out of the chimneys, the railroads would be busy, and the price of farm commodities would then rise.

I said then and I say again that not a solitary thing we have done since the Congress of the United States has convened in this session has been with the view to raising or at least it has not raised the commodity-price level of products that have to be sold upon the world market. We have seen the President come forward and issue a statement saying that immediately, if the moratorium was passed, immediately if the Reconstruction Finance Corporation bill was passed, immediately if the Glass-Steagall bill was passed, and immediately if this or that piece of legislation was passed, then prosperity would return and commodity-price levels would immediately rise.

It seems to me that any economist who had ever studied the fundamentals of economy in any high school in the United States of America ought to know better than to say that we could raise the commodity-price level of products that have to be sold upon the world market either by passing the Glass-Steagall bill or the Reconstruction Finance Corporation bill or any single piece of legislation that has been advocated at this session of Congress. Yet we see men rising in the Senate of the United States, as did the Senator from Pennsylvania [Mr. REED], and saying what we need in this country is a Mussolini, and on another occasion saying that unless we do this or that we will have no Government in the United States. But I say that if we do not have any Government in the United States it will be because of the stupidity of the leadership of the Republican Party and those in control of the Congress of the United States of America.

It has been suggested to me sotto voce that I should not overlook the Democrats, and I agree that it is regrettable—it is exceedingly regrettable to me—to find that on this side of the Chamber as well as on the other side of the Chamber there has not been any legislation advanced for the purpose of doing anything to bring up the commodity price level of products that have to be sold on the world market. It is perfectly absurd, it seems to me, to think that putting out a little bit more money to the railroads of the country, while it might have been necessary to stop them from going into the hands of receivers; putting a little more money into the banks of the country, while we might have stopped some banks from going broke, would justify anyone in saying that prosperity can return in this country until the farmer can get enough for his products so his purchasing power is restored, so he can pay off the indebtedness which he owes.

Let me quote a statement from Mr. Arthur Brisbane, written in all the Hearst papers and carried in the Washington Herald of May 15. No one, I am sure, will contend that Mr. Brisbane is anything but a conservative of conservatives, and yet he said:

President Hoover reminds Congress that the National Government can use "emergency powers" now as in war.

There is no lack of power in the Federal Government, and the President, with the Russian Czar and Turkish Sultan thrown into time's wastebasket, is the most powerful ruler on earth.

The thing is to decide what ought to be done and then do it.

The trouble is that our great engineer at the other end of the Avenue has decided a dozen different times in a dozen different ways about the situation. He sent here to the Congress of the United States some remedy which he said was immediately going to restore confidence and immediately raise commodity prices, immediately going to start the smoke coming out of the chimneys and bring back prosperity, if you please. I think the most serious charge that can be made against the President of the United States of America is that from the very beginning of this depression never once has he visualized what the real situation was in the United States. Consequently, never having visualized what the trouble was in the United States, he never was able to send to the Congress a measure containing a constructive proposal for the relief of the present situation.

Let me invite attention to a fact that has been so often repeated, that in 1929 this great engineer said, "Prosperity is just around the corner," and that we were going to "have prosperity soon." Again he said prosperity would be back again in 60 days. Then he issued another and still another statement, and each time that he issued a statement the prices of commodities dropped throughout the country. Not only did the prices of commodities drop, but the prices upon the stock market, after being boomed a few days, would again sag down. Here we are about to close this session of Congress and the only thing we hear from the White House is to the effect that we must balance the Budget. That has become the President's latest cry.

Mr. Brisbane stated further:

We know three things that are needed—confidence, money, and employment.

How are we going to get confidence, how can we expect the people to have confidence in the United States or in their President and their Congress, when the President of the United States and our leading business men and our leading statesmen on the other side of the Chamber are constantly saying that "prosperity is just around the corner," and then the people discovering that they have been misled? How can we expect to have confidence in this country when we have a man in the White House who has not at any time visualized in this whole depression what was wrong with the country and has not had the temerity to come to Congress and tell the Congress of the United States how to remedy it if he did visualize it? I think the trouble is that he never has visualized the true condition.

Mr. Brisbane continued:

We know three things that are needed—confidence, money, and employment.

The Government has power to provide all three.

It could print the money needed and, with the name United States of America on it, that would be the best money in the world.

The other day the senior Senator from Pennsylvania [Mr. REED], in speaking of silver, called attention to the fact that practically all the bonds of the United States of America are payable in gold and said that all of the mortgages are payable in gold. But let me call attention to the fact that we have a lot of money in this country to-day that is not backed up by gold. We have silver certificates which, as a matter of fact, are really worth to-day about 30 cents on the dollar.

When a bond is to be paid, if silver certificates are offered, does anyone question whether he should take them? Not at all. Does anyone to-day hesitate in payment of a gold bond to take greenbacks which were issued many years ago? Not at all, Mr. President; and if we should remonetize silver, no one would for one second hesitate to take silver just so long as he knew the Government of the United States was back of the currency it issued. If silver were remonetized, however, we would have more primary money in this country. It would immediately increase the purchasing power of the Orient; it would increase the purchasing power of India; it would increase the purchasing power of China; it would increase the purchasing power of Mexico; it would increase the purchasing power of the Central and South American countries, and they would then be in a position to buy from us automobiles and other commodities. It would do more for the automobile industry than anything that could possibly happen. It would start the wheels of industry in this country as nothing else would start them, if we had the courage and if we had somebody at the other end of the Avenue who had the courage to take a stand with reference to this question.

Mr. Brisbane suggests:

It could print the money needed, and with the name "United States of America" on it, that would be the best money in the world.

Do you doubt it? You would take any plain piece of paper marked "I O U $100,000,000, John D. Rockefeller," and you would not discount it by as much as an eighth of 1 per cent, if you were sure of the signature. The world will take Uncle Sam's I O U up to ten billions and twice that.

When we are talking about the gold standard and the necessity of having gold with which to pay debts, let me call attention to the fact that the debts of the farmers of this country alone are equal to more than all the gold in the world; there is not gold enough in the world to-day to more than pay the indebtedness of the farmers of this country alone.

The difficulty is that our financial powers are accustomed to get their rake-off, in the way of commission and interest, on any money that the Government creates. The financial powers are also the Government, since they control it.

Is there any Senator on the floor of the Senate to-day who doubts the statement made by Mr. Brisbane?

They will not allow Uncle Sam to use his credit except through money lent by them; and if they happen not to have it, or if they are frightened to death, as at present, and can not or will not supply what is needed, except on usurious terms, they will not let the Government operate free of their financial tutelage.

The President would exercise "emergency powers" wisely if he would simply say, "What money the Government needs, it will print and use, without permission from financial small fry that are creatures of Government power." If that be inflation, make the most of it. But please note that payment with money thus issued will be legal payment of any obligation within the boundaries of the United States.

In war, the emergency calls for men; their blood and their lives. The Government did not hesitate to take 3,000,000 men, ship them 3,000 miles, pay them next to nothing, and require risk of life from all of them. The protests of mothers did not count. It was an emergency.

This is an emergency in which cash is needed. Why must the Government now pay more attention to some asinine financier, afraid of losing profits, than it pays in war time to a mother, afraid of losing her son?

The explanation and the fact is that our Government is a financial enterprise, controlled by financiers. We have not had a President to resist that financial power since Andrew Jackson.

Congress proposes to investigate silver and discover what is the matter with it. The President is said to approve if gold is included in the investigation.

This country, a great silver producer, fights to knock down all silver's price in favor of gold, produced in America on a very small scale. The amount of silver produced the world over for many years past has averaged less than thirteen times the amount, weight for weight, of gold produced. But gold, instead of selling at twelve, or twenty times the price of silver, sells at more than sixty times the price of silver. And of eighteen hundred million human beings on earth, sixteen hundred millions have practically no gold.

Why does gold sell for a price sixty times greater than that of silver? It is because of the fact that the governments of the world fix the price of gold but do not fix the price of silver.

Just what they are to use "for money," in buying from us, seems a problem. The British have dropped the gold standard and are prospering. We hang to it desperately, as though our only possession were our few pitiful billions of gold, and you know what is happening to us. You know, also, what is happening to our gold. Europe, France especially, draws it out of our vaults at the rate of ten and twenty millions a day.

Uncle Sam is like an old Fafnir, with a thousand leeches sucking his golden blood.

So, Mr. President, I am sure we are going to conclude this session of Congress without enacting any legislation that would really accomplish anything to enhance the price levels of the commodities the farmer produces. Is it any wonder that people are clamoring at the doors of Congress asking for a tariff upon this and a tariff upon that, asking that we put a tariff wall around this country to shut ourselves in, asking for relief of all kinds, when we have not the courage to face the real problem which confronts the country? Is it any wonder that groups of farmers are coming here and groups of this kind and groups of that kind and groups of the other kind and making their demands? There is a hysteria in this country just now as much as there was during the war; there is a hysteria because of the fact that the Congress of the United States has not the intestinal stamina to meet the situation that faces the country and seek to remedy it. It is because, Mr. President—and I dislike to say it—that a few men in the city of New York who have controlled this Government, who have controlled our finances, and to whom we have looked as the only ones who had any wisdom and any understanding of the financial problems of the Nation and of the world are dictating the financial policies of our Government at this time. Have we not the courage or have we not the ability in the face of their opposition to remedy the situation? Senators stand on the floor of this body and say "This Government is going to be destroyed; we need a Mussolini." We do not need a Mussolini in this country, Mr. President, and this Government of ours is going to endure. I am not a pessimist; I say to you, Mr. President, that the people of the United States will never stand for a Mussolini, but sooner or later they are going to wake up and are going to demand that their timid representatives in Congress and in the Senate and their President remedy the situation in the way that it should be remedied and, in my judgment, in the only way that it can be remedied.

Let me call attention, Mr. President, to a letter which I have received from the cashier of the First National Bank of Roxton, Tex., dated January 26. He says:

We have read the newspaper extracts from your speech on the money-and-debt question made in the Senate yesterday. Your utterance was a great one. It was the first public utterance that I have noticed that really touched the vital spot of the trouble. You say that people must be allowed to "pay their debts in the same kind of money, the same unit value, that they were made in." That is the crux of the whole thing. It is the mountains of cheap-dollar debts—debts made on the smaller war-induced units of money—all the billions and billions of national, international, and especially private debts made up to 1920 on the smaller units of money that the world is now trying to be forced to pay in the biggest dollars and pounds in all history that is ruining the world.

The effort to deliver double and quadruple has absorbed and is absorbing all the purchasing power of the people; for a lack of consumption values have fallen, business has stopped, and pandemonium is about to break loose. There are not five men in a million that yet know what is the matter. * * * An impossibility has been tried. Debts—doubled and quadrupled debts—are eating up all the consuming power while goods stack up, prices fall, factories stop; while the very people who have produced all the food and clothing are now hungry and cold.

Mr. President, is it any wonder that European governments are knocking at our door asking us for moratoria, saying that they can not pay? Of course they can not pay. Is there anybody so absurdly silly or foolish as to think that

with present world commodity prices the governments of Europe can pay us? Is there any Senator so silly as to think for one second that the farmers of this country can pay the indebtedness which they owe with the prices of corn and wheat and cotton where they are today?

I say to you, Mr. President, I say to Senators in this body, that unless Congress raises the commodity price level of farm products, one of two things is going to happen—we are either going to have general bankruptcy in this country or we are going to have a general repudiation of all farm indebtedness and of practically all other indebtedness throughout this Nation and throughout the world. Senators can take one horn of the dilemma or the other; but there has either got to be a complete repudiation of indebtedness throughout the world or else the other thing will have to be done, and that is to raise commodity price levels; that has got to be done, and it has got to be done very quckly.

I know, Mr. President, very well what the scheme of things is at the present time. I appreciate that the word has gone out from the financiers of Wall Street, and I know who is back of the movement. I know that finally many of them have now come to the conclusion that something has got to be done to raise commodity price levels. I appreciate that the administration is now carrying out their policy in having the Federal Reserve Board buy Government bonds at the rate of $100,000,000 a week; but I say, with the Senator from Virginia [Mr. GLASS], that I am unable to see how it is possible by buying Government bonds from the banks to raise the price levels of products that have to be sold upon the world market, unless the process is carried to such an extent as to take us completely off the gold standard. I do not think, Mr. President, that anybody who has given any thought or any study to the subject will for one minute challenge that statement. We might have arrested the depression in 1929 by buying Government bonds in the open market as the Federal Reserve Board is doing now. We might have helped materially in 1930 or 1931, but why, if it is a good thing now, was it not done before everyone had lost confidence and become hysterical to the extent of thinking we were going to ruin overnight? Why did not the President have the Reserve Board use the powers to buy Government bonds in the open market in 1929, 1930, and 1931? Why? Because he and his advisers thought prosperity was just around the corner. They never visualized the real situation, and I sometimes doubt they do to-day:

The cashier of this bank goes on to say:

> That effort after the war to shove back to the pre-war standard was the economic error of the ages. No such harebrained thing was ever attempted on such a scale before. Of course, the same trick had been worked in some nations after other wars, but this war was so big that the trick would not work. It is swamping the world.

I called attention upon the floor of the Senate in the speech that I made with reference to my bill some time ago to how during the war we had this tremendous inflation of credit—credit upon credit—and practically all the countries of the world went off the gold standard. Then I called attention to how the great financial interests, the international bankers, met at Basel, and at some other city in Europe that slips my memory at the present time, and sought to drive all the countries back upon the gold standard, and they did it. We loaned gold to Germany in order to put Germany back on the gold standard. These international bankers went in and put practically every great country upon the gold standard. We not only loaned Germany money to put her back upon the gold standard, but we canceled part of her indebtedness so as to make it possible for her to go back on the gold standard. Yet because of the fact that commerce and trade and debts had piled up throughout the world to such an enormous extent, it was impossible for these countries to stay upon the gold standard, and finally England, after going back, had to get off the gold standard again. The greatest, strongest power of all the powers in the world, with the exception of the United States, could not stay on the gold standard; and yet the little group of international bankers who absolutely dominate and control the finances of this country will not let us do and the Congress and the President of the United States do not dare to do the thing that is necessary to be done in order to bring up the price of commodities and bring back prosperity in this country.

Talk about fiddling while Rome burns. Talk about needing a Mussolini. We do not need a Mussolini to control the workingmen and the farmers of this country, but we need somebody at the other end of the Avenue who has the intestinal stamina to defy the little handful of international bankers who have brought this country to the very brink of ruin.

The cashier of this bank goes on to say:

> The people are watching Washington, watching for a sign—a sign that there is going to be a change of policy, that there is going to be a reversal of the policy that has ruined the world. They have not seen much signs of that sign until they read your speech. Now hope begins to rise—

And so forth. He says further:

> If there is not a reversal, if something is not done to put more dollar value into things, there can be no revival of business.

This is only one of hundreds upon hundreds of letters that I have received from little bankers and from various economists throughout the country pointing out the necessity of doing something with reference to the remonetization of silver.

Here is the chairman of the Finance Committee of the Senate, the most powerful committee in the United States Senate and the most powerful committee in the Congress of the United States, a man who I know is interested in and believes that the remonetization of silver would be beneficial to this country, yet, Mr. President, my bill is before his committee, and——

Mr. SMOOT. Mr. President, the Banking and Currency Committee is considering the silver bills.

Mr. WHEELER. I beg the Senator's pardon; my bill is before the Finance Committee.

Mr. SMOOT. The Banking and Currency Committee have had all the other bills.

Mr. WHEELER. My bill is before the Finance Committee. The Senator from Utah is the chairman of the committee—the most powerful committee of the Senate. Statements have been carried in the press of this country to the effect that the distinguished chairman of the Finance Committee is in favor of the remonetization of silver. Not only that, but the chairman of the Banking and Currency Committee, the distinguished Senator from South Dakota [Mr. NORBECK], has recently issued a statement to the effect that he is in favor of the remonetization of silver. Not only that, but many other distinguished Republicans on the other side, and many distinguished Democrats in this body, have said that they are in favor of the remonetization of silver, and believe that it is a thing that should be done in order to bring back the commodity price level of those things that have to be sold upon the world market, and in order to start the wheels of industry and to increase the purchasing power, as I said a moment ago, of all of the South American and Latin-American countries.

The fact that we are on the gold standard and the other countries are off the gold standard, is the thing that makes it possible for the African companies to ship their copper to this country and lay it down in New Jersey for 5 cents a pound. That is one of the reasons, my friends, why these people from Arizona are here clamoring for a tariff upon copper. It is the reason why all of the other peoples, all over the United States, are coming here clamoring for relief of this sort and of that sort. It is because Congress has not dared to fly in the face of this little group of international bankers, and do its duty to the people of this country.

In conclusion, Mr. President, I ask to have inserted in the RECORD a petition signed by numerous people in favor of my bill and for the remonetization of silver.

There being no objection, the petition was ordered to be printed in the RECORD, as follows:

> We, the undersigned citizens of Roosevelt County, Mont., believing that agriculture is one of our basic industries and that the economic security of our Nation is dependent upon the economic

security of the American farm, favor such legislation as will provide for the solvency of the American farmer.

We believe that the only way out of the present depression is to raise commodity prices and thereby reduce the burden of debt. Under the present gold standard debts contracted three years ago, if paid this year, would require three times the amount in farm commodities as when they were contracted. All of the important countries of the world have gone off the gold standard; it is therefore impossible for us to trade with them. This keeps commodity prices down.

We feel that if prosperity is to return to this country, we must go off the gold standard, which is the cause for most of our economic ills.

We therefore respectfully petition the Senate of the United States of America to pass the Wheeler silver bill, S. 2487, which provides for the remonetization of silver by providing for the free coinage of silver as well as gold at the fixed ratio of 16 to 1.

S. D. Gleason, O. Jaumotte, Albert Jaumotte, J. Jaumotte, Bernard McCormick, Neville Bemer, Robert Payne, Jack Brese, John Green, Conrad Green, Geo. H. Green, Jacob Green, jr., Alex Forsyth, J. Craigie, Lewis W. Kuehnle, T. C. Reyness, Frank Mattilin, Allen Hess, Amelia Green, Meade Steele, Medicin Crow, Mrs. A. F. Gleason, V. E. Albert, H. C. Albert, A. O. Mashuf, H. B. Winslow, Mary Lewis, Eva Jenkins, Bill Fehrs, Homer Lewis, Alvena Fehrs, Myrtle Collins, J. L. Hodges, Ellsie Hodges, Andy Cain, Maggie Cain, Beatrice Henneberry, C. A. Birch, Lee M. Birch, Dan Birch, Helen Lewis, Elmer Foss, Dorothy K. Foss, Karl Hansen, Roger Hansen, Laura Foss, C. A. Foss, Ralph Hagen, Fred Talksdorf, Anna Talksdorf, H. J. Talksdorf, Paul Patch, Katharine Schmitz, John Noehl, J. W. Murphy, Roy C. Powell, Grace Powell, Edna Snedigar, Oved W. Snedigar, F. N. Snedigar, Leona Snedigar, Isaac Ruggles, Mary Ruggles, F. O. Golphence, Pearl Golphence, H. D. Stiles, Lulu G. Stiles, W. E. Buckallen, Mabel Buckallen, Murl Stiles, Frank Svoboda, Anton Svoboda, Mrs. Frank Svoboda, Bailey Fisher, Mrs. W. R. Ralston, W. R. Ralston, Mrs. Kenneth Ralston, I. K. Ralston, Otto Storm, Herman J. Storm, Reuben Feather Ewing, Lucian Walking Eagle, Ole C. Olesen, Alex Miller, D. L. Miller, Merry M. Dahlberg, Oscar Dahlberg, Mrs. Oscar Dahlberg, Chas. A. Prior, Mrs. Jas. Craigie, A. Hartry, Arne M. Olson, Mrs. Arne M. Olson, Mrs. Anna Kuehnle, Mrs. James B. Byrne, L. A. Storm, R. E. Albert, L. A. Alvin, Ethel Alvin, Luella Jelden, Luke Jelden, Charlie Bradford, Oscar Labadie, Margaret Labadie, Peter Fehrs, Ole Smith, Elva Lewis, J. O. Jenkins, John A. Collins, Rice Jenkins, Mrs. Ole Smith, H. S. Hinz, Mrs. H. S. Hinz, Mrs. Ernest Seegash, Ernest Seegash, Herman Fehrs, Joe L. Schmitz, Anna Schmitz, G. W. Ledford, Lizzie Ledford, Howard Sheehan, Ora Sheehan, Matt Lowe, W. M. Schow, Myrtle Lowe, J. S. Snedigar, Ollie Snedigar, Barbara Vincent, Frank Vincent, T. C. Yadon, J. S. Yadon, Mrs. J. S. Yadon, Mrs. T. C. Yadon, A. F. Buckallen, Josie Buckallen, Wm. M. Ralston, Mrs. Wm. M. Ralston, Lars Larson, C. H. Schwaz, O. C. O. Lien, Alvin O. Lien, Mary Brown, Hans Lien, Marie Lien, E. T. Lynd, Mrs. E. A. Lynd, and Miss Zona Lynd.

Mr. HAWES. Mr. President, I desire to withdraw my substitute for the amendment of the Senator from Minnesota [Mr. SHIPSTEAD]. There seems to me some uncertainty about it; and I ask that the amendment which I send to the desk may take its place.

The PRESIDENT pro tempore. Without objection, the amendment in the nature of a substitute heretofore offered by the Senator from Missouri is withdrawn, and in its place the Senator from Missouri offers the amendment which will be stated by the clerk.

The CHIEF CLERK. Strike out all of line 1 after the word "copra" down to and including the word "Islands," in line 2.

Strike out all of line 7 after the word "oil" down to and including the word "countries," in line 8.

On page 2, after line 7, add a new paragraph to read as follows:

(12) None of the taxes herein described in paragraphs (9), (10), and (11) shall apply to any articles imported from the Philippine Islands or other possessions of the United States.

Mr. HAWES. That amendment simply excludes the Philippine Islands and our other colonial possessions from the amendment of the Senator from Minnesota.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Missouri to the amendment proposed by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. KING. Mr. President, I hope there will be no necessity of voting upon the amendment offered by the senior Senator from Missouri [Mr. HAWES]

Of course I understand that under the parliamentary procedure, this amendment calls for a vote in advance of a vote on the amendment offered by the Senator from Minnesota; but it does seem to me that under the circumstances and the conditions that confront us at this time the amendment of the Senator from Minnesota, regardless of its merits, attributing to it all of the virtues for which he contends, is inopportune and ought to be withdrawn, or promptly defeated.

We are discussing a tax bill, not a tariff bill, and further efforts to convert it into a tariff bill should meet with no support. It is obvious that if demands are made and acceded to for additional tariffs on commodities, Congress will be in session for weeks and perhaps months. It is vital that a revenue bill be enacted at the earliest possible date. The financial situation demands prompt action by Congress, and we will be derelict in our duty if we consume days and weeks in considering demands for tariff increases.

If we are to break down the barriers and introduce into this bill amendments dealing with a multitude of products, we might just as well label it a tariff bill and abandon the objective of enacting a sound and proper revenue measure.

If a tariff bill was being considered, the amendment of the Senator from Minnesota would be germane and relevant and the appropriate committees of the House and Senate would have conducted hearings and obtained data bearing upon the matter. When the Smoot-Hawley bill was under consideration the question of tariff upon oils of various kinds was the subject of extensive hearings and produced prolonged debates both in the House and Senate. Tariff laws are not like the laws of the Medes and Persians. They are subject to frequent changes. The tariff acts such as the Fordney-McCumber, Payne-Aldrich, McKinley, and Dingley laws served the purposes of the public for a limited time. The Hawley Act will soon be modified, and when measures are offered for the purpose of increasing or reducing rates the Senator's proposition can then be considered. Transitions occur economically and politically, and economic and industrial conditions of to-day will not be existent to-morrow. Tariff schedules that are applicable to-day may be inapplicable within a short time.

The Smoot-Hawley law is not a fixity. While it is a chain that binds and restricts, it will not indefinitely continue. The people will not complacently submit to tariff barriers, which are in part responsible for the economic depression now existing. There will be a revolt against them, and the stream of international trade will carry our products to all lands. There will be changes in the schedules of the Smoot-Hawley tariff bill within the next few years. Why, then, enter upon the task of repealing and modifying provisions of that law at this hour, when a revenue bill must quickly be passed? Why now, within two years after the passage of a tariff bill that provoked discussion for a year and a half, inject tariff questions into this tax bill?

So it seems to me, Mr. President, that whether we are advocates of prohibitive tariffs or of moderate tariffs, we should pretermit the consideration of tariff questions until some later time.

Aside from the general considerations to which I have so imperfectly alluded, it seems to me unfair to single out, as this amendment does, the Philippine Islands, for approximately 95 per cent of the commodities against which the amendment is aimed comes from the Philippine Islands. Why aim at them and some of their products?

The United States took them under its ægis against their will. We superimposed upon them, I was about to say by fire and sword, certainly by bayonet and cannon and military force, an alien rule. Are we to hold them as colonial possessions, denying to them the rights which should be accorded those who are under the flag of our country? Are we to conquer peoples in distant lands, and hold them for exploitation, for material gain? If they are under this flag they should not be treated as aliens, and subject to tariff laws that will embargo their products.

Mr. President, to me it is indefensible to hold alien peoples under the flag and deny to them the rights and privileges

guaranteed by the Constitution. If they are to be held as colonies for exploitation, then we fail to understand the spirit of this Republic, and are strangers to the political concepts upon which this Nation rests.

Even Great Britain accords to her colonial possessions greater rights than many Americans are willing to concede to the conquered Filipino race. Rome gave to her conquered provinces liberal government, I was about to say independence, certainly local self-government, autonomy in the highest degree, and many of the citizens of her provinces were known as Roman citizens.

The Apostle Paul claimed the right of a Roman citizen when arraigned before the provincial tribunal, and his case was referred to Rome for adjudication.

Are we to keep the Filipinos in a condition of vassalage? Are we to deny them rights which the Constitution gives to them? We forced upon them free trade, so far as the United States is concerned, against their will, and now, after they have adjusted their economic condition to the legislation thus forced upon them, the proposition is made that they shall be treated as aliens living upon alien soil, and be subject to such tariff restrictions as may be demanded by American citizens or selfish corporate or individual interests.

Some greedy Americans have gone to the Philippine Islands for the purpose of acquiring lands and developing an industrial condition, not for the benefit of the Filipinos, but for the benefit of American capitalists. I fear that there has been a measure of imperialism in the United States that has tainted our contacts with alien people. We superimposed upon Haiti a military rule. By force we changed her constitution, which forbade aliens from acquiring territory, because the Haitians knew that with their limited acreage, and with their rather large population, if foreigners acquired territory there, the people of Haiti would become vassals and peons.

Mr. President, our duty with respect to the Filipinos is plain. Instead of passing tariff laws to increase their burdens, to shut out their products from our land, if we are to legislate at all, let us give them their freedom. They covet it. They have been demanding it for years, and they will never be satisfied until they are completely emancipated from the authority and control of the United States. The statement is often made that the Filipinos are guilty of ingratitude because they demand their freedom and their right to a government of their own choice. Some Americans insist that the Filipinos should accept without complaint whatever form of government may be imposed upon them by the United States; that they should have no aspirations for independence, but should be content to remain indefinitely under our flag, but without the Constitution, and subject to the uncontrolled will of Congress.

Mr. President, the Filipinos won their liberty from Spain and set up a government republican in form. Admiral Dewey stated that they were more competent to govern themselves and to maintain an independent government than were the people of Cuba. Why should the aspirations of the Filipinos be stifled and impediments thrown in their way of achieving that liberty which brave and heroic men and women everywhere desire to enjoy? Of course, it is no easy task to set up and maintain in the conditions now prevailing in the world an independent government, but the right of self-determination is an established doctrine and accepted by liberal-minded people throughout the world. Latin-America has many states whose area is less and whose population is smaller than that of the Philippine Islands. We do not contend that the people of Costa Rica or San Salvador or Panama or other Latin American states, because of the lack of resources or the limited number of their inhabitants, should be denied the right to govern themselves. The love of independence and of liberty is inherent in man. The Filipinos have given many evidences of their virile qualities; of their courage and of their capacity to work out their own salvation politically and economically. It is true that they will experience vicissitudes and difficulties in establishing and maintaining an independent government. The same can be said of most governments that have been established. Small states with few inhabitants have oftentimes risen to great heights of power and glory. Their very weakness has often been a source of strength.

Nations do not spring full-panoplied from the brow of some puissant Jove; they are subject to evolutionary laws which find expression in the political and economic lives of communities and nations. The law of social evolution, as Spencer has shown, finds application in society and in states.

The Philippine Islands possess great natural resources and a homogeneous people, united in their desire for independence and certain of their ability to organize and maintain a stable and progressive government—one that will take its place among the advanced and progressive nations of the earth. Perhaps there is no true basis of comparison between the American colonists and the establishment of this Republic, and the Filipinos and their aspirations for liberty. Nevertheless there may be some analogies that may not be overlooked. The American colonists in the main were of English descent; they carried with them to the new world the customs and religion and culture and laws of Great Britain. However, they were not satisfied to remain colonies under the control of those to whom they were bound by so many ties. Need we wonder that an alien race, differing from us in language, culture, and laws, should desire to be free from the domination of this Nation.

Can we criticize the Filipinos for desiring independence, desiring to have their own flag, which they may salute as we salute the Stars and Stripes of this Republic?

Mr. President, it were better to have a free and independent nation there under their own flag, working out their own destiny, than to have the irritating conditions which exist and will continue to exist so long as the Filipinos are under the domination of the United States.

Why not give them their independence? Passing measures such as suggested by the senior Senator from Minnesota [Mr. SHIPSTEAD] will arouse indignation, ill will, and be provocative of unrest and disturbing currents. It will arouse in the hearts of the Filipinos a determination to continue the contest until their aspirations for independence shall have been realized.

If we want to deal with this question of tariffs, we can do it in a short way. Give the Filipinos their independence, pass a measure that has been pending from the beginning of this Congress, and textually the same measure was introduced in preceding Congresses. Under this measure within three years they will be wholly independent. They will have ample opportunity to hold a convention, and to adopt a constitution republican in form, as it will be. They will have ample opportunity to select officers of their own choice, and, after that has been done, and the facts certified to the President of the United States that they have a republican form of Government and officers selected pursuant to their constitution, then the President by proclamation will declare that they are free and independent, and will notify other nations of that fact. Under this plan the Filipino Republic will embark upon the international sea competent, I believe, to battle with the elements, and to win its way as other nations and other peoples have won their way, from a lowly condition in the economic and political field of life to the summit of great achievement.

When the Philippine Islands are praying for independence, when they are looking for some legislation favorable to their aspirations, let us not give them a stone instead of bread. Let us indicate to them that we desire their happiness and their welfare, and that we will at the earliest possible moment give to them their independence and bid them Godspeed in the long and perhaps hard race before them.

If, however, we are to vote upon the amendment of the Senator from Minnesota, then we should adopt the substitute offered by the Senator from Missouri, and exclude from the operations of the amendment the products of the Philippine Islands. But my friend from Minnesota must know that he would have a Pyrrhic victory. If the amendment

offered by the Senator from Missouri shall be adopted, the Senator from Minnesota will have the mere shell; he will not have the substance of what he seeks to hold within his grasp.

Mr. President, let us do justice to the Filipinos. Let us vote down this amendment, and at the same time indirectly declare that we are for the independence of the Filipinos, that we will deal justly by them, that we will withdraw the sovereignty of the United States, and aid them in their great adventure upon the international sea.

Mr. TYDINGS. Mr. President, I am going to take just enough time to read a very short editorial from the New York Herald Tribune of May 24, 1932, entitled "Senatorial Gamblers." The editorial is as follows:

The fact that the emergency revenue measure is no place for tariff legislation becomes more apparent every day. The logrolling coalition of Senators of both parties which in the Finance Committee was able to write embargoes on coal, oil, copper, and lumber into the tax bill has succeeded in winning the support of the Chamber to their proposals—but at what a price! The tax bill, designed for the sole purpose of balancing the Budget—a vital necessity in the present emergency—becomes now the sport of sectional and group interests and subject to heaven knows what amendments and delays. Every harpy on the national roster is poised above this essential legislation ready to claim its share of the privileges dispensed. Instead of a tax measure we have a pork barrel; instead of prompt action to balance the Budget, a country languishing for this imperative corrective must sit by in misery while its parochial representatives fight over the national carcass.

For it is a carcass, or will be unless our Senators come to their senses and renounce this effort to destroy the whole for the sake of the parts. The protagonists of the present tariff schedules in the tax bill have a notion that they can confine its special favors to those already incorporated and put the bill over before the end of the fiscal year. Possibly they are right, but we believe that they have endangered the whole reconstruction program, that they have invited a legislative quarrel not unlikely to last all summer and that their only patriotic course is to withdraw their extraneous riders and pass the tax bill as a tax bill.

The situation calls for honest legislators, not gamblers for political advantage at the risk of the country's future.

Mr. President, this paper, which we all know to be a stanch and stalwart Republican journal, has risen above taking partisan advantage at this time. Perhaps it might be conceded, if these tariff items were put into a tariff bill, that many of them would receive the support of the Herald Tribune; but the Herald Tribune has risen above mere partisan considerations, and, in this splendid editorial, which so clearly sets forth the facts, calls upon those who have the responsibility for this legislation to withdraw the tariff items and pass a tax bill. I tender this editorial with a great deal of pleasure at its nonpartisan vein.

Mr. SHIPSTEAD. Mr. President, I want to repeat what I said this morning, that I agree with the sentiment that has been expressed as to the Filipinos and Filipino freedom. I am for the freedom of the Philippines. I was for it before we ever went into the Philippines.

Filipino freedom, however, has nothing to do with the pending measure. Permitting capital—European and American—to exploit the farmers for another 15 years is at stake here, permitting American and European capital invested in the Philippines to exploit the farmers of the United States through the privileges capital enjoys by having the products raised in the Philippines brought in here and sold in competition with butter.

That is what is at stake here. That is the issue. This is not going to reduce the imports from the Philippine Islands. The Philippine Islands will still have a monopoly of the coconut oil imported into the United States. That oil will come here in as large quantities as before. The only difference it will make will be that the soap interests will have to pay a higher price than they are now paying. It has been pointed out that they are paying 3½ cents now for the same material for which they used to pay 17 cents, and yet they charge the same price for soap now as when the raw materials were selling at 17 cents a pound.

Mr. President, I understand the vote will first come on the amendment of the Senator from Missouri [Mr. HAWES], whose amendment proposes to take out of my amendment all of its effects on the Philippine Islands.

The VICE PRESIDENT. The question is on the amendment of the Senator from Missouri, as modified, to the amendment of the Senator from Minnesota.

Mr. HASTINGS. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote, I withhold my vote. If privileged to vote, I would vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. In his absence I withhold my vote.

Mr. BARBOUR. On this vote I have a pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote.

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG]. Not knowing how he would vote, I withhold my vote.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote if present. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and vote "yea."

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote.

Mr. HULL. I desire to announce the necessary absence of my colleague the senior Senator from Tennessee [Mr. MCKELLAR] on account of illness.

Mr. SHEPPARD. I wish to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Kentucky [Mr. LOGAN] are detained on official business.

I also wish to announce that the Senator from Virginia [Mr. SWANSON] and the Senator from Alabama [Mr. BLACK] are necessarily out of the city.

The result was announced—yeas 56, nays 23, as follows:

YEAS—56

Ashurst	Couzens	Kendrick	Reed
Bailey	Cutting	Keyes	Robinson, Ark.
Barkley	Dale	King	Smith
Bingham	Dill	La Follette	Smoot
Blaine	Fletcher	McGill	Steiwer
Bratton	George	McNary	Stephens
Bulkley	Glass	Metcalf	Tydings
Caraway	Gore	Moses	Vandenberg
Carey	Hale	Neely	Wagner
Cohen	Harrison	Norris	Walcott
Connally	Hawes	Nye	Walsh, Mass.
Coolidge	Hayden	Oddie	Walsh, Mont.
Copeland	Hull	Patterson	Wheeler
Costigan	Jones	Pittman	White

NAYS—23

Bankhead	Dickinson	Howell	Sheppard
Borah	Fess	Johnson	Shipstead
Brookhart	Frazier	Kean	Shortridge
Broussard	Hastings	Norbeck	Thomas, Idaho
Bulow	Hatfield	Robinson, Ind.	Watson
Capper	Hebert	Schall	

NOT VOTING—17

Austin	Glenn	McKellar	Trammell
Barbour	Goldsborough	Morrison	Waterman
Black	Lewis	Swanson	
Byrnes	Logan	Thomas, Okla.	
Davis	Long	Townsend	

So Mr. HAWES's amendment in the nature of a substitute for the amendment proposed by Mr. SHIPSTEAD was agreed to.

The VICE PRESIDENT. The question is on the amendment of the Senator from Minnesota as amended.

Mr. BORAH. Mr. President, I want to ask for some information. All reference to the Philippines is now eliminated from the amendment of the Senator from Minnesota. May I ask just what amount of revenue this tax will bring in now?

The VICE PRESIDENT. Will the Senator from Minnesota give his attention?

Mr. SHIPSTEAD. The total amount of revenue estimated, when the provision relating to the Philippines was in the amendment, was about $25,000,000. It is thought that about $11,000,000 was coming from coconut oil, which was the main income from the Philippines. What is left is something that I can not actually estimate.

Mr. BORAH. I think elimination of the Philippines was a wise thing; but, in my opinion, it eliminated the amendment. I do not think there is anything now left of it.

Mr. TYDINGS. Mr. President, I should like to have the attention of the senior Senator from Utah [Mr. SMOOT] for a moment. It is perfectly apparent that we are in the midst of a tariff fight; we have forgotten all about the revenue bill. There are any number of amendments still pending. One of the Senators from North Dakota told me he would feel compelled to offer an amendment increasing the duty on flax. Another Senator has just told me that since we have put the four tariff items in the bill he has about a bushel basket full of telegrams asking for all kinds of protection. I am wondering now whether the Senator from Utah, in the interest of speed, as chairman of the committee charged with the responsibility of passing this purely revenue bill will not rise and ask his colleagues on both sides of the aisle to throw out all these tariff items, so that we on this side of the aisle may give the President the kind of support which we all know he wants at this time. I hope——

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Nevada?

Mr. TYDINGS. I have not finished. I hope the Senator from Utah will realize that day after day and day after day is being wasted in consideration of purely tariff matters, having no relation whatsoever to revenue-raising purposes. Now that other tariff items have been put in the bill numerous Senators are in their offices preparing amendments. This procedure may continue, as the Herald Tribune has said, away into the heat of summer. I will be glad to follow the Senator from Utah if he will just rise and call upon all of us to show our patriotism and to cast aside all local considerations and to permit the majority of the Democrats on this side of the aisle to vote for speed and to get this measure through. Obviously, the way to do that, in my humble judgment, is to have all these controversial tariff matters out of the bill. May I not ask the Senator from Utah if he is not now ready to make such an appeal to this body?

Mr. ASHURST. Mr. President, I object to the question; I object to the answer. It would consume time unnecessarily, and I hope the Senator from Utah will not waste a minute in such a proceeding. I object to an answer.

Mr. GLASS. Mr. President, may I inquire of the Senator from Arizona as to just what particular part of the answer he objects?

Mr. ASHURST. I object to time being consumed in making any answer. I wish to save all these apologies for this measure. Why all these threats? Offer your amendments, but do not threaten, wasting the time of the public. The newspapers are correct in scandalizing Congress.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] as amended.

Mr. ASHURST. Question! Vote!

The VICE PRESIDENT. On the amendment the yeas and nays have been demanded. Is there a second?

The yeas and nays were ordered.

Mr. TYDINGS. Mr. President, I, of course, am always willing to listen in the best of good humor to the splendid speeches of my friend from Arizona; but I was hoping that he would at least not assume to exercise the prerogatives of the Senator from Utah. I was asking a question, in the best of faith, and hoping the Senator from Utah would at least disclose his position on the matter.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BARBOUR (when his name was called). Making the same announcement as to my pair as on the previous vote, I withhold my vote.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN] and therefore withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "nay."

Mr. MCNARY (when his name was called). On this vote I have a pair with the junior Senator from Illinois [Mr. LEWIS], who is temporarily absent from the Chamber. Not knowing how he would vote, I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. SHEPPARD. I wish to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], and the Senator from Kentucky [Mr. LOGAN] are detained on official business.

I also wish to announce that the Senator from Virginia [Mr. SWANSON] and the Senator from Alabama [Mr. BLACK] are necessarily out of the city.

The result was announced—yeas 33, nays 48, as follows:

YEAS—33

Bailey	Fletcher	Norbeck	Shortridge
Bingham	Frazier	Norris	Steiwer
Brookhart	Hastings	Nye	Thomas, Idaho
Broussard	Hatfield	Oddie	Thomas, Okla.
Bulow	Hebert	Patterson	Walcott
Capper	Howell	Robinson, Ind.	White
Carey	Johnson	Schall	
Connally	Long	Sheppard	
Dale	Metcalf	Shipstead	

NAYS—48

Ashhurst	Couzens	Hawes	Pittman
Bankhead	Cutting	Hayden	Reed
Barkley	Dickinson	Hull	Robinson, Ark.
Blaine	Dill	Jones	Smith
Borah	Fess	Kean	Smoot
Bratton	George	Kendrick	Tydings
Bulkley	Glass	Keyes	Vandenberg
Caraway	Glenn	King	Wagner
Cohen	Goldsborough	La Follette	Walsh, Mass.
Coolidge	Gore	McGill	Walsh, Mont.
Copeland	Hale	Moses	Watson
Costigan	Harrison	Neely	Wheeler

NOT VOTING—15

Austin	Davis	McNary	Townsend
Barbour	Lewis	Morrison	Trammell
Black	Logan	Stephens	Waterman
Byrnes	McKellar	Swanson	

So Mr. SHIPSTEAD's amendment, as amended, was rejected.

Mr. BINGHAM obtained the floor.

Mr. NORBECK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORBECK. Would it be in order at this time to offer an amendment to the butter schedule of the tariff act to come in on page 245 of the pending bill?

The VICE PRESIDENT. The Senator from Connecticut has been recognized to offer an amendment. The amendment of the Senator from South Dakota probably could be offered later if not now. On what page does the Senator desire the amendment to come in?

Mr. NORBECK. On page 245, between lines 10 and 11. I ask that the amendment may be printed in the RECORD at this point. It provides a tax of 8 cents on imports of butter in addition to the present 14 cents per pound duty on butter, oleomargarine, and other substitutes.

The VICE PRESIDENT. Without objection, the amendment will be printed in the usual form, printed in the RECORD, and lie on the table.

The amendment intended to be proposed by Mr. NORBECK is as follows:

On page 245, between lines 10 and 11, insert the following new paragraph:

"(9) Butter, 8 cents per pound; oleomargarine and other butter substitutes, 8 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles."

Mr. BINGHAM. Mr. President, I send an amendment to the desk. I assume that all Senators are familiar with it. I have changed it from the form in which it is printed by striking out the first two lines because of the action which was taken last night when the committee amendment in regard to automobile trucks was disagreed to and the rate was reduced to 2 per cent, thereby reducing the revenue-producing qualities of the bill by about $2,000,000.

Mr. President, I will not ask to have the amendment read, as I think every Senator knows what is in it, but I will ask that it may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment proposed by Mr. BINGHAM is as follows:

On page 247, line 4, strike out "4 per cent" and insert "2 per cent."

On page 247, line 9, strike out "2 per cent" and insert "1 per cent."

On page 250, strike out all of section 603, "Tax on radio receiving sets, etc."

On page 264, line 19, strike out the balance of the page and all of pages 265, 266, 267, 268, 269, 270, and 271, through line 7.

On page 286, line 1, after "money," insert "in the amount of $5 or more."

On page 310, strike out, in lines 7 and 8, "Postal rates" and insert "Tax on beer."

Commencing on line 9, strike out the balance of the section and insert the following:

"The national prohibition act, as amended and supplemented, is amended in the following respects:

"(a) By striking out the words 'one-half of 1 per cent or more' wherever they appear in such act, and inserting in lieu thereof the words 'more than 2.75 per cent by weight.'

"(b) By striking out the words 'less than one-half of 1 per cent' wherever they appear in such act, and inserting in lieu thereof the words 'not more than 2.75 per cent by weight.'

"(c) By striking out the words 'more than one-half of 1 per cent' wherever they appear in such act, and inserting in lieu thereof the words 'more than 2.75 per cent by weight.'

"(d) By striking out the words 'below such one-half of 1 per cent' wherever they appear in such act, and inserting in lieu thereof the words 'to 2.75 per cent by weight or less.'

"(e) By striking out the words 'and is otherwise denominated than as beer, ale, or porter' where they appear in section 1 of Title II of such act, and inserting in lieu thereof the words 'and is otherwise denominated than as ale.'

"SEC. 2. Any offense in violation of, or any right, obligation, or penalty, or any seizure or forfeiture based upon any provision of the national prohibition act, as amended and supplemented, or upon any regulation or permit issued thereunder, committed, accruing, made, or incurred prior to the time this act takes effect, may be prosecuted or enforced in the same manner and with the same effect as if this act had not been passed.

"SEC. 3. All permits issued under the national prohibition act, as amended and supplemented, before this act takes effect shall be valid with respect to intoxicating liquor as hereinbefore defined in this act, to the same extent as such permits are at the time this act takes effect valid with respect to intoxicating liquor as defined by law prior to the enactment of this act.

"SEC. 4. Title II of the national prohibition act, as amended and supplemented, is amended by adding at the end thereof the following new section:

"'SEC. 40. All fermented liquors brewed or manufactured, and taxable under the provisions of section 608 of the revenue act of 1918, and hereafter sold or removed for consumption or sale within the United States, by whatever name such liquors may be called, shall be packed in cases of pint bottles of 16 fluid ounces content, such cases to contain one dozen, two dozen, or four dozen such bottles each. Each case and individual bottle shall be marked, branded, and labeled in such manner as the Attorney General and the Secretary of the Treasury shall jointly by regulations prescribe, and all sales by brewers and dealers in fermented liquors shall be in the original package or case so marked, branded, or labeled. Such fermented liquors may be removed from such package or case for use in any public place only by legitimate hotels and restaurants and for the sole purpose of serving such liquors in the dining rooms of such establishments in the pint bottle with meals.'"

Mr. BINGHAM. Mr. President, I should like to explain that the amendment is purely a revenue-producing measure. It strikes out from the bill taxes amounting to about $369,000,000 in addition to the $2,000,000 which were taken off the bill last night.

In the first item, that relative to automobiles, it reduces the tax as proposed by the committee by 50 per cent, thereby saving the consumer $28,000,000. In the case of automobile parts it reduces the tax proposed by the committee 50 per cent, thereby saving about $1,000,000. In the case of the tax on radio receiving sets and phonographs it strikes the tax out entirely, thereby relieving the consumer to the extent of $11,000,000. It strikes out entirely the tax on telegrams and telephones, thereby taking $24,000,000 off the shoulders of the taxpayers.

Against the tax on amusements there has been very great protest from all parts of the country since the Senate committee agreed to tax all admissions over 10 cents, a tax which will probably put out of business a great many, if not half, of the smaller moving-picture houses of the country. The amendment which I propose strikes out the tax on amusements entirely, thereby saving for the taxpayers $110,000,000.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Massachusetts?

Mr. BINGHAM. Just a moment, until I finish my statement as to the amounts involved, and then I will be glad to yield to my friend from Massachusetts.

As to the tax on bank checks, in accordance with the statement made to the committee that in the Western States, particularly in the dairy States, an enormous number of checks are issued to dairymen and farmers bringing in small amounts of produce who would be benefited if there were no tax on small checks, the amendment limits the tax on checks to those of $5 or more, thereby saving to the taxpayer $35,000,000.

Finally, in regard to the increase on postal rates, which in this bill is 50 per cent over the present rate, and which will cost some of our industrial concerns, which are staggering under a heavy load to-day, many hundreds of thousands of dollars, in addition to costing everyone who sends a letter through the mail an additional 50 per cent, the amendment strikes out the increase in first-class postage and in second-class postage, thereby taking $160,000,000 off the shoulders of the taxpayer.

The $371,000,000 loss may be easily met by adopting this amendment, which provides that the national prohibition act be amended by striking out the words "one-half of 1 per cent" wherever they occur and inserting the words "2.75 per cent by weight."

Mr. President, while some doubt has been expressed as to the intoxicating quality of 4 per cent beer, there has practically never been any contention on the part of physiologists or toxicologists that beer with an alcoholic content of 2.75 per cent by weight is intoxicating within the meaning of the Constitution.

I have been advocating the legalization of beer of an alcoholic content of 4 per cent by volume, which is equivalent to 3.2 per cent by weight, because such beer is more palatable and, according to the testimony of many physiologists, is not intoxicating. In order to meet the objections of those who are in doubt on this matter, however, I have reduced the proposed alcoholic content of the beer legalized by this amendment by forty-five one-hundredths of 1 per cent.

Two and seventy-five one-hundredths per cent beer by weight has less than one-half of 1 per cent less alcohol than so-called 4 per cent beer, although it sounds as though it had one and one-quarter per cent less alcohol.

There is abundant evidence in the records brought to the attention of the Supreme Court that 2.75 beer is not intoxicating. A great many affidavits from leading physicians all over the United States were presented to the Supreme Court in an effort to prove to that body that when the Congress passed the Volstead Act, making one-half of 1 per cent the lower limit of an intoxicating beverage, the Congress was not acting within its constitutional authority. The

Supreme Court decided that it was so acting but did not pass at all on the question of whether 2.75 per cent beer was intoxicating or was not intoxicating.

The American Federation of Labor has repeatedly gone on record in favor of legalizing beer of this alcoholic content, and so have many other organizations.

I am introducing this measure at this time because of its revenue-producing character. It was repeatedly stated on the floor of the House day before yesterday and at other times that it would raise $500,000,000 of revenue; but the more conservative estimates place the revenue at about $375,000,000. Consequently, in my amendment I have used this more conservative revenue-producing quality to enable us to avoid imposing a number of taxes which will be felt by a large number of people.

In the first place, the amendment reduces the proposed tax on automobiles by 50 per cent.

In the second place, it eliminates entirely the taxes on radios and phonographs.

In the third place, it eliminates entirely the tax on telegrams and telephones.

In the fourth place, it eliminates the tax on admissions.

In the fifth place, it eliminates the new postage rates.

In the sixth place, it eliminates the stamp tax on small checks.

There is some doubt as to whether the bill would raise the amounts estimated for these various items, since it is believed by some of those who are interested in the automobile industry and some of those interested in the moving-picture industry that it would not raise what the Finance Committee expects to secure from it. However, is it worth while to levy taxes of nearly $375,000,000 on legitimate, struggling business and to permit illegitimate business to go virtually tax free?

Here is a source of revenue which is unquestionably constitutional, which no one would object to paying, which would enormously reduce the illegitimate profits of speakeasies and beer racketeers, and, in addition, would promote economic recovery as well as temperance and sobriety.

There is abundant testimony to the effect that legalizing beer would put thousands of men immediately to work, would use millions of bushels of grain and tons of coal, and would start new activity in many lines of business.

I hold in my hand an article from the New York World-Telegram of Wednesday, April 20, in which Mr. Jacob Ruppert says that when he is permitted to make and sell old-fashioned beer he will immediately hang out a sign, "Wanted, 600 to 1,000 men for permanent jobs," and he is ready to spend $5,000,000 for improvements, and that means thousands more jobs. That is only one instance of what it will do.

Furthermore, there is abundant testimony to the effect that it would encourage temperance and sobriety and tend to discourage the use of hard liquor. In support of that claim I merely refer to the fact that in the two great beer-drinking and beer-producing cities in this country, St. Louis and Milwaukee, where what was considered the best American beer was made, the number of persons arrested for intoxication during the past year was 300 per cent greater than it was during the days before prohibition, when the people in those cities could get all the good beer they wanted. Those breweries to-day are making nothing but near beer.

In conclusion let me call attention to the fact that Great Britain for the past few years has had a tax of $25 a barrel on beer. The tax on our books is $6 a barrel. The barrels are not quite the same size. The tax on our books to-day, which could be collected if this amendment should pass, amounts to 2 cents on an ordinary pint bottle of beer. The tax which Great Britain has collected for the past 10 years amounts to 9 cents on a pint of beer; and an enormous amount of revenue has been raised by Great Britain for that purpose, which has helped her to balance her budget.

Furthermore, Mr. President, it is significant that drunkenness in the British Isles has decreased steadily; and during the past year, according to the report of the Royal Commission, there were fewer persons arrested for intoxication in all of England and Wales, where there are more than 40,000,000 people, than in the single city of Philadelphia alone under prohibition. There are only about 3,000,000 people in Philadelphia; and yet there were more persons arrested for drunkenness in Philadelphia last year, after 12 years of prohibition, than in all of England and Wales, that have not had prohibition.

Drunkenness in the city of London has dropped nearly 50 per cent in the last 12 years, while in the city of Washington under prohibition it has almost doubled. In the meantime, in this country intoxication has been steadily increasing throughout all the larger cities, including some 550 cities and towns on which we have estimates.

In 1929 the arrests for intoxication throughout the United States were greater than before prohibition was adopted.

I mention those facts merely to show that prohibition does not prohibit; that we have not any great reduction in intoxication; and it is the belief of many college presidents, deans, and teachers in schools and colleges that legalizing beer would promote temperance and sobriety in the communities of young people over whom they have charge.

My amendment provides that this 2.75 beer can be sold only in pint bottles for use in homes or in hotels and restaurants. In this way the return to the old-fashioned saloon, so feared by many people, is prevented, and the prosperity of the present speak-easy is attacked.

This is essentially a revenue-producing measure; but it will also promote business and discourage the bootlegger and the racketeer, whose ill-gotten gains are to-day, as everyone knows, used to promote some of the most hideous crimes in all history.

In view of the necessity for saving time I forbear from yielding to the temptation to discuss the economic merits of this project, to show how it would produce a market for millions of bushels of grain and millions of tons of coal, in addition to employment for hundreds of thousands of people now out of employment, because after all this bill is not a measure tending to increase business. On the other hand, it will tend to diminish business. Here, however, is a revenue-producing item in the bill that will not only raise $375,000,000 during the coming year, and do it easily and at the expense of illegitimate business, but it will actually promote industry and promote employment, and tend to restore prosperity and promote temperance and sobriety.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question before he takes his seat?

Mr. BINGHAM. I yield.

Mr. VANDENBERG. For my information, can the Senator tell me in how many States of the Union it would be impossible for this proposal to operate because of State inhibitions, either statutory or constitutional?

Mr. BINGHAM. The estimates of the revenue are based on the fact that only in 15 States could the beer legally be sold.

Mr. ROBINSON of Indiana. Mr. President, I should like to ask the Senator a question before he takes his seat. Will he yield for that purpose?

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Indiana?

Mr. BINGHAM. Certainly.

Mr. ROBINSON of Indiana. The Senator mentioned approvingly the wonders accomplished by a beer tax in Great Britain. I suppose he means in England, Scotland, and Wales. Notwithstanding all of the revenue that they have been enabled to derive from a tax on beer in a beer-drinking country, the fact remains, if I am correctly informed, that the English income tax on an income of $5,000 for a married man with no dependents is $703 annually, while here it is something less than $40.

There has been no proposal that I know of made on the floor of the Senate, or of the House at the other end of the Capitol, that in balancing the Budget it would ever be necessary to levy an income tax of anything like $703 on a $5,000 income. I am wondering why this tax on beer has not

worked better in England, which, according to the Senator, is the one place he uses as an example and illustration.

Mr. BINGHAM. Mr. President, England is under a far heavier debt than we are.

Mr. ROBINSON of Indiana. How much?

Mr. BINGHAM. I have not the figures; but everyone knows that the per capita debt of England is several times the per capita debt of the United States. Furthermore, the amount of revenue derived from this very heavy tax of 9 cents a pint on beer, while it has reduced the amount of beer consumed to an appreciable extent, and thereby reduced their revenue, still produces in that country a revenue equivalent to something like $250,000,000.

Mr. ROBINSON of Indiana. It is 9 cents a pint over there, and I understand that the Senator would make it 3 cents a pint here.

Mr. BINGHAM. No, Mr. President; the Senator is mistaken. The present law in this country, passed in 1918, I think, puts a tax of $6 a barrel, equivalent to 2 cents a pint, on beer.

Mr. ROBINSON of Indiana. A tax of 2 cents a pint to raise $600,000,000, then, would require that $3,000,000,000 be spent for beer annually. I think the $3,000,000,000 ought to be spent for bread.

Mr. BINGHAM. Oh, no! How does the Senator work that out? Will the Senator explain?

Mr. ROBINSON of Indiana. At the rate of 2 cents a pint, in order to raise $600,000,000——

Mr. BINGHAM. Who is proposing to raise $600,000,000?

Mr. ROBINSON of Indiana. I understood that some of the suggestions made were that $600,000,000 might be raised.

Mr. BINGHAM. Oh, no; not even the wildest enthusiasts have ever imagined for a moment that 2.75 per cent beer could produce $600,000,000.

Mr. ROBINSON of Indiana. How much would it produce, Mr. President?

Mr. BINGHAM. I stated that it was conservatively estimated that it would produce about $375,000,000.

Mr. ROBINSON of Indiana. That would mean about two-thirds of the $3,000,000,000 suggested, and $2,000,000,000 spent for beer in times like these——

Mr. BINGHAM. What does the Senator believe to be the price of beer per bottle?

Mr. ROBINSON of Indiana. I understand it to be 10 cents a pint, and with a tax of 2 cents a pint—is not that about what it would be, 2 cents a pint in the way of tax? If the tax is to be 2 cents a pint on beer sold at 10 cents a pint, and we are to raise $375,000,000 annually, it would be necessary to spend approximately $2,000,000,000.

Mr. BINGHAM. Mr. President, the best evidence the committee which took the evidence on this was able to get was that at the present time there is a very large amount of beer being made, selling at anywhere from 25 to 35 cents a bottle, on which the Government does not receive anything. All the profits go into the pockets of the beer racketeers, like Capone and others, who have been carrying on their nefarious business with the enormous profits they have made out of that illegitimate business. All I am proposing is that some of the profits be taken out of the illegitimate business and turned into the Government revenue through a legitimate business.

Mr. ROBINSON of Indiana. The point I make is that even in England, which the Senator cites approvingly as a great beer-drinking nation, where they derive so much revenue from a tax on beer, the fact still remains that the income tax is $703 annually on an income of $5,000, while in this country it is not proposed to make it over $50 or $60, even in the bill we have before us.

Mr. BINGHAM. The fact also remains that in England and Wales combined there were only 51,000 convictions for drunkenness in the year 1929, while in this country in the year 1929, in only 569 places, there were 759,807 arrests for drunkenness, or more than fifteen times as many; and I trust the Senator is sufficiently interested in temperance and in promoting sobriety to agree that England is better off than we are in the matter of drunkenness.

Mr. ROBINSON of Indiana. I do not agree with the figures so frequently cited by—shall I say the apologists for the liquor traffic? I do not agree with the figure just now cited.

I would like to mention before I take my seat, however, the other beer-drinking country, Germany, where, I understand from a traveler recently returned from that country, it has been necessary, notwithstanding the beer tax, which is as high as they can make it, to impose a tax on gasoline of 32 cents a gallon.

Mr. BINGHAM. How much is the beer tax in Germany?

Mr. ROBINSON of Indiana. I do not know what the beer tax is, but the tax on gasoline there is 32 cents a gallon. In this country the highest tax on gasoline is, I think, in Florida, where it is 7 cents a gallon. So evidently things are not so bad in this country from a revenue standpoint as in either England or Germany, and they have beer and can tax that beer, and can make the tax as high as they choose.

Mr. BINGHAM. Mr. President, that may be quite true, but the fact remains that if we will adopt this perfectly constitutional method, we can save the American taxpayer one-half of the proposed tax on automobiles, one-half of the proposed tax on motor parts and accessories, all of the new tax on postage, all of the new tax on radios and phonographs, all of the new tax on telephones and telegraphs, and all of the new tax on admissions to theaters.

Mr. BORAH. Mr. President, I do not propose to enter into a discussion of the merits of the contention of those who are insisting upon this amendment, but I do desire to say that I think they are a little overenthusiastic about what it would do. I think their zeal has outrun the facts.

It is contended, or has been contended from time to time in the discussion of the beer question, that among other things a tax on beer would settle the farm question, that it would practically settle the unemployment question, that it would make simple and satisfactory a revenue bill, and that it would bring contentment and happiness where there are now despair and distress.

I thought I remembered, when I read the statements with reference to agriculture, about a hearing which took place in 1917. At that time, it will be remembered, we had a population of 102,000,000 people in the United States. Now we have a population of about 124,000,000. So we can get a reasonable comparison.

Turning to the hearings which were had with reference to the production and conservation of food supplies in May, 1917, I read a few lines from the testimony of Mr. Pabst; and nobody in the discussion of beer will question the authority of Mr. Pabst on the question of beer. Pabst is to the beer world what Shakespeare is to the world of poetry. [Laughter.]

Mr. BINGHAM. The Senator ought to know.

Mr. BORAH. I do know, from reading. It will be remembered that Mr. Pabst was being asked whether or not they were consuming food products for the manufacture of beer when it ought to be used for food. He said:

> The two questions which are now uppermost are revenue and food conservation.
>
> The output of beer for the year ending June 30, 1916, was 58,633,624 barrels. At the present rate of $1.50 per barrel the Government received a revenue of $87,994,500.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. BINGHAM. The Senator realizes that at present the rate is $6 a barrel.

Mr. BORAH. I realize that, but I am not willing for my Government to do business with people like those with whom Capone does business.

Mr. BINGHAM. Is not the Senator willing for the Government to take some steps to help put Capone out of business?

Mr. BORAH. We have done that. He is in the penitentiary.

Mr. BINGHAM. Temporarily.

Mr. BORAH. I think he will be there until after the Republican convention. [Laughter.]

Mr. Pabst continued:

Allowing for the shrinkage due to States that have gone "dry," the Internal Revenue Department estimates the sales of beer for the next fiscal year at 50,000,000 barrels.

This is the point to which I directed the able Senator's attention, not in confutation of his argument so much as to suggest that he has been overenthusiastic.

The area of land under cultivation to barley was in 1915, according to the official figures of the Agricultural Department, eactly 0.39 of 1 per cent of the total area of agricultural land in the United States. The area which is needed for the brewers' requirements is 0.068 per cent, or a little less than 0.07 of 1 per cent of the total area of our agricultural land.

That is what Mr. Pabst said. He said further:

The total number of bushels of grain used is 70,505,488; returned to the farm as a dairy food, 35 per cent, 24,676,920 bushels. Net number of bushels of grain used in the manufacture of beer, 45,828,568, which is less than three-quarters of 1 per cent of the total grain crop of 1916, which was 4,703,429,000 bushels. The grain crop of 1915 was 5,762,575,000 bushels. The total revenue from the beer tax in 1916 was $87,950,000, which is equal to $1.90 per bushel of the grain used.

Senator GRONNA. The percentage of grain used in the brewing business, according to your figures, would be almost negligible. * * *

Mr. PABST. Yes.

There were 102,000,000 people in the United States then. There are now 124,000,000. So while it might help the farmer, I again say that I think those who are advocating this matter have been overzealous in their statement of the facts. Just the spirit of the crusader, that is all—no intention to mislead.

Mr. BINGHAM. Mr. President, did the Senator hear me make any overstatement in regard to the number of bushels it would help consume? I wonder what overstatement I made.

Mr. BORAH. It has been stated here repeatedly, by the Senator or by his coadjutor, that it would practically bring prosperity to the American farm.

Mr. BINGHAM. Mr. President, I never heard anybody say that. All I have heard them say is that it might give an additional market for 100,000,000 bushels of grain, which would help 100,000 farmers. I did not use that argument to-day.

Mr. BORAH. No; not to-day; but my memory goes back.

Mr. BINGHAM. The Senator is very kind.

Mr. BORAH. If the Senator is going to confine his argument to the fact that it "might" do so and so, I shall not undertake to discuss the matter further. I understood that we had an assurance that it was to return prosperity to the farm.

Mr. BINGHAM. Oh, Mr. President, the Senator exaggerates just as much in that statement as some of his opponents have been exaggerating. So far as the number of barrels consumed is concerned, the Senator quoted an estimate that it would be 50,000,000 in 1917. Actually it was 60,817,000, and it is on that basis, using the rate of $6 a barrel, which is the present rate, that one arrives at $360,000,000 for the population we had in 1917. A conservative estimate would give $375,000,000 of revenue at the present time.

Mr. BORAH. Mr. President, the Senator may be right about the sixty million, but I insist on accepting Mr. Pabst's figures, because I know Mr. Pabst knew more about it than the Senator can possibly know.

Mr. BINGHAM. I am not quarreling with the Senator's figures, but merely with his statement that we had overestimated the amount of revenue. The estimate is based on figures of beer which was sold in the barrel in 1917, namely, 60,817,000 barrels.

Mr. BORAH. I will come to the revenue question in a moment. I am now discussing the return of prosperity to the farm.

In 1905, that year being the peak year in the consumption of beer, there were 5,096,000 acres in barley, and we raised 136,651,000 bushels.

Mr. BINGHAM. Mr. President, whom was the Senator quoting when he said that 1905 was the peak year in the production of beer? In 1905 there were consumed only 49,000,000 barrels. That was one of the low years. Whereas in 1916 there were consumed 58,000,000 barrels, and, as has already been stated, in 1917 there were consumed 60,000,000.

Mr. BORAH. I will take the 1916 figures. Will the Senator give me the acreage in barley that year?

Mr. BINGHAM. I was discussing barrels of beer.

Mr. BORAH. I am discussing acreage.

Mr. BINGHAM. I did not know the Senator was proposing to put a tax on acres of land.

Mr. BORAH. We will take the Senator's figures for 1916. In 1927, after we had had prohibition for some time, we had an acreage of 9,492,000 and we raised 265,577,000 bushels. The farmer got 67.8 cents a bushel, or $180,127,000. That is far more than he ever got in the balmy days of beer. Certainly prohibition did not hurt the farmer's prosperity with reference to barley. Never has he raised so much barley or secured better prices.

The Agricultural Department in 1909 declared that the farm value that year for barley was $88,000,000, while in 1927 it was $180,000,000.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. May I observe that according to my information, in Canada, where liquor is licensed, barley has been selling in the past year at 8 cents a bushel? It was never lower than 12 cents a bushel during the past year in this country. That was low enough, but it never went lower than 12 cents a bushel, while in Canada, where beer flourishes legally and under license, it sold at 8 cents a bushel.

Mr. BORAH. I thought I heard the Senator from Connecticut say to-day—at least I have heard him say previously—that the selling of beer would have a tendency to prevent the use of hard liquor. That is one of the arguments put forth, especially by those deeply interested in temperance. They are not so much for beer, but they want it in the cause of temperance to stop the drinking of hard liquor.

Mr. BINGHAM. What I have said in the past and the testimony given before the committee by various teachers in schools and colleges was that the legalization of beer would, in their opinion, tend to promote sobriety among young people and among college students. We have an abundance of testimony from deans and professors that since it has been impossible to secure good beer, college students have taken to drinking hard liquor, when it was not previously their custom to do so.

Mr. BORAH. I have great respect for professors on some subjects, but I doubt very much whether they are familiar with the subject of the transfer of the appetite from beer to hard liquor. [Laughter.]

Mr. BINGHAM. Does the Senator claim he is a better authority on that subject than the deans of some of the colleges?

Mr. BORAH. No; but I am going to give the Senator an authority which he will not dispute.

Mr. BINGHAM. The Senator will admit that when deans of colleges and those in charge of the education of youth make statements of that kind they have no other object in view than to attempt to produce better conditions for the students under their care.

Mr. BORAH. I do not question their motive at all. I question their taste.

The British Columbia liquor board, in its official report, said that "since the opening of the beer parlors the sales of hard liquors have increased 50 per cent."

Mr. BINGHAM. It must have been very poor beer.

Mr. BORAH. Possibly so; but I think it was better than the Senator will be able to get under this amendment. [Laughter.]

The Quebec Liquor Commission said that "the sales of hard spirits increased 32,275 gallons in one year."

Mr. BINGHAM. Does the Senator mean to imply that is all consumed in Canada?

Mr. BORAH. Some of it might have gotten to Connecticut. I do not know about that.

The Saskatchewan liquor board said that the "sales of hard liquor increased 33 per cent in the last two years."

The Montreal Star said, "Drunkenness among women increased 53 per cent," and the Montreal Star is an advocate of the present system in Canada. The police commissioner stated, "If all the drunks were arrested there would soon be no room for them in the jails of Canada."

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. HOWELL. The Senator from Idaho cited Montreal. In Quebec wine and beer are sold in public places. Hard liquors are sold under government control. When I was last in Canada I was informed there were four places in Quebec where the government dispenses liquor and that one is entitled to get one quart of liquor a week, but that if he worked it right he can get four quarts of liquor. Yet they have saloons or public places selling wine and beer.

Mr. BORAH. The Saskatchewan liquor board says that "bootlegging increased 111 per cent in the first year." The British Columbia liquor board said, "As much liquor is sold by bootleggers as is sold in the government stores."

Mr. BINGHAM. Are those figures the Senator is citing in opposition to the teachers of youth in this country?

Mr. BORAH. Yes, indeed. I have not the awe for these teachers that the Senator has, but I have great respect for them.

Sir Hugh MacDonald, speaking of the Canadian situation, said:

> There is just as much unlawful drinking under the Government control act as under prohibition. The present law was in the very nature of things difficult of enforcement. It is far less difficult to secure convictions under prohibition than under Government control.

I might read further, but I shall not do so.

The Senator from Connecticut spoke about England and the way England conducts her liquor business. It is true that England has a revenue system with reference to intoxicating liquors. It is true that the amount of revenue raised is considerable and the tax is very heavy. It is having its effect in England. The best thought of England is to the effect that they must modify the tax or they will pauperize a very large portion of the working class of that country aside from those who are already unemployed. Let me read an article from the Manchester Guardian, which gives a vivid picture of the workingmen under the revenue system in Great Britain:

> Bermondsey is a borough of 114,000 people. The annual drink bill for this district for 1925 was £1,355,000, 85 per cent of which was for beer and the rest for wines and spirits.

There we have a perfect presentation of a perfect beer example. Here we have an illustration of the happy and prosperous community where they have beer and a heavy revenue tax.

> The annual drink bill for Bermondsey for 1925 was £1,355,000, 85 per cent of which was for beer and the rest for wine and spirits. Along with this fact we may note that it has the highest unemployment rate of any district in London, one in seven of the population being in receipt of relief. Wages are low, and the average wage of the fully employed man is £2 16s. 4d. Doctor Salter calculated that if each married man spent 5s. a week on drink and allowed his wife to spend half a crown, then, without making any allowance for abstainers, the drink bill would not exceed £557,000, less than two-fifths of the actual amount. For men and women to spent 7s. 6d. out of a weekly income of less than £3 on beer would be bad enough. What shall we say when, without allowing for abstainers, two and a half times that amount is deducted weekly from what is available for the nourishment and care of the children? The same point is brought into clear view when we note that though nearly a third of the population are children under 12 years of age, more than seven times as much was spent on strong drink as on milk. Indeed, the amount spent on alcoholic drink was nearly £200,000 more than the total amount spent on bread, milk, house rent, and rates.
>
> Now, I know that many people will say that it is poverty which is the cause of drunkenness and not drunkenness that is the cause of poverty. The statement is neither true nor false. The two causes are interwoven so that it is impossible to separate them. In life as many people have to live it in such places as Bermondsey there is little joy, and drunkenness is, to quote the old familiar saying, often welcomed as "the shortest way out." But that is no excuse for such wanton waste of human lives, of decency, of money, and of everything. There are plenty of men, and not only in Bermondsey, for whom life consists of nothing but work, to earn money, and beer on which to spend it. I was rereading William De Morgan's novel Joseph Vance the other day. He speaks of such men as "beer maggots," and says that they come to be little better than animate beer as a maggot in a cheese is little but animate cheese. The saying, if revolting, is perfectly true. It may ease the consciences of people who simply desire to banish an unpleasant subject from their minds to go on repeating that there is little drunkenness to-day and that the fight against this national enemy has been fought and won. But it is not true.

I think the Manchester Guardian, a great paper, ought to be a reliable witness with reference to these matters in England. It is a fearful, a revolting picture.

Mr. President, I have risen, as I have said, simply to state that it seems to me the advocates of the beer amendment are overstating the case. It will not accomplish what the Senator from Connecticut thinks it will accomplish.

If you collect five hundred million or four hundred million or three hundred and fifty million in the way of revenue, from whom are you going to collect it? From whose pockets are you going to take it? From people of wealth? From people with competency? From people who can well afford to pay it? Will the weight of this tax fall upon those who can afford to bear it? You can not sell enough beer to bring the Government such amounts in revenue without selling to millions of families with incomes so small that it is almost impossible for them to live now. You are not going to sell this beer in sufficient amount to bring this revenue from well-to-do homes. You are going to sell it in homes not well to do, upon the verge of want. You must sell to the poor. The amount which you could sell to the well to do, to the rich, would bring you little revenue. You must go elsewhere. If you get five hundred million, at least four hundred and fifty million would come from those who can not afford to pay any more taxes. It is a sales tax—a sales tax which reaches for the pennies of the poor, a sales tax which will require families to take something from their already meager resources. This is a tax which has neither law nor conscience nor mercy behind it.

And for what is the tax to be paid? It is paid either for that which is unlawful or for that which is a deception, a fraud. If the liquor you are to sell is intoxicating, it is sold in violation of the law. If it is not intoxicating, it is not what the people want and expect. It is a deception, a pretense.

Mr. NORBECK. Will not the tax be collected from the unemployed? Will it not come from those who are out of jobs?

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Connecticut?

Mr. BORAH. I yield.

Mr. BINGHAM. I disclaim it will yield $500,000,000. I said there had been that claim made and that it was exaggerated. I base my claim on the actual figures of beer sold in 1916 and 1917 multiplied by 6, with a small allowance for increase in population. Therefore, I think there is no possible ground for the claim that $375,000,000 is an exaggerated estimate. When the Senator asks where is it going to come from, may I say to him that the testimony of the Prohibition Director is that at the present time in the United States there is a consumption of something like 23,000,000 or 24,000,000 barrels of illegal beer that is made, from which we derive no revenue at all. Is the Senator's argument correct that prohibition does prohibit and the amount of intoxication is going down as it is in England? Let me say to the Senator the figures which were quoted in regard to intoxication in England were taken from the Survey Graphic Magazine, an article written by a member of the British Royal Commission on Licensing, a report of the committee which just completed an exhaustive study of the liquor problem in England.

Mr. BORAH. They would not arrest people for drunkenness for the conditions which are described in the Manchester Guardian. They have passed beyond that point.

Mr. BINGHAM. They do not arrest people that are really drunk? Is that the idea?

Mr. BORAH. They do not arrest people who are drinking in their homes, and so forth, as described in the Manchester Guardian. They pay no attention to them. The only men they arrest in England, so I am advised, are men on the street disturbing somebody.

Mr. BINGHAM. What about in Washington?

Mr. BORAH. I do not think they arrest them at all.

Mr. BINGHAM. The Senator thinks they do not arrest them at all in Washington, and yet whereas before prohibition there were only 50 young people between the ages of 18 and 21 arrested for drunkenness during an entire year, three years ago there were 600 such arrests of young people. The number of arrests for drunkenness in the city of Washington has doubled since prohibition went into effect, and yet the Senator says they do not arrest them here at all for drunkenness.

Mr. BORAH. I do not think they were drunk on beer.

Mr. BINGHAM. No; and that is the point I was trying to make. Very few people ever get drunk on beer. [Manifestations of applause in the galleries.]

The VICE PRESIDENT (rapping for order). There must be no demonstration of any kind in the gallery, or the Chair will order the galleries cleared. Under the rule of the Senate there must be order in the galleries.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I yield.

Mr. ROBINSON of Indiana. The Senator was a member of the much-discussed lobby committee. I am sure he will remember that in the evidence adduced before that committee one of those who was most active, by contributions in money and otherwise, toward the success, whatever it may be, of the Association Against the Eighteenth Amendment frankly stated in a letter to one of his correspondents that if he could transfer the income taxes he was forced to pay over to the wage earners who would drink the beer of the country and could have the eighteenth amendment repealed, it would decrease his own income taxes $10,000,000 a year in one corporation alone. That was one of the Du Ponts.

Mr. BORAH. I remember that statement.

Mr. President, I have before me an editorial appearing in the Boston Post, a newspaper which, as I understand, is not "dry." It refers to the propaganda with reference to arrests in foreign countries decreasing and arrests for drunkenness increasing in the United States. It saw fit to make an investigation of the question. I quote from the Boston Post, assuming it to be, as I believe, an entirely responsible newspaper. It says:

> But the police of Paris have no difficulty in discovering drunken Frenchmen. And one has to be good and drunk in Paris to attract the attention of the police. Arrests for drunkenness in Paris per 10,000 population are three times that of New York, the wettest city in America.

Mr. BINGHAM. Mr. President, does the Senator agree that New York is the wettest city in America?

Mr. BORAH. I would not want to speak in a too complimentary manner of New York right now.

Mr. BINGHAM. But the Senator does think that New York is the wettest city in America, and that it is easier to get a drink in New York than anywhere else?

Mr. BORAH. I have not the slightest information on that subject. It is one which requires experience, and I have no experience whatever on the subject.

Mr. BINGHAM. I thought the Senator expressed his own view that New York was the wettest city in America.

Mr. BORAH. I was reading the statement in the editorial.

Mr. BINGHAM. But the Senator agrees with what the newspaper says. May I call the Senator's attention to the fact that if New York, as the newspaper article says, is the wettest city in America, it is the only great city in America that has shown a marked decrease in arrests for drunkenness since prohibition, so-called, went into effect.

Mr. BORAH. I do not want to digress too far to lodge any responsibility for that fact. The newspaper editorial goes on to say:

> In Paris, the arrests per 10,000 of population have averaged about 50 in the past few years. In New York the average is about 15 per 10,000 * * *.
>
> In Greater London the convictions (not arrests) for drunkenness have ranged from 48 to 50 per 10,000 in the past few years. In Edinburgh, Scotland, the ratio is startling as compared to New York. Edinburgh arrests for drunkenness have gone as high as 153 per 10,000 in the last 10 years. New York's high mark since prohibition was 18.34 arrests per 10,000 in 1924.
>
> The figures show the glibly repeated statement that European countries, with their wholesome beer and wine available to the citizens at reasonable prices, are not troubled with the problem of the drunkard to be entirely untrue.

Mr. FESS. Mr. President, will the Senator yield for a question?

Mr. BORAH. I will yield as soon as I state one other fact that I wish to put in the RECORD in connection with this subject. The bread bill of England in 1930 was £88,000,000; the milk bill of England was £86,000,000; the drink bill of England was £288,000,000.

Now I yield to the Senator from Ohio.

Mr. FESS. Has the Senator made any investigation as to the probable reason for the greater number of arrests, we will say here in Washington, since the eighteenth amendment went into effect than before, on the basis that under the eighteenth amendment and the laws to enforce it there was a penalty attached to acts the commission of which previously did not entail a penalty? Consequently an act that would be the subject of arrest after that time would not have been considered the subject of arrest previously. When a penalty is provided for an act to which previously no penalty was attached, the arrests, of course, increase. Is there not something in that?

Mr. BORAH. I have never investigated that question; I do not know, but I can well understand that might be so.

Mr. FESS. The reason I thought that was true is that the Senator and I and probably everybody else who was in Washington prior to 1918 or 1920 saw considerable drunkenness on the streets. I have not seen very much drunkenness since that date. So it does not appeal to me because there are a greater number of arrests in the records of the police court that that means drunkenness is increasing. I think that the opportunity for violation of the law which did not exist before because of the lack of law will account for the increase in arrests.

Mr. BORAH. Yes.

Mr. President, one thing further. The Senator from Connecticut has cited the quality of beer which is now being drunk illegally, and so forth. Does the Senator think that those who drink such beer will exchange it for the 2.75 slop he is going to give them?

Mr. BINGHAM. The Senator contends that he has no knowledge of beer, and then he refers to certain beer as though it tastes very good and then to the "slop" that we are going to give them as though it tastes very bad. Where does the Senator get his ability to judge as to that when he claims he has no experience?

Mr. BORAH. I am asking the Senator does he think that those who drink beer will exchange 4 per cent beer for 2.75 per cent beer?

Mr. BINGHAM. The evidence brought to the attention of the committee was to the effect that beer is one of those things which are made best in large breweries and not in small quantities. There is an enormous amount of home-brew beer of a high potency being made to-day; that is true; but it is not the kind of beer that is considered by the beer drinkers as very palatable. The average beer drinker, according to the information given to the committee, would prefer to buy good, wholesome beer made in a large brewery under thoroughly sanitary conditions, even though it contained a smaller percentage of alcohol, than to drink what is referred to as "slop," but which the Senator seems to prefer to the other kind of beer.

Mr. President, if the Senator will permit me, in the District of Columbia in 1914 there were 8,837 arrests for drunkenness. In 1920 right after prohibition the number fell to some 3,565; but in 1930 there were 14,409 arrests for drunkenness, or nearly twice as many as before prohibition; whereas in New York City during 1928, the only year for which I have the figures before me, the number was 13,353, or less than in Washington. Now, let us see what took place in Washington and New York City before prohibition. In New York City in 1903 there were 54,000 arrests for drunkenness. After that there was a very remarkable and steady decline until 1919, which was the low point, just before prohibition went into effect, when the number fell to something under 7,000. Then came national prohibition, and since then there has been a small rise, so that in 1928 the number was 13,353. However, what I wanted to call the Senator's attention to was that arrests for intoxication, so far as one can judge by the courts in New York City, were diminishing steadily in the preprohibition days, from the high point of 54,000 down to the low point of something under 7,000.

Mr. BORAH. That argument, Mr. President, might be very potent in advocating the repeal of the eighteenth amendment, and I think that is the proposition which is before the country, namely, whether we will or will not repeal the eighteenth amendment; but I do not see that that throws any light upon the question involved in the amendment which is now before the Senate.

Mr. BINGHAM. But the Senator brought in the New York figures; he read rather scornfully from the Boston Post to prove that European countries, where they have freely wine and beer, are not so well off as is America and that they have more drunkenness because, forsooth, the increase in arrests in New York City for drunkenness is less than in European capitals. I have, however, pointed out to the Senator the fact, with which he doubtless is not familiar, that New York City, frequently referred to as the wettest place in the country, is the place where they have the least intoxication or the least number of arrests for drunkenness per capita.

Mr. BORAH. That is better—"the least number of arrests."

Mr. BINGHAM. Very well. Neither the Senator nor I desire to discuss the enforcement of law in New York City. The Senator was the one who brought in New York City first, and not myself. May I call the Senator's attention to the fact that in the city of Cleveland, for instance, we are informed that last year there were 32,000 arrests for drunkenness, which is more than for many, many years; and in that 32,000 the average age of persons arrested for drunkenness was only 25? In other words, 16,000 of those drunks were young people between the ages of 18 and 25, not one of whom was more than 12 years old when prohibition, that was to keep the young people from ever knowing the taste of alcohol, was adopted.

Mr. BORAH. Mr. President, as I said a moment ago, that argument, I think, would be worth considering in connection with the question of the repeal of the eighteenth amendment.

Mr. BINGHAM. I thought the Senator had brought in the argument in favor of prohibition.

Mr. BORAH. No; the Senator from Connecticut, in his opening statement, spoke about the arrests in the old countries diminishing and decreasing as compared with arrests for drunkenness in our country. I simply brought that in to show that there were two sides to the question, and I think I did so. The Senator is overenthusiastic in his cause.

Mr. BINGHAM. There are certainly two sides to this question.

Mr. BLAINE. It seems to me, Mr. President, that the amendment offered by the Senator from Connecticut is intended to accomplish a public purpose in a perfectly lawful way. I desire to invite the attention of the Senate to the fact that just the other day the Senate attempted to accomplish a public purpose in connection with an alleged unlawful product. That is the distinction to be drawn between the amendment offered by the Senator from Connecticut and the tax imposed on what are known as wort and malt sirup and malt extract. So it seems to me the proposition is a very practical one and does not involve at all the question of prohibition.

The proposal to tax those products which are the next-door neighbors to beer reminds me very much of the earlier prohibitionist who voted dry but always sought his liquor by way of the back door of a saloon. That is exactly what the Senate of the United States did the other day; it sought to tax liquor by way of the back door. It must be obvious to everyone that the taxation of the products of malt embraced in the amendment which was adopted by the Senate is but one step from the taxation of beer. There is but one step in the process of accomplishing the manufacture of beer from malt products, no matter by what name characterized, to beer.

It is presumed that wort, upon which the Senate imposed a tax but last week, is prohibited by the Volstead Act—the Prohibition Department so holds, as I understand. I am rather inclined to the opinion that the amendment adopted by the Senate, providing for a tax upon malt products, by implication, has modified the Volstead Act. If that is not correct, then do we propose that the Department of Justice and the Treasury Department are going to demand a tax of 15 cents a gallon on wort and 3 cents a gallon on malt extracts and sirups if those departments, or either one of them, hold to the proposition that those articles, or either of them, are prohibited under the Volstead Act?

Mr. President, we are flirting with a very dangerous proposition here. The Government must do one of two things: It must take the position that the amendment adopted by the Senate respecting the tax on malt products has by implication modified the Volstead Act or that the Government of the United States is going to exact a tax against an unlawful product. In other words, we propose by that amendment to wink at crime if either of those products are still maintained to be illegal by the enforcement departments of the Government. The proposal of the Senator from Connecticut, therefore, is to go at this proposition in a direct and candid way, and legalize the products of malt within the limits of the alcoholic content provided for by the amendment.

It was that feature that I desired to present to the Senate.

Now, just briefly, I desire to call to the attention of the Senator from Idaho the fact that the report that he read from the British paper sounded very much like a report submitted by the superintendent of the Anti-Saloon League or by "Pussyfoot" Johnson, who had attempted his prohibition propaganda in Great Britain; but let me read from the testimony taken before the subcommittee of the Judiciary Committee, of which the Senator from Idaho was and is a member. That testimony was given by Mr. John M. Morehead, American minister to Sweden, who has resided in Sweden as our American representative for a considerable period of time. Let me give the Senate the benefit of his testimony respecting the question relating to the control of the liquor traffic.

I have in my hand a part of that testimony. I doubt if any Senator will dispute Mr. Morehead's statements or question the accuracy of the figures he has given. He is our representative in Sweden. Surely he would not testify falsely respecting the statistical facts as he has presented them, and it will take but a brief moment to give a summary of those facts.

Sweden adopted what is known as the Bratt system for the control of the liquor problem. As I recall, it was in 1911 that the Gothenburg system was introduced in Sweden. Then, if I am correct—and I think I am—the Bratt system followed the Gothenburg system in 1914, and the official government figures for the period 1914 to 1930 show the following:

The consumption of spirits in Sweden decreased 32 per cent in that time.

The consumption of spirits in Stockholm, the metropolis of Sweden, decreased 47 per cent.

The consumption of beer of all strengths decreased 9 per cent.

Convictions for drunkenness in Sweden decreased 52 per cent.

Convictions of females for drunkenness in Sweden decreased 66 per cent.

Arrests for drunkenness in Stockholm decreased 76 per cent.

Arrests of females for drunkenness in Stockholm decreased 84 per cent.

Arrests for drunkenness of persons under 20 years in Stockholm decreased 83 per cent.

Arrests for drunkenness of persons from 20 to 30 years in Stockholm decreased 79 per cent.

Arrests for drunkenness of persons over 30 years in Stockholm decreased 79 per cent.

Arrests for drunkenness in Gothenburg, the principal seaport, decreased 66 per cent.

Arrests for drunkenness in Malmo, the third largest city, decreased 76 per cent.

Deaths due to chronic alcoholism in Sweden decreased 89 per cent.

Deaths due to chronic alcoholism in Stockholm decreased 100 per cent. Stockholm is the largest city in Sweden.

Cases of alcoholic insanity in Sweden decreased 51 per cent.

Cases of alcoholism in the State Hospital for Inebriates decreased 76 per cent.

Cases of chronic alcoholism in Stockholm decreased 88 per cent.

Crimes of violence in Sweden decreased 44 per cent.

Crimes of violence in Stockholm decreased 60 per cent.

Under a well-regulated and sensible system of liquor control, Sweden has demonstrated at least that all of the evils that flow from the excessive use of alcoholic liquors are being gradually wiped out.

Mr. President, are we going to set up this system of hypocrisy, taxing that which the Government has held illegal, for the purpose of obtaining $97,000,000 or a little less for the Treasury of the United States, or are we going to face this matter squarely and honestly and with candor and legalize beer containing a moderate amount of alcohol and start on the way to some system of the control of liquor? That system which ever has proven to be the most successful in the history of nations, of course, will be the system that would promise the greatest success here in our own country.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. Will the Senator point out to the Senate what the system he is reading is?

Mr. BLAINE. I will endeavor to do it from the testimony.

The system, generally speaking, is State control and is one of licensing the individual. I will very inadequately outline the system, because I have not had the matter in mind for the last two or three weeks; but, generally speaking, it is a system of licensing the individual.

There are three types of liquor: Wine; hard liquors, including whisky, rum, and similar types of hard liquor; and then three classes of beer.

The Bratt system provides that the first class of beer shall have a maximum alcoholic content of 1.8 per cent by weight; class 2, a maximum alcoholic content of 3.2 per cent by weight. Those are the two classes of beer that are sold in Sweden. The third class of beer is the heavier export beer of over 3.2 per cent alcohol by weight. That is for export purposes alone.

The class 1 beer, or the lighter beer, is retailed in restaurants to be consumed alone.

Class 2 beer, the beer of medium alcoholic content, is sold to be taken away only in bottles which hold approximately one pint, and cost 4 cents if the bottle is returned.

As I said, the third class of beer, or the heavier beer, is permitted for export only.

Then there is a rationing system. I can not give just the number of quarts rationed to each individual, but there is a rationing system for the adult members of the family—a certain amount of hard liquor, a certain amount of wine. If the person who holds the permit—and that is all it is; it permits a person to go to a government dispensary, and there obtain his liquor—violates any of the laws or rules relating to the control of the liquor traffic, he loses his right to obtain liquor.

That is, generally speaking, the system that has been set up in Sweden. I am sorry I have not prepared myself to go into the matter in greater detail, but perhaps this brief outline will answer the question asked by the Senator from Nebraska.

The system of liquor control in Sweden, at least—they have now had experience with it there since 1914—has been a success. It has constantly decreased all that which comes from the immoderate use of liquor. Gradually that decrease has been going on, until in the great city of Stockholm, the metropolis of Sweden, there is not a single case of insanity due to alcoholism.

As the testimony given by Mr. Morehead disclosed, throughout the entire Swedish Nation there was developing moderation and temperance, and he gave his own personal observation that scarcely ever would one find a drunken man upon the streets anywhere.

The Swedish people have developed their system of liquor control gradually. Whenever they found that the bootlegger was being encouraged they changed the allotments that would be made to an individual, or reduced the price, realizing that through competition they could drive out the bootlegger. That is the way Sweden proposed to, and did almost to the point of perfection, drive the bootlegger from the realm.

That has been the experience of Sweden, and the figures I have given are the official figures taken from the official records of that nation furnished by the American minister to Sweden. I think the evidence is conclusive that when a system is set up such as is the Bratt system, and the more highly developed systems in some of the Provinces of Canada, a country then starts upon the road toward moderation and temperance.

Under the Swedish system not only do they undertake to control the apportionment of liquor to the individual but they have also set up plans for hospitalization. They carry on an educational work, by which they instruct the people of Sweden in the proper and moderate use of liquor and what the excessive use of liquor may mean. In Sweden they have developed an intelligence upon that question by and through which individuals are controlling their own appetites.

Here in the United States, as I have maintained, we are never going to be able to control the appetites of men by law, no matter whether those appetites have to do with liquor or food. It can not be done by law. You can not legislate good morals, you can not legislate moderation, you can not legislate temperance into men and women. Those qualities, those virtues come from environment and education, and the proper management and conduct of the Government in promoting those virtues.

Mr. President, this is a practical question. I do not think it involves at all the question of "wet" and "dry"; that is, fundamentally it does not. It does involve the question of whether or not we are going to be honest with ourselves, whether or not the Government is going to be honest with itself and with the people.

I maintain that we can not have a wholesome public sentiment here in the United States when we purposely impose a tax upon those products which the enforcement officers have declared to be illegal and which have been declared to be illegal by a court of the United States. We can not develop a wholesome public sentiment in the United States by engaging in a taxation plan which taxes a product that the enforcement department has declared to be illegal. It is not honest, it is not candid, and I am not surprised that prohibition is coming into disrepute more and more as the days go by. When we tax those products which the Prohibition Department has said are illegal under the Volstead Act, and then fail to legalize a product made out of these

alleged illegal products, there ought not to be any public respect for that kind of law. It does not justify public respect. It justifies public condemnation.

Mr. President, if for no other reason than in the interest of honesty, we should adopt the amendment submitted by the Senator from Connecticut. When we are going into this proposition, we ought to go in at the front door, go in lawfully, instead of going in at the back door, taxing a product declared by the enforcement officers to be unlawful under the Volstead act.

Mr. President, we can encourage public respect for law. We can demonstrate to the country that we have the courage to enter into this matter by the front door, and let the back door be closed.

I submit, Mr. President, in conclusion, that the exploitation of an alleged illegal product, in order to obtain revenue, should not be the conduct of a Congress or a parliament. Let us approach this matter candidly, and recognize the situation as it is, and raise revenue upon a lawful product.

Mr. BORAH. Mr. President, the Senator from Wisconsin has referred to the Swedish policy for controlling the liquor traffic. Like every other policy with reference to the control of the liquor traffic, there are two sides to it. It has by no means settled the liquor question in Sweden.

A great national committee has been organized in Sweden to take care of the illegal liquor traffic in Sweden, and I have here an appeal of that committee made to the people of Sweden. It recounts all the evils which are generally found in any country, whatever system may prevail. I shall not take the time to read it, but I ask to have the document printed in the RECORD.

The PRESIDING OFFICER (Mr. WHITE in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Translated from Swedish Kalmar Tidning]

TO COMBAT AGAINST THE ILLEGAL LIQUOR TRAFFIC

An appeal of the National Committee Rikskommitten to all of responsibility-conscious citizens in the country:

During the later years observations have more and more been drawn to the illegal liquor traffic in the land, and it has appeared manifestedly clear to wider and wider circles that this traffic—home-brewing, smuggling, and peddling—brings with it great damaging social effects and contains a serious danger for the country and its people. It has at different parts of the country been ascertained that home-brewed and smuggled liquors are offered and sold at dance halls and places of amusement, and where work is carried on, at gates of alleys, on streets, and roads. Especially seem the young people to be exposed and sought for the liquor agents and peddlers' temptations. There are cases where youths of 15 have been led to purchase smuggled spirits and in intoxicated condition landed in custody of the police. There are also many cases of neglectful heads of families who have spent on smuggled spirit and home-brew what rightly should have been used for the proper support of wife and children.

Irrespective of one's opinion otherwise on the temperance question, and irrespective of what one thinks and feels about the present legally applied system of restriction, one must nevertheless convince oneself that the illegal liquor traffic, which is aimed at leading astray and corruption of the growing youth, generation, and to reap filthy lucre out of really neglectful family providers' sickly appetite for liquor, is an evil and charged with serious danger to the cultural values which through the people's own efforts have been created for now living and coming generations. To the young, who follow the lure into the illegal traffic, threatens a danger not only in that they are exposed to temptations of intoxicating themselves; they are also cultivated in the habit of lawbreaking. They learn to take part in crime, to share in hiding it, and to protect the offender. This means that the youngs' conception of right is dulled in a grave manner, thereby easily landing on the course of crime in a wider application.

A short time ago happened a case which horribly manifested the danger of the illegal liquor traffic. Not less than 10 people lost their lives and many others are made invalids through consuming Stockholm smuggled spirits, the same being found to be wood alcohol. This incident or grewsome drama (tragedy) ought to convince all that now at last a sincere effort must be undertaken to put a stop to this traffic which in various ways works destruction and poisoning.

Early this year was initiated at Westeroes a country-wide movement against home-brewing, smuggling, and peddling. During the summer preparations for such a movement have been in progress, and at a meeting in Stockholm, the 15th of October, was constituted "Rikskomitten"—the national committee—against the illegal liquor traffic. The purpose of the committee shall be to oppose, or rather cause a thoroughgoing combat against the illegal liquor traffic. The committee in its work shall solicit the cooperation of mechanic trade groups who possess special advantages in opposing the smuggling, and organize local committees which should represent temperance societies, trade branch unions, religious associations, temperance boards, young peoples' organizations of various kinds, etc. Representatives of municipal boards or municipal trustees (aldermen) are to be requested to participate in the work.

The "Rikskomittee" is fully conscious of its inability alone to accomplish anything. It craves assistance and support from all quarters, from all classes in the commonwealth, and from all groups of citizens in the country. It is for such help and such support the national committee appeals herewith to all of duty and responsibility conscious citizens in the land. The national committee against the illegal liquor traffic then appeals thus to associations and individuals to support this, the launched movement against the liquor bootleggers—Spritmarodöeerna. The call is to create a peoples' opinion against these, their enemies, so strong that they will find themselves forced to stop their activities.

Appeals and other writings may be had upon request from the National Committee Against the Illegal Liquor Traffic, Tunnelgata, 19B, Stockholm.

"Rikskomitten" against the illegal liquor traffic.

Mr. SHEPPARD. Mr. President, it is unnecessary for me to prolong this debate. In my judgment, the case against the amendment has been ably and unanswerably presented by the Senator from Idaho [Mr. BORAH] and the Senator from Indiana [Mr. ROBINSON].

On the question of drinking in the United States since prohibition, I ask that an editorial appearing in the Washington Post on May 18, 1932, be read at the desk.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

[From the Washington Post, May 18, 1932]

POVERTY AND DRINK

A recent statement by Col. George Davis, of the Salvation Army, Chicago, is as follows:

"Out of more than a million cases we have dealt with in the past 16 months, there were only 75 bad cases of drink, and of moderate cases only 500. From October 11, 1930, to February 3, 1932, we helped 1,102,545 unemployed men. Of this number, we found 99.92 per cent drink free. * * * The number of women coming to our doors with a tale of being ruined by drink is less than 1 per cent of the entire number, whereas in former days it was a considerable proportion. In our family welfare relief work in these days we seldom find need arising from strong drink on the part of one or other of the parents, whereas in the old days it was 90 out of 100 cases. In fact, poverty from drink has almost disappeared."

If the poor are in need of social aid to-day, then, it is not drunkenness that is responsible for their plight. Would they be in better condition if they drank? Colonel Davis does not think so. On the contrary, they would be in worse. Money can not be spent for meat and drink simultaneously; the same money will not buy both. When industry is ailing and unemployment rife, the dollar is hard to get. Even when it has been earned, it will purchase no more than a dollar's worth of any commodity. Used to buy liquor, it is spent for a luxury; used to buy bread, it provides a necessity.

Colonel Davis continues: "Before prohibition the Salvation Army would gather drunks by the truck load and bus load from the saloons and park benches. To-day one would have to search high and low in every American city to find at one time 100 men and women of the type the Salvation Army used to gather by the thousands under the rule of John Barleycorn."

The VICE PRESIDENT. There are three or four amendments of the same kind. Is there objection to voting on them en bloc? The Chair hears no objection.

Mr. BINGHAM. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Connally	Gore	La Follette
Bailey	Coolidge	Hale	Lewis
Bankhead	Copeland	Harrison	Logan
Barbour	Costigan	Hastings	McGill
Barkley	Couzens	Hatfield	McNary
Bingham	Cutting	Hawes	Metcalf
Blaine	Dale	Hayden	Moses
Borah	Davis	Hebert	Neely
Bratton	Dickinson	Howell	Norbeck
Broussard	Dill	Hull	Norris
Bulkley	Fess	Johnson	Nye
Bulow	Fletcher	Jones	Oddie
Byrnes	Frazier	Kean	Pittman
Capper	George	Kendrick	Reed
Carey	Glass	Keyes	Robinson, Ark.
Cohen	Goldsborough	King	Robinson, Ind.

Schall	Steiwer	Tydings	Walsh, Mont.
Sheppard	Stephens	Vandenberg	Watson
Shortridge	Thomas, Idaho	Wagner	Wheeler
Smith	Townsend	Walcott	White
Smoot	Trammell	Walsh, Mass.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present. The question is on the amendments of the Senator from Connecticut [Mr. BINGHAM], on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GOLDSBOROUGH (when his name was called). On this vote I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. If he were present, I understand he would vote as I intend to vote, and therefore I am at liberty to vote. I vote "nay."

Mr. HASTINGS (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. BLACK]. I understand that if present the senior Senator from Alabama would vote as I intend to vote, and therefore I am privileged to vote. I vote "nay."

Mr. JONES (when his name was called). I understand that my pair, the senior Senator from Virginia [Mr. SWANSON], if present, would vote as I intend to vote. Therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I am advised that if he were present he would vote as I intend to vote, and therefore I am free to vote. I vote "nay."

Mr. CUTTING. On this question I have a pair with the senior Senator from Iowa [Mr. BROOKHART]. If the Senator from Iowa were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. TOWNSEND. I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. If present, I understand he would vote as I intend to vote, and therefore I am at liberty to vote. I vote "nay."

Mr. WAGNER (after having voted in the affirmative). I have noticed that the junior Senator from Missouri [Mr. PATTERSON] did not vote. I have a general pair with that Senator and therefore withdraw my vote. I understand if that Senator were present he would vote "nay." If I were permitted to vote, of course I would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG].

Mr. SHEPPARD. I wish to announce that the junior Senator from Arkansas [Mrs. CARAWAY] is necessarily absent, and if present would vote "nay."

The result was announced—yeas 26, nays 55, as follows:

YEAS—26

Barbour	Copeland	Lewis	Shortridge
Bingham	Davis	Metcalf	Tydings
Blaine	Hawes	Moses	Walcott
Broussard	Hebert	Oddie	Walsh, Mass.
Bulkley	Johnson	Pittman	Wheeler
Bulow	Kean	Reed	
Coolidge	La Follette	Schall	

NAYS—55

Ashurst	Dickinson	Howell	Robinson, Ind.
Bailey	Dill	Hull	Sheppard
Bankhead	Fess	Jones	Smith
Barkley	Fletcher	Kendrick	Smoot
Borah	Frazier	Keyes	Steiwer
Bratton	George	King	Stephens
Byrnes	Glass	Logan	Thomas, Idaho
Capper	Goldsborough	McGill	Townsend
Carey	Gore	McNary	Trammell
Cohen	Hale	Neely	Vandenberg
Connally	Harrison	Norbeck	Walsh, Mont.
Costigan	Hastings	Norris	Watson
Couzens	Hatfield	Nye	White
Dale	Hayden	Robinson, Ark.	

NOT VOTING—15

Austin	Cutting	Morrison	Thomas, Okla.
Black	Glenn	Patterson	Wagner
Brookhart	Long	Shipstead	Waterman
Caraway	McKellar	Swanson	

So the amendments proposed by Mr. BINGHAM were rejected.

The VICE PRESIDENT. The clerk will report the next amendment.

Mr. NORBECK. Mr. President, would it be in order for me now to offer my amendment proposing to increase the tariff tax on butter?

The VICE PRESIDENT. The amendment would now be in order.

Mr. NORBECK. I now desire to offer the amendment. I ask permission to modify it and that, as modified, it may be stated at the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from South Dakota, as modified, will be stated.

The CHIEF CLERK. It is proposed, on page 245, between lines 10 and 11, to insert the following new paragraph:

(9) Butter, 4 cents per pound; oleomargarine and other butter substitutes, 8 cents per pound. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from South Dakota.

Mr. NORBECK. Mr. President, I have not assumed the pending bill to be a tariff measure, and I have voted generally against inclusion of tariff items therein, but the Senate has decided that it is a tariff bill. When first I proposed my amendment it carried a rate of 8 cents a pound on butter, which would be in addition to the present duty of 14 cents a pound. I have now modified the amendment so that it provides for only 4 cents a pound additional, which we consider an offset to the unstable currency of Canada, which gave the Canadians the American butter market when the price broke last fall. On that account the amendment will be helpful in a small way if it can be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from South Dakota.

The amendment was rejected.

Mr. HULL. I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Tennessee will be stated.

The CHIEF CLERK. On page 244, after line 9, it is proposed to insert the following new paragraph:

The Government of the United States agrees not to increase its protective tariffs above the present level for a period of two years, or to create new barriers or impediments to trade, provided other nations shall agree to pursue a like policy.

Mr. HULL. Mr. President, I explained the purpose and purport of the amendment when it was first proposed some days ago. I may now say further that this proposal has been very elaborately and extensively discussed by leading statesmen of this and other first-class nations. It is the uniform conclusion that it is entirely feasible, and nobody thus far has really offered any substantial objection to it.

Mr. SMOOT. Mr. President, will the Senator from Tennessee yield to me?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Utah?

Mr. HULL. Yes.

Mr. SMOOT. Does the Senator from Tennessee really think that this Congress can bind the next Congress by any action it may take on this subject?

Mr. HULL. Of course, that is elementary.

Mr. SMOOT. That is primary.

Mr. HULL. This is a proposal, Mr. President, directed to the important commercial nations of the world, if all are willing, to take a two years' holiday or to pursue a truce for a couple of years, while we are all taking stock of the perfectly chaotic conditions in all phases of economic affairs that we have here and everywhere; and it has been generally agreed that it would be a wise course to pursue.

This is merely a proposal to that effect. Of course, it would indicate a willing disposition on our part to halt, at least for the time being, at this session of Congress, and not reach to further extremes, provided other nations are willing

to pursue a similar course. If there shall be any harm which can come from this sort of proposal, I should like for some Senator to suggest it.

Mr. BRATTON. Mr. President, may I ask the Senator from Tennessee a question?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from New Mexico?

Mr. HULL. Yes.

Mr. BRATTON. The Senator from Utah [Mr. SMOOT] has suggested that this Congress can not bind a subsequent Congress; but if other nations shall agree not to raise their tariff level, would this provision operate to suspend the flexible provision of the existing tariff law in so far as duties might be revised upward?

Mr. HULL. This amendment, if adopted, would not interfere with the present substantial level of tariffs under our tariff policy. The Tariff Commission makes certain recommendations and at the same time may recommend certain increases, but all the while it seems to be pursuing, at least for the present, the same general level of tariffs. This amendment is intended to suggest that the world shall stop its radical movements of tariffs upward which one country will pursue and then immediately another country will follow suit by retaliation or by the force of the example that has been set.

Mr. BRATTON. It would be a declaration of policy against such course of action if the other nations will act in concert with us?

Mr. HULL. It would be a declaration of policy which I think if once proposed by the leading commercial and industrial countries such as ours would be gladly received and accepted to every feasible extent by most other countries in view of the extreme extent to which every sort of trade barrier and trade obstruction has been carried.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. HULL and Mr. BRATTON asked for the yeas and nays.

Mr. HARRISON. Mr. President, I desire to make merely a brief explanation. I have voted against all reductions and all increases of tariff rates proposed as amendments to the pending bill. I am, however, going to vote for the amendment offered by the Senator from Tennessee because it proposes neither an increase nor a decrease of tariff rates but is merely a declaration of policy.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Tennessee on which the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

Mr. WAGNER (when his name was called). I have a pair with the junior Senator from Missouri [Mr. PATTERSON]. I am informed that if he were present he would vote "nay." If I were permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I transfer that pair to the Senator from Illinois [Mr. LEWIS] and will vote. I vote "yea."

Mr. WAGNER. I find I can transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the senior Senator from Nevada [Mr. PITTMAN]. I make that transfer and will vote. I vote "yea."

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN] and will vote. I vote "nay."

Mr. GOLDSBOROUGH. I have a general pair with the senior Senator from Oklahoma [Mr. THOMAS]. Not knowing how he would vote if present, I withhold my vote.

Mr. SHEPPARD. Mr. President, I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. PITTMAN], and the Senator from Oklahoma [Mr. THOMAS] are necessarily absent on account of official business.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Arkansas [Mrs. CARAWAY].

The result was announced—yeas 34, nays 42, as follows:

YEAS—34

Ashurst	Coolidge	Hawes	Stephens
Bankhead	Copeland	Hull	Trammell
Barkley	Costigan	King	Tydings
Bratton	Dill	Logan	Wagner
Bulkley	Fletcher	McGill	Walsh, Mass.
Bulow	George	Neely	Walsh, Mont.
Byrnes	Glass	Robinson, Ark.	Wheeler
Cohen	Gore	Sheppard	
Connally	Harrison	Smith	

NAYS—42

Bailey	Davis	Keyes	Schall
Barbour	Dickinson	La Follette	Shortridge
Bingham	Fess	McNary	Smoot
Blaine	Frazier	Metcalf	Steiwer
Borah	Hale	Moses	Thomas, Idaho
Broussard	Hatfield	Norbeck	Vandenberg
Capper	Hebert	Norris	Walcott
Carey	Howell	Nye	Watson
Couzens	Johnson	Oddie	White
Cutting	Jones	Reed	
Dale	Kean	Robinson, Ind.	

NOT VOTING—20

Austin	Goldsborough	Long	Shipstead
Black	Hastings	McKellar	Swanson
Brookhart	Hayden	Morrison	Thomas, Okla.
Caraway	Kendrick	Patterson	Townsend
Glenn	Lewis	Pittman	Waterman

So Mr. HULL's amendment was rejected.

The VICE PRESIDENT. The clerk will state the next amendment.

The CHIEF CLERK. The next amendment is on page 245, after line 4, where the committee proposes to insert:

(8) Rubber, 5 cents a pound.

Mr. VANDENBERG. Mr. President, that is not the next amendment. We are on page 247.

The VICE PRESIDENT. That was passed over last night. Is it desired to return to it now?

Mr. HARRISON. Mr. President, was it not the understanding that rubber was to come following the conclusion of the automobile items?

Mr. VANDENBERG. We have not concluded the automobile items.

Mr. HARRISON. I say, was it not the understanding that rubber was to follow those items?

Mr. VANDENBERG. That was my understanding.

The VICE PRESIDENT. The next amendment will be stated.

The next amendment was, on page 247, line 4, after the word "tractors" and the comma, to strike out "3 per cent" and insert "4 per cent," so as to read:

(b) Other automobile chassis and bodies and motor cycles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), except tractors, 4 per cent. A sale of an automobile shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. VANDENBERG. Mr. President, I move as a substitute that subsection (b) be stricken from the bill.

I do not intend to repeat the argument I made last evening, to which the Senate listened very generously and with some partial response, at least.

I hope that the committee amendment—which, under the parliamentary situation, must be submitted first—will be defeated.

Mr. SMOOT. Mr. President, under the House provision of 3 per cent there would be a revenue of $44,000,000. Under the 4 per cent of the committee amendment there would be a revenue of $58,000,000, or a difference of $14,000,000 involved in the Senate amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. DILL. Mr. President, what is the amendment we are about to vote on?

The VICE PRESIDENT. The amendment is the committee amendment, which will be stated to the Senate.

The CHIEF CLERK. On page 247, line 4, in the item "Other automobile chassis," etc., it is proposed to strike out "3 per cent" and insert "4 per cent."

Mr. DILL. But the Senator from Michigan [Mr. VANDENBERG] said he wanted to strike out the whole section.

The VICE PRESIDENT. Under the rule, the item proposed to be stricken out must first be perfected.

Mr. DILL. That is what I wanted to be certain of.

The VICE PRESIDENT. The clerk will call the roll on agreeing to the committee amendment.

The Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). Making the same announcement as on the last roll call, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. REED (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON]. I understand that he would vote on this question as I shall vote. Therefore I am at liberty to vote, and vote "yea."

Mr. TOWNSEND (when his name was called). Making the same announcement as heretofore of my general pair, I withhold my vote.

Mr. WAGNER (when his name was called). I transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the senior Senator from Nevada [Mr. PITTMAN], and will vote. I vote "nay."

The roll call was concluded.

Mr. BINGHAM. Has the junior Senator from Virginia [Mr. GLASS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. Having a general pair with that Senator, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. JONES. I have a general pair with the Senator from Virginia [Mr. SWANSON], who is necessarily absent. I therefore withhold my vote.

Mr. THOMAS of Oklahoma. On this question I have a pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. If he were present, I understand that he would vote "yea," and if I were at liberty to vote, I should vote "nay."

Mr. BYRNES. I transfer my pair with the junior Senator from Vermont [Mr. AUSTIN] to the junior Senator from Illinois [Mr. LEWIS], and will vote. I vote "nay."

Mr. BULKLEY (after having voted in the negative). Has the junior Senator from Wyoming [Mr. CAREY] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BULKLEY. I feel constrained to withdraw my vote on account of having a pair with that Senator.

Mr. HASTINGS. I transfer my pair with the Senator from Alabama [Mr. BLACK] to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "yea."

Mr. DICKINSON. I desire to announce the pair of the senior Senator from Iowa [Mr. BROOKHART] with the junior Senator from Montana [Mr. WHEELER]. If the Senator from Iowa were present he would vote "nay," and if the Senator from Montana were present, he would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG].

Mr. SHEPPARD. I desire to announce that the senior Senator from Arkansas [Mr. ROBINSON] is necessarily detained on official business.

The result was announced—yeas 29, nays 42, as follows:

YEAS—29

Ashurst	Fletcher	Hebert	Smoot
Barbour	George	Kean	Walcott
Barkley	Gore	King	Walsh, Mont.
Bratton	Hale	McGill	Watson
Broussard	Harrison	Metcalf	White
Connally	Hastings	Neely	
Dickinson	Hatfield	Reed	
Fess	Hayden	Sheppard	

NAYS—42

Bailey	Couzens	La Follette	Smith
Bankhead	Cutting	Logan	Steiwer
Blaine	Dale	McNary	Stephens
Borah	Davis	Moses	Thomas, Idaho
Bulow	Dill	Norbeck	Trammell
Byrnes	Frazier	Norris	Tydings
Capper	Hawes	Nye	Vandenberg
Cohen	Howell	Oddie	Wagner
Coolidge	Hull	Robinson, Ind.	Walsh, Mass.
Copeland	Johnson	Schall	
Costigan	Keyes	Shortridge	

NOT VOTING—25

Austin	Glass	McKellar	Thomas, Okla.
Bingham	Glenn	Morrison	Townsend
Black	Goldsborough	Patterson	Waterman
Brookhart	Jones	Pittman	Wheeler
Bulkley	Kendrick	Robinson, Ark.	
Caraway	Lewis	Shipstead	
Carey	Long	Swanson	

So the amendment of the committee was rejected.

Mr. HARRISON. Mr. President, of course all of us can appreciate how difficult it is to have to vote for these obnoxious nuisance taxes, but I just want to make this observation. For some three or four weeks the members of the Committee on Finance heard witnesses and considered the various proposals brought before the committee. No member of that committee wanted to put this or that tax on this or that industry. Various plans were suggested to us as to how to raise the revenue, and we gave to the Senate the very best judgment of which we were capable, in order to balance the Budget and make receipts and expenditures balance.

I do not find fault with Senators who want to vote one way or the other, whether it is on a tariff item or some other item. Certain Senators may be under obligations or pledge to some constituents to vote for or against this or that item. We are all in the same boat; we have to go back home and answer to our respective constituencies as to why we voted this way or that way.

However, Mr. President, we are getting into a very bad mess with this tax bill. We all ought to strive to get something that will balance the Budget.

By the vote just taken, we struck $14,000,000 from the bill. We will have to raise that in some other way. We struck out of the bill as it passed the House certain provisions with reference to candy, jewelry, and some other things, and we can raise a little money by putting those items back. But the way we are going, we are going to strike this item and that, and after a while we will have to raise probably a hundred or a hundred and twenty-five million dollars on some other items.

I look into the faces of gentlemen here who sat for three weeks across the table and by me in the committee room, who had the courage to vote to increase this item and that, upon roll calls, and voted to make the roll calls public. They did not shun publicity of what they did.

When the Secretary of the Treasury came before us and laid a plan before us which might reconcile our differences, we went on record and said that we were going to stand by that. It did not affect the estate tax, it did not affect the income tax, but it affected the various excise taxes.

Nobody in the Senate can have his particular way as to whether a tax ought to go on candy or jewelry or on other things. We can not write a tax bill here upon the floor of the Senate very well. When we strike this item and that, we are getting into a more confused state all the time.

We picked out automobiles to tax because we did not believe in the sales tax, and did not want to impose it. There are gentlemen here upon the floor of the Senate who are voting to strike out this item to raise revenue and are going to vote against that one, simply because they think that after a while there will be such a deficit created that we will have to resort to the sales tax.

Mr. REED. Mr. President——

Mr. HARRISON. I do not include the Senator from Pennsylvania, because I know he is not doing that. He voted for the amendment. I am not attempting to criticize; I am simply stating the situation as it exists.

Other Senators may be voting against this automobile tax in the hope that they can put over a proposition to put a higher tax on incomes, and others perhaps, for other reasons.

What I would like to impress upon the Senate is this, that whether we made a bad job of it or not, Senators ought at least to resolve the doubt in favor of the committee, which certainly laboriously worked to try to bring in a plan which might raise the needed revenue.

The automobile tax, of course, is obnoxious; but Congress has before placed a tax on automobiles. The tax was not removed entirely until 1928. In this proposed tax of 4 per cent we are not going as high on automobiles as we went in 1924, because the tax then was 5 per cent. We have not put the tax on trucks as high as it was in 1924, and did not attempt to, and did not put the tax on accessories as high as it was in 1924. We are merely trying to raise some money, and by the last vote, as I have said, $14,000,000 has been stricken from the bill.

I am, therefore, going to suggest, merely in the interest of trying to reconcile our differences here, and expedite consideration of the bill, and to clear up all the confusion which now exists and which will grow in the consideration of the bill, that those gentlemen who are interested in the sales tax present their amendment now, before we take up the admission tax, before we take up the tax on accessories, before we take up the rubber item, and these innumerable other excise taxes; that the sales tax amendment be presented to the Senate so that we can vote upon it. If a majority votes for it, very well—then we will have settled it; we will have put behind us some of these very irksome taxes and we will know where we are. We can save days and days and days of labor and conclude the consideration of the bill if the majority of the Senate is for the sales tax.

Let us not continue this situation of Senators who are leaders, who are members of the Committee on Finance, who have gone on record for these matters, who have gone on record to accept the compromise proposition presented by the Secretary of the Treasury, now voting against this item and that item. Let us settle the sales-tax matter now, and if there is not a majority of the Senate for it, then let us go about our work to adopt the recommendations or discard them one by one, and then afterwards we can take up again the amendment of the Senator from Michigan or the amendment of the Senator from Texas and raise the revenue from the sources they suggest.

I have entered several motions to reconsider the votes on some of the House provisions—on jewelry, on yachts, and various other things—and we can recur to them.

It seems to me, Mr. President, since we took votes in the beginning on the surtaxes and income taxes and the Senate expressed itself, and then took up the beer question and expressed itself on that, and those things are, for the time being at least, behind us, that we ought to take up the sales tax now and get it behind us, and we can then proceed at a faster gait.

I appeal to Senators who are for the sales tax to offer the sales tax amendment now, or, if they do not want to offer it now, let us stop killing this proposition and that proposition and take an adjournment until they can get the amendment ready so as to offer it to-morrow, so that we can get a vote and conclude the consideration of the bill at an early day.

Mr. LA FOLLETTE. Mr. President, I agree with the Senator from Mississippi that it would be well to have a vote on the sales tax, so that we might know whether that method of taxation is to be employed in lieu of these so-called special excise taxes. But what I particularly wished to say at this moment was in connection with the impression which I think is to be drawn from the remarks of the Senator from Mississippi.

I believe I am really standing by the committee—that is, standing by the action of the committee as a result of two and a half weeks of deliberation—in the votes which I have thus far cast.

The committee really did not spend any time considering the proposal contained in this particular section of the bill for increases over the House rates on automobiles, nor did it give any time to the consideration of the reductions of the tax on admissions. What the committee really did was to work for several weeks and finally get a bill in shape, and then the Secretary of the Treasury came up with a little typewritten slip of paper, and, without having an opportunity to vote separately on the items contained on that slip of paper, we voted en bloc.

As a member of the committee, I was one of those who voted against the so-called compromise proposal presented by the Secretary, because I believed that the work of the committee after two and a half weeks had produced a bill which was more equitable than the bill suggested by the Secretary in his compromise.

Of course, the Secretary characterized it as a bill of atrocity, but nevertheless in all sincerity I believed that the bill as worked out by the committee at the end of its deliberations was a more equitable measure for raising the revenue required than was the compromise of the committee after a few moments' discussion with the Secretary of the Treasury.

So far as I am concerned, thus far in the consideration of the bill I have voted to stand by the action taken by the committee during its two and a half weeks of deliberation. The committee never considered increasing the tax on automobiles above the House rate. We accepted the House rate; that is, we accepted it up until the time the so-called compromise suggested by the Secretary was adopted one morning.

Therefore, I do not wish to be put in the position by the Senator from Mississippi of having abandoned the work of the committee. As a matter of fact, I believe that the work of the committee was abandoned by the committee itself, when, after two and a half weeks of arduous labor, it threw its work out of the window, and accepted this compromise of the Secretary without having an opportunity to vote separately on a single item contained in it.

As a matter of fact, the record will show that the senior Senator from California [Mr. SHORTRIDGE] endeavored to secure a separate vote on the reduction of the admission tax from 45 cents, as provided by the committee after we had gone over the matter, to 10 cents, as provided in the suggested compromise of the Secretary, and he was unable to do so.

I merely wished to make this statement because I do not want the impression to be left without note that members of the committee had abandoned the position which the committee itself had taken.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield for a question. I am ready to yield the floor.

Mr. BINGHAM. Does the Senator remember that in connection with the effort of the Senator from California to lower the admission tax, no vote was taken upon that proposition? The vote was taken upon the proposition of the Senator from California to reconsider our vote whereby we had adopted the so-called compromise plan.

Mr. LA FOLLETTE. No; I think the Senator is mistaken. I think the Senator from California endeavored to secure a separate vote in the committee and that those who were in favor of the compromise program suggested by the Secretary

adopted a motion to consider the propositions en bloc, and we were forced to swallow it at one gulp or not take it at all.

Mr. BINGHAM. The Senator is referring to something which happened previously.

Mr. LA FOLLETTE. Subsequently the Senator from California renewed his motion to get a vote on the admissions matter separately, but the Senator from Connecticut and one other Senator had been alert enough, soon after the compromise proposal was adopted, to move its reconsideration and then move to lay the motion on the table, which was carried, and thus all reconsideration was precluded except by unanimous consent.

Mr. BINGHAM. But the Senator remembers that the next morning the Senator from California did move to reconsider the vote whereby we had adopted the compromise plan, and that motion was lost.

Mr. LA FOLLETTE. He only got a chance to make that motion when it became perfectly obvious to those behind the compromise program that his motion would not carry. In order to curtail the interesting remarks of the Senator from California they agreed to let him have a vote on it, but, as a matter of fact, the Senator from Connecticut himself made the point of order that the Senator's motion was out of order.

Mr. BINGHAM. Not against the Senator's motion to reconsider, but against the Senator's motion to lower the admission tax.

Mr. LA FOLLETTE. No; I think the Senator is mistaken about that.

Mr. SMOOT. I have the record here.

Mr. BINGHAM. Let the record be read.

Mr. LA FOLLETTE. I yield the floor.

Mr. SHORTRIDGE. Read the record. I know what I was trying to do.

Mr. SMOOT. The record shows the following:

Senator SHORTRIDGE moved that the committee reconsider its action in lowering the exemption of section 711, tax on admissions, from 45 cents to 10 cents. The motion to reconsider was defeated by the following vote: Yeas 6—SHORTRIDGE, COUZENS, LA FOLLETTE, CONNALLY, GORE, and HULL; nays 12—WATSON, REED, KEYES, BINGHAM, THOMAS of Idaho, METCALF, HARRISON, KING, GEORGE, WALSH of Massachusetts, BARKLEY, SMOOT.

Mr. SHORTRIDGE. Mr. President, of course history will take note of what the committee did. I trust the historian will make our record perfectly clear to posterity.

Mr. SMOOT. It is in the RECORD now.

Mr. SHORTRIDGE. It is in our record, but I am thinking of history and of the centuries to come. Not to waste time or indulge in levity, the House bill placed a tax on tickets of 46 cents or over. Upon the suggestion of one of its members, the Senate Committee on Finance first struck out "46" and inserted "45" cents. Thereafter, as stated, and the record discloses, it was reduced to the figure shown in the bill as reported to 11 cents. I then made a very earnest effort to reconsider and to stand upon what the committee had theretofore agreed upon. The result of my motion was, as stated, a vote of 6 to 11.

Mr. MOSES. Mr. President, while history is being rewritten and the fact is being divulged that the Senate acts upon its own convictions without much reference to what is done in committee rooms, I would like to say for the benefit of the Senator from Mississippi [Mr. HARRISON] that there are many of us here who recognize his seductive qualities; but since we are earnest and have a conviction in favor of the sales tax and intend to press that question at the proper moment, I serve notice on him as one of that group that my virtue at least is intact and I have no intention of departing from the orderly procedure with this bill.

Mr. REED. Mr. President, just a word in respect to the suggestion of the Senator from Mississippi and then a word on something that seems to me to be of vastly more importance. I have looked at the list of the 29 Senators who voted in favor of sustaining the committee action. I know of my own knowledge that 16 out of the 29 who voted to sustain the committee favor the sales tax. I have looked at the list of those who were paired in favor of the committee's amendment, which has just been rejected by the Senate, and of the seven Senators who were paired in favor of the committee amendment I know of my own knowledge that five are in favor of the sales tax. So I do not think it fairly can be said that those who favor the sales tax are trying to break down the action of the committee.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. HARRISON. Of course, I do not say that everybody who favors the sales tax is trying to do that. I tried to make a very fair statement. I said some of them were. The thing I was trying to impress on the Senator and the Senate was that it would be much better if we could settle the sales-tax question now. Does not the Senator recognize that some Senators who are for the sales tax are voting against these committee propositions?

Mr. REED. I hope that is not so. I know no one can be more ardent in advocating the sales tax than myself, and yet I feel the responsibility is so great upon us to sustain the action of the committee while we are going through these committee amendments that I expect to vote for the committee amendments right straight down the list, and then to appeal to every other advocate of the sales tax to do the same thing. When we have finished, when we have gone through the committee list, when we have put on all these special unfair taxes on particular industries, then I think it will be obvious to the great majority of the Senate that the sales tax which is uniform at a low rate is vastly preferable, and I hope then that the condition of the bill as they see it, with the committee amendments adopted, will be such as to recommend the sales tax to the Senate.

It would be a wrong policy, and I agree with the Senator from Mississippi about that, for us to try to slaughter the committee's work and expect that the bill should become such a mess that we would be driven to resort to the sales tax. I do not think that is a sound policy. I believe we can safely adopt the committee amendments, and then, contrasting them with the sales tax, we will have argument enough in favor of it.

Mr. HARRISON. Would not the Senator favor the sales-tax amendment's being offered now, and let us get through with it, or adjourn until to-morrow and fix a definite time to work it out?

Mr. REED. I have nothing to do with offering the sales-tax amendment. As the Senator knows, it has been proposed by the Senator from Massachusetts [Mr. WALSH] and he will follow his own counsel and present it when he gets ready. I think it is true that it is better to go through with the committee bill so the Senate may see the picture and know the contrast between the sales tax on the one hand and the committee bill on the other, than it is to put up the sales tax now and ask it to compete with an uncertainty. We do not know what is the alternative of the sales tax.

Mr. HARRISON. I know there are a good many over here who are not going to stand for this condition very much longer.

Mr. REED. That is a question to be settled by Senators who are going to offer the sales-tax amendment.

Mr. President, I want for a moment to address myself to something that seems to me to be very much more serious.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield.

Mr. FESS. I would like the Senator to yield long enough for me to say that he has stated my position exactly. I am not a member of the committee. I am voting for these excise taxes not because I think they are wise but because I think we have got to balance the Budget, and the question will lie between this way and the other way. I am going along with the committee under protest, and then when the sales tax is offered I shall vote to choose that rather than the excise tax.

Mr. REED. That is exactly my position. I want in all sincerity to make the committee bill just as good as I can and sustain it in its integrity so that when the alternative comes, when the dilemma is presented, we will have been

completely fair to the committee bill, and if we lose on the sales tax then at least we shall have a decent bill as the alternative.

Mr. BANKHEAD. Mr. President, may I ask the Senator a question?

Mr. REED. Certainly.

Mr. BANKHEAD. The Senator and others have referred to these taxes on the automobile industry as excise taxes.

Mr. REED. They are.

Mr. BANKHEAD. I should like to know the difference between the taxes under consideration now and the sales tax.

Mr. REED. There is no difference. All the taxes that the Senator will find in section 602 and the sections which follow are sales taxes at varying rates, as low as 3 per cent on chewing gum and as high as 50 or 55 per cent on lubricants. It is a sales tax bill that could be written better by 50 of the present occupants of St. Elizabeths, but it is a sales tax nevertheless.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. LOGAN. Do I understand from what the Senator said that if we adopt the amendments proposed by the committee, then when the sales-tax provision is proposed if it is adopted it will be substituted for some of the amendments of the Finance Committee?

Mr. REED. For practically all of those in section 600 and the sections following under that title.

Mr. LOGAN. Then if I understand the facts correctly, voting for the committee amendments will not prevent the elimination of these taxes if the sales tax is adopted?

Mr. REED. Precisely. The Senator has it right.

Mr. President, the eyes of the whole world are on the Senate at this minute—not only the eyes of the United States but the eyes of the business men, the financiers, the bankers, the statesmen of the entire world are on us now. What we do will determine the standing of America in respect to commercial integrity in the eyes of the whole world and in the eyes of history.

Hungary to-day has a moratorium for all debts. It is expected and frankly stated in the newspapers that before more than three or four days have passed Austria will be forced likewise to go on a moratorium. Most of the nations of the Baltic are expected to follow suit in short order. The Danubian conference was a failure. Southeastern Europe is on the verge of public and private bankruptcy. Hardly any country in Europe remains upon the gold standard. Switzerland, Holland, France, and Belgium are conspicuous exceptions, but even France and Belgium are on a gold standard which has very drastically reduced the value for their unit of currency. France in effect repudiated 80 per cent of her currency and then went on the gold basis for the 20 per cent that was left.

America stands almost alone in the civilized world as having preserved the integrity of her currency, having kept her promise to all of her creditor class, to all of those from whom she herself has borrowed in the war time and since then. The world is cynical of our ability to maintain our good resolutions. The world is cynical of our ability to keep our financial self-respect and to show the courage that is necessary to maintain a sound currency. The best proof of the fact that the world is cynical is the list of foreign-exchange quotations which we see printed every day on the financial pages of our newspapers.

At the present moment almost all of them are over the gold-export point. We lost last week, I am told, approximately $127,000,000 in gold exported from this country, drawn from us in just the same spirit that a frightened few depositors draw out their deposits from some bank about which rumors have been circulated. It is exactly the same in the shipments of gold across the ocean as in the payment of bills at a bank that is under suspicion. Exactly the same thing is happening to us as a Nation. Our depositors are making a run on the bank. They are going to keep it up until their confidence is restored.

We can stand that run for a considerable time. Thanks to that law which we all united in passing, for which no one side and no one person really deserves credit—the Glass-Steagall bill, which we all united in passing—we have made available for these withdrawals a large part of our stock of gold that would not otherwise be available. We can stand the run a long time, a much longer time than most of our depositors think we can. But there is an end, of course. They have taken a large part of that gold now. There is an end to the run that we can stand. That is true of every country just as it is true of every bank. If all the depositors of the strongest bank on earth appeared at that bank suddenly some morning and demanded 100 per cent of their deposits, either it is not a bank at all or else it would not be able to pay them. That is true of every country. That process of withdrawal, Mr. President, will stop the very instant the world knows that we here in this Chamber have the courage to balance our National Budget, to pay as we go, to maintain our money in its present soundness. Just so soon as we show the will to balance the Budget our troubles will be over.

Mr. President, it is not patriotic for us—and I include myself—to weigh these questions by deciding whether we would like or dislike to put this or that tax on a particular business. I do not like to put a tax on the automobile industry. Its prosperity means the prosperity of millions of our citizens, and I do not want to do anything to impede it. It is not a question whether or not we want to tax the automobile business. We do not; all of us do not. We do not want to put on any new taxes. The question is very much bigger than that; it is very much bigger than what the automobile manufacturer or the automobile dealer or the automobile driver wants. It is a question of the preservation of the soundness of their country and that must take precedence of the wishes of any business. That is why we may, properly enough, answer the torrent of letters that pours in on us from each business that dreads or dislikes a tax that there is something bigger than their preference at stake.

Presently we are going to vote on a motion to strike out what is left of the tax on passenger cars. We would all like to strike it out; nobody likes to create new taxes and put them on legitimate industries, but, Mr. President, when we are deciding that question, let us decide also what other business we shall single out to tax if we are going to exempt this one, because striking out taxes is not enough; striking out taxes accomplishes nothing, unless someone will find another source of revenue to substitute for that which we forswear.

So I beg, Mr. President, that the Senate will continue the consideration of this bill with a sober realization of what is involved. It is more than the convenience of taxing this one or that one; it is a question that goes to the very life of our Nation.

Mr. HAWES, Mr. CUTTING, and Mr. CONNALLY addressed the Chair.

The VICE PRESIDENT. The Chair recognizes the Senator from Missouri.

Mr. HAWES. Mr. President, I think every Senator realizes that the Finance Committee were confronted with a most difficult and intricate problem. I have not been able to find in the CONGRESSIONAL RECORD, either of the House proceedings or the Senate proceedings, a disposition to avoid an honest endeavor to balance the Budget, but to-day I have listened to discussions of what happened within the Finance Committee, of the various roll calls, of the opinion expressed of this member and the opinion of that member of the committee, and how they arrived at their conclusions, the intimation being that they were hurried in their conclusions, but that is not going to affect my judgment. My responsibility is to decide individually the best course to pursue.

I agree with the Senator from Mississippi and the Senator from Pennsylvania, that the time has come for perfect frankness.

We know now, of course, that Hungary and Austria and other countries are in trouble, and it may be they will look to us for inspiration, but I want to say now that I have decided, in my mind, to support a manufacturers' sales tax, eliminating from its operation food, drugs, clothing, and agriculture. I believe that if that question had been presented to the House in a clear-cut form it would have passed the House, and I believe if the Senate sends it back to the House, after that body has had an opportunity to reflect and to see the other side of the question, a manufacturers' sales tax, restricted in the manner I suggest, will be acceptable to the House as a revenue-raising measure.

Mr. HARRISON. Mr. President, will the Senator from Missouri yield to me?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Mississippi?

Mr. HAWES. I yield.

Mr. HARRISON. I find no fault with the Senator from Missouri for favoring a sales tax, but does the Senator think that it might promote a more orderly procedure here if it should be offered now so that we could vote on the proposition before we take up the other items in the bill?

Mr. HAWES. No; I disagree with the Senator's political psychology.

Mr. HARRISON. Let me ask the Senator one other question. Does the Senator think it is just and fair to those of us who are voting for the provisions now in the bill, to whom these various taxes are just as objectionable as they are to the Senator from Missouri and others who may believe in a sales tax, for us to be going upon the record and voting for them while the Senator and others who want to get the sales tax are voting against them in the hope that after a while there will be such a deficit that we will have to take it?

Mr. HAWES. No; I do not think it is quite fair; I think it is an injustice to men to be compelled to vote for things of which they do not approve, but upon which they are compelled to take a position through force of circumstances. I think it is unfair, and I wish it could be avoided; but, as for me, I think the time has come for perfect frankness. I believe in a broader spread of taxation than to put the burden upon a few. Why should we not reach that conclusion?

I think the Senator from Mississippi has the courage of his convictions, and I have very great respect for the Senator from Pennsylvania, who follows the committee, and for the Senator from Wisconsin; but what the committee has done is one thing, and what individual Senators here will do is another thing.

Mr. HARRISON. May I ask the Senator another question?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Mississippi?

Mr. HAWES. I yield.

Mr. HARRISON. If that is going to be the attitude, then why should Senators on the floor of the Senate follow their colleagues on the committee? I always follow my colleagues on a committee—I am an organization man—because I have faith in them, and I think that some of us may properly expect the same treatment from others.

Mr. HAWES. As Members of the House of Representatives the Senator and I came to understand that the committee that reported this measure to the House was an intelligent and hard-working committee, and we followed that committee—at least I did. So in the Senate I usually follow the committees, but in this case I think the decision was not upon the merits of the case but upon political psychology and the fear of not being able to pass this measure through the House. In that respect I disagree with the Senator from Mississippi. I believe, after we vote down the nuisance taxes, the objectionable taxes, such as the automobile tax, such as the tax which would compel every man who draws a check to put a stamp upon it, such as the tax on the amusements of the people out of all proportion to the profits from the business, and when the House knows that the Senate has discussed all these questions and is sending back to that body a limited sales tax, understanding its limitations, that there will be a reversal of opinion in the House. So I am not failing to follow the judgment of the committee, but I think the committee is wrong in its political psychology.

Mr. HARRISON. Mr. President, before the Senator yields the floor may I ask him another question. I find no fault with the Senator for thinking that the sales tax may pass the House; it may; I do not believe anybody can tell whether it will or not; but I was so much interested in the question that I went over there to make an investigation. I talked about the matter with the very highest Members there, including those who supported it and those who opposed it, numbering not less than 25 or 30, and I came to the conclusion that because of the large vote against it, 70 on one occasion and 75 on another, it could not possibly pass.

The Senator thinks it might pass. That is all right; but why can we not get a vote on the proposition now instead of waiting for a while? If the attitude of those who are for the sales tax is going to be to vote down the various proposals reported in the bill and then after a while take up the sales tax, I suggest that now, by unanimous consent, all the recommendations of the committee may be rejected, embodying in the agreement that a motion to reconsider will be in order and may be made, and then that the sales-tax amendment be taken up. I am willing to follow that procedure, but there is no use spending the remainder of this week voting on the various proposals in the bill, the Senate committee being repudiated every time and the provisions being eliminated by the votes of Senators who want to balance the Budget just as much as those of us who are sponsoring the provisions of the committee bill, but who will vote against those provisions in the hope of putting over a sales tax.

Mr. VANDENBERG. Mr. President——

Mr. WALSH of Massachusetts. I should like the floor, Mr. President.

The VICE PRESIDENT. The Senator from Michigan is recognized.

Mr. VANDENBERG. As the author of the pending substitute, which seems to have precipitated this debate, I am particularly challenged by some of the critical observations submitted by the able and earnest senior Senator from Pennsylvania [Mr. REED]. Even though I may be disagreeing en route through this bill with some of the recommendations brought in by the Finance Committee as a result of the mandate of the Secretary of the Treasury, there is no reason why any inference should be suggested or any assumption reached, either in or out of the Chamber, that I am any less concerned about balancing the Budget and about completing an adequate revenue bill than is the distinguished Senator from Pennsylvania himself.

I would be the last man to leave this Chamber without a balanced Budget and an adequate provision of public revenue. I will vote to tax any source of revenue which is ultimately necessary in order to balance the Budget. But I am unable to concede that there is anything at variance with this objective or unpatriotic in any of its implications if Senators undertake to perfect the bill before it comes to a finality. This is said with entire respect for the members of the Finance Committee, who have given complete devotion to their difficult task.

But what are Members of the Senate to do when they reach these various amendments in due order? Are they to voice the convictions that are in them respecting the effect of these amendments upon the welfare of America or are they to sit supinely silent, simply because they confront the recommendation of the Finance Committee? Is this a sacrosanct mandate, beyond improvement, or is it a recommendation directed to the Senate's free judgment?

What am I to do when I confront amendments putting utterly discriminatory and hobbling taxes upon the automotive industry? Am I to sit silent in the face of them, when in my judgment they will do infinitely more harm to the commercial structure of America than anything else that has been done legislatively in the last three months?

When that is my sincere conviction, am I to pass it by and not give those in the Senate who agree with me an opportunity to register their conviction accordingly?

The Senator from Pennsylvania [Mr. REED] says that the pending problem is much bigger than a question of what the automobile manufacturers want. That is entirely correct; and the reason why I have submitted amendments to strike out these automobile taxes is because I believe the automobile taxes are infinitely bigger than anything that the automobile industry itself wants or any automobile driver wants, and bigger, even, than the wisdom of the great Finance Committee itself. I believe it is the key industry in America, through which a trade resurgence can be best stimulated. I know that this is the industry which saved America in one other depression. I know that it is the industry which reaches out and touches over a wider sphere more collateral industry, more labor, more related capital, more related activity, more jobs, more trade than any other industry in this land; and I know that if it is permitted to proceed unhampered and unhobbled in the plans which it has dared to make in the face of this depression, it will make a larger practical contribution to the commercial rejuvenation of the United States in terms of actual employment and trade than all the legislation we can pass within these halls. I know that these proposed discriminatory taxes are clearly calculated, in the opinion of those best qualified to judge, to curb these courageous plans and discourage their success in the American market place.

If that is my conviction, is it patriotic or is it not, to propose that this stimulating influence shall be released and encouraged in the economic life of the United States?

The Senator from Pennsylvania says that it is not patriotic to say that we like or dislike any specific tax; that we must think of the problem as a whole. That is precisely the only basis upon which I have submitted this automotive appeal to the Senate of the United States. I have not asked for a single discriminating favor in behalf of this industry. I have said that it is ready to take its full share of any kind of a universal tax which is put upon it equally with other industry in this land. I have not sought any special privilege for them. They ask no favor from this Government or from this Congress. They only ask for a free, fair chance on a parity with other industry in this land to go ahead in the brave prospectus which they have dared to write in the face of this depression, and which, if they are permitted to proceed, I repeat, is calculated to do more for commerce in America than any other influence that can be released in our economic life. It is precisely because I insist upon thinking of the problem as a whole, patriotically, I hope, that I am forced into disagreement with the Finance Committee respecting these particular amendments.

So, Mr. President, I can not consent by my silence to any suggestion from the Senator from Pennsylvania that there is anything lacking in patriotism or in devotion to the cause of the country in persisting in a presentation of economic realities to the Senate in respect to these various items as we come to them in this bill. When those items have been discussed upon their merits, and when the judgment of the Senate has been taken, I am satisfied to take the conclusion; and whatever that conclusion finally calls for by way of additional or substituted revenues in order to balance the Budget, I would stay here forever before I would leave without concluding precisely the type of a response to our fundamental Treasury obligation for which the patriotic Senator from Pennsylvania himself pleads.

Mr. WALSH of Massachusetts. Mr. President, I resent the insinuation and the innuendo that the only Senators on this floor who are interested in balancing the Budget are Senators who will vote for the so-called nuisance taxes. That is the plain inference to be drawn from what has been said here.

The Senators in this Chamber who propose to balance the Budget by increasing the income taxes to the war level are as anxious to balance the Budget and as patriotic as any other group of Senators; and the Senators who believe that the income taxes should be of the amount declared by the committee to be reasonable, plus a so-called manufacturers' excise tax, are likewise as patriotic as any other group.

Mr. HARRISON. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Mississippi.

Mr. HARRISON. I hope the Senator did not think I was insinuating anything of the kind.

Mr. WALSH of Massachusetts. The Senator's remarks, if I interpreted them correctly, were that he and those who were supporting his position in voting for these excise taxes were somewhat more concerned about balancing the Budget than those who differed from him, and there was some question raised by him about the devotion to duty in this great crisis of other Senators who chose a different course from his.

Mr. HARRISON. I am glad to be able to correct the Senator if he got that impression.

Mr. WALSH of Massachusetts. I accept the Senator's statement.

Mr. HARRISON. In the humblest way I say it is a wrong construction. It was only because of my defectiveness in being able to express myself according to my own heartbeats and thoughts that the Senator got that impression.

I thought I said that those Senators who were for the higher surtaxes, as well as those Senators who were for the sales tax, were just as anxious to balance the Budget as those who wanted this proposition or that; that it was merely a difference of opinion; because, may I say to the Senator, there was no Senator on the committee who worked harder or voted more strongly and more consistently to raise the Budget than did the Senator from Massachusetts. I was only trying to say that if we are going to vote on the sales tax, we ought to vote on it now instead of waiting until after a while. If the Senator has such a sales tax, I hope he will offer it now.

Mr. WALSH of Massachusetts. I will deal with that in a moment.

I frankly feel that the Senator in his remarks—I will be frank about it—had in the back of his head the fact that in the committee some of us voted for some of these nuisance taxes and now are not voting for them. I may do him an injustice in feeling that way, but I want to discuss it; and if the Senator did not have that in mind, I should be glad to have him say so.

Mr. HARRISON. I did say that I looked into the faces of Senators on the other side and some Senators on our side who had voted for these propositions in the committee who were not voting for them now.

Mr. WALSH of Massachusetts. Yes. Does not the Senator know that we assumed in the committee at the outset that we were to construct and frame the bill along the lines of the House bill?

Mr. HARRISON. Yes.

Mr. WALSH of Massachusetts. And that later proposals were made, one on the part of the senior Senator from Michigan [Mr. COUZENS] and the other on the part of the senior Senator from Pennsylvania [Mr. REED], to substitute a different policy in framing the bill?

Mr. HARRISON. Absolutely; and the Senator from Massachusetts himself in the committee stood for a sales tax, and he voted for a sales tax in the committee. The Senator from Missouri [Mr. HAWES] has just stated, however, that he is going to vote against these propositions in the hope of getting the sales tax; and I was afraid that some of the others might be in the same position. For that reason, I thought that if we could vote on the sales tax now, we might eliminate that particular proposition.

Mr. WALSH of Massachusetts. Now, let me say a word about my position on the sales tax.

When I went into the committee to frame this bill I did not believe that I would ever vote for a manufacturers' excise tax. I came to a different conclusion, just as the Democratic members of the Ways and Means Committee did. After hearing the discussion apropos and the guessing and exchanging on the levying of special nuisance taxes,

fixing some at 3 per cent, some at 4 per cent, some at 7 per cent, and some at 10 per cent, some at 35 per cent, in the case of lubricating oil, I decided that the only fair tax under all the circumstances, if we are going to levy excise taxes, is, in view of the present emergency, a tax that is broad at the base and is small in amount and reaches all manufactured articles except the necessities of life. I was particularly impressed that general instead of special excise taxes were decidedly preferable and more equitable.

I came to that conclusion after hearing all discussions on the various methods of levying taxes, without any thought whatever of supporting a manufacturers' excise tax at the outset. I came to that conclusion when I got telegrams and letters from the owners and workers in the soap and rubber factories of Massachusetts, and the employers and employees in the candy factories of Cambridge and Boston, Mass.; when I got telegrams from the factories manufacturing cheap jewelry at Attleboro, North Attleboro, and Taunton telling me how desperate conditions were and the extent of unemployment, and appealing not to put a tax of 10 per cent on their product; and when I got telegrams like the one I have in my hand, which I received from Somerville, Mass., to-day and which is similar to hundreds of others I have received. Let me read it:

I understand automobile tax will come before the Senate to-day. Hope you cast your vote against it. Local Ford assembly plant, employing 2,848 men, opened recently. The employment of this number of men greatly reduces unemployment in our city. Any tax on automobiles would retard sales and throw men out of work. We urge you to support a general manufacturers' excise tax that will treat all industries equally.

Is it unpatriotic, is it un-Democratic, when an excise tax is proposed that we believe is unfair and unjust and going to impair our industries and cause unemployment, to raise our voices here and say "No"? Must we say "Yes" or have our patriotic motives impugned? Must we stultify our convictions when we think a tax is an unfair levy and an indefensible burden under present depressed economic circumstances?

I repeat, I came to this conclusion after this bill was in the process of formation, just as the Democratic members of the House Ways and Means Committee did. They never dreamt at the outset of reporting such a measure. After seeing the unfairness and injustice of these special sales taxes, however, I reached the conclusion that the soundest, fairest, most equitable tax we could impose was not a special sales tax on haphazard selected commodities of certain industries or admission taxes, but a general excise tax upon all industries, eliminating the necessities of life.

Mr. President, I went along with the committee on the assumption that the bill was to be drafted as this bill is written and as the House bill was written. I voted for some of these nuisance taxes, and I voted against some of them. I tried to determine, in seeking to balance the Budget, whether the rate ought to be 3 or 4 per cent. Sometimes I voted for the higher rate; sometimes for the lower rate. But when it was all over I reached the conclusion that it was my duty and my obligation to myself and to my constituents to favor the elimination of all these taxes from the bill, and to levy a small basic tax upon the finished product of all industries. I will say further, so much am I opposed to these so-called nuisance taxes that I am almost convinced that, rather than go back to them, I would accept a proposal to increase the income-tax rates. I am not declaring that I have reached that conclusion yet; but I am drifting in that direction very rapidly, because it seems to me these taxes are entirely indefensible.

Mr. President, the Senator from Mississippi suggested that the time has arrived for the presentation of an amendment to this measure embodying the principles of the so-called manufacturers' excise tax. When in the discussion of legislation, the discussion of bills on this floor, has it been proposed that amendments from the floor be offered before the committee amendments were dealt with?

When before were Members of this body invited to propose amendments from the floor before we knew what was to become of the committee amendments? Have we ever in the history of this body—and I know we have not since I have been here—undertaken to legislate in that fashion and manner?

Mr. SMOOT. Mr. President, the Senator will remember that I asked unanimous consent that the regular order be followed, and it was refused.

Mr. WALSH of Massachusetts. But the regular order we have been following has been the taking up of committee amendments, and offering amendments to the committee amendments. That is what we have been proceeding to do.

Mr. SMOOT. That is true.

Mr. WALSH of Massachusetts. My good friend from Mississippi knows how to play the parliamentary game as well as any man on this floor, and I am sure that if he were in my position he would be the very last Senator to move at this stage of the proceedings an amendment of the character I propose to offer. He is too clever to make any such proposal as that, and he knows that as we go through the discussion of this bill and analyze the manner and way in which these so-called nuisance taxes have been levied, a mere guess here and a guess there as to what the rates should be, that there will be a feeling in this body of "plague on all your taxes," and there will be a movement either in the direction the Senator from Michigan wants us to go or in the direction of an emergency manufacturers' excise tax, which I am to propose.

Let me say to the Senator from Mississippi that I have not asked any Senator to lend me his conscience in the matter of voting on these excise taxes. I have made no trades. I think the Senator will at least give me credit for not indulging in that practice.

Mr. HARRISON. I know the Senator would not indulge in that.

Mr. WALSH of Massachusetts. I feel very strongly that these nuisance taxes are a mistake, that I can not defend them, and I judge, by the very fact that the Senator is anxious to avoid a roll call upon them now, he has not very much faith in them himself. Is he going to incorporate them in this bill, not on their merit but by force or threats?

Mr. HARRISON. The Senator knows——

Mr. WALSH of Massachusetts. That he has some doubt about sanctioning the special taxes whole-heartedly. His defense is that it is the only way in which we can balance the Budget, rather than a firm and honest belief that they are a just tax and an appropriate tax to levy in this emergency. Some other Senators sincerely believe there is a better and a fairer method of raising the necessary revenue.

I gladly yield to the Senator.

Mr. HARRISON. Mr. President, of course I am on record, as the Senator from Massachusetts is. I made my record and I do not run away from it at all, and am willing to go right through and vote for every one of the items. I would like to see them adopted. But I wanted to ask the Senator, because I am sure he has been working on this amendment a long time, and I know it is a good amendment, it is in good form if the Senator is behind it, because when he does things he does them right. If he will just lend that amendment to me, I promise him, not for him but for myself, to offer it and ask for a vote on it now. Will the Senator lend it to me?

Mr. WALSH of Massachusetts. I appreciate the Senator's kindness, and I will be glad to lend it to him. I hope that he will not be guilty of a breach of trust or confidence and offer it.

Mr. HARRISON. I suggested that I would offer it.

Mr. WALSH of Massachusetts. I will say that within 10 minutes one of the experts has come to me with the amendment and has made corrections in it, so that I can have it sent to the printer. That indicates I have not been holding back the amendment. Only within 10 minutes has the expert who sits next to the senior Senator from Utah [Mr. SMOOT] come to me with the amendment. But who more than myself has the responsibility of determining when and in what form the amendment will be offered?

Furthermore, the provision of the amendment depends on what we vote out of this bill. Whether the rate is 1½ per

cent or 1¾ per cent or 2 per cent or 1 per cent depends on the action of the Senate. I observe the Senator from Michigan bows his head. He appreciates that action by the Senate first is absolutely essential in order to determine upon the form the amendment should take.

Mr. COUZENS. Mr. President, I may point out to the Senator that when the 1918 income-tax rates were before the Senate the very shrewd and smiling Senator from Mississippi tried to get the sales tax up at the same time.

Mr. HARRISON. Yes.

Mr. COUZENS. He tried to outstrategy us, but we were not quite as dumb as he thought.

Mr. HARRISON. I admit I have been outdone. If I had had my way, we would have voted on all these propositions before we got into the excise taxes.

Mr. COUZENS. I raised the very question the Senator from Massachusetts has raised, as to how we can tell what the surtaxes or the sales tax should be until we have determined what is necessary to balance the Budget.

When the income-tax rates came up, I asked the Senator from Utah to let action on the income-tax rates be put off until the last, so as to see what rates were necessary to balance the Budget. But the Senators were anxious to go ahead.

Mr. WALSH of Massachusetts. Let us suspend trying to tell other Senators what their duty is. Let us suspend trying to read the consciences of other men, and doubting the motives that actuate them in voting "yes" or "no" when the roll is called. Let us give other Senators credit for a little patriotic spirit and for a little zeal and earnestness about getting the Budget balanced sanely and properly, and let us give them credit for realizing, as some of us do to the very depths of our hearts, the awful financial cataclysm that is impending in this country to-day. It is for that very reason, because of the terrible conditions which may await us before many days intervene, that I hesitate to put upon burdened industries, in fact, in the matter of one rate, on every industry, a tax of 35 to 50 per cent. I refer to the industries which use lubricating oil. I hesitate to put upon these tottering industries these excessive taxes. If that is a mistaken attitude, then I must be convicted of entertaining a wrong concept of my present duty.

It seems to me that we could serve the country no better in this emergency than by levying, on a broad base—exempting all the things the masses of the people have to buy to sustain life with, a reasonably small tax upon all the products of our industries.

Mr. President, I can not understand why the fact that a Senator would vote against a nuisance tax would so disturb the Senator from Mississippi and so excite and alarm him. I am really at a loss to know. One would think that upon the vote on this one item in this bill depended whether or not we were going to balance the Budget.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. HARRISON. Of course, the Senator from Mississippi does not harbor anything but love and affection for the Senator from Massachusetts, because we have fought together in the Committee on Finance, not only at this time, but heretofore, and we have fought political battles in the past, and will fight them together in the future.

There is no difference in the world between the Senator from Massachusetts and myself except that he is going to vote for the sales tax and I am going to vote against the sales tax; that he does not want to vote for the sales tax until these other matters are out of the way, and that my judgment leads me to think that the best thing to do is to vote on it now so that we can conclude the consideration of the bill more quickly. Those differences shall not make any difference in our personal and political relations, or in my strong affection for the Senator. The Senator knows my position so far as the tariff is concerned. I signed a report which he himself wrote, which went pretty far. I might have gone a little farther even than he did on that matter. I have tried to keep my Democratic record straight on these tariff items. Everybody in the Senate knows, I think, how I have felt about them. But I never try to criticize any of my colleagues, and I am not doing so now. I am sorry that my friend from Massachusetts feels somewhat offended about it.

Mr. President, I was appealing to the Senator, and I thought I could get him to offer the amendment. I still hope that he will offer it.

Mr. CONNALLY. Mr. President, I want to submit a unanimous-consent agreement.

The Finance Committee, as Senators know, worked on this bill about five weeks before we brought it into the Senate. The distinguished Senator from Utah [Mr. SMOOT], as chairman of that committee, has unrelentingly and unremittingly labored all of that time. We have been meeting at 11 o'clock in the morning and sitting until 10 o'clock at night every day since the bill has been before the Senate and I want to suggest that when the Senate takes a recess to-day, it takes a recess to convene at 10 o'clock to-morow, and that we meet at 10 o'clock each day and run until 7 in the evening and dispense with the night sessions. If we do that, I confidently believe we shall make more progress with the bill than we have been making at the night sessions. I submit that suggestion.

Mr. SMOOT. Mr. President, does the Senator ask unanimous consent?

Mr. CONNALLY. Yes.

Mr. SMOOT. A number of Senators have asked me to agree to some such arrangement, thinking, perhaps, that if that were done we would do just as much work within the hours suggested as we are doing in the hours we are now sitting, and I need not say why Senators arrived at that conclusion.

As far as I am concerned, I feel grateful to the Senator from Texas for what he has said in relation to the work I have done, but I do not want that in any way, shape, or form to influence any Senator, because I can work long hours just as well as not.

Mr. CONNALLY. Mr. President, the chairman of the committee, the distinguished Senator from Utah, is perfectly willing to work 11 hours a day, and so am I. I am willing to work here until 12 o'clock every night if necessary. But many Senators do not attend regularly, and I believe that we shall get more work done if we meet at 10 o'clock in the morning and work until 7 in the evening, and then go home and relax a little and get some of the cobwebs out of our minds so that we can come back the next morning and hold the Senate's nose to the grindstone. I believe that we shall do more work if we follow that procedure.

Mr. HARRISON. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. HARRISON, Would the Senator object to restricting his unanimous consent so that it would apply only to this week, because if we go ahead with the unanimous consent unlimited we may have to undo it by unanimous consent. It may be that next week we shall want to change the procedure. Why not make it apply to just this week?

Mr. CONNALLY. We are laboring now under a unanimous-consent agreement, working until 10 o'clock every night.

Mr. BARKLEY. Mr. President, does the Senator from Mississippi mean to intimate that we are not going to finish the consideration of the pending bill this week?

Mr. HARRISON. It looks as if we will not.

Mr. CONNALLY. I would like to have the procedure I have suggested followed until we finish the consideration of the bill.

Mr. HARRISON. I would have no objection.

Mr. ASHURST. Mr. President, will the Senator from Texas yield?

Mr. CONNALLY. I yield.

Mr. ASHURST. My judgment is that the consideration of the bill will not be finished this week or next week. I have no objection to the Senate meeting at 9 o'clock and adjourning at 7 in the evening. I shall object to anything

that proposes any shorter workday than one beginning at 9 o'clock.

Mr. CONNALLY. Would the Senator be willing to extend the time to 11 o'clock at night; that is, to meet at 9 in the morning and work until 11 at night?

Mr. ASHURST. I think we should do as we did in 1908, meet at 10 in the morning and adjourn at 10 at night. I am perfectly willing to agree to a unanimous-consent request to meet at 9 and adjourn at 7, or I will agree to meet at 9.30.

Mr. CONNALLY. Mr. President, I modify the request, and ask that the Senate meet at 10 o'clock in the morning and remain in session until 7.30 at night. That will give the Senator from Arizona about the same time.

The PRESIDENT pro tempore. The Chair understands the request preferred by the Senator from Texas to be that, beginning to-morrow, the Senate shall meet at 10 o'clock in the morning and remain in session until 7.30 o'clock in the evening. Is there objection?

Mr. BANKHEAD. Mr. President, reserving the right to object, I want to ask the Senator from Texas if he will not modify his request so that speeches during the consideration of the bill shall be limited to 15 minutes?

Mr. CONNALLY. I can not do that.

Mr. ROBINSON of Arkansas. Mr. President, I concur in the request made by the Senator from Texas. If the Senate will meet at 10 o'clock in the morning and continue in uninterrupted session until 7.30 in the evening, it is my conviction that more work will be accomplished and more results produced than under the present arrangement. I hope Senators will consent to that arrangement.

Mr. LA FOLLETTE. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LA FOLLETTE. Is the unanimous-consent request so framed that it would bind the Senate during the entire remainder of this session of Congress?

The PRESIDENT pro tempore. The Chair understood it was to apply only during the consideration of the pending measure.

Mr. LA FOLLETTE. I agree with the suggestion made by the Senator from Mississippi that we should not bind ourselves during the entire period that this bill may be before the Senate. Why does not the Senator modify his request so as to provide for the balance of this week and let us try it out and see how it works?

Mr. CONNALLY. Mr. President, if Senators are going to raise objections I shall have to withdraw my request because I can not make a separate request for each Senator present.

The "rest of the week" is only three more days. We would not accomplish a great deal if the agreement runs only for three days. I am willing to stay until 10 or 11 or 12 o'clock at night, but everyone knows we are not going to make any real progress at the night meetings. If we meet at 10 o'clock in the morning and Senators will remain here and give attention to business, we shall transact a great deal more business than is the case now. I renew the request that the Senate meet at 10 o'clock in the morning and remain in continuous session until 7.30 o'clock in the evening for the time that this bill is under consideration.

Mr. BARKLEY. Mr. President, the Senator realizes that most of the time is taken up in speeches. I agree with him that at night, with large and well-filled galleries, we will sooner get rid of the speeches that will be made during the consideration of the bill.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator is wrong about that. We shall never get rid of the speeches if we undertake to respond to the suggestion the Senator is making.

The PRESIDENT pro tempore. The Senator from Texas has renewed his request for a unanimous-consent agreement to provide that during the consideration of the pending measure the Senate shall meet each day at 10 o'clock in the morning and shall sit continuously until 7.30 o'clock in the evening. Is there objection? The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD letters and statements protesting against additional taxes being levied on the automobile industry. These come from Fred Brenckman, representing the National Grange; from C. C. Cogswell, master of the Kansas State Grange, and from Chester H. Gray, representing the American Farm Bureau Federation. These protests reflect the opposition to a tax on motor vehicles which I find prevails quite generally among farm folks in the West. They believe that the automobile is a necessity and that the proposed tax would increase the cost to the consumer. They believe, too, that this is a field of taxation which belongs to the States.

The PRESIDENT pro tempore. Without objection, it is so ordered. The matters referred to are as follows:

THE NATIONAL GRANGE,
Washington, D. C., May 17, 1932.

Hon. ARTHUR CAPPER,
Senate Office Building, Washington, D. C.

DEAR SENATOR: The fundamental reason why the National Grange is against the proposed taxes on automobiles, trucks, and accessories contained in the pending revenue bill is that this is a field of taxation which belongs to the States. There is much more involved in these proposed Federal taxes on motor vehicles than appears on the surface.

We have expended billions of dollars for the construction of improved highways, and by far the greater part of these roads have been built on borrowed money. The States and their minor subdivisions have issued bonds in this connection which must be met when they fall due. We have relied on the earning capacity of roads to retire these bonds, and the receipts from automobile license fees and gasoline tax have thus far provided the revenue to meet the sinking fund charges and interest on the bonds. If these sources of revenue should be dried up by prohibitive taxes on motor vehicles, the bonds would have to be paid just the same. Home owners and farmers may well view this situation with apprehension because in the final analysis they would have to pay for the staggering indebtedness we have incurred for improved roads.

The American Automobile Association recently released a statement showing that there was a drop of 731,178 in the registration of motor vehicles in 1931, as compared with 1930. While there was a loss in registration totals in 38 States, the heaviest drop occurred in States with a large agricultural population. In view of prevailing conditions, there can be no doubt that the tendency shown will be aggravated during the present year. There may be those who will say that if the farmer can not afford to have an automobile or a truck, he should walk. However, that brand of philosophy overlooks the point that the improved highways which have been constructed must be paid for, whether we use them or not. It will not help us in the solution of our tax problems if the Federal Government, in its efforts to balance the Budget, now invades a field of taxation which by every right belongs to the States.

If the proposed taxes on automobiles and accessories should be stricken from the bill, as we are convinced they should be, the question naturally arises as to where we are to look for the revenue which these proposed taxes are intended to produce. In his appearance before the Ways and Means Committee of the House and before the Finance Committee of the Senate, Secretary of the Treasury Mills suggested a tax of 7 per cent on the domestic consumption of gas and electricity; but if such a tax is to be levied, why should it be limited to domestic consumption?

According to figures furnished by the Federal Trade Commission, the total revenues of the electric power companies during the past year were $2,137,000,000; the value of the natural gas produced was $415,000,000; while the manufactured gas was valued at $521,000,000. This makes a total of $3,073,000,000. Three per cent on that sum would net more than $92,000,000. In our opinion, such a tax would be much more fair and equitable than the proposed special levies on motor vehicles.

It is gratifying to note that in taking steps to balance the Budget Congress is not depending on the levying of new taxes alone. Efficiency and economy are quite as necessary as additional taxes in meeting the financial situation with which the Government is confronted.

Yours very truly,

FRED BRENCKMAN,
Washington Representative.

WASHINGTON, D. C., *May 23, 1932.*

To the Members of the United States Senate:

GENTLEMEN: The proposed taxes on autos, trucks, and accessories in section 602 of H. R. 10236, should be eliminated from the measure, for three reasons:

(1) By increasing the delivered price of these commodities a sales resistance is created, which in times such as these will undoubtedly cause rather than cure unemployment. It is obvious that unemployment in an industry such as the automobile trade means a greatly lessened purchasing public for farm products.

(2) The sinking funds in States to retire road bonds and other funds to provide maintenance and construction costs depend

mostly upon the large and continued use of motor vehicles and the consequent consumption of gasoline. For the Federal Government to enter the field of auto taxes is equivalent to depreciation of State road bonds, less effective maintenance of roads, slackening of highway construction, and eventually levying higher taxes on the general property to make up the deficits caused by shrinkages in auto revenues.

(3) Motor vehicles on farms are a necessity, not a luxury. Special taxes should be levied upon nonessential and luxury products, not upon necessities.

The recommendation of the American Farm Bureau Federation in regard to the proposed taxes on automobiles, trucks, and accessories is that all such taxes be eliminated.

Very respectfully,

AMERICAN FARM BUREAU FEDERATION.
CHESTER H. GRAY,
Washington Representative.

TOPEKA, KANS., *May 16, 1932.*

Senator ARTHUR CAPPER,
Senate Office Building, Washington, D. C.

FRIEND CAPPER: Am writing you to ask you to use your influence against the placing of any more tax on the users of automobiles. It seems that they are already paying proportionally more tax in this line than most any other, there being about a dozen different kinds of tax already levied on them.

I realize this is not a good place to add increased burdens but also feel that it is not the proper place for further additions. I also am aware that you have a stupendous task in balancing the Budget with any form of tax that will not have opposition, but feel that the automobile is already paying more than its just share.

Will be glad to have your reasons if your opinion in this matter is different from mine.

Thanking you for this as well as for past considerations, I am,

Cordially yours,

C. C. COGSWELL,
Master Kansas State Grange.

The PRESIDENT pro tempore. The clerk will state the pending amendment.

The LEGISLATIVE CLERK. The pending amendment is that of the Senator from Michigan [Mr. VANDENBERG], on page 247, to strike out lines 1 to 6, both inclusive, as follows:

(b) Other automobile chassis and bodies and motor cycles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof), except tractors, 3 per cent. A sale of an automobile shall, for the purposes of this subsection, be considered to be a sale of the chassis and of the body.

Mr. HARRISON. Let us have the yeas and nays.

Mr. SMOOT. Mr. President, we have just voted $14,000,000 out of this section. Now we are asked to vote $44,000,000 more out. I sincerely hope and trust the Senate is not going to agree to it.

Mr. BULKLEY. Mr. President, I should like to inquire of the Senator from Utah whether the new amendment on behalf of the committee relating to rubber is ready to be offered?

Mr. SMOOT. I am ready to offer it as soon as we reach that point in the bill, and I believe that will be very soon.

Mr. BULKLEY. Would not the Senator be willing to offer the amendment and let it be printed and lie over until to-morrow so Senators may understand it? It was proposed first to put an import tax on crude rubber, and now there is a substitution proposed to tax tires and tubes. I would like to have the Senate understand just what it is.

Mr. SMOOT. I will read the amendment so the Senate can understand what it is. I propose to offer this amendment at the proper time:

Page 245, strike out lines 5 to 10, both inclusive, and insert in lieu thereof the following:

"SEC. 602. TAX ON TIRES AND INNER TUBES

"There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax at the following rates:

"(1) Tires wholly or in part of rubber, 2¼ cents a pound on total weight (exclusive of metal rims or rim bases), to be determined under regulations prescribed by the commissioner, with the approval of the Secretary.

"(2) Inner tubes (for tires) wholly or in part of rubber, 4 cents a pound on total weight, to be determined under regulations prescribed by the commissioner, with the approval of the Secretary."

The PRESIDENT pro tempore. Inasmuch as the amendment will be printed in the RECORD in the morning, it will also be printed and lie on the table. The Chair understands the Senator from Utah to offer it as a substitute for lines 5 to 10, inclusive, on page 245.

Mr. SMOOT. That is where the amendment will come.

Mr. BULKLEY. Mr. President, I would like to ask the Senator from Utah if he would have any objection to putting the amendment in another place so it will be a part of the accessories tax? The reason why I suggest that is that with respect to the taxes on all other accessories except tires and tubes there are provisions on page 249 for refunds, and there is no reason why they should not apply to tires and tubes as well as other accessories.

Mr. SMOOT. I will read all the amendments to the Senator so he may see each one that will be offered to carry the proposal to completion.

The PRESIDENT pro tempore. The Chair understands the Senator from Utah is submitting for publication in the RECORD not only that portion of the amendment which he has just read, but also the compensatory duties to which he has referred as covering the four or five other features.

Mr. SMOOT. I can have them printed if the Senator from Ohio desires.

Mr. BULKLEY. I think it is important for the information of the Senate to have the whole situation in print so Senators may see in advance what they are required to vote upon. There are only a few Senators here who have heard the amendment read, and I do not want it voted on this evening, but rather have it go over until to-morrow, when everyone may understand it.

Mr. HARRISON. Mr. President, may I ask the Senator from Ohio if he is opposed to the amendment that has been proposed by the committee?

Mr. BULKLEY. The amendment as proposed by the committee is not an impossible amendment. I think that the rates are still very high. I want the Senate to have every reasonable opportunity to know what the rates are and determine whether that is a proper tax to put upon tires and tubes.

Mr. HARRISON. I had understood that on two different occasions we had reduced the amount from the original plan. I thought perhaps the Senator would be able to support at least this amendment, but if the Senator opposes the amendment, there may be a fight the other way upon the proposition.

Mr. SMOOT. I thought this was all that the manufacturers themselves requested. We have already taken off millions of dollars from the bill. Now there is an amendment pending to take off $44,000,000, and I am sure the Senate is not going to do it.

Mr. BULKLEY. The Senator knows I only want to submit this to the fair judgment of the Senate. I will say to the Senator that the manufacturers themselves still feel that the amounts he is proposing are very high relative to other taxes. I appreciate the Senator has tried to be accommodating and fair and I do not question that at all, but frankly the taxes as proposed now are still high.

Mr. SMOOT. Mr. President, I send all the amendments to the desk and ask that they may be printed and lie on the table.

The PRESIDENT pro tempore. The amendments will be printed and lie on the table.

Mr. BULKLEY. I would like to have printed in the RECORD a table showing what the proposed taxes, at the rates suggested by the Senator from Utah, will mean as applied to standard sizes of tires and tubes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table is as follows:

Statement showing effect on dealers' business of proposed tax of 2¼ cents per pound on tires

	Weight of tire and flap	Dealer's net purchase price	Tax at 2¼ cents per pound	Ratio of tax to purchase price
First-line tires:	*Pounds*			*Per cent*
4.50-21, 4-ply	15.28	$4.82	$0.34	7.13
4.75-19, 4-ply	16.70	5.26	.38	7.13

Statement showing effect on dealers' business of proposed tax of 2¼ cents per pound on tires—Continued.

	Weight of tire and flap	Dealer's net purchase price	Tax at 2¼ cents per pound	Ratio of tax to purchase price
First-line tires:—Continued.	*Pounds*			*Per cent*
5.25-18, 4-ply	18.37	$6.36	$0.41	6.45
5.50-18, 4-ply	21.18	7.07	.48	6.83
6.00-18, 4-ply	23.39	7.86	.53	6.68
7.00-18, 6-ply	37.45	12.45	.84	6.75
30 by 5, 6-ply	34.20	11.39	.77	6.75
32 by 6, 8-ply	47.98	18.41	1.08	5.85
34 by 7, 10-ply	86.75	31.99	1.95	6.08
6.00-20, 6-ply, bus	34.84	11.85	.78	6.60
Second-line tires:				
4.50-21, 4-ply	14.93	4.06	.34	8.33
4.75-19, 4-ply	15.61	4.73	.35	7.48
5.25-18, 4-ply	18.07	5.61	.41	7.20
5.50-18, 4-ply	20.46	6.25	.46	7.35
6.00-18, 4-ply	None.			
7.00-18, 6-ply	None.			
30 by 5, 8-ply	40.07	10.81	.90	8.33
32 by 6, 8-ply	None.			
34 by 7, 10-ply	81.52	25.41	1.64	7.20
6.00-20, 6-ply, bus	33.52	10.14	.76	7.50

Statement showing effect on dealers' business of proposed tax of 4 cents per pound on tubes

	Weight of tube	Dealer's net purchase price	Tax at 4 cents per pound	Ratio of tax to purchase price
First-line tubes:	*Pounds*			*Per cent*
4.50-21, Group B	2.09	$0.83	$0.08	9.60
4.75-19, Group B	2.31	.83	.09	11.52
5.25-18, Group C	2.40	.95	.09	10.08
5.50-18, Group F	2.98	1.17	.12	10.24
6.00-18, Group F	2.98	1.17	.12	10.24
7.00-18	3.92	1.48	.16	10.80
30 by 5	3.59		.14	
32 by 6	7.70	2.39	.31	13.04
34 by 7	11.76	3.48	.47	13.60
6.00-20	3.97	1.57	.16	9.36
Second-line tubes:				
4.50-21, Group B	1.82	.58	.07	12.40
4.75-19, Group B	1.92	.66	.08	11.90
5.25-18, Group C	2.13	.75	.09	11.76
5.50-18, Group F	2.68	.90	.10	11.52
6.00-18, Group F	2.68	.90	.10	11.52
30 by 5	3.15	1.17	.12	10.24
32 by 6	5.05	1.78	.20	11.20
34 by 7	9.20	2.53	.37	14.56
6.00-20	2.97	1.06	.12	11.36

Statement showing effect on dealers' business of proposed tax of 2¼ cents per pound on solid truck tires

Size	Weight of solid tire, excluding metal base	Net dealers' billing price	Tax at 2¼ cents per pound	Ratio of tax to billing price
	Pounds			*Per cent*
36 by 5 heavy duty cushion	80.9	$27.02	$1.82	6.73
36 by 6	102.9	34.49	2.31	6.07
36 by 8	139.1	49.88	3.12	6.25
36 by 10	193.7	63.25	4.36	6.89
40 by 14	301.9	97.61	6.79	6.95

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Michigan.

Mr. SMOOT. As I understand the amendment as stated, it is to strike out all of the section relating to automobile chassis, bodies, and so forth; in other words, the section relating to passenger automobiles.

The PRESIDENT pro tempore. The Chair understands the amendment to be to strike out the first six lines on page 247.

Mr. SMOOT. In other words, we have already stricken out $14,000,000, and now it is proposed to strike out $44,000,000 more.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Michigan.

Mr. HARRISON. I renew my request for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Reed
Bankhead	Couzens	Hull	Robinson, Ark.
Barbour	Cutting	Johnson	Robinson, Ind.
Barkley	Dale	Jones	Sheppard
Bingham	Davis	Kendrick	Shortridge
Blaine	Dickinson	Keyes	Smith
Borah	Fess	King	Smoot
Bratton	Fletcher	La Follette	Steiwer
Brookhart	Frazier	Logan	Stephens
Broussard	George	McGill	Thomas, Idaho
Bulkley	Gore	McNary	Trammell
Bulow	Hale	Metcalf	Tydings
Byrnes	Harrison	Moses	Vandenberg
Capper	Hastings	Norbeck	Wagner
Carey	Hatfield	Norris	Walcott
Cohen	Hawes	Nye	Walsh, Mass.
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Pittman	Wheeler

The VICE PRESIDENT. Seventy-two Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Michigan, upon which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). Making the same announcement as before as to my pair, I transfer it to the senior Senator from Colorado [Mr. WATERMAN] and will vote. I vote "nay."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent, and therefore withhold my vote.

Mr. THOMAS of Oklahoma (when his name was called). Making the same announcement as to my pair which I made a while ago, I withhold my vote. If privileged to vote, I should vote "nay."

Mr. WAGNER (when his name was called). I am paired with the junior Senator from Missouri [Mr. PATTERSON], but I am informed that if present he would vote as I intend to vote. I therefore feel at liberty to vote, and I vote "nay."

The roll call was concluded.

Mr. BYRNES. I am paired with the junior Senator from Vermont [Mr. AUSTIN]. Not being advised as to how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. BINGHAM (after having voted in the negative). I transfer my pair with the Senator from Virginia [Mr. GLASS] to the Senator from Missouri [Mr. PATTERSON] and allow my vote to stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. LEWIS];

The Senator from Maine [Mr. WHITE] with the Senator from Washington [Mr. DILL];

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Arkansas [Mrs. CARAWAY].

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR]; and

The Senator from New Jersey [Mr. KEAN] with the Senator from Montana [Mr. WALSH].

The result was announced—yeas 18, nays 52, as follows:

YEAS—18

Bankhead	Coolidge	Logan	Tydings
Bulkley	Couzens	Norbeck	Vandenberg
Bulow	Hawes	Oddie	Walsh, Mass.
Capper	Hull	Smith	
Cohen	Johnson	Trammell	

NAYS—52

Ashurst	Borah	Cutting	Frazier
Bailey	Bratton	Dale	George
Barbour	Broussard	Davis	Gore
Barkley	Carey	Dickinson	Hale
Bingham	Connally	Fess	Harrison
Blaine	Copeland	Fletcher	Hastings

Hatfield	La Follette	Pittman	Steiwer
Hayden	McGill	Reed	Stephens
Hebert	McNary	Robinson, Ark.	Thomas, Idaho
Howell	Metcalf	Robinson, Ind.	Wagner
Kendrick	Moses	Sheppard	Walcott
Keyes	Norris	Shortridge	Watson
King	Nye	Smoot	Wheeler

NOT VOTING—26

Austin	Glass	McKellar	Thomas, Okla.
Black	Glenn	Morrison	Townsend
Brookhart	Goldsborough	Neely	Walsh, Mont.
Byrnes	Jones	Patterson	Waterman
Caraway	Kean	Schall	White
Costigan	Lewis	Shipstead	
Dill	Long	Swanson	

So Mr. VANDENBERG's amendment was rejected.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 247, line 7, after the word "accessories," to insert "(other than tires and inner tubes)."

Mr. SMOOT. Mr. President, I presume I shall have to ask that that amendment go over, although I thought when I was asked a question about it it would not be necessary. However, I shall have to ask that it go over, because as to tires and inner tubes there are about four or five amendments that will have to be made if changes are made in one or two of the other amendments. So I shall have to ask that that amendment go over to-night.

The VICE PRESIDENT. Without objection, the amendment will be passed over. The clerk will report the next amendment.

Mr. SMOOT. My suggestion applies to all items affecting tires and inner tubes. We may, however, vote on the amendment in line 9, where the committee proposes to strike out 1 per cent and to insert 2 per cent. I want the other amendments, however, to go over because of the fact that their adoption finally will depend upon the wording of other provisions.

The VICE PRESIDENT. Without objection, the amendments referred to by the Senator from Utah will be passed over, and the question is now on agreeing to the amendment which the Secretary will state.

The LEGISLATIVE CLERK. On page 247, line 9, it is proposed to strike out "1 per cent" and insert "2 per cent."

Mr. VANDENBERG. Mr. President, in view of the obvious attitude of the Senate toward the entire elimination of these paragraphs, I shall not offer my substitute at this point to strike out all of subsection (c); but I suggest to the Senate that in voting upon the committee amendment the obvious logic of the situation now requires the defeat of the committee amendment in order to keep the tax upon accessories of automobiles in line with the tax upon trucks and passenger cars.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. REED. Mr. President, I ask for the yeas and nays.

The VICE PRESIDENT. Is there a second?

The yeas and nays were ordered.

Mr. REED. Mr. President, I think the Senate ought to understand that to disagree to the committee amendment will mean a reduction in the estimated revenue of four and one-half million dollars. The rate of 2 per cent on the accessories of automobiles is entirely reasonable. It is lower than the tax on automobiles themselves. I can see no reason whatsoever for disagreeing to the amendment that has been reported by the Finance Committee.

Mr. VANDENBERG. Mr. President, it seems to be necessary for me to respond to the arithmetic that has just been submitted to the Senate. The Senator from Utah has twice referred to the same statistics from the same source in connection with the preceding section. The Senators are quoting figures submitted by the Treasury Department which are arrived at upon a basis which I can not possibly conceive or understand. Based upon actual automobile sales for 1932 the total revenue from all these three sections of the automobile tax, instead of being $73,000,000 as estimated by the Treasury, will be but $29,500,000. Based upon as large sales in 1932 as were made in 1931, the total tax will be only $50,000,000, instead of $73,000,000. How a proposed receipt of $73,000,000 can be figured from this source is entirely beyond my comprehension.

Therefore, Mr. President, I submit that there is no such loss impending through the defeat of these committee amendments as has been indicated. On the contrary, while the Treasury estimates indicate a receipt of $9,000,000 from the tax on accessories, the receipts based upon the actual trade for this year will only be three and a half million dollars, and the loss to the Treasury, through the defeat of the committee amendment, instead of being the figure which the Senator from Pennsylvania indicates, in my judgment, based upon the actual business of the present year, will be less than $1,000,000; and the rejection of the amendment is necessary to bring the accessories in line with the taxes proposed in the other two sections.

Mr. SMOOT. Mr. President, if that be true, then it is all the more necessary that the 2 per cent rate be fixed instead of the 1 per cent rate. Of course, I can not say whether the Treasury estimate is correct or not, but all the Treasury estimates are based upon the best information that can be obtained from the statistics in the department.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. VANDENBERG. Is not the best information available the actual sales for 1931 and the sales thus far for 1932? What could be better information upon which to base a calculation than that?

Mr. SMOOT. Granting that is so, then we at least ought to have the 2 per cent rate.

Mr. VANDENBERG. Now the Senator is talking about something else. I am talking about what the figures, based on actual business, show will be the extent of the loss.

Mr. SMOOT. Even if the estimates are wrong, we ought to have the 2 per cent.

Mr. VANDENBERG. If the Senator's argument is based upon the fact that the estimates of the department are wrong, I have not much to say about it.

Mr. HAWES obtained the floor.

Mr. REED. Mr. President, will the Senator yield to me just for a question?

Mr. HAWES. I yield.

Mr. REED. Mr. President, it seems to me perfectly obvious that the Treasury in preparing its estimates has taken into account not only the reduced business of 1931 and the total prostration of business for the first quarter of this year but it has probably also assumed that if we have the courage to balance the Budget business will pick up, and so the estimate which the department gives us is the composite of all the factors which it is expected will govern business during the next two fiscal years.

Mr. VANDENBERG. Mr. President, if I may be permitted to do so, in reply to the Senator from Pennsylvania, let me observe that if the Treasury is optimistic enough to contemplate such a substantial increase in the automobile business during the next year, it will be exceedingly unfortunate if the Senate proceeds to vote a tax that will make any such recovery impossible by any stretch of the imagination.

Mr. HAWES. Mr. President, coming from a State that probably makes more automobile accessories than any other State in the Union, I address my remarks to the junior Senator from Michigan [Mr. VANDENBERG].

This section covers tires, inner tubes, spark plugs——

Mr. SMOOT. But tires and inner tubes are excepted, Mr. President.

Mr. BULKLEY. Has not that amendment been passed over?

Mr. SMOOT. It has; also the same amendment that appears in two or three other places in the bill.

Mr. HAWES. All right; it covers storage batteries, leaf springs, tire chains, and so forth.

I should like to ask the junior Senator from Michigan if any automobile can run if any of these things are out of order or defective?

Mr. VANDENBERG. Mr. President, unfortunately, some of them sometimes try to run in that condition; and a tax of this nature will be an encouragement to precisely that type of transportation on our highways.

Mr. HAWES. Whenever they do run they endanger the life of everybody on the highway?

Mr. VANDENBERG. The Senator is correct.

Mr. SMOOT. Let us pay to put them in, then.

Mr. COUZENS. Mr. President, I just want to make one comment upon the statement of the Senator from Pennsylvania [Mr. REED] that the Treasury Department, in making the estimates for the revenue to be obtained from the automobile tax, predicated them on an increase in business, and therefore got the estimates high to justify the tax. I submit, however, that when we were discussing income-tax rates the estimates were all substantially lowered, and they did not anticipate any revenues in 1932 because of the depressed condition of business. Now they reverse the situation when they want a tax applied, and take a different position when they do not want a tax applied.

The VICE PRESIDENT. The question is on the amendment of the committee, on which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a pair with the junior Senator from Vermont [Mr. AUSTIN]. I transfer that pair to the junior Senator from Tennessee [Mr. HULL], and will vote. I vote "nay."

Mr. HASTINGS (when his name was called). Making the same announcement as before as to my pair and its transfer, I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the junior Senator from Maine [Mr. WHITE], and will vote. I vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WAGNER (when his name was called). I am paired with the junior Senator from Missouri [Mr. PATTERSON]. I am informed that if he were present he would vote "yea." If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I transfer that pair to the senior Senator from New Jersey [Mr. KEAN], and will vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR];

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 38, nays 34, as follows:

YEAS—38

Ashurst	Dickinson	Hebert	Reed
Bailey	Fess	Howell	Robinson, Ark.
Barbour	Fletcher	Jones	Sheppard
Barkley	George	Kendrick	Shortridge
Bingham	Gore	King	Smoot
Bratton	Hale	Logan	Thomas, Idaho
Broussard	Harrison	McGill	Watson
Carey	Hastings	McNary	Wheeler
Connally	Hatfield	Metcalf	
Dale	Hayden	Pittman	

NAYS—34

Bankhead	Capper	Davis	La Follette
Blaine	Cohen	Dill	Moses
Borah	Coolidge	Frazier	Norbeck
Bulkley	Copeland	Hawes	Norris
Bulow	Couzens	Johnson	Nye
Byrnes	Cutting	Keyes	Oddie
Robinson, Ind.	Stephens	Vandenberg	Walsh, Mass.
Smith	Trammell	Walcott	Walsh, Mont.
Steiwer	Tydings		

NOT VOTING—24

Austin	Glenn	McKellar	Swanson
Black	Goldsborough	Morrison	Thomas, Okla.
Brookhart	Hull	Neely	Townsend
Caraway	Kean	Patterson	Wagner
Costigan	Lewis	Schall	Waterman
Glass	Long	Shipstead	White

So the amendment of the committee was agreed to.

Mr. LA FOLLETTE. Mr. President, I desire at this time to enter a motion to reconsider the vote whereby the amendment of the junior Senator from Michigan [Mr. VANDENBERG] to strike out the paragraph on automobiles was rejected.

The VICE PRESIDENT. The motion will be entered. The clerk will state the next amendment of the committee.

The next amendment was, on page 248, after line 4, to insert:

(d) Under regulations prescribed by the commissioner, with the approval of the Secretary, the tax under subsection (a) shall not apply in the case of sales of bodies by the manufacturer, producer, or importer to a manufacturer or producer of automobile trucks or other automobiles to be sold by such vendee. For the purposes of subsection (a) such vendee shall be considered the manufacturer or producer of such bodies.

Mr. SMOOT. Mr. President, I desire to perfect that amendment. It is all right as it is, with the exception that in line 7, and again in line 10, after the letter "(a)," there should be inserted "or (b)," so that it will refer to two instead of one.

The VICE PRESIDENT. Without objection, the amendment, as modified, will be agreed to. The clerk will state the next amendment of the committee.

The next amendment was, on page 248, after line 12, to insert:

(e) (1) Where prior to August 1, 1934, any article subject to the tax imposed by this section has been sold by the manufacturer, producer, or importer, and is on such date held by a dealer and intended for sale, there shall be refunded to the manufacturer, producer, or importer the amount of the tax, or if the tax has not been paid, the tax shall be abated.

(2) As used in this subsection the term "dealer" includes a wholesaler, jobber, or distributor. For the purposes of this subsection, an article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made), and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

The VICE PRESIDENT. The question is on the amendment of the committee.

BOULDER CANYON DAM

Mr. PITTMAN. Mr. President, I desire to speak about a matter which is probably a little foreign to this amendment.

At the time that we had the Interior Department appropriation bill before the Senate, it was admitted by the Senator in charge of the bill, the Senator from Utah [Mr. SMOOT], that it would be necessary to carry an additional appropriation in the first deficiency appropriation bill for the Boulder Canyon project.

I did not intend to discuss that matter, but some uneasiness has arisen with regard to the situation, and possibly some misunderstanding. I have made inquiry of the members of the Committee on Appropriations of the House of Representatives. The Secretary of the Interior has written a letter, not only to the Committee on Appropriations of the House, of which I have a copy, but to others, in which he states that unless approximately $10,000,000 additional is carried in the deficiency appropriation bill, the Government will stand to lose about $6,000,000, more or less.

I wish to state that the Government will lose, in my opinion, more than $6,000,000 if that appropriation is not made. That is the minimum. If destruction takes place during the year on that project, we may lose $20,000,000.

That is one of the projects referred to in the Wagner bill, discussed to-day, as a self-liquidating project. As a matter of fact, it is a capital-investment proposition. The Hoover dam will probably live 200 years. That, and the power house, will cost $55,000,000. It is an essentially unbusiness-

like proposition to carry such appropriations in the current expenses of the Government. Yet that is being done.

The bill introduced by the Senator from New York [Mr. WAGNER] provides that this $10,000,000 may be lifted right out of that appropriation, and carried under the Reconstruction Finance Corporation. Whether that bill or some other bill shall be enacted, such appropriations will be carried in some legislation.

The Department of the Interior estimated that $12,000,000 would be required this year for the Boulder Dam. The Bureau of the Budget, in its desire for economy, cut that to $10,000,000. The House, in its further desire for economy, cut it to $8,000,000. This body, in its excitement with regard to economy, cut it to $6,000,000.

We are face to face with a matter of contract. All of the power to be generated at that dam has been sold in advance. The contract for the construction has been signed, and obligations are due under the contract. The Government realized it could save millions of dollars by hastening that project, besides saving the risk of much destruction of life. It put a large penalty if they did not finish within seven years. They are prepared to complete it within that time.

More money will be required during this year than will be required during any other year. There are four enormous tunnels to divert the Colorado River in that canyon, which can divert it only in times of low water.

If they do not divert the water next fall, they will not be able to divert it for a year, and the whole force will have to be laid off; there will be thousands of idle men, with chances for destruction of the property and loss to the Government, according to the Secretary of the Interior, of $6,000,000 as the minimum amount, and what the contractors may claim for the breaking up of their organizations we do not know.

I am credibly informed that reports which have now been made, and which could have been made when the Budget estimates were first presented, show the facts to be as I have stated them. Congress must put $10,000,000 into the deficiency appropriation bill or stand to let the Government lose $6,000,000 or more and have 4,000 men discharged and an organization broken up for a year.

I have heard criticism of the Committee on Appropriations of the House of Representatives. I want to say now that there is no justification for that. There is not a bit of justification for such criticism. There is no opposition from the Committee on Appropriations of the House.

This is the trouble: The original Budget message did not carry estimates for the necessary funds. The Committee on Appropriations of the House stated that they would not go above the Budget estimate, and they will not go above them. It is essential to go above the estimate originally sent in by the Budget if existing conditions are to be met. The Secretary of the Interior has made his estimates, showing that $10,000,000 more is required, but the Bureau of the Budget has not acted. The bill may come out of the Committee on Appropriations any day with that item not included.

Mr. SMOOT rose.

Mr. PITTMAN. One moment. The Budget may be working on it now. I do not know. I hope they are. I only rose to defend the Committee on Appropriations of the House. They will have to report out the bill without that appropriation in it unless an estimate comes from the Budget.

Mr. SMOOT. Mr. President, I can not conceive of Congress adjourning at this session without making an appropriation of at least $10,000,000, and it is actually estimated that nearer $11,000,000 will be required to carry on the work referred to by the Senator from Nevada. That work can not be stopped without a loss to the Government, and no one can tell whether the amount required will be ten million or twenty million.

I am quite sure, as I said before, that when the facts are brought to the attention of the Director of the Budget the estimate will be sent up; and, indeed, I think he will be directed to send an estimate to cover the necessary amount. But I do not want to see Congress adjourn until the appropriation is made to carry on that great work.

If there were not the pressing necessity, I would say that if the work could be put off we should put it off. But it can not be put off without not only the loss of a year's work but the disorganization of a whole town, a force of 4,000 men, scattered over a wide territory. The work could not be stopped without bringing about that disastrous result.

That is only a part of the picture. As the Senator has said, the water this year will be higher than it has been for years. In some of the mountains in the eastern part of our State the waters go into the Green River and then into the Colorado. For years we have had only about 2 or 3 feet of snow in those mountains. This year we have had 14 or 15 feet of snow. What does that mean? It means, more than likely, that the water will be out of the banks just as soon as the first hot spell comes. That condition prevails clear down to the Boulder Dam. There are the tunnels to which the Senator has referred, if you can call them such, to carry off the water.

The work must not cease; that is all.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. BRATTON. The Senator from Nevada referred to the action of the Committee on Appropriations of the Senate in reducing the item $2,000,000.

Mr. SMOOT. Yes.

Mr. BRATTON. I think it should be said that when the committee took that action it was stated repeatedly, and concurred in by every member of the committee, that the deficiency appropriation bill must carry an item sufficient in amount to carry on the work effectively and uninterruptedly.

Mr. SMOOT. That was understood by every member of the committee.

Mr. BRATTON. The Senator from Utah was a member of the committee, and I was a member of the committee, and I think every one of us concurred in the view that the deficiency bill must carry enough money to permit the work to go forward without interruption.

Mr. SMOOT. The committee was so positive that that would be done that, in the extreme condition which existed, in order to take from the appropriation bill about $10,000,000 on account of the 10 per cent reduction ordered by the Senate, they did take $2,000,000 from the House provision for this work. But it was stated on the floor of the Senate that it was distinctly understood that that was done in order to meet the request made of the committee, and that any one who knew the situation would agree that the money must be appropriated.

Mr. BRATTON. It was stated not only on the floor of the Senate, but it was stated in the committee, that we made the cut in obedience to the resolution, but every member of the committee committed himself definitely to the proposition that the money must be provided in the deficiency bill.

Mr. SMOOT. Mr. President, I would go so far, if there were not an estimate from the Budget, as to ask unanimous consent from this body, when the bill was reported in the Senate, that that item go into it. I recognize that it could not go in without unanimous consent, but that is what I would do, and I suppose every other Senator who knows the situation would feel the same way.

Mr. BRATTON. As one member of the committee, I never would have consented to the cut except for the definite understanding that we were doing it in obedience to the resolution of the Senate, and confidently expected an estimate from the Budget to go into the deficiency bill. Otherwise the proposal would not have had my approval.

Mr. COPELAND. Mr. President, we were under obligations in the Committee on Appropriations to make a cut. It has been said time and time again on the floor that that system of an arbitrary cut of 10 per cent in the appropriations in each bill was so unscientific that it must lead us into just such errors as this.

I have no doubt but that when the economy subcommittee makes its report, and brings to us a list of economies which can be exercised all through the operations of the Govern-

ment, we may take this bill referred to to-night and make the appropriation necessary to go on with the work.

Anybody who knows anything about the Boulder Dam knows that it would be a crime not to do this summer that particular part of the work which is necessary at the time when the river is low before a flood comes which might interfere with the work for two or three years.

The committee labored under the lash of an action of the Senate which, to my mind, was a very unscientific and wrong way of dealing with this problem of economy. Every one of us wants economy, but we can not get it and not work hardships if we have to do it under such arbitrary cuts as the committee was forced to make in these circumstances.

Mr. PITTMAN. Mr. President, I do not want it to be inferred that I was criticizing the Senate committee or the House committee. I really rose to defend the House committee against some misunderstandings. I know that the House committee now understands this question and realizes that it is essential that this appropriation be made in order to carry out the contract. We have contracted to pay approximately $55,000,000 to the Six Companies. The Six Companies are interested in the time when that contract is completed, provided the Government will carry out its contract, and if it does not carry out its contract the Government will lose. In reality there will be twice as much money expended in the ensuing year as in any other year until the dam is completed. They can not divert the water of that river in that narrow canyon except at extreme low water. To do that they must build cofferdams, one just below the upper end of the tunnels and one just above the lower end. That is to turn the entire river through the four tunnels, 50 feet in diameter, which could carry the whole Mississippi River at normal flow where it passes St. Louis.

Senators can imagine what the flow would be there at high water. They have to pile all the labor they can gather to build the two diversion dams at low water so that they can sink 125 feet down into the bedrock for a base, for 600 feet up and down the stream, 250 feet at the base, and a thousand feet at the top.

That work has to be done. The Committee on Appropriations of the House can not make the appropriation without a supplemental estimate, and they will not; and I do not blame them.

Our Committee on Appropriations have gotten to the point where they are keeping within the Budget estimates, and if the Budget estimates were small originally by reason of a lack of knowledge of the construction problem, or by reason of a hope that they intended to make a supplemental estimate, the additional appropriation should be made, and I have no doubt an estimate is in progress of preparation at this time.

Mr. JONES. Mr. President, I would like to ask the Senator a question for information.

Mr. PITTMAN. I yield.

Mr. JONES. Has the work on the Boulder Dam slowed up any?

Mr. PITTMAN. Not a bit.

Mr. JONES. That is good. I felt satisfied it would continue just as rapidly as possible, but I just wondered whether from the fact that we did not appropriate all the money needed the work had slowed up any. I do not see any reason why it should slow up.

Mr. PITTMAN. They will quit on approximately the 1st day of October, unless they have these additional funds to work it.

Mr. JONES. They should get the appropriation.

REVENUE AND TAXATION—AMENDMENTS

Mr. FLETCHER submitted an amendment, and Mr. SMOOT submitted several amendments, intended to be proposed by them, respectively, to House bill 10236, the revenue and taxation bill, which were ordered to lie on the table and to be printed.

THE RELATION OF WAGE CUTTING TO UNEMPLOYMENT

Mr. WALSH of Massachusetts. Mr. President, I ask to have printed in the RECORD a speech of William Green, president of the American Federation of Labor, on the relation of wage cutting to unemployment.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

SPEECH OF WILLIAM GREEN, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR

In the existing national emergency all groups have suffered and all classes of people have been forced to face grave, difficult problems. Values have been destroyed, many fortunes have vanished, a large number of people who were considered wealthy have been made comparatively poor while millions of working people have been forced into idleness, which necessitated the depletion of their meager savings. It seems inconceivable that such a distressing economic change could have taken place within the borders of such a favored land as our own within the short space of three years.

The forces of depression have been waging war against the economic, financial, and industrial agencies of the Nation. They have been relentless in their attacks. The people have been their victims. No one has escaped. All have felt, perhaps in varying degrees, the destructive effect of the effective assaults which these invisible forces have delivered upon our social and economic order. When economic suffering is universal, applying to the Nation in a general way, comprehending all classes of people, kinship becomes a more vital reality, and complete recovery becomes a matter of common concern to all.

An appreciation of the seriousness of the situation has inspired the representatives of the Government and of all organized social groups to resist actively these forces which have imposed such widespread suffering and distress upon society. It is commonly understood that if the people are to conquer and normal conditions are to be restored, practical and constructive methods must be employed. We must demonstrate that human resourcefulness, genius, and courage are able to overcome, control, and master economic conditions which prevail.

There is a distinguishing difference in the tragic effect of the long-continued depression upon those who have suffered because of impairment in financial values and those who have been forced, because of unemployment, to exist upon a mere subsistence level. It is bad enough to sustain financial losses, but it is infinitely worse to be deprived of food and to suffer from the experiences of hunger and want. Dwindling bank accounts may arouse feelings of disappointment and regret, but the sight of his children starving will drive a man to desperation.

We must prepare to meet the social consequences of such a tragic situation if we permit it to continue indefinitely. For this reason we must face the situation heroically. If we have been engaging in wrong practices, we must stop them. The structure of our Government, built as it is upon the ideals of democracy, will not permanently withstand the assaults made upon it by an unsound economic system. The perpetuation of our form of government and the preservation of our governmental institutions depend very largely upon the social contentment and well-being of the masses of the people. In the light of these facts it is incomprehensible that the legislative bodies of the Nation would contribute to the state of social unrest either through failure to do their duty or through the enactment of unsound and unwise legislation.

The immediate problem is to place men and women now idle at work in the industrial establishments and business enterprises of the Nation, thus restoring to them their buying power and reviving markets which have been dormant for the past three years. Any avoidable increase in unemployment at this time would be most deplorable. This policy should be supplemented by a fixed and determined effort to maintain the existing diminished purchasing power of those who are employed, using that as a basis upon which to rebuild our shattered economic structure.

There can be no resumption of industrial activity in any section of the country until a demand has been created for manufactured goods. This demand must be predicated upon human needs and buying power. There must be a market before goods can be manufactured or sold. We know that the basis of our economic distress is found in the fact that buying and consuming power has been very largely destroyed. The mechanical equipment of industry, approximating the point of perfection, means nothing if there is no market for manufactured goods. The wheels of industry will remain silent and invested capital will have no earning power so long as the men and women who labor are idle and unable to buy.

Labor has long understood that if the buying power of the masses of the people were constantly reduced through the imposition of wage reductions unemployment would increase, social distress would prevail, and industry would suffer.

Labor firmly believes that wage cutting means the underwriting of the depression. Wage cutting is like bloodletting. It leaves the patient weakened and exhausted. It is amazing that many industrial leaders adhere to the primitive policy of wage cutting as a remedy for industrial ills. They persist in the application of this policy notwithstanding the facts and the records show that each succeeding wage reduction places the living standards and the consuming power of the masses of the people upon a lower level.

In the pursuit of this unsound policy they do not seem to take into account the fact that the volume of goods produced and sold must shrink in an amount exceeding the size of the wage reduction imposed. This is understood when the psychological effect

which follows the imposition of reductions in wages is appreciated. Fear of another wage reduction and the creation of a lack of confidence causes people to husband their resources, to economize, and to hoard savings. Buying power is frozen when wages go down and consuming power increases when wages go up and commodity prices increase. The excuse offered by some economists who support industrial leaders in the pursuit of a wage-cutting policy is that a reduction in commodity prices, with a corresponding increase in the purchasing power of the dollar, justifies such action. They advance the theory that cheap prices, cheap labor, with lowered standards of living, make for prosperity. Furthermore, they indicate their belief that the American standard of living, which must be commensurate with the requirements of American citizenship, should be based upon the shifting and changing value of the purchasing power of the dollar.

Labor refuses to accept this principle of economic philosophy. It knows from experience that it is unsound and, in application, most demoralizing.

The sale of manufactured goods and the volume of business has always followed the declining value of the contents of the pay envelope.

During the 2½-year period following the stock-market collapse of 1929 the incomes of the workers have been reduced 50 per cent. In February, 1932, wage payments to workers in factories and on railroads were just one-half of the 1929 average. The cost of living has decreased to some extent, but not sufficient to compensate for this loss. While workers have suffered a loss amounting to 50 cents out of each dollar, the decline in prices has saved them only 18 cents. Workers need 82 cents to-day to buy $1 worth of living costs, but they only have 50 cents with which to buy it. Accounting for both the decline in prices and wage losses, workers' incomes now, in the terms of the goods bought, are 39 per cent below the 1929 level. During February, 1932, sales to consumers were 30 per cent below the 1929 average. These facts are the best answer that can be given to the theory advanced by some economists that the increasing purchasing power of the dollar offsets the forced reductions imposed upon wage earners.

GOVERNMENT EMPLOYEES

Many of the reasons assigned for the imposition of reductions in wages in private industry do not apply to the Government or to employees of the Government. The competitive argument can not apply nor can the alleged sheer necessities claimed by private employers, as a justification for reductions in wage earners' pay, apply to the Federal Government. In fact, the savings which would accrue to the Treasury of the United States as a result of pay cuts imposed upon Federal workers would be comparatively inconsequential.

It may be possible to limit and curtail private industry and to completely destroy it through ruinous competition and wage reductions, but such a condition must not and can not be brought about in the administration of the affairs of government. The Government can very properly reduce expenses through the elimination of wasteful processes and duplication of effort and through the pursuit of wise economic policies and efficient planning and statesmanship, but it dare not imperil the basic work of the Government or the orderly functioning of the various branches of the Government. Efficiency and a high morale, on the part of Government employees, are valuable factors which should be preserved and encouraged in order to guarantee the maintenance of the administrative work of the Government upon a high and serviceable plane. These valuable attributes can not be preserved if Government workers are forced to forego the enjoyment of living standards which have been progressively erected through years of effort and service.

Many who have not given special study to the salaries and the classes of services of Government employees entertain the opinion that they are well paid and that they belong to a favored class of employees. They do not realize that for the past 30 years the increases in the earnings of Government employees have not kept pace with increases in earnings of employees of private industries. Listed among Government employees are many professional men, scientists, doctors, engineers, lawyers, and highly specialized groups of men and women who are entitled, by virtue of their learning, their zeal, and their fitness to give service, to receive a salary commensurate with that paid by private industry. The high quality of this type of service is recognized by industry, but the Government pays less for such work than non-Government employers.

As the grade of work performed advances and the years of experience mount up the differential becomes greater, due to the failure to increase wages and salaries. At the present time the differential is so great that if it were not for the fact that these public-minded groups were willing to make great personal sacrifices the Government would not be able to keep them in its employ. Their minds are attuned to their work and they naturally are willing to balance their hope of financial gain with the feeling of security of position and salary which their position has always held. It will be difficult for the Government to hold such exceptional men if this sense of security is destroyed. In this group about one employee in every four received $2,200 or more, but less than $5,000 per year.

Referring to the largest and most notoriously underpaid group, it is astonishing to note that in the three-fourths of a million civil employees of the Government only 3 in 500 receive $5,000 or more per year. This includes the members of the President's Cabinet, Assistant Secretaries, and bureau chiefs. In contrast, about one in six Government employees receives less than $1,000 a year, or $20 per week, and three out of every four receive less than $2,200 a year, or $43 per week.

It can readily be seen that in order to make any substantial reduction in the amount of the Government pay roll it will be necessary to draw the reduction from those least able to pay it. A 10 per cent cut in salaries above $2,700 will only reduce the civil pay roll about 1½ per cent and will only reduce the total expenditures about one-third of 1 per cent.

The Federal Budget can not be balanced by a reduction in salaries alone. Many acts will be necessary to balance the Budget. There are certain expenditures which can not be curtailed, but there are many avenues open for ways of economy. These avenues should be pursued and the attempts to force a reduction in wages upon the underpaid group of Government employees should be abandoned.

The proposed cuts of salaries of Federal employees will not reduce the direct taxes of the farmer, the small business man, and the laborer. It is estimated that over half the national income arises from income and profit taxes. The average man contributes to this amount through a series of petty taxes such as are imposed upon tobacco, on automobile sales, on some forms of amusement and club activities, and many other nonessential items of living expense. Ninety-seven per cent of our people pay no Federal income tax and any reduction in their tax burden must come through a reduction of State and local taxes.

The Budget can be balanced without resorting to wage cutting by the Federal Government. Our Country is great and resourceful. Any cut in wages which might be imposed would not affect, to any perceptible degree, the balancing of the Budget. Failure to accomplish the balancing of the Budget would not be the greatest calamity which could be experienced by the Government. The prevention of social unrest and industrial discontent and the preservation and safeguarding of human life are objectives far more worthy and necessary than balancing the Budget at this time.

The greatest task of the Government, one which transcends all others in importance, is to provide work for the unemployed, to relieve existing human distress and to restore the faith and confidence of the American people in American business, in the financial institutions of our Nation, and in the integrity of the Government and its ability to govern wisely and for the best good of all the people. A return to normal conditions depends upon the development and application of sound, wise, constructive policies.

Wage cutting must cease and the people must be assured that it is at an end if buying power is to be restored and business is to be revived. The time is here when the leadership of the Nation, both in private industry and in governmental affairs, must speak out, assuring the people that all our concentrated economic, industrial, and governmental power will be utilized in an effort to stop the decline in wage-earners' incomes and in commodity prices. Such a declaration would have a most profound effect upon the mental attitude of all the people. They would feel that the end of depression's war had been reached. The psychology of hope would be substituted for one of despair. With the preservation of wage standards set for Government employees and the adjustments in working time in private industry made necessary through the introduction of mechanical devices, our Nation will return to normal conditions and assume and maintain the supreme position it has always held in the industrial world.

THE FARM PROBLEM—DOMESTIC ALLOTMENT PLAN

Mr. NORBECK. Mr. President, the agricultural relief bill reported favorably from the Committee on Agriculture and Forestry, is the so-called three-way plan and has the indorsement of all farm organizations.

It provides three methods by which the Farm Board may operate to give the American farmer an American price for that part of his products which are consumed in this country—and most of them are—

(1) The board may put the equalization fee into effect; or

(2) It may invoke the debenture feature; or

(3) It may put into effect an allotment plan.

The latter has been very little discussed and is not well understood. The main advantage claimed for the allotment plan is that it will automatically control production, because the producer will get an American price only for that part of his products which are for domestic consumption.

Of late there has been a fuller realization of the fact that the agricultural problem is the underlying difficulty of our whole economic depression, which has been aggravated by the causes. This has led to a study of the different plans proposed in a desire to bring about that which is best.

The main objection to the 3-way plan now pending is that it is not mandatory, only optional. There are different plans proposed which improve the allotment feature of same.

Mr. President, I ask that there may be printed in the RECORD an explanation of another domestic allotment plan,

by W. R. Ronald, of Mitchell, S. Dak., publisher of the Mitchell Republican. Mr. Ronald is a member of a committee of five appointed at a recent meeting held at Chicago whose purpose it is to bring before the public the merits of this plan.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE DOMESTIC ALLOTMENT PLAN

W. R. Ronald, of Mitchell, S. Dak., member of a committee chosen at a Chicago conference to promote the domestic allotment plan to make the tariff effective on farm products of which there is an exportable surplus, spoke as follows at a luncheon attended by various Members of the Senate and House of Representatives:

"The idea of the domestic allotment plan was first suggested by the late Doctor Spillman, of the United States Department of Agriculture, in 1926. In 1929 Prof. John D. Black, of Harvard University, who is also chief economist of the Federal Farm Board, wrote in his collegiate capacity a book entitled 'Agricultural Reform in the United States,' in which he devoted a chapter to the allotment plan of making the tariff effective on home consumption of farm products of which there is an exportable surplus. He developed the idea considerably from the form in which Doctor Spillman presented it.

"In the past two years Prof. M. L. Wilson, head of the department of agricultural economics of the Montana State College, Bozeman, Mont., made some 50 addresses to meetings of farmers, at each of which he explained the four different plans of making the tariff work for the farmer or, at least, improve domestic prices—stabilization, the equalization fee, the export debenture, and the allotment plan. He attempted to make no case for any of them, but in each meeting the farmers declared emphatically for the allotment plan. As a result, the Montana State Farm Bureau at its last meeting indorsed the proposal.

"In consequence of this, Vice President Stockton, of the Montana State Farm Bureau, invited a number of those who had become interested in the plan to attend a conference at Chicago to discuss it. This group indorsed the principles of the plan and named a committee composed of M. L. Wilson, chairman; E. H. Harriman, of Boston, Mass. (newly elected president of the United States Chamber of Commerce); Louis S. Clark, of Omaha, president of the Mortgage Investors' Association of Nebraska; Henry A. Wallace, editor of Wallace's Farmer, of Des Moines, Iowa; R. R. Rogers, of Newark, N. J.; and W. R. Ronald, editor of the Mitchell (S. Dak.) Evening Republican, and instructed the committee to complete a bill for introduction into Congress. Following this, Mr. Wilson spent some two weeks in Washington and New York and presented the plan to a considerable number who have opposed all other farm price measures, including some high in official and business life, and found general approval of the plan for the reason that, unlike all others, it prevents any increase in acreage or production of products benefited but actually makes possible positive reduction of them when found desirable.

"This bill is not to be understood as being in conflict with the measure now in Congress supported by the three farm organizations, inasmuch as it would accomplish all the objects of the present and proposed law, and more, as follows:

First. It would bring about real stabilization with corresponding benefits to markets, and do it without cost to the Federal Treasury.

Second. It would accomplish all that is proposed by the equalization fee and more, because it would make the full amount of the tariff (instead of just a fraction of it) effective on the entire domestic consumption.

Third. It would accomplish all that is proposed by the export debenture, and more, because, as a subsidy it would apply not partially but wholly, and not just on the exports but on the home consumption, producing several times as much for the farmer as the export debenture.

Fourth. It is an elaboration and development of the allotment plan proposed in the third section of the measure introduced by the farm organizations, not only making it effective and positive in action, but rendering it apparently constitutional beyond all doubt and altogether self-financing.

This plan differs from the 3-way proposal of the farm organizations in that it would be mandatory upon the Farm Board to put it into operation as to any commodity once the specified percentage of those engaged in the production of the commodity in question should vote or petition the Farm Board to do so.

In the completion of the bill to be presented to Congress, many suggestions have been received from many sources, but the committee is fully aware that it will be perfected in its consideration by Congress. In the outline it will give you I will present the measure as it now stands, with a number of points recognized as subject to further consideration.

When 60 per cent of the producers or production of any one of the farm commodities of which there is now a surplus—wheat, cotton, hogs, tobacco, and rice—is presented to the Farm Board, it shall proceed to apply the allotment plan to the production of that farm product. (Provision is made for extension to other farm products in the discretion of the Farm Board.)

The Farm Board will have records of individual production for the last five years in the vote or petition submitted. From crop reporting figures the Farm Board will proceed to allot the amount of the domestic consumption of the wheat or cotton or tobacco or rice to the various producing States in proportion to their average production for five years. Thus, if it is found that the annual domestic consumption of wheat, for example, is 500,000,000 bushels, and South Dakota had averaged 5 per cent of the total wheat production of the country, South Dakota will be allotted 25,000,000 bushels on which the tariff-adjustment fee would be paid.

Thereupon a State allotment commission of seven members would be named by the governor of each State, and this would allot the State allotment to the various counties in proportion to their production in the last preceding five years. The State commission would select a county commission, which allots the county's share to the individual farmers in proportion to their average acreage in the past five years (or in proportion to their average production, as may be decided).

Thereupon each farmer for whom an allotment has been made may secure from the county commission his allotment certificates, but on condition that he sign an application or contract in which he will agree to abide by conditions imposed. One of the conditions which the Farm Board may insert in this contract is a provision that the farmer shall not increase his acreage or one that he shall decrease it by any per cent determined by the Farm Board, or that he may increase it by any per cent specified by the board. This contract, voluntarily entered into by the farmer, is a most important feature of this plan; in fact, the heart of it. Because it is voluntary it is constitutional. Because no farmer would be likely to pass up the tariff benefits allotted him, he would gladly enter into the contract. However, there is no obligation upon him to do so. He would have no objection to a horizontal reduction in acreage, because he would know all others were doing the same; in fact, he would rejoice because of the prospect of improved prices as a result of so effective a procedure to do away with overproduction and consequently disastrous prices. The contract would be observed, if the penalty proposed is imposed, that of loss of allotment rights.

The Federal Farm Board is authorized to declare a charge (really an excise tax) upon the manufacture or processing or slaughtering of any of farm products named, the charge to be protected by establishment of a corresponding duty on the raw product, and compensatory duties and regulations for their applications upon all manufactures in order that processors and manufacturers may be fully protected up to the full amount of the excise tax as it may increase their costs. This charge (excise tax) may be imposed by the Farm Board either at the time of processing or at the time of sale as it may determine to be the more equitable. A drawback will be paid on all exports of processed or manufactured product. The Internal Revenue Bureau will collect the tax and make the necessary regulations therefor. A special revolving fund of the proceeds will be set up in the United States Treasury out of which to pay the tariff adjustment fees to the farmers.

The amount of the charge (excise tax) proposed for the five farm products named to receive tariff benefits from the outset are: 42 cents per bushel on wheat, 5 cents per pound on cotton, 3 cents per pound on hogs, 5 cents per pound on tobacco, and a half a cent on rice. The amount of the charge (and tariff) on each commodity shall be subject to change from time to time.

To assist it in determining the reasonableness of any of the tariffs, the Farm Board, it is proposed, shall include in the contract with individual farmers an agreement to keep a record of costs if called upon to do so. The Farm Board shall specify a certain number in each county, probably five, to be selected by the county allotment commission, to keep this record of costs on standard simplified forms worked out by the Farm Board with the assistance of agricultural colleges. These records shall keep, first, the cost of products of the soil, and, secondly, by-products, such as livestock, dairy products, poultry, etc., distributing overhead in proportion to the total value of each item of production. Included in the cost it is suggested the following be included:

1. Interest on the principal at 5 per cent; the principal to be not less than (a) twice the farm-mortgage indebtedness, or (b) the pre-war actual price of the land increased by the percentage of increase in prices of nonagricultural commodities in the period from 1922 to 1932 as compared with 1909 to 1914.

2. Actual depreciation on buildings, equipment, and machinery.

3. Wages for all time necessarily consumed in the operation of farm by all employees, including the farmer and members of his family, at rates for unskilled labor.

If, upon compilation of these actual costs, the Farm Board shall find, over a reasonable period, that tariffs are too low, it shall recommend increases in them to the Tariff Commission; if it finds that they are too high, in justice to the consumer, it shall recommend decreases.

At the conclusion of the allotment year, or semiannually, as may be specified, the Farm Board shall ascertain the amount received by the Federal Treasury from the tax—tariff-adjustment charge—on each product. It shall deduct therefrom the total expense of administration of the plan with reference to the commodity. The amount remaining shall be prorated among the individual farmers holding allotment certificates.

The allotment certificates are made discountable at the Federal reserve banks. In the case of crops the farmer will have performed his part of the contract when he sows or plants not to exceed the specified number of acres. Thus the certificates will operate as crop insurance. He may sell, keep, or feed his crop as he wishes in the usual market manner. This plan does not in any way involve participation in marketing—it accomplishes its end by dealing solely in production, and that in the case of crops only to the extent of limiting acreage.

The Farm Board, it is suggested, should be required to allow a margin in estimating the domestic allotment of crops for the first year; for example, 10 per cent less than the conservative estimate of the amount required for domestic consumption. Thereafter the allotment of crops should be in each year the exact amount of the actual consumption in the preceding year.

It is asked how a new farmer could participate, or one who had not produced any of the product in question during the past five years. The answer is that the farm in the unit of allotment, regardless of ownership or tenantry, so a young farmer could come into the allotment going with the farm. In the other case, the farmer could begin producing the crop in question, and since the allotment each year would be based on actual production (or acreage) in the past five years, he would gradually come into his desired allotment. Similarly, any farmer decreasing his acreage would receive a correspondingly diminishing allotment. This would permit gradual shifts in production as from farm to farm and area to area.

County commissions, under the draft of the bill, would work without compensation but employ such clerical help or executive help as would be needed. Members of the State commission would be allowed per diem and expenses. Appeals from decisions of the county commissions would be made to the State commissions and from the State commissions to the Farm Board or an arbitration board. It is not believed there would be many such appeals, because under an annual reallotment there would be opportunity to correct any mistakes or inequalities.

The plan is necessarily changed somewhat in its application to hogs. A bushel of wheat is a bushel of wheat and a pound of cotton is a pound of cotton, but a pig may be marketed at 100 pounds or at 500 pounds. So in the case of hogs there must be control of the size of the hog as well as the number.

In the case of crops the acre is used as the unit of control. In the case of hogs it is proposed to use the sow in the same way. The survey in the case of hogs would reveal the average number of brood sows on the farm in question for the past five years. The Farm Board would thus have the total of brood sows, and it is suggested that the plan be not put into operation for hogs until the survey shows 95 per cent of the brood sows of the country by a check with Department of Agriculture figures and other records. The individual allotment would be in number of brood sows.

At the outset of the allotment year for hogs the Farm Board would estimate the annual domestic consumption of hog products; this, divided by the total number of brood sows, would give the domestic consumption ratio of pounds that may be marketed, under the allotment contract, by each farmer, and receive the bonus of 3 cents per pound. In addition, the Farm Board shall estimate the exports of hog products and divide this by the number of brood sows in the country, and this would give the ratio of pounds each farmer might sell in addition to the domestic-consumption ratio. The sum of the two would be the maximum number of pounds he would be permitted to market for slaughter. The Farm Board must be required to revise its estimate of both domestic consumption and exports each month, each time on an annual basis, for guidance to the farmer through the resulting ratio for each also announced at the same time.

Each farmer would be required to report on a form provided each sale of hogs, either for breeding, for feeding, or for slaughter. At the end of the year the county commission would total his sales for slaughter. If the total did not exceed the total indicated by the sales ratio as announced by the Farm Board, multiplied by the number of sows allotted to him, he would receive an allotment certificate of 3 cents per pound on the total number of pounds allowed him under the domestic consumption ratio. However, if his total sales for slaughter should exceed the gross sales allowed under the gross-sales ratio, then the excess shall be deducted from the number of pounds on which he receives a bonus.

For example: A farmer's allotment of brood sows is 10; the domestic consumption ratio for the year as announced by the Farm Board is 1,000 pounds per sow; and the export ratio is 100 pounds, the sales ratio, of course, being 1,100 pounds. If the farmer had sold for slaughter not more than 1,100 pounds, he would receive on his allotment certificate $300. If, however, he had sold 13,000 pounds in all, the excess of 2,000 pounds would be deducted from the 10,000 pounds on which otherwise his bonus would be figured; so that, instead of $300, he would receive $240.

In operation this would result in each farmer selling his drove when it about reached the gross allowed him. With small litters, it would mean heavy hogs; with large litters, light ones. In the case of hogs, certificates must be transferable, in whole or in part. Thus, if a farmer lost his hogs by cholera, he could sell his certificate; thus providing insurance for his hog crop. If his feed crop should fail, he could sell his pigs and also his certificate. Thus there would be entire freedom in the handling of droves.

A tax of 3 cents per pound on lard substitutes must be provided by the act if it applies to hogs.

This automatic balance between consumption and supply of hogs would in itself completely stabilize the market, do away with extremes in weights and violent fluctuations in markets. If sales were diverted to beef and mutton, the sales ratio would immediately come down, so that there would be no excess on the market. The packer would be protected, and if futures on exports are recognized, it should greatly assist the packer in handling product.

BENEFITS FROM THE PLAN

While extravagant claims are usually made for proposed legislation, the following anticipated benefits from the proposed act are, I believe, at least arguable:

First. It not only prevents any increase in production as a consequence of realization of the tariff on farm products not now enjoying it, but it provides for a positive method of decreasing or increasing production as it is evident to the Farm Board is required either for a fair income to the producer or a fair price to the consumer; and in addition, the tariff rates would be flexible, providing a further safeguard to consumers.

Second. Thus the act would accomplish real stabilization, in an unsuccessful attempt to secure which Congress has made available to the Farm Board a half billion dollars, and it would be accomplished by dealing altogether with production and not at all with marketing. At the same time the present marketing act is not disturbed, this being proposed as an addition. Thus the cooperatives could still be assisted or encouraged. But with stabilized markets their operations could easily be financed without Government funds, thus releasing in all probability much, if not all, of the five hundred millions voted to the Farm Board. This is a source of income for the Treasury which has been overlooked in the quest for a balance for the Budget. Very largely, therefore, it could be used to put the Government out of the grain and cotton businesses.

Third. The bill attains all the ends and more of present and proposed legislation, as heretofore explained.

Fourth. The measure would produce not less than $700,000,000 of tariff benefits to the producers of wheat, cotton, hogs, tobacco, and rice, and much more, probably, as a result of markets strengthened by stabilization and by bringing production closely into balance with consumption.

Fifth. It would make certain the collection of outstanding seed and feed loans made by the Federal Government and would probably render them unnecessary in the future, as the allotment certificates could be used for credit.

Sixth. The direct returns to producers would amortize the $7,000,000,000 of farm mortgages now outstanding (to use a most conservative figure) in 20 years. That is to say, the $700,000,000 would pay 5 per cent interest on the principal and retire the principal in 20 years, making no allowance for reductions in interest as the balance due is decreased. This would show the way to hundreds of thousands of farmers who are now unable, because of low prices, even to pay interest on their indebtedness, or even their property taxes.

Seventh. This, in turn, would protect the Federal land banks and private farm-loan companies from further losses, and should enable them to dispose of lands taken on foreclosure at satisfactory prices. In other words, and what is more significant, it would put a firm bottom under the farm real-estate market, with all the resulting benefits in bringing about a recovery in agriculture.

Eighth. Through the stabilization and prevention of overproduction made positively possible under this plan, the Farm Board should be able to recover losses sustained in its attempts to stabilize the wheat and cotton markets.

Ninth. It would decentralize administration of one important governmental activity. The county commission is the important body in this set-up, and thus the problems of the farmer would be largely dealt with by his neighbors.

Tenth. It would bring about the first price recovery, and this is now recognized by responsible business leaders as the one way by which to begin a return of public confidence.

Eleventh. It would open a market closed for the past 10 years because the exchange value of farm products has kept the farm dollar at a discount of from 8 to 48 cents, as shown by Department of Agriculture reports. The 30,000,000 people dependent on agriculture have not participated in the buying of the past decade for want of purchasing power. Potential sales to them are simply enormous.

Twelfth. In a word, this is an emergency reconstruction measure of the first magnitude, but markedly different from others enacted and proposed in that it would be completely self-financed, making it possible for our greatest industry to help itself to its feet.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting the nomination of Capt. Harry G. Hamlet, of Washington, to be commandant, with the rank of rear admiral, in the Coast Guard of the United States, for the term of four years, in place of Rear Admiral Frederick C. Billard, deceased, which was referred to the Committee on Commerce.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 249, to strike out lines 4 to 24, as follows:

(3) Under regulations prescribed by the commissioner, with the approval of the Secretary, the refund provided by this subsection—(A) may be applied as a credit against the tax shown by subsequent returns of the manufacturer, producer, or importer, and (B) may be made to the dealer instead of to the manufacturer, producer, or importer, if the manufacturer, producer, or importer waives any claim for the amount so to be refunded.

(4) When the refund, credit, or abatement provided for in this subsection has been allowed to the manufacturer, producer, or importer, he shall remit to the dealer to whom was sold the article in respect of which the refund, credit, or abatement was allowed, so much of that amount of the tax corresponding to the refund, credit, or abatement as was included in or added to the price paid or agreed to be paid by the dealer. Upon the failure of the manufacturer, producer, or importer to make such remission he shall be liable to the dealer for damages in the amount of three times the amount thereof, and the court shall include in any judgment in favor of the dealer in any suit for the recovery of such damages, costs of the suit and a reasonable attorney's fee to be fixed by the court.

The amendment was agreed to.

The next amendment was, at the top of page 250, to strike out:

SEC. 606. TAX ON BOATS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Yachts and motor boats not designed for trade, fishing, or national defense; and pleasure boats and pleasure canoes if sold for more than $15.

Mr. DILL. Mr. President, how much of a loss will the country sustain, or how much of a loss will the Treasury sustain, by virtue of this amendment?

Mr. SMOOT. It is estimated at about $500,000.

Mr. DILL. It seems to me this is one of the most indefensible amendments the committee has proposed. Here is a provision that proposes to put a tax upon yachts not used in trade or business. We have been talking to-night about the desperate condition of various kinds of business, and yet here is a tax that is proposed to be levied on pleasure yachts and boats. I would like to know on what theory the committee struck out this tax?

Mr. TYDINGS. Mr. President, many of the so-called yachts embraced under this amendment would be nothing more than a fishing boat. It is pretty hard to draw the line, because a man having a seasonal business, fishing two or three months, may then use his boat for pleasure, and it becomes a so-called pleasure yacht.

Mr. DILL. But the amendment says if it is used for fishing it is exempt. I want the Senator from Utah to answer my question, if he will. What was the theory of the committee upon which the amendment was struck out?

Mr. SMOOT. The only theory I know anything about was that we tried to strike out of the bill all the nuisance taxes.

Mr. DILL. But they did not strike out the automobile tax.

Mr. SMOOT. We had to have that provision to raise money. I am not going to object to whatever the Senate may want to do in the matter.

Mr. BARKLEY. Mr. President, as a matter of fact, after trying in every conceivable way to adopt some just basis for taxing pleasure boats, whether by length or power, or in whatever way, the committee gave it up as a bad job and decided to eliminate it altogether. There were two or three standards proposed. We would march up the hill one day and then the next day we would march down the hill. No man could keep up with the committee on that and a lot of other things unless he wore roller skates.

Mr. DILL. This provision lays down a cost basis of $15. I have no prejudice against people who have yachts, but would like to have one myself. However, if I had money enough to buy a yacht for myself, I think I would have money enough to pay taxes on it.

Mr. TYDINGS. The amendment provides 10 per cent on a basis of $15. I may point out to the Senator that many men would prefer to live on the water and buy a $200 or $300 motor boat in place of an automobile, yet the committee would tax the automobile only 4 per cent and under this amendment would tax the yacht 10 per cent. Certainly the yacht owner is entitled, if he wants to go out on the water, at least not to pay any greater tax.

Mr. SMOOT. I want to call attention to one reason why it went out, and that is because we provided in the committee, before the bill was reported, a tax on the use of the boat. When we did that, this provision was stricken out. Finally the provision relating to the use of the boat was stricken out, and then both of them were out.

Mr. DILL. Then the excuse on which it was stricken out was gone, and it became unwise to disagree to the committee amendment.

Mr. SMOOT. It is up to the Senate.

Mr. KING. Mr. President, I know that in the discussion of this item there was some suggestion made that a considerable number of persons would find employment in building these small boats and that a large number of them were being built along the Atlantic coast, if not on the Pacific coast.

Mr. DILL. Does the Senator think a 10 per cent tax is going to interfere with employment sufficiently to justify striking out a tax that will bring in at least $500,000?

Mr. TYDINGS. Of course, I realize that the Senator wants to get at the so-called pleasure or sporting yachts. May I point out to him that we have already increased the cost of operating these yachts by increasing the cost of the fuel upon which they run? I am only speaking locally for the moment, but three years ago in Maryland hard-shelled crabs brought $5 a barrel. To-day the same barrel full of hard-shelled crabs is selling for $1. Soft-shelled crabs can be bought for 20 cents a dozen. In dealing with these yachts it is very hard to draw a definition that will bring the boat out of the class of a work boat and put it in the class of a pleasure boat, because many of these boats are used only two or three months for the business of fishing and the rest of the year they are pleasure yachts.

Mr. DILL. The Senator's discussion does not apply because the amendment specifically says if used for these purposes. It seems to me ridiculous to tax automobiles and not make any distinction whether used for pleasure or otherwise, and then to relieve the yacht owners and pleasure-boat owners of any tax at all.

Mr. TYDINGS. The committee wants this provision stricken out.

Mr. SMOOT. That was the action of the committee.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee [putting the question]. The amendment is rejected. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 250, after line 19, to strike out:

SEC. 608. TAX ON MECHANICAL REFRIGERATORS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold:

(a) Household type refrigerators (for single or multiple cabinet installations) operated with electricity, gas, kerosene, or other means (including parts or accessories therefor sold on or in connection therewith or with the sale thereof).

(b) Cabinets, compressors, condensers, expansion units, absorbers, and controls (hereinafter referred to as "refrigerator components") for, or suitable for use as part of or with, any of the articles enumerated in subsection (a) (including in each case parts or accessories for such refrigerator components sold on or in connection therewith or with the sale thereof) except when sold as component parts of complete refrigerators or refrigerating or cooling apparatus. Under regulations prescribed by the commissioner, with the approval of the Secretary, the tax under this subsection shall not apply in the case of sales of any such refrigerator components by the manufacturer, producer, or importer to a manufacturer or producer of refrigerators or refrigerating or cooling apparatus. If any such refrigerator components are resold by such vendee otherwise than on or in connection with, or with the sale of, complete refrigerators or refrigerating or cooling apparatus, manufactured or produced by such vendee, then for the purposes of this section the vendee shall be considered the manufacturer or producer of the refrigerator components so resold.

The amendment was agreed to.

The next amendment was, at the top of page 252, to strike out:

SEC. 609. TAX ON SPORTING GOODS

There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Tennis rackets, nets, racket covers and presses, skates, snowshoes, skis, toboggans, canoe paddles and cushions, polo mallets, baseball bats, gloves, masks, protectors, shoes and uniforms, football helmets, harness and goals, basketball goals and uniforms, golf bags and clubs, lacrosse sticks, balls of all kinds, including baseballs, footballs, tennis, golf, lacrosse, billiard and pool balls, fishing rods and reels, billiard and pool tables, chess and checker boards and pieces, dice, games and parts of games (except playing cards and children's toys and games); and all similar articles commonly or commercially known as sporting goods.

The amendment was agreed to.

Mr. CONNALLY. Mr. President, on page 250 did the provision relating to mechanical refrigerators go out?

The VICE PRESIDENT. That amendment was agreed to.

Mr. SMOOT. We should have a reconsideration of that.

Mr. CONNALLY. Yes; that ought to be passed over.

The VICE PRESIDENT. Without objection the vote by which the amendment was agreed to will be reconsidered and the amendment passed over.

Mr. CONNALLY. The committee still has that under advisement.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 252, after line 15, to strike out:

SEC. 610. TAX OF FIREARMS, SHELLS, AND CARTRIDGES

There is hereby imposed upon firearms, shells, and cartridges, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold. The tax imposed by this section shall not apply (1) to articles sold for the use of the United States, any State, Territory, or possession of the United States, any political subdivision thereof, or the District of Columbia, or (2) to pistols and revolvers.

Mr. COSTIGAN. Mr. President, I request that the amendment just stated go over.

The VICE PRESIDENT. Without objection, the amendment will be passed over, and the clerk will state the next amendment.

The next amendment of the Committee on Finance was, at the top of page 253, to strike out:

SEC. 611. TAX ON CAMERAS

There is hereby imposed upon cameras, weighing not more than 100 pounds, and lenses for such cameras, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold.

The amendment was agreed to.

The next amendment was, on page 253, after line 5, to strike out:

SEC. 612. TAX ON MATCHES

There is hereby imposed upon matches, sold by the manufacturer, producer, or importer, a tax of 4 cents per 1,000 matches.

The amendment was agreed to.

Mr. BANKHEAD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Pittman
Bailey	Couzens	Johnson	Reed
Bankhead	Davis	Jones	Robinson, Ark.
Barbour	Dickinson	Kean	Robinson, Ind.
Barkley	Dill	Kendrick	Sheppard
Bingham	Fess	Keyes	Shortridge
Blaine	Fletcher	King	Smith
Borah	Frazier	La Follette	Smoot
Bratton	George	Lewis	Steiwer
Broussard	Glass	Logan	Stephens
Bulkley	Gore	McGill	Thomas, Okla.
Bulow	Hale	McNary	Townsend
Byrnes	Harrison	Metcalf	Trammell
Capper	Hastings	Moses	Tydings
Carey	Hatfield	Neely	Vandenberg
Cohen	Hawes	Norbeck	Walcott
Connally	Hayden	Norris	Walsh, Mont.
Coolidge	Hebert	Nye	Watson
Copeland	Howell	Oddie	Wheeler

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present.

The Secretary will state the next amendment.

The CHIEF CLERK. On page 253, after line 9, the committee propose to strike out:

SEC. 613. TAX ON CANDY

There is hereby imposed upon candy, sold by the manufacturer, producer, or importer, a tax equivalent to 5 per cent of the price for which so sold.

The amendment was agreed to.

The next amendment was, on page 253, line 17, after the word "to," to strike out "5 per cent" and insert "3 per cent," so as to make the section read:

SEC. 604. TAX ON CHEWING GUM

There is hereby imposed upon chewing gum or substitutes therefor, sold by the manufacturer, producer, or importer, a tax equivalent to 3 per cent of the price for which so sold.

Mr. LA FOLLETTE. Mr. President, I desire at this time to enter a motion to reconsider the votes whereby the committee amendments on pages 250, 251, and 252, and down to and including line 14, on page 253, were agreed to, with the exception of corrective amendments such as changing section numbers, and so on.

The VICE PRESIDENT. Some of the amendments on the pages indicated went over by unanimous consent. The motion of the Senator from Wisconsin will be entered on such amendments as were not passed over. The question is on the committee amendment on page 253, line 17.

Mr. ROBINSON of Arkansas. Mr. President, a limited investigation of this subject discloses that the proposed tax on chewing gum is higher than that which was imposed during the World War. It is contended by the small manufacturers of this commodity that the tax is confiscatory. I note that the Finance Committee struck from the bill a large amount of revenue estimated to be raised by taxes on cosmetics, jewelry, furs, candy, soft drinks, matches, firearms, shells, refrigerators, sporting goods, and boats. The aggregate amount of the revenue thus stricken from the bill is very great indeed.

The sole item in that classification left in the bill is that now under consideration. It is true that the committee amendment proposes a reduction below the House rate, but I believe that it would be wise and just to make the rate the same as that which was imposed during the World War, and I make that suggestion to the Senator from Utah [Mr. SMOOT]. I think the suggestion is enforced by the consideration that such articles as furs and jewelry have by the committee been eliminated from the bill. I do not understand the process by which the committee reached the conclusion that this particular commodity should carry a tax higher than that which was imposed during the World War.

Mr. SMOOT. In 1918 the rate was 3 per cent, and the committee went back to the rate of 1918 and struck out 5 per cent provided by the other House, as we had not adopted any rate higher than that of the 1918 law as to any of the other items.

Mr. ROBINSON of Arkansas. My information is that this rate is higher than the rate that was imposed during the war.

Mr. SMOOT. The history of the matter is this: In 1917 when we first imposed the tax the rate was 2 per cent; then, in 1918, when, as the Senator will remember, we amended the act of 1917, we put a tax of 3 per cent on chewing gum.

Mr. ROBINSON of Arkansas. Yes. In view of the eliminations that have been made, to which I have referred, I am going to suggest to the chairman of the committee that we impose the war rate of 2 per cent.

Mr. SMOOT. Mr. President, I have no objection to that amendment to the committee amendment, and will let it go to conference.

The VICE PRESIDENT. Without objection——

Mr. BYRNES. Mr. President, would it be in order to move to strike out section 604?

The VICE PRESIDENT. That motion would be in order after the committee amendment shall have been agreed to or perfected. The question is on agreeing to the amendment proposed by the Senator from Arkansas to the committee amendment.

The amendment to the amendment was agreed to.

Mr. BYRNES. Mr. President, I move to strike out section 604.

Mr. HARRISON. That has already been stricken out.

Mr. BYRNES. No; section 604 is the section in reference to chewing gum.

Mr. HARRISON. In the copy of the bill which I have that section stricken out is marked section 614. There must be two very different copies of the bill.

Mr. SMOOT. Section 604 is the section relative to chewing gum.

Mr. ROBINSON of Arkansas. Mr. President, I will say to the Senator from Mississippi that by the amendment which I proposed a moment ago to the committee amendment the proposed tax was reduced to 2 per cent, the committee amendment being 3 per cent. Now, the Senator from South Carolina [Mr. BYRNES] proposes to strike out the provision. I do not concur in that motion. I think that before the bill shall have been disposed of the Senate, in all probability, will find it necessary to restore the tax on such items as cosmetics, jewelry, furs, sporting goods, and so forth.

I have had some discussion upon this subject with some of the members of the Finance Committee, and it is my information that the committee was of the opinion that many of these items were in the nature of luxuries. I should like to have some explanation given for striking out a tax that would be easily borne. Take a tax on furs, for instance—how can there be justification for striking that out and then imposing heavier taxes on certain other commodities that are in no sense luxuries?

Mr. SMOOT. I can explain to the Senator why the action was taken in the case of furs. The committee tried to find some plan by which the tax could be collected on furs, but the only manner in which it could be done was to impose the tax in such a way that it would apply to every coat and every garment on which there was a piece of fur. That seemed absolutely impossible. The tax went out because of the difficulty of administration, and for no other reason.

Mr. LA FOLLETTE. Mr. President, will the Senator from Arkansas yield to me?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Wisconsin?

Mr. ROBINSON of Arkansas. I yield.

Mr. LA FOLLETTE. I can not quite agree with the Senator from Utah that this tax and others of a like nature mentioned by the Senator from Arkansas went out because the committee found they were unworkable.

Mr. SMOOT. I was only referring to furs.

Mr. LA FOLLETTE. The fact of the matter is, may I say to the Senator from Arkansas, that the committee worked for a good many days getting these taxes perfected, as we thought. They were all in the bill on Thursday night, but on Friday morning the Secretary of the Treasury came before the committee and proposed what he called a "compromise suggestion," which eliminated the taxes of luxuries of the nature the Senator has mentioned and provided for the tax on automobiles to the extent of the increase recommended by the committee, the tax on bank checks without a $5 exemption, and several other items.

The committee voted that morning to throw out all its work of a week or 10 days and accept the proposal made by the Secretary of the Treasury. May I say to the Senator that that was all done in about 30 minutes' time? There was not even a printed copy of his suggestions there; all he had was a small typewritten sheet that he read to us, and some of us read it after the action was taken.

Mr. ROBINSON of Arkansas. A memorandum furnished me by the Senator from Alabama [Mr. BANKHEAD] shows that under the rate imposed by the House bill the estimate of the revenue to be derived from a tax on furs was $20,000,000 and the estimated revenue to be derived from a tax on jewelry was $15,000,000. I should like the Senator from Utah to state to the Senate why the tax on jewelry was eliminated and why a tax on chewing gum was left in to bear the entire burden of the special tax imposed on so-called luxuries?

Mr. SMOOT. Mr. President, I wish the Senator from Massachusetts [Mr. WALSH] were present, because he called the attention of the committee to the fact that cheap jewelry, which constitutes the great bulk of jewelry in the United States, could not bear a tax of this kind. There was another Senator who took the same position—I have forgotten who it was.

Mr. COUZENS. It was the Senator from Rhode Island [Mr. METCALF].

Mr. ROBINSON of Arkansas. It would not be difficult to exempt cheap jewelry, but to exempt jewelry on the theory that it would be oppressive to tax it is to me absolutely incomprehensible, I do not care who attempts to justify it. Jewelry is ornamental; it never could be classified as anything other than a luxury in a civilized country; and yet the committee exempts it on the theory that it would be oppressive to the poor to tax jewelry. I think somebody who stands for this proposition will have to "come again," in classical language, and give a further explanation.

Mr. LA FOLLETTE. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, if the Senator will permit me, the jewelry tax gives a very fine example of just what I mean by saying that the work of the committee was done and then undone within a few minutes. We worked a long time on the jewelry tax and there was a great deal of discussion in the committee about it. Finally we exempted cheap jewelry, such as is sold in 10-cent stores, and after persistent effort on the part of the Senator from Utah, over my protest, an exemption was made of solid silverware. Even so, however, after all that, the tax remaining would still have provided $12,000,000 of revenue. So, as a matter of fact, we had only lost $3,000,000, because, as the bill came from the House, it was estimated that the revenue to be derived from the tax would be $15,000,000 and not $20,000,000, as the Senator was informed. So by the action of the committee there was only a loss of $3,000,000. However, when the Secretary appeared on Friday morning in 30 minutes we threw the two days' work we had put in on the jewelry tax out of the window and threw the revenue out with it.

Mr. ROBINSON of Arkansas. May I ask the Senator from Utah or the Senator from Wisconsin whether the same statement applies substantially to cosmetics?

Mr. LA FOLLETTE. The tax on cosmetics went out along with taxes on other items, the elimination of which was recommended by the Secretary.

Cosmetics afford another example of the same situation. We had spent a long time in considering the tax on toilet preparations and cosmetics. May I say to the Senator that I spent many weary hours in the room of the Committee on Military Affairs listening to arguments pro and con regarding the tax on cosmetics? We finally cut out toothpaste and mouth washes and common ordinary soap.

Mr. ROBINSON of Arkansas. That was very sound policy.

Mr. LA FOLLETTE. It took two or three days to do it, and after we had fussed around with it we had lost $8,000,000, but still had $12,000,000 which would be derived from the tax on the finer cosmetics. Then the Secretary appeared, and in 15 minutes we throw all that work and all that revenue out of the window.

Mr. ROBINSON of Arkansas. I did not understand the statement as to the amount of revenue that would have been derived from the tax on cosmetics after the eliminations referred to by the Senator from Wisconsin had been made by the committee.

Mr. LA FOLLETTE. Twelve million dollars would have been derived from the tax which was left.

Mr. ROBINSON of Arkansas. The estimate under the House bill was $25,000,000, according to the memorandum.

Mr. LA FOLLETTE. No; that is not correct, may I say to the Senator. It was $20,000,000. So we lost $8,000,000 as a result of all of our work in trying to make this a fair tax, and trying to direct it, may I say to the Senator, if I

correctly interpret the intent of the committee, toward what might be termed luxuries as toilet preparations.

Mr. ROBINSON of Arkansas. I realize that both the Senator from Wisconsin and I are treading on very dangerous ground when we undertake to characterize a cosmetic as a luxury. [Laughter.]

Mr. LA FOLLETTE. But I think that was the intent of the committee; and that is why we took out the ordinary soaps and the tooth pastes and the mouth washes. That is, we did not want to put a tax on cleanliness or prophylaxis of the oral cavity, but we did propose to put a tax on what have always been considered luxuries so far as cosmetics are concerned. For some strange reason, however, in 30 minutes, under the lashing of the Secretary of the Treasury, this committee that had worked for two days on this tax, trying to get it in justifiable form, threw it out of the window, and decided to bear down heavily on two or three items that are in this so-called compromise bill.

Mr. ROBINSON of Arkansas. Of course, it would occasion some annoyance and some inconvenience to the consumers or users of cosmetics, excepting the articles to which the Senator from Wisconsin has referred as having been eliminated by the committee; but when it is considered that we are taxing almost everything, and imposing burdens on various forms of industry, it does seem to me that a tax of this character—a tax on jewelry and on cosmetics—is to be justified by every sound consideration, in spite of the fact that it may occasion some annoyance to the consumers of those commodities.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from New York?

Mr. ROBINSON of Arkansas. I do.

Mr. COPELAND. I should like to say to my friend from Arkansas that I can think of no greater disappointment than will result from the effort to collect $15,000,000 on jewelry. If there is any one thing that has been demolished and destroyed by the present economic conditions, it is the jewelry business; and it is perfectly apparent why—because jewelry is such a luxury that people simply are not buying.

Mr. ROBINSON of Arkansas. Mr. President, that is true of many of the taxes imposed in this bill. We are levying taxes under this bill on useful and necessary commodities, and the sales of those commodities in many instances have been reduced to a minimum. I still can not understand why it is not fair to impose some rate of tax on a commodity which is not useful, which is not necessary, which is purely ornamental.

Mr. BYRNES. Mr. President, in moving to strike out this section I am actuated by the same views expressed by the Senator from Arkansas.

Looking at the page upon which the section appears, I find that the committee has stricken from the bill the tax upon polo mallets, upon golf bags, upon footballs, golf, lacrosse, fishing rods and reels, the tax upon grape concentrates, the tax upon cameras, the tax on candy, the tax on soft drinks, the tax upon everything except chewing gum, knowing that when it is levied the manufacturer may pinch a small piece of chewing gum from the package that the children of America buy.

The man who plays golf is safe. The man who plays polo will have no tax upon the polo mallets. The fisherman will have no tax upon his fishing rod and reel. Jewelry and furs are eliminated; and after due consideration a tax is levied upon chewing gum, that the children of America may receive a smaller piece of gum for the money they pay!

It seems to me that the revenue that is levied is inconsequential in considering the injustice of discriminating in that way against one item.

The statement that the Senator from Arkansas had shows that the revenue from cosmetics is $25,000,000. We strike that out. From jewelry the revenue is $15,000,000.

Mr. COUZENS. Mr. President, I think the Senator wants to be correct; and if he will look at the report of the committee he will find that the estimates the Senator is reading from are wrong.

Mr. BYRNES. The estimates handed to me, as I understand, are the estimates of the House. Whether or not they are correct I do not know.

Mr. ROBINSON of Arkansas. Yes; that is the information I have. I have not had an opportunity of verifying them.

Mr. COUZENS. This is the report on the House bill.

Mr. BYRNES. All right; give me that.

Toilet preparations, $15,000,000.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Montana?

Mr. BYRNES. I do.

Mr. WALSH of Montana. I have the impression, which is quite general, that the production of chewing gum is in the hands of a monopoly in this country.

Mr. ROBINSON of Arkansas. Oh, no!

Mr. WALSH of Montana. Let us have the information on that subject. How widely are the manufacturers of chewing gum distributed? I understood that the Wrigley people practically had a monopoly of the production of that material.

Mr. BYRNES. I must say that I have no information as to whether or not they have a monopoly in the manufacture of chewing gum; but I do know that inevitably the result of levying this tax is that the purchaser is to have taken from the package of gum just so much gum.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. While I do not think the larger manufacturers of chewing gum have the slightest objection to the proposed tax, there are a number of small manufacturers who will be put out of business if the original tax in the bill is to be imposed, but they can survive under the tax the Senate committee has agreed to.

Mr. WALSH of Montana. Mr. President, will the Senator advise us what per cent of the total amount is produced by these small manufacturers?

Mr. ROBINSON of Arkansas. No; I can not give that.

Mr. HARRISON. Mr. President, my information is that about 60 per cent is controlled by one concern.

Mr. SMOOT. The revenue is $2,000,000, and I will say to the Senate that I received a telegram to-day from Mr. Wrigley opposing the tax on chewing gum.

Mr. BYRNES. I have no information as to the correspondence between Mr. Wrigley and the Senator from Utah, but will the Senator tell us——

Mr. SMOOT. The telegram came to-day, Mr. President.

Mr. BYRNES. I did not ask about the telegram. I am not particularly interested in it. What I want to know from the Senator from Utah is why he would strike out of this bill $15,000,000 of revenue from toilet preparations, $15,000,000 of revenue from furs, $12,000,000 of revenue from candy, millions of dollars from jewelry, $500,000 from yachts and motor boats, $6,500,000 from sporting goods and cameras, and then take chewing gum as the only item to be left in the bill, having a revenue, according to this report, of $3,000,000, and I understand the Senator says $2,000,000.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. BYRNES. I do.

Mr. SMOOT. After the committee agreed to the plan submitted by the Treasury Department, there was a certain amount of money over and above that which it was originally estimated that we should raise. After that consideration the recommendation of the Treasury Department was agreed to. Then the amount of money that would be raised by the bill was found to be more than that which we anticipated raising when the bill was first written. Therefore the committee returned to the bill and took out these items that are stricken out, on account of its being unnecessary to put them in the bill in order to raise the requisite amount of money.

Mr. BYRNES. I understand the Senator from Utah to say that after the committee learned that the revenue bill as finally agreed to, after the conference with the Secretary of the Treasury, would raise more money than was anticipated, they went back to the bill——

Mr. SMOOT. With these items in.

Mr. BYRNES. Yes; with these items in—they went back to strike them out, and they struck out yachts and furs and jewelry and candy and golf balls and polo mallets and left the tax upon chewing gum.

Mr. SMOOT. That is true.

Mr. BYRNES. Then, Mr. President, I urge my motion to strike out the tax upon chewing gum, section 604.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BYRNES. Yes; I yield.

Mr. LA FOLLETTE. I merely want the RECORD to be as I understand, Mr. President.

I think the statement of the Senator from Utah leaves the impression that we did not realize that we were eliminating all these taxes when we adopted the compromise proposal of the Secretary. One of the arguments made by those who supported that motion was that that would get rid of all of these so-called luxury taxes. That, I may say, was one of the reasons why I could not vote to support the so-called compromise proposal.

Mr. GLASS. Mr. President——

Mr. BYRNES. I yield again to the Senator from Wisconsin to tell us whether the tax upon grape concentrates was eliminated from the bill, too.

Mr. LA FOLLETTE. No; I understand that that is still in the bill. As to the other taxes to which we have been referring in the colloquy here recently, it was understood by every member of the committee present when he voted for the Secretary's proposal on a typewritten slip, and swallowed it en bloc with one gulp, that these taxes were all going out, including, of course, the amendment containing the 1922 income-tax rates.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Virginia?

Mr. BYRNES. I yield the floor.

Mr. GLASS. Mr. President, some of us here are literally astonished at the statement that we are going to derive more revenue from this bill than we have any use for. My information is that even after we complete this tax bill—if we ever do—we shall have to go to work and drastically reduce the expenditures of government in order to balance the Budget.

If that is true, why strike out the taxes on furs and jewelry and pleasure boats and things of that sort? It seems to me we had better restore those than to strike out the tax on chewing gum.

Mr. SMOOT. Mr. President, this is the estimate that was before the committee at the time. We had an estimate as the bill was written, as stated by the Senator from Wisconsin, and we had provided in the bill the amount of tax necessary to meet that deficit as furnished the committee by the Treasury Department. When the new plan came up and the additional taxes were recommended by the Secretary of the Treasury, Mr. Mills, we adopted those; after doing that we took off the taxes that we thought not necessary here to meet the expenses of the Government and balance the Budget. That is why they went out.

Mr. GLASS. I understand that detail; but I am astonished to learn that the deficit has been met by this tax bill.

Mr. SMOOT. I have already said, Mr. President, that, in my opinion, even with all the taxes imposed in the bill, we shall still have a deficit. How much it will be, I can not say; but, based upon the estimates made by the Treasury Department and based upon the revenue that will be derived, this will balance the Budget as far as the amount that was to be raised by the bill is concerned.

Mr. GLASS. The Senator from Utah may believe that; no doubt he does believe it, but I do not.

Mr. SMOOT. I am fearful myself, Mr. President, that we shall not have any too much revenue.

Mr. GLASS. Mr. President, we ought not to go to the country allowing them to believe that we have balanced the Budget and then come back here next winter and find that we have not come within a thousand miles of balancing the Budget.

Mr. LA FOLLETTE. Mr. President, will the Senator from Virginia yield?

Mr. GLASS. Yes; I yield.

Mr. LA FOLLETTE. I merely wish to say that the Senator from Virginia is absolutely correct. All the bills that were under consideration—the bill as it passed the House when we first got it, what I claim was the Senate committee bill after we had finished two weeks of work on it, and Mr. Mills's bill, which was produced in about 30 minutes before the committee—allow for two hundred to two hundred and fifty million dollars of economies in arriving at the statement that they will get the Budget balanced on paper.

Mr. ROBINSON of Arkansas. Mr. President, the sporting man is a good fellow. He who engages in that wonderful amusement or diversion, about which everybody boasts and in which so few are efficient, the golfer, would not object to paying a tax. The sporting man would not object to paying a tax under present conditions.

I think it is the strangest policy I ever contemplated to eliminate $4,500,000 of revenue from a source like that embraced in section 609 of the House text, providing for a tax on sporting goods, and then resort to some of the levies which are carried in this bill.

If the committee amendment striking out that tax has been agreed to, the vote ought to be reconsidered, and the provision should be kept in the bill.

There would not be a man in the United States who was a true sportsman who would think that he and his game—his boat, his polo mallet, his tennis racket—ought to be exempted from taxes, while other taxes which are in this bill which embarrass industry and impose burdens on poor people are retained.

Mr. HARRISON. Mr. President, there can be no doubt but that we are going to have to recur to these propositions, and some of us, foreseeing that, have entered motions to reconsider the votes by which the various items were agreed to. Already we have lost $16,000,000 from the bill as the result of the vote on the two amendments that were adopted relative to trucks and automobiles.

Mr. NORRIS. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. NORRIS. I want to suggest to the Senator from Mississippi that on section 609, providing for a tax on sporting goods, pool tables, billiard tables, and so forth, there was no discussion, and the amendment was agreed to when nobody was paying any attention to it. I suggest to the Senator from Mississippi that he ask unanimous consent now that the vote by which that amendment was agreed to be reconsidered.

Mr. HARRISON. Mr. President, the reason why we do not do that now is the reason stated by the Senator from Wisconsin. We have gone over these various items and there are certain minor changes made in them.

If we are to adopt these amendments—and I think without question we must do so—we ought to adopt the language agreed on as an outcome of consideration by the Finance Committee of the House provisions. There are mostly minor changes, but some of them might be quite material. I think we might as well adopt the provision that was agreed on by the Finance Committee dealing with sporting goods, for instance.

Mr. NORRIS. In order to do that the Senator would have to have the vote reconsidered by which the amendment was agreed to.

Mr. HARRISON. That is right; and we have already entered a motion to reconsider the vote.

Mr. NORRIS. I was wondering why we could not consider it by unanimous consent right now.

Mr. HARRISON. Some of us have thought that we should find out just what is needed. For instance, we shall soon come to the item of admissions. We all realize there has been great propaganda about that. There is a great group of lobbyists about admissions, and we shall have perhaps to raise the tax to 25 per cent. It will cause a loss of thirty-five or forty million dollars even at that, and that will wipe out nearly all of the revenue that would be raised under these provisions, because of provisions stricken out of the House text aggregating $105,000,000. As amended by the Senate those same provisions would total only seventy and one-half million dollars.

Mr. NORRIS. Mr. President, will the Senator yield further?

Mr. HARRISON. I yield.

Mr. NORRIS. As I understand it, what the Senate has before it now is only the House provision.

Mr. HARRISON. It is the House provision.

Mr. NORRIS. And the committee made certain changes in that which do not appear here in the bill. In order to agree to those, we would have first to reconsider the vote by which this amendment was adopted.

Mr. SMOOT. I do not think there will be any trouble about that.

Mr. HARRISON. I would say that, so far as I am concerned, I hope we can recur to each one of these items.

Mr. NORRIS. We must recur to them.

Mr. HARRISON. And adopt the amendments which the Senate committee, after consideration, recommended.

Mr. NORRIS. That is what I would like to get. That is not before us now. We do not know just what it is.

Mr. BYRNES. Mr. President, will the Senator from Mississippi yield?

Mr. HARRISON. I yield.

Mr. BYRNES. I want to ask whether the Senator would have any objection to placing section 604 on the same basis with the other sections referred to?

Mr. HARRISON. I do not think anybody would have any objection.

Mr. BYRNES. If the committee, after consideration by the Senate, shall deem it necessary to reconsider and restore the tax upon polo mallets, fishing rods, and things of that kind, very well; but to leave this one section out of all these excise taxes, I submit, is unfair.

Mr. HARRISON. I think it is fair to leave it on the same basis.

Mr. BYRNES. I insist on my motion to strike out that section, so that they will all be on the same basis.

Mr. NORRIS. Mr. President, will the Senator yield a moment?

Mr. BYRNES. Yes.

Mr. NORRIS. I hope the Senator will not insist on his motion to strike out. Then we would have that out, and if we afterwards put the others in we would be doing an injustice the other way. I do not want to vote on the Senator's motion to strike out until we settle the other question.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the vote by which the committee amendment to section 609 was agreed to be reconsidered.

The VICE PRESIDENT. Is there objection?

Mr. WHEELER. Why does not the Senator include also section 610?

Mr. ROBINSON of Arkansas. I am going to make a separate request as to that.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and the vote is reconsidered.

Mr. ROBINSON of Arkansas. I make a similar request with respect to the committee amendment to section 610.

Mr. SMOOT. That went over, anyhow.

The VICE PRESIDENT. That went over.

Mr. SMOOT. Mr. President, to settle this whole matter of these special items that were stricken out by the committee, I do not believe there would be any objection on the part of any member of the committee, if anybody asks at any time for a reconsideration of the vote, that that should be agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I am going to ask that the vote by which the committee amendment to sections 602, 603, and 604, respectively, of the House text be reconsidered.

The VICE PRESIDENT. Is there objection?

Mr. VANDENBERG. Just a moment.

Mr. NORRIS. Why does not the Senator include section 606, at the top of page 250?

Mr. DILL. That was rejected, and the language remains in the bill.

Mr. ROBINSON of Arkansas. Section 602 provides for the tax on toilet preparations, section 603 for the tax on furs, section 604 for the tax on jewelry.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. HARRISON. Mr. President, I may say to the Senator that section 602 in my bill covers the tax on automobiles.

Mr. ROBINSON of Arkansas. I refer to the sections in the House text stricken out by the committee. My request is that the vote by which the committee amendment to the section imposing a tax on toilet preparations, to the further section imposing a tax on furs, and the section imposing a tax on jewelry be reconsidered.

The VICE PRESIDENT. Is there objection?

Mr. METCALF. I object.

Mr. LA FOLLETTE. Mr. President, I may say to the Senator from Arkansas that I think he will find that we have entered motions to reconsider the votes whereby all of these committee amendments striking out House language were agreed to. I think either the Senator from Mississippi or myself has entered such motions. So that we are in a position to move for reconsideration.

Mr. ROBINSON of Arkansas. I understand that.

Mr. SMOOT. I do not understand that consent was given.

Mr. LA FOLLETTE. No consent was given to enter the motions. One does not have to have consent for that.

Mr. SMOOT. Certainly the Senator does not; but I understood him to say there had been consent.

Mr. ROBINSON of Arkansas. I move that the vote by which the committee amendment relating to toilet preparations was agreed to be reconsidered.

The VICE PRESIDENT. The question is on agreeing to the motion.

The motion was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I make the same motion with respect to the vote by which the committee amendment relating to the tax on furs was agreed to.

The VICE PRESIDENT. The question is on agreeing to the motion.

The motion was agreed to.

Mr. ROBINSON of Arkansas. I also make the same motion with respect to the vote by which the committee amendment relating to the tax on jewelry was agreed to.

The VICE PRESIDENT. The question is on agreeing to the motion.

The motion was agreed to.

The VICE PRESIDENT. The question before the Senate now is on agreeing to the committee amendment as amended by the amendment of the Senator from Arkansas. After that is acted upon, then the motion of the Senator from South Carolina will be submitted.

Mr. ROBINSON of Arkansas. That is with reference to chewing gum?

The VICE PRESIDENT. That is with reference to chewing gum.

Mr. NORRIS. I want to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. NORRIS. What is the question the Chair has just submitted?

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee, on page 253, line 14, re-

lating to chewing gum, as amended by the Senator from Arkansas.

The amendment as amended was agreed to.

The VICE PRESIDENT. The question now is on the motion of the Senator from South Carolina [Mr. BYRNES] to strike out section 604, as amended.

Mr. HARRISON. Mr. President, I understood that the Senator from South Carolina merely wanted the provision with reference to chewing gum put in the same position as that occupied by jewelry and these other articles.

Mr. BYRNES. What I stated to the Senator from Mississippi was that if the items relating to the taxes on jewelry, furs, and sporting goods were passed over for the time being I was entirely willing to have that done.

My motion now is to strike this section out.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina.

Mr. HARRISON. May I say to the Senator from South Carolina that if that motion is carried, this item with reference to chewing gum will be stricken out, and it will then be in the same category with the other items. We will then have to move to reconsider, if we are to get any revenue upon all of these propositions. Would not the Senator permit this to go over, just as these other propositions are going over, because some committee amendments are to be offered as substitutes for these various paragraphs?

Mr. BYRNES. Mr. President, if the understanding of the Senator from Mississippi is that this section is on the same footing with the other sections referred to by the Senator from Arkansas, and there is no dissent from that understanding, I will have no objection to its going over.

The VICE PRESIDENT. Without objection, the motion will be passed over.

The clerk will report the next amendment of the committee.

Mr. BRATTON. Mr. President, what is the status of the committee amendment, beginning at the top of page 252, relating to the tax on sporting goods?

The VICE PRESIDENT. The vote by which that amendment was agreed to has been reconsidered, and the matter has gone over.

Mr. BRATTON. Did that amendment go over and does it now occupy the same status as the three amendments to which the Senator from Arkansas addressed himself?

The VICE PRESIDENT. That is one amendment that is included in his request. The clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 253, after line 18, to strike out:

SECTION 615. TAX ON SOFT DRINKS

(a) There is hereby imposed—

(1) Upon all beverages derived wholly or in part from cereals or substitutes therefor, containing less than one-half of 1 per cent of alcohol by volume, sold by the manufacturer, producer, or importer, a tax of 2 cents per gallon.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent that the amendment may go over.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 254, to strike out lines 1 to 24, inclusive, as follows:

(2) Upon all unfermented fruit juices, in natural or slightly concentrated form, or such fruit juices to which sugar has been added (as distinguished from finished or fountain sirups), intended for consumption as beverages with the addition of water or water and sugar, and upon all imitations of any such fruit juices, and upon all carbonated beverages, commonly known as soft drinks (except those described in paragraph (1)), manufactured, compounded, or mixed by the use of concentrate, essence, or extract, instead of a finished or fountain sirup, sold by the manufacturer, producer, or importer, a tax of 2 cents per gallon.

(3) Upon all still drinks, containing less than one-half of 1 per cent of alcohol by volume, intended for consumption as beverages in the form in which sold (except natural or artificial mineral and table waters and imitations thereof, and pure apple cider), sold by the manufacturer, producer, or importer, a tax of 2 cents per gallon.

(4) Upon all natural or artificial mineral waters or table waters, whether carbonated or not, and all imitations thereof, sold by the producer, bottler, or importer thereof, in bottles or other closed containers, at over 12½ cents per gallon, a tax of 2 cents per gallon.

The VICE PRESIDENT. That relates to soft drinks and will be passed over.

The next amendment of the Committee on Finance was, on page 255, to strike out lines 1 to 24, inclusive, as follows:

(5) Upon all finished or fountain sirups of the kinds used in manufacturing, compounding, or mixing drinks commonly known as soft drinks, sold by the manufacturer, producer, or importer, a tax of 9 cents per gallon; except that in the case of any such sirups intended to be used in the manufacture of carbonated beverages sold in bottles or other closed containers the rate shall be 5 cents per gallon. Where any person conducting a soda fountain, ice-cream parlor, or other similar place of business manufactures any sirups of the kinds described in this paragraph, there shall be levied, assessed, collected, and paid on each gallon manufactured and used in the preparation of soft drinks a tax of 9 cents per gallon; and where any person manufacturing carbonated beverages manufactures and uses any such sirups in the manufacture of carbonated beverages sold in bottles or other closed containers there shall be levied, assessed, collected, and paid on each gallon of such sirups a tax of 5 cents per gallon. The taxes imposed by this paragraph shall not apply to finished or fountain sirups sold for use in the manufacture of a beverage subject to tax under paragraph (1) or (3), nor to any article enumerated in section 601 (c) (3).

Mr. NORRIS. Mr. President, why does not that go over with the other amendments?

The VICE PRESIDENT. If it is requested, the amendment will be passed over.

Mr. NORRIS. I make the request.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

The next amendment of the Committee on Finance was, on page 256, to strike out lines 1 to 24, inclusive, and lines 1 to 11, on page 257, as follows:

(6) Upon all carbonic-acid gas sold by the manufacturer, producer, or importer, or by a dealer in such gas, to a manufacturer of any carbonated beverages, or to any person conducting a soda fountain, ice-cream parlor, or other similar place of business, and upon all carbonic-acid gas used by the manufacturer, producer, or importer thereof in the preparation of soft drinks, a tax of 4 cents per pound.

(b) Each manufacturer, producer, or importer of any of the articles enumerated in subsection (a) and each person who sells carbonic-acid gas to a manufacturer of carbonated beverages or to a person conducting a soda fountain, ice-cream parlor, or other similar place of business, shall make monthly returns under oath in duplicate and pay the tax imposed in respect of the articles enumerated in subsection (a) to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe. The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time the tax became due until paid.

(c) Each person required to pay any tax imposed by subsection (a) shall procure and keep posted a certificate of registry in accordance with regulations to be prescribed by the commissioner, with the approval of the Secretary. Any person who fails to register or keep posted any certificate of registry in accordance with such regulations shall be subject to a penalty of not more than $1,000 for each such offense.

Mr. LA FOLLETTE. Mr. President, if these other matters are going over this should go over, too.

Mr. HARRISON. Mr. President, why do we not pass these various items over to-night if the chairman of the Finance Committee is going to call the committee together at 6.50 in the morning or some other early hour, so we can recommend these various substitutes? I am sure the Finance Committee has no objection if we can balance the Budget through this plan. We adopted this amendment in the first place.

The VICE PRESIDENT. Is there objection to passing over the amendments? The Chair hears none, and the amendments will be passed over.

The next amendment of the Committee on Finance was, on page 257, after line 14, to strike out:

SEC. 617. RETAIL SALES

If any manufacturer, producer, or importer liable under this title for tax based on the price for which any articles are sold by him customarily sells such articles both at wholesale and at retail, the tax in the case of any article sold by him at retail shall be computed on the price for which like articles are sold by him at wholesale.

Mr. LA FOLLETTE. If these other amendments are going over, should not this amendment go over, too?

The VICE PRESIDENT. Is there objection to passing it over? The Chair hears no objection, and the amendment goes over.

Mr. HARRISON. Mr. President, I want to suggest to the chairman of the committee that the next amendment go over, because it pertains to the soft-drinks paragraph; and if the other one went over, this should go over as well. I refer to section 612, on page 262. That which is stricken out pertains to soft drinks.

Mr. SMOOT. Yes; it should go over.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the amendment will be passed over.

Mr. TRAMMELL. Mr. President, I notice on page 262, in the print I presume being used by the clerk, there are certain amendments recommended in section 611. Those were not acted on or considered, were they?

Mr. SMOOT. We have not reached that yet.

Mr. TRAMMELL. That is section 611, which has to do with contracts of sales made prior to May 1.

Mr. SMOOT. That has gone over.

Mr. TRAMMELL. That is what I was especially interested in considering.

The VICE PRESIDENT. The clerk will report the next amendment.

Mr. SMOOT. Mr. President, who was it asked that the amendment relating to contracts made prior to May 1 should go over? Did I understand the Senator from Florida to ask that section 611 go over?

Mr. TRAMMELL. I was suggesting it should be allowed to go over, unless it is desired to discuss it now. I think the object the committee seeks to accomplish is all right, probably.

Mr. SMOOT. We might as well discuss it now, if the Senator desires to do so.

The VICE PRESIDENT. Let the amendment be stated.

The next amendment of the Committee on Finance was, on page 262, line 3, after "Sec.," to strike out "619" and insert "611"; in the same line, after the word "to," to strike out "March" and insert "May"; in line 4, after the word "to," to strike out "March" and insert "May"; and in line 11, after the word "then," to insert "(unless the contract prohibits such addition)," so as to read:

SEC. 611. CONTRACTS PRIOR TO MAY 1, 1932

(a) If (1) any person has, prior to May 1, 1932, made a bona fide contract with another person for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection, and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price.

Mr. TRAMMELL. Mr. President, the amendment in its present form would operate very unjustly against a great many people. The provision provides that any person who, prior to May 1, 1932, has made a contract with some one for sale shall be subjected to this tax. In the first place, it is retroactive. It is applying a tax to a person on a transaction which took place prior to the enactment of the law. There may be a good many contracts under the installment system which prevails in this country for the purchase of property, some of which have been made one or two or three years ago. Under those circumstances this would impose a tax upon the purchaser, the vendee, unless the vendor was subject to it, regardless of the fact that it was made prior to the enactment of the law or the imposition of the tax.

I presume the purpose of this provision was to try to anticipate and to check or bar any operations or accumulations on the part of any traders in anticipation of the tax. It may be all right to seek to accomplish that purpose, but the peculiar language and phraseology provided in this section would affect every honest transaction that has been made at any time previous for the consummation of a sale at a future date. It reads:

All sales contracts made prior to May 1, 1932.

If the vendor does not pay the tax, and May 1 is already past—then the vendee has to pay the tax at the time of the consummation of the sale. Is that correct?

Mr. SMOOT. It is partially correct. I would like to know what amendment or modification the Senator would like to suggest, and then I can see just what the Senator is driving at.

Mr. TRAMMELL. Of course, I have not given any study to this. It came to my mind probably 10 or 15 minutes ago as I was reading the bill. It occurred to me at that moment that it was subject to the comment which I have made. I desire to have it clarified so as to have it inflict no injustice upon entirely innocent people.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Utah?

Mr. TRAMMELL. I yield.

Mr. KING. I think there is something in the contention made by the able Senator from Florida. The bill is retroactive and would affect contracts that have been entered into anterior to the passage of the bill. If we can, before final action, strike out "May 1, 1932," and insert in lieu thereof the words "after the passage of this act," I think it would meet the objection of the Senator from Florida. I suggest that we pass the amendment over and let the committee consider it.

Mr. TRAMMELL. That will be agreeable to me. All I wish is to have it clarified.

Mr. SMOOT. If the Senator wants it to go over, that is very well; but it seems to me it is perfectly plain what we desire to do. I think the wording as reported covers exactly the object the Senator now states he desires to reach. I do not think the Senator has any different idea with reference to the object of the amendment than the committee have. Of course, it can go over.

The VICE PRESIDENT. Without objection, the amendment will be passed over.

Mr. JOHNSON. Mr. President, we are in such a situation at the present time, with the reconsiderations that have been had, with the desire undoubtedly on the part of some of the members of the Finance Committee to meet early in the morning and consider those items that have been eliminated from the bill heretofore, but to-night practically have been restored, that I want to suggest to the Senator from Utah that we will make progress by taking a recess now until to-morrow morning.

Mr. SMOOT. There is very little left in the bill.

Mr. JOHNSON. Oh, no; we are coming now to the admission tax and the telegraph tax, and they will be somewhat dependent upon what the Finance Committee does with jewelry, sporting goods, and the like in its determination to be reached, as I understood the Senator, to-morrow morning probably.

Mr. SMOOT. Mr. President, I would like to give notice to members of the Finance Committee now, because I can not get notice to them by mail, that the committee will meet to-morrow morning at not later than 8.30 o'clock. We have plenty to do.

Mr. BARKLEY. Why not have a session of the committee as soon as we recess to-night?

Mr. SMOOT. I am perfectly willing.

Mr. BARKLEY. I make that suggestion seriously.

Mr. SMOOT. I am perfectly willing to have a meeting as soon as we recess to-night. The Senate is to meet to-morrow morning at 10 o'clock; and if the committee are to do anything at all with these items, that will give us only an hour and a half in the morning if the committee meets at half past 8.

Mr. HARRISON. Mr. President, I think we might as well take a recess to-night if we have to get up early in the morning to work on this measure. I believe the Committee on Finance ought to meet in the morning and work out these various items in the hope that it will expedite matters.

Mr. SMOOT. Is the Senator willing to have the committee meet at 8.30?

Mr. KING. Mr. President, will the Senator consider this suggestion, in view of the vast amount of work the committee will have to do? The Senate ought not to meet at 10 o'clock in the morning, but at 11 o'clock, so as to give us an hour and a half or two hours to-morrow morning for the consideration of these matters in the committee. I suggest to my colleague that he ask unanimous consent that the unanimous-consent agreement heretofore entered into by which the Senate agreed to meet at 10 o'clock be modified or changed so that the Senate will not meet to-morrow until 11 o'clock, and thus give the committee ample time for consideration of these various matters.

Mr. SMOOT. I do not see why we can not get up early and get to work at 8.30. I see no reason why we can not do that.

The VICE PRESIDENT. The Secretary will report the next amendment.

Mr. JOHNSON. Mr. President, I made a suggestion to the Senator from Utah, which I think fell upon sympathetic ears, that he make a motion to take a recess.

Mr. SMOOT. I move the Senate take a recess until 10 o'clock to-morrow morning.

Mr. HARRISON. One moment, Mr. President. May I ask the Senator from Utah what time the Finance Committee will meet to-morrow?

Mr. SMOOT. At 8.30 a. m.

Mr. HARRISON. Eight thirty a. m. is almost out of the question. Why not make it 9 o'clock? The Senator has not gotten up at 8.30 in a good while. I suggest the Senator make it 9 o'clock.

Mr. SMOOT. If I did not have a part of my work done by 8.30 o'clock in the morning, I would never get through.

The VICE PRESIDENT. The question is on the motion of the Senator from Utah that the Senate take a recess until 10 o'clock to-morrow morning.

The motion was agreed to; and (at 9 o'clock and 15 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until to-morrow, Thursday, May 26, 1932, at 10 o'clock a. m.

NOMINATION

Executive nomination received by the Senate May 25 (legislative day of May 9), 1932

COAST GUARD

Capt. Harry G. Hamlet, of Washington, to be Commandant, with the rank of rear admiral, in the Coast Guard of the United States, for a term of four years, in place of Rear Admiral Frederick C. Billard, deceased.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 25, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, unto whom all hearts are open, all desires known, and from whom no secrets are hid, cleanse the thoughts of our hearts by the inspiration of Thy holy spirit, that we may perfectly love Thee and worthily magnify Thy holy name. May the words of our lips and the meditations of our hearts be acceptable in Thy sight, O Lord, our strength and our Redeemer. Amen.

The Journal of the proceedings of yesterday was read and approved.

The SPEAKER. Pursuant to the order agreed to on yesterday, the Chair declares the House to be in recess.

Accordingly the House stood in recess, to meet at the call of the Speaker.

ORDER OF EXERCISES

Prelude, sacred selections (11.30–12)—U. S. Navy Band Orchestra
Presiding Officer—The Speaker of the House of Representatives
Invocation—The Chaplain, Dr. James Shera Montgomery
String quartette—Andante Cantabile (Tschaikowsky)—
U. S. Navy Band Orchestra
Scripture reading and prayer—The Chaplain
Roll of Deceased Members—
The Clerk of the House of Representatives
Devotional silence.
Tenor solo—There Is No Death (O'Hara)—Ross Farrar
Robt. L. Feuerstein, accompanist
Address—Hon. SCOTT LEAVITT
Representative from the State of Montana
Baritone solo—Farewell (Russell)—Leonard Davis
Robt. L. Feuerstein, accompanist
Address—Hon. WILLIAM B. BANKHEAD
Representative from the State of Alabama
Cornet solo—Abide With Me—John Walker
U. S. Navy Band Orchestra
Benediction—The Chaplain

MEMORIAL SERVICES

The Speaker of the House of Representatives presided.

The string quartette of the United States Navy Band Orchestra rendered "Andante Cantabile," by Tschaikowsky.

The Chaplain, Doctor Montgomery:

Almighty God, separated from the toils of the day, may this hour be a dedication. Make Thy Holy Spirit a minister and a messenger of love and faith. Our hearts are one; they express the sorrow of our fellow countrymen. Do Thou remember those, Blessed Lord, who are in the valley of affliction. In its hush and silence may they catch the floating notes wafted from the highlands of the upper world. O be the melody for the dirge, the sweetness for the cup, and the strength for the weary. In our losses, hear us O most merciful Father. With us the joys and the fellowships of time have been swept away. The dreams of the past struggle for expression; but as they are inspired from the passing scenes of life, they can never be fulfilled. O God, we would share again the changeless love of the unforgotten days. In the ages to come, beyond the menace and the mystery of mortality, we shall meet again—unafraid, conscious that our souls are becoming vaster and holier in the presence of the infinite God of man. Through Jesus Christ our Lord. Amen.

Three fishers went sailing out into the west,
Out into the west as the sun went down;
Each thought of the woman who loved him the best;
And the children stood watching them out of the town;
For men must work and women must weep,
There's little to earn and many to keep,
Though the harbor bar be moaning.

Three wives sat up in the lighthouse tower,
And they trimmed their lamps as the sun went down;
They looked at the squall and they looked at the shower,
And the rack it came rolling up ragged and brown!
But men must work and women must weep,
Though storms be sudden and waters deep,
And the harbor bar be moaning.

Three corpses lay on the shining sands
In the morning gleam as the tide went down,
And the women are weeping and wringing their hands
For those who never came back to the town;
For men must work and women must weep,
And the sooner it's over, the sooner to sleep,
And good-bye to the bar and its moaning.

—

As I stand by the cross on the lone mountain's crest
Looking toward the ultimate sea,
In the gloom of the mountain, a ship lies at rest,
And one sails away from the lea.
One spreads its white sails on a far-reaching track,
With pennant and sheet flowing free.
One hides in the shadows with sails laid aback,
The ship that is waiting for me.
But, lo, in the distance the clouds break away;
The Gate's glowing portals I see;
And I hear from the outgoing ship in the bay
The song of the sailors in glee.
So I think of the luminous footsteps
That bore them o'er dark Galilee,
And I wait for the signal to go to the shore,
To the ship that is waiting for me.

Bless the Lord, O my soul; and all that is within me; bless His holy name. Bless the Lord, O my soul, and forget not all His benefits: Who forgiveth all thine iniquities; who healeth all thy diseases; who redeemeth thy life from destruction; who crowneth thee with loving kindness and tender mercies; who satisfieth thy mouth with good things so that thy youth is renewed like the eagles'. The Lord executeth righteousness and judgment for all that are oppressed. He made known His ways unto Moses, His acts unto the children of Israel. The Lord is merciful and gracious, slow to anger and plenteous in mercy. He will not always chide; neither will He keep His anger forever. He hath not dealt with us after our sins; nor rewarded us according to our iniquities. As the heaven is high above the earth, so great is His mercy toward them that fear Him. As far as the east is from the west, so far hath He removed our transgressions from us. Like as a father pitieth his children, so the Lord pitieth them that fear Him. For He knoweth our frame; He remembereth that we are dust. As for man his days are as grass; as a flower of the field so he flourisheth. For the wind passeth over it, and it is gone; and the place thereof shall know it no more. But the mercy of the Lord is from everlasting to everlasting upon them that fear him and His righteousness unto children's children. Bless the Lord, O my soul.

Let not your heart be troubled; believe in God; believe also in me. In my Father's house are many mansions; if it were not so, I would have told you; for I go to prepare a place for you. And if I go and prepare a place for you, I will come again, and receive you unto myself; that where I am there ye may be also.

ROLL OF DECEASED MEMBERS

Mr. Patrick J. Haltigan, reading clerk of the House, read the following roll:

DWIGHT WHITNEY MORROW, SENATOR FROM THE STATE OF NEW JERSEY

Diplomat; lawyer; ambassador to Mexico; delegate to the Pan American Conference, 1928; delegate to the naval conference, London, England, 1930; member of various State commissions; chairman President's Aircraft Board, 1925; awarded distinguished-service medal 1919 by General Pershing; elected a member of the United States Senate November 4, 1930. Died October 5, 1931.

THADDEUS H. CARAWAY, SENATOR FROM THE STATE OF ARKANSAS

Lawyer; prosecuting attorney for the second judicial district of Arkansas; Member of the House of Representatives, Sixty-third, Sixty-fourth, Sixty-fifth, and Sixty-sixth Congresses; twice elected to the United States Senate. Died November 6, 1931.

WILLIAM JULIUS HARRIS, SENATOR FROM THE STATE OF GEORGIA

Banker; member of State senate in 1911 and 1912; chairman Democratic State Committee in 1912 and 1913; Director of the United States Census Bureau; Acting Secretary of the Department of Commerce and Chairman of Federal Trade Commission; elected to the United States Senate for three terms. Died April 18, 1932.

HENRY ALLEN COOPER, REPRESENTATIVE FROM THE FIRST CONGRESSIONAL DISTRICT OF WISCONSIN

District attorney; State senator; delegate to the Republican National Convention, 1884, 1908, and 1924; Member House of Representatives Fifty-third and the 12 succeeding Congresses; also reelected to the Sixty-seventh and each succeeding Congress. Died March 1, 1931.

JAMES BENJAMIN ASWELL, REPRESENTATIVE FROM THE EIGHTH CONGRESSIONAL DISTRICT OF LOUISIANA

School-teacher; State institution conductor; president of the Louisiana Polytechnic Institute; State superintendent of education; president Louisiana State Normal College; Member of the Sixty-third and each succeeding Congress. Died March 16, 1931.

NICHOLAS LONGWORTH, REPRESENTATIVE FROM THE FIRST CONGRESSIONAL DISTRICT OF OHIO

Member of the board of education of Cincinnati; State Representative; State senator; Member of the Fifty-eighth, Fifty-ninth, Sixty-first, and Sixty-second Congresses and of the Sixty-fourth and each succeeding Congress; majority floor leader; three times elected Speaker of the House of Representatives. Died April 9, 1931.

MATTHEW VINCENT O'MALLEY, REPRESENTATIVE FROM THE SEVENTH CONGRESSIONAL DISTRICT OF NEW YORK

Business man; member Brooklyn Chamber of Commerce; Member of the Seventy-second Congress. Died May 26, 1931.

CHARLES ANTHONY MOONEY, REPRESENTATIVE FROM THE TWENTIETH CONGRESSIONAL DISTRICT OF OHIO

Insurance broker; member of the State senate; delegate to the Democratic National Convention in 1920 and 1924; Member of the Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventieth, and Seventy-first Congresses. Died May 29, 1931.

GEORGE SCOTT GRAHAM, REPRESENTATIVE FROM THE SECOND CONGRESSIONAL DISTRICT OF PENNSYLVANIA

Lawyer; member of the City Council of Philadelphia; district attorney; professor of criminal law in the University of Pennsylvania; delegate to the Republican National Convention 1892 and 1924; Member of the Sixty-third and each succeeding Congress; chairman of the Committee on the Judiciary. Died July 4, 1931.

CHARLES GORDON EDWARDS, REPRESENTATIVE FROM THE FIRST CONGRESSIONAL DISTRICT OF GEORGIA

Farmer; lawyer; member State militia; president of the Savannah Board of Trade; member of the Savannah Harbor Commission; Member of the Sixtieth and the four succeeding Congresses; also Sixty-ninth and each succeeding Congress. Died July 13, 1931.

BIRD J. VINCENT, REPRESENTATIVE FROM THE EIGHTH CONGRESSIONAL DISTRICT OF MICHIGAN

Lawyer; assistant prosecuting attorney of Saginaw County; prosecuting attorney; served 10 months in France during World War as first lieutenant of the Sixth Train Headquarters and in the Three hundred and second Train Headquarters; city attorney of Saginaw; Member of the Sixty-eighth and each succeeding Congress. Died July 18, 1931.

SAMUEL COLLIER MAJOR, REPRESENTATIVE FROM THE SEVENTH CONGRESSIONAL DISTRICT OF MISSOURI

Lawyer; prosecuting attorney; State senator; Member of the Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventieth, and Seventy-second Congresses. Died July 28, 1931.

ERNEST ROBINSON ACKERMAN, REPRESENTATIVE FROM THE FIFTH CONGRESSIONAL DISTRICT OF NEW JERSEY

Manufacturer; member of the Common Council of Plainfield; presidential elector; State senator; president of the State senate; delegate Republican National Convention in 1908 and 1916; member board of trustees of Rutgers College and the State board of education; Member of Sixty-sixth and each succeeding Congress. Died October 18, 1931.

FLETCHER HALE, REPRESENTATIVE FROM THE FIRST CONGRESSIONAL DISTRICT OF NEW HAMPSHIRE

City solicitor of Laconia; solicitor of Belknap County; lawyer; chairman board of education; delegate to State constitutional convention; State tax commissioner; Member Sixty-ninth and each succeeding Congress. Died October 22, 1931.

HARRY M'LEARY WURZBACH, REPRESENTATIVE FROM THE FOURTEENTH CONGRESSIONAL DISTRICT OF TEXAS

Recruited and served as private in Company F, First Regiment Texas Volunteer Infantry, Spanish-American War; lawyer; prosecuting attorney and judge of Guadalupe County; delegate at large from Texas to the Republican National Convention, 1924; Member of the Sixty-seventh and each succeeding Congress. Died November 6, 1931.

PERCY EDWARDS QUIN, REPRESENTATIVE FROM THE SEVENTH CONGRESSIONAL DISTRICT OF MISSISSIPPI

School-teacher; lawyer; delegate to Democratic State conventions, 1899 and 1912; member State house of representatives; Member of Sixty-third and each succeeding Congress. Died February 4, 1932.

SAMUEL RUTHERFORD, REPRESENTATIVE FROM THE SIXTH CONGRESSIONAL DISTRICT OF GEORGIA

Lawyer; three times mayor of Forsyth; solicitor of city court; member of State house of representatives three terms; State senator; Member of House of Representativs Sixty-ninth and each succeeding Congress. Died February 4, 1932.

ALBERT HENRY VESTAL, REPRESENTATIVE FROM THE EIGHTH CONGRESSIONAL DISTRICT OF INDIANA

School-teacher; prosecuting attorney of the fiftieth judicial circuit, 1900–1904; elected to Sixty-fifth and each succeeding Congress. Died April 1, 1932.

EDWARD M'MATH BEERS, REPRESENTATIVE FROM THE EIGHTEENTH CONGRESSIONAL DISTRICT OF PENNSYLVANIA

Bank director; delegate to the Republican State convention in 1898; mayor of Mount Union, Pa., 1910–1914; associate judge of Huntingdon County, 1914–1923; elected to Sixty-eighth and each succeeding Congress. Died April 21, 1932.

Mrs. WINGO, a Representative from the State of Arkansas, standing in front of the Speaker's rostrum, placed a memorial rose in a vase as the name of each deceased Member was read by the Clerk.

Then followed one minute of devotional silence.

Mr. Ross Farrar sang "There Is No Death."

Hon. SCOTT LEAVITT, a Representative from the State of Montana, delivered the following address:

ADDRESS OF HON. SCOTT LEAVITT, OF MONTANA

Mr. LEAVITT. Mr. Speaker, since that day, little more than a year ago, when on another occasion we met to pay affectionate tribute to colleagues of ours who had answered the roll call of eternity, 19 others have arisen from their labors among us and have gone out, never to return.

Just a moment ago we listened to the calling of their names. Silence, and after each the placing of a flower. Our ears yearned, loath to abandon hope, but no familiar voice responded. And yet was there, indeed, no answer? Was not that silence like the quiet of a starry night, when all the winds are hushed? Was not that silence like the stillness we have known alone in the vastness of the mountains or far out upon the soundless, breathing sea, when the all-pervading solitude has formed within our souls those revealing words, "Be still and know that I am God"?

It is in such silence that we find our faith arising like the sword of Arthur, out of the morass of our doubt and ready to our hand.

It is in such silence that we comprehend the revelation of our faith to be truly "the substance of things hoped for, the evidence of things not seen."

It is in such stillness that our trust is able to speak to us with a clear voice, and say surely, if a man die, yet shall he live again.

This memorial service, held in accordance with a reverent custom, falls in the midst of the bicentennial year especially set apart and dedicated in the hearts of the American people to the thought of George Washington. It is fitting then that we consider the lives and public work of our departed friends in that illumination.

They whose names we inscribe to-day in the Nation's pantheon form an illustrious company. Singly, in their diverse origins and in the varying degrees of struggle through which they attained the honor of here serving their people and their country, they exemplified all the finest traditions of America's equality of opportunity. Collectively, in their steadfast devotion to the common good, in their united purpose to serve the public welfare without fear and without reproach, they furnish a reassuring fulfillment of that prayer of hope expressed by Washington a century and a half ago, when the stalwart builders of the Republic who had labored by his side in laying the foundations and in beginning the superstructure, one by one laid down their working tools and went to their eternal rest, and he said:

> Thus some of the pillars of the Revolution fall. Others are mouldering by insensible degrees. May our country never want props to support the glorious fabric.

Truly, those we commemorate to-day, in the character of their public service and in the quality of their manhood, were of that never-ending, never-failing succession of props, upholding in glory and in security the destiny of the Republic.

Jefferson said of Washington:

> The whole of his character was in its mass perfect, in nothing bad, in a few things indifferent.

And we may in truth apply those words to these 19. It is not given to me to eulogize them individually. They stand together in the honor we would pay them, even as they mingled with us here. Joined thus are the veteran, who in many repeated elections received the acclaim and mandate of his people, and the neophyte, who stood but for a moment at the threshold and was gone. Joined with them all is he who, laying his gavel down forever, descended from the Speaker's dais to stand among the rest. All a goodly, devoted company, which we and the Nation could ill afford to lose when the way was in any wise obscure!

Out of that association, which is the rare privilege and the greatest recompense of our service here, we learn to mark the true stature of men. We come thus to realize almost universally that, when the white fire of truly national need blazes forth, the dross of sectionalism, of petty partisanship, of individual selfishness, is consumed, and pure gold is found in every character. In that pure gold we set the jewel of our remembrance.

Said Washington of the reputation of public men:

> The good opinion of honest men, friends of freedom, and well-wishers of mankind, wherever they may be born or happen to reside, is the only kind of reputation a wise man would ever desire.

Of the triumph of principle he said:

> In times of turbulence, when the passions are afloat, calm reason is swallowed up in the extremes to which measures are attempted to be carried; but when those subside, and its empire is resumed, the man who acts from principle, who pursues the path of truth, moderation, and justice, will regain his influence.

Regarding the placing of duty above popularity, his words were these:

> Though I prize as I ought the good opinion of my fellow citizens, yet, if I know myself, I would not seek to retain popularity at the expense of one social duty or moral virtue.

Of public duty in crisis times he said:

> The hour is certainly come when party disputes and dissensions should subside, when every man, especially those in office, should, with hand and heart, pull the same way and with their whole strength.

Measure by that yardstick of the immortal Washington the lives and public service of these colleagues of ours, who labored here to complete and preserve the structure of human society which he founded. Observe how that yardstick emphasizes their high stature. And while we have it in our hands, recalling that never were sound props more greatly needed to "uphold the glorious fabric," let us measure ourselves.

So we approach now the final thought. It is not only that we speak in eulogy of the honored dead. We thus offer the poor comfort of our sympathy to those who mourn in those intimate recesses of the heart into which even the sincerest friendship can not fully go. Always on such occasions the thought recurs and is repeated that words, though winged with all of human sympathy, falter and fail. But I like, in this hallowed, bicentennial year of Washington, to think of those who have ceased to labor here, in this building where he laid the corner stone, as being still of his devoted company in the eternal service of our country.

Reason—

Said Washington on an occasion of sorrow—

> Reason, religion, and philosophy teach us to submit; but it is time alone that can ameliorate the pangs of humanity and soften its woes.

And on the thought of time I come finally to a parable which has to do with the vital part which such lives and public service as we now honor must ever have in the welfare of our people. It is a parable which comes to my mind whenever I see youth in training for usefulness, and when I ponder the end of lives devoted to good works.

I stood alone in the presence of the oldest living thing on all the earth, a towering sequoia tree in the midst of the California mountains. It was evening, and the shadows were those of a cathedral. For that tree age was not reckoned by years, nor only by centuries. Thousands of yearly cycles had passed over it in sunshine and in storm. Since it had come into being, the pyramids had arisen out of vast dreams of glory and the toil of slaves, and become the sepultures of forgotten kings. Persia, Babylon, and Greece had known glory and decay. The eagles of Rome had screamed at the gates of Jerusalem, and the Son of Man had died there on the cross that all men might have eternal life. The epoch of Roman power had passed like a shadow over the wheat. The ancient had given way to the medieval. The medieval had merged into that more modern day when a bold, inspired adventurer breasted unknown oceans and found a new world in which that great tree, already grown immeasurably old, arose in silence and majesty, still hidden on a distant and undiscovered coast.

Yet the giant sequoia lived on, and in its later years the day came when it, symbol of eternity as it was, became embraced in the outstretched boundaries of the youngest of great nations, founded upon principles of justice and liberty even more eternal.

No other tree than the sequoia has more than a brief fraction of such a span of life. For ordinary trees a century or less brings the disintegration age. Their very sap comes to be the conveyer of disease. Fungus and rot attack them, and the winds lay them low. But overpassing them all, spanning the death of countless generations of lesser trees, that great sequoia has stood secure. Lightning could scar but never overthrow. Fire could but leave the mark of its passing, but not destroy.

So I sought the secret of its deathless age, and I recalled that in the place of such sap as flows in the veins of common trees the everlasting sequoia contains within itself an essence of such power that it is its own preservative.

It is so with our Republic. The wisdom of its founders; the justice of its institutions; the devotion of its people, young and old; the divinity of its purpose; and, not least of all, the service, the character, the guiding example of such public men as these 19 of hallowed memory—all these constitute that essence of preservation which, in the providence of God, shall forever flow in the living veins of our beloved country.

So we bid our colleagues who have gone on before us, farewell—in sorrow but with uplifted hearts. We mourn with their loved ones; and in bereavement we recall that, while all men must meet death somewhere on the way, these our colleagues were privileged to meet it on the open road, in the day of their service, with their honors full upon them. Generous, true friends every one, and very gallant gentlemen, who at the last were able to join voices with that other valiant spirit who sang:

Under the wide and starry sky,
Dig the grave and let me lie.
Glad did I live and gladly die
And I laid me down with a will.

This be the verse you grave for me:
Here he lies where he longed to be;
Home is the sailor, home from the sea,
And the hunter home from the hill.

Mr. Leonard Davis sang "Farewell."

Hon. WILLIAM B. BANKHEAD, a Representative from the State of Alabama, delivered the following address:

ADDRESS OF HON. WILLIAM B. BANKHEAD, OF ALABAMA

Mr. BANKHEAD. Mr. Speaker, since the selection of the Seventy-second Congress 3 Senators and 16 Representatives have been summoned by a very grim sergeant-at-arms to take their departure for another forum. We are here to pay our immemorial homage to our comrades who have gone away. Of necessity our eulogy must be composite and not individual.

If we were content to accept Cardinal Wolsey's unhappy lament, this ceremonial might well begin and end with his words:

This is the state of man: to-day he puts forth
The tender leaves of hopes; to-morrow blossoms,
And bears his blushing honors thick upon him;
The third day comes a frost, a killing frost,
And, when he thinks, good easy man, full surely
His greatness is a-ripening, nips his root,
And then he falls, as I do

To accept that bitter philosophy as a summary of life's achievements would make this an hour of despair—it would have us kneel at an altar devoid of the solace of assuring sacrament, whereas in its accepted spiritual significance it is an hour of triumph and reconsecration. We are here to honor men who honored themselves and the institutions of the Republic.

It appears to have become the popular fashion of late for Congress to be the target at which is aimed the bitter, if not vindictive, shaft of every calumny—the victim of every comedian's artless wit, the jibe and jest, indeed, of all that company of scribes who seem to have forgotten every kindly word in the vocabulary of praise.

We do not need to appeal to the living to vindicate the type of men who serve in the Congress of the United States. That this is, and has been, the training ground for many of our country's immortals is attested by the fact that 25 of the figures in yonder hall of fame are effigies of former Members of Congress. We are content to abide the judgment of posterity on a roll call of the dead.

Let us for a moment take the measure of these men. Let us appraise the average background and environment that nurtured their youth, the ambitions which fired their manhood, the qualities of heart and mind which in the esteem of their fellow countrymen made them worthy to take station in that place where Clay and Calhoun and Webster and Lincoln had schooled their polemic genius "in a time remote."

The majority of them no doubt had their origin in plain places; out of a frugal and wholesome environment they grew. The common schools, the modest academies, the State university sheltered and inspired their younger ambitions to know more of this vast old world, of its men and measures, of its political philosophy and social institutions.

In maturer years the ambition for public service entered into their dreams, and it was given them to know that under our benign system of government, in the real lottery of life, there are no marked cards. That neither rank, nor pedigree, nor prerogative casts its sinister shadow across the thoroughfare of aspiration, and that the courageous man had a fair chance to cleave his way through all obstructions. Then the hard apprenticeship in the minor honors—the legislature, the district attorneyship, responsible business executive. And yet always out yonder a little farther away the vision of the National Capitol.

But not quite yet; the preparation is not complete. The hustings is a hard taskmaster; the opponent will be inquisitorial and relentless. What, ambitious man, do you know of the Federal Government? How deeply have you acquainted yourself with the essence and interpretation of its Constitution? How learned are you in the origin of party principles and government and the intricacies of their application to existing controversies? What are the ordered processes of your reasoning that qualify you to engage in congressional debate? And then the yet more intense application in the school of practical politics, the formation of favorable factions, the arduous exactions of the campaign, and then victory and vindication.

It may be fairly stated then that it is no little thing to come into this Chamber with the confidence and approval of a great constituency, bearing a commission emblematic of their trust and their affection. How contemptible the creature who would deliberately degrade such noble credentials. How exceptional the number of those who have been guilty of betrayal.

Thus briefly prefaced in the abstract is the typical beginning of the service of our brethren, and we are assembled to-day for appropriate meditation upon their end.

In between are the brief or long and patient years of extended service. Theirs the effort to see to it that representative and constitutional government for a free people did not succumb, that equality of opportunity under the law should always survive; that the restraint of the mighty and the protection of the weak be a legal fact and not an academic fiction. Theirs to hold to the ancient faith of the founders—to preserve the old fidelities of policy, to revere the precedents honorably established—but likewise to pioneer in new fields of remedy and procedure when the old order grew archaic and unstable. And there lies one of the distressing problems of congressional service; to make decision to abandon an established tenet of policy honored during the reach of years, but now found inadequate to meet the evolution of events and the fickle currents of public opinion. It is no easy thing to remove "the ancient landmarks thy fathers have set." And neither is it a trivial thing to choose a safer outpost than the old fortress to be abandoned.

Verily these men loved America with an affection which "hoped, and endured, and was patient." Theirs was of that same type of devotion which inspired the noble apostrophe of Richelieu:

All things for France,
Lo! My eternal maxim,
The vital axle of the restless wheels
Which bear me on—

Fortunately it is not given to us to raise the iron curtain of the major mystery and see them wherever they are. But we may be permitted to surmise that they yet may make forensic war; that their disciplined and ingenuous faculties, though upon far nobler themes, may yet engage in challenge and reply; or having in that serener sphere put off the bur-

den of issues joined make penance for their wasted words in this life below.

How gracious a thing it is that there are no limitations upon the reach or, indeed, the ecstacy of our imagination in the exploration of the realm of the spirit.

Accepting such license, is it impossible to conceive that our departed friends have carried to the elder statesmen late tidings of the state of the Union?

To Washington that in his bicentennial a grateful Republic of 125,000,000 souls pays every human homage to its first Commander in Chief. To Jefferson that the declaration and the bill of rights, twin children of his brain, are yet the torch and sanctuary of human freedom. To Jackson that his "by the eternals" courage yet fires the hearts of men. To Lincoln that dissolution of the Republic expired forever at Appomattox and that his martyrdom ultimately wrought the healing of the Nation. To Wilson that his league still lives and, though yet aloof from us, has held the confidence of the majority of mankind.

In the beginning, I said that this should be an hour of triumph. It is so because it is an hour of peace. Buried deep in the heart of those commemorative roses, for this day at least, are all ancient grudges, all petty political and partisan feuds. The cadences of the hymns here sung have borne away the clamant harshness of all factional pride. The very softness of the silence within the Chamber is more eloquent in its subtle eulogy than are the phrases coined in the frenzy of debate by the mental ingenuity of men.

There is no occasion in this hour of reverie and contemplation to wear an armor for defense, or to lay hold of the lance for attack, or to use our little measures of intrigue. We lay by the weapons of warfare and gird on the mantles of amity and reconciliation.

On this day, surrounded by the generous exaltation of these obsequies, how feeble a fiction is that space out there called the center aisle. Yesterday the symbol of separation, to-day it is obliterated by the actual consciousness that a mere party label is a miserable device with which to measure the merits of a man.

Others will pay individual tribute to our departed friends on the printed page of our memorial volume. Justification could be found for singling out the eminent and outstanding public services of our lamented and beloved Speaker, NICHOLAS LONGWORTH; and yet, knowing him as we did, understanding the democracy of his nature, if he could be consulted, he would say, "No; not that; no word of praise for me that might disparage the others. We were all yokefellows in a common service, trying to pull together the burdens of our office."

There come many disillusionments with this public life. The way of ambition is not the way of peace. Real attainments here do not come by the processes of tranquillity and repose. The laborious route is filled with the hard stones of arduous labor, grinding details, petty and ofttimes discreditable jealousies, and disappointed aspirations.

But out of the welter of such strife and turmoil there comes to us all the one priceless compensation of real friendships, mutual confidence and respect. We held such sentiments toward all those gentlemen who have gone away. They have gone on an indefinite leave of absence, "on important business, the search of an answer to that question to which all the centuries have given no response: 'If a man die, shall he live again?'"

How can we find it in our hearts to believe that God will break faith with all the sons of men on the assurance of the words of Genesis:

> And the Lord God formed man of the dust of the ground and breathed into his nostrils the breath of life and man became a living soul.

We may with confidence and assurance accept the philosophy of a sentence from Ingall's eulogy on Ben Hill, of Georgia:

> Every man's life is the center of a circle. Within its narrow confines he is potential; beyond he perishes. And if immortality be a splendid but delusive dream, if the incompleteness of every human career, even the longest and most fortunate, be not perfected and supplemented after its termination here, then he who fears to die should dread to live, for life would be a tragedy more desolate and inexplicable than death.

Cornet solo, "Abide With Me," rendered by Mr. John Walker and the United States Navy Band Orchestra.

BENEDICTION

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following benediction:

And now may grace, mercy, and peace from God the Father, Son, and Holy Spirit abide with us and keep us always. Amen.

MEMORIAL ADDRESSES

DWIGHT WHITNEY MORROW

Mr. SEGER. Mr. Speaker, under leave granted I include the following tribute of Hon. HAMILTON F. KEAN, United States Senator from New Jersey, to Hon. DWIGHT W. MORROW:

On October 5, 1931, there passed into the Great Beyond the soul of the late Senator from New Jersey, my colleague and friend, DWIGHT WHITNEY MORROW. His passing closed a long and brilliant career of useful public service to his own State, to the Nation, and to the people of other nations, and bereft the world of an international figure whose wide sympathies, keen intellect, sound judgments, and wise counsels were never more greatly needed to help civilization find its way out of an economic and social morass.

Edgar Guest's lines well described this man who has gone from us:

> "Men are of two kinds and he
> Was of the kind I'd like to be.
> Some preach their virtues, and a few
> Express their lives by what they do.
> That sort was he. No flowery phrase
> Or glibly spoken words of praise
> Won friends for him. He wasn't cheap
> Or shallow, but his course ran deep,
> And it was pure. You know the kind.
> Not many in a life you find
> Whose deeds outrun their words so far
> That more than what they seem they are."

Like so many other American boys who have won deserved fame by ability, courage, and character, DWIGHT W. MORROW was the son of poor parents. Born in Huntington, W. Va., January 11, 1873, he was the descendant of pre-Revolutionary Virginia patriots on his father's side, while his maternal ancestors were among the pioneers who settled Kentucky. His father, a school-teacher, sacrificed himself to educate his children, of whom the entire five who survived each received a normal-school or college education, and all five taught school at some time in their careers.

DWIGHT W. MORROW early betrayed the scholarly qualities which marked him throughout life when he graduated from high school with honors at the age of 14. Too young and frail to immediately enter college, he worked four years as an errand boy in the county treasurer's office at Pittsburgh, the family having moved to Pennsylvania. An older brother had won an appointment to the Military Academy at West Point, and at the age of 18 DWIGHT entered a competitive examination for the same place. He won the examination, but the Representative from the district was unwilling to make the appointment and have two boys from the same family in the acadamy at the same time. It was not in the character of DWIGHT W. MORROW to be defeated by circumstances, even at that early age, and a few months after the denial of his military aspirations he entered Amherst College, where among his fellow students were three whose lives and careers were destined to continue closely linked with his own—Calvin Coolidge; Harlan F. Stone, now a Justice of the Supreme Court; and BERTRAND H. SNELL, present Member of the House of Representatives.

The scholarly tendencies evidenced in high school developed and marked young MORROW's college course. His especial proficiency in mathematics and philosophy helped to qualify him for his later success in the fields of law, finance, diplomacy, and statesmanship.

As many other great Americans have done, DWIGHT MORROW worked his way through college, tutoring other students and editing a literary magazine. He won most of the prizes in mathematics and graduated at the head of his class. With the cash prizes he bought railroad tickets for his parents to go to Amherst to see him graduate. His oratorical ability was manifest in his college days, and at his graduation he won the two prizes for public speaking. His classmates voted him the member of the class most likely to succeed. In his contest he voted for Calvin Coolidge, and Coolidge voted for him.

After graduation from Amherst, young MORROW secured a clerkship in the county offices at Pittsburgh, where his father was principal of the normal school, and saved enough money to enter Columbia Law School in 1896. Here he again worked his way through by tutoring. Graduating from the law school, he became a clerk in the law offices of Reed, Simpson, Thatcher & Barnum in New York, at the head of which firm was Thomas B. Reed, former Speaker of the House of Representatives. Although other law stu-

dents were glad to secure such clerkships without salary, Mr. MORROW explained to Mr. Simpson of the firm that he could not afford to do this, and he was paid $50 a month to start. In seven years he was a member of the firm. As a lawyer, his faculty for stripping issues of nonessentials, bringing about agreement between conflicting interests, and organizing new enterprises won for him the confidence and respect of leading financiers, and he was invited to become a member of the firm of J. P. Morgan & Co., where he became an invaluable adviser to the financial world.

When the Great War broke out credits for all the allied nations were arranged through Morgan & Co., and they became suddenly the financial center of the maelstrom. In this emergency the knowledge of higher mathematics which Mr. MORROW had gained from Professor Olds at Amherst aided him in solving many of the intricate problems of international financing involved in the process of changing the United States from a debtor to a creditor Nation. William G. McAdoo, Secretary of the Treasury, appointed him as the head of the war-savings campaign in New Jersey, and he helped to originate the national thrift campaign. His speeches were used by the war-savings and Liberty loan committees throughout the country. President Wilson made him a member of the Allied Maritime Transport Council and the Allied Board of Supplies. Much of the work of these commissions, which consisted in amalgamating sea-transportation facilities and allotting them to the nations on a basis of largest value to the allied cause, was done in secret. DWIGHT MORROW worked best that way. He sought results, accomplishment—not publicity or honors. In fact, he refused a military commission offered him in recognition of his services to the American Expeditionary Forces, but could not refuse the distinguished-service medal given him by his own country nor the decorations presented by France, Italy, and Greece in token of their appreciation of his war work.

The drafting of DWIGHT W. MORROW for difficult public tasks began in his own State many years ago and became a National and State habit. In 1917 Gov. Walter E. Edge, now ambassador to France, drafted Mr. MORROW to serve upon the New Jersey prison inquiry commission, of which Mr. MORROW became chairman. There had been an indignant demand from the citizens and newspapers of the Senate of New Jersey for a radical reformation of the treatment of inmates of the State penal and correctional institutions.

The commission, under Mr. MORROW's leadership, made an exhaustive study of the subject and in 1918 made its report to Governor Edge. The report consisted of two volumes, one of which was a history of the penal and correctional institutions of the State of New Jersey from Colonial times down. The legislature of the State adopted the recommendations of the commission and set up by statute the department of charities and corrections, the name of which was later changed to the New Jersey State Board of Institutions and Agencies. Mr. MORROW served as chairman of the new department until 1920, when he retired. The system of institutional operation and control which was established and is being conducted in New Jersey as a result of the work of the prison inquiry commission has served as a model for other States after they have made extensive studies of systems elsewhere. In 1920 the national committee on prisons and prison labor gave Mr. MORROW a gold medal in recognition of his accomplishments in prison reform in the State of New Jersey.

In September, 1925, President Coolidge summoned Mr. MORROW to service as a member of the board which President Coolidge created for the purpose of "making a study of the best means of developing and applying aircraft in national defense." The board consisted of nine members, who elected Mr. MORROW their chairman, and was known as the President's aircraft board. The board made an intensive study of the subject during the fall of 1925, and at the end of November rendered its report to President Coolidge, which he transmitted to Congress and which Congress adopted almost in toto. Through his service as chairman of this board and also as trustee of the Daniel Guggenheim Fund for the Promotion of Aeronautics, Mr. MORROW helped to build and strengthen aviation.

When in 1927 President Coolidge appointed Mr. MORROW ambassador to Mexico, the relations between that country and our own were so strained as to threaten in the minds of many a continuance of friendly diplomatic intercourse. Differences of opinion over certain Mexican laws, particularly those affecting petroleum, were very acute. In selecting Mr. MORROW as ambassador to Mexico President Coolidge threw upon him the Herculean task of settling these questions and at the same time of restoring relations between the two countries to friendliness. How thoroughly he won the confidence of the Mexican people by his friendliness, sympathy, and understanding, his rare tact and diplomacy, and how successful he was in his handling of the difficult task which he had undertaken, is too well remembered to need repeating here.

In January, 1928, Mr. MORROW went to Habana, Cuba, as a member of the Sixth Pan American Conference, having been appointed to that conference by President Coolidge as one of the representatives of the United States.

While concluding his work in Mexico and preparing to act as a delegate to the London Naval Conference, Mr. MORROW was drafted by the Republican Party, to which he had long given allegiance, for more service to his own State. A candidate for the United States Senate was needed who could not only ably represent the people but could also reconcile differences within the party and insure party success. Told over the long-distance telephone in Mexico City of this need and of the agreement of party leaders that he was the one man who was their unanimous choice, Mr. Morrow accepted the summons as another call to duty.

Nominated by an overwhelming vote in the Republican primaries, Senator MORROW was elected by a plurality of 250,000 at the polls. His political beliefs were well summed up in his few campaign speeches, from which I quote these sentences:

"Despite all criticism of party government, we have found no way of making democratic government function without party machinery and party responsibility."

"If I am elected to the Senate, my only obligation will run to the voters of the State and to my own conscience."

And again:

"The constituency may properly demand of its representative that he be a public servant, but they would and should despise him if he agreed to become a slave."

As a Senator, Mr. MORROW's all-too-brief career was marked by the same earnest application to his duties, the same studious effort to understand questions and issues and rid them of nonessentials, and the same tolerant sympathy for the views of others, though he differed from them, as had characterized his career in college, in the law, and in the realms of business and diplomacy.

In addition to his work and interests, to which I have already alluded, for many years he was a trustee of Amherst College, from which he graduated in 1895. He was also a trustee of Hampton Institute, a director of Union Theological Seminary, of the New York Association for Improving the Condition of the Poor, and of the Russell Sage Foundation. He had been a director of the Commonwealth Fund, a trustee of the Carnegie Endowment for International Peace, and was a Regent of Smithsonian Institution at the time he was elected to the United States Senate.

Few men in any generation have given themselves with greater zeal and more patriotic devotion to the undivided service of their country and their fellow men than did DWIGHT W. MORROW in the days when the world was mad with war, and since. Where there was need for help in a worthy cause he never failed to heed the summons. One of his great services to humanity was as chairman of the committee which raised funds for the relief of earthquake and fire victims in Japan. His last public utterance, only a few hours before his great spirit burst the bonds of his frail body and passed to the great beyond, was an appeal for relief funds to help Jewish people.

DWIGHT MORROW's death is a great loss to his devoted wife, who has shared his pleasures and his trials for so many years. His death is a great loss to his children, to whom he was a father and companion and to whom he has been a counsellor and guide. His death is a great loss to the State of New Jersey, whose devoted servant he was, but it is a greater loss to the Nation, which in these times can ill afford to lose a man with such clear vision, sound judgment, and constant and able devotion.

As an epitome of his life, I might quote Kipling:

"He scarce had need to doff his pride or slough the dross of Earth,
E'en as he trod that day to God so walked he from his birth."

MEETING IN MEMORY OF THE LATE DWIGHT W. MORROW HELD BY HIS LONDON FRIENDS AT THE AMERICAN EMBASSY IN LONDON ON WEDNESDAY, OCTOBER 14, 1931—HIS EXCELLENCY THE AMERICAN AMBASSADOR (GEN. CHARLES G. DAWES) IN THE CHAIR

His Excellency the American Ambassador, General DAWES. We all meet as the personal friends of Senator MORROW. There are very few in this room—if, indeed, there is anyone—of whose friendship Senator MORROW himself has not spoken to me. It is very difficult for me to speak of him in any way but in terms of personal bereavement—in fact, it is difficult for me to speak at all. I recognize, as you all do, that his passing is more than a personal loss; it is a loss to the American Nation and to the world. Nature seldom decorates a man of genius with those human qualities and that exceptional character which were possessed by DWIGHT MORROW and which are really needed to give high ability its greatest effectiveness and usefulness in the world. DWIGHT MORROW's genius was such as won recognition in any company in which he might be; but there was always an equal recognition of his lovable human qualities and his strong character. Those qualities of which Sir Arthur Salter recently wrote in a very impressive tribute to him, which was published the other day, were qualities which at once struck anyone who was his associate. The first was an uncanny power in a discussion with any man, no matter what his personal feelings may have been, to put himself in the other man's place. There are many here who have been in negotiations with him, and no one of them could have failed to notice his predominant quality of fairness. He would never enter into any discussion in which he did not see the other man's side and make the other man feel that he knew all the difficulties, the embarrassments and the impediments which had to be faced and overcome before the other could come to his way of thinking. He was recognized as the first in practically every kind of association into which he went—technical, political, and civilian.

Seeing Gen. Sir Travers Clarke here, I remember at one time in the war when I went to British Army headquarters he asked me if I knew Mr. DWIGHT MORROW. He added, "I wish you would bring him to headquarters the next time you come, because I should like to see him and know him. I am told at the admiralty that his diagnosis of the allied shipping situation in the world was such that it determined admiralty policy." He was a mathematical genius, as Poincaré and Painleve are, and was masterful in solving technical questions. Sir Arthur Salter, Sir William Malkin, and Mr. Craigie, who are with us, have all worked with

him in such matters and will testify to his unusual ability in technical discussions, as well as to that faculty for putting himself in the other man's place which is never easy in technical differences which especially involve a pride in opinion. Then, above all, he would trust others. He never dealt with anybody without expecting him to trust to his own honesty, nor without his own trust in the honesty of him with whom he was negotiating. That made him immensely effective, for human qualities have just as powerful an effect in negotiations between nations and classes as in negotiations between individuals. In the Paris papers there appeared a tribute to DWIGHT MORROW, written by Mr. Robert Davis, which expresses what I am trying to say so much better than I can that in closing I will read a portion of it. Mr. Davis, at one time his pastor, was always an intimate friend. He said:

"DWIGHT MORROW was a small-town man, as Abraham Lincoln was a small-town man. He viewed the people about him as interesting and separate individuals, not as a human mass. He knew his neighbors. He knew why they worried, about their children, their investments, about their gardens, their family pets. He seemed to like individuals for themselves. He seemed to be reflecting upon what would help them to live more generously, about how they could get ahead in the world, how they could conquer their personal failings. During his mature life DWIGHT MORROW had three notable characteristics. He kept the mind of a mathematician, which had made him a prodigy as a boy, but this mind found its pleasure in the dissection of social misunderstandings. He delighted in the orderly analysis of a situation, removing the extraneous, layer by layer, like a surgeon; going deeper and yet deeper, until he confronted a single defined issue. A second characteristic was his small-town psychology. He approached any stranger, any stranger nation, any opposing politician as a small-town citizen meets a trusted neighbor. He assumed that they were like himself. He was prepared to interpret them, to represent them, because they were familiar to him. His third trait was an instinct for putting himself in the other man's place. Without effort he ignored himself and his own side of the question. The whole center of the picture was occupied by the other man's rights and advantages. Feeling his unforced sincerity, his opponents were disarmed; suspicion relaxed. They felt that they were with a friend. It was the union of these three traits that made DWIGHT MORROW a negotiator such as has seldom been equaled. If DWIGHT MORROW had lived it is possible that he would have reached a very high place in our Government. Should this have happened, he would have kept on dissecting every situation, without haste or timidity, interpreting men to themselves and to one another, showing them that, after all, there was some simple remedy, that quarreling would not help. As advocate, as ambassador, as Government envoy, as patriot, he showed people that if one's enlightened self-interest were known, there would be little cause for rivalry or anger."

I want also to read a few words which ex-President Coolidge, who held him in deep affection and respect, wrote of him but a year ago. He closes his tribute to Senator MORROW in these words:

"I first met him as the representative of the great mass of our fellow citizens which we call the people. There he will always remain, just one of them, unencumbered by his property, thinking their thoughts, working, working tremendously for their success. I have seen him develop into a ripe scholar, an able lawyer, a great business man, a wise statesman, and a devoted husband, father, and patriot. When most men would retire he seems always just beginning—beginning some new service for his friends and neighbors, for his country, and for humanity. It is the glory of the United States that it can produce such citizens."

I have asked a few here to say something of Senator MORROW, and I will call upon one of his very dear friends, the ambassador of France, M. de Fleuriau.

His Excellency the French Ambassador, M. DE FLEURIAU. I associate myself with all that General Dawes has said with reference to the late Senator MORROW. I came first in contact with him in 1917 when he came to London during the war. There are many here who worked with him and with me at that critical time which has left very, very interesting memories. The characteristic of DWIGHT MORROW, as he comes to my mind, was good will. He felt a very earnest good will toward the work he was doing and an extraordinary good will toward anyone who was associated in that work. That good will was helped in the most remarkable way by a sort of movement in his mind. He showed an extraordinary activity of mind—what we call in French "verve." He had verve, and he had courage, which is always a great characteristic in these serious times of our lives. He had, too, what was very peculiar, a curious absent-mindedness which added to his personal charm. I was his friend. I did not see very much of him for several years, but I had twice, while we were separated, some very delicate communications to make in his country. I wrote to him, and he gave me help for which not only I but my Government was very grateful. During the great financial difficulties we had he was a very good adviser to us. When I saw him last in the politics of his country he had become a Senator. I had then great hope for his advance in those politics, but now those hopes are shattered, and I feel very deeply the loss of this gentleman.

The CHAIRMAN. I will ask his excellency, the Italian ambassador to add a word.

His Excellency the Italian Ambassador, Signor BORDONARO. I am very grateful to the American ambassador for having asked me to be present at this meeting to-day and given me the opportunity of paying a personal tribute to the memory of Mr. DWIGHT MORROW. I was not an old friend of Mr. MORROW. I only met him for the first time when he came over for the naval conference last year. But since then I was fortunate enough to be on the best terms of friendly relations with him. I saw him last March when he was leaving to spend a holiday in Italy; he was to stay some weeks in my native town of Palermo. Mr. DWIGHT MORROW was not only a great American citizen and statesman, but he was one of those great international brains whose value is particularly needed in our present difficulties all over the world. His loss is not only a loss for America but a universal loss. The news of Mr. DWIGHT MORROW's disappearance was very deeply felt in Italy, where he had many friends. He was considered as a true friend of Italy and had several opportunities to prove himself one. I wish that my sincere tribute to his memory to-day should be taken also as a tribute from the country I have the honor to represent.

The CHAIRMAN. I will now ask the Japanese ambassador, who was a close friend of Mr. MORROW, to speak.

His Excellency the Japanese Ambassador, Mr. T. MATSUDAIRA. It is with heartfelt emotion that I speak a very few words to pay my tribute to the memory of a great American, our mutual friend, the late Senator DWIGHT MORROW. It was about four years ago when I was in Washington that I first met Mr. MORROW. Even before my personal acquaintance with him I had known that he had interested himself in the promotion of international good understanding among the nations, that he had paid great attention to the Pacific problems, and that he had constantly worked, though not officially, or ostensibly, in the cause of friendship between America and my country. Even in that first interview with him I was greatly impressed with his genial character, his legal mind, his common sense, and his high ideals of statesmanship. This impression was deepened when I met him again in London as a colleague at the time of the naval conference of London last year. I had other occasions in which to be in association with him closely and came to appreciate that his inclusion in the American delegation was an important factor in the successful issue of that historic conference. His ability and character asserted themselves most remarkably when difficulties and complications beset the path of the deliberations. His keen mind, his perseverance, and his remarkable power of easing the tense atmosphere, whenever it was endangered, were most essential in those anxious days.

The world is now passing through a very difficult time. Great questions, unexampled in history, are confronting us. The questions of finance and disarmament are demanding the wholehearted exercise of human energy, enterprise, and statesmanship. It is a time when a man of Mr. MORROW's experience, conviction, foresight, and strength is most sorely needed. His untimely death is not only lamentable for his own country but for all the world. The cause of the peace and prosperity of the whole of humanity will suffer in the loss of this great American statesman.

The CHAIRMAN. I will now ask the Mexican minister to say a word.

The Mexican Minister, Doctor ORTIZ. May I offer my humble homage here to the memory of the late Mr. MORROW, looking back to the time when he was ambassador in Mexico and to his many personal virtues.

It was at a difficult time that he came, as the highest representative of the United States, to my country; and he accomplished his task very well indeed, bringing to it a determined will to smooth away the obstacles in the path of our traditional friendship. I dare to say that it was his good will and his readiness to see and understand our national problems, not less than the indefatigable devotion he put into his task, that was the clue to his success. If to these qualities are added the personal charm and frankness of Mr. MORROW, which gained for him without effort the confidence and friendship of the Mexicans, it is easy to understand that he made one of the best American ambassadors we have had in Mexico.

Being myself absent from Mexico for a long time, I only had the opportunity of making his acquaintance during his last visit to London. I consider it a privilege to be able to add my tribute to-day, from my personal and pleasing memory, to that of the others who have spoken. It often happens that foreigners who come to Mexico with the good wish to conquer hearts are themselves conquered. Whether or not that explains the kind and sincere way in which Mr. MORROW always referred to my country, we could not but appreciate it greatly.

Through all the many worries of his busy life, endeavoring to do good to his country and to help humanity in the solution of the many problems of the day, he longed in his heart for peace and rest; and hoped to find them in his pretty, tiny house at Cuernavaca, which he was keeping for that purpose. If his premature death deprived him of the well-deserved rest he had planned, in a higher form he found it at last, leaving to his country and his fellowmen the fruits of his righteousness and of his services for mankind.

The CHAIRMAN. I will ask Mr. Montagu Norman, one of Mr. MORROW's very old friends, to say something.

Mr. MONTAGU NORMAN. This is not only a unique occasion, the like of which I believe not any of us has seen before, but we must recognize that it is also an occasion of sadness and of emotion. I, for my part, and perhaps the rest of you, his personal friends, can not contemplate the death of DWIGHT MORROW, or the world without him, without wondering what death means, without thinking, as we are all accustomed to think when death comes near to us, of mortality and immortality,

and whether indeed in spite of his death we shall continue without his good will and succor.

But that is not the side to which I wish to direct your attention. I have been wondering, as I came along here, why it is that we, as the ambassador has said, his personal friends, are meeting together in this unique manner on this unique occasion. We have heard it said, and I know well, that Senator MORROW was eminent as a mathematician, eminent I believe as a lawyer, as a banker, as a Senator, and certainly eminent in his desire and craving for public service. Yet I venture to say that if it were only for those reasons that we knew him we should not be gathered together as we are. It was because of another quality which he had, and which we all of us recognize, although perhaps we never put it into words. That quality was that we met him and he met us as a man. That is the category in which we knew him. That is the way we met him. If you may think that the term man is inadequate, I will say as a gentleman, or as a nobleman. Allow me to go one step farther. It was not the things that he did, but what he was, as I say, that endeared him to us, nor was it because he was clever or farsighted, or imaginative, or any of those qualities which we recognize and many of which have already been mentioned this afternoon, but from my point of view the reason I feel and have felt toward him as I do is that he made me feel that those were my qualities and not his. The very difference in dealing or speaking with Senator MORROW, whether when he was a host, or whether when he was in business, or whether when it was merely passing the time of day, was that whereas at the beginning I felt a worm, at the end I felt a man. As I went along listening and talking to him I could not but be conscious each time that he lifted me from the dull and unimaginative way in which I was accustomed to approach many of the subjects which we discussed, and brought me, as it were, on to that level which, so far, I had believed he alone could occupy. Mr. Ambassador, first of all, it is because he was a man and a gentleman and a nobleman that I treasure his memory. Secondly, it is because for all his qualities he, with a generous hand, imparted them to me, and because I know that I have been the better for such contact as I have had with him. So I have gladly accepted your invitation to pay my small tribute to him, to mourn with you his death, but to be thankful for his life.

The CHAIRMAN. I will ask Mr. R. L. Craigie, of the Foreign Office, who was very many times associated with Mr. MORROW, to say a word.

Mr. R. L. CRAIGIE. After what has been said here this afternoon I feel it would be almost a presumption on my part to attempt to pay any general tribute to DWIGHT MORROW's character, life, and career. But there were two periods in his career when I had an especially advantageous opportunity of watching him at work, and I may perhaps refer briefly to those periods. The first was the period of his ambassadorship in Mexico City. When he went to Mexico City there were many difficulties in the way of American-Mexican relations, many big and difficult problems which had so far eluded solution. To a third party they seemed almost insoluble, and yet when Mr. MORROW arrived at Mexico City he set to work with courage and energy to master those problems, and not only to master them but to win the confidence of those with whom he was negotiating. I feel sure the Mexican minister will bear me out when I say that, viewed from our neutral standpoint, in those three years, when he was ambassador in Mexico City, a complete change in the situation was brought about. When I say from the neutral standpoint, of course, we were not entirely neutral because we, with our great interests in Mexico, benefited greatly from those happy changes.

The second period during which I was able to see him at work at closer quarters was during the London Naval Conference When he arrived here he could have had no previous, or very little previous, knowledge of those difficult technical and complex questions which we had to discuss, connected with guns, categories, displacements, and so on. Yet within a very short time of the opening of the conference, there was, I believe, no man who had a better mastery of those problems. He set to work with his singleness of purpose, his tact and his resourcefulness to help him in the solution of those problems one by one. I am sure Sir Maurice Hankey will bear me out when I say that that conference owed a very deep debt of gratitude indeed to DWIGHT MORROW. When he crossed the ocean to come to this country he had already won our great esteem and admiration. When he left, he carried away with him our deep affection as well.

The CHAIRMAN. We will conclude the meeting by hearing one more friend of Mr. DWIGHT MORROW—Mr. Charles Selden, president of the American Press Association.

Mr. CHARLES A. SELDEN. Mr. Ambassador, the last time I saw Senator MORROW was in April of this year in the public lobby of the Parliament buildings. Much to my surprise, I saw the Senator standing in the middle of a long, dreary queue of ordinary sightseers, waiting for the policeman to let them go upstairs to the gallery after the House of Commons had finished saying its prayers. Of course, I was surprised, and I said: "Why, a Senator, an ambassador, and a delegate to the naval conference ought not to be in a queue like this; you ought to be going comfortably to the distinguished strangers' gallery." He said: "Well, I am not an ambassador any more, I am only a Senator, and the naval conference was over a year ago. I do not want to be a distinguished stranger; I just want to go upstairs and hear Snowden." He did, and he sat throughout the afternoon five rows back from where the foreign correspondents sit. The incident was characteristic of the things in Senator MORROW that made him beloved of newspaper men wherever they met together, whether in Mexico or in London, in New York or in Washington, or in his own State of New Jersey, where he had before that been elected by the unprecedented majority of 200,000 to the Senate, chiefly because he had the courage to say to America what no other Republican candidate throughout the United States had dared to say. We liked him also because he did not know how to boast, even when he was telling us about the big affairs in which he himself had participated. The nearest he ever came to it—he never tried—was when he told us that he had persuaded some of his British colleagues to work on a Good Friday and through the Easter week-end. As a result of that feat, he had finished the drafting of the naval treaty in four days. Mr. Stimson had previously expressed the hope that it might be done in 10 days, allowing time out for the English Easter.

But it was not merely as a genial host and good story-teller that Senator MORROW had his relations with foreign correspondents. We hear a great deal now about the necessity for sympathy, confidence, and good understanding among the countries. Journalists working abroad naturally feel that they have some legitimate, although unofficial, part to play in producing that understanding. But it can not be done without the help, sympathy, and confidence of the official diplomats; and that was what we always had from Senator MORROW. He did not come into American politics and diplomacy until some years after diplomacy had begun to call itself "open"; and MORROW took the idea of openness very seriously, and enabled the correspondents to render better service to their papers, to the people of the country from which they came, and to the people of the country to which they were accredited.

The CHAIRMAN. That will conclude the meeting. I will wire, with your permission, a message of sympathy to Mrs. Morrow.

Mr. SEGER. Mr. Speaker, under the permission granted to extend my remarks, I submit the following statement of Hon. W. WARREN BARBOUR, of New Jersey:

The passing, on October 5, 1931, of DWIGHT WHITNEY MORROW was an irreparable loss, not only to the State and to the Nation but to the world. At a time when even the wise men grope blindly for the distant ray of sunlight to lead them and their kind from the economic and social morass into the pure light of day, the wide sympathies, the keen intellect, the logical judgments, and the wise counsels of this true American can scarce be spared.

DWIGHT W. MORROW's rise to the heights of leadership over his fellow men is the typical story of the early struggles and hardships of the American youth, who, overcoming innumerable obstacles, continues unswerving on toward the goal. As a youth at Amherst his abilities were quickly recognized, and he was voted by his classmates the student most likely to succeed in later life. His proficiency in mathematics and philosophy during these years of study were to come in good stead when he reached manhood. It affords some additional insight into the character of this man when we hear that the prize money awarded him in a contest in mathematics was spent for railroad tickets so that his father and mother might attend his graduation.

Securing a clerkship in the county offices at Pittsburgh following his graduation, young MORROW saved enough to enter Columbia Law School, where his ability to strip issues of their unessentials was readily recognized.

His rise in the field of law was rapid, and he was successively advanced to positions of high trust, finally becoming a member of J. P. Morgan & Co. The coming of the World War saw him appointed as head of the war-finance campaign, and he assisted in formulating the national thrift campaign plan. President Wilson, disregarding party lines in his quest for high ability, made him a member of the Allied Maritime Transport Council and the Allied Board of Supplies. He sought and achieved the thing that was the pressing demand of the day—results. He achieved it without fanfare and without the beating of drums; but when DWIGHT W. MORROW had finished a job, there were few, if any, improvements that could be made upon it.

The rest of the story is still fresh in the minds of the people—his aid in drafting the first workman's compensation law enacted in New Jersey, his service on the prison inquiry commission and on President Coolidge's air board, his successful efforts to rehabilitate the finances of Cuba, and his culminating triumph of all in the field of statesmanship—the reestablishment of good will between this Nation and Mexico.

Concluding his work in the republic of our southern neighbors, he was sent as a delegate to the London Naval Conference when the call to serve his State in the halls of the United States Senate was sounded. He responded, and the overwhelming plurality given him by the electorate was a tribute to the respect in which the man and his abilities were held by men and women of all parties.

Few men have devoted themselves so unreservedly to the public welfare as did DWIGHT MORROW. In his hands any problem was assured of a safe and sane solution.

His passing leaves the world bereft of a charitable figure, a true gentleman, a talented statesman, and a heart which beat in accord with all of humanity.

THADDEUS H. CARAWAY

Mr. GLOVER. Mr. Speaker, this day has been set aside as memorial day to honor those of our ranks that have fallen asleep during the year just closed. I desire to speak espe-

cially of one of our ranks from the great State of Arkansas, the Hon. T. H. CARAWAY. It was my pleasure to know him intimately for many years, and to know him was to love him. He was a man of positive conviction. You never had any trouble to find where he stood on any of the great questions that confronted the Nation. To say that he has been missed from our ranks does not express it. His influence for good was felt throughout the Nation. He was an able speaker and always held the attention and esteem of his colleagues.

While he devoted the greater part of his time to the practice of law, Senator CARAWAY gave much of his work to the upbuilding of his State, and was ever a prominent figure in the political arena. He possessed untiring energy and was a diligent student. He was one of the most eminent lawyers in Arkansas and was actively engaged in the practice of law.

In his political life he was frank and outspoken. It was his belief that a candidate should stand upon principles, and there was never any difficulty in finding where he stood on public questions. Few men were ever better equipped for the duties of a statesman, none more sincere and honest.

It was but natural that his State should call him to many public offices and finally crown his political life with a commission to the Senate of the United States.

We sympathize with his family that he left behind to mourn his loss. He has gone from us, but will never be forgotten by those of us who loved him. May we emulate his great example of loyalty and profit by his statesmanship.

It is with a feeling of deep personal loss that I say these last few words in memory of my friend, whose nobility of character will ever be an inspiration to the youth of the Nation, whose life is worthy of the highest emulation.

Under the leave granted to extend remarks in the RECORD, I include the following statement of his colleague, Hon. JOSEPH T. ROBINSON, United States Senator from Arkansas:

Service in either branch of the Congress during the last few years has been marked by notably increased duties and responsibilities. The centralization of power and administrative authority in the Federal Government has been rapidly growing during the last 25 years. The process appears to have been quickened since the beginning of the economic depression in October, 1929.

There is hardly a member of the Congress, however familiar he may be with the details pertaining to national legislation, who has not felt the strain incident to the confusion of national policies and the disappointment and dejection incident to the futility of experiments by the lawmaking authorities with schemes designed to restore confidence, revive business, and relieve unemployment.

Many lawmakers, as well as individuals engaged in the various spheres of private enterprise, having failed to safeguard their physical resources, have broken down under the pressure, and more than a few have been called prematurely by death.

The senatorial associates of Senator THADDEUS H. CARAWAY were familiar with his peculiarities of disposition and knew that it was his custom to work almost continuously, seldom indulging in any form of recreation or amusement. Long hours of confinement in his office and in the Senate, with little outdoor exercise, undermined his naturally strong constitution and so reduced his vitality that he was unable to mobilize the vigor and strength essential to recovery from a surgical operation which he found it necessary to undergo during the vacation of Congress in 1931, just at a time when his capacity for usefulness to the public was greater, by reason of his experience and diligence, than at any other period in his prolonged public career.

Distinctive mannerism, occasional sensitiveness, and quick resentment of unjust criticism respecting his position on public issues; exceptional clearness of thought and expression and readiness of witty and humorous retort, gave to Senator CARAWAY a prominent and secure place among the foremost debaters of his time.

Few renowned public men with whom it has been my privilege to be intimately associated have brought to the performance of their duties a broader experience than Senator CARAWAY enjoyed. Trained to hardship and self-reliance in early youth, he acquired while serving as a teacher in the public schools a knowledge of human nature which proved of undoubted value when the obligations and responsibilities of maturity required a measure of self-restraint not always consistent with that impulsive action to which Senator CARAWAY was often prompted by nature.

Before becoming a member of Congress, Mr. CARAWAY served for several years as prosecuting attorney in a district in eastern Arkansas embracing counties comprised in the first congressional district of that State. It is doubtful if the entire country has produced a more effective and successful public prosecutor. The ability to examine and cross-examine witnesses in such a manner as to uncover facts and separate them from conclusions, the power to impress upon courts and juries the significance and relation of material circumstances, are among the indispensable attributes of great advocates. Mr. CARAWAY contributed to the supression of crime by the fearless prosecution of lawbreakers and by demonstrating his ability to secure convictions in all trials when justified by the evidence.

Entering the House of Representatives in 1913, he served with distinction throughout the trying period of the World War and gave hearty support to President Wilson in his measures for the successful conduct of the great conflict. Indeed, he was prompted to contest the reelection to the Senate of Hon. William F. Kirby, who succeeded Senator James P. Clarke (the latter having died a few months before the United States entered the war), on the ground that Senator Kirby had not been sympathetic toward the war policies of President Wilson. The triumphant election of Senator CARAWAY brought him into a new and broader sphere of usefulness where he quickly took a place in the first rank of able and patriotic Senators.

It would be interesting to review his work as a member of the Committee on Agriculture; however, the appropriate limitations on this address hardly permit of the discussion in detail of the measures he proposed. It was one of the bitterest disappointments Senator CARAWAY ever knew when the farm marketing act was passed through the influence of the national administration without the inclusion of either the equalization fee carried in the McNary-Haugen bill or the export-debenture method of agricultural assistance, which he took the initiative in preparing.

As a member of the Judiciary Committee, Senator CARAWAY's training and experience in the practice of the law, his comprehensive grasp of the principles of the Federal Constitution, made him a powerful factor in shaping and controlling the legislative measures which came from that great committee during his service as a member of it.

Extraordinary ability as an investigator, facility for mastering and mobilizing facts, unusual talent in stating and in presenting them, diligence in the performance of duty; severity, even bitterness, in the face of opposition, yet tenderness and sympathy toward all distress and suffering, combined to make for Senator CARAWAY a character and career which has left a lasting influence for good citizenship and wholesome government in the memory of the many thousand friends who mourn his departure.

WILLIAM JULIUS HARRIS

Mr. TARVER. Mr. Speaker, the wave of grief which swept over the State of Georgia on the evening of April 18, 1932, when news went out from Washington that Senator HARRIS had died, was such a spontaneous and genuinely sincere tribute on the part of the 3,000,000 people whom he had served to the sterling character and accomplishments of the man that the mere addition of words by one individual can add nothing to it. Throughout the news articles which appeared in all of the papers of the State at that time there ran one expression which impressed me deeply, and that was that in his passing the people of Georgia had lost a "friend." Not the accomplishments of his years of public service, many and varied as they were, received emphasis; not the numerous and high honors which had been justly bestowed upon him by his State and Nation; but the fact that in Senator HARRIS every man, woman, and child in Georgia had a "friend"—that was the outstanding feature of private and public comment.

And it was the strength of the man, in his political career. It was not his "the applause of listening senates to command." He made no pretensions to the gift of oratory. He was not showy in his service to his people. But the humblest citizen of Georgia could bring to him his trouble and receive the response of a kindly heart, willing and anxious to give aid wherever it might be rendered. The attainment of distinction, position, and power made him humble and anxious to be worthy, not arrogant nor proud. Too many of our public servants feel that their selection for public place is a selection to rule and not to serve. It was not so with him. WILLIAM J. HARRIS in the Senate was as close to the ordinary man as he was on the streets of his home town before any public honor ever came to him.

Twenty years ago I served with him in the Georgia Legislature. Then, as throughout all of his career, he felt his obligation to the masses of the people, and disclosed that feeling by his legislative work. He was not a demagogue. He did not seek to win the approval of the unthinking by unjust attacks upon the interests of those of his constituents who were wealthy or powerful. He represented them also and gave to them every legitimate assistance in his power. But throughout his long career no man ever suspected that he was subject to the control of any special interest, nor that he viewed his obligation to the humblest farmer or workingman in his State as less sacred than that which he owed other classes of our citizenry.

When I came to Washington as a Member of the Seventieth Congress, with all of the lack of knowledge of practice and procedure in Congress which afflicts every new Member,

he found time from his numerous duties to inform, advise, and assist me in every possible way; and he continued the closest cooperation and accord with me in the more than five years that followed until his death. In greater and more poignant degree than those who did not work with him, I mourn the passing of a friend; an able, powerful, honest friend. I know—as who of our people does not—that Georgia never sent out from her red clay hills into her public service a man who loved her more, and never received back into her soil the ashes of a man who was by her people more beloved.

Mr. RAMSPECK. Mr. Speaker, in the death of its late senior Senator WILLIAM J. HARRIS, Georgia has lost a most unusual public servant.

Senator HARRIS devoted himself untiringly to the interests of the people of his State. He was never too busy to attend diligently to any matter in which one of his constituents was interested. No man or woman was too humble to command his best efforts.

For many years he ably represented the State of Georgia in the Senate. He rose, by seniority of service, to the top of the Democratic side of the great Senate Committee on Appropriations. He held other important committee assignments. These arduous duties, however, never caused him to lose sight of the common people of Georgia. Their interests came first with him.

Senator HARRIS was known in our State as one official that always answered a call from his people. He served them with diligence and devotion and was always active in every matter that concerned the welfare of the State.

His death is a great loss to our people. He is mourned by a host of devoted friends and my sympathy rests with them and with the members of his family. He was a true friend, devoted and loyal to those legions of Georgians by whom he was honored with three elections to the United States Senate.

He was always kind and helpful to me, always ready and glad to assist in any matter concerning my district. His death is a great loss to me personally and to our State.

Mr. LANKFORD of Georgia. Mr. Speaker, the State of Georgia lost a true friend and the Nation suffered an irreparable loss in the death of Senator WILLIAM J. HARRIS on April 18 of this year.

He and I came to the Congress at the same time, both taking the oath of office on May 19, 1919, during the last two years of the administration of President Woodrow Wilson. We both had been elected at the November election, the same month in which the World War came to a close. We not only assumed duties new to us, but new to all Members of the House and Senate.

The World War has more than doubled the departmental work of Members of Congress. We all gladly render this labor of love to those who served so nobly and well in the hour of our great peril.

No one was more anxious to serve well the veterans of all wars than Senator HARRIS. Especial attention was given by him to the claims of the veterans who suffered service-connected disabilities.

Senator HARRIS, because of his previous experience in departmental matters, was well fitted for the splendid and untiring service which he rendered not only to World War veterans but to all who asked him for aid.

Senator HARRIS knew to the fullest extent the importance of details and the value of little things. He knew that the least things make the greatest; that invisible atoms make the universe and seconds of time make eternity. He did nobly and well the great acts of human endeavor by performing with painstaking care the minor parts.

His careful attention to detail, his honesty of purpose, and his great loyalty to his people enabled him to become a true an honorable servant of the people he loved so well.

His every act showed that he knew that "duty is the sublimest word in the English language."

With him a promise was most sacred and never to be broken. I have never known a man in public life who could stand more pressure without shadow of turning from a friend whom he had promised to serve.

Senator HARRIS was a valuable public official and his friends everywhere suffered a great loss in his passing. He filled his place in the United States Senate ably, and no one else can render the quiet, unassuming, efficient, all-embracing service so peculiarly his own.

He understood to the fullest extent that the greatest powers in the universe are most silent.

Like the silence of gravitation, the stillness of the sunshine, and the quietness of a mother's love, he did and did well his life's work, and like all of these it will last through all eternity.

Mr. Speaker, during the first 12 years of my service here only two of my colleagues passed into the Great Beyond.

First, I went to Georgia with all that was mortal of the late Senator Thomas E. Watson, of Georgia, and saw him returned to Mother Earth at Thomson, Ga. Several years later I left in Washington in apparently good health my good friend Hon. Leslie J. Steele, of the fifth Georgia district, only a few days later to be notified of his passing and to attend his funeral at Decatur, Ga., where I saw him for the last time until the great awakening.

Now, during the last 12 months, I have been notified of the death and attended the funeral of three of my beloved colleagues:

First, Hon. Charles Gordon Edwards, of the first congressional district, who was buried in Savannah; next, Hon. Samuel Rutherford, who was buried in Forsyth; and last, Senator WILLIAM J. HARRIS, who was buried recently in Cedartown.

When sorrows come, they come not single spies, but in battalions.

Three nobler, truer friends of mankind never lived. Their work is imperishable. It will last as long as yonder sun shall shine.

Mr. LARSEN. Mr. Speaker, Senator WILLIAM J. HARRIS was one of the most unique characters who ever occupied a seat in the United States Senate. The one dominant, outstanding trait in his sterling character was his uncompromising loyalty to conviction. In truth, this was the very genesis of his political creed. He possessed an agility and vivacity of spirit that seemed to increase rather than diminish as the years passed. Although in ill health for some time before his death, the close of his life was marked by the same interest in and application to his official duties that had characterized the commencement of his public service.

Beginning his public career he was, first, secretary to the late Senator Clay, of Georgia, after whose death he returned to Georgia, engaged in business, and was elected to the State senate, where he served with much credit. He was manager of the 1912 Woodrow Wilson presidential campaign in Georgia. Upon Mr. Wilson's entry into office he first designated Mr. HARRIS as Director of the Census and later as a member of the Federal Trade Commission, of which body he became the chairman. His services in these positions were so satisfactory and he was so greatly admired by Mr. Wilson that in 1918 he personally advocated his election to the United States Senate. He was successful in that notable campaign and thereafter served continuously in the Senate until death.

Elbert Hubbard said that after perusing the lives of great men one concluded that it was more difficult to find a gentleman than a genius. I do not agree with Mr. Hubbard. I have met many gentlemen who would be properly classed among the great—I have found them in all walks of life, rich and poor, proud and humble, wise and not so wise—men who consistently displayed all the fine attributes of character and conduct that constitute a gentleman. Senator HARRIS is entitled to be classed among the great. He was a gentleman at all times and under all circumstances. He possessed to a marked degree the spirit of forgiveness toward those who he thought had wronged him and was ever ready and willing to adjust differences on equal and honorable grounds. This is characteristic of greatness and goodness. His demise marked a broad, dark somber swath across

the political horizon of Georgia. His death is a loss, both personal and public, to which it is difficult to properly reconcile any thoughts and feelings.

Mr. WRIGHT. Mr. Speaker, it has been said some men are born great and others achieve greatness, but the latter was essentially true of the late Senator WILLIAM J. HARRIS.

By intelligent application and unceasing energy he acquired a broad knowledge of the true principles upon which our great Government was founded, and applied these principles in his private and official conduct.

Born of distinguished parentage, he was reared in a country town, and the foundation for his subsequent active and useful life was based on a practical education secured in the common schools, followed by a course in the University of Georgia.

As a young man he became the private secretary to the late Senator A. S. Clay, and during this service he acquired a liberal knowledge of the workings of the United States Senate and of governmental affairs.

He was later elected to the State Senate of Georgia, where he rendered active and constructive service. Later he was appointed Director of the United States Census Bureau, in which position he made a splendid and notable record. Then he became Acting Secretary of the Department of Commerce, in which position his services were most creditable and efficient. He later served as chairman of the Federal Trade Commission, and administered the affairs of this responsible position with a high order of efficiency and with great value to the people of the United States.

In 1918 he was elected to the United States Senate from Georgia for the term beginning March 4, 1919, and was reelected in 1925 and again in 1930, in which last election he received the largest majority ever received by any candidate for the United States Senate from Georgia; his opponent carrying only 1 of the 161 counties of the State.

It was during his service in the Senate that he rendered his most constructive and useful service, where he had the confidence, esteem, and respect of his fellow Senators on each side of the aisle. He enjoyed an intimate acquaintance with the late President Wilson, and commanded his confidence and personal friendship.

He at all times championed the cause of the masses, and his great heart literally pulsated in their interest.

He was perhaps the most attentive to the wants of his people and the most indefatigable and untiring worker ever in the Senate from Georgia, and there was nothing either great or small which concerned his great constituency to which he was not always ready to give his personal and intelligent attention.

In his passing, the State and the entire country suffered the loss of a patriotic citizen and an intelligent and loyal public servant.

Mr. MOBLEY. Mr. Speaker, during the Seventy-second Congress the ranks of the Georgia delegation have been thinned by death as have those of no other State in the Union.

The first district of Georgia in July of 1931 lost its popular and useful Representative Hon. Charles G. Edwards.

On February 4, 1932, Hon. Samuel Rutherford, who represented the sixth district, was suddenly snatched away.

Then, on April 18, 1932, the beloved senior Senator from Georgia, Hon. WILLIAM J. HARRIS, was called by death.

While Senator HARRIS was in attendance at the funeral of Mr. Rutherford, I was with him for the last time. He was not feeling well at that time, but friend that he was to all the people of our great State and the pleasure he received from being among them prompted a visit from him to the business people of Forsyth while there on that occasion. In accompanying him on his visit among our people, I was made to realize more than ever before why he was so greatly beloved by the people of Georgia.

He had the wonderful faculty of remembering people and names as probably no man in public life in Georgia has ever had. He had not only remembered the people themselves, but if he had ever had personal or political association with them these facts were not forgotten. He had a personal interest in every person he represented and there has never been a man in public life in our State who was called upon for service as was Senator HARRIS.

Men in all walks of life alike considered him their friend, and friend he was. The promptness and thoroughness with which he handled matters met with the approval of his constituents and prompted them to make heavy demands upon him, to which he always cheerfully responded.

Senator HARRIS was not considered a great orator. He made no pretense in that direction. However, he was one of the most useful Members of the United States Senate. He was ever alert and awake to the problems of our State and Nation. He sponsored much corrective legislation while in the Senate and was unusually successful in his undertakings.

If he had one worthy and commendable trait that stood out and outshone his many others, it was his courage of conviction and sincerity of purpose.

Our State will probably never be represented by as useful a public servant and as honest and conscientious a man as was Senator HARRIS.

Mr. Speaker, under leave to extend my remarks in the RECORD, I include a memorial address by Hon. WALTER F. GEORGE, as follows:

It was my pleasure and privilege to serve in the United States Senate with the late Senator WILLIAM J. HARRIS from the latter part of 1922 until his untimely death on April 18, a period of nearly 10 years. I feel that I am in a position to judge of his great worth and usefulness to the Nation, the State, and to the individual citizen of Georgia. He was untiring, and his efforts were constructive and fruitful.

It is fitting that the people of Georgia should recall the long public service of Senator HARRIS, which extended over a period of 20 years, practically without interruption. He entered the Georgia State Senate in 1911, completing his term there and accepting the position of secretary to United States Senator A. S. Clay. He served as a member of the State Democratic committee. His next important post was that of Director of the Bureau of the Census from 1913 to 1915. He also served a short time as Acting Secretary of the Department of Commerce. Under President Wilson he was chairman of the Federal Trade Commission, resigning to make the race for United States Senator in 1918, to which office he was elected and which he held until his death.

In the Senate he was keenly alive to the needs of his people and was instrumental in securing the passage of important legislation and the setting aside of many necessary appropriations to carry on worth-while Federal activities in Georgia. Among the many important accomplishments may be enumerated appropriations to determine the cause and cure of cancer, the use of southern pine for the manufacture of paper, and the eradication of fruit and animal diseases. He was also interested in the purchasing of Georgia lands to be used as national parks. At the time his services were terminated he was earnestly attempting to limit the immigration of Mexican labor in an effort to aid our cotton farmers. He was twice successful in securing the passage of a bill for this purpose by the Senate.

Senator HARRIS was a member of the Senate Committee on Appropriations, Commerce, Immigration, Military Affairs, and Territories and Insular Affairs. The first three named received most of his attention. Many monuments will remain in Georgia testifying to his activities and the success of his work in the Committees on Appropriations and Commerce.

As secretary to Senator Clay, Mr. HARRIS became familiar with the needs and desires of fellow Georgians. His experience gained there was invaluable to him in filling the position to which he was subsequently promoted and which he so adequately filled. The characteristic which endeared him to the people of our State, however, was his interest in, his love for, and his desire to assist and serve the individual, whatever his position in life. That he carried this feeling with him to the end is the greatest tribute that can be paid him.

While the loss to the Nation and State is great, it is the man in the street and on the farm who will more keenly feel his loss and regret his passing.

Georgia and Georgians may regard with pride the achievements of Senator HARRIS. On my last visit to his bedside, he spoke of humble Georgia citizens who had called upon the Senators and seemed pleased and happy when I reported the satisfactory service rendered certain of them. He died praying to get back to work.

HENRY ALLEN COOPER

Mr. AMLIE. Mr. Speaker and fellow colleagues, I feel that it is a great honor to be able to pay a word of tribute to my distinguished predecessor from the first district of Wisconsin, the Hon. HENRY ALLEN COOPER, who served with honor and distinction in this body for many years before I was born. His term of service here was continuous except for the two years of 1919–1921, when he was defeated as a result of his courageous stand against the entry of the United States into the World War.

In the lives of many men there is some one incident which brings out in bold relief the character of the man and the things for which he stood. I feel that this was true of HENRY ALLEN COOPER, and that it was my great privilege to have been present when this event occurred. It was at the Republican National Convention at Cleveland in 1924, when on the third day of the convention Mr. COOPER was called upon to present to the convention the minority platform of the Wisconsin Progressive delegation.

The audience was obviously tired and in no receptive mood for a platform of the kind proposed by the Wisconsin delegation. When Mr. COOPER was introduced by the permanent chairman, Mr. Frank W. Mondell, of Wyoming, there was a tremendous hostile uproar throughout the convention hall. There were cries throughout the great audience of "bolshevist," "go to Russia," "throw him out," boos and catcalls, while in the corridors of the building the convention attachés were singing an improvised convention anthem, "To hell with La Follette," sung to the tune of the Old Oaken Bucket.

The newspaper photographers immediately sensed that this was the one dramatic incident in a convention that had been as devoid of excitement as a college commencement. The powerful klieg lights were turned on Mr. COOPER. The hostile demonstrations continued. Mr. COOPER waited in courtly silence. It was a contest in crowd psychology. Somehow the spectacle of the tall, slender, immaculately dressed, white-bearded gentleman on the platform had its effect upon that hostile crowd. Somehow he seemed out of place. He did not look like any of the politicians who had been milling about on that platform for the past three days. His appearance suggested rather that of one of the prophets of old, who, by some strange disarrangement in time and place, had gotten into that political arena. The hostile audience became impressed with this strange spectacle. After 5 or 10 minutes the hostile demonstration began to subside. Mr. COOPER waited till there was complete and expectant silence and began his address.

He told them that as a young man he had read the proceedings of another convention held at Cleveland where a certain distinguished American had defended the right of a minority to be heard. That it had made a lasting impression in his mind and that that afternoon he had gone to the Cleveland Public Library and found the quotation:

> The main object of an old party becomes more and more the retention or the regaining of power. The great curse of our present politics is that your heated partisan never knows the other side. It seems to him that it is disloyal to be on the other side. The element now so sadly needed in our politics is consideration of every question on its individual merits and willingness always to hear the other side.
>
> No person can do a higher duty than to resist the majority when he believes it wrong; to assist the right of individual judgment and maintain it; to cherish liberty of thought and action against the tyranny of his own or any other party.

There was a small amount of applause coming from the Wisconsin and North Dakota delegations. Mr. COOPER continued:

> The man whose words I quoted was at one time editor of the New York Tribune, and he represented us at the Court of St. James as United States ambassador—Whitelaw Reid. I have noticed a good deal of applause from the Wisconsin delegation, but I do not hear much from New York, although several of Mr. Reid's relatives are in that delegation.

Obviously, this patriarchal figure was more than able to hold his own in any fencing contest of wits. The crowd was definitely beginning to warm up. Mr. COOPER continued:

> It is no new thing for the Wisconsin delegation to be charged with bolshevism, and similar charges. In fact we are getting used to it. We have been coming here to these Republican conventions with minority platforms ever since 1908. It devolved upon me then to present that minority platform.
>
> At that time we were met by calls from the audience of "socialism," "take it to Denver," and still every one of these planks which were so booed and hissed in 1908, with the sole exception of one, is now the law of the land.

Mr. COOPER proceeded to enumerate the direct election of United States Senators and other measures that had been booed and hissed in 1908, but had since been enacted into law by one or the other of the two major political parties.

In conclusion he added:

> Since that convention in 1908 Wisconsin has presented several minority platforms, and in them were 31 planks, 26 of which are now the law of the land, and one of those planks, as I have stated, is in the Constitution of the United States.

By this time the unfriendly audience listened in silence. There was something prophetic about this tall, white-bearded man, telling them of the progress that had been forced upon a reluctant majority by a small minority possessed of courage, foresight, and determination. Mr. COOPER began to read from the minority platform:

> The present condition of American agriculture constitutes an emergency of the gravest character. The Department of Commerce report shows that during 1923 there was a steady and marked increase in dividends paid by the great industrial corporations. * * * On the other hand, the Secretary of Agriculture reports that in the 15 principal wheat-growing States more than 108,000 farmers since 1920 have lost their farms through forelosure or bankruptcy; that more than 122,000 have surrendered their property without legal proceedings, and that nearly 375,000 have retained possession of their properly only through the leniency of their creditors, making a total of more than 600,000, or 26 per cent, of all farmers who have virtually been bankrupted since 1920 in these 15 States alone. * * *
>
> We pledge a complete house cleaning in the Department of Justice, the Department of the Interior, and the other executive departments * * *.
>
> We pledge recovery of the Navy's oil reserves and all other parts of the public domain which have been fraudulently or illegally leased or otherwise wrongfully transferred to the control of private interests * * *.
>
> We favor public ownership of the Nation's water power and the creation and development of a national superwater power system and strict public control and permanent conservation of all the Nation's resources, including coal, iron, and other ores, oil, and timber lands, in the interest of the people * * *.
>
> We denounce the Mellon tax plan as a device to relieve multimillionaires at the expense of other taxpayers * * *.
>
> We favor taxes upon excess profits to penalize profiteering, and complete publicity under proper safeguards of all Federal tax returns * * *.
>
> We favor the election of Federal judges by direct vote of the people * * *.
>
> We favor drastic reduction of the exorbitant duties on manufactures provided in the Fordney-McCumber tariff legislation; the prohibiting of gambling by speculators and profiteers in agricultural products; the reconstruction of the Federal reserve and Federal farm-loan systems so as to eliminate control by usurers, speculators, and international financiers, and to make the credit of the Nation available upon fair terms to all and without discrimination to business men, farmers, and home builders * * *.
>
> We favor abolition of the use of injunctions in labor disputes * * *.
>
> We favor adjusted compensation for the veterans of the late war, not as charity but as a matter of right, and we demand that the money necessary to meet this obligation of the Government be raised by taxes laid upon wealth in proportion to the ability to pay, and declare our opposition to the sales tax or any other device to shift this obligation onto the backs of the poor in higher prices and increased cost of living.
>
> We favor a deep waterway from the Great Lakes to the sea, thus making the primary markets on the Great Lakes equal to those of New York * * *.
>
> We favor such amendments to the Federal Constitution as may be necessary to provide for the direct nomination and election of the President, to extend the initiative and referendum to the Federal Government, and to insure a popular referendum for or against war except in cases of actual invasion.
>
> We denounce the mercenary system of degraded foreign policy under recent administrations in the interests of financial imperialists, oil monopolists, and international bankers, which has at times degraded our State Department from its high service as a strong and kindly intermediary of defenseless governments to a trading outpost for those interests and concession seekers engaged in the exploitation of weaker nations, as contrary to the will of the American people, destructive of domestic development, and provocative of war. * * *

As Mr. COOPER concluded his remarks, the regular routine of the convention went on. The majority platform was overwhelmingly adopted. The President was renominated and the convention adjourned.

But in the memory of every person who attended that convention, a lasting impression was carried away. It was a picture of a finely featured, tall and erect, white-bearded man, 74 years of age, who had dared to stand against the almost unanimous opposition of that convention and had left the individuals within that convention hall with a feeling of "almost thou persuadest me, Paul"; a man who, despite the fact that he had been during most of his public life a voice of protest against the policies of the majority,

had nevertheless been the means of forcing that majority to enact into law many of the measures that he had sponsored. A man who, despite the weight of three quarters of a century, was still looking into the future with prophetic clarity of vision and seeking to force upon a reluctant majority those measures of reform which he believed essential to the preservation and well-being of the Republic.

It was six years later that Mr. COOPER told me that even then he was receiving mail from people in various parts of the United States, whom he had never met, but who desired to recount the incidents of that evening and to again live over with him that brief moment of color and drama at the Republican National Convention of 1924 when he had stood as a prophet of the future espousing the cause of the underprivileged many whom he had loved so well and served so long.

The people who were privileged to hear Mr. COOPER on that occasion carried away with them a picture of him that his constituents in the first district of Wisconsin had formed through half a century of contact with this ideal public servant.

Mr. NELSON of Wisconsin. Mr. Speaker, when death claimed HENRY ALLEN COOPER from our midst his fellow Members of the House of Representatives realized deeply that they had lost a truly conscientious patriot, a scholarly gentleman, a valuable friend, and a good man.

To pay tribute to men who have passed to the great hereafter is easy; but to be the recipient while living of such appreciation and high commendation as was consistently accorded to Congressman COOPER is a rare privilege. Time after time his constituency showed their estimation of his worth by reelecting him as their Representative to Congress—18 terms in all, 36 years. To his colleagues he was one of the most beloved men that ever sat in the House of Representatives.

Mr. COOPER's popularity did not bespeak a passive acquiescence nor an easy docility. On the other hand, his usual rôle was that of active allegiance to a small minority in some cause that he felt to be right. Even before he came to Congress, while serving in the Wisconsin Legislature, he fathered the Australian ballot in that State. He sponsored this system of the secret ballot as a means of doing away with the evil of purchasing and controlling votes.

Soon after his coming to the House of Representatives he was appointed to the Pacific Railways Committee. A bill for the refunding of the debts of the Pacific railroads to the Government was up for consideration. Convinced of the corruption and greed on the part of a certain handful of directors of these western roads, he led an extended fight in the interest of the Government and of the common people. He exposed in speeches before the House thefts of hundreds of millions of dollars by these directors in voting themselves the actual bona fide stock and paying construction companies and those who worked with pick and shovel only watered stocks based on fraudulent and fictitious capitalization. Mr. COOPER, despite his being a young Member, had the courage to say that these directors "acted in flagrant violation of the rights of the Government" and of its laws. He dared to stand by his own measure of what his honor considered right, even to refusing for himself and three colleagues a bribe of $100,000 if he would withdraw from the battle.

Mr. COOPER was active in the fight in the House to break down the autocratic power known as Cannonism. Into this, as into all other issues, he entered fearlessly, but with such grace and good judgment that, though he differed with the political sentiment of his own district, which was largely conservative, and with the views of many of those with whom he labored in Congress, he convinced all thoroughly as to his sincerity of purpose to follow right as his own conscience revealed it to him. Personal advancement or party loyalty did not loom as large in his view as human rights. Probably the most dramatic episode in his career was when he went before the Republican convention, in 1924, to plead for the adoption of the La Follette platform of progressive principles. There were hisses and jeers. But after Mr. COOPER had spoken but a few minutes the hall rang with cheers.

We are all familiar with the gentle dignity, the high ideals, the commanding personality, the delightful goodfellowship of our late dean of the House, Mr. COOPER. He served continuously in Congress from 1893 to 1931, with but one lapse, 1918–1920. The cause for his defeat for this one session was that he fearlessly voted against the war. His political enemies circulated false and misleading statements impugning his loyalty. The Clerk of the House, William Tyler Page, whose length of service in that body, in various capacities, had far outdistanced Mr. COOPER's, presented the splendid record of achievement Mr. COOPER had made, commended his outstanding faithfulness in attendance on the sessions of the House, and completely annihilated this circular of misrepresentation and malice. Of him he said:

> Every act and vote since our country went to war has been as patriotic as that of the President himself.

When, in presenting the progressive platform to the 1924 Republican convention, he advocated a referendum in the case of war, that great audience cheered him vigorously. Representative COOPER was a lover of peace. Early in his career he denounced "war's glorious but bloody and cruel triumphs."

He was the first chairman of the Committee on Insular Affairs. President McKinley asked Speaker Henderson to appoint Mr. COOPER to this position, giving as his reason that he wanted "no exploiting of those islands." The Filipino people never had a more loyal defender in America. He was largely responsible for the passage of the first organic act of July 1, 1902. The day before the debate in the House on the bill to permit the people of the Philippines to elect their lower house of the Philippine Legislature he came across the Philippine martyr-statesman Rizal's poem "Farewell." There had been much opposition to the bill and only three of the committee supported Mr. COOPER. When he read the poem to the House in his own masterful way there were a few minutes of silence and then the House broke out in an uproar of applause and rose to honor him. The bill passed. To-day there is a bridge in the Philippines that bears his name, but his memory, says a Resident Commissioner from the Philippines, "will live forever in the hearts and minds of every Filipino of this and future generations." Flags hung at halfstaff in the Philippines when this loyal friend of freedom had fallen asleep, to rise and champion their cause no more.

I was glad to tell my friend HAL COOPER how he elected me to Congress. Comparing Mr. COOPER's record with that of my opponent, I saw where he had voted right and my opponent had not. It was easy to see that Mr. COOPER was a safe guide to follow. This gave me my issues on which I stood in the campaign, and much of my direction since. During our long and delightful service together in the House I often found that his was good and wise counsel. In the pressure of business or on questions difficult to decide I would say, "Hal, how are you voting?" I never found that he gave me wrong advice. He was guided by high moral principles, always to be depended upon. He studied carefully every angle of legislation, and then voted in the interest of the greatest good, irrespective of who or what party supported it.

Mr. COOPER loved the finer things of life. He was a musician, a composer, a classic scholar, and an orator. His memory was unique. Facts stored away in his mind remained there. He could with great ease quote dates, references, long passages of poetry or prose. When Mr. COOPER spoke, people were eager to listen. In the House shortly before his death he sponsored a bill relative to the designation of one of the streets of Washington, D. C., as Constitution Avenue. Following his impressive address in support of this bill the Members rose in enthusiastic tribute to his marked eloquence.

This avenue connecting Arlington with the United States Capitol is itself symbolic of Mr. COOPER's life. His patriotism was ever in closest harmony with his sense of duty. It was an unbroken chain of high ideals and faithful service.

Then "God's finger touched him," and now he, too, sleeps.

Mr. SINCLAIR. Mr. Speaker, the close of the life of HENRY ALLEN COOPER must have been just as he himself would have ordered it. His work for the Seventy-first Congress was finished, and the Seventy-second Congress, to which he had been reelected, was nine months in the future. The honors of his State and district were fresh upon him, and all of his years were a shining record of achievement for the cause of humanity. Surely, there could be no more appropriate time to lay down the burdens of a busy life!

Thirty-four years had he served in the House of Representatives, and was the dean of that body at his passing. No man in recent times had a finer record nor enjoyed the friendship and respect of his fellows to a greater extent than he, and few there were who possessed in so marked a degree all of the physical habiliments of a statesman. Tall and handsome, with leonine expression, he fulfilled every concept of the "noblest Roman of them all."

My associations with Mr. COOPER were during the last 10 years of his life, although I had read a great deal of his activities prior to that. It was inspiring to see the righteous anger flashing in his eyes when he would learn of some new act of oppression by those seeking special-interest legislation. His life was devoted to the relief of the weak and against the encroachments of the strong. He was ever the ready champion of the poor man and the toiler, and never ceased to do battle for the great principles of liberty and equality on which our Government is founded. If there ever was a valiant defender of the Constitution of the United States, based on a sincere love and understanding of its principles, such a defender was HENRY ALLEN COOPER. His every legislative act was in furtherance of the principles of that great governmental document.

Mr. FREAR. Mr. Speaker, HENRY ALLEN COOPER was a distinguished Member of the House of Representatives in the full meaning of that term for more than a third of a century. The span of an average lifetime found him here during every session, as punctual in attendance as the Speaker of the House, as active and useful in his service as any Member of this great parliamentary body.

This was his legislative home. Little escaped him during the long life spent within these walls that saw many Speakers come and go during years that covered the rapid development of a great nation, the history of two American wars, and witnessed every phase of legislative enactments during his long, useful, and highly honored career.

True to himself, faithful to the highest ideals of government, intensely patriotic, scorning deception or its appearance, our loved colleague measured up to the full stature of high statesmanship.

Crisp, Reed, Henderson, Cannon, and Champ Clark were among the eminent men who occupied the Speaker's chair during that period, and the last Speaker who followed him closely to his eternal rest, Longworth, with the others, was among COOPER's loved friends and associates.

Cleveland, McKinley, Roosevelt, Taft, all came on the scene as national leaders during COOPER's earlier legislative service, and it is disclosing no confidence when saying that these Presidents, and others in later years, consulted with him on matters of national importance. Able men in their high offices, so, too, was COOPER in the legislative arena.

From his successful law practice this well-equipped, highly cultured, gifted statesman stepped to the senate of his native State, where he had placed the Australian ballot and other notable legislative acts to his credit, and then came to this House of Representatives, which he deemed the greatest parliamentary body in the world.

Here he was long to remain the center of the arena, surrounded by a coterie of friends, friends who knew him and loved him for his strong character, splendid personality, and rare quality of humor for which he was justly famous. Others may speak of his well-known legal and legislative abilities, of his high ideals, integrity, and strength of purpose that marked a long and useful public career, but he possessed also a marvelous sense of humor and quick grasp of proportions that often brought order out of bitter disagreements by a sudden quip or clever illustration which rarely failed to relieve the tension. That phase of his mental equipment disarmed opponents and helped arrive at mutual settlements of personal and legislative controversies.

His was a charming personality; a musician and modest composer, a student of history, of men, and above all of nature, who loved the trees, flowers, and living things; a delightful companion, sought by all who were benefited by his friendship.

Whether the center of a small circle of colleagues or in the heat of legislative debate or speaking to thousands of critical auditors at national political conventions, COOPER was ever master of the situation. This was equally true when leading hosts to victory or championing the cause of a small group, like himself sincere advocates of a cause. Numbers or surroundings were equally unimportant to the man who had a message and never failed to voice it effectively and convincingly.

Powerful in advocacy of any cause he espoused, he scorned hypocrisy and cant, striking squarely; but by respecting his opponents' rights he was equally admired in debate by friend or foe. These outstanding qualities, so desired by the average legislator, were possessed by COOPER to a marked degree.

His field of work and wealth of human sympathy led him frequently to speak for the rights of the oppressed, irrespective of creed, condition, or color. The struggling Filipino, who had been wrested from Spanish control by the guns of Dewey's fleet, was always near his heart. President McKinley's high estimate of our colleague was evidenced by his selection of Representative COOPER as chairman of the first Philippine Committee, of which Henderson, Joe Cannon, and other able chairmen of committees, then in the House, were members. That committee made a survey of the Filipino people and their needs, and after a study of conditions in the Philippines laid down a legislative program which gave these people a large part in their own government, fitting them for the independence so dearly coveted by the people of every land.

Others may recount the many struggles and victories won in debate and legislative accomplishments of our colleague, but I seek only to give a brief pen picture of a personal friend, of a truly lovable man, great in political prosperity or adversity, or indomitable courage and fine personal character. For nearly a score of years I was associated with his work and remained near him during the closing of an eventful life, even to the day when, as the highly honored dean of the House, he passed away, in legislative harness to the last, as he would have had it.

His loved wife and helpmate was his constant companion, always at his side, giving advice and encouragement to her brilliant, distinguished husband.

On the day of his death, apparently in good health, with a well-rounded fourscore of years to his credit, I sat with him during a session of the House and again congratulated him on the successful effort to make Constitution Avenue a lasting and beautiful monument to his memory. That and many other acts in the beautification of Washington came from his understanding of its needs, due in part to membership on a congressional committee appointed in 1920 by Speaker Clark. A lover of fine arts, of Washington's rapidly developing power and beauty among the great capitals of the world, appreciating its possibilities of attractiveness through nature's gifts and the Government's pride of ownership, COOPER was always at his best when picturing the limitless possibilities of the Nation's Capital, of which he seemed a part.

That same evening I was called to his deathbed. Eulogies have been and will be pronounced that stir the hearts of men, and many were uttered here and at the service held in his Wisconsin home, but the highest honor accorded our distinguished colleague was when his little home city was crowded with friends, who stood for miles with uncovered heads, testifying by their mute presence that they, like ourselves, had lost a trusted adviser and loved friend.

Mr. PEAVEY. Mr. Speaker, more than 50 years ago there appeared on the scenes of Wisconsin politics a new figure—HENRY ALLEN COOPER—a young lawyer then a candidate for district attorney of Racine County. His successful cam-

paign and election marked the beginning of a career dedicated to public service which stands out in the history of American public life. Possessed of a keen intellect, a rugged honesty, and a passionate sympathy for the oppressed and downtrodden, this young lawyer soon developed a reputation that six years later won for him the nomination and election to the State senate.

There he framed and secured the enactment of the secret ballot law of Wisconsin. For 40 years it has remained the keystone of the election machinery in the State, and the fact that many other Commonwealths have copied it constitutes the highest compliment to the statesmanship of its author and sponsor. Mr. COOPER served through the administration of Cleveland, McKinley, Roosevelt, Taft, Wilson, Harding, Coolidge, and for two years in the Hoover administration; always representing the liberal view and devoting his untiring energies and great abilities to carry on the struggle for those less fortunate.

Mr. COOPER was made chairman of the new Committee on Insular Affairs after the United States had acquired the Hawaiian and Philippine Islands, at the direct request of President Roosevelt. He selected Mr. COOPER in preference to Members who had seen many more years of service and who had greater claims to this high honor, because he knew HENRY ALLEN COOPER would devote all his energies to safeguard and promote the welfare of the peoples of these islands. From that time forward he never ceased his efforts to break down the chains of oppression binding these people.

During the era of the Great War, when hysteria and intolerance swept the land, searing the love man bore for his neighbor, threatening to engulf all those who had the temerity to oppose the awful carnage then sweeping Europe, HENRY ALLEN COOPER braved the storms and stood on the floor of the House, raising his voice in opposition and warning:

> I am not an anarchist and I do not believe in the abolition of organized government, but if there ever was a time in the history of the human race when men ought to possess common sense and the power to discriminate and reason, it is now in the Republic of the United States.

On the eve of the declaration of war he rose on the floor of the House, and, in a voice shaking with emotion, he uttered these prophetic words:

> Gentlemen, if we pretend to statesmanship we must try to see all sides of great questions. The destruction of England would be a great calamity, and the world ought never to permit it. So, too, the dismemberment of Germany would be a world calamity, and the world ought never to permit that. I pray that the neutral nations may in combination find some way speedily to bring this horror to an end.

Possessing deep convictions that the highest statesmanship required the exercise of the right to express his views, and to vote his deliberate judgment on economic issues before Congress, he bitterly assailed the boss-ridden and caucus-ruled party régime exemplified by Speaker Cannon. He said:

> I was bred in a school of politics which taught that any man anywhere in this Republic had a right to his honest opinion and a right to be heard when he wished to express it.

And again:

> I deny here and now that any number of men, say 51 out of 100 at a caucus, two more than a majority or any other caucus majority, have the authority under any circumstances to control my vote against my well-considered honest judgment.

Because he helped break the rules under which the membership of the House was denied the right to exercise its free will, he was removed as chairman of the Insular Affairs Committee, a position which he held at the instance of the titular head of his party, the President of the United States.

With Mr. COOPER it was never a question of, "Is this approved by the leaders? Is it in the party platform? What has the caucus done about it?" but rather, "Is this measure in the interests of the people of my country?"

The death of Mr. COOPER ended a career worthy of emulation. His life and work run like a golden thread through the history of his country. I commend it to the Nation.

Mr. SCHNEIDER. Mr. Speaker, the Grim Reaper has visited these halls again, this time to carry away with him the life of one who was loved by all of us, and one who was particularly dear to his colleagues from Wisconsin.

HENRY ALLEN COOPER served his district for 36 years. We have all bowed to him as the dean of this assemblage. I am sure his memory will live with us forever as that of an honest, upright, and strong character.

Mr. COOPER had been in public life since a very early age and had won the increasing admiration of all who were associated with him over the years. Nothing we can say here will add to the greatness of his life. We can but acknowledge it and determine to fit some of the traits of this shining character into our own.

He regarded his fight against the railroads early in his congressional experience as the outstanding event of his career in the House of Representatives. In the face of bribes, threats, and trickery, he stood immovable in defense of the public interest, and it is generally accepted that but for the position he took on the floor of the House at that time another great public-land steal would have been accomplished.

Another high light of his career was the appointment given him by President McKinley to study conditions in the Philippines shortly after they came into our possession. Mr. COOPER was largely instrumental in establishing the system of self-government which was worked out for the Philippines and which has met the needs of those islands admirably since adoption. The gratitude of the Filipinos for this service and his interest in their problems was expressed by the delegate from the Philippines on the day of his death.

Politically Mr. COOPER was a sound progressive. He was never afraid to oppose the interests who sought to perpetuate the established order to their own advantage and the disadvantage of the public. It may be said of him that he was never to be enticed from the path of service and strictest honesty in the performance of that service.

Mr. COOPER was a man of strong sympathy, brilliant intellect, and possessed of an astounding memory. His ability to absorb details and retain them was truly nothing short of amazing, and this characteristic was present even to the end. It is indeed seldom that we find a man of Mr. COOPER'S age who can picture the events of his childhood and early manhood with the vividness with which he recalled them. He committed literature to memory with the greatest ease. An enthusiast for Shakespeare, he was able to recite extensively from those plays. This served to embellish his writings and his speeches, and many of them are literary masterpieces. The last speech he made in this Chamber sent the thrill of patriotism surging through the veins of everyone who heard it. It was a simple appeal to change the name of B Street in Washington to Constitution Avenue, but he used the occasion as a vehicle for an address as stirring as any I have heard on this floor.

Mr. COOPER was an intense lover of the beautiful. In fact, it may be said his was a tremendous affection for everything fine and beautiful. This expressed itself in an appreciation of all the fine arts. He was a great lover of nature and a composer of music.

One of Mr. COOPER'S great interests was the development of the National Capital. But for his interest in this city we might not have the Lincoln Memorial. His insistence upon the erection of an appropriate monument instead of the construction of a highway from Washington to Gettysburg resulted in the erection of the impressive memorial we are all so very proud of to-day.

For intellectual ability few were his peers, and as to integrity none were. With his great appreciation for the fine things in life went a large understanding of and sympathy for the masses of the people. Truly, HENRY ALLEN COOPER has built a place for himself among the great.

Mr. HAUGEN. Mr. Speaker, I rise at this time deeply impressed with a sense of recollection of my long association here in the House of Representatives with the late HENRY ALLEN COOPER, of the first district of Wisconsin, and it is with pride and pleasure that I pay my tribute on this occasion to his memory.

Mr. COOPER represented the first congressional district of Wisconsin, which includes Rock County, where I spent some of the happy days of my early life, and his being elected to the Fifty-third and each succeeding Congress up to the Sev-

enty-first, with exception of the Sixty-sixth, is evidence of a convincing nature of the remarkable regard in which he was held. During his long service in the House it was my pleasure and honor to come in close and frequent friendly contact with him, and, as the years rolled on, I came to realize why his constituents honored him by repeatedly electing him to office, and why he was held in such high esteem by his many friends, and why it may be truly said that his public service was a notable contribution to the welfare of his State and country.

Mr. COOPER had and displayed those sterling qualities which we love to see, his genial disposition, keen intellect, noble character, and experience in legislative work, coupled with his patriotic, active, and effective public service, his unswerving and unusual devotion to truth, to the best interest of his State and Nation, always evident in his performance of public duty, naturally won him distinction and many friends.

In closing, may I say, "Truly the world was better for his having been in it."

Mr. FRENCH. Mr. Speaker, I believe it was the great bard who said, "When sorrows come, they come not single spies, but in battalions."

The last year has witnessed the passing of an unusually large number of able, distinguished Members of the House of Representatives. Among those who passed on was the late HENRY ALLEN COOPER, who for many years represented, with a high order of ability and distinction, the first congressional district of Wisconsin.

HENRY ALLEN COOPER was a Member of the House of Representatives when I came to this Chamber. Gracious, friendly, interested particularly in those who were entering upon a life of public service, Mr. COOPER soon became my personal friend and one upon whom I could rely and with whom I could exchange thoughts touching the multitude of heavy problems that have confronted our country and the Members of the Congress during the last quarter of a century.

The House of Representatives is a body that with fair accuracy appraises the worth of its Members. For one to attain highest success in this Chamber he must have unusual industry, he must be well informed, he must be accurate in his observations, he must be definite in his conclusions, he must be kindly toward his associates, and probably more than anything else, he must be possessed of mental and soul integrity.

Our late colleague possessed these qualities in most unusual degree. His personal habits were simple; his instincts and interests had to do with the masses of people of our country who are not in position to help themselves. It seemed to be his conception of the state that it exists for the purpose of carrying into actuality the high purposes that surrounded the establishment of our country, namely, its creation to promote equality and justice toward all, and with an apparent consciousness that there are millions of our countrymen at all times who are dependent upon the state itself for the translation of these purposes into vital factors.

During my membership in the House of Representatives there have been few Members who have been so widely read, so well informed upon so great a variety of subjects, so capable at all times of marshaling data and logic in support of conclusions, and of giving to their hearers in forceful, pleasing, and convincing style the results of their experience and their analysis of problems that they chose to present as HENRY ALLEN COOPER.

Probably the most outstanding characteristic of our late colleague was his frankness and his demand for frankness and candor upon the part of those who are entrusted with responsibility. Earnest and fearless himself, he seemed to be controlled in his demand for highest probity upon the part of others by the thought that in the language of another has taken this form: "Hateful to me as are the gates of hell is he who hiding one thing in his heart utters another."

In conclusion, the life of HENRY ALLEN COOPER briefly outlined in the words that I have used must continue to be an inspiration not only to the people of his district but to the membership of this body and to students everywhere who love honor, who love integrity, who love sincerity, and who are inspired by unselfish devotion on the part of a citizen as he seeks to serve the people as they constitute the state.

JAMES BENJAMIN ASWELL

Mr. OVERTON. Mr. Speaker, on March 16, 1931, in the tenth term of his service as Congressman from the eighth congressional district of Louisiana, at the very height and zenith of his wonderful public career, Dr. JAMES BENJAMIN ASWELL, educator, statesman, orator, passed from mortal into immortal life.

For over 18 years he had constantly and actively served his district, his State, and our Nation in these Congressional Halls. Now that he has passed into the silence and inaction of the grave, it is proper that we, the living, should assemble in this supreme shrine of his public devotion to pay to him and his memory the tribute of our memorials.

Doctor ASWELL was born December 23, 1869, on a farm in Jackson Parish, La., issue of the marriage of Benjamin Aswell and Elizabeth A. Lyles. He was married March 3, 1901, to Miss Ella Foster, of Shreveport, who survives him, together with two children, Mrs. James Edward Cantrill, of Lexington, Ky., and James B. Aswell, jr., writer and journalist, a resident of New York.

Doctor ASWELL showed in his early youth that resolute courage and indefatigable energy which enabled him to cope with and overcome the difficulties of life and which later made him one of the most outstanding men in the history of Louisiana.

Notwithstanding the poor opportunities afforded him for elementary education, he worked his way through school and equipped himself to enter the George Peabody College for Teachers, from which he graduated in 1892. He later received the degrees of A. B. and A. M. from the University of Nashville and the degree of LL. D. from the University of Arkansas.

Doctor ASWELL determined at the threshold of his young manhood to devote his life to the service of humanity. This high resolve was his constant incentive and ambition in his long career of public usefulness. There does not appear in the pages of Louisiana's history one who has served his State and its people with greater zeal and in more varied capacities than Dr. JAMES B. ASWELL.

Beginning his career as a teacher of youth, his ability as a public educator was speedily recognized, and his thirtieth year found him presiding over the Ruston Industrial Institute, now the Louisiana Polytechnic Institute. After devoting four years to that institution, he was by public acclaim drafted to serve as superintendent of education in Louisiana. So brilliant and successful was his work in that office that he has been frequently referred to as the father of the modern public-school system of Louisiana.

Having built up the Ruston Institute and the public-school system of his State, he next directed his remarkable faculties and tireless energy to the training of teachers, becoming in 1908 president of the State Normal College, located at Natchitoches, La.

During these years of service in various capacities in the cause of education his interest in public affairs generally had so broadened and his ability as a public speaker had become so recognized that again popular demand drafted him to another and larger field of service, and he was elected in 1912 to serve in the Halls of our National Congress. The most conclusive evidence, perhaps, of his ability as a statesman and the popular esteem in which he was held lies in the fact that from 1913 to the time of his death he remained constantly in Congress as the idolized Representative of the people of his district.

Time will not permit me, Mr. Speaker, to even chronicle the items of his varied and multitudinous activities in the legislative councils of our Nation. Every CONGRESSIONAL RECORD from the Sixty-third Congress in 1913 to the Seventy-second Congress in 1931 is replete with the evidences of the broad statesmanship, the brilliant oratory, and the convincing logic of the Representative from Louisiana's

eighth district. The United States veterans' hospital at Alexandria, La.; Federal buildings, national forest reserves, fish hatcheries, Federal flood control stand as monuments of his service to the people of his district; and his strenuous battles upon the floor of the House of Representatives for farm relief and national drought relief attest his vigorous and successful efforts in matters of national import.

Doctor ASWELL died, as he had lived, in the enjoyment of the unstinted admiration, confidence, and affection of the people of his district and State, and of his colleagues and coworkers in our National Capital, from the President of our Nation to the humblest clerk in its executive departments.

His high and useful service to his country will long endear him in the public memory.

This is the spontaneous and deserved tribute that fell from the lips of the present occupant of the White House upon the announcement of Doctor ASWELL's death.

In this commemoration of the life and service of our departed colleague we should be lacking in proper sentiment if our thoughts did not revert to those bound to him by the ties of nature and the fond associations of home and family, to the loving wife and devoted son and daughter, who "yearn for the touch of a vanished hand and sound of a voice that is still." We can not at this hour offer them a sweeter, dearer consolation than that which springs from a firm faith in the immortality of the soul and the divine assurance of an eternal union beyond the grave. And, apart from the assurance vouchsafed to humanity from on high, it may be truly said that, when death comes, the most consoling and the strongest conviction of the immortality of the soul and an eternal reunion is the immortality of love, which embraces faith and hope alike, which stands for the brotherhood of man and the fatherhood of God, and binds all humanity to the throne of the eternal loving Father.

Mr. MALONEY. Mr. Speaker, regardless of the paths along which we are destined to make life's journey, we are certain to experience moments of joy and sorrow. Joys that inspire us to carry on with renewed effort in our undertakings and sorrows that cause us to reflect and to become disheartened.

Mr. Speaker, this day has been set aside and dedicated as memorial day, in order that we may pay tribute to the memory of those colleagues who departed this life during the past year. I bowed my head in sorrow and reflection as I listened to the names of those men whose presence so short a while ago graced this Chamber in the discharge of their public duties and whom the Father of all time has removed from our midst. Although their voices are silenced and they mingle no more with us in the body, the inspiration of their life's work still carries on.

Mr. Speaker, in this list of the illustrious departed is the name of one of Louisiana's distinguished sons, JAMES B. ASWELL, a man who devoted his entire life to the uplift of his fellow men; a man who was repeatedly honored by the citizens of his State and whom Louisiana in 1913 sent to this august body, where he served continuously until the time of his death. He was the dean of our delegation, by which he was held in high regard. He served fearlessly, faithfully, and capably not only the people of his State but of the entire Nation. His energy and ability were of great assistance to this country in solving many of the problems that arose during the period of the last war. After the war he continued as an indefatigable worker for the restoration of normalcy in the Nation. He was the farmers' friend and gave much of his time to the solution of agricultural problems. He was engaged in the last-named work, which was nearest his heart, when he was taken from us. His public service was an honor to his State and a credit to himself. He was a devoted son, a loving husband, and an affectionate father. He was a tried and true friend. To know him was to love him.

Whatever vales we yet may wander,
What sorrow come, what tempest blow,
We have a friend, a friend out yonder,
To greet us when we have to go—
Out yonder some one that we know.

Mr. MONTET. Mr. Speaker, it is with a deep feeling of sorrow and a keen sense of regret that I endeavor to pay a tribute of admiration and respect to the memory of my colleague and friend the Hon. JAMES B. ASWELL. I am overwhelmed with sorrow because I have lost a warm personal friend, and I regret that Louisiana is deprived of one who was always devoted to the interests of his State and his people. His record in the House of Representatives shall always live as an eternal monument to his memory. He possessed a brilliant intellect, a magnetic personality; handsome and of striking personal appearance, fluent and forceful in speech, invincible in debate, and courageous in his convictions, he combined all of the elements of a legislator capable of leaving his imprint upon this historic body.

He had the broad culture necessary for the comprehensive grasp of high principles, a keenness of intellect that enabled him to reach proper conclusions, and the conscience to demand that the principles in which he believed be applied to administration. He fought for the public weal, even though his actions were in conflict with his personal welfare. He was a strong, patriotic citizen. His actions were guided and directed by his loyalty and his earnest desire to serve well his country and State. One of his outstanding characteristics was his devotion to duty. I know of no public man of our day who served so zealously and more willingly for his constituents. He sacrificed his very life to carry out their expressed wish.

In the passing of my friend Louisiana has lost a great citizen and our Nation has lost a patriotic statesman. He was elected to serve his people; he performed his duties admirably; he did his work nobly; and it is with profound sorrow that we of the Louisiana delegation mourn his untimely death.

Mr. WILSON. Mr. Speaker, our deceased colleague JAMES B. ASWELL, whose memory we honor to-day, was born in Jackson Parish, La., December 23, 1869. He was the son of Benjamin W. and Elizabeth Lyles Aswell.

The father, an honorable and patriotic citizen, was a soldier in the Confederate States Army. His mother, the charming director of a simple home, still the foundation and hope of genuine progress and advancement of the human race.

His first educational training was in the country public schools of his home community and State. After a college course at Arcadia, La., he was awarded a scholarship to the George Peabody College for Teachers at Nashville, Tenn., from which institution he graduated with honor and distinction. He also received degrees from the University of Nashville, the University of Arkansas, and recognition from other noted educational institutions. On account of such merited and deserved honors, he was properly termed Doctor ASWELL.

While his life presents an unusual record in lines of usefulness, the outstanding accomplishments of Doctor ASWELL were as an educator and a statesman. To become noted as either is an honor; to advance to leadership in both is a distinction coming only to a few.

Whether it be in the 1-room country school or the college, his record as a student is remembered by his associates. As an instructor or executive in such institutions, his leadership was gladly followed by his coworkers.

As president of Louisiana Industrial Institute, now Louisiana Polytechnic Institute, at Ruston, La., and president of the Louisiana State Normal College, at Natchitoches, La., and as superintendent of public education in his native State, he planned and formulated the basis of the system of public education by which Louisiana ranks among the first States of the Union in this important field.

From close and cherished relations with our departed friend, I would say that if he should be listening in to-day on this memorial service, he would prefer that his work and career as an educator be given first rank in the records of his public service. And why not? The safety and security of a democracy rest upon the training and equipment of the youth who must constitute its mature citizenship and assume all responsibility for its religious, social, private, and official life.

During his 18 years in Congress as Representative from the eighth congressional district of Louisiana, Doctor ASWELL established a record of public service comprising in all respects the highest qualities of statesmanship.

Complete devotion to and aggressive action for the promotion and advancement of every problem and interest affecting his own congressional district, his native State, and the Nation at large established for him recognized leadership in the Congress in respect to some of the most important problems demanding solution by national legislative action. Due to the length of his previous service, in the Seventy-first Congress he was advanced to the position of ranking minority member of the powerful Committee on Agriculture.

For the emergency farm-relief legislation made necessary by the unprecedented drought disaster of 1930, Congressman ASWELL became the leader, the sponsor, and the author. In September, 1930, I came to Washington at his request to assist and cooperate with him. I therefore know personally of his plans and work, the foundation for the results obtained.

The fact that the world-wide depression, affecting every phase of industry and agriculture, then unforeseen, has made it necessary to continue financial assistance to farmers by the Federal Government, again emphasizes the outstanding service rendered by JAMES B. ASWELL.

Other instances of leadership could be given. The people of Louisiana know his record, realize the immeasurable loss sustained, and join us to-day in the tributes of honor to his memory.

The untimely passing of our beloved and honored colleague was due to burdens of overwork. He had been advised and cautioned of this. But with determination for service to his people, unfaltering Christian faith and devotion to his loved ones, he continued forward and passed quietly on, still in the battle and on the front line. What a privilege!

NICHOLAS LONGWORTH

Mr. HOLLISTER. Mr. Speaker, I well know that there will be offered by various of my colleagues many eulogies of the late Speaker. All of them will be by Members of the House of Representatives who served with and under him. I shall add my tribute from the point of view of one who knew him only outside of his official life.

Though NICHOLAS LONGWORTH was some years my senior, I can not remember when I did not know him. His home was near to mine in Cincinnati, and I well recall the admiration that I had, as a boy, for the attractive, debonair young man who had just been elected to Congress. As I grew older and came to know him better, I always looked forward to those times when he would come back to his home for extended stays between sessions of Congress, with intimate and interesting stories of the kaleidoscope of national figures and events.

When the late Speaker's sudden death came last spring, the whole community which had honored him for so many years by sending him to Washington, and which he had in turn honored by his career of ever-increasing service and prestige, joined with the Nation in its sorrow and in its desire to do honor to his memory. I myself mourned the passing of a real friend.

When I was selected by my party to stand for the vacant seat of NICHOLAS LONGWORTH I felt the honor keenly. It was more than being selected to run for Congress; it was being asked to succeed one of the great men of the Nation, and in this spirit, and with full knowledge of my own inadequacy, I entered the race. When my constituents saw fit to elect me, and I came, an ignorant neophyte, to Washington, it was the prestige and position which had been held by my distinguished predecessor which provided an open sesame to the friendship of my colleagues. I know well that it was because of their love for him that I was made particularly welcome in the Halls of Congress, and I am deeply appreciative.

NICHOLAS LONGWORTH was one man in a thousand. He possessed in a higher degree than I have ever seen in anyone an ability to understand and appreciate his fellow man. Everyone who knew him, no matter how slightly, felt him a friend. His tact, his good fellowship, his humor were proverbial. He knew when to laugh and when to be solemn. He knew that while at times the importance of national and international affairs must naturally cause them to be treated with the utmost seriousness, he also knew that the great saving grace of this life is an ability to laugh with and at the fates; and he realized keenly that no man, be he ever so great, should take himself too seriously. In this he typified an attitude which we should all cultivate, and when the call came was able "to greet the unseen with a cheer."

He was well educated, well read, quick and versatile in thought; and in addition he had a side to him which was not given to all to know. He had an unusual knowledge of and love for fine music, and many who knew him as a statesman or as a gay companion would have been surprised to see him staying up for hours late at night playing the violin with a group of musicians of the first rank and holding his own.

A fascinating figure has left his accustomed haunts, but the world is a more human and livable place because he lived in it.

Mr. HESS. Mr. Speaker, the passing of NICHOLAS LONGWORTH was for me a heartfelt personal loss. I esteemed him as an elder brother, a preceptor, and friend. I have heard that he was always willing to oblige the fledglings—the first-termers of Congress. Possibly, as a fellow townsman, he did more for me, and I am under many obligations to him for making smoother the rough spots. His advice was always unselfish.

It is a consolation that I showed my feeling for him during his lifetime. On one occasion, at a dinner given in his honor, I was invited also, and will read from my notes, luckily preserved, what I then said:

I am especially pleased to be here to join you in doing honor to my chief, Speaker NICHOLAS LONGWORTH. He worthily fills the second highest position in the National Government. He has the respect of partisan foes as well as the affection of partisan friends. It is no small thing to guide the destiny of a House composed of 435 Representatives eminent in their respective localities, men of decided individualities, and yet NICHOLAS LONGWORTH does this and holds their general good will, because in all situations he is and remains the gentleman.

I rejoice that the custom is growing to give to the living, flowers of speech and acclaim when they deserve them, and know of no one who better deserves such recognition than our fellow townsman, NICHOLAS LONGWORTH. For he's a jolly good fellow.

Those last words, "For he's a jolly, good fellow" may require some explanation, except to those who have experienced the charm of an evening with LONGWORTH as host. Mr. LONGWORTH was a lover of music—he rarely missed a good concert. He was a musician of great proficiency on the piano, violin, and organ. When at his ease among his intimates, he regaled his guests with song, story, and music, and there would ensue a "feast of reason and flow of soul," long to be remembered and cherished. He made friends easily and kept them.

He was a Member of the House of Representatives for 13 terms and elected for a fourteenth term. Those who served during the last three terms of Congress know he was the ideal Speaker. He had a thorough knowledge of parliamentary law and the rules of the House. On one occasion only was an appeal from his decision sustained on the floor, and later he had the satisfaction of having his original ruling become the action of the House on another measure. Rigidly impartial, his fair dealing was recognized by all, and at the close of each of his three terms as Speaker there was demonstration of good feeling in honor of Mr. LONGWORTH.

Who of us will ever forget the 4th of March last? Then Mr. LONGWORTH said, in part:

I need not say that I am profoundly grateful for this demonstration of your affection. Perhaps this is the last time I will address you from this rostrum. [The CONGRESSIONAL RECORD interjects here "laughter and applause."]

Mr. LONGWORTH jocularly continued:

I do not mean to insinuate that I regard it as a probability, but I must admit it as a possibility.

In serious vein he proceeded:

The decision lies with none of us here. It is a decision that lies with an all-wise Providence.

Slightly more than a month later he died.

I am not one of those who believe he anticipated his own death. Having received a unanimous party-caucus nomination for reelection as Speaker shortly before, he was directly referring prophetically to the deaths which might and have changed the political complexion of the House. He knew that such deaths occur between terms of Congress, and therefore his nomination did not mean his certain election to the Speakership.

True, his next sentence was:

With whatever Providence may decree I am abundantly satisfied.

This is a personal reference, but I take it as a confession of faith on the part of this Christian gentleman, and not as premonitory of his death. We can not forget his genial spirits when he delivered this farewell speech. Shortly thereafter he yielded to a draft and played for us the piano accompaniment to "Carry Me Back to Old Virginny." He was noticeably tired, but apparently in health.

The shock of his death was felt throughout the Nation. I learned of it by wireless at Cristobal, Panama, and it was my sad duty to transmit this first information to the officers aboard ship and at the garrison. Soon our flag was at half-mast and genuine sorrow was shown there and everywhere on my trip to the Pacific coast, reluctantly resumed after it proved impossible to journey to Cincinnati, even by airplane, in time for the funeral services.

Cincinnati has long cherished the name of LONGWORTH as one intertwined with its growth and progress from its early history to the present time. Cincinnati mourns the death of Speaker LONGWORTH as the loss of its most distinguished citizen.

Mr. DARROW. Mr. Speaker, announcement of the death of our beloved Speaker, Hon. NICHOLAS LONGWORTH, so shortly following the adjournment of the Seventy-first Congress, smote heavily with sorrow the hearts of his colleagues and legion of friends, and brought to me the shock of personal bereavement.

I desire to voice brief and humble tribute to this great public official and statesman, whose name will be prominently engraved in our Nation's history.

I had a deep affection for our late colleague, which only increased with the length of our association. I admired him for his kindly personal qualities and his high attainments, respected his sound judgment and decisions, and was happy to follow his leadership of Republican forces in the House.

The whole public career of NICK LONGWORTH was a splendid exemplification of the highest conception of service. He was the highest type of public servant it has been my privilege to know.

Especially did I admire his loyalty to the Republican Party and its principles, as well as his advocacy of sound party government. In this connection I often recall a speech he delivered before the Union League of Philadelphia on May 27, 1926, when as an introduction to a scholarly address on the virtues of party government, he said:

I hear you had an election here recently. Well, I am not here to comment on the result. I know the primaries sometimes leave heart burnings. I am not here to offer advice. I would not presume to do so. But I know what I would do in the circumstances. I would vote for every man nominated on the Republican ticket.

Dwelling further on the subject of party loyalty, he appropriately illustrated his point as follows:

The first thing I did when I left college was to join a political club. As a member of that club, I gained my first lesson in what a Republican organization ought to have: First, real cooperation, whether the individual attains high estate or not, and then firm loyalty.

I remember that as a member of the Ohio Legislature I went home to join my club in a parade. My train was late. I joined in the rear of the column and walked with three aged, diminutive men. We had the dust in our faces and the band was around the corner. I said to one of my companions, "Well, I don't like this." "Young man," he said, "I don't know who you are, but let me say this: I have been a member of this club for 25 years, and I have never missed a parade, and I have never heard the band play yet."

That—

Asserted Speaker LONGWORTH—

is the spirit that wins our victories.

Mr. LONGWORTH spoke highly in praise of service in the House of Representatives, and considered his position as Speaker as one of the highest honors to which a man could aspire.

There is no greater leveler in the world than the House.

He said.

It makes no difference what a man was, men are judged in the House by what they are and what they do.

The House is daily in contact with the people of the country, and so long as it may merit the confidence of the people, no real danger can come to the Republic we all love.

My closest contact with Mr. LONGWORTH was during the period of our service together on the Republican steering committee, of which he was chairman when majority leader and an ex officio member when Speaker. I always found him to be most genial and affable and possessed of a personality which made and kept friends. He was thoroughly versed in every aspect of government; and while not one of the country's outstanding orators, he possessed the fine art of convincing firmness and expounded his arguments in a manner that they could be readily understood and leave a lasting impression.

Mr. Speaker, the Nation mourns the loss of its outstanding public servant and statesman, and we who served with him here suffer from the lost opportunity of personal association with him and the benefit of his wise counsel and leadership.

Mr. NELSON of Wisconsin. Mr. Speaker, when NICHOLAS LONGWORTH laid down the Speaker's gavel for the last time, the country lost a great leader. Some men are astute politicians, some are scholars, some revel in the æsthetic, art, literature, music. Fortunate, but rare, it is that men are the happy composite of all of these. Such a man was NICHOLAS LONGWORTH.

His rise to the position of power, second only to that of the President of the United States, was conscientiously and meritoriously earned. Membership for four years in the assembly and senate of his State was the first step that enabled the 33-year-old "boy Representative from Ohio" to find a seat in the House of Representatives. Thirty-two years of public service in State and National office prepared him for the success that was his in the high office of Speaker of the House.

That his influence would be far-reaching was early demonstrated when he was a member of the Committee on Foreign Affairs. Intensive self-training and invaluable public good came out of his years of service on the Ways and Means Committee. He became an authority on matters requiring economic judgment—revenues, tariffs, and taxes.

In the rôle of floor leader, when for two years, 1923–1925, he steered the Republican Party through difficult times which threatened a serious split between progressives and conservatives, he exercised amazingly balanced political judgment, and achieved for that Congress an almost unprecedented legislative record.

My own relations with NICK LONGWORTH were always most delightful. We served in the House together more than 20 years. He came to the House one Congress before I did. In all my experience with him I found him always a man true to his word. He was frank and honest; and when he made a promise, he kept it.

Well do I remember when, at the beginning of the Sixty-sixth Congress, the progressive group held the balance of power. With Democratic coalition this group could overrule the Republican majority at any time. Mr. LONGWORTH had assumed leadership, but he was attempting an impossible task. Some of the conservative group had advised him to give up even trying to organize the House. An old fight for liberalization of the rules of the House had been carried over from the previous Congress. I was chairman of the progressive group and asked for a conference with Mr. LONGWORTH.

The result of this conference was a compromise which eventually led to many changes in the rules, more particularly to the discharge of bills from the committees. He was always fair, and tried to see the opponent's point of view, which was one of the reasons for his great popularity as Speaker.

When his name was presented for candidacy to the high office of Speaker, among the many reasons set forth in favor of his election were his 22 years of faithful service in the House, his profound study of legislation and parliamentary procedure, his unfailing diligence in attendance to the business of the House.

NICHOLAS LONGWORTH was a man of particularly engaging personality, which would have won him a place of honor and responsibility aside from his recognized ability. He possessed a delightful sense of humor, was an interesting and informed conversationalist, and a master of cogent and vigorous argument. He was unfailingly courteous to opposing opinion, and never indulged in discourteous remarks or caustic humor.

He had independence of judgment. It took courage in the campaign of 1912 to stand by his belief and for party allegiance in support of William H. Taft against his father-in-law, Theodore Roosevelt. He did it. It cost him a term in Congress.

Earnestly and zealously he upheld high standards of official conduct. He consistently strove to attain the ideals he expressed in the House on that December 7, 1925, when he took his oath of office as Speaker:

> While my ambition to successfully perform the duties of the Speakership is high, I believe, as my personal ambition can be, I cherish also an ambition less personal in its nature which is even higher.
>
> I want to effectively assist in bringing about universal recognition of the fact that the House, closer as it is to the people than any similar body and more directly responsive to their will, is in very truth, as it ought to be, the great dominant legislative assembly of the world. Thus we may rest assured that the Republic of the United States shall forever live and that popular representative government shall never die.

During the years of his able leadership, elected Speaker three times, he accomplished much in balancing the relationship between the two legislative branches of Congress, bringing them nearer the unity intended by the Constitution of the United States.

Ability and pleasing personality are great endowments. NICHOLAS LONGWORTH had both. It was said of him that his "death would cause more sincere grief among more people than that of any other man in public life" and that he had "more real personal friends than any other and would be missed in more ways by more different groups, and for a longer time."

Mr. MOREHEAD. Mr. Speaker, it was my great privilege to be a Member of the House of Representatives during the time when the Hon. NICHOLAS LONGWORTH served as Speaker of the House.

As a presiding officer, he was always fair in his rulings, universally liked by all Members regardless of politics. Although the presiding officer, he was always in sympathy and fair in his dealings with Members of all political faiths.

As evidence of the high esteem of his associates and friends, I include eulogies from the following individuals and official groups:

Concurrent resolution from State Senate and House of Representatives of the State of South Carolina.

Resolution by the Senate of the Territory of Hawaii.

Joint resolution of the One hundred and third General Assembly of the State of Delaware, by both houses.

Resolution by the House of Representatives of the Texas Legislature.

Resolution by the House of Representatives of the State of South Carolina.

Copy of telegram to the House of Representatives, Washington, D. C., expressing condolences on the death of Mr. LONGWORTH, by Dr. Quintin George, President P. S., Chamber of Representatives of the Republic of Cuba. (Through the Department of State.)

Joint resolution, House of Representatives of the State of Alabama, by Pete B. Jarman, jr., secretary of state, Montgomery, Ala.

Resolution by the house of representatives, Harrisburg, Pa.

Copy of cablegram quoting a resolution of condolence passed by the Senate of Puerto Rico, from the Hon. Luis Sanchez Morales, president of the Senate of Puerto Rico. (Through the War Department.)

Concurrent resolution

Whereas it has just been learned that Hon. NICHOLAS LONGWORTH, Speaker of the House of Representatives of the United States, died this morning, while visiting at Aiken, S. C.; and

Whereas because of his outstanding ability and the utter loyalty he has always shown in the discharge of his duties as a public officer the Nation as a whole has suffered a great loss: Now, therefore, be it

Resolved by the Senate of the State of South Carolina (the House of Representatives concurring), That the sympathy of the State of South Carolina be extended to the family of the Hon. NICHOLAS LONGWORTH in this hour of their great sorrow and bereavement; and

That a copy of this resolution be sent to Mrs. Nicholas Longworth and also to the United States House of Representatives.

A true copy:

[SEAL.]

JAS. H. FOWLES,
Clerk of the Senate of South Carolina.

THE SIXTEENTH LEGISLATURE OF
THE TERRITORY OF HAWAII,
THE SENATE,
Honolulu, Hawaii, April 10, 1931.

THE HONORABLE MEMBERS OF THE HOUSE OF
REPRESENTATIVES OF THE CONGRESS OF THE UNITED STATES,
Washington, D. C.

GENTLEMEN: I have the honor to transmit herewith Senate Resolution No. 28, which was this day adopted in the Senate of the Territory of Hawaii.

Very respectfully,

ELLEN D. SMYTHE, *Clerk of the Senate.*

Resolution—Senate Resolution No. 28

Whereas the sun has prematurely set on the life of the Hon. NICHOLAS LONGWORTH and he has passed forever from our mortal vision, although the memory of him and his accomplishments will linger with us always; and

Whereas we realize what a great loss his passing will be to the Republican Party and to the Congress of the United States, where he has been Speaker of the House of Representatives for the past six years, and where he has served as a Republican member over a period of 30 years; and

Whereas, ever since he entered politics, three decades ago, he has been recognized as a statesman without a peer; and

Whereas, he was a man whose heart was as big as his brain was brilliant, and whose thoughts were focused ever on the good he could do for others, regardless of the cost to himself; and

Whereas, we, the members of the Senate of the Territory of Hawaii are cognizant of the friendly attitude he has maintained toward this Territory, and whom many of us have been privileged to know personally and to have thus learned to appreciate his sterling character, as well as his eminent statesmanship: Now therefore, be it

Resolved, That we, the members of the Senate of the Territory of Hawaii, session of 1931, do by this means express our deep regret that his career has been brought to a close at a time when his highest ambitions and ideals were being realized; and be it further

Resolved, That we, the members of the senate here assembled, do extend to his widow, Alice Roosevelt Longworth, and to his family, our deepest sympathy in this, their hour of bereavement; and to extend the comfort of the thought of Longfellow that:

> "There is no Death! What seems so is transition;
> This life of mortal breath
> Is but a suburb of the life elysian,
> Whose portal we call Death."

and be it further

Resolved, That we do express to the House of Representatives of the Congress of the United States our sincere regret at the loss to them of their much loved and honored Speaker, who possessed the rare combination of the knowledge of and sympathy with mankind, coupled with his ability as a leader; and be it further

Resolved, That this resolution be adopted by a rising vote and that when the senate adjourns to-day it does so out of respect to the memory of NICHOLAS LONGWORTH—a man whose friends loved him and whose political enemies had for him the highest respect; and be it further

Resolved, That a copy of this resolution be transmitted to Mrs. Longworth and to the House of Representatives of the Congress of the United States.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, T. H., April 10, 1931.

We hereby certify that the foregoing resolution was this day adopted in the Senate of the Territory of Hawaii.

COBERT W. SHINGLE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

House Joint Resolution No. 9, expressing the sorrow of the General Assembly of the State of Delaware at the news of the death of the Hon. NICHOLAS LONGWORTH, the Speaker of the House of Representatives at Washington and a Member of that body from the State of Ohio

Whereas the General Assembly of the State of Delaware has just learned with profound sorrow of the death of the Hon. NICHOLAS LONGWORTH, the Speaker of the House of Representatives of the United States at Washington and a Member of that body from the State of Ohio; and

Whereas the deceased was not only recognized as an eminent lawyer but served the people of his State of Ohio on their boards of education in their State senate, and in many other positions of trust and responsibility at home as well as nearly 30 years in the Congress of the United States and was recognized by the people of the United States, irrespective of party affiliation, as one of the outstanding Americans of the age, and one who in his long and honorable service gave to the people of his State and country the benefits of a learned and efficient statesmanship; and

Whereas by the death of Mr. LONGWORTH the country sustains an irreparable loss: Therefore be it

Resolved by the Senate and House of Representatives of the State of Delaware in general assembly met, That the General Assembly of the State of Delaware by this resolution, in its humble manner, desires to express its sorrow at the great loss the country has sustained in the death of Mr. LONGWORTH and to extend to his bereaved family its sympathy in this hour of its great trouble; and

That a duly certified copy of this resolution be sent to the National House of Representatives and to his widow, Alice Roosevelt Longworth.

[SEAL.]

BUD COY,
Speaker of the House of Representatives.
DAVID HOLLEY,
Clerk of the House of Representatives.

HOUSE OF REPRESENTATIVES STATE OF TEXAS,
Austin, April 13, 1931.

Hon. WILLIAM TYLER PAGE,
Clerk House of Representatives, Washington, D. C.

MY DEAR SIR: On April 10 the House of Representatives of the Texas Legislature adopted the inclosed resolution expressing its sympathy and joining the American people in their grief at the death of Hon. NICHOLAS LONGWORTH.

The members of the Legislature of Texas were deeply grieved by the passing of this great American and greatly deplore the loss which his death has occasioned the people of this Nation.

Very truly yours,

LOUISE SNOW PHINNEY,
Chief Clerk House of Representatives.

Resolution

Whereas on yesterday, April 9, Hon. NICHOLAS LONGWORTH, of the city of Cincinnati, and Speaker of the House of Representatives of the American Congress, was called by death; and

Whereas the Speaker of the House of Representatives of the State of Texas, upon being advised of his death, appointed a committee from the house to prepare and submit to this house suitable and proper resolutions on the death of this distinguished American; and

Whereas Texas shares in common with her sister States the grief and loss occasioned by the death of this outstanding son of the great State of Ohio, she also recalls and pauses now to express a remembered gratitude to Cincinnati and Ohio for the sympathy and support accorded by them to Texas in the struggle and achievement of the young Republic; and

Whereas the Hon. JOHN N. GARNER in his tribute appearing in to-day's press, to the memory of Mr. LONGWORTH, expresses the feelings and sentiments of the people of Texas, and which is as follows:

"I was intimately associated with Speaker LONGWORTH for nearly 30 years. We were elected to Congress the same year and from the beginning served on the same committees—Foreign Affairs and Ways and Means. He went to the Speakership; I, to the leadership of the Democratic minority. I knew him as a man and as a legislator and he was the best type of each. His statesmanship was of the highest and most patriotic; true he was a partisan, but he was honest and courageous and loved his country. He was as fair and impartial a Speaker as the country has had in the last half century. He was a regular Republican, which means that he believed in party organization and party responsibility, which is the opinion of most men who have had experience in legislative efforts. It has been our constant habit for years to meet each evening after Congress adjourned and discuss the happenings of the day and the probable happenings of the to-morrow. In these late afternoon conferences we often discussed the policies of the Congress in a patriotic spirit, and many propositions were solved. A good many of them are on the statute books to-day. Of course we had differences, and our political fights were sometimes intense, even tinged with acrimony, but there was always respect for the views of each and a realization that each was trying to serve his country from his respective point of view. When the fight was over, our efforts were celebrated in the usual manner, differences forgotten, and good fellowship resumed. LONGWORTH and I were closely associated socially. I had the pleasure of attending his wedding. He was an aristocrat; I am a plebeian. Perhaps the very fact of our different rearing intensified our interest in each other. I have lost one of the best friends of a lifetime, the country a good citizen, and the Congress a most valuable legislator." Therefore be it

Resolved by the House of Representatives of the State of Texas, That it express its approval of the sympathy and sentiments expressed by Hon. JOHN N. GARNER on the death of Hon. NICHOLAS LONGWORTH; that we concur in the estimate he formed and held of this great American; we appreciate and deplore the loss which his death has occasioned the American people, and we join Cincinnati and Ohio in their grief.

Be it further resolved, That a copy of these resolutions be sent to the Chief Clerk of the Congress of the United States and to the Governor of the State of Ohio, and the mayor of the city of Cincinnati.

McGREGOR.
KELLER.
SATTERWHITE.

Adopted unanimously by a rising vote.

FRED H. MINOR,
Speaker of the House.
LOUISE SNOW PHINNEY,
Chief Clerk of the House.

Resolution

Whereas it has just been learned that Hon. NICHOLAS LONGWORTH, Speaker of the House of Representatives of the United States, died this morning while visiting at Aiken, S. C.; and

Whereas, because of his outstanding ability and the utter loyalty he has always shown in the discharge of his duties as a public officer, the Nation as a whole has suffered a great loss: Now, therefore, be it

Resolved by the House of Representatives of the State of South Carolina, That the sympathy of the State of South Carolina be extended to the family of the Hon. NICHOLAS LONGWORTH in this hour of their great sorrow and bereavement.

That a copy of this resolution be sent to Mrs. Nicholas Longworth, and also to the United States House of Representatives.

IN THE HOUSE OF REPRESENTATIVES,
Columbia, S. C., April 9, 1931.

I hereby certify that the foregoing is a true and correct copy of the resolution adopted by the House of Representatives this day.

[SEAL.]

J. WILSON GIBBES,
Clerk of the House.
Per D. N.

DEPARTMENT OF STATE,
Washington, April 24, 1931.

Mr. JOSEPH G. RODGERS,
Sergeant at Arms of the House of Representatives,
2924 Macomb Street, Washington, D. C.

SIR: There is transmitted herewith copy of a telegram, with translation, addressed to the Presiding Officer of the House of Representatives by Dr. Quintin George, President P. S., Chamber of Representatives of the Republic of Cuba, expressing condolences on the death of Mr. LONGWORTH.

Very truly yours,

For the Secretary of State:
WILLIAM J. CARR, *Assistant Secretary.*

(Inclosure: From Dr. Quintin George, April 13, 1931.)

HABANA, *April 13, 1931.*

The PRESIDING OFFICER,
House of Representatives, United States of America,
Washington, D. C.:

The Chamber of Representatives at to-day's session passed a resolution to express to your honorable body its sincere condolence for the lamented decease of the Speaker of the House, Mr. NICHOLAS LONGWORTH.

DR. QUINTIN GEORGE,
President P. S., Chamber of Representatives
of the Republic of Cuba.

HABANA, *April 10, 1931.*

Honorable SPEAKER PRO TEMPORE,
United States House of Representatives,
Washington, D. C.:

In the name of the Congress of the Republic of Cuba and in my own allow me to express to the Members of the American Congress our most sincere condolences for the demise of Speaker LONGWORTH.

Dr. CLEMENTE VAZQUEZ BELLO,
President of Congress of Republic of Cuba.

APRIL 22, 1931.

Hon. CLEMENTE VAZQUEZ BELLO,
President of Congress of the Republic of Cuba,
Habana, Cuba.

SIR: On behalf of the Members of the National House of Representatives, I have the honor to acknowledge the receipt of your telegram of April 10, expressing in the name of the Congress of the Republic of Cuba, and in your own, sincere condolences for the demise of Speaker LONGWORTH, for which expression at this time I extend the thanks of the Members of the National House before which the message will be presented when Congress convenes.

I have the honor to be, sir, very respectfully yours,

WILLIAM TYLER PAGE,
Clerk of the House of Representatives, United States.

STATE OF ALABAMA,
OFFICE OF SECRETARY OF STATE,
Montgomery, April 25, 1931.

To the honorable CLERK OF THE
HOUSE OF REPRESENTATIVES,
Washington, D. C.

DEAR SIR: I am inclosing herewith House Joint Resolution 104, by Pitts, pertaining to the death of Hon. NICHOLAS LONGWORTH, Speaker of the House of Representatives. This as requested in the joint resolution.

Yours very truly,
PETE B. JARMAN, Jr.,
Secretary of State.

House joint resolution

Whereas death has come to NICHOLAS LONGWORTH, Speaker of the National House of Representatives, a wise and good man, and

Whereas Mr. LONGWORTH was always just in his political dealings, his justice knowing no party lines: Therefore

This legislature expresses its sorrow at his death and its sense of loss at his passing.

Resolved further, That the secretary of state of Alabama shall send a copy of this resolution to the National House of Representatives, Washington, D. C.

Approved April 21, 1931.

THE STATE OF ALABAMA,
DEPARTMENT OF STATE.

I, Pete B. Jarman, jr., secretary of state of the State of Alabama, do hereby certify that the pages hereto attached contain a true, accurate, and literal copy of House Joint Resolution No. 104, by Pitts, approved April 21, 1931, as the same appears on file and of record in this office.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State, at the capitol, in the city of Montgomery, this 25th day of April, 1931.

[SEAL.]
PETE B. JARMAN, Jr.,
Secretary of State.

HARRISBURG, PA.,
IN THE HOUSE OF REPRESENTATIVES,
April 14, 1931.

While yet in love with life and raptured with the world, NICHOLAS LONGWORTH, Speaker, statesman, artist, and gentleman, swiftly passed into that dreamless silence of the dead;

Tolerant, tactful, fair, and honest, he takes his place in history as an outstanding wielder of the gavel in our National House of Representatives;

Born of wealth, reared in luxury, educated without stint, when man's estate arrived, he mixed and mingled with the crowds, and on his own he climbed the mountain peak;

The artistry of the skilled musician, the aggressiveness of the politician, the fearlessness of the statesman, the fineness of the gentleman, combined to make a man, respected by his fellow men;

While eager, kindly winds were kissing every sail of life's frail bark and carrying on to better, richer ports, he struck the unseen rock that lurks beneath the silver sea and now the billows roll above that stricken craft and he is gone;

With many milestones left unpassed upon the road of life and ere the setting sun had cast its taller shadows to the east, he wearied of the trail and fell asleep;

A life whose every moment gleamed with love of friends and every hour was studded thick with jewels of memory became too soon a sad and sorrowing tragedy: Therefore be it

Resolved, That in the passing of the Hon. NICHOLAS LONGWORTH, the House of Representatives has lost a fair, impartial, and fearless Speaker, and a Member who possessed the qualities of genuine statesmanship;

That the Nation has lost a strong and outstanding figure, who contributed his all to the common good;

That the district he represented has been deprived of the services of one who knew its needs and whose public career was a credit to it;

That while we feel the ineffectiveness of any act of ours to in any way assuage the grief and loss of those who must deeply mourn his loss, we extend to them our deepest and most profound sympathy;

That a copy of these resolutions be forwarded by the chief clerk of the house to the widow of the Hon. NICHOLAS LONGWORTH, and to the Chief Clerk of the House of Representatives of the Congress of the United States, and that they be spread upon the journal of this house.

The foregoing is a true and correct copy of the resolution passed in the house of representatives, the fourteenth day of April, one thousand nine hundred thirty-one.

C. J. GOODNOUGH,
Speaker, House of Representatives.
E. F. WHITE,
Chief Clerk, House of Representatives.

WAR DEPARTMENT,
Washington, April 16, 1931.

The SPEAKER,
House of Representatives.

SIR: In compliance with the request contained therein, there is transmitted herewith a copy of a cablegram quoting a resolution of condolence passed by the Senate of Porto Rico upon the death of the Hon. NICHOLAS LONGWORTH, late Speaker of the House of Representatives, which has just been received from the Hon. Luis Sanchez Morales, president of the Senate of Porto Rico.

A copy of the above cablegram has been transmitted to the President of the Senate.

Respectfully,
PATRICK J. HURLEY,
Secretary of War.

(1 inclosure.)

APRIL 10, 1931.

The Hon. PATRICK J. HURLEY,
Secretary of War, Washington, D. C.:

I have the honor to inform you that at a meeting held to-day the Senate of Porto Rico adopted the following resolution expressing the condolence of the Senate of Porto Rico on the death of the Hon. NICHOLAS LONGWORTH, Speaker of the House of Representatives of the United States of America.

Whereas the Hon. NICHOLAS LONGWORTH, a Member of Congress and Speaker of the House of Representatives of the United States, has departed this life;

Whereas the death of the Hon. NICHOLAS LONGWORTH represents a sad and immense loss to the American people, while to Porto Rico it means the loss of a friend who was always ready to cooperate in benefit of the interest of our island.

Whereas the deceased was the brother-in-law of our governor, the Hon. Theodore Roosevelt:

Now, therefore, be it resolved by the Senate of Porto Rico (1) to state and enter on the record the fact that the senate has with deep sorrow learned of the death of the Hon. NICHOLAS LONGWORTH; (2) to transmit a cablegram to the widow of the Hon. NICHOLAS LONGWORTH, the Congress of the United States, and the President of the Nation, expressing to them our most sincere condolence; (3) to designate a committee to call upon the Governor of Porto Rico to express to him our participation in his sorrow.

The senate also resolved to adjourn to-day's meeting as an expression of sorrow over the death of Speaker LONGWORTH.

I beg of you to inform Speaker LONGWORTH'S widow, his Excellency President Hoover, and the Congress of the United States of the resolution transcribed above.

LUIS SANCHEZ MORALES,
President of the Senate.

Mr. McKEOWN. Mr. Speaker, the tragedy of our American life is the fact that the sons of our wealthy citizens take so little interest in governmental affairs, especially in the House of Representatives. The late Speaker, who came into this House to serve his district and the Nation through many years leaves a career that merits the plaudits of all good citizens, and his example should be emulated by future sons of the well-to-do. The life in the House is no flowery bed of ease, but it is the great arena of statesmanship, where all must stand or fall upon merit alone. Here wealth will not win nor poverty prejudice.

In the very early days of my apprenticeship, in the war days, I first came in personal contact with the late Speaker. I had voted to let Colonel Roosevelt go to France; and since I was a Democrat, he came to express his appreciation.

He understood the hardships of a new Member and was always genial and approachable. He was more concerned about having the good wishes of his colleagues and their esteem than any office in the gift of the Nation.

I think probably there are few places where the measure of a man is more completely taken than right here among Members of this House, and it is said of Mr. LONGWORTH that no man had more real friends, not only among his party associates but among those of the opposing political faith.

He was a great party leader, a greater Speaker; and when the gavel fell, as it were, from the grasp of his nerveless hand, he passed over the divide to preside in the hall of the great of all times.

Mr. SNELL. Mr. Speaker, the entire American Continent mourned the death of NICHOLAS LONGWORTH. He had a warm place in the hearts of his fellow Americans. No wonder. He was intensely human. His kindly nature was unspoiled by political conflicts and the responsibilities of official station. He was a manly man.

To me his sudden, tragic, and pathetic passing terminated a personal friendship which daily association in a common official and political relationship had created over a period of more than eight years.

Prior to his election as majority leader of the House our acquaintanceship was comparatively casual, merely that of two Members of the House serving on different committees whose contacts were chiefly on the floor of the House.

The election of Mr. LONGWORTH as leader of the Republican Party in the House came at a time which tested his

capacity for leadership. He met the test. A small group in his own party held the balance of power and demanded concessions for their support. The problems arising out of this situation he met and solved with that natural ability and finesse which characterized his whole career. He had the happy faculty of conciliating his foes and keeping his friends, and at the same time preserving his principles. He would never sacrifice his convictions for the sake of expediency. He had the approbation of his own conscience. His affability and his good judgment, combined with rare tact and discretion, won for him the affection of the House.

When he aspired to the Speakership of the House, having won his spurs as majority leader, he contended with his friend the late beloved Martin Madden, himself a leader and political antagonist, who proved to be a worthy foeman. Both men had earned the respect and admiration of their party associates, and a choice between them was no easy task. They fought a good fight, Mr. LONGWORTH winning out; but the result left no scars and Speaker LONGWORTH entered upon his duties with the good will and cooperation of his fellow Republicans, and with the esteem of his friends on the Democratic side.

The high regard in which Mr. LONGWORTH was held extended into every stratum of political and social life, from the highest to the lowest. An aristocrat to the manner born, yet his life was simple and unaffected and his manners democratic and those of a true gentleman.

Mr. LONGWORTH'S three terms as Speaker of the House were distinguished for his fairness and for his wise rulings. He added prestige to the House. He actually raised the House, none too popular at any time, to a place of respect and admiration in the Nation. He was proud of the body over which he presided with consummate skill, and his zealous regard for its dignity and place in our governmental scheme won the plaudits of its Members regardless of party.

Mr. LONGWORTH was a partisan when occasion demanded partisan action, but his partisanship was never offensive.

He believed, to quote his own words, that—

> The basic principles which have made the Republican Party what it has been and is to-day, the true medium for the expression of the desires and aspirations of the majority of the people of the United States.

Yet in the office of Speaker, as presiding officer of the House, one could not have discerned from his conduct to which party he was attached, so well did he exemplify his own ideal and conception of the character of that high station.

Upon assuming the Speakership the first time, he announced his belief and purpose concerning the office and its proper administration in these words:

> The functions and duties of the Speakership, as I view them, divide themselves into two general classes, the one parliamentary, the other political.
>
> The first I propose to administer with most rigid impartiality, with an eye single to the maintenance in the fullest degree of the dignity and honor of the House, and the rights and privileges of its Members. I promise you that there will be no such thing as favoritism in the treatment by the Chair of either parties or individuals.

That he kept faith with himself and with the House is amply attested by the genuine high regard and affection of his associates on both sides of the House. The feelings of the Members, without exception, toward Speaker LONGWORTH could not be better expressed than by the distinguished gentleman from Georgia [Mr. CRISP], himself an able legislator and parliamentarian and the son of a former Speaker, when at the close of the last Congress, not long before Speaker LONGWORTH'S gavel fell for the last time, Mr. CRISP uttered this encomium, which also was a requiem:

> I recall that when our distinguished Speaker first assumed the chair he made this statement, that as a Representative from one of the congressional districts of Ohio he was a partisan; that as the Speaker of the House he would know no partisanship but would be the Speaker of the entire body and faithfully, fairly, courteously, and impartially discharge the duties of that great office. I desire to say that he has kept faith and lived up to that promise. He will take rank as one of the great Speakers of this House.

We miss the wise counsel, the unfaltering leadership, the inspiration, and the amiable fellowship of our beloved friend NICK LONGWORTH.

Mr. WIGGLESWORTH. Mr. Speaker, Shakespeare has referred to "wisdom" as "a word that all men love." Wisdom deserves this response, for in the long run wisdom spells success, and lack of wisdom spells failure, in every field of endeavor. Wisdom outstanding in his chosen field characterized our late and loved Speaker, Hon. NICHOLAS LONGWORTH, of Ohio.

Other qualifications were his in abundance. His splendid abilities were self-evident. These abilities, asserted early in life, enabled him to serve his city and his State as a member of the school board in Cincinnati, as a representative and as a senator in the Legislature of Ohio. These abilities also carried him into the service of the Nation, electing him to Congress no less than 14 times. They won for him important committee assignments in the House. They made him its majority leader. They brought him ultimately the highest honor which his colleagues could confer upon him—the speakership—a high office to which he was three times elected; a high office which he filled with dignity, with courage, and with fairness to all.

Human qualities were also his in full measure. His understanding of human nature, his generosity, his humor, his good-fellowship, these and other characteristics endeared him to the Members of the House and won for him a host of friends in every walk of life.

His wisdom made him a great Speaker of the House of Representatives. No one who knew him as presiding officer and leader of his party in the House could fail to recognize his rare foresight, his unusual power to estimate accurately the result which could be attained, his unerring skill in finding the means best suited to its attainment, his ability in a word to make the right application of knowledge.

Those of us who were privileged to serve with him as friend and as colleague can best appreciate the value to the Nation of his experience, of his wisdom, of his life of public service. We can best appreciate, Mr. Speaker, in these difficult times, when in every walk of life the world cries out for intelligent and effective leadership, how great was America's loss in the passing of our loved leader.

Mr. BACHARACH. Mr. Speaker, we meet to-day according to custom to pay tribute to the memory of those of our colleagues who have passed to the Great Beyond since the last session of Congress. But this day has more than special significance, since among those who have left our midst is our beloved friend and former Speaker, NICHOLAS LONGWORTH.

But three Speakers in the history of the House occupied longer the chair to which Mr. LONGWORTH was elevated by the Republican membership after 20 years of service in the House. Prior to his election as Speaker he had served with distinction as Republican floor leader and as a member of the Committee on Ways and Means.

It was my pleasure to meet Speaker LONGWORTH for the first time in the spring of 1915, following my first election to the House of Representatives, when he came to Atlantic City to address a Republican gathering there. We became rather well acquainted in the several days which he spent in Atlantic City, and that acquaintance ripened into a warm and sincere friendship which I shall ever cherish as one of the happy memories of my service in the National Congress. At the time of his death it was my great privilege to hold a closer relationship with him than perhaps any other Member of the House.

Speaker LONGWORTH was an exceptional man in many ways; he might well be referred to as an "institution" as a result of his long and valuable service in the House of Representatives. A brilliant scholar, a statesman of accomplished attainments, a master of parliamentary law and procedure, he will go down in history ranking high among the few really great Speakers of the House.

A gentleman to the manner born, he was possessed of a magnetic personality and with it all a "man's man." To have the good fortune to know him intimately was indeed a real privilege, for to know him was to appreciate his abundant good qualities and to love him for his rare charm.

It was my pleasure, as one of his close friends and advisers, to sponsor and take an active interest in his first

election as Speaker of the House. There was considerable opposition to his candidacy, and it was no easy matter to defeat his opponent, the late and lamented Martin B. Madden, who had served in the House for so many years with honor and distinction. The record left by our departed friend as Speaker of the House will ever remain a mark of high tribute from him to the friends who loyally stood by him and contributed to his election to the highest office in the National Congress. If, in the years which I have already served in the House and to those to come, my service to my country shall otherwise be little noted, I shall always feel that in helping to elect NICHOLAS LONGWORTH as Speaker of the House I have in no small measure contributed to the future history of our country.

As I think of him now my memory goes back to the closing day of the Seventy-first Congress, when he addressed his colleagues for the last time, and I wonder what prophetic vision prompted him at that time. His short address to the House on that occasion is well worth repeating here as a reminder to all of the uncertainty of life and the futility of speculating upon what the future holds in store for us. At that moment the make-up of the House was such as to practically assure his reelection as Speaker in the next Congress. He said:

> Perhaps this is the last time I will address you from this rostrum. It is only an all-wise Providence who is going to determine which of the two major parties will organize the next House. With whatever Providence may decree, I am abundantly satisfied. If I am to retire from this office, I do so with profound gratitude to my colleagues, not so much for having elected me to this, the greatest office in any legislative branch in any government of the world, but more for the evidence of the esteem and confidence you have had in me.

It is a strange coincidence that from that time on the hand of Death should have been laid upon a sufficient number of our membership to change the political majority in the Congress and assure the election of the present Democratic Speaker.

Mr. FRENCH. Mr. Speaker, how rapid the change in personnel in a legislative body that we believe to be perpetual may be indicated by the fact that after 28 years only five Members whose original services commenced with the Fifty-eighth Congress, March 4, 1903, entered upon their services as Members of the present Congress. About 121 Representatives were elected for the first time in 1902.

The five who entered at that time who were elected in 1930 to the Seventy-second Congress were the late Speaker of the House of Representatives, NICHOLAS LONGWORTH; the present Speaker, JOHN N. GARNER; the Democratic floor leader, HENRY T. RAINEY; the distinguished Representative from Wisconsin, WILLIAM H. STAFFORD; and myself.

Shortly after the commencement of the present Congress, however, this circle was broken by the passing of our late Speaker. The Members of the Congress, regardless of party, were controlled by one thought in the death of Mr. LONGWORTH, namely, that they had lost a personal friend.

Others will refer to the intimate features of the life of the late Speaker. May I refer to just a few of his characteristics that impressed me as a coworker?

Probably no group more accurately or more relentlessly appraises the worth and fitness of the individual Members of the group than does the House of Representatives. Here all meet upon a common plane; here there is no place for sham; here there is no place for hypocrisy; here there is no place for dishonorable practice; here there is no place for bluntness and discourtesies; no place for any of these frailties for the man whose service would be long and influential. Certainly there is no place for such things upon the part of one who may be chosen by his colleagues to fill responsible positions within the gift of the Members of the House.

NICHOLAS LONGWORTH was a man of ability. He was educated and trained in our foremost institutions of learning. He was possessed of an aptitude for matters pertaining to government. He was well informed, broadly read, possessed of wide acquaintanceship among people of our country and other countries who were most worth while. He was tremendously devoted to the principles that his conscience told him were right and sound. He was persistent as a student and as a legislator, and yet probably the one thing that characterized the late Speaker more than anything else and brought him the degree of success that attached to his name was his kindliness toward his fellow Members.

Mr. LONGWORTH's service was broken by but one term. He was repeatedly reelected because of his strength as a legislator and as a man, and he continued to maintain his position of leadership in the House of Representatives because he was recognized among his colleagues as a man of strength. He was aggressive, but he was kindly. He was a leader but he led by being himself in the front and by being fair and just toward those who were associated with him.

As a Member of the House our late colleague did not make it his business to speak upon every opportunity and upon every subject. Yet when he did speak he commanded the attention of his colleagues. He commanded the attention of his colleagues because he preferred to speak only upon subjects with which he was acquainted, because he had courage, and because he placed the great well-being of our country above the personal equation and above the aspiration and ambition of any local community or State.

As a public speaker Mr. LONGWORTH never could be classed as one of the old fervid type who indulged in rhetoric and word pictures; rather he belonged to the new type, to the type that is consistent with the practical man of affairs, the business man, the student, who is capable of translating his philosophy into the common everyday experience and language of the world; and it was because of this that he invited command and sustained his position in the House.

Mr. LONGWORTH came to the floor leadership of the Republicans in the House of Representatives at a time when the membership of his party was large and when conditions were right for possible schism within party ranks. How well Mr. LONGWORTH conducted himself as Republican floor leader can best be told by recalling that upon the completion of his services as leader of his party on the floor he was elevated to the high office of Speaker, where for three terms he served with great distinction and ability, and where under his leadership the House of Representatives came to occupy a plane of admiration and respect in the public mind that it had not occupied for a generation.

One of the fine virtues of man is loyalty. NICHOLAS LONGWORTH was loyal to his friends. He was loyal to principles. He was a partisan. It was natural for him to believe that his friends could not be wrong. He would go the limit for them. Even so, he was fair and just to his opponents; and as he retired from the Speakership of the House of Representatives he carried with him the good will of Republican and Democrat alike in the thought that he had performed the high office of Speaker faithfully, courteously, courageously, impartially, and that in the history of the Republic his name would be placed alongside of the names of the great Speakers of the House.

Mr. CHINDBLOM. Mr. Speaker, probably every Member of the House of Representatives in the Seventy-first and immediately prior Congresses would wish to speak a word on the memory of the late Speaker, the Hon. NICHOLAS LONGWORTH, of Ohio. His passing was so sudden, so unexpected, but withal so significant, that his friends are yet astounded and bewildered by the strange ways of a benign Providence. True, he spoke almost prophetically when he said at the closing of the Seventy-first Congress that the selection of a Speaker for the Seventy-second Congress lay in the laps of the gods, and that for the honors he had received he was "abundantly satisfied," but none of us expected those to be his last words in the Chamber of the House. We who recall him as a leading member of the Committee on Ways and Means, then as Republican floor leader, and then for six years as Speaker of the House, will never forget his kindly nature, his human sympathy, his clear and convincing diction, his power in debate, his clear understanding of parliamentary procedure, his comprehensive grasp of public questions, and his patriotic devotion to the welfare of the entire Nation. There was nothing personal, narrow, or sectional in his viewpoint or action in any matter of

public concern. He was a man's man in his personal relations and a statesman of full stature in his public service. I hold him in high esteem and affectionate personal regard.

Mr. SNOW. Mr. Speaker, the passing of Hon. NICHOLAS LONGWORTH greatly saddened our hearts and it is difficult to adequately express in words the affection in which he was held by the entire membership of this House—Democrats and Republicans alike.

Recognized as a great parliamentarian and presiding officer, his rulings and decisions were universally considered fair and impartial, and he deserves to be long remembered for his exceptional legislative work. He was true to the party with which he acted, but for his opponents he had no words of abuse and accorded them the same freedom of opinion he claimed for himself, and to them was always considerate.

In manner he was sociable and dignified; in conversation, entertaining; and while possessing qualities of the most positive character, his nature was so kindly and his disposition so courteous that he had fewer collisions in the many and divers kinds of legislation in which he took a most active part than fall to the lot of the most favored few. This positiveness of character led him not to fear antagonism, but his kindness of heart raised up friends and prevented life-long enmities.

In his service as Speaker he worked hard and incessantly, and it is more than probable that his close application to his public duties during the last trying session of Congress and his deep anxiety that all matters with which the country was concerned should go well so wore upon him and sapped his strength as to cause his premature end.

NICHOLAS LONGWORTH has left in the House of Representatives no enemies; all who even knew him slightly were his friends. The country can ill afford to lose him, and it is a matter of universal regret that death prevented him from rendering many additional years of useful service to the Nation.

Mr. TILSON. Mr. Speaker, I can not permit the RECORD to close without a word for the memorial volume on the life and public services of the late Speaker NICHOLAS LONGWORTH. Others will tell of his many fine qualities of head and heart as well as of his deeds as a many-sided man and public servant. I shall try to describe but a single quality possessed by him which added greatly to his personal charm and which was the key to his unusual effectiveness as a legislator. If called upon to describe this quality in a single phrase, I should characterize it as the ability to cooperate. In social intercourse it enabled him to play not only any rôle assigned him but almost any other necessary to round out or make complete the joy and jollity of the party.

In his work as a legislator it was his most valuable asset, enabling him not only to use his own talents to the best advantage but also to greatly increase their effectiveness by adding to them the results of the cooperative efforts of others. My own impressions of LONGWORTH'S somewhat unique ability to cooperate successfully with others were gained through an experience of 20 years as a colleague, but particularly during the last 12 years of our service in the House of Representatives together.

I first met NICHOLAS LONGWORTH as a colleague at the extra session of the Sixty-first Congress in 1909. He was then a member of the great Ways and Means Committee, and, as President Taft had called us together to revise the tariff, I soon had opportunity to see him in action. During the next four years I came to know him and to love him, as did all who came near enough to him. He and I then had the common experience of being "lame ducks" together, of taking a 2-year furlough without pay during the Sixty-third Congress, and ultimately, along with Uncle Joe Cannon and a number of others, of being fellow "comebacks" in the Sixty-fourth Congress. He was restored to his old Committee on Ways and Means at once and I joined him on the committee at the beginning of the Sixty-sixth Congress, immediately following the Great War.

During the tariff revision of 1921 and 1922 LONGWORTH served as chairman of the subcommittee on the chemical schedule, while I presided over the metal and sundries schedules, and others over the other schedules, but there was the greatest possible necessity for cooperative effort in bringing all the schedules into proper adjustment for a well-balanced, completed tariff bill.

In the Sixty-eighth Congress the party majority had almost vanished. LONGWORTH was chosen majority leader and was enabled to "carry on" as such by his ability to utilize to the best advantage possible the support of his lean majority of party coworkers.

When he became Speaker at the beginning of the Sixty-ninth Congress I became majority leader, and for six years our labors together might be described as that of yokefellows. For the successful working out of a legislative program it is absolutely essential that the Speaker and the majority leader be able to work together in such accord that the result of their combined labors may be the unified judgment of both.

In this relationship no majority leader ever had a fairer or more just share of the inevitable responsibility than I had with NICK LONGWORTH. He was always willing to give and take. He always had ideas as to what was best to do as each emergency arose requiring a decision, but he never insisted upon having his own way unless he was able by logic and sound reasoning to convince others of the wisdom of his proposed solution of the problem.

I can imagine nothing more unsatisfactory or uncomfortable, and in the end nothing less conducive to the public interest, than a situation where the Speaker either contributes nothing to the solution of the problems arising or, on the other hand, where the Speaker attempts to completely dominate the House without regard to the views or judgment of the majority leader; for, after all, the majority leader is chosen by the party itself to direct the party program on the floor of the House. While properly jealous of the rights of the great office of Speaker, LONGWORTH was great enough in himself to properly recognize the position and responsibility of his party team mate and so cooperated with him as to give the House and the country the resultant benefit of their united, unified efforts.

The cooperative spirit of LONGWORTH went to the generous extent of being willing to assume his share of the responsibility and take his share of the resulting grief. Nor did he belong to that all too numerous class of individuals always willing to allow others to shoulder the burden of the work provided they themselves receive all the credit for the result.

No one had a better opportunity to know LONGWORTH in his work on Capitol Hill than I, and I measure my words in saying that as a fellow toiler in the legislative field, as a coworker in the Nation's business, as a yokefellow, willing to draw his share of the load, he was preeminent. By reason of this quality he secured results unattainable by others not inferior in ability but lacking this characteristic. By its use he used the ability of others joined with his own for the more effective service of the country he loved.

MATTHEW VINCENT O'MALLEY

Mr. DELANEY. Mr. Speaker, although I was a Member of the Sixty-fifth Congress, my service in the House has now passed the half-year mark in the Seventy-second Congress, but it is a completion of a fruitful and delightful six months of companionship and friendship, signalized by an opportunity for the greatest education that our country now affords to any American citizen.

When we assemble in this historic Hall to pay tribute to the memories of our departed colleagues, we fully realize the responsibilities and the duties that bring us here and the value of their association and services. At such a time we stand in the presence of a great mystery in which we are all eventually equal. High or low, rich or poor, millionaire or mendicant, king or subject, all must answer the same call to march through that grim and ghostly cordon beyond which we may well all meet when the sun goes down and the final day is done.

The Grim Reaper during the past few months has been active in our ranks, and to-day we assemble to honor the life, the achievements, and the memory of MATTHEW V.

O'MALLEY, a Representative from the great State of New York.

I shall find it difficult to enter this sanctuary during the remainder of my tenure of this great office without thinking of my friend who is gone.

There is a truism that "man proposes and God disposes." This is particularly true in the case of my late departed friend. For many years he cherished the ambition to sit in the Halls of Congress, only to be denied this privilege after being selected by the voters of the seventh congressional district of Brooklyn, N. Y., as their representative.

As boys, Matt and I played together. His chums were my chums; his friends were my friends. Our families visited one another. We grew up together. We met daily. Our friendship grew with the passing of time. A half century passed and we retained the same friendly feeling toward each other.

His dealings with his business and social acquaintances were beyond question. He was a friend in stormy weather. Few sought his aid who did not leave MATT O'MALLEY with his wishes gratified. MATT O'MALLEY was a kindly man. He loved to help the unfortunate. No charitable cause ever failed to enlist his ready sympathy. No one in trouble ever appealed to him in vain. It was this great spirit of helpfulness so characteristic of our dead colleague which united him with grips of steel to the people of his district regardless of party affiliation.

MATT O'MALLEY would have been an outstanding figure in any group into which he might have been thrown. In school he always played his part, whatever it might be, in such a manner as to distinguish himself and to make himself notable among his fellows. It was ever so throughout his life in whatever activity he might engage. He loved his native Brooklyn and New York with more than filial devotion. To the welfare of both he gave his manifold talents unstintedly and unsparingly. He cherished the lofty traditions and high ideals of Brooklyn and New York and lived up to them worthily. He was a student at the Parochial School of the Assumption and Public Schools No. 1 and No. 5.

His rise to place and distinction in this House would have been inevitable and be credited specially to two outstanding characteristics, each of these being the result of certain conspicuous qualities of mind and heart innate in his character.

I have spoken, as others will speak, of his attractive, pleasing personality. This inevitably brought and kept him many friends. The spirit of comradeship was his to a remarkable degree. His personal hold upon his friends added greatly to his effectiveness as a public servant. He made friends rapidly and retained them. The sad news of his sudden and untimely taking-off came as a shock to a host of friends who had learned to love and admire him with deep affection. In his death every one of his colleagues in this House and thousands of friends in every part of the Nation experienced a sense of personal loss. This was because to MATT O'MALLEY friendship was something more than a name. It was a passion and a virtue. It was a part of his very being.

I can recall one of his outstanding attributes, that of gratitude. In my conversations with him he often spoke of the dear father and mother who, at great personal sacrifice, gave him an opportunity to secure an education, and all during the years he said that the greatest thought he had was of the untiring zeal and devotion of that father and mother who had foregone everything to give him his chance. And, let it be to his credit, he embraced it.

Another of his characteristics, to my mind, was his loyalty—loyalty to his friends, loyalty to his city and State, and loyalty to his country. But above all he loved his country—no one loved her better—no one could do more for the men who fought in its behalf than he. No one thrilled more at the gallant achievements numbered in her glorious history.

To those who were near and dear to him by the ties of blood I feel that I can speak with some degree of appreciation, being one who is acquainted with grief and not unknown to sorrow along this line. In life he proved that it is not life that matters but that courage that we bring into it.

With the departure of Representative O'MALLEY, New York has lost a beloved son, the Nation a splendid public servant, and ending a career filled with usefulness, sincerity, and integrity; a man among men. We are not eulogizing him to-day, but testifying to his worth, ability, and honored citizenship.

Mr. CELLER. Mr. Speaker, I knew intimately well our late colleague MATTHEW V. O'MALLEY for many years. I learned to have an abiding affection for him. Death found him a shining mark.

Although it was not his privilege to reach the floor of the House, since death claimed him before the opening of the first session after his election, nevertheless he had the attributes that make for kindliness, wisdom, and willingness to serve. He would have made a Congressman of rare distinction.

He has now gone through the Valley of the Shadow to that undiscovered country from whose bourn no traveler returns. There he dwells in a windowless palace of sleep; he now has surcease from trial and pain.

He will, however, have died in vain unless we, the living, honor him by emulating his example of piety and goodness.

No words can beguile his loved ones from their overpowering grief; only time can bring solace to their tortured spirits and balm to their wounded hearts; but they should take comfort in the thought that he leaves behind a good name. Well might we reecho the sentiment of the psalmist, who said:

> Better the fragrance of a good name than the perfume of precious oils.

Mr. CULLEN. Mr. Speaker, it is indeed difficult to place our thoughts into language that will properly express our feelings toward departed friends.

The individuals who stand out in prominence the world over are the ones whose honesty and simplicity first attract you and whose ability to perform their tasks afterwards impresses you. Words of praise can be used in the description of anybody who has ceased to exist, but truthful words describing a character that had to do with all of the different phases of human nature and came through without a scar are, indeed, the exception. This I can justly say of my departed friend MATT O'MALLEY.

MATT O'MALLEY was born in Brooklyn, N. Y., and attended the public and parochial schools of that borough. He was elected to the Seventy-second Congress and represented the seventh New York congressional district in the House of Representatives. The good Lord, in His infinite wisdom, decreed to take him unto Himself before he ever took his seat in the Congress. I deeply regret that he was not spared to take his seat, for, in my humble opinion, he would have been an outstanding figure in Congress.

MATT O'MALLEY was a lovable character. He was first a good citizen, a real Democrat, and a stanch and loyal party man, who, from his humble beginning, attained all of the honors during a period of years that his people could give him.

His home life was ideal. His business and political life was security itself, because he fairly breathed honesty, loyalty, and integrity of purpose. To his friends he was as pure gold. No one ever knew MATT O'MALLEY to shirk an obligation. He was quiet and unassuming, his disposition genial and sunny, his companionship delightful, and his efforts to serve untiring.

Of a deep religious nature, MATT O'MALLEY's private life was at once an example and an inspiration to all who enjoyed the privilege of his acquaintance and friendship. His home life was the gage by which the Nation's domestic bliss and faithfulness might be measured. His daily life was a sermon as powerful as any ever preached from a pulpit.

We treasure our recollection of him. We are sad because he was taken from us, but we fervently thank God for having given him to us.

I along with many other Members of Congress attended his funeral services at the Church of the Assumption, Brook-

lyn, N. Y., and I was profoundly impressed by the sincere evidence of genuine sorrow, love, and respect manifested by the vast throng who assembled there to honor him on that solemn occasion, representing as they did every phase and walk of life of the borough of Brooklyn in whose life he played such a useful and important part.

And ever near us, though unseen,
The dear immortal spirits tread,
For all the boundless universe is life;
There are no dead.

CHARLES ANTHONY MOONEY

Mr. SWEENEY. Mr. Speaker, on the eve of Memorial Day, 1931, CHARLES A. MOONEY, who represented the twentieth congressional district of Ohio in the Congress of the United States, passed to his eternal reward. As one who succeeded him, I consider it an honor and a privilege to have this opportunity to pay a tribute to his memory.

Enjoying his friendship for many years before and during his public career, I became impressed with the tolerance, candor, and sincerity of one who was to all who knew him the soul of honor. Born in St. Marys, Ohio, January 15, 1879, he was educated and grew to manhood in his native city. He came to the metropolis of Ohio in 1911. During the years 1915 to 1919 he served with credit and distinction in the Senate of the State of Ohio. He was first elected to the Sixty-sixth Congress of the United States, and subsequently reelected to the Sixty-eighth, Sixty-ninth, Seventieth, and Seventy-first Congresses.

Within the confines of the twentieth congressional district of Ohio there is certainly more tangible wealth than in any other district in the State. The palaces of the rich and the hovels of the poor abound therein in numbers. Practically every race on God's earth resides within its boundaries. It is a truly cosmopolitan district representing the various racial groups that comprise the composite American. CHARLES A. MOONEY knew his people and they knew him. His constituents, irrespective of political or religious belief, trusted him and came to love and respect him.

He was the friend of the poor immigrant and spent his strength incessantly in his behalf. He made especial effort to reunite the loved ones of sea-divided families, when that was possible by law or regulation. He was a strong believer in social justice for the poor and downtrodden. He had a sense of responsibility to his constituents and to the Nation as a whole. His every official act reflected conscientious effort and application to duty. He despised sham, pretense, and hypocrisy, and he never affected ostentation. Possessing a knowledge of the frailties of human nature, his ears were never attuned to the tongues of gossip or slander. He was never known to utter an unkind word of his fellow men. The congressional committee who attended his funeral will ever remember the crowd within and around St. John's Cathedral, Cleveland, Ohio, who came to register their respect and sorrow for their Congressman and friend.

CHARLES A. MOONEY possessed a virtue much too rare in these days of selfishness and materialism, a virtue which is beautifully epitomized by a poet of his race, the immortal John Boyle O'Reilly, in his poem called—

WHAT IS GOOD?

What is the real good?
I asked in musing mood.

Order, said the law court;
Knowledge, said the school;
Truth, said the wise man;
Pleasure, said the fool;
Love, said the maiden;
Beauty, said the page;
Freedom, said the dreamer;
Home, said the sage;
Fame, said the soldier;
Equity, the seer.
Spake my heart full sadly,
"The answer is not here."

Then within my bosom
Softly this I heard:
"Each heart holds the secret;
Kindness is the word."

His kindness and tolerance endeared him to his colleagues in Congress and to all those who came in contact with him. "Kind in word and deed" sums up the character of this distinguished son of the Buckeye State.

His was an ideal family life. He lived for and worshiped his good wife and splendid children. He was a true husband, father, and companion. There is a void in that loving family circle that can not be filled, but he has left them a garland of memories that will never fade and which will furnish the consolation necessary to lessen their grief with the passing of time.

May his soul and the souls of the faithful departed through the mercy of God rest in peace.

Mr. BOLTON. Mr. Speaker, the ceremonies to-day, impressive in their simplicity and sincerity, are for the purpose of paying tribute to our departed colleagues. The all too long list, which has been read, states briefly and concisely the service which each of them has given to his country. It is impressive in its variety. It is a story of devotion to public service and a record of achievement, a fitting tribute to the public careers of our comrades.

Among those names stands that of CHARLES A. MOONEY, whose record of many years of public service, both in his State and in the Halls of Congress, evidences the appreciation in which he was held. He, like others, had a record of achievement and advancement in Congress, illustrating the cooperation and respect of his colleagues. And he, like others, has a record of a host of friends, both in public and private life, which, best of all, indicates the affection his nature inspired and the underlying sterling principles which made his life what it was.

Others will speak of the intimate details of the life of CHARLES MOONEY, his birth, his education, the responsibilities which came to him during his advancement in life, and matters pertaining to his private and political career. My words are offered as a brief but sincere tribute to a friendship which grew and ripened during our comparatively short service together in Washington.

Although members of opposite political parties, my regard for him began in Cleveland, where he represented the twentieth Ohio district so understandingly that he carried the good will of a large majority of Republican and Democratic constituents alike. During my first days in Congress his fine understanding of service to his community was peculiarly evident in his readiness to cooperate in all matters relating to our great city of Cleveland, and my appreciation of his sympathetic helpfulness rapidly grew into a friendship I shall always treasure.

Although separated from me by the center aisle, his suggestions and counsel on legislation affecting the welfare and activities of the citizens of his city and State indicated his keen interest in and understanding of the welfare of his fellows. As a fellow member of the Rivers and Harbors Committee his advice and untiring efforts on projects affecting the interests of Cleveland gave ample proof of his belief and sincerity in that field of Government activities. In fact, he was one of those most jealous of the interests of the Great Lakes on that committee and gave most freely of his time in their behalf.

In the affairs of his district he displayed that same ability, was conscientious in the discharge of his public duty, and true to his convictions, enjoying the confidence and respect of both sides of the House.

In his family and religious life he showed those same qualities of devotion and faithfulness of purpose which governed his daily actions.

It was my privilege to be present at the impressive services held in the great Catholic Cathedral in Cleveland, where the host of men and women present expressed their love and sorrow for their departed friend. The bishop of the diocese, speaking of our colleague's life, showed full well his understanding of the man and the need of him and his kind in

these times when he finished his stirring and beautiful eulogy with the familiar and inspiring words of J. G. Holland:

God give us men. The time demands
Strong minds, great hearts, true faith, and ruling hands;
Men whom the lust of office does not kill;
Men whom the spoils of office can not buy;
Men who possess opinions and a will;
Men who have honor; men who will not die;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking;
Tall men, sun crowned, who live above the fog,
In public duty and in private thinking!
For while the rabble with their thumb-worn creeds,
Their large professions and their little deeds
Mingle in selfish strife; Lo! freedom weeps!
Wrong rules the land, and waiting justice sleeps!

There is little I can add to the words of tribute expressed by others. My appreciation of CHARLEY MOONEY'S ability, his genial, buoyant nature, his love of his fellows, and his understanding of their problems is probably only what all have sensed. In his passing we have lost a tried and lovable companion, Cleveland a valued and trusted citizen, and many of us a real friend. And yet, in the knowledge of that loss is there not a feeling of deep gratitude and appreciation that we have been privileged to have known such a man?

Mr. CROSSER. Mr. Speaker, the late Congressman CHARLES A. MOONEY was not only my colleague but it was my good fortune that we were intimate friends. Mr. MOONEY was one of those whose friends were legion. He often said to me that he liked "people," and I know that he had almost a passion for friendship.

Anyone who was fortunate enough to know Mr. MOONEY intimately recognized the fact that he was a man of honor. I served with him in Congress eight years, and I know how scrupulous he was at all times to avoid even the appearance of anything dishonorable in his official conduct.

He was always delighting in rendering service to individual constituents, and even to those who were not his constituents.

He had a great desire to see a higher degree of justice established in the world than now prevails, and you could always count on Mr. MOONEY'S support of measures which he believed looked to that end.

In his official work Mr. MOONEY recognized the fact that nowadays the effective work is done in the committee room, and, accordingly, he was not disposed to speak often or at length on the floor of the House. He could always be counted upon, however, to do most effective work in his committee. There he presented his views forcefully and yet in a most tactful way, thereby assuring the greatest possible benefits to those whom it was his privilege to represent.

In brief, Mr. MOONEY was faithful to his duties and a devoted friend, and he was not a mere "fair-weather" friend. Often I have heard some friend of his severely criticized and even condemned by everyone else in the company of which Mr. MOONEY happened for the moment to be a party, and almost invariably I have heard him promptly defend and justify the friend in question.

During the last year of his life I had occasion to quote to Mr. MOONEY a few lines of poetry written by Ernest Crosby. He said that it was his favorite quotation and represented his highest conception of a worthy life. Because the lines seemed to express his idea of true manhood, I here quote them, as follows:

LIFE AND DEATH

So he died for his faith. That is fine—
More than most of us do.
But stay, can you add to that line
That he lived for it, too?

In his death he bore witness at last
As a martyr to truth.
Did his life do the same in the past,
From the days of his youth?

It is easy to die. Men have died
For a wish or a whim—
From bravado or passion or pride.
Was it harder for him?

But to live: every day to live out
All the truth that he dreamt,
While his friends met his conduct with doubt
And the world with contempt.

Was it thus that he plodded ahead,
Never turning aside?
Then we'll talk of the life that he led—
Never mind how he died.

GEORGE S. GRAHAM

Mr. DARROW. Mr. Speaker, the death of Hon. GEORGE S. GRAHAM on July 4, 1931, marked the passing of another distinguished son of Pennsylvania, a noted statesman, a prominent lawyer, and a faithful public servant.

For more than 50 years GEORGE GRAHAM had taken an active part in civic affairs of the city of Philadelphia, where he was honored and respected by everyone.

At the age of 27 he was elected a member of our select council, and thereafter for 18 years, from 1880 to 1898, he served as district attorney of Philadelphia. It was in this capacity that he first achieved fame, and he will always rank as the most outstanding and talented of our prosecuting attorneys. After serving as professor of criminal law and procedure in the law school of the University of Pennsylvania for 11 years, he was again called to the public service by election to Congress.

He came to the Sixty-third Congress with a rich experience, an unusual training, and fully conversant with the needs of the Nation, and soon developed into one of the most dependable, energetic, and useful Members of the House. His great wealth of information, his profound knowledge of legal principles, his strong and logical intellect and superb powers for the presentation of his views gave him unusual advantage in the discussion and consideration of problems of national import. He had pronounced views upon all great public questions, and always had the courage to express them. He was a forceful speaker and ready debater, but fearless, honest, and straightforward.

My acquaintance with Mr. GRAHAM was formed years before he or I gave thought to the opportunity of serving in Congress. I have always held him in the highest esteem and admired him for his unusual legal talents, his exceptional ability, and sound judgment, as well as his sincere and determined advocacy of the principles of the Republican Party. I am happy to have had the privilege and opportunity of serving in Congress with him. We labored in perfect harmony, and our associations were most pleasant. He was a most kindly and courteous gentleman.

Mr. SUMNERS of Texas. Mr. Speaker, I present the following resolution adopted by the Committee on the Judiciary:

The Committee on the Judiciary of the House of Representatives has heard with profound sorrow of the death of its distinguished chairman and beloved colleague, GEORGE SCOTT GRAHAM, of Pennsylvania, on July 4, 1931.

GEORGE SCOTT GRAHAM served as a member of the Committee on the Judiciary of the House of Representatives from the Sixty-third Congress to the Sixty-seventh Congress, and as chairman of the committee from the Sixty-eighth Congress until the end of the Seventy-first Congress.

The members of the Committee on the Judiciary of the House of Representatives desire to express their great sense of personal loss in the death of GEORGE SCOTT GRAHAM, whose passing removed from their councils and the council chambers of the Nation a wise, learned, and patriotic statesman and leader.

GEORGE SCOTT GRAHAM'S services as a member of the Committee on the Judiciary of the House of Representatives and as its chairman were marked by his devotion to the Constitution of the United States as adopted by our forefathers, of which he was always a ready and able defender, his loyalty to the courts of the United States and the preservation of their powers and integrity, his interest and sympathy with progressive workmen's compensation legislation and with legislation providing for enlightened treatment and care of Federal prisoners. As chairman of the committee, he gave unstintedly of his time and, in a manner in keeping with the training and experience which he had gained from a long, distinguished career at the bar, thoroughly prepared himself as to every detail of legislation which received the attention of the committee. He presided over the committee with fairness and conducted its proceedings with becoming dignity. Participating in the committee's deliberations, he was ever a tactful, gracious, and enlightened counselor and arbiter. His loyalty and affections for

the committee were manifested by his desire to secure unanimity of action upon the measures reported to the House, and in this respect his modesty in expressing his own views and gentlemanly consideration of the views of those of his colleagues who might differ with him brought him a high degree of success.

Be it therefore resolved, That the members of the Committee on the Judiciary of the House of Representatives do hereby express their profound sorrow and sense of deep personal loss in the death of their former colleague and chairman, GEORGE SCOTT GRAHAM, and that a copy of this resolution be spread upon the minutes of this committee and a copy be sent to the members of the family of the deceased.

Adopted February 23, 1932.

Attest: JOHN W. GIRVIN, *Clerk*.

CHARLES GORDON EDWARDS

Mr. PARKER. Mr. Speaker, as we turn aside to-day from our usual and customary duties to pay tribute to our departed comrades, I feel greatly depressed when I think of the magnitude of the loss that has come to the people whom I have the honor to represent in this body in the passing of my distinguished predecessor the lamented and beloved CHARLES GORDON EDWARDS, who so ably represented the first congressional district of Georgia in the House of Representatives for more than 16 years.

I knew Mr. EDWARDS for more than a quarter of a century, and, like all others who knew him, I looked upon him as a friend. He was born in Tattnall County, while I was born across the river in Appling. His devoted wife, who before her marriage was Miss Ora Beach, also first saw the light of day in Appling County. Her parents and my parents were friends early in life. My mother lived in the Beach home about the time of the birth of Mrs. Edwards. My father met my mother and became engaged to her while she was living in the Beach home. Friendships sprang up between the families that grew with time and that can never be obliterated.

CHARLEY EDWARDS was given every opportunity that his substantial parents could provide for him. He was encouraged to take advantage of the opportunities afforded him at home, and after he had finished high school he attended Gordon Institute at Barnesville, Ga. Later he attended the Florida State College and finally graduated from the law department of the University of Georgia. He first practiced law in Reidsville, the county seat of the county of his birth. After practicing law for a few years he moved his office to Savannah, Ga., believing that the opportunities that would present themselves to him in the larger city would be greater in number.

He was first elected to Congress in 1906. Hon. J. A. Brannen, of Statesboro, and Hon. Walter W. Sheppard, of Savannah, had been the candidates for the Democratic nomination in the primary held that year, the result of which was a deadlocked convention. Each of the candidates had 18 of the 36 county unit votes, but neither could secure the nomination. Finally, after the convention had been in session for approximately 60 days and had balloted more than 800 times, Mr. EDWARDS was nominated as the representative of the convention, and he continued to serve the people of the first district as their Representative in Congress for five successive Congresses. After having served his people in this capacity for 10 years, he voluntarily retired from public life. In 1924 he again became a candidate for the office and was elected. He was reelected in 1926, in 1928, and in 1930. He was never defeated for the office.

Mr. EDWARDS was a tireless worker. No constituency was ever better represented than were the people of the first congressional district of Georgia during the time that they were represented by him. He has often been referred to by his people as "the man of effort." In his efforts he was usually successful. He accomplished a great many things for the people of his district. His experience, gained by the time that he spent in Washington and his friendly contacts with other Members of Congress, made it possible for him to do many things for Georgia and Georgians that an inexperienced man could not have accomplished. Almost everyone who knew Mr. EDWARDS as the Representative of Georgia's first district in Congress knew about the magnificent work that he did while a member of the Rivers and Harbors Committee of this body. There was a time when he had seen more service on this committee than any other Democratic Member of the House, and he was therefore at that time the ranking Democratic member of this great and important committee. Georgia was always able to receive the consideration due her from the Rivers and Harbors Committee, mainly on account of the prestige and influence he had with his associates on this committee.

There is a feature of CHARLEY EDWARDS'S service that few people know anything about. When he returned to Congress for his second long tour of duty in 1925, Mr. EDWARDS became a member of the Foreign Affairs Committee of the House. He soon learned that a great deal of favoritism was being shown in the Foreign Service to the wealthy, the influential, and those who could demand the assistance of skilled politicians. He set himself to work to correct this deplorable situation. Always the champion of the masses and the common people, who have few representatives who will interest themselves in them, he worked as faithfully in his efforts to reorganize and improve the Foreign Service of the United States as he did in his other work for the people of his district. He was instrumental in having carried into effect the provisions of the Rogers bill, an act that reorganized and improved conditions in the Foreign Service. If Mr. EDWARDS had rendered no service to his country other than that for which he is given credit as a member of the Foreign Affairs Committee of this House of Representatives, his public service would not have been in vain.

In evaluating the patriotic service that CHARLEY EDWARDS rendered to his country, there is one record of his achievements that is not to be found on the statute books of the Nation, nor is it contained in the CONGRESSIONAL RECORD, and the archives of the country do not disclose its existence. The enduring record of the fidelity and devotion to duty of CHARLES GORDON EDWARDS is to be found engraved in the hearts of the constituents whom he so faithfully and efficiently served. Many measures are enacted into law, accomplish their purpose, and pass into the realm of things that are forgotten, but the memory of CHARLES GORDON EDWARDS will not be so ephemeral. In the hearts of the citizens of the first district of Georgia, where he was born and reared and where he served for such a long period of time, is to be found a monument to my predecessor in office that will outlive any physical monument that might be erected to the memory of the departed great.

In village, town, and hamlet, and along the far-flung farms of the countryside are to be found rich and poor, old and young, humble and distinguished who recognized in CHARLES G. EDWARDS a faithful friend. It is only on the rarest of occasions that a constituency is so fortunate in having a Representative so devoted to their interests and to his duty as was this late-lamented comrade. His friendship for his constituents was not confined to his campaigns nor to the effort to secure advancement for himself. CHARLEY EDWARDS was a public servant whose interest in his constituents transcended any official capacity and extended to their personal well-being. Such devotion to constituents and friends could not escape reward, and the many times that Mr. EDWARDS was returned to serve in this distinguished body is mute evidence of the esteem in which his people held him. Many of you who were his colleagues here know of his efficient efforts in the House. Many of you are familiar with the conscientious manner in which he attended to the affairs of the Nation, his State, and his district; but only those who are familiar with his constituency and with the efforts and ambitions of the people whom he served can fully appreciate the sincere and faithful manner in which he brought to fulfillment his dynamic ideal of service to the common people.

It is an understatement to say that CHARLES GORDON EDWARDS was a faithful public servant, for the scope of his activity far exceeded the bounds of efficient official duty, no matter how broadly they may be interpreted. Only a man in whose heart blossomed the flower of human sympathy and understanding could render a stewardship so gratifying to the people whom he represented and loved. This patriot, who only a few months since passed on to his glorious reward,

was more than a Congressman, more than a public official, and more than a statesman. In deed and in truth, this man was a friend to man. No doubt he approached as nearly as does any other one individual of his time the ideal of the teachings of the Master when He said, "But I say unto you, love your enemies, bless them that curse you, do good to them that hate you, and pray for them which spitefully use you and persecute you; that ye may be the children of your Father which is in heaven." In reality CHARLEY EDWARDS was a child of God.

There are times when we are brought to realize the futility of words in expressing an emotion that transcends the common things of life and places humanity on a higher plane than that on which most mortals move. This is especially true as I attempt at this time to evaluate the services that CHARLEY EDWARDS rendered to the people of the first congressional district of Georgia. Words can but poorly express the feelings that his friends have in looking back upon his career. The record of the jewels of thought that he contributed to the counsels of the Nation are to be found in the archives and a monument will mark the last resting place of his mortal body, but it is in the hearts of his people that the memory of CHARLEY EDWARDS lives on and on and in this most sacred manner that his memory will go forward on down through the centuries. To paraphrase:

He shot an arrow into the air,
It fell to earth, he knew not where;
He breathed a song into the air,
It fell to earth, he knew not where;
Long afterward, in an oak,
He found the arrow still unbroke
And the song, from beginning to end,
He found again in the heart of a friend.

Mr. LARSEN. Mr. Speaker, I knew CHARLEY EDWARDS all his life and I loved him. We were both born in old Tattnall, now Evans County, Ga., just a few years apart. He was a member of a very substantial family and grew up in an atmosphere of character and refinement. He attended Gordon Institute, at Barnesville; Florida State College; and was graduated from the law department of the University of Georgia. His first location for the practice of law was at Reidsville, but he soon moved to Savannah, and when a very young man entered the field of politics. His political career can accurately be termed a stormy one, but he was unusually successful despite many obstacles. He was elected to the Sixtieth and the four succeeding Congresses, and voluntarily retired to resume the practice of law. He was again elected to the Sixty-ninth Congress and served continuously until his sudden death in July, 1931.

Charley was genial, affable, and cordial in manner. He had the faculty of making friends and holding them. This faculty took a wide range among all classes of people. I doubt if any man ever possessed this faculty to a greater degree than did CHARLEY EDWARDS. I never saw him depressed and I never heard him utter a single expression of despair. He thought well of his fellow Members. He was passionately devoted to his country. He cherished a divine hope of the future. No utterance of his on this floor could be classed as demagogic. He spoke his convictions and he voted them. He was no opportunist, no timeserver. He was a man of courage, of conviction, tender-hearted, and a true friend. He was a fond and devoted husband, and his love for his only son, Charles Beach, was one among the many beautiful characteristics of his life. If ever there was a true, loyal, and honest soul, it was in the bosom of CHARLEY EDWARDS. I miss him, but I seek some consolation in the following verses from the Psalm of Life:

Tell me not in mournful numbers
Life is but an empty dream,
For the soul is dead that slumbers,
And things are not what they seem.

Life is real, life is earnest,
And the grave is not its goal:
"Dust thou art, to dust returnest"
Was not spoken of the soul.

Charley still lives in memory of his many friends, in the hearts of his countrymen, and I am sure in restful peace in the world beyond.

Mr. RAMSPECK. Mr. Speaker, the death of my friend and former colleague CHARLES G. EDWARDS occurred from a heart ailment last July while he was seated in my office in Atlanta, engaged in conversation with myself and our colleague Mr. WRIGHT. The manner of his passing and its suddenness were, of course, a great shock.

It is always a sad experience to lose a dear friend. To have his death occur suddenly and in your presence is most distressing. To see the life of a beloved associate ebbing away while you are helpless to stop it is an experience that I will never forget.

It was my good fortune to know CHARLES G. EDWARDS for many years. When I came to Washington as a clerk in 1911, he was a Member of the House. While I was an employee of the House, he was kind to me and always friendly. That was his natural disposition.

When I returned to Washington in 1929 to become his colleague, he befriended me in every way possible. He was always ready to advise and help me with any problem. He was of great assistance to me in becoming familiar with my new duties, and often gave me counsel that was of great value.

Mr. EDWARDS was a true friend, a loyal and conscientious worker for the general welfare of our great Nation, and a tireless servant of his constituents. He was a devoted father and husband, a man who was devoted to his friends, and whose friends were countless. True to his convictions, he was, nevertheless, considerate and tolerant of others who might differ with him.

In his death Congress lost a valued Member, the Nation and his district lost a servant who always was true to the public trust, and I have sustained the loss of a true and beloved friend. My heart is filled with sympathy for the loved ones he left behind.

Mr. McKEOWN. Mr. Speaker, when I came to the Sixty-fifth Congress CHARLEY EDWARDS was retiring voluntarily after a successful career in the House. He won my admiration during the few days I was acquainted with him before leaving, and this contact ripened into a real friendship upon his return to the House as a Representative from his great State of Georgia.

Congressman EDWARDS was a wide-awake and useful Member of this body and served his State with honor and distinction. He had that rare virtue of loyalty to friendship. When he was your friend, it was for all times and not just for the occasion. He set a fine example for his splendid son, for whom he had an indescribable affection.

He was an indulgent husband and was never happier than when in the company of his faithful companion.

Nothing can take away the pang that we feel in separating from those we love. The more intense our love the more trying the final separation. But a life well spent and love in life requited is a balm for the broken heart.

Those whom the death of our friend touched most closely will not cease to lament their loss; but to recount his virtues will ever be a compensating pleasure. They gave to death what was mortal; they have with them the essence of his being, that which is immortal.

Hon. CHARLES G. EDWARDS was a gentleman of the highest type and his going was a great loss to his State and Nation.

Mr. TARVER. Mr. Speaker, the ability, character, and faithfulness which made CHARLEY EDWARDS impregnable in politics among the people of his district deeply endeared him to all others who knew him well and who had opportunity to appraise the qualities of the man.

As a member of the great Committee on Rivers and Harbors, he did effective work not only for Georgia but for the entire South. Nor was he sectional in his endeavors. Throughout his long period of service in the House of Representatives, he demonstrated the fact that he regarded himself as a representative of all the people of the Nation. He had a mind national in caliber, capable of visualizing and properly appraising great national problems. I shall never forget an occasion on the floor of the House when a Representative from one of the Eastern States made some remark intended as a reflection upon Georgia. Mr. EDWARDS immediately

arose and, securing recognition from the Chair, not only defended Georgia from the unjust attack but scathingly indicted all efforts to inject sectional differences and prejudices into discussions affecting the decision of national questions. That expression was representative of his entire career, which was one of faithful service not to a State or section only, but to an entire people.

The members of the Georgia delegation found in him a tower of strength in every worthy endeavor. He apparently got more pleasure out of aiding a colleague than out of accomplishing something for himself. Those of us who came to Congress during his incumbency will never forget the many kindnesses that he showered upon us.

His sudden death in July of last year was a tremendous shock not only to all of Georgia but to all of official Washington, who knew, loved, and respected him. He passed as he would have wished, not after long and distressing illness, but quietly and quickly,

> Like one who wraps the drapery of his couch
> About him, lies down to pleasant dreams.

Mr. CRISP. Mr. Speaker, in the city of Atlanta, Ga., on the 13th day of July, 1931, our beloved CHARLEY EDWARDS was called from his hosts of earthly friends to another and better world. There never lived a sweeter, friendlier man, nor one who loved his God and his fellow men more than he, and there is no question but that he is at rest in his heavenly home. His life and character are worthy of emulation.

Congressman EDWARD's father was a soldier under Gen. Joseph Wheeler in the War between the States, and his youth was nourished with fine traditions and highly cultured environment. Nevertheless, he was a real boy, slow to wrath and loving peace, but sometimes kindling to a righteous indignation. He dearly loved the woods and wild life. He also played the violin in his youth, and frequently while in Congress he would go out into his district and play the "fiddle," as he called it, for his country-folk dances. He wanted to always save and perpetuate the institutions and customs which the American people had acquired and approved in long centuries of conscientious and intelligent experiment. He was always in demand as a teacher in the various Bible classes in his district, as he was known as a profound Bible student. The last time he addressed a gathering of church people was in the Bull Street Baptist Church on Mother's Day, 1931. The 2,000 people who crowded the auditorium to hear him testified that it was a beautiful tribute he paid, in his eloquent way, to mothers.

It was characteristic of him that he was always in a good humor, and from the lips of his secretary for 21 years I learn that he never once in all that time came down to his office "with a grouch on." He was always considerate of his employee, treating him more like a member of the family than as a paid employee.

When he came to Congress at the early age of 28, he was always early at his office; and one day, while his secretary was out, the Congressman was pegging away at one of the typewriters—and he had good speed thereon when you consider he used only three fingers—when an elderly Congressman passed by his office and stopped and told him if he ever wanted to leave his Congressman, he could find a place for him in his office. Mr. EDWARDS appreciated this very, very much.

We are told that all pain, sickness, weariness, distress, and agony of body are to be treated reverently. Every sorrow is a billow in the world's troublous sea, which we must pass over on the cross to bear us nearer home. The cloud forms, drops its rain, and passes away for the sun to shine and the flower to bloom. The storm gathers, purifies the air, and passes away for the fragrant and healthful calm to settle like a benediction on the land. Affliction comes and passes away for peace, joy, and glory to appear. When one passes under the shadow of the Cross of Calvary he knows that through this shadow lies the passage to the great white throne.

CHARLEY EDWARDS was a loyal man. He was loyal to his family, and a beautiful affection bound that small but sacred circle. He was loyal to duty. He was loyal to his State. He was proud of the honor that had been conferred upon him. He did all that he could to measure up to his responsibilities and he measured well. He was of gentle spirit, tender in heart. One of his greatest joys was in being of service to his fellow man. His deeds of kindness and his lovely character and personality caused a bond to be woven between him and his constituency that was never broken.

His campaign speeches were based on truth, candor, and absence of self-laudation, and a sincere interest in the public welfare was manifest in every utterance of his plain, honest speech. He was free of demagogy. He would never deceive or mislead anyone for any cause or end. The first district of Georgia realized that he was a devoted and most valued servant in the Congress, for he "came out from among them," knew their needs, felt their impulses, shared their difficulties, bore with them their burdens, and rejoiced with them in their successes. In their churches and schools he was their faithful helper.

In his death a splendid, useful, noble life came to a lamented end. As the forest puts on its brightest robe to die in, so does such a life robe itself in its tints of eternal beauty as its last hour approaches. When we think of CHARLEY EDWARDS, we recall the saying of the sweet Bard of Avon:

> His life was gentle, and the elements so mix'd in him
> That nature might stand up, and say to all the world,
> This was a man

Because of their great beauty and eminent fitness, I am incorporating herein the remarks delivered upon the occasion of Congressman EDWARDS's funeral by Rev. John S. Wilder, pastor of the First Baptist Church of Savannah, Ga., than whom no more able or more beloved Christian leader ever lived:

[Savannah Evening Press of July 15, 1931]

The greatness of Congressman CHARLES GORDON EDWARDS is found in the simplicity of his life. From the farm to the Congressional Halls he was ever the same. No position of prosperity ever changed his disposition toward his duty or his constituency.

Another characteristic of his life was his approachableness. No man so poor or so rich that he was denied an audience. No matter was too small or too great that did not have his undivided and patient attention.

He lived a sacrificial life. His unbounded loyalty to duty, his constant and untiring efforts for his people sent him to an early and untimely death. He gave his life for others, never considering himself in the great task of the upbuilding and betterment of his people and the community which he so ably represented for a quarter of a century, most of this time as our honored and beloved Congressman of the first district of Georgia.

Savannah, Chatham County, the first district, and the State of Georgia have sustained a loss which will not be easy to replace. No man of modern times has worked harder or fought longer or given more of his time, talent, and strength for the development of our community than he.

He was a real politician. He set an example in politics which may well be emulated by those who may engage in future governmental affairs. He was clean and upright, wise and judicious in all of his elections. He was fair and honest with his opponents. His life was devoid of the usual invectives and mud slinging. Ever and anon he fought vigorously, but always upon a high plane; issues and not men were his forte. He was a man of unquestionable integrity and lived, as he died, with a clear conscience.

He was a Christian gentleman. Although busy daily with the arduous duties of his high office, he found time to attend his church and worship God. During my intimacy with him in the last years of his life, I discovered in him that keen sense of nobility which characterizes the children of God.

He was a real man. The world loves a real man, and Congressman EDWARDS won that love and retained it to his death day.

No man can retain the love and confidence of a community over a period of half his life without having the qualities of a real man existing in him.

His interest in young men remains unquestioned. He fathered many young men, assisting them with his means and advice, and those young men live to bear testimony to his golden character.

He was a real, genuine friend. In the innermost recesses of his soul there was hidden a spring of true friendship, which flowed generously into the hearts of his fellow men. His heart was filled with the confidence of those who approached him. This characteristic is manifested by his constant reference to that beautiful poem of Sam Walter Foss, The House by the Side of the Road.

He was a devoted husband and father. His private and home life was one of joy and supreme happiness. His mind and heart were ever centered upon those who were near and dear to him by ties of kinship.

We shall miss him; but, thank God, our loss is his gain. He has gone home to receive his eternal reward, and God grant that

on that great and eternal day we shall all meet him again beyond the silent river in that city where death and separation will be known no more.

CHARLES GORDON EDWARDS will never die; he will live on in the impulses of the unborn generations and, his name having been registered with the blessed of the earth, will never perish. God says, "The memory of the just is blessed; but the name of the wicked shall rot."

Mr. HARE. Mr. Speaker, I had heard and known of the conspicuous services of the Hon. CHARLES G. EDWARDS, of Georgia, long before I was elected to the United States House of Representatives in 1924. After coming here we represented adjoining districts on the Savannah River, and, therefore, had many problems of local interest in common. He was my senior in legislative experience by 10 or 12 years, and I was greatly pleased when I found him taking a keen personal interest in the problems of my district. I soon learned to call upon him for suggestions and advice, for it was one of the outstanding characteristics of his life to be of service to his friends. He made special efforts to assist whenever possible, and I was not long in learning to appreciate his interest and to recognize the value of his judgment in legislative matters.

It was his good fortune in early life to learn that success in any vocation is contingent upon hard work and conscientious discharge of duty. He acquired the habit of both in his youth, and they proved to be great factors in making him an unusually successful Member of Congress. He was not content to be a follower in legislative matters. He was constructive in his ideas and was always found taking the initiative in legislation he thought to be for the betterment of the people he represented and the country at large. There was no interest in his district that did not receive the full measure of his consideration and efforts.

While he lived in the largest city of his district and was very active in promoting the river and harbor activities of his home city—Savannah, Ga.—he never lost sight of the environment of his youth and the problems of his rural constituency. As a matter of fact, if there were any difference in the degree of consideration shown to the problems of the commercial and agricultural activities of his district, I think he would have preferred to emphasize the problems of rural life. For many years he labored both in season and out of season to secure the construction of a bridge across the Savannah River to afford greater opportunities to the people in Effingham, Screven, and adjoining counties in Georgia and those living across the river in Allendale, Barnwell, Bamberg, and adjoining counties in South Carolina.

It was through his untiring and energetic efforts that we finally succeeded in securing the passage of a bill through Congress giving the States of Georgia and South Carolina the right to construct such a bridge. He had given considerable attention to this project before I was elected to Congress and took the initiative afterwards, but upon the passage of the act referred to he was so generous and unselfish that in his public utterances he never claimed credit for more than having assisted in the matter. In reality, he should be credited with having originated the idea and contributed more toward its success than any other one person. I refer to this to illustrate an outstanding, unselfish characteristic in his life, a virtue not often found among men in public life, for they usually claim credit for all they do.

He attained one of his greatest political aspirations when he became a member of the Rivers and Harbors Committee in the last Congress; and there is no doubt, if he had been spared, that his ability and leadership would have been abundantly recognized as opportunities arose in this new field of legislative experience.

Mr. LANKFORD of Georgia. Mr. Speaker, the true representative in Congress is he who thinks the thoughts of his people, is in thorough sympathy with their every need, lives their very lives, is the embodiment of all that is highest and best in them, and loves them with a devotion that makes a benediction of the hardest labor in their behalf. Measured by this standard, Congressman EDWARDS was truly a representative of the people who gladly honored him so often and so greatly.

He was acquainted with, understood fully, and was in deepest sympathy with the whole range of human passion and endeavor from the heartaches of the poorest and humblest to the greatest and most exalted. It was not necessary for him to make inquiry of his people in order to vote or act for their best interest. Being of them, his every impulse was for their interest, and yet he "listened alike to the stars and birds, to babes and sages, with open heart." He always looked for the best in others and gave them the best he had. He lived much because he loved much. He loved the beautiful in nature and art; he loved birds, trees, flowers. He loved his fellows. He lived the best of all lives, a life of love and of service—the service that has the diviner attributes of forgetfulness of self and service to others.

Mr. EDWARDS was a most valuable Member of the House. He not only served well his district but rendered most splendid service to the whole Nation. For many years I recognized this to the fullest extent, and during an address on the 8th day of May, 1930, on the floor of the House I said:

> While giving credit to those who helped in the passage of the recent river and harbor bill, and thus rendered such splendid service to Georgia, the entire Atlantic seaboard, and the Nation, I again and again recall the faithful, thoughtful, and efficient service of my good friend and colleague from Georgia [Mr. EDWARDS]. I know many of my items, as well as many items from New York to Key West, would not have been included in the bill except for his untiring, faithful service; and not only Georgia but the entire Nation is to be congratulated upon the decision of Mr. EDWARDS to again go upon the Rivers and Harbors Committee and take up anew his splendid work where he served so efficiently and helpfully several years ago.

After Mr. EDWARDS's death I succeeded him on the House Committee on Rivers and Harbors, and realize more fully than ever the great service he rendered on this vitally important committee. In every particular he measured up to the highest standard of a noble man and a true representative of a most splendid people.

It is so sad for a man so well equipped and so true to the highest and noblest ideals of his people to die so young, when his splendid training and innate honesty are so much needed in the solution of the mighty problems of the present.

It seemed that his work was just begun. There was so much more he wanted to do. He had so many noble plans when he was called.

The plans, details, and specifications were on the trestle board, the working tools were on every hand and ready, the machinery was being installed as the master builder was called to a higher and better, everlasting service and mission. And yet, Mr. Speaker, none of the splendid service of CHARLES GORDON EDWARDS is lost. God gathers up and saves for all humanity through all eternity the golden grains of such greatness and nobleness.

Mr. EDWARDS's last words on the floor of the House of Representatives show his love of his fellow man, his great Christian faith, and were truly prophetic.

On the 4th of March, 1931, the last day of the Seventy-first Congress, just before adjournment, he made his last speech in the House of Representatives, a most splendid tribute to Hon. Thomas M. Bell, who was retiring at the end of that session. In concluding that address, Mr. EDWARDS said:

> This hour brings sad thoughts. Many of us will never gather here again. To you all, in concluding, let me say, God be with you until we meet again.

The Christian life of Mr. EDWARDS was such that if he could have seen all his friends just before the end and had known he was to go so soon, he would have said:

> Say not "Good night," but in some brighter clime
> Bid me "Good morning."

He had every reason to gloriously sing:

> For tho' from out our bourne of Time and Place
> The flood may bear me far,
> I hope to see my Pilot face to face
> When I have crost the bar.

May the last words and prayer of our friend on this floor be answered. May we all join in his prayer and in the prayer of the poet—

Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell
When I embark.

Mr. Speaker, the Hon. CHARLES GORDON EDWARDS wrote his own eulogy on the everlasting pages of history and on the noble hearts of his countrymen. The highest tribute we can offer is worth more to us than to him. His life was an inspiration and his memory is a benediction.

Mr. Speaker, during the first 12 years of my service here only two of my colleagues passed into the Great Beyond.

First I went to Georgia with all that was mortal of the late Senator Thomas E. Watson, of Georgia, and saw him returned to mother earth at Thomson, Ga. Several years later I left in Washington in apparently good health my good friend Hon. Leslie J. Steele, of the fifth Georgia district, only a few days later to be notified of his passing and to attend his funeral at Decatur, Ga., where I saw him for the last time until the great awakening.

Now during the last 12 months I have been notified of the death and attended the funeral of three of my beloved colleagues, first Hon. CHARLES GORDON EDWARDS, of the first congressional district, who was buried in Savannah; next Hon. Samuel Rutherford, who was buried in Forsyth; and last Senator William J. Harris, who was buried recently in Cedartown.

When sorrows come, they come not single spies, but in battalions.

Three nobler, truer friends of mankind never lived. Their work is imperishable. It will last as long as yonder sun shall shine.

Mr. WRIGHT. Mr. Speaker, CHARLES GORDON EDWARDS was born July 16, 1878, at Daisy, Evans County, Ga.; was reared on a farm; educated in the public schools, Gordon Institute at Barnesville, Ga.; later attended Florida State College, now University of Florida, and graduated from the University of Georgia with the degree of LL. B.

Immediately after his graduation he began the practice of law in Reidsville, Ga., where he continued to practice until December, 1900, when he located at Savannah, Ga. He was elected to the Sixtieth, Sixty-first, Sixty-second, Sixty-third, and Sixty-fourth Congresses from the first district of Georgia, and voluntarily retired March 4, 1917, when he again entered the practice of law at Savannah, Ga. In November, 1924, he was again elected to Congress from the first Georgia district, and was elected each succeeding term thereafter.

On July 13, 1931, while in conference with Congressman RAMSPECK and me in the office of Mr. RAMSPECK in the city of Atlanta, Ga., Mr. EDWARDS was suddenly stricken and passed away peacefully in my arms.

From the time he entered Congress, March 4, 1925, a warm personal friendship arose between us, which extended to the time of his sudden passing; and my intimate contact with him during these years afforded me opportunity to know his many virtues and splendid qualities. Of pleasing personality and always obliging, one had but to know him to admire him. Being jovial by nature and always courteous and polite, he was a veritable ray of sunshine among those with whom he associated. He was truly a prince among men.

He had an unusually alert mind, and the power of grasping and analyzing any question or proposition almost instantly, and was always ready with an answer to any question which arose.

He was an eloquent and forceful advocate, well grounded in the principles of law, and, indeed, was an able and accomplished lawyer.

As a legislator he was quite alert, yet conservative, and his appraisal and judgment on legislation was invariably sound. He was an energetic and intelligent worker, and never tired in the service of his constituents and in looking after their every want, whether great or small.

As an evidence of his popularity and the esteem in which he was held, many commendatory resolutions, and those of sympathy, were adopted, among which might be cited a resolution by the House of Representatives of Georgia; one by the State Senate of Georgia; one by the Kiwanis Club of Waycross; one by the Democratic executive committee of the first district of Georgia; one by the Bull Street Bible class of Savannah, Ga.; one by the commissioners of roads and revenue of Liberty County, Ga.; one by the Savannah District Council, No. 1, Daughters of the American Revolution; one by the Sons of Confederate Veterans, of Savannah, Ga.; one by the Savannah Aerie of Eagles, No. 330; one by the Commissioners' Court of Chatham County, Ga.; and a memorial by the bar of Chatham County, which is a splendid and most-deserved tribute to his life and character. This memorial is so appropriate and expressive that I venture to incorporate some brief extracts from it, as follows:

CHARLES GORDON EDWARDS lived a sacrificial life. He gave no thought of himself in his great undertaking for the upbuilding and betterment of the district which he served and the people whose good opinion he cherished. Truly, he gave his life for others. He was unaffected, open hearted, and sincere. No request for service by any constituent was ever unheeded by him. The rich and the poor, the humble and the exalted, were all his neighbors.

In his public life his career was without spot or blemish. He was clean and upright, generous to a fault, fair and honest with all. His word was his bond.

CHARLES GORDON EDWARDS impressed himself upon the minds and hearts of his people mainly because of their absolute faith in the integrity of his motives and in the rectitude of his purposes. He abhorred sham and hypocrisy.

The family of my departed friend consisted of his devoted wife, Mrs. Ora Beach Edwards, and his loyal son, Charles Beach Edwards; and it would be inappropriate to close these remarks without reference to his exemplary home life, where his shining qualities literally radiated. Knowing whereof I speak, I can truly say no husband and father was ever more affectionate and considerate. It seemed to be nature with him to anticipate and supply everything which would add to the pleasure and comfort of his splendid wife and son, and their relations in the home were ideal and reciprocal and might be termed a perfect home.

Mr. MOBLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include a statement by Hon. WALTER F. GEORGE, as follows:

The biography of a public servant, like the biography of a private citizen, discloses little of the life and character of the man. Those who have served together in a common cause generally acquire a knowledge of the value and worth of the life and character of the true servant not revealed in the chronological account of those events which are noted by our fellow citizens in private life.

The world knows that CHARLES G. EDWARDS was elected to the Sixtieth Congress and served with distinction in the House of Representatives through the Sixtieth, Sixty-first, Sixty-second, Sixty-third, and Sixty-fourth Congresses; that his retirement at the end of the Sixty-fourth Congress was voluntary; and that he was again elected to the Sixty-ninth, Seventieth, Seventy-first, and Seventy-second Congress. His public career was closed by death during his service as a Member of the Seventy-second Congress. The friends and neighbors of CHARLEY EDWARDS knew that he was born and reared on a farm in Tattnall County, now Evans, of honorable parentage; that the Edwards family is a large and influential family in southeast Georgia; that Charley attended public schools of Tattnall County; Gordon Institute, at Barnesville, Ga.; Florida State College, then located at Lake City, Fla.; and that he graduated in law from the University of Georgia, in his native State.

He engaged in the general practice of law; served as president of the board of trade of his adopted city, Savannah, Ga.; as a member of the Savannah Harbor Commission; and was active throughout his life in the agricultural, commercial, civic, fraternal, educational, and religious life of his city and State.

He married Miss Ora Beach, the daughter of the Hon. and Mrs. W. W. Beach, of Waycross, Ga. His only son, Beach Edwards, is now an honored member of the Savannah bar. To his faithful wife and his son he left a legacy of a life of service—countless friends who knew and loved CHARLEY EDWARDS.

CHARLEY EDWARDS and I were born during the same year, 1878. He was my junior by a few months. During many years I knew him intimately and loved him devotedly. He acquired friends naturally and held them by his fidelity. At his death his friends in Congress were numbered by the membership of both the House and the Senate. Genial and unselfish, he happily excited no jealousies and died in the established affection of those who served with him as well as the great constituency of the old first district of Georgia, whom he served so long and so faithfully.

Born on a farm and reared among farmers, he loved them and worked untiringly for them, their wives, and their children. He took his place, nevertheless, in the life of a great city—historic Savannah, a city fortified by a glorious history and strengthened and inspired by its distinctive ideals and standards.

CHARLEY EDWARDS studied faithfully the larger problems before the Congress during his relatively long years of service and he worked untiringly for the interest of his district. He kept in constant and close touch with the people of his district without regard to rank or station. He possessed intimate knowledge of the needs and problems of his people; it would be difficult to name another Member of Congress from any State who gave more unsparingly of his time and thought to the service of his people.

His memory will be cherished by those who knew him at home and by those who were privileged to serve with him and to share his confidence and wise counsel in public affairs.

BIRD J. VINCENT

Mr. HOOPER. Mr. Speaker, on July 18, 1931, Hon. BIRD J. VINCENT, for five terms a Representative from the eighth district of Michigan, died on his return from Hawaii, where he had gone in search of health. The news of his death brought sorrow to the many thousands in his district who had for years loved and honored him and to the Members of the House of Representatives who had the intimate knowledge of his fine qualities of heart and mind which our close association brings; his loss was, and continues to be, keenly felt.

In the 51 years of his life Mr. VINCENT had acquired a wealth of experience and knowledge which, with his health, he spent lavishly for the public good. The son of a Michigan farmer, he was admitted to the bar in 1905 and soon after entered upon a continuous career of public service which ended only with his death. In 1909 he became assistant prosecuting attorney of Saginaw County, and was later elected prosecuting attorney. Almost at once he gained the reputation of being a remarkable trial lawyer. This reputation was well deserved. I never knew a clearer thinker, nor one who could better analyze, in terse and pithy speech, a problem, whether legislative or legal, to which he bent his mind. He had the ability to state in a single sentence an involved proposition, legal or otherwise, more definitely than most experienced lawyers could do in many sentences. The ambiguous phrase, the word of doubtful application, had no place in his utterances. He unerringly selected the right word, the apt phrase. This made him a power in court and forum. Yet I think that his success with courts and juries and in this Chamber was due less perhaps to this than to his robust integrity, his reputation for truth and honesty and fair dealing, which followed him throughout his life.

Though always frail of body, he passed the rigorous test which in the early days of the war sent him overseas as a first lieutenant of Infantry. He served in France from July, 1918, to May 8, 1919, and reached his home in Saginaw to learn that the council of the city had tendered him the position of city attorney. He held this place with honor and ability until on the retirement of Hon. Joseph Fordney he was elected to the Sixty-eighth Congress.

Most of the present Members know of his work here. Most of them know of his brave struggle with ill health, the direct result of his military service. They know of his faithful work in committee and on the floor of the House. His fellow members of the Immigration Committee would tell you that he was its ablest lawyer. His great and lawyerlike presentation of the contested-election case of Hon. JAMES M. BECK won for him new admiration and esteem. He was one of the most valuable members of the Veterans' Committee. He rarely spoke from the floor, but when he did he had the attention of the House from the beginning to the end of his speech, and those who might not agree with him heard him with deep admiration and respect.

He was a brave soldier, a distinguished lawyer, and an efficient legislator. He added to the prestige of this body and to its usefulness. The last years of his life were a constant battle with disease and pain, but he toiled on undaunted and cheerful, doing each day's work well. To him the humbler task was as important as the greater. All of his energy, all of his devotion, all of his patriotism were at all times at the service of his constituents and his country.

"Earth may run red with other wars; he is at peace." The quiet spot at Saginaw where repose his ashes is a sacred spot to us who knew his worth. Soldier and statesman, lover of his country—sweet be his sleep and waking.

Mr. WOODRUFF. Mr. Speaker, I rise for the purpose of paying a brief and humble tribute to the memory of my distinguished colleague, BIRD J. VINCENT, of Saginaw, who for nearly nine years served in this great legislative body the eighth congressional district of Michigan with honor, marked ability, and distinction.

Congressman VINCENT was cut off in the midst of a career of great promise and unusual accomplishment. He was exceptionally well equipped for the duties of his high office, having graduated from the law school of the University of Michigan, and after a period of private practice in the legal profession served nine years as assistant prosecuting attorney and prosecuting attorney of his county, which latter office he patriotically resigned to enter the United States Army at the outbreak of the war in 1917. He served as a first lieutenant of Infantry for 21 months, 10 months of which were spent on the battlefields of France. Returning to his native soil, he then took up the thread of his legal career, serving as city attorney of Saginaw until his election to the Sixty-eighth Congress.

The eighth congressional district of Michigan adjoins the tenth district which I have the honor to represent. Further, Mr. VINCENT's home city and mine adjoin. Our former acquaintance ripened into a fast friendship, which continued until his untimely death. He was of a very retiring and unassuming nature, but a man of rare judgment, discernment, and political sagacity. So well formed and mature were his judgments that his colleagues sought his counsel and relied upon his advice whenever matters of mutual concern to our beloved State and Nation were involved.

He was utterly unselfish in the discharge of public duties. He knew no other ideal of service except that which represented the best interests of his constituency and the American people. No interests, it mattered not how great or influential, and no cause, it mattered not to what extent it appeared to be backed by popular clamor and public sentiment, could ever swerve him from what he considered to be the path of truth and wisdom.

But this great devotion exacted a toll of health to which he paid no heed, in his zeal and undiminished exertions for the public weal.

In coming years when the young man shall enter the public service and shall seek for guidance and civic courage, he will find no more illustrious exemplar of the true and tried public servant than that of BIRD J. VINCENT, to whose memory we are to-day paying a feeble tribute.

SAMUEL COLLIER MAJOR

Mr. JOHNSON of Missouri. Mr. Speaker, at this solemn hour we are again reminded that in the presence of life the mysterious messenger Death has invaded and depleted our ranks.

The Grim Reaper called from our midst one of the ablest statesmen serving in this great body, the Hon. SAMUEL C. MAJOR, of Missouri. He was my true, close friend. I deeply miss him. With a heart heavily laden with sorrow but ever filled with the choicest memories of my personal associations with him, I give these expressions in his honor.

It is difficult for the finite mind to comprehend why he should have been taken from us at a time when he was rendering such signal and valuable service to the Nation. His work has not ceased. He has merely been translated from this imperfect to that all-perfect celestial sphere where he may more fully function throughout eternity in the magnetic presence of Him who surely ordereth all things well. I am persuaded that approvingly at this hour he is viewing our efforts and would give us the message ceaselessly to battle for the public welfare.

SAMUEL C. MAJOR was born in Fayette, Howard County, Mo., July 2, 1869. After graduating from Central College of his home city and the St. James Military Academy of Macon,

Mo., he studied law, was admitted to the bar, and because of his ability and sterling character, soon became one of the leading lawyers of central Missouri.

Following in the footsteps of his illustrious father, it was natural for him to desire to render service to the public. He was appointed prosecuting attorney of Howard County in 1892, and thereafter was twice elected to such office.

He was elected to the Forty-fourth and Forty-fifth General Assemblies of Missouri. He was elected to the Sixty-sixth, Sixty-eighth, Sixty-ninth, Seventieth, and Seventy-second Congresses. In all of his long and useful official life he rendered faithful and efficient services. He was never prompted by selfish motives but always had the single purpose to do those things best for the welfare of those whom he represented. In the National Congress he soon was recognized as one of its ablest and most influential Members. He was honored by being appointed to the major Committee on the Judiciary, and at the time of his death was recognized as one of the most influential members of such committee.

The footprints he left in the sands of time will ever be sure guideposts to point the way to those who follow in their efforts to serve the public. As his successor I feel my inability to measure up to the high standards set by him; but strengthened by the impress of his influence and ideals, I am given courage to battle for those principles of right and justice in which he so devoutly believed.

SAM MAJOR was a man of high, charitable, and noble character and purpose. He has left an impress for good in my State and the Nation that the lapse of time can not efface. He had the most ideal and happy home life and left a wife and two daughters to mourn his departure. As his friends, we sorrow with them; but with confidence and composure we look forward to that time when all mysteries shall be cleared away, when we shall fully know and understand, and when we shall again be reunited with our friends who have for a short time preceded us to those shores which are eternal.

Mr. LOZIER. Mr. Speaker, in the death of Hon. SAMUEL C. MAJOR this House lost one of its most beloved, useful, and influential Members. He brought to the discharge of his duties a well-trained mind, sound judgment, honest intellectual processes, industry, and an unusual capacity for efficient public service. He was an able and successful lawyer, well schooled in both the philosophy and the exalted traditions of his profession. The son of a lawyer of distinction, he was ambitious, by his own efforts, to achieve success in the profession that has so materially contributed to the founding and development of our free institutions. He had both the will and the ability to succeed. As Tennyson, in Aylmer's Field, said, he—

> Mastering the lawless science of our law,
> That codeless myriad of precedent,
> That wilderness of single instances,
> Thro' which a few, by wit or fortune led,
> May beat a pathway out to wealth and fame.

With SAMUEL C. MAJOR, justice was the life of the law, and, like Justinian, he looked upon our jurisprudence as the perfection of human reason and human experience functioning for the benefit of the public. He had a wholesome respect for the law, believing that where law ends there tyranny begins.

In the practice of law he held steadily to the high ideals of his profession. He was an eloquent and convincing speaker. His sincerity and candor disarmed his adversaries and bound men to him as with hoops of steel.

As a member of the State senate he served the people of his Commonwealth ably and honorably. As a Member of the House of Representatives, the greatest legislative body in the world, he was faithful to every trust. He was diligent and painstaking. He was loyal to his constituents. He endeavored to speak their language, reflect their wishes, protect their interests, and promote their welfare. He had the confidence and respect of his colleagues, who loved him for his many fine qualities of mind and heart. No dishonest dollar ever crossed his palm. He has left behind a record of faithful and efficient service.

In our feeble and finite method of thinking, we look upon the death of SAMUEL C. MAJOR as untimely; but measured by God's infallible standard, he lived out his allotted time and made his foreordained contribution to his day and generation. Out of the silent shadows he came into this old world to abide in the habitations of men three score and three years. While life is even a vapor that appeareth for a little time and then vanishes away; or a bubble, and its short duration forbids that we cherish long hopes, still SAMUEL C. MAJOR did not grumble or quarrel with destiny, but in the perplexities of his active professional and public career he met disappointment and the fortuitous concourse of events with a courage that challenged admiration.

His was not always a flower-skirted path. His lot was not one of ease, indolence, or unalloyed pleasure. Destiny decreed that he grapple with the stern realities of life. By hard knocks and by force of his own indomitable will he won his spurs and earned the respect of those with whom he touched elbows in his journey from the cradle to the grave.

In all the vicissitudes of a busy and strenuous career SAMUEL C. MAJOR held fast to his integrity and scorned to sacrifice principles on the sharp edge of expediency. He did not drift with the tide. His record was not written in shifting sands or sluggish dust but in the hearts and affection of all who came under the influence of his magnetic personality. He was not a broken and bruised reed, the sport of every wind of doctrine, but robust and steadfast in his convictions and in his devotion to his friends.

He was securely anchored in the confidence and good will of his constituents, who delighted to honor him as their Representative. When life's sun had scarcely passed its full meridian, weary from toil and bending beneath the load of an ever-increasing affliction, he returned from the Nation's Capital to the community that give him birth, and which to him was not only home but the most sacred place in all the earth. There among loyal and devoted friends he fought his last and only losing battle. There he watched the approach of the ever-lengthening evening shadows. There he saw the sun sink in the gray gathering western gloom. There he watched the swiftly flowing sands of life run their last course. There he saw the candle flicker and fade. There, in that holy and sacred environment, he lay down in that dreamless sleep that to this finite life knows no waking. There loving hands drew the curtain when his drama was played out. There Death kissed his lips into eternal silence. From the communion and companionship of friends and loved ones he passed over the Great Divide, down life's western slope, and across the tideless, waveless sea into that mysterious realm from whence his spirit came.

If we had the magic power, which one of us would recall him from the land of shadows? Who will question the wisdom of an overruling Providence in depriving us of his congenial companionship? Who among us will soon forget his smile, his handshake, his words of cheer, and the influence of his genial personality?

He was an honored son of old Howard, the mother of many Missouri counties, and the abode of as high type of citizenship as the world has so far produced. He was a worthy representative of that rugged race of Missourians who laid deep and strong the foundation of our great Commonwealth and built thereon our marvelous free institutions.

It was my mournful privilege to follow his pulseless clay to the silent city of the dead. In that sun-kissed, wind-swept, verdure-carpeted God's acre, all that is mortal of SAMUEL C. MAJOR is crumbling to dust, but his rich and rare and radiant spirit abides with the Infinite.

Mr. FULBRIGHT. Mr. Speaker, the announcement of the death of SAM C. MAJOR came to me as a bolt from the blue. Under such circumstances we find ourselves ill prepared to meet the shock. If our kindly thoughts and affection could have stayed the hand of fate, he would have been spared. It was hard to witness his passing when we so much needed his kindly friendship, his genial comradeship, his

judgment, and advice. He left behind an enviable record of service to his community, to his State, and to his Nation. He was honest, industrious, and courageous. His genial and pleasing personality won the love and respect of all.

The Nation has lost an able and courageous legislator, his colleagues a loyal companion, his district and State a capable, conscientious, and sympathetic servant. His wife has lost a faithful husband, his children a devoted father, and all the world a friend. To meet him was to respect him. To know him was to love him. Of him it can be said that he scattered flowers, radiated sunshine, and made the world a better place in which to live. It is fine to be able to say of him that he enjoyed the unstinted respect and love of those associated with him in the Nation's affairs. He wrote his name upon the honorable roster of those who served in this great arena and high upon the bright escutcheon of a glorious State. This fallen comrade believed that in the Christian faith he found the answer to the world's quest for life as well as the firm foundation of the Republic that he loved and served. He died sustained by the glorious hope of life beyond the tomb. He bequeathed to his family, to us, and to the world the heritage of an all-abiding, all-conquering faith. He loved his country, was a product of its institutions, an incarnation of its spirit. He held in sacred honor those principles of life and government, of social and industrial progress that have made America great and her people free. But he is with us no more. God's finger touched him and he slept.

So rest in that heavenly slumber,
Your toils and sorrows are past;
And the world that you love will rest also
When the peace of your dreams comes at last.

Mr. WILLIAMS of Missouri. Mr. Speaker, SAM C. MAJOR was one of Missouri's great, good men. He was recognized as one of the outstanding lawyers of the State, learned and resourceful in his profession. For a number of years he served the people of his State in official life, where his services were of the highest and most efficient type. For several terms he represented his district and the Nation in the House of Representatives with great ability and distinction. His splendid public service is deeply appreciated by the people of the country and will be gratefully remembered. His brilliant public career was unfortunately brought to a close by the untimely hand of death, he having been elected to the Seventy-second Congress.

Those who knew him best had the most implicit confidence in him and few men were ever held in higher esteem by his close friends and associates. He was loyal, grateful, and devoted to his people. In any movement to help a friend he remained firm and steadfast to the end. Any cause he advocated had his undivided support and his untiring efforts until the fight was finished. He never wavered or turned his back in the thick of the fray. He was public-spirited, generous, and kind.

His sociable and genial disposition is remembered by all. Faultfinding, criticism, grumbling, and complaining had no part in his make-up. Gloom and despondency, sadness and despair were unknown to his philosophy of life. He always spoke a word of good cheer and brought with him joy and laughter and left in his wake smiles and gladness. His time was not spent in the shades and in the shadows, but he lived in the broad, bright light of day, pushing back the curtains of doubt and gloom and despair to let in the blessed sunshine of fellowship and good will. The world is better, brighter, and happier by reason of his sojourn in it.

Of striking, attractive personality, of great and splendid ability, of affable and friendly disposition, of polished and refined manners, of sturdy, stalwart manhood, and of fine, sterling character, he made his impress upon his State and Nation, and his multitude of friends mourn his passing.

Mr. NELSON of Missouri. Mr. Speaker, in the death of Hon. SAM C. MAJOR, late a Representative in Congress from the seventh Missouri district, this House lost one of its most able and most beloved Members. Mr. MAJOR, or "Sam" to those who knew and loved him, was my neighbor. Born and reared in adjoining counties, we early came to know each other, and to know SAM MAJOR was to have a real affection for him. We served together in the Missouri Legislature, where he made a record for efficiency, faithfulness, and devotion to duty, just as he later made in the National Congress.

The son of a distinguished lawyer and one of central Missouri's outstanding citizens, Representative MAJOR lent further luster to the family name. Many times honored by the voters, he nevertheless remained a plain, everyday American, never once permitting himself to feel that he had been lifted out from among the people he so devotedly loved. Always he was one of them. He was democratic, never puffed up, never unduly proud, always approachable.

It is doubtful if in recent years there has been in this House a Member more universally loved. Never surrendering his convictions, he was always tolerant of the views of the other man, and differences of opinion never separated him from a friend. Big of heart, of mind, and of body, he looked for bigness rather than for littleness in folks, and, looking for it, found it.

When, after weeks of illness, Mr. MAJOR passed on to that better land, the people of his home county of Howard and of the great State of Missouri gathered at Fayette to do honor to his memory and to indicate the great love and admiration they had for a man among men.

Mr. McKEOWN. Mr. Speaker, when the Sixty-sixth Congress closed, Hon. SAM MAJOR and myself told each other good-by as we started to our respective homes, both with the purpose of retiring from public life. We had both been defeated in the presidential landslide.

When I returned to the Sixty-eighth Congress the first man I spoke to in the new Congress was my old friend, SAM MAJOR. We resumed a friendship that lasted until his going.

"Sam," as he was affectionately called by his colleagues, was a lawyer of great ability and was placed upon the great Judiciary Committee, where he served with great distinction. He was a representative of the masses and had the human sympathy in his heart that touches all mankind.

It is sad to contemplate the death of a friend, a brother, a sister, a father, or a mother; but rather would I look at death as a temporary separation, the beginning of a new life, a life better, nobler, and greater than the one through which we are now passing—an advanced step in God's eternal plan.

SAMUEL C. MAJOR was an outstanding figure in the House and a splendid debater on the floor. He was a splendid man, a loyal citizen of his country, and a devoted officer of his Government. He won a deep-seated affection in my heart and in the heart of his colleagues. His passing was a distinct loss to the House, to his district, and to the State which he so ably represented here. America needs now, and in the future, men of the fiber of SAM MAJOR.

Mr. DICKINSON. Mr. Speaker, Hon. SAM C. MAJOR, former Representative of the seventh congressional district of Missouri, was born in Fayette, Howard County, Mo., on July 2, 1869, and there he spent his notable life. He bore the same name as his distinguished father and grandfather. He was educated in the public schools and Central College at Fayette and St. James Military Academy at Macon, Mo. He married Miss Elizabeth M. Simpson, of St. Louis, on December 17, 1895. He was admitted to the bar in July, 1890. A lawyer by profession, he enjoyed a large and successful practice. He was prosecuting attorney of his county for three terms, State senator from his district, and Representative in Congress for four terms, and elected for the fifth term from a great district which he served with marked and distinguished ability.

He was loved as few men are. I was in his little city during his last illness, and I attended his funeral when a great concourse of relatives and friends gathered from far and near to do honor to his memory. Time and again I heard on the streets of his home city, "Everybody loved

SAM MAJOR." He was a loyal friend, a most lovable character, of marked ability, natural in his conduct and manners and methods. He abounded in common sense. He was worthy of the trust and confidence of all who knew him. He was my friend, and that friendship I valued. I loved him for his great worth and his manly qualities of mind and heart. He was one of God's noblemen. With sorrow and a sweet recollection of his many virtues, I am glad to pay humble tribute in a few simple words to his memory.

To say more would be but to amplify the deeds and value of the life of this unusual man. His work and industry were notable in every line of duty. His services as prosecuting attorney were notable, aggressive, and efficient. His record as State senator was of great service to his State. It was dignified and constructive and laid the foundation for wider and greater service in the National House of Representatives, where he commanded the respect, admiration, and confidence of all who knew and served with him. He had a clear mind and reached his own conclusions after close study of every essential problem submitted to Congress.

An outstanding element in the character of this able legislator was his courage in standing by his convictions. He sought the right on every proposition and boldly, by word and vote, declared his position. He was a strong man, worthy of the great confidence given him by his constituents. He left a record and history of which all his friends are justly proud.

A great lawyer, a noted legislator and loyal friend, a most lovable character, and a great citizen has gone into the Great Beyond with a sweet memory of his many virtues left as a legacy for all who knew him.

Mr. MANLOVE. Mr. Speaker, Hon. SAMUEL C. MAJOR is gone. He was a friend to mankind. He was accommodating, industrious, and courageous. His very presence brought cheerfulness and encouragement. His ability and integrity engendered confidence in the hearts of those with whom he was associated. He rejoiced with his friends in their success and sympathized with them in their sorrow. Thousands will remember him and revere his memory through all the days of their lives.

Although there is an empty chair at the council table of his political party in the grand old State of Missouri, his code of ethics will ever be accepted as a standard of "fair play" and "a square deal."

The loving companionship and confidence which he shared with his family was beautiful to behold. Seemingly his every wish and care in life were centered upon his charming wife and sweet and accomplished daughters, and they, his loved ones, and we, his friends, may find consolation in the thought that "'Tis not death to live in hearts we leave behind."

Mr. COCHRAN of Missouri. Mr. Speaker, the death of SAMUEL COLLIER MAJOR, a Representative from Missouri, was not only a distinct shock to his colleagues but to his thousands of friends in his home State where he was born and lived throughout the period of his life.

Admitted to the bar in 1890, he entered public life in 1892 and served as prosecuting attorney in his own city. He was a member of the State Senate of Missouri and was first elected to Congress in 1919. His knowledge of both civil and criminal law made him a very valuable member of the Judiciary Committee of the House.

He had an outstanding personality, and made friends with everyone who came in contact with him. Honored by his State and the Nation, his name will always be prominent among distinguished officials who served the people of Missouri.

ERNEST ROBINSON ACKERMAN

Mr. EATON of Colorado. Mr. Speaker, why is it that ERNEST ACKERMAN has been called to his final reward when there was so much to be done that none could do as well as he?

From the first day I sat in this House until we went home at the close of the Seventy-first Congress he was my friend. His many kindnesses and aids in participation in legislation on the floor of the House will remain outstanding long after some one comes to take my place. That man will be fortunate, indeed, if he finds one as able and willing as Mr. ACKERMAN to be a friend in his case of need.

He might disagree with you, but he never maintained resentment. He granted to each man the right to think and act according to the dictates of his own conscience. If an able presentation of facts seemed to produce a conclusion different from that reached by him, never did he resort to threat or the show of anger or force to influence a decision. Loyalty was his watchword. True to himself, he was always true to his friends. Punctual at all times, he could always be trusted to keep an engagement or fulfill a promise. In legislation he was dependable, a good judge of men and of measures. His wide experience from business and legislative activity, travels in our own and in foreign countries, and continual study and observation, kept him in the forefront at all times in his last chosen field of endeavor where all kinds and classes of the able men of this country meet in a forum to direct the destinies of this Nation.

In his responsible position upon the powerful Appropriations Committee he was mindful of his country's welfare first, last, and all the time. His breadth of view and grasp of national and international problems was exceeded by none.

He was able, diligent, and a devoted public servant as well as a genial gentleman. The country has lost a good American, a fine citizen, and an able legislator.

Mr. SEGER. Mr. Speaker, under the leave granted to extend remarks, I include the following statement of Hon. HAMILTON F. KEAN, United States Senator from New Jersey:

During the few months that have intervened since the adjournment of the Seventy-first Congress and the calling of the Seventy-second Congress there have been many untimely deaths in the House of Representatives, Members taken in the prime of their lives and at the peak of their usefulness to their country in the offices to which they were elected.

At a time when he was performing the best service of a life filled with good works, ERNEST ROBINSON ACKERMAN was stricken and soon thereafter was called to enter upon a rest fully earned. His established character and long record of deeds well done assure him a high place in the endearing memory of all who came in contact with him. Many who had never talked with him face to face had been benefited by his counsel ripened by years of experience and broadened by extensive travel, study, and observation. With profound sadness we bow to the will of Providence and resign ourselves to the irreparable losses we have suffered.

Mr. ACKERMAN was born in 1863; he died at his home in Plainfield, N. J., on October 18, 1931, after a very short illness. Like a great many boys of his time, he did not have the advantage of an opportunity to pursue a long period of schooling, so that we find him at a rather tender age at a busy corner in New York City actively engaged in the sale of newspapers. He became interested in the collection of postage stamps and at the age of 15 years began a stamp-collecting business, which five years later he sold, together with the good will and list of customers, and thereupon moved to New Jersey, where he resided until his demise.

Obtaining a position of office boy with the Lawrence Cement Co., Mr. ACKERMAN advanced successively through the posts of shipping clerk, bookkeeper, traveling salesman, general sales agent, and finally president of the company. From boyhood his life had been clean, active, and always marked with the greatest kindness and consideration of others. He became interested in public affairs, and at one time was a member of the City Council of Plainfield, N. J. In 1905 he was elected to the Senate of New Jersey, being president of that body in 1911, during the administration of Woodrow Wilson as governor. During the absence of the then Governor Wilson, by reason of his being president of the Senate, Mr. ACKERMAN became acting governor of the State.

With the entry of our country in the World War, Mr. ACKERMAN, long past the age for bearing arms, devoted practically all of his time and energies to our Nation's civilian offensive and defensive activities. Liberty bond, war-saving stamp, and Red Cross drives had his enthusiastic support. Social enterprises for the benefit of the men in the cantonments and trenches engaged his most untiring efforts, and finally, when it was necessary as a defensive measure to conserve at home all of the foodstuffs as far as possible, he was made Federal food administrator for Union County, N. J.

In 1919 Mr. ACKERMAN was elected to the House of Representatives from the fifth district of New Jersey, which he represented continuously until the time of his death. In the House of Representatives he was well known as a member of the Committee on Appropriations and as chairman of the committee that passed on expenditures in the Departments of State, Justice, Commerce, and Labor. His splendid human qualities, legislative experience, moral courage, quick understanding, and warm sympathy stood him well

in hand in those days when the Congress was legislating on the mass of important problems immediate to the ending of the greatest conflict in history.

Mr. ACKERMAN had a charming personality. He had the love, respect, and confidence of the people of the district he so ably represented. While he may have differed in opinion with some of his associates in the House, yet his opinion was held in high regard as he himself enjoyed the respect of his fellow Members.

Mr. ACKERMAN was a devoted Representative to the requirements of his district. No request from the humblest of his constituency was too small or insignificant for him to give his personal attention to its solution. He pursued his onerous tasks, which multiplied as his usefulness in the House increased, with unflagging vigor and gave the best that was in him to the tasks of his office. He was an ideal Representative, one who never tired of undertaking the problems of his constituency and pursuing each one to its conclusion.

I have known ERNEST R. ACKERMAN for many years. His character was above reproach. He graced his honorable position in the Halls of Congress with dignity and real ability. I had many contacts with him socially, politically, and in business, and always found him to be a man of unusual attainments, a man whose word could be depended on, and whom it was always a joy and pleasure to meet and an honor to call friend.

Mr. LEHLBACH. Mr. Speaker, in the passing of ERNEST R. ACKERMAN, of New Jersey, the House of Representatives, the State of New Jersey, and the Nation lost one of the ablest and most dependable public servants.

It was my great privilege to be closely acquainted with Congressman ACKERMAN since he was a member of the Senate of the State of New Jersey over a quarter of a century ago. In that body he rendered outstanding service to the State, notably in the inauguration of a system of classified civil service. In the House of Representatives his outstanding merit was recognized, and he early won a place for himself on the important and powerful Committee on Appropriations. I have frequently heard the former great chairman of this committee, Hon. Martin B. Madden, of Illinois, speak of his work in terms of unstinted praise.

ERNEST ACKERMAN cared nothing for showmanship and publicity and never indulged in oratorical flights. His work was thorough and accurate, reflecting his experience, intelligence, and impeccable rectitude. His dominant qualities in public and private life were his unshakable character and his passion for the right and the truth.

Blessed are the pure in heart.

Mr. BACHARACH. Mr. Speaker, within a period of 15 years the House of Representatives has been twice called together to honor the memory and public service of a Representative from the fifth congressional district of the State of New Jersey.

To-day we assemble to express our feelings of praise and admiration for a man who wove his way into the hearts of all of us who have had the privilege of serving with him.

ERNEST ACKERMAN, as he always insisted upon my calling him and felt keenly hurt if addressed with any less familiar title, was a gentleman of the old school and of a character rare to find in these modern times.

Quiet, unassuming, gracious at all times, we shall miss his courtly manner in the halls of this House. Coming from a different section of my State, it was not my good fortune to know ERNEST ACKERMAN until he was elected to Congress as the successor of the late Congressman Capstick. It did not take long to become acquainted with him, and in a few years' time we developed a friendship which I shall always remember and cherish.

He first began his public service in the council of his home city in 1891, and it is a coincidence that my own first appearance in public life was in the city council of my home town. He was next elected to serve his county in the State legislature; here he was accorded a greater honor than that bestowed upon me, for my next promotion was to the house of assembly. In later years we were both to find service in the House of Representatives of the National Congress.

In all the years of his public service he gave to his constituency the best that was in him. He was a legislator of keen perception and sound judgment, and, in my opinion, he was seldom wrong in his vote on the many perplexing questions that harassed the country and the Congress during his service in the House.

ERNEST ACKERMAN was a world traveler of note; for many years he made it a practice to spend his vacations in foreign countries, and the knowledge which he gained as a result served him to great advantage in his work in the House.

In his passing on to a greater and happier sphere, there to reap the reward so justly deserved by the exemplary life which he led on Mother Earth, we of this Congress have lost a real friend, while the State of New Jersey and the Nation have lost an able, intelligent, and efficient Representative. Those who mourn his loss more intimately may well find comfort and fortitude in the knowledge that he was a devoted husband, an affectionate brother, and a true friend.

FLETCHER HALE

Mr. WASON. Mr. Speaker, it is difficult for me to suitably express myself on this sad occasion. As I stand here to-day I am conscious of a sense of great personal loss.

FLETCHER HALE was born at Portland, Me., January 22, 1883; attended the public schools; was graduated from the English High School, Boston, Mass., in 1900, and from Dartmouth College, Hanover, N. H., in 1905; studied law, was admitted to the bar in 1908, and commenced practice in Littleton, N. H.; moved to Laconia, N. H., in 1912, and continued the practice of his profession; city solicitor of Laconia in 1915; solicitor for Belknap County, 1915–1920; member of the board of education, 1916–1925, and served as chairman, 1918–1925; delegate to the State constitutional convention in 1918; member of the State tax commission, 1920–1925; trustee of the New Hampshire Orphans' Home at Franklin, N. H., in 1923. In 1925 he was elected as a Republican to the Sixty-ninth Congress and reelected to the Seventieth, Seventy-first, and Seventy-second Congresses. In the Seventieth Congress he was assigned membership on the important Naval Affairs Committee, and his work on this committee won words of praise for him from the former chairman, the late Thomas S. Butler, of Pennsylvania.

FLETCHER HALE was my friend and colleague. My heart reaches out to his bereaved family with sincere sympathy and understanding because my own grief is so poignant. There is not one of us who has come here to-day to mourn for him and pay tribute to his memory who feels otherwise. His honest, intelligent, and faithful service here commanded our respect. His personality and his friendship won our love and affection. We all realize that the House, the State of New Hampshire, and the Nation have lost a loyal citizen—a truly good man has passed away; a wise legislator; a splendid, outstanding citizen; an able and successful lawyer; a good and intensely loyal friend; a devoted husband and father. This epitomizes the life and character of FLETCHER HALE, whose death grieved his colleagues, shocked his friends and acquaintances. It was on the return voyage from Europe, where he attended as a delegate the Interparliamentary Union at Geneva, that he became ill and died October 22, 1931, at a hospital in Brooklyn, N. Y., soon after reaching the United States.

FLETCHER HALE was an ardent Republican; he earnestly believed in the principles of his party; and because he believed in them, he never failed to take an active part in campaigns. While an intense partisan, he was broadminded and tolerant in all of his views and never allowed partisanship to interfere with his personal friendships or permitted it to influence his position on public questions which did not strictly involve matters of party policy. He was honest, both intellectually and morally; he despised sham and duplicity. I want to say of my deceased colleague and friend that he loved his country, he loved his fellow men, and was willing to make sacrifices that his life might not be lived in vain.

Those of us who worship the living God, although we can not always understand His ways, are fortified by our unswerving trust in Him and are comforted even in death. Though we lose those nearest and dearest to our hearts, we are given the courage to say, "Thy will be done." Fortified and sustained by "an unfaltering trust," death is not hideous to one who lived a life like FLETCHER HALE, rather is it beau-

tiful—the step from this world to eternity, from whose realms no traveler ever returns.

Sunset and evening star,
And one clear call for me!
And may there be no moaning of the bar,
When I put out to sea,

But such a tide as moving seems asleep,
Too full for sound and foam,
When that which drew from out the boundless deep
Turns again home.

Twilight and evening bell,
And after that the dark!
And may there be no sadness of farewell
When I embark;

For tho' from out our bourne of Time and Place,
The flood may bear me far,
I hope to see my Pilot face to face
When I have crost the bar.

Mr. LUCE. Mr. Speaker, by the death of FLETCHER HALE the House of Representatives lost one of its most promising Members. He had been steadily growing in the confidence of the House—that confidence which is the first requisite for influence. His fellow Members were learning that his information was accurate, that his judgments were sound, that his sincerity was complete, that his courage was constant. He had shown himself capable of expressing his thoughts felicitously and effectively.

Gifted with a good voice, possessing a ready command of language and exceptional clarity of statement, he won attention whenever he took the floor. It was all the better for his effectiveness that he did not speak often, for thereby his fellow Members learned that he was sagacious enough not to speak unless he had something to say, unless he could tell his fellow Members something they did not already know or could lay before them fresh argument. As chance came he had presided in a way that won warm commendation. He was well on the road to higher honors. It is not given to us to understand why a career so hopeful of great benefit to his country should be brought so abruptly to an end. Grieving for the loss of what might yet have been, we must perforce content ourselves with gratitude for what had been.

In the reasons for gratitude those of us who were blessed by close acquaintance will include his endowment with those qualities that most conduce to friendship—the qualities of kindliness, cheerfulness, generosity, sympathy, modesty, candor. These made companionship with him a delight. In Congress, as indeed in any other of the relationships of life, men do not help their associates by lofty intellectual effort alone. The day's work is in no small part matter of routine. Fortunately there are interludes in the work itself, and when the day is over, there must be hours of relaxation. When in such hours chance brought me in contact with FLETCHER HALE, his charm always made the contact happier. It was good to be with him. By reason of the traits that made for friendship we are grateful that we knew him. To us their memory will be precious.

Mr. BRITTEN. Mr. Speaker, in the passing of FLETCHER HALE the State of New Hampshire, as well as the entire Union, mourn and deplore the loss of a capable Representative in the Congress of the United States.

His attention to duty, his fidelity to his trust, his capacity, and his official and personal integrity were most profound. It made a deep impression not only upon the members of the Committee on Naval Affairs, upon which he served with outstanding distinction, but upon the whole membership of the House of Representatives.

FLETCHER HALE's life was one of unceasing activity. With him each attainment was but a step upon the stairway that led to higher places of advancement.

His rise at the bar was rapid, continuous in its progress, and conspicuous in its achievements. He was a lovable man and was greatly beloved on both sides of the House.

He was first of all a loyal friend and was possessed of a charming personality that made itself evident where he chanced to be. His companionship was kind, considerate, and most attractive.

FLETCHER HALE had original ideas concerning the national defense and was a valuable member of the important Committee on Naval Affairs, where naval policies upon which the very life of the Nation depended were made effective. His absence from this committee is a real loss to the Nation.

Mr. EVANS of California. Mr. Speaker, I shall not attempt to express, even measurably, my sense of loss as an individual sustained in the sudden death of my friend and associate FLETCHER HALE, of the State of New Hampshire. We were close personal friends, and I entertained for him a real affection. I shall never fail to remember his exceeding kindness, his fine inspiration, his wonderful fellowship, and his earnest and sincere purpose to be helpful to others.

"Fletcher," as we intimately and affectionately knew him, was ever at the command of his friends and colleagues when opportunity offered to lend a helping hand or to do a kindly deed. He was an able and courageous legislator, an eminent lawyer, and an outstanding American of the highest type.

It is, indeed, most fitting that those who knew his worth through daily and intimate association should gather in this Chamber, where the most important and effective part of his work was done, for the purpose of expressing sincere and affectionate appreciation of a life dedicated in high degree to the public service. The tributes paid to him are well deserved, because they were earned by years of devotion to the interests of our country, because his record as a Representative in Congress was characterized at all times by zeal for the public good. To the people who trusted and honored him he gladly gave all that was highest and best in him.

My work with him as a member of the Committee on Naval Affairs imbued me with his high principle, his ever-present sense of honesty, and his indomitable will to do the right as his conviction led him to see the way.

I humbly commend to his stricken wife and children and to his myriad of loyal friends the memory of this good man, and I desire to record for the sake of posterity and for the benefit of the loved ones he left behind my deep appreciation of his personal worth and the value of his service to his State and to the Republic.

Mr. COYLE. Mr. Speaker, there were 69 of us new in the Sixty-ninth Congress, and with all of us there was a regard and liking for FLETCHER HALE, rugged son of New Hampshire. So close I felt to him that the honor of expressing that regard, though a labor of love, is yet no easy task.

We found in him the straightforward virtues that we come to expect in the sons of the Granite State. With him, too, there was a smile that bespoke a manly friendliness of character and consideration for his fellow man. Among the younger men in Congress there was none for whom a brighter prospect shone. He spoke not often, but when he spoke it was with the authority that comes with definite knowledge and clear thought. With him a broad tolerance for the other point of view served but to accentuate and not to compromise his own clear cut course and logical goal.

When we come to appraise and measure the manly virtues of the man we knew, again shines out the modest courage, the unselfish adherence to duty, the thoughtful, kindly hand of FLETCHER HALE.

When he was laid to rest mid those New Hampshire hills on that windy autumn day, the people he served so well came to pay their last tribute to their fallen leader. Their number seemed as the autumn leaves that fell.

They gathered from Mount Monadnock on the south and Mount Washington on the north, from shop and mill and sugar grove they came, from modest home and executive mansion, the section hand and the president of the road, and met in Laconia's lovely churchyard. In hushed and quiet multitudes their very presence said, "In honoring this man we do honor ourselves." As did his friends in Congress, so did they recognize the untimely end of a career honorable in his country's service.

For his countless friends in New Hampshire and in Congress I quote a verse of Kipling's that might well be our guiding star, as certainly as it typifies FLETCHER HALE:

Stand to your work and be strong, halting not in your ways,
Baulking the end half won for an instant dole of praise.
Stand to your work and be wise—certain of sword and pen,
Who are neither children nor gods, but men in a world of men.

Mr. PARKER of New York. Mr. Speaker, FLETCHER HALE, of the first New Hampshire district, was one of those New England legislators to whom public office meant an opportunity to serve his country.

Born in Maine, educated in Massachusetts and New Hampshire, Representative HALE was endowed with the finest qualities of the New England tradition. He was straightforward. He never hedged or trimmed. There was never doubt as to where he stood, never reason to wonder if he had meant what he said.

All these qualities of stanchness and forthrightness were graced with a sense of humor and an amiability of personality which endeared him to his associates in Congress and in private life. It was easy and pleasant to know him. Honor and conscience were decorated and mellowed with tolerance and wit.

An able lawyer, he served his community and his Nation in ways for which he had prepared himself in his education and background. He went to public schools, to the English High School in Boston, to Dartmouth College. He was solicitor for Belknap County, N. H., for five years, and during nearly all of that time and for five years thereafter his interest in education led him naturally to membership on the board of education and to its chairmanship for seven years. He also extended his interest in education to the less-fortunate children by serving from 1923 until his death as a trustee of the New Hampshire Orphans' Home.

In addition to his legal and educational services, FLETCHER HALE served his State in a fiscal capacity as member of the State tax commission for five years, and helped write the State's present constitution as a delegate to the State constitutional convention in 1918.

In Congress Representative HALE was particularly interested in the development of the Navy, and was a member of the Naval Affairs Committee. His interest in international comity took him to the Interparliamentary Union in 1931, and it was on his way home from that meeting that he became ill and died before he was 49 years old.

His early death is a loss to his State and his country, and a personal loss to his friends. We had all expected many more years of usefulness from him and many more years of pleasant association with him on Capitol Hill.

Mr. DARROW. Mr. Speaker, the sudden death of our late colleague Hon. FLETCHER HALE, of New Hampshire, was a severe shock to all of us, and I felt a deep sense of personal loss, for he was a dear friend and associate.

My intimate acquaintance and close association with FLETCHER HALE was brought about by our service together on the Committee on Naval Affairs and the further fact that our offices were practically adjoining. Therefore, I had the opportunity to know him well, to realize the worth and beauty of his character, as well as to appreciate his many sterling qualities and to respect his judgment and ability. He performed his work as a Member of Congress with all the diligence and conscientiousness that he would have devoted to his own personal affairs.

Though his life of 48 years was far too short, yet it was long enough to demonstrate possibilities of great promise for the future. I know as our acquaintance prolonged my admiration for him only increased. I have every reason to believe that the splendid reputation borne by him in Washington was fully shared by his constituency, who had repeatedly expressed their confidence in him at the polls.

FLETCHER HALE was ever ready to serve a friend. He rendered a distinct service to me when he accompanied me to my district and delivered an address at the Lincoln banquet of the Germantown Republican Club, which was one of the most inspiring, instructive, and entertaining speeches ever delivered before this club. He made many friends in Germantown, and they were greatly grieved to learn of his recent death.

It is a privilege to have served and labored with this young statesman and to have enjoyed his friendship.

Mr. HANCOCK of New York. Mr. Speaker, it is with a heavy heart that I undertake an expression of my appreciation of FLETCHER HALE, for it brings the bitter reminder that we shall see him no more in this world. Although I was privileged to know him only during the last four years of his life, he had my enduring regard and when he died it was as if I had lost a lifelong friend.

Like many others, I sought his company and friendship after first acquaintance, attracted by that rare quality we call charm and encouraged by his amiable disposition and unaffected manner. Cheerful, humorous, keenly intelligent, he was a delightful companion. He was honored and respected by all who knew him for his honesty, courage, and exceptional ability; and he had the deep affection of those to whom he gave his confidence and friendship. Rarely in my lifetime have I known a man whose companionship I enjoyed so much, whose character and talent I appraised so highly, or whose friendship I valued so greatly.

He had seriousness of purpose and maturity of judgment, but he never lost the optimism and buoyancy of youth in his outlook on life. He had dignity and self-respect, but he was always modest and considerate in his relations with his fellows and he was the sort people in trouble turned to, because they trusted him instinctively.

He had none of the acquisitive instinct which dominates the lives and aspirations of most of the people on earth. His life was dedicated to public service and to kindly and generous acts toward those who needed help. He acquired little of the world's goods, because the amassing of wealth was of slight consequence in his philosophy of life. The splendid woman who is his widow and his two fine boys have the admiration and deepest compassion of a multitude of friends and well-wishers as they face the world with brave and dauntless spirit.

I had the good fortune to sit with him on the Naval Affairs Committee of the House for four years. He was a skillful and painstaking legislator. Unobtrusive, he never sought the center of the stage or entered into headline-provoking controversies, but out of clear-headed thinking and conscientious study he made many valuable contributions to the consideration of the questions that came before that committee, and by his gentle persistence and convincing speech he exerted a marked influence on the legislation that came from the Naval Affairs Committee. Respect was paid to his opinion and deference to his judgment by his colleagues.

He believed in a strong, efficient, modern Navy because he was passionately patriotic. There was nothing of the sword-rattler or the jingo about him, but neither was he a weak sentimentalist. His supreme desire was to secure the peace and security of his country and he had no taint of internationalism.

He did not often speak on the floor of the House or extend his remarks in the RECORD, and never for self-glorification or selfish political purposes. He took the floor when his responsibility for legislation required it or when moved by deep conviction and a sense of duty. When he spoke he was listened to, because he spoke with earnestness, with knowledge of his subject, and with the art of a natural orator.

He was an effective speaker in the House or on the platform. Not only did he have the oratorical requirements of voice, gesture, and presence, but his words carried the conviction that springs from the logical thinking of an orderly mind and the inspiration that is born of absolute sincerity and high purpose.

I recall with the pleasure a man has in the success of a good friend the occasion when FLETCHER HALE last presided over the House as Chairman of the Committee of the Whole. A controversial bill was under consideration, the House was inclined to be disorderly, many puzzling points of order were made. He presided with exceptional dignity and fairness; his decisions were prompt, concise, and clearly expressed;

and when he stepped down to report to the Speaker, he received the most enthusiastic applause I have seen accorded any presiding officer since I have been a Member of the House, and the best deserved.

FLETCHER HALE had the mental capacity and moral strength to fill the highest places of public trust. His natural gifts inspired public confidence and attracted a steadily widening circle of loyal friends. He seemed destined to carry heavy responsibilities in these troublous times when people are searching for strong men to lead them. His taking off is doubly grievous because he died in the full prime of manhood. When a fatal disease claimed him with tragic suddenness a valuable and useful life was ended and his country lost a man of true statesmanlike qualities and extraordinary promise of greater service in the years to come. And I have lost a cherished and beloved friend whose death I shall never cease to mourn.

Mr. WIGGLESWORTH. Mr. Speaker, it is always difficult for those left behind when a true friend and colleague is called upon to lay down his life. It is particularly difficult when that life is one of full vigor and of brilliant promise. Under such conditions the loss is not merely personal; it is national.

The life of Hon. FLETCHER HALE, of New Hampshire, was such a life. Devoted largely to public service, it was characterized by devotion to duty, by ever-increasing usefulness, by qualifications which seemed to carry with them the assurance of still greater responsibility, of still greater contribution to district, to State, and to Nation.

Born in 1883, a graduate of Dartmouth College in 1905, an attorney by profession, his fine abilities enabled him to serve his city, his county, and his State as a member of the city board of education for about 9 years, 7 years as its chairman, as city solicitor for about a year, as county solicitor for about 5 years, and as tax commissioner of New Hampshire for a further period of about 5 years.

Elected in 1924 to the Sixty-ninth Congress, relected in 1926, 1928, and 1930 to the succeeding Congresses, his unusual qualifications were quickly recognized in the service of the Nation. Thorough in research, sound in conclusion, he played an important part in the work of the House Committee on Naval Affairs. A trained speaker, a good parliamentarian, he won for himself a position of confidence and increasing influence in the House as a whole. Twice during the closing months of his career he was called upon by Speaker Longworth to preside over the House in the consideration of bills of contentious and difficult character. Those who were present at the time will recall the decision and dispatch with which the bills were handled and the acclaim accorded him by the House as a whole at the conclusion of the consideration in each instance.

It was my privilege to see much of our colleague during the four sessions of Congress immediately preceding his death. Coming to Congress in December of 1928, I found myself turning to him for information and for counsel. I came to regard him not only as a close personal friend but as one of the soundest and most promising of the younger Members of the House.

His character, his ability, his judgment, his courage stamped him as one destined to play a still greater rôle in the service of the American people. His untimely death at the age of 48 was an incalculable loss—a loss to a host of devoted friends and admirers won during a life of public service, a loss to the country as a whole, deprived of the promise of further contribution of greater distinction. America, Mr. Speaker, can ill afford the loss of one so conscientious, so able, so fearless, in these difficult times through which we are passing.

Mr. TREADWAY. Mr. Speaker, others will speak of the political career of FLETCHER HALE. They will refer to his experience as an important official of the State of New Hampshire and his efficient service as a Congressman from that State.

If I were to comment upon FLETCHER HALE's official life, I could truthfully say that in my judgment no man with whom I have come in contact in Congress in recent years had a more brilliant future in prospect than he. He was able, popular, a careful student of legislation, endowed with a keen mind and conservative judgment; he was young, with an expectation of years of service, and by all the measures of human comparisons the future had in store for him inestimable rewards.

However, in the brief references I desire to make to FLETCHER HALE I shall not touch upon this part of his life and character. I want to take for my subject a few words which he once said to me. We were talking about a prominent hotel in a leading summer resort where we had both been guests. In his quiet way he said to me, "Allen, I used to be a bell hop in that hotel." The remark impressed me, but little did I think I would have occasion to refer to it in this manner.

I class FLETCHER HALE as one of the most typical examples of a successful citizen with whom it has been my good fortune to be thrown into contact. He was a poor country lad, dependent upon his own efforts to obtain an education. He worked his way through college, earning a few dollars during the vacation period at a summer resort. He secured his own meals in college by waiting on his classmates. He studied law under adverse conditions and under financial limitations.

Possibly as thorough a test as any of a young man's ability to complete his education is to start life in a moderate-sized New England town. Making good under such conditions, where neighbors are familiar with life's details, is a true test. This FLETCHER HALE undertook and won. Following his marriage and undoubtedly aided by his wife, who herself had made her own way as a teacher, young HALE progressed step by step until he became an outstanding figure not only in his home community of Laconia but in the State of New Hampshire.

Let me, however, revert to my original thought of FLETCHER HALE as a friend and companion rather than as a lawyer and official. When the sad news was flashed over the wire last October of his sudden death while returning from abroad, the first thought that came to me was of the personal loss of a friend. My associations with him were more outside the Halls of Congress than within. The feeling of sadness was at the departure of a real comrade and chum, one with whom I had associated before he became a Congressman in the companionship that comes to men through like interests in athletics and social activities where there is no gloss or frills and where the real fellow is with you. FLETCHER HALE was the personification of a friend. This is not intended to be the eulogy of a Congressman but of a real American. No title can compare in value with that of a successful American citizen. I will regard FLETCHER HALE always as typical of that designation, a self-made, thoroughgoing, true American citizen.

Ah, friendship, stronger in thy might
Than time and space, as faith than sight!
Rich festival with thy red wine
My friend and I will keep, in courts divine.
—Helen Hunt Jackson.

Mr. BOLTON. Mr. Speaker, in availing myself of the privilege of joining my colleagues in paying tribute to those of this body who have "passed beyond" I do so with mixed feelings of appreciation and regret; regret in the realization that those familiar faces are no longer with us; appreciation in the knowledge of their lives and what they have contributed to our Nation's welfare.

It is my purpose, however, to speak briefly of one whose attributes, ability, and accomplishments particularly endeared him to his associates and from whose all-too-brief association came, for me, ties of friendship and esteem which the realization of separation can not efface.

Others have spoken of FLETCHER HALE's ability and splendid record of public service, of the use to which he put the faculties with which he was endowed, and have described

his upward march from boyhood through one of our Nation's leading universities to his chosen profession of the practice of law. Full credit has been given in his record of various offices of public trust and esteem leading to his position of high regard in the Congress of the United States as representative of his district.

It is a record of accomplishment and success based on a determination and a sincerity of purpose which come to those who not only have the ability to see clearly but are alive to their responsibilities to their fellow men. FLETCHER HALE has left a record of achievement and public service which is not only a credit to his State but another example of devotion to his country, for which our Nation is noted.

But the success which marked FLETCHER HALE'S all-too-short career was not due entirely to his devotion to his public duties and his energy and purpose in serving his fellow man. He had those qualities and deeper sensibilities which marked him as one in tune with the universe, as one who sensed the joy of living, and through those attributes the understanding of the problems of his fellow man, which made him so sympathetic in his relations with friend and acquaintance alike. As one who had experienced the stern demands and knocks of daily life and the hard path of success, he could understand and assist those in need of encouragement.

As one who had experienced and enjoyed the real joy of living, he could rejoice understandingly with those who were more fortunate. A friend to all, strong in work or play, quick to understand and eager to help, sympathetic, just, or stern as occasion demanded, he typified all that is good in life. His happy smile, his friendly word were given freely, unstintingly. His good advice, his keen judgment made his words welcomed. But above all his quick understanding, his sympathetic nature, and his cheery attitude, regardless of conditions, made his a personality which brought happiness and rest to whom he contacted.

His life, in truth, was not only an example of devotion to his country but also a record of love for his fellow man. To those of us who were privileged to work with him the peculiar cheery courage that was his—that radiated from him under all circumstances—is something we can ill spare; yet his example should go before us, lighting our way, challenging us to increasing selflessness and a clearer and more consecrated patriotism.

Mr. FRENCH. Mr. Speaker, somehow there is special pathos in the cutting down of life right in the midst of its prime, and particularly when the life is dedicated to serious, purposeful responsibilities that confront the people of a nation. Such was the fate that overtook our late colleague, FLETCHER HALE, a Member of the House of Representatives since the Sixty-ninth Congress, a member of the Naval Affairs Committee, returning from a mission to the Interparliamentary Union, where he had gone as a representative of the American group of that organization—in the midst of great work that he was modestly carrying forward with distinction and ability our colleague was stricken.

During the nearly seven years of membership in the House of Representatives FLETCHER HALE had impressed himself upon his colleagues as a man deserving of respect, deserving of confidence, and one whose counsel and judgment must thereby be sought.

No Member of Congress can serve long in the position to which a constituency has chosen him before an appraisal of his worth and ability will have been made by his colleagues. This appraisal is made upon the basis of the everyday life and action of the Member himself. It is made through contact, through observance of the Member's deportment among his fellows, through the degree with which the Member measures his words, through candor or lack of candor, through habits of speech and action that reflect carelessness or accuracy, or that indicate studiousness and attention to the problems in hand.

During the years of my acquaintanceship with FLETCHER HALE for the most part my contact was with him as a member of the Naval Affairs Committee while I was chairman of the committee handling the naval supply bill. We understood each other; we did the closest of teamwork; we did not always agree, but we had faith each in the other, and at all times I recognized and cherished in my colleague a fine and generous soul.

My colleague did not assume a dual attitude when he labored insistently for the development of an American Navy as a member of the Naval Affairs Committee and when he labored for international understanding as a member of the Interparliamentary Union, through which the navies of the world might be reduced; rather, the two seemingly conflicting positions were in harmony.

Our colleague believed that unbridled rivalry among nations in military craft is provocative of misunderstanding and war. Therefore he sought to remove competition through understandings that could be attained at the conference table in the exchange of ideas and aspirations of world peoples. On the other hand, in the absence of that understanding which he regarded as teamwork, he stood for an American Navy equal to maintaining the needs and dignity of our great country. Imbued with this philosophy, Mr. HALE was a powerful factor for good.

The call of death came to our colleague just as he was completing the trip from the Interparliamentary Union, whose sessions had been held at Bucharest. At that conference he had striven for the development of a program that would look to the establishment of a formula under which a greater measure of teamwork would be possible among world powers and thereby a greater measure of peace and accord be attained among nations.

Others have spoken of the intimate details of the life of Mr. HALE. I have mentioned but briefly certain characteristics that appeal to me.

If I could in another word sum up qualities of our late colleague whose memory we now honor, I should include in those qualities kindliness in all his dealings, sincerity in all his purposes, loyalty to his country, and I should include courage and resolution of soul, all of which blended into that fine attitude of approach with which he undertook every responsibility intrusted to his care as a member of the House of Representatives.

HARRY M'LEARY WURZBACH

Mr. KLEBERG. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following resolution of the San Antonio Builders' Exchange memorializing the services of my predecessor, Hon. HARRY M. WURZBACH:

SAN ANTONIO BUILDERS' EXCHANGE,
San Antonio, Tex.

Resolution

Whereas the Hon. HARRY M. WURZBACH has nobly served the people of San Antonio and south Texas as citizen, statesman, and friend; and

Whereas the Hon. HARRY M. WURZBACH, ever ready to answer the call of service, has acquiesced to the final great command, leaving this body politic bereft of a stanch admirer, counselor, and champion; and

Whereas the passing of this great statesman is an irreparable loss which only time, the great alleviator, may mend: Now, therefore, be it

Resolved by the board of directors and membership of the San Antonio Builders' Exchange, That we express our heartfelt sympathy to the bereaved family of this beloved champion in the loss which we share with them; and be it further

Resolved, That a copy of this resolution be spread upon the regular minutes of the records of the San Antonio Builders' Exchange in humble tribute to the achievements of the Hon. HARRY M. WURZBACH; and be it further

Resolved, That a copy of this resolution be extended in sympathy to the family of the Hon. HARRY M. WURZBACH and to the body of the House of Representatives of the United States Governernment, in which he so faithfully served the people of this great section.

WM. A. TURNER, *President.*
R. WM. ARCHER, *Secretary.*

Adopted at regular meeting board of directors San Antonio Builders' Exchange in meeting assembled Thursday, November 19, A. D. 1931.

I would like at this time to pay my lasting personal respects to the memory of my departed friend, HARRY M. WURZBACH. He was an able, concientious citizen, beloved by

his friends, who were legion. He loved them well and served them in accord with the best that was in him while he acted as their representative.

PERCY EDWARDS QUIN

Mr. ELLZEY. Mr. Speaker, as the successor of the late PERCY E. QUIN, it is my privilege to bear testimony of the splendid record he made.

Throughout the entire seventh Mississippi congressional district PERCY QUIN was universally loved. For many years a public official, he was faithful at his post of duty. He prided himself in promptly responding to every call at the hands of his people. He was punctual and diligent in the discharge of all his duties.

PERCY QUIN was ever a loyal and stanch Democrat, and throughout his long years of public service he was a splendid leader, always advocating the Jeffersonian principles of Democracy. As I met and mingled with his many friends in the district he so ably represented, in every section I found many loyal and close personal friends of PERCY QUIN. His people loved him and forever enshrined in their hearts will be lasting and loving memories of the faithful service he rendered to his constituents.

As his successor in the Halls of Congress, I was the recipient of many courtesies because I had succeeded this beloved gentleman. Many Members from every section of the Nation have expressed to me their friendship and love for this splendid Mississippian. In truth, he was loved by Republicans and Democrats alike.

As a Member of Congress, for years Mr. QUIN was a member of the Committee on Military Affairs. He worked untiringly in sponsoring legislation that would result in the operation of the Muscle Shoals plant whereby the farmers of America would secure cheaper fertilizer. One of his colleagues said that PERCY QUIN literally wore out his life in behalf of Muscle Shoals.

Another colleague informed me that he always followed PERCY QUIN in legislation that affected agriculture and labor, because these matters were on his heart, and his judgment was good.

In the hearts of his fellow countrymen long will live the memory of PERCY E. QUIN.

Mr. McKEOWN. Mr. Speaker, when the news of the sudden passing of Hon. PERCY QUIN reached the ears of his colleagues there was a feeling of loss which crowded out all other thoughts.

"Percy," as we all called him, had the greatest insight into the effect of any piece of proposed legislation upon the masses of the people of any man in the House. It made no difference under what cloak it appeared, he was always able to measure its effect upon the "poor people." He was a safe man to follow, as his judgment was always sound.

When any vote was to be had we always knew that Percy would be found on the side of the folks as against special privilege.

Information that he was to address the House was all that we needed to fill the Chamber, and when he spoke he threw his whole energies into the effort.

PERCY QUIN was a leader, and many of his colleagues were saved from disaster by following his fine sense of justice and fair play.

He has gone, but few will ever take his place.

It is a melancholy task to lay a wreath of affection upon the grave of a departed friend. But it is fitting that we who knew him and watched with pride his brilliant career should here commemorate the many admirable qualities of that remarkably strong and attractive personality.

He was a sincere man, and an able Representative from his State, Mississippi, which has given many illustrious sons to the Nation, but none more true to his convictions than PERCY QUIN.

Mr. WHITTINGTON. Mr. Speaker, PERCY EDWARDS QUIN was born October 30, 1872, on a farm in Amite County, Mississippi, and died in the city of Washington on February 4, 1932.

His sudden departure brought personal and public sorrow. Genuine regret was never before quite so universal among the people of the district ably represented by him for 20 years. His death was a distinct loss to the State and Nation.

PERCY QUIN largely worked his way through school and college, and after finishing at Gillsburg Collegiate Institute in Mississippi he was graduated from Mississippi College, Clinton, Miss., in 1893. He taught school for a year and in 1894 began the practice of law in McComb, Pike County. He was an outstanding member of the Mississippi Legislature from 1900 to 1904. On October 1, 1913, he married Miss Aylett Buckner Conner, of Natchez, one of the most charming and accomplished women of Mississippi, who survives him.

He was elected a Member of Congress from the seventh district in 1912 and was continuously thereafter reelected. He was chairman of the Military Affairs Committee, one of the powerful committees of the House, at the time of his death.

PERCY QUIN inherited a good mind. He was a keen thinker and exerted a wide influence among his fellow men. He possessed the grace of common sense to an unusual degree. He knew human nature. He grew up among the people and was familiar with the hopes and aspirations of the common man. He had a unique and delightful personality.

He knew the people of his district, and they knew and trusted him. He occupied a large place in the affections of his constituents.

As a citizen he was a patriot and devoted to his country. He endeavored to discharge the debt that all owe to both State and Nation. He was attracted to public life and was always interested in public questions and political issues. He never dodged or straddled. He was always honest and sincere. He was ever jealous of the good name of the State and was always anxious for the progress and advancement of the people of the country. As a legislator he was loyal, faithful, and industrious. He was a good judge of men, of issues, and of measures. Successful in both law and business, he was successful as a Member of Congress.

PERCY QUIN was a devoted husband. His home was the happiest spot on earth for him. His wife was the joy of his soul.

He was a true and loyal friend. He made the cause of his friends his own, and he never lost a friend except by death. His cheerful and hopeful disposition made him exceedingly companionable. He was always welcome in any group. He would go to any reasonable length to help a friend. He was devoted to his friends, and his friends were devoted to him. He was very human. We, his colleagues, treasure his memory as an affectionate friend and as a faithful public servant.

Our departed colleague gave help to the poor, sympathy to the suffering, kindness to the downcast, and hope to the discouraged. Good and true men are God's best gifts to the world, but they are more than that—they are the agents and instrumentalities for help to mankind.

PERCY QUIN came to Congress on March 4, 1913, in the prime of his manhood. He was familiar with the problems of the people and he devoted himself exclusively to the public service the 19 years that he served in Congress. No district ever had a more industrious or faithful Representative. While familiar with military affairs and while chairman of one of the greatest committees of the House, his fame likewise rests upon his advocacy of measures for the benefit of the great body of people of the country. He never forgot the farmers nor the people of his district and State. He advocated all measures for the benefit of agriculture and rural life.

PERCY QUIN was a good man, but he was not perfect. None of us is. Man does not ripen by virtues alone. If it were so, the earth would be a paradise of angels. Man is like the growth of the earth and the fruit of the seasons; he is sown in dishonor and he is matured under all varieties of heat and cold. Man ripens as a result of various and varied experiences. He is matured by the joy of spring, the warmth of summer, the winds of autumn, and the chills

of winter. The good man, the great man, succeeds in spite of his mistakes and overcomes in spite of his errors.

But PERCY QUIN lived the good life of his time. He died in service. He went out in the full maturity of his powers and at his post of duty, a martyr to overwork. He was ill for awhile, but he was spared the wastes of long disease and the waiting in helpless idleness. "The set, gray life and apathetic end were spared to him." He passed away so quietly that none knew the moment of his departure.

> And could we choose the time, and choose aright,
> 'Tis best to die, our honor at the height,
> When we have done our ancestor no shame,
> But served our friends and well secured our fame.

We shall see the face of our departed colleague no more, but the light of his life and usefulness of his service will remain with us. The world is better for his having lived and wrought, and his memory, like a rare perfume whose fragrance lingers, will long be cherished. His work is done; peace to his ashes and honor to his memory.

Mr. COLLINS. Mr. Speaker, nearly every Member of this House knew PERCY QUIN and admired and respected him as a rugged orator, an intrepid fighter, and an indefatigable worker for the principles he championed. He was more than that. PERCY QUIN's championship of the interests of the plain man was not that quality of lip service given for his own gain, but the honest expression of his inward convictions—the bubbling forth from that inner spring of his regard for his fellow man.

The two most outstanding traits of his Christian character were his abiding faith in God and a broad sympathy for his brother man. Even before he became a Member of this body he had served in public office with the same keen understanding of the rights and problems of other people and with the same urge to alleviate those wrongs and oppressions which beset them. Never vainglorious, he spoke to measures here only when he felt a keen right and justice in his position. So clearly was this the case that his utterances were freighted with sincerity and human kindliness and carried with them the strength of a crusader's belief.

Soon after the blow fell upon him that forced him to his last sick bed, he expressed himself, not as rebellious nor impatient, but truly and humbly thankful to his Maker for sparing to him his mental faculties so that he might continue to use his influence for those he believed needed help. I never knew a man more big-hearted, more altruistic than PERCY QUIN. His life's pattern was fashioned so: "Love thy neighbor as thyself."

Mr. RANKIN. Mr. Speaker—

> A prince once said of a king struck down:
> "Taller he seems in death";
> And the word holds good, for now as then
> It is after death that we measure men.

It is after the passing of a public man that we take an unbiased inventory of his life's work and pass judgment upon the value of his private and public career.

Standing here "upon this bank and shoal of time" from which our distinguished colleague PERCY QUIN has passed, we pause for a moment to measure his mental and moral stature. As we do so, his proportions grow as his sterling qualities, his unblemished character, and excellent qualities of his public service are revealed.

Thomas Jefferson once said that there were only three questions to be asked of an applicant for a public office: Is he honest? Is he qualified? Is he faithful?

Measured by that standard, our distinguished colleague towers against a background of more than 20 years of service in this House. It was once said of Edmund Burke that men who did not have the patience to hear his speeches delivered invariably wore the record out reading them. The peculiar personal traits which Mr. QUIN invariably exhibited on the floor sometimes distracted the minds of Members from the real merits of his argument. But when reduced to cold type his speeches contained gems of eloquence and nuggets of wisdom that reflected a strong, overpowering intellect backed up by a conscientious conviction and an unswerving devotion to the public good.

Conscientious to an extreme degree, with a keen, incisive intellect, with supreme moral and physical courage, and with an inflexible devotion to the public weal, he rendered a service throughout his long and eventful career that will carry his name on down to the generations yet to come.

His passing was a great loss, not only to the people of his district but to the Nation as well. He literally gave his life for his country's cause. The last speech he ever made, and one which hastened his untimely taking off, was against the cancellation of the foreign debt and laying upon the backs of the already overburdened taxpayers of America $11,600,000,000, which they will have to pay if this cancellation is ever made. Every man, woman, and child under the American flag owes him a lasting debt of gratitude for that speech, from the physical effect of which he never recovered.

He is gone, but his memory will linger in these Halls for many a decade, and the effects of his public service will ever redound to the betterment of our common country.

> His life was gentle, and the elements
> So mix'd in him that Nature might stand up,
> And say to all the world, This was a man!

Mr. JOHNSON of Texas. Mr. Speaker, the passing of Hon. PERCY E. QUIN removed from the membership of the House one of its leaders.

For nearly 20 years he represented the seventh congressional district of Mississippi, and, having served with him for almost 10 years, I can bear testimony to his ability, his fidelity, his courage, and his devotion to duty. He loved humanity, and the cause of the poor and oppressed he always championed.

He was a Democrat not only in name but in fact. Intrenched privilege and plutocracy he abhorred and consistently and vigorously opposed. Chairman of the great Committee on Military Affairs, his life was shortened by his fight to preserve Muscle Shoals for the people of the Nation and to prevent its exploitation by selfish and sordid interests.

Earnest and aggressive, he was an able advocate, and when he spoke the House never failed to listen. He had the zeal of a crusader, and never minced his words in driving home his conviction of what he conceived to be right. He had an originality of expression and a quaintness of speech and delivery that added flavor and force to what he said. The House lost one of its most popular orators when his eloquent tongue was stilled in death.

He was a true and loyal friend, and those on both sides of the aisle honored and respected him for his honesty, integrity, and splendid attributes of character.

His devotion to his wife was beautiful, and his success, both as a man and a legislator, was doubtless due in a large measure to the fine character and helpful cooperation of this noble woman.

The State of Mississippi lost a gifted son, the Nation an able legislator, and those of us who knew and loved him a real friend when PERCY QUIN passed away.

Mr. DOXEY. Mr. Speaker, PERCY QUIN was loved as few men are. When the sudden news flashed to the Capitol of his untimely passing we were all grieved beyond expression.

Only the day before I had been at his bedside in the hospital and I could hardly realize that my friend had joined the "innumerable caravan." As I hurried to the hospital and there found his friends and loved ones, my thoughts were that, although his voice was silent and he would be with us no more, his memory would always be cherished, his life be an inspiration, and his character worthy of emulation.

When I first came to Congress I sought his advice and heeded his counsel, as out of his rich experience and sound judgment he was always ready, able, and willing to aid the young as well as the old.

To-day, as we pay tribute to our departed colleagues, we can truly say, "PERCY QUIN was one of God's noblemen."

He was the proud possessor of that human touch that enriched the lives of all who were fortunate enough to come in contact with him. His deep insight into the human heart, his love for his fellow man, his faith in God and in humanity, his devotion to the cause of the people, combined with many other virtues, made him a true friend and an outstanding statesman.

He could put more wisdom in fewer words than almost any man I ever knew. Many times I have heard him give expression to such characteristic and unique philosophy as—

I like the man who stands hitched whether he is tied or not.

PERCY QUIN was truly that kind of man. He was noble, true, patriotic, courageous, and could always be depended upon to put "service above self."

Mississippi has lost another illustrious son, the Nation an able statesman, and the world a real man!

SAMUEL RUTHERFORD

Mr. MOBLEY. Mr. Speaker—

Let me live in a house by the side of the road,
Where the race of men go by—
The men who are good and the men who are bad,
As good and as bad as I.
I would not sit in the scorner's seat
Or hurl the cynic's ban;
Let me live in a house by the side of the road
And be a friend to man.

In the fall of 1924 in the little town of Forsyth, Ga., surrounded by a host of friends of his home town and county and many of the surrounding counties, SAMUEL RUTHERFORD stood upon the platform to which he had been conducted by his friends and quoted the lines above. He had just received the Democratic nomination to Congress from the sixth congressional district of Georgia, which meant his election to this honorable body.

The friends among whom he had lived and done his life's work up to that time well knew that those lines correctly expressed the man and his feelings, as his whole life had clearly exemplified his interest in the welfare of his fellowman. First, as solicitor of the city court of Forsyth; later as a farmer, banker, and representative of the county in the State house of representatives and senate he had proven that he possessed the qualities of a good citizen. They knew his worth as a man, as a business executive, and as an officeholder. Having great confidence in him, they had exerted every effort possible to honor him with a seat in Congress which they so well knew he deserved, and which was by an overwhelming vote given him.

Mr. RUTHERFORD was born on a farm in Crawford County, Ga., May 15, 1870. During his early years he attended the public schools in the little town of Culloden, which at that time had school facilities much better than the average small community. Many of the leading men of Georgia came from Culloden and received their early training there. After attending Washington and Lee University and finishing in law at the University of Georgia Mr. RUTHERFORD moved to Forsyth, Ga., which was the county seat of the adjoining county of Monroe, where he spent the remainder of his life. I have often heard him tell of the trials of his early career, of amusing incidents that had occurred in the justice court of the county, to which his practice was almost entirely limited, due to the number of very able and active lawyers living in Forsyth at that time. However, industrious and intelligent as he was, it was only natural that he should gradually forge to the front.

He early exhibited an interest in public life and was first elected to the State legislature. Soon after that he married Miss Abigail Ponder. It has been laughingly told on him that he was first elected to office as a matter of necessity, since his election had been made the precedent to his marriage to one to whom he was deeply devoted and loved dearly. If his marriage was the result of success in his first political adventure, then surely this was the most fortunate and fruitful success of his life, for he secured a most loyal and devoted wife, one who always thought of him first and whose heart was with him in every undertaking. Mrs. Rutherford was alone with him when he was so suddenly snatched away on February 4, 1932.

As vice president of the First National Bank of Forsyth, which position he held for many years, Mr. RUTHERFORD truly exhibited the inner man. Although the farmers of his community were fairly prosperous at that time, they, as a rule, operated their farms on credit. On account of his willingness at all times to cooperate with them and because of the further fact that they found him thoroughly honest and keenly interested in their welfare, he was able to gain their friendship and admiration, which he retained through all the years. Through his association with them and his own personal experience in farming, he became fully acquainted with their many problems; and when he came to Congress his interest in agriculture and in the welfare of the farming class in this country was fully demonstrated.

One of the most beautiful traits of his character was his friendship for people. Having been in public life and politics so long, it is only natural that he might have had some enemies, but I believe he had as few as any man I have ever known. Surely it can be said of him that while a man might have been an enemy to him, he was never an enemy to anyone. His very nature revolted against carrying prejudices against his associates. I have often heard him commend people whom he had found were inclined always to have something nice to say about others rather than criticize. He granted every man the right to his own opinion; and although he might differ, he assumed that those who did not agreed with him possessed the same sincerity of purpose as he himself. He was very sympathetic, easily approached, and quickly established close and lasting friendship with those who came in contact with him. He was so kindly disposed, so lacking in guile or deception, so honest and high-minded that his friendships through the years grew in strength and number until at the time of his death he was greatly beloved by the people of his district and State.

At the time of his death he had been in Congress about seven years; and until December, 1931, the Republican Party had been in power, but at that time the Democrats organized the House and Mr. RUTHERFORD became chairman of the Committee on Election of President, Vice President, and Representatives in Congress. For many years Senator NORRIS had endeavored to amend the Constitution of the United States so as to change the time of meeting of Congress and to abolish the short session. The Republicans in the House had prevented the enactment of this amendment, but within a very short time after Mr. RUTHERFORD became chairman of the committee of the House, the Norris bill, as it passed the Senate, was taken up by his committee. While the committee reported the Norris resolution, it was only after having substituted the text of a bill that Mr. RUTHERFORD had introduced.

Only the day before his death he had conferred with Speaker GARNER with the view of having his bill considered in the House, but death intervened, and he did not live to see the enactment of this law.

Since coming to the Congress in 1924, Mr. RUTHERFORD had been a member of the Committee on Immigration and Naturalization. He had shown a profound knowledge of the immigration situation in this country, had always supported legislation looking toward restriction of immigration, and had only a short time before his death introduced a bill providing for further restriction, which bill was reported by the committee after his death.

His quiet and unassuming manner, his sincerity of purpose, and his freedom from demagoguery had endeared him in the hearts of his colleagues. He realized that being a Democrat under a Republican administration, very little could be accomplished by him on the floor of the House, and it is a matter of record that he never took the floor until he really had something worth while to say and when he felt that something could be accomplished. Finding this situation and desiring to be of genuine service to his district, he lost no time in directing his efforts to those who needed his services. The great work he did for the veterans of all

the wars, and especially those of the Spanish-American War and World War, attracted not only the attention of his constituents but that of his colleagues in the House. Some might wonder why he gave so much of his time and devoted so much work to assisting the veterans, but when it is understood what a field of service this offered we easily realize why he interested himself in them. Through ignorance of the law and the method of procedure in the Veterans' Administration, a great majority of the veterans were not receiving that which was due them. Not only did he appear before the rating boards of the Veterans' Administration and make personal arguments in behalf of the unfortunate and disabled veterans of his district, but he gave to the Congress information which led to the correction of some of the evils of the law.

From April, 1929, until his death, I was intimately associated with Mr. RUTHERFORD as his secretary. During the sessions of Congress we had lived together in Washington, and when at home during the summer months we were associated together in the office, in canvassing the district, and I had the pleasure of accompanying him on practically every speaking engagement. I thus knew him at home, in his office, and in both public and private life. His home life was characterized by the same beautiful simplicity, sincerity, and devotion as we find in his public and official life. Although untiring in his efforts to serve others and free with his time for those who called on him, he was fond of his home and family and was most devoted to his lovely wife and two daughters. He was an upright and God-fearing citizen, possessed of a beautiful spirit and a sweet and unselfish disposition.

After his death, at the instance of his friends and mine, I became a candidate to succeed him as Representative of the sixth district of Georgia. My overwhelming election to Congress, as his successor, I must say, was due principally to the high esteem in which he was held by the people of our district. A truer demonstration of the love his people had for him could be found in the great throng that lined the streets of Forsyth to view with said hearts the passing of his remains to their final resting place. Surely such evidence of love and admiration as was exhibited on this occasion should prove a lasting consolation to his loved ones.

Truly no Representative ever commanded greater respect from his constituents than did Mr. RUTHERFORD. The sixth district of Georgia, the State of Georgia, and the whole Nation have suffered a great loss. He died at the height of his power and popularity, at his post of duty, while toiling for his fellow man, which I am sure is as he would have had it.

> And could we choose the time, and choose aright,
> 'Tis best to die, our honors at the height,
> When we have done our ancestors no shame,
> But served our friends and well secured our fame.

Mr. Speaker, under the leave to extend my remarks in the RECORD I include a statement by Hon. WALTER F. GEORGE, as follows:

Three times death has invaded the ranks of the Georgia delegation in the Congress of the United States during the Seventy-second session. First, in point of time, the Hon. Charles G. Edwards, of the first Georgia district, was suddenly stricken. Second, the Hon. SAMUEL RUTHERFORD, of the sixth Georgia district, and the subject of these remarks, crossed quickly the "imperceptible frontier." Third, the Hon. William J. Harris, my beloved colleague in the Senate, after a long illness, borne with singular courage and fortitude, passed into the beyond. At a later day in the Senate exercises will be held in honor of the life, character, and public service of my late colleague.

SAMUEL RUTHERFORD was born in Crawford County, Ga. Like his colleague, Congressman Edwards, he was born and reared on a farm. He was the son of William and Julia Rutherford. He attended the public schools of Crawford County, studied at Washington and Lee University, and graduated in law at the University of Georgia. He engaged in the general practice of the law. His friends and neighbors, recognizing his peculiar qualifications for public service, thrice elected him mayor of his city, subsequently electing him solicitor of his local court, and three times called him to service in the legislature of his State and to one term in the State senate from the twenty-second senatorial district of Georgia. He was also a practical business man and his energies were devoted to banking and to agriculture as well as to the practice of law. In every field of enterprise and endeavor his efforts were marked by success. He was elected to the Sixty-ninth, Seventieth, Seventy-first, and Seventy-second Congresses. In the midst of his service in the trying first session of the Seventy-second Congress, a Congress marked by fatalities in both House and Senate due to the extraordinary demands upon public officers, SAM RUTHERFORD was suddenly stricken down.

Early in life Mr. RUTHERFORD was married to Miss Abigail Ponder, who survives him. He was an ideal husband and father, and his devotion to his mother, who likewise survives him, eloquently proclaims the great tenderness and strength of his character.

In the Congress of the United States SAM RUTHERFORD was a true progressive. He did not indulge in loud speech and he held himself above the level of demagoguery. Nevertheless he believed in liberal and progressive measures. He was a stout and consistent advocate of constructive legislation. He believed in human progress. He was especially devoted to the interests of agriculture, and the veterans of all wars knew no truer friend in the Halls of Congress. The interests of his State and of his Nation were always placed above considerations personal to himself. To the people of his district, predominantly agricultural in character, he gave his first, best, and last devotion. He despised hypocrisy and cant. He was a genuine man. He liked the simple ways and habits of a sincere and honest constituency. He was content to serve. He did not court cheap publicity. He lived in the faith that honest service would be known and appreciated by those whom he loved and served.

During his first term in the Georgia Legislature, I had the pleasure of meeting SAM RUTHERFORD. From that day until the day of his death I knew him well and intimately. His whole life was wholesome, and those of us who were privileged to come within the circle of his personal friendship have the abiding confidence that we are better men from our association with him.

SAM RUTHERFORD'S colleagues in the House bear testimony to his fidelity in committee and to his fearless advocacy of the worthy cause on the floor. Yet it is of him as a man that we love to think—as a son, as a husband, and as a father. He had a character free of guile. In his heart and soul sham and pretense were strangers. He was a worthy Representative of a worthy people.

As a distinguished son of Kansas said of the great Georgia Senator, Benjamin H. Hill, I may truly say of SAM RUTHERFORD: "Of all the dead whose obsequies we have paused to solemnize in this Chamber, I recall no one whose untimely fate seems so lamentable and yet so rich in prophecy as that of SAM RUTHERFORD. He had reached the meridian of his years. He stood upon the high plateau of middle life, in that serene atmosphere where temptation no longer assails, where the clamorous passions no more distract, and where the conditions are most favorable for noble and enduring achievement."

Mr. TARVER. Mr. Speaker, by death or retirement Georgia will have lost at the end of the Seventy-second Congress, during the life of that Congress, approximately half of her representation in our national lawmaking body. Their places will have been taken by men who, in the judgment of our people, are able to worthily fill their shoes; but those of us who have been accustomed to rely upon their wise counsel, seasoned by the experience of years of service, and have been bound heart-to-heart with them by the close ties of personal friendship, will sorely miss them.

Among all of our colleagues there was none who held higher place in the affections and respect of his fellows than SAMUEL RUTHERFORD. The same confidence which his constituents had in him soon communicated itself to the minds and hearts of those who came in contact with him in the performance of his official duties. No man ever questioned either his sincerity or his ability.

SAM RUTHERFORD was a specialist in his congressional work. He did not attempt to sway the Congress on every question which arose, and yet he exerted greater influence than many men who did. Active in his committee work, his influence on immigration legislation, which came from a committee of which he was a member, was probably as effective during the several years of his service as that of any Member of Congress; and there was certainly no field where wise and constructive statesmanship was more greatly needed.

Early in his congressional career he became impressed with the numerous injustices that have resulted from careless and inefficient handling of claims of World War veterans and their dependents, and with the fact that many of the most deserving of these, through lack of intelligent assistance, failed to secure rights and benefits to which they were entitled, and which others, oftentimes not so deserving, had no difficulty in obtaining. He resolved to give to these veterans and their dependents the utmost benefit that the most diligent effort on his part could secure for them. In doing so, he voluntarily assumed a tremendous burden, a burden

which many Congressmen shift to the shoulders of their clerks or allow to go unattended to. He personally represented thousands of these veterans, helping them with their evidence, attending hearings, and arguing their cases, and obtaining for them hundreds of thousands of dollars in benefits they would not otherwise have received.

In addition, he was the stanch advocate on the House floor, whenever occasion demanded it, of the rights both of Spanish-American War and World War veterans.. As I have said, he was a specialist. He did not neglect his legislative duties. No Member of Congress during these years that he served has a more honorable record of legislative service than SAM RUTHERFORD, and that record, like the work that he did for his constituents, demonstrated beyond question the outstanding fact in his life—he always liked to take the side of the under dog, and his votes and his efforts were always on the side of the common people.

We shall miss him here—miss his sunny smile, his friendly greeting, as well as his wise counsel and cooperation. But we shall not miss him as much as those many thousands of people, white and black, who stood in massed lines for miles along the roadside on that February day when we carried his body through the little city where he lived to its last resting place, nor other hundreds of thousands of Georgians who could not be there, but who loved him none the less.

Mr. VINSON of Georgia. Mr. Speaker, on the morning of February 4, 1932, the death angel invaded our ranks and took from our midst the Honorable SAMUEL RUTHERFORD. He died in the midst of his labor, like a soldier at the post of duty.

SAM RUTHERFORD was a true Georgian, a descendant of a historical Georgia family; he was a true representative of the people. He loved the people of his State and district—all of them—and he was never better satisfied than when working in their service. And that love was reciprocal, for no member of the Georgia delegation had the love and respect of his constituents more than did SAM RUTHERFORD.

The son of William and Julia Rutherford, of Forsyth, Ga., he attended the common schools of his State and received his academic college training at Washington and Lee University in the State of Virginia, whence he returned to his own State university, where he graduated in law in 1894.

Mr. RUTHERFORD's first public service was as mayor of his native city—Forsyth. He was honored with this office for three consecutive terms. His political rise was a steady march up the ladder of public service and political success. The consistency of his success and advancement was but an index of his qualifications and ability, and an appreciation for the quality and loyalty of his service. He was next made solicitor of the city court, and from there he was promoted to representative in the General Assembly of Georgia, where he served three terms, one as State senator from his senatorial district.

In 1924 the people of the sixth congressional district saw the need of his services and sent him to the Sixty-ninth Congress. He was reelected to the Seventieth, Seventy-first, and Seventy-second Congress and was serving the eighth consecutive year as Representative from his district when his work was cut short.

In seeking testimonials to SAM RUTHERFORD's popularity, the seriousness of his application to duty, no matter how great or small, to his devotion to public service, to his loyalty to his country and his constituents, one needs only to go among the people of the sixth Georgia district. There the veterans of the World and other wars, the farmers, the laborers, the common people in every walk of life, the bankers, business and professional men and women of the towns and cities will all testify with a quick beating of their hearts and tears in their eyes of their love for and devotion to SAM RUTHERFORD—a true representative of his people—his memory will live forever in their hearts.

I know that no other man was closer to his people or realized their suffering and plight during these trying times more than did Mr. RUTHERFORD. It was his anxiety for their welfare, the seriousness with which he devoted himself to the problems of government in an endeavor to aid and relieve them, and the resultant strain and worry of his heavy work and efforts in their behalf that brought about his physical breakdown last summer, and finally his death in February of this year.

Dying at the age of 61 in the prime of life, at the height of his ability, usefulness, and life experience, SAM RUTHERFORD was truly a victim of this tragic era.

He was a happy man, satisfied in his life work of serving his fellow man, seeking and finding joy and peace in the bosom of his family and his people. He was prepared to meet his Maker, and prepared to answer at the judgment bar of eternity. Death being almost instantaneous, coming like a twinkling of the eye, it found him ready, for

> He had so lived that when his summons came to join
> The innumerable caravan which moves
> To that mysterious realm where each shall take
> His chamber in the silent halls of death,
> He went not, like the quarry slave at night,
> Scourged to his dungeon, but, sustained and soothed
> By an unfaltering trust, approached his grave
> Like one who wraps the drapery of his couch
> About him, and lies down to pleasant dreams.

Mr. LANKFORD of Georgia. Mr. Speaker, sad indeed was the news received on the 4th day of February last that Hon. SAMUEL RUTHERFORD, of the sixth congressional district of Georgia, had suddenly died at the Hamilton Hotel in this city.

Appearing in splendid health on the previous day, he mentioned his good physical condition and talked of the legislative program he hoped to help put over in the immediate future. In fact, he was preparing to return to the Capitol for another day's labor when the divine call came for a journey to "that undiscovered country from whose bourne no traveler returns."

As chairman of the Committee on Election of President, Vice President, and Representatives in Congress, he had just reported the House resolution bearing his own name, submitting an amendment to the Federal Constitution providing that after each general election of Members of the House the next session shall be organized by the newly elected Members instead of the old, as is now the case. This had long been a highly controversial question and Mr. RUTHERFORD was most happy that he was called to act so important a part in its proper solution. In a very few days after his death the resolution, still bearing his name, was taken up and passed both Houses and was signed by the President.

It will no doubt be ratified by the required number of States and become a part of the Federal Constitution. It will remain as an everlasting and most splendid monument to Mr. RUTHERFORD and Senator NORRIS, the author of the resolution in the Senate.

Mr. RUTHERFORD's death was sad in the extreme, because he was so suddenly taken away just as he was about to see, as the results of his earnest efforts, the full fruition of the greatest legislative victory that can come to any Member of either body of the Congress, the writing into the Federal Constitution of a great poplar fundamental amendment. It is given to only a very few of our Nation to write with their own hand an important, everlasting part of our people's great charter of liberty.

His death was sad not only because he already had done this great work and died just as he was receiving the acclaim of a gratified people but also because, having served comparatively so short a time, he had planned and was in the midst of an additional great legislative program on which he was working for his people.

The plans, details, and specifications were on the trestle board, the working tools were on every hand and ready, the machinery was being installed, as the master builder was called to a higher and better, everlasting service and mission. And yet, Mr. Speaker, none of the splendid service of SAMUEL RUTHERFORD is lost. God gathers up and saves for all humanity through all eternity the golden grains of such greatness and nobleness.

He was in every way a noble, splendid man. He was honest, capable, fearless, and a true representative of his people.

Mr. Speaker, during the first 12 years of my service here only two of my colleagues passed into the great beyond.

First, I went to Georgia with all that was mortal of the late Senator Thomas E. Watson, of Georgia, and saw him returned to mother earth at Thomson, Ga. Several years later I left in Washington in apparently good health my good friend Hon. Leslie J. Steele, of the fifth Georgia district, only a few days later to be notified of his passing and to attend his funeral at Decatur, Ga., where I saw him for the last time until the great awakening.

Now, during the last 12 months, I have been notified of the death and attended the funeral of three of my beloved colleagues.

First, Hon. Charles Gordon Edwards, of the first congressional district, who was buried in Savannah; next, Hon. SAMUEL RUTHERFORD, who was buried in Forsyth; and, last, Senator William J. Harris, who was buried recently in Cedartown.

When sorrows come, they come not single spies, but in battalions.

Three nobler, truer friends of mankind never lived. Their work is imperishable. It will last as long as yonder sun shall shine.

Mr. CRISP. Mr. Speaker, SAM RUTHERFORD was my friend, and because I loved him I desire to pay this tribute, however inadequate, to his memory.

He came quietly among us, his gentle spirit moved through the Halls of Congress for but a few years, then took sudden flight to the Great Beyond, but even in so short a season his colleagues came to know and love him well. It was easy to know him and, knowing him, to love him. His nature was of such fine human and friendly quality that even at first meeting one could not regard him as a stranger. Instinctively one felt the impulse to call him "Sam."

In the House he was never assertive, but his colleagues came early to know and respect his quiet strength, to recognize his political and legislative acumen, and to rely upon his judgment.

While there was nothing aggressive about his gentle nature, he stood and fought unswervingly for the right as he saw it. He was indefatigable in his efforts for the betterment of his district and spared no pains to accomplish a just end. Thousands of World War veterans loved him and acclaimed him their champion, and thousands of his constituents mourned his passing.

SAM RUTHERFORD was a man of deeply religious conviction, a conviction his life abundantly exemplified. He was ever calm in the consciousness that a divine guidance could not lead him astray, with him it was instinctive "to do justly, to love mercy, and to walk humbly with his God."

We loved him, but God called him with "one clear call," and he went home. He has left us, but his calm influence will linger long in the memories of the many who loved him.

It was my sad privilege to attend the last sacred rites at his home in Forsyth, Ga. Rarely have I seen such overwhelming evidence of the loving affection of hosts of friends. He lay amid such floral profusion that it seemed as if the good deeds and beauty of his life had blossomed forth to pay him final tribute.

Rev. Robert L. Bivins, his friend and pastor of many years, said of him on this sad occasion:

SAM RUTHERFORD needs no eulogy at my hands. His life is more eloquent of his sterling worth than is anything that can be said about it. His life is an open book known and read of all men, and there is absolutely nothing in that book that would make him or any man ashamed.

I am sure that those who knew him best admired him most and loved him best. Doctor Chamblee has spoken of him as a tried-and-true friend, and I know that he voiced the sentiment of this vast company of people gathered here to pay this last tribute to his memory. Could you speak I know that every one of you would say, "I have lost a friend."

It has been my privilege to know SAM RUTHERFORD intimately for the past 15 years. During eight years of that time I was his pastor, and I am sure that no man and no pastor ever had a better friend. Were I to undertake to name a single trait of his character which was outstanding, I would without question say that it was his dependability. He could be depended upon in all relations of life. His word was his bond, and his life was given in the service of others. He was a man who took life's responsibilities seriously. There was nothing flippant or light in his make-up, and he gave to every task—whether great or small—his best.

As a man he was honest and upright. As a citizen he stood for righteousness. As a public servant he was conscientious and faithful. As a Christian he was genuine and sincere and without sham or hypocrisy or pretense.

He died at his post of duty, and I am sure that the influence of his life will continue to live and bless the world for all time to come. The Good Book throws light upon such a life in the wonderful statement—

"I heard a voice from Heaven saying unto me, Write, Blessed are the dead which die in the Lord from henceforth: Yea, saith the Spirit, that they may rest from their labours; and their works do follow them."

The influence of SAM RUTHERFORD'S life goes on and on in the world, with ever-increasing rewards in the world to come.

Mr. McKEOWN. Mr. Speaker, one of the most pleasant and lovable men that ever graced the Hall of Representatives was the Hon. SAMUEL RUTHERFORD. He soon won the affection and esteem of his colleagues and discharged his official duties with efficiency and courage.

His last labors were spent upon the so-called "lame-duck" amendment to the Constitution, which passed both Houses shortly after his leaving.

It can be said of him with absolute truth that selfishness was not in him. As in private life so in his public career, the noblest altruism governed his every act. His protestations of solicitude for his people were not mere lip service; they came from the heart. Every one of his constituents had an ever-present claim upon his services. This service was rendered freely, ungrudgingly; not from any sense of obligation, personal or political, but because he loved to help and do kind deeds. "I serve" was the motto which ruled every moment of his life.

As a Member of the House of Representatives he bore himself modestly but with firm adherence to principles he had established and convictions he had formed. His voice and his vote were untrammeled. Flattery and applause he heeded little, and censure did not move him.

He was a real representative of the people of his State. His wise counsel will be missed in the House and his loss will be felt by his State and the Nation.

His name will be cherished by his friends in Washington and at home.

Mr. RAMSPECK. Mr. Speaker, as we pass through this life we find men noted for various traits of character. Some men are noted for their brilliant mental attainments, some for their ability in public speaking, some for their devotion to duty.

SAMUEL RUTHERFORD was known and loved by those who knew him for his sincerity. His constituents and his colleagues in this House had come to know that his word was as good as any bond; that you could always depend upon what he told you; that he was incapable of anything except frankness and fair play.

To lose such a man is indeed a great loss, not only to the Congress and the Nation but particularly to his friends, both here and in his district. It was such a loss that we sustained when Mr. Rutherford passed away.

It was not my privilege to know him for many years, but in the short time during which I was permitted to associate with him in this House, I came to appreciate his fine qualities and especially his sincerity.

He was not given to oratory, but was a tireless worker for his people, always dependable, always concerned for the general welfare. It is fitting that his last work in Congress brought to final enactment the "lame-duck" amendment to the Constitution. This will go down through the ages as an enduring monument to our friend and colleague.

There are thousands of veterans of the World War who have every cause to revere his memory. His efforts in their behalf were given without stint and he made no effort to capitalize his devotion to their interests.

I deeply sympathize with his family and the host of friends who mourn his passing.

Mr. HARE. Mr. Speaker, it was not a mere incident when I came to Congress in 1925 to soon form the acquaintance of Hon. SAMUEL RUTHERFORD, who was also a new Member of Congress, for he had a disposition that naturally attracted those having their first experience in the House of Representatives. In addition he seemed to have a certain studied consideration for all with whom he came in contact. He was courteous, gentle, and extremely considerate of the feelings and wishes of his friends. Upon further acquaintance I recognized him as a man of ability and discriminating judgment.

It is not surprising, therefore, that I should soon consider him a most valuable friend and would often consult him upon matters of legislative importance. Seldom did he err in drawing proper conclusions in such matters when the facts had been fully presented. He was courageous in the discharge of his every duty. He had clean, clear-cut convictions as to the obligations of a Member of Congress to his constituents, and he did not hesitate to discharge them with fidelity and honor.

As result of my close friendship, I discovered that his election to Congress was not by chance, but because of the recognition of his ability and the confidence imposed by his constituents, for he had filled various positions of honor and trust prior to being elected to Congress. He had served three consecutive terms as mayor of the city in which he lived. He was elected to his State legislature for three consecutive terms and then served in the State senate for one term, being elected to Congress immediately following.

My observation and experience since coming to Congress is that very few men, if any, are elected to this great legislative body by accident. In practically every case you will find that the Members have one or more, and very often many, outstanding accomplishments and qualifications. As a rule they are men who have demonstrated their ability and succeeded in their chosen vocations. More often they are men of a sympathetic disposition, interested in the welfare of their fellow man and anxious to contribute in any way possible to those agencies or factors designed to promote the success and happiness of mankind. SAM RUTHERFORD was not an exception. He not only possessed all of the qualifications suggested, but he was consistent day after day in his efforts to render the greatest possible service to the people of his district, who held him in the highest admiration and esteem.

In paying my humble tribute to the high and noble qualities of my friend and colleague Mr. RUTHERFORD, I do not feel like closing without saying that I consider myself fortunate in having been afforded an opportunity to be thrown so closely to his life, for I am sure that this association has been an inspiration to me in my efforts to render faithful and conscientious service to my constituents.

Mr. LARSEN. Mr. Speaker, SAMUEL RUTHERFORD was my friend, and for him I entertained a high regard and sincere friendship. I first knew him as a member of the Georgia Legislature in 1909, but our intimate acquaintance began when he entered Congress in 1925. Our districts adjoined, our people had similar interests, and we found much opportunity to work together. He was one of those men who live and die for an ideal and for a principle. I soon saw he was one who dedicated his life to an eternal principle and consecrated all desires, all longings, all affection, and all love upon that principle.

Mr. RUTHERFORD had begun the practice of law in the little town of Forsyth, Ga., just after graduation and admission to the bar in 1894. While law was his profession, he had banking and agricultural interests also. Forsyth is a locality where the individual studies the man who represents him in the law, in business, and legislative matters, and SAMUEL RUTHERFORD built a tremendous following by the service he rendered these people. After representing them in the capacities mentioned, he was elected to the State house of representatives, to the State senate, and later to this National Congress.

When the general assembly redistricted the State of Georgia last summer in accordance with the reapportionment law, whereby Georgia was to lose two Representatives, SAM RUTHERFORD, CARL VINSON, and I were put in a district together. Mr. RUTHERFORD was ill in a hospital at the time, but as soon as he had recovered sufficiently to take up his work, he wrote me a very lovely letter concerning "our then supposed candidacy" for Congress from the new district. If we were to seek reelection to Congress, we would necessarily have to oppose each other. Five counties from his old territory were included in the new district, whereas only four of my old ones had been left therein, with six from the old tenth, represented by Mr. VINSON. Sam wrote, "I am sending you my registered voting lists for the counties which I have, because I know you will need them * * *." Such generosity was a mere part of his nature. On several occasions he suggested that we both speak at the same meeting—if he had the invitation, he would arrange that I receive one also. No stronger evidence of unselfishness could have been manifested, and when we reflect just how much was personally involved, it is even more appreciated.

When SAMUEL RUTHERFORD'S "little journey" was abruptly terminated and he lay down his life to embark on his eternal voyage, I do not believe he went unprepared, despite the suddenness of his call. For he was a man who lived life conscientiously, pouring into each day all the vigor and beauty that emanated from his noble character. Just one month before his death a member of the Georgia delegation paid Mr. RUTHERFORD the following high tribute, as fine an indorsement as can be given any person, in my estimation. He said, "Sam's word is as good as his bond. He has never been known to go back on it."

Mr. RUTHERFORD was a gentleman of the highest type. He was not a mere politician. Instead he possessed statesmanlike qualifications, which combined with dignity and fair play won the respect of all who knew him. In truth, he builded his house of life upon the Golden Rule: "Do unto others as you would have them do unto you." Surely it is fitting that we should continue to think of him in the language of that beautiful epitaph which Benjamin Franklin wrote for himself:

> The body of Benjamin Franklin, printer, like the cover of an old book, its contents torn out and stripped of its lettering and gilding, lies here food for worms; yet the work itself shall not be lost, for it will, as he believed, appear once more in a new and more beautiful edition, corrected and amended by the Author.

Mr. DICKSTEIN. Mr. Speaker, I rise to pay honor to the memory of our colleague and my fellow committeeman, the gentleman from Georgia, Hon. SAMUEL RUTHERFORD.

Shortly after he was seated as a Member of this House of Representatives I was one of the Committee on Immigration and Naturalization to greet him upon his election to membership on that important committee, and from that time until his untimely death we stayed side by side in seats next to each other at the table of that rather controversial committee.

During the time we sat together on the minority side of the committee table, Mr. RUTHERFORD impressed me with his legal and legislative ability, with his understanding of the human elements involved in subjects incorporated in bills considered by our committee, and with his sincerity of purpose to do what he could to legislate wisely.

We advanced together in succeeding sessions and Congresses toward ranking positions on the Democratic side of the committee table, sharing the small successes and the setbacks of minority Members through the Seventy-first Congress, and I grew to respect his cooperation and his judgment on all matters which involved the human justices in our restrictive immigration policy.

When the current session of the Seventy-second Congress opened, and I was honored with the Democratic chairmanship of this committee. I felt encouraged by the thought that my arduous duties as chairman would carry also sympathetic, and just cooperation from Mr. RUTHERFORD sitting

at my side as the ranking Democratic member of the committee.

While we labored together on the majority side of our committee from the middle of December, 1931, through January, 1932, and indeed up to the evening of February 3, 1932, I continued to feel his cooperation in solving the inconsistencies and the inhuman features of immigration restriction and the maintenance of just naturalization measures.

In fact, the untimely death of Mr. RUTHERFORD prevented the consideration of a bill which he had introduced and upon which this committee had set a date for a public hearing, and I was shocked beyond expression when informed that he had died suddenly on the morning of February 4. Just the night before, we had conversed regarding the humane and highly desirable features of the bill we were about to consider in committee.

In retrospect, I can not help but feel that the sudden taking from our midst of our colleague, SAMUEL RUTHERFORD, almost at the peak of his career, has deprived our committee of a wise counselor, this House of a constructive legislator, his native State of a logical Representative in the National Legislature, his host of friends wherever his activities had taken him a sympathetic confidant and advisor, and his more intimate friends and nearest relatives a companion and inspiration in every-day contacts and activities.

In closing, may I trust those members of his innermost home circle may be consoled by the consciousness that SAMUEL RUTHERFORD has left behind with them a heritage of honorable service to his profession, to his city, to his State, to his Nation, to his friends, and to his family, and that his death found him in the midst of duty not yet completed and still striving toward accomplishments hoped for.

Mr. WRIGHT. Mr. Speaker, it would do violence to my tenderest emotions and sentiments and the best instincts of my nature if I should allow this opportunity to pass without paying a tribute to my departed friend Hon. SAMUEL RUTHERFORD, who so ably and acceptably represented the sixth congressional district of Georgia from the time of his election to the Sixty-ninth Congress to the date of his untimely passing.

He was tender-hearted, affable, and genial, and loved his fellow man. He was never happier than when rendering them effective and real service. Many pages might be occupied in recounting his charitable acts and deeds of kindness and helpfulness.

He was a civic leader and deeply interested in the advancement and well-being of his city, county, State, and country. He was also a tower of strength in his church and in the realm of true Christian religion. He always displayed a keen interest in political affairs; served his city as mayor for three consecutive terms; was solicitor of the city court of his county; was three times elected to the Legislature of Georgia, and served one term as State senator from the twenty-second district of Georgia.

He was a lawyer of pronounced ability and made his clients' cause his own.

He had great sympathy for the ex-service men of the World War, as well as the veterans of all our wars, and perhaps no Member who ever served in Congress from Georgia was more untiring in his efforts in the aid of these veterans and their dependents and accomplished more for them.

One of his notable achievements during his service in Congress was the passage, just before his death, of a joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress. This was essentially the Rutherford resolution, and he ably championed it and it was under his leadership it was passed.

In the death of my friend his community, district, State, and Nation have sustained a distinct loss.

Mr. COX. Mr. Speaker, I would not like this session of the Congress to pass without writing into the permanent RECORD something of the personal appreciation and esteem that I held for my devoted friend the late SAMUEL RUTHERFORD of Georgia. We came here as Members of the Sixty-ninth Congress and served together continuously up until the beginning of the present session, when he was suddenly and unexpectedly taken away. To me his death meant more than the passing of the ordinary or casual friend, for there was nothing of the ordinary or casual in the friendship that we had formed. He was probably my most intimate associate in this splendid group of men, and I grieve that the bond of love that bound us together had to be broken and that he had to surrender the commission which the people of his congressional district had proudfully and repeatedly given him and which he faithfully sought to merit and did merit by giving himself to the public service without stint and without limit.

Death overtook him in the prime of life and in the midst of the performance of his arduous labors, but not before he had made a record of which any man might well be proud. He loved his country and all that has made it great, but his chief concern was in the shaping of public laws in such manner as to insure equal justice for all, the raising of the obscure and underprivileged to the level of joint participation in the benefits of government.

He came here well prepared for congressional service. His interest in life had been varied. As a lawyer, banker, farmer, and legislator his splendid talents were well experienced and disciplined and these he devoted with great zeal to the public business of the country with resultant good to the common mass of men.

Early in his service he became the outstanding champion of the cause of the veteran and his family. Not that he sought to impose upon the country any unjustifiable and unbearable burden, but that he demanded that justice should be the portion of all. And in this behalf he promoted many changes which broadened and liberalized all veteran legislation. For this work he won the plaudits of his colleagues and the country and will be ever remembered with a feeling of deepest affection by the soldier and his dependents everywhere.

By nature he was generous, gentle, and forgiving, but in the prosecution of undoubted wrong he was militant and uncompromising. His friends were legion—all who knew him loved him. As a clean and high-minded Christian he daily practiced his religion in the doing of countless deeds of good. There was not a vestige of meanness in his make-up, no envy, no malice, but a sympathy and affection for all. He was a cultured gentleman, a devoted husband and father, a sincere friend, and a loyal servant of the people. He was a man who made life better at every point where he touched it. In his death his country lost one upon whose unerring opinion and well-seasoned judgment it could well depend. May his sweet tolerance and kindly nature be long remembered, and the influence of his exemplary life go marching on.

ALBERT HENRY VESTAL

Mr. HOGG of Indiana. Mr. Speaker, in the untimely death of ALBERT H. VESTAL the State of Indiana has lost a distinguished son. The Nation has been deprived of a capable and courageous public servant.

Congressman VESTAL was a typical American. Reared on a farm, he became at an early age a steel worker in order to more rapidly obtain funds for his education. He completed a university course and was admitted to the practice of law at 21 years of age. Marked ability and hard work soon placed him in front rank with Indiana's best lawyers. Before he was 30 he had three times been elected a district attorney in Indiana. Eight times he was elected to the Congress of the United States.

Our colleague merited and enjoyed the confidence of everyone. In the House of Representatives his ability was quickly recognized by his associates. He was repeatedly elected whip of his party without opposition. As chairman of an important committee, he was the author of extensive legislation of national significance.

He served his constituency with vigorous devotion. No request was too small to receive his personal attention. His

energetic work, his fine moral character, his characteristic genius for friendship have given him a permanent place in the affection and memory of his colleagues.

We are proud indeed to have been associated in service with him. His singleness of patriotic purpose will ever spur us on to a greater and nobler effort.

What an unknown poet has said may well apply to Congressman VESTAL.

The period of life is brief;
'Tis the red of the red rose leaf;
'Tis the gold of the sunset sky;
'Tis the flight of the bird on high.
Yet one may fill that space
With such an infinite grace
That the red will tinge all time,
And the gold throughout the ages shine;
And the flight of the bird will be swift and straight
To the portals of God's own gate.

Mr. PURNELL. Mr. Speaker, in the passing of our former colleague ALBERT H. VESTAL this House has lost one of its most beloved and valuable Members. His death leaves a vacant place in the State of his nativity and in the hearts of his friends that can never be filled. His popularity was not confined to the members of his own party but was general. The high esteem in which he was held by all Members, regardless of party, was richly deserved because of the fair and friendly manner in which he met, without exception, his many duties. I dare say no Member of the House during his service had more real genuine friends than BERT VESTAL.

He served with distinction and signal effectiveness for many years as his party's whip. Although that purely political office frequently necessitated sharp clashes with the opposition party, he always so conducted himself and his office as to leave no feeling of personal animosity.

Not only has this House lost a valuable Member, but his district, State, and Nation have lost a faithful public servant. There are, of course, varying degrees of service rendered by Members here, but I believe it can be truthfully said that no district in the United States was better represented than his. No man in the House, during his service, gave more unselfish attention to the demands of his constituents than he. No matter was too small, no constituent too insignificant to swerve him from his known policy of giving personal attention to every matter brought to his office by the people of his district. It was this constant application to duty and his desire to take care of the multitude of demands made upon him that contributed largely to his untimely death. BERT VESTAL died in the service of his country just as much as if he had fallen upon the field of battle. He was not only devoted to the people and the interests of his district and State, but he was in like measure and with equal fidelity devoted to his country. Those who come after him, however capable they may be, will find in his record a high standard to excel.

To me his death meant more than the loss of a colleague. He was my personal friend. Our districts in Indiana not only joined, but we entered Congress together in 1917 and served together continuously until his death. My almost daily contact with him during that period gave me a true insight into his character. I was always proud to claim him as a friend and delighted to share with him the innumerable troubles and worries incident to our jobs about which, unfortunately, our constituents know little. His genial personality and radiant optimism often helped to smooth out what seemed to be unsurmountable barriers. His service was an inspiration to us all and will remain as a pleasant memory forever.

I join with his colleagues in expressing to his family, as well as the good people of his district, the sorrow and sympathy which we all feel. They can take comfort in the fact that he performed with fidelity and devotion that which it was given him to do. While he is no longer with us in person, he will remain with us in memory and spirit as long as we are permitted to live.

Mr. LARRABEE. Mr. Speaker, I wish to pay a tribute of respect to the memory of our deceased colleague Hon. ALBERT H. VESTAL, of Indiana.

In the death of Hon. ALBERT H. VESTAL his State and Nation have lost a patriotic and loyal public servant, his district a conscientious and tireless worker, his family a devoted husband and father.

I can not say, I will not say,
That he is dead—he is just away!
With a cheery smile and a wave of the hand,
He has wandered into an unknown land.

And left us dreaming how very fair
It needs must be since he lingers there.
And you—oh you, who the wildest yearn
For the old-time step and the glad return.

Think of him faring on, as dear
In the love of there, as the love of here.
Think of him as the same, I say,
He is not dead—he is just away.

—James Whitcomb Riley.

Mr. REED of New York. Mr. Speaker, in the death of Hon. ALBERT H. VESTAL, of Indiana, the Nation lost a great and good man. For eight terms he served the people of the eighth district of Indiana with fidelity and distinction. He was loved, respected, and esteemed by his colleagues. A fearless and able fighter for every worthy and just cause, he was at all times fair and courteous to those who opposed or differed with him. He was unremitting in his toil for those whom he had the honor to represent; the soldiers, the toiling masses, the unfortunate, the widows and orphans, and every child had in him a true and loyal friend.

"Bert," as he was affectionately called by his colleagues and his constituents, was a man of perpetual sunshine and good cheer; he was a man among men and a boy among boys. These charms, coupled with unusual ability, made him a leader and placed upon his shoulders heavy legislative burdens and responsibilities. His legislative record is one of conspicuous achievement. The Nation can ill afford to lose the influence and service of such a man in public life.

Much as we his colleagues miss him and mourn his loss, we rejoice that he left to his Nation, to his State, and to his family the priceless heritage of a good character and a good name.

Mr. BURTNESS. Mr. Speaker, in the death of ALBERT H. VESTAL, late a Representative of the State of Indiana, the country lost a devoted servant and I one of my dearest friends.

I leave to his colleagues from Indiana the task of detailing his public service.

For several years Mr. VESTAL served as Republican whip in the House of Representatives. No new Member arrived here without appreciating the kindly and courteous way in which he was treated by Mr. VESTAL. I know from experience and observation that he attracted men to him and inspired confidence wherever he went.

Mrs. Burtness and I have been entertained in the home of Mr. VESTAL and his splendid wife at Anderson, Ind. There they were both loved by their neighbors just as they were in congressional circles in Washington. This is not strange, for none could be more hospitable, more friendly, or more helpful in time of need. They never considered their own comfort or convenience when there was an opportunity to serve others.

Mr. VESTAL was devoted to his wife and two children. To them the hearts of a legion of friends overflowed with loving sympathy in their sudden bereavement. They have the comfort not only of knowing that as a citizen he served well his community, State, and country but also a host of the finest recollections of him as an ideal husband and father.

On Sunday, April 3, 1932, we laid away his mortal remains in the soil of the State of Indiana which he so dearly loved. The beautiful and impressive tribute paid him by thousands of neighbors, friends, constituents, colleagues, and men and women in official life in the State and Nation was a scene

I shall never forget. It will always remain an inspiration to those who witnessed it to render, as he did, faithful and conscientious service.

Blessed be his memory.

Mr. LEA. Mr. Speaker, I came to Congress the same year as our late colleague, Hon. ALBERT H. VESTAL. Shortly our acquaintance ripened into a friendship which these years of contact in and out of Congress cemented into confidence and affection. We had 15 years of friendly contact without a jarring note and, so far as I know, without an ill wish to mar the memory of that friendship.

BERT VESTAL, as we all preferred to call him, was a good Congressman. He was loyal to his people. He had a commendable sense of responsibility to his country; a desire to serve her best interests. He was attentive to his duties. He measured those duties with a keen, wholesome judgment with which a life of broad contacts and, above all, a thoroughly human sympathy had endowed him.

This is not the place for presentation of the details of his work in Congress. The printed page can give no adequate portrayal of the good, wholesome character and qualities of BERT VESTAL. Those qualities will be fully appreciated only by those who knew him by contact and who shared his confidence and friendship.

A man may be a good Congressman and well serve his country and thus deserve the appreciation of his fellow men, but that career would be in vain without the qualities that establish him as a real man among his fellows. Our colleague had the qualities that bring out our most cherished commendation. To an unusual degree he was sincere in all his relations, political and personal. Loyalty to his friends was as natural to him as his own existence. His heart responded in sympathy to every misfortune. An injustice or wrongdoing, particularly to the weak and helpless, would instinctively bring his most courageous opposition and condemnation.

An important part of the life of BERT VESTAL was the sympathy, understanding, companionship, and affection of his splendid wife, who so wonderfully shared his life in all its phases and gained with him a place in the affection of all his friends.

Mr. CHINDBLOM. Mr. Speaker, I shall not dwell on the distinguished public service to his constituents and to the country of my late colleague and friend the Hon. ALBERT H. VESTAL; nor shall I speak of his valuable contributions to the success of his political party and mine, the Republican organization, as a campaigner in hard battles, or as the whip of his party in the House. Neither shall I refer, except in passing, to his delightful personal charm as an entertainer, or even as a performer of merit when he gave his friends ample proof of his histrionic ability. Those and many other excellencies were his possession, acquired by toil, talent, and industry. He was scholar, lawyer, and statesman, and achieved an honorable public career. My main purpose, however, in this brief eulogy is to pay tribute to BERT VESTAL as a friend, a comrade, an associate, whose loyalty and devotion and steadfast allegiance to person and principle were outstanding characteristics. He was one of my early friends in the House, and I was greatly grieved by his sudden death. I cherish his memory, and tender deepest sympathy to his widow and children.

Mr. CANFIELD. Mr. Speaker, when ALBERT H. VESTAL passed on, this body lost a valuable and useful Member, the State of Indiana an able and dependable statesman, and the city of Anderson, Ind., one of its most able and beloved citizens.

It is with deep feeling of sorrow and keen sense of regret that I endeavor to pay a tribute of admiration and respect to the memory of my friend, ALBERT H. VESTAL. For him I entertained a high regard and sincere friendship.

"Bert" as we intimately and affectionately knew him, was ever at the command of his friends and colleagues when opportunity offered to lend a helping hand or to do a kindly deed. He was known and loved by those who knew him for his honesty and sincerity. His constituents and his colleagues in the House had come to know that his word was as good as any bond; that you could always depend upon what he told you, and that he would stand for nothing but frankness and fair play.

BERT VESTAL knew farm conditions, as he was born and reared on a farm; he knew the needs of the laboring men, as he had been one of them, having in his younger days worked in the steel mills and factories; he knew the desires of the professional and business men, as he was a lawyer and a business man.

I class BERT VESTAL as one of the most typical examples of a successful citizen with whom it has been my good fortune to be associated. He was a poor country lad, dependent upon his own efforts to obtain an education. He worked his way through college and studied law under adverse conditions and under financial limitations. His early training and experience made it possible for him to develop into one of the most useful Members of the House. His great wealth of information, his profound knowledge of legal principles, his strong and logical intellect and superb powers for the presentation of his views gave him unusual advantage in the discussion and consideration of problems of national import. He had pronounced views on all great public questions and always had the courage to express them.

There is little I can add to the words of tribute expressed by others. My appreciation of BERT VESTAL'S ability, his genial, buoyant nature, his love of his fellows, and his understanding of their problems is probably only what all have sensed. In his passing we have lost a tried and lovable friend, and yet in the knowledge of that loss is there not a feeling of deep gratitude and appreciation that we have been privileged to have known such a man?

Bert still lives and will continue to live in the memory of his many friends and, I am sure, is in restful peace in the world beyond.

I deeply sympathize with his family and the host of friends who mourn his passing.

EDWARD M'MATH BEERS

Mr. DOUTRICH. Mr. Speaker, the lamented passing of our colleague, EDWARD M. BEERS, was a distinct shock to everybody who knew him. He was a most active and effective worker and a citizen of distinction in his State.

Mr. BEERS, early in life, learned the need for industry. He soon discovered that success came from work—that work was one of the essential needs of those who would succeed, and he devoted himself to the task of becoming a success. We all know that he did succeed.

He was a benefactor for the good his benefactions did to those who received them and not for the publicity which he might receive as the result thereof. He lived to do things for the public and for the people he liked. His word was always kept. If he believed in a thing he did it. He did not enter into arguments as to why he did it or why he refused to do it. He was a public servant in the truest sense. He was not in public life because he wanted additional power—he was in the service because he wanted to serve. The key to his life and character was his devotion to service. In his public and private life he served others unselfishly. As a Member of the House he served well and faithfully those whom he represented.

A sense of humor is always a happy virtue for anyone in public life. Mr. BEERS was blessed with a sense of humor that made it always a pleasure to be with him.

Mr. BEERS was a good man; he was a charitable man; he was an able and wise man; and possessed many elements of true greatness; and the country, as well as the State of Pennsylvania, has suffered a severe loss in his passing.

Mr. STEVENSON. Mr. Speaker, the Hon. EDWARD M. BEERS filled a place in the House of Representatives with fidelity, intelligence, and industry for nearly nine years.

It was my good fortune to serve on the Committee on Printing with him during all of that period; and the large discretionary powers which that committee, in conjunction with the Printing Committee of the Senate in what is known as the Joint Committee on Printing, possesses, is an invitation to dictatorial exercise of power, which is always a true test of a man's character.

During that service a spirit of fairness was always displayed by Mr. BEERS and the zealous record he held for the rights of people having business with the committee and the consideration, in particular, he always showed for the rights of the employees of the Government Printing Office, always impressed me not only with the fundamental honesty and humanity of Mr. BEERS but with his loyal support of the principles of the Master whom he professed and unostentatiously served, believing that the highest duty of man is to do unto others as you would they should do unto you.

His death is a loss to this House and to his State and was a peculiar affliction to myself and to those closely associated with him.

His personal character was above reproach. Even in the heat of strenuous campaigns there were never any aspersions cast tending to reflect on his character or integrity. His family life was most beautiful and was not marred by a single shadow.

He was a member of the Methodist Episcopal Church, and not only took an active part in all church affairs but also showed his faith in his life and the work that he did. He had an abiding faith in the triumph of goodness, and believed not so much in the punishment of evil as in its final elimination from human lives and the realization of the highest and noblest destiny both of the individual and the human race. He believed that—

Religion is a necessary, an indispensable element in any great human character.

And held that—

Dim as the borrowed beams of moon and stars
To lonely, weary, wandering travelers,
Is reason to the soul; and as on high
Those rolling fires discover but the sky,
Not light us here; so reason's glimmering ray
Was lent, not to assure our doubtful way,
But guide us upward to a better day.
And as those mighty tapers disappear
When day's bright lord ascends the hemisphere,
So pale grows reason at religion's sight;
So dies, and so dissolves in supernatural light.

Mr. SWICK. Mr. Speaker, under leave to extend my remarks, I wish to include a brief tribute to Judge EDWARD M. BEERS, late a Representative from the Commonwealth of Pennsylvania.

This beautiful tribute comes from the Bolgiano Bible Class of Foundry Methodist Episcopal Church, Washington, D. C., of which Mr. BEERS was a regular and devoted attendant when in the Capital.

EDWARD M. BEERS

The members of the Bolgiano Class of Foundry Methodist Episcopal Church miss Brother EDWARD M. BEERS, whom God—in His all-wise judgment—has seen fit to call home.

We pause in profound sorrow to-day as we realize that Brother BEERS is no longer with us. We miss the warmth and cheer of his greeting—his friendly handclasp—his pleasant smile—his voice in prayer and song—his words of inspiration.

A great man has left our midst.

He was great because he stood squarely for the highest and noblest things in life.

He was great because he was a man of courage and conviction.

He was great because he was a man of broad and sympathetic understanding.

He was great because he achieved an honored and respected voice in the counsel of our Nation.

He was great because he commanded the instant admiration and respect of all who met him.

Brother EDWARD M. BEERS was born May 23, 1877, near Nossville, Pa. He died in Washington, D. C., April 21, 1932. His early childhood was spent on his father's farm. When he was 12 years old his family moved to Mount Union, Pa., where his father became the owner of a hotel which Brother BEERS later managed.

EDWARD BEERS came of Christian parents. He grew up in the church of God, always active in religious affairs. For many years he was superintendent of the Sunday school of the First Methodist Episcopal Church of Mount Union and also served on the official board of that church.

He was widely known among Methodists throughout Pennsylvania. He was one of the promoters of the Methodist Training Camp at Newton Hamilton and was a member of its board of directors. At the time of his death he was its president.

He served as associate judge of Huntingdon County, Pa., for nine years. He had the great distinction of being elected judge without his name appearing on the printed ballot.

He was vice president of the First National Bank of Mount Union and was a director of the Grange Trust Co. of Huntingdon.

In 1922 he was elected to Congress and was reelected four successive times.

His fellow men put their faith in him because they could not do otherwise. His very nature made people love him, and depend upon him.

In Dr. Frank W. Collier's teachings, he found many things which satisfied his heart and mind, and which touched him deeply.

Brother BEERS is missed—and will be missed still more as time goes by.

The Nation will miss him, particularly in this hour of anxiety and distress. The communities in which he moved will miss him. And we ourselves shall miss him in the days to come.

Not for him do we sorrow, because his is a rich reward attained, but we sorrow for ourselves that we can not longer have him with us.

To his loved ones, who will miss him as no one else possibly can, our hearts go out in deepest sympathy, and we pray that the influence of his spiritual life may comfort those who mourn, and that they, with faith like his, may "trace the rainbow through the rain," and see the promise of the resurrection through their tears.

"Christ arose! and, because He lives, we too shall live."

Be it resolved, That a copy of these resolutions be sent to Mrs. Edward M. Beers, that a copy be spread on the records of the Bolgiano Class, and a copy on the records of the official board of Foundry Church.

By the Bolgiano Class of Foundry Methodist Episcopal Church.

ART BROWN,
LOUIS W. MATTERN,
FRANK E. BEST,
Committee.

WASHINGTON, D. C., *May 1, 1932.*

Mr. RICH. Mr. Speaker, again the angel of death has taken from our midst a good father, a dutiful husband, and a friend to all mankind. The Hon. EDWARD M. BEERS was one of the finest of men—loved and esteemed by all who knew him—honorable, upright, sincere, and conscientious, attending to his duties in Congress and elsewhere in the best possible manner.

He had the greatest concern and interest in those things in life that were vital to the welfare of his friends and to the general good of his country. He took great interest in the work assigned to him in Congress, on committees and on the floor of the House. The Hon. EDWARD M. BEERS represented the eighteenth Pennsylvania district, known as the shoestring district, for five consecutive terms. He gave undivided attention to his committee work and to legislation on the floor of the House. He became chairman of the Committee on Printing of the House and rendered excellent service to that committee; he was appointed vice chairman of the Joint Committee on Printing in 1930 and served on these committees until his death.

He was extremely interested in his church, in the Sunday school, and many times did he talk to me about the work of the men's Bible class and the pleasure and enjoyment he received in attending this class meeting every Sunday morning. He was a firm believer in that Golden Rule laid down for us all, "Do unto others as ye would that men should do unto you," and I believe he practiced it as well as any man could.

The host of friends who mourned his departure rejoice in the fact that he lived such an honest, clean, Christian life that we realize he is now at home in the heavenly land where his pleasures and joys abound in greatest glory. His life is a monument to us all, to emulate his great deeds and acts that we may reap that harvest of undying joy and happiness when we are summoned to that Great Beyond.

While we here in this world shall miss him, we know that our loss is his gain, our sorrow for his departure is joy to the angels in heaven, and while we go about our daily tasks we realize our lives have been enriched by his association; our joys have been increased by mingling with him. He will always linger in our memory as a true friend and brother.

Sleep on, dear friends, such lives as thine
Have not been lived in vain,
But shed an influence, rare, divine,
On lives that here remain.

Mr. KINZER. Mr. Speaker, in the death of Hon. EDWARD M. BEERS, the Pennsylvania delegation suffered a deep loss.

For almost a decade Representative BEERS served his district, his State, and his Nation in this hall, representing a proud agricultural district. His constituents knew him as their friend, and he knew them in their many and varied interests and was ever willing and untiring in his efforts to serve them.

Much that is great and noble can be said of his public services, but high above all this, which is more beautiful and more enduring, it can be said that Mr. Beers was truly a good man and a Christian. Well may the youth of his district and of the world emulate the example which was set for them by this great and good man.

He believed that in the moral order men should live without hindering the lives of others, should live to aid others in attaining more complete life, and that a day will come when the individual will be blessed in "hand and foot and soul four-square, fashioned without fault," fit closely into the moral order as the perfect ashlar.

He was a loyal friend, a loving husband, a kind father, and an energetic, conscientious man possessed of high ideals and of deep religious purpose. His accomplishments on earth were wrought in strength and honor. His memory will be cherished by his colleagues and friends.

Mr. DARROW. Mr. Speaker, although all of us realize the certainty of death, every time a final summons comes our hearts are filled with sadness. Particularly is this true when the flag on the Capitol is at half-mast in mute evidence of the passing of another public servant.

In the recent death of our colleague, Hon. EDWARD M. BEERS, I lost a good personal friend, his district lost a painstaking and noteworthy Representative, his State and country a patriotic and loyal public servant, and his family a loving and faithful husband and father. Personally, I had the highest regard for Mr. BEERS, and am happy to have had the privilege of associating and laboring with him.

It may truly be said that our late colleague entered upon his duties with unusual zeal and earnestness, giving his best efforts to every task. As a consequence his talents were recognized early in his congressional career; and although his service with us covered a period of less than eight years, he had attained a position of vast influence and his counsel and advice were frequently sought by his associates.

Congressman BEERS was devoted to the interests of his constituency, and those of us who attended his funeral at Mount Union will never forget the efforts of his great host of friends and constituents to pay honor in their last tribute to a dear friend and public servant.

While ED BEERS has embarked on that journey from which none return, and his legion of friends and admirers will greatly miss him, the memory of his public service and notable accomplishments in his comparatively short career will ever be a priceless heritage to his family and friends.

Mr. GUYER. Mr. Speaker, early in my first term as a Representative I became acquainted with Congressman EDWARD M. BEERS. He represented the district in Pennsylvania in which my father was born and in which, with the exception of three years, my mother spent her girlhood and young womanhood. This formed a tie that led to a warm and lasting friendship which I enjoyed to the time of his untimely death. He was a man of such powerful physical development and seeming perfection of health that his death caused great surprise mingled with profound sorrow and regret among all his congressional friends.

I was particularly fond of Mr. BEERS, having lived for years at the same hotel and having been his golf partner in many fondly remembered games during the recent years. I have known few men who enjoyed life with more zest than this whole-souled Pennsylvanian. It was a joy to be with him, with all his exuberance of life and good nature. In all my experience with him, in play, in the forum, and on the street, I have never seen him with patience exhausted or his temper stirred to heat or anger. He lived a fine and useful life, and his place in the community, in his State, and in his Nation will not be easily filled.

His family life was ideal, and he left to wife and son a beautiful memory and a rich heritage in his honorable and exemplary life. He took an active and important part in the social, church, and business life of his community. He liked folks and enjoyed the association with his friends, with whom he was always popular and toward whom he always extended the most sympathetic attention. He held a high place in the estimation and affection of his colleagues and was a consistent and arduous worker on the committees on which he served. He was a Representative of high rank and he served his district and his State with distinction and honor. He occupied an exalted position in the estimation of his constituency, whom he served with consecrated devotion. His people will miss his broad-visioned statesmanship and untiring devotion to duty. To that long line of distinguished men whom Pennsylvania has contributed to the service of the Nation EDWARD M. BEERS will add luster.

Mr. MANLOVE. Mr. Speaker, one of our colleagues, the Hon. EDWARD C. BEERS, has gone. He was loved and respected by all who knew him. If I should write a thousand pages in which I should attempt to draw the picture of his beautiful life, I could not do justice to the full kindness of his overflowing heart. He loved mankind. His ambition in life was to serve his fellow man, and that very service which he extended to his colleagues, his constituents, and his friends undoubtedly shortened the days of his life.

A poet whose life must have been imbued with that sweet sentiment toward the passing world was surely thinking of humanity and his more unfortunate, footsore, and weary brethren in the same spirit in which EDWARD M. BEERS always thought of them when he wrote that beautiful poem:

Let me live in a house by the side of the road,
Where the race of men go by—
These men who are good and the men who are bad,
As good and as bad as I.
I would not sit in the scorner's seat
Or hurl the cynic's ban—
Let me live in a house by the side of the road
And be a friend to man.

ED BEERS and I came to Congress at the same time. We counseled with one another and I drew from my association with him many helpful and strengthening ideals of life. He was the soul of courtesy, accommodation, and kindness, yet calm, collected, and courageous.

His quiet and unassuming manner, his generosity to those who disagreed with him, and his entire freedom from all that was superficial or false characterized him in the full light of the true man which he was and endeared him to his colleagues in Congress.

At the time of his death he could not have been loved more. His strength of character was unbounded, his opinion was sought, his record in Congress enviable. He died at his post of duty at the hour when the world needed him most. It is strange. We can not fathom his early departure. His record stands unmarred. The story of his life is an inspiration and a guidepost to ambitious young men—

The heights by great men reached and kept
Were not attained by sudden flight,
But they while their companions slept
Were toiling upward in the night.

AFTER RECESS

The recess having expired, at 1 o'clock and 27 minutes p. m., the House was called to order by the Speaker.

EXTENSION OF REMARKS

Mr. BUCKBEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a statement from the mayor of the city of Rockford and a resolution from the city council of that city on the economic situation.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a resolution recently adopted by the Northwestern Retail Dealers Association in opposition to the inland waterway-development project at this time.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

RIVER AND HARBOR DEVELOPMENT

Mr. WILLIAM E. HULL. Mr. Speaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAM E. HULL. Mr. Speaker, I ask unanimous consent to insert in the RECORD, for the information of the Members of the House, a statement that has been furnished me by Maj. Gen. Lytle Brown, Chief of Engineers of the War Department, showing the estimated cost of building river and harbor projects authorized by Congress, which are fully justifiable at the present time in the interest of commerce and navigation.

I understand, Mr. Speaker, that the Congress may decide to enlarge its relief program and authorize the appropriation of additional money for the relief of agriculture and for the completion of revenue-producing public works in order to relieve as far as possible the unemployment situation that is rapidly becoming a menace throughout the Nation. If such a program should be sponsored by the Congress, I know of no project that would afford as great employment of labor, dollar for dollar, as would the completion of the work that has been authorized for the rivers and harbors system, and I know of nothing that the Government could do that would bring about more immediate relief for agriculture and kindred industries than the completion of the inland-waterway system.

Mr. MOUSER. Mr. Speaker, will the gentleman yield?

Mr. WILLIAM E. HULL. Yes.

Mr. MOUSER. Does not the gentleman think that development of the inland-waterway system at this time will further destroy the jobs of railroaders?

Mr. WILLIAM E. HULL. I think it will help jobs 100 per cent.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The statement is as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, May 25, 1932.

Hon. W. E. HULL,
House of Representatives, Washington, D. C.

MY DEAR MR. HULL: In accordance with your request I take pleasure in furnishing you with a copy of the statement showing the estimated cost of completing river and harbor projects authorized by Congress, which are fully justified at the present time in the interests of commerce and navigation, as presented to the subcommittee of the Commerce Committee of the United States Senate in a hearing of April 9, 1932. You will note that these projects total approximately $197,000,000.

In addition to the projects shown on these lists the following important projects have been authorized by Congress, for which the full appropriation necessary for completion has not been authorized.

	Total estimated cost	Authorized appropriation	Amount remaining to be authorized
Mississippi River	$124,000,000	$7,500,000	$116,500,000
Tennessee River	74,700,000	5,000,000	69,700,000
Miami Harbor	885,000	200,000	685,000
Missouri River, Kansas City to Sioux City	53,750,000	27,000,000	26,750,000
Total			213,635,000

This statement does not include the Connecticut River, Hartford to Holyoke, now under review under committee resolution.

Sincerely yours,

LYTLE BROWN,
Major General, Chief of Engineers.

(Inclosures: Tables from hearings before subcommittee.)

Statement showing the estimated cost of completing river and harbor projects authorized by Congress which are fully justified at the present time in the interests of commerce and navigation

FIRST PRIORITY

	Required for completion in addition to funds on hand
Allegheny River, Pa	$5,825,000
Baltimore Harbor and Channels, Md	918,000
Black Warrior, Warrior, and Tombigbee Rivers, Ala	252,000
Caloosahatchee River-Lake Okeechobee drainage area, Florida	6,149,000
Cleveland Harbor, Ohio	410,000
Columbia and Lower Willamette Rivers below Portland, Oreg., and Vancouver, Wash	340,000
Delaware River, Philadelphia to the sea	185,000
Erie Harbor, Pa	30,000
Frankfort Harbor, Mich	145,000
Houston Ship Channel, Tex	44,000
Hudson River, N. Y	907,000
Hudson River Channel, N. Y	1,440,200
Illinois River:	
Mouth to Utica	975,000
Utica to Lockport	4,300,000
Kanawha River, W. Va	4,000,000
Los Angeles and Long Beach Harbors, Calif	635,000
Manasquan River and Inlet, N. J	99,300
Milwaukee Harbor, Wis	50,000
Mississippi River:	
Illinois River to Minneapolis	6,950,000
Ohio River-Illinois River	12,800,000
Missouri River, Kansas City to mouth	11,290,000
Mobile Harbor, Ala	195,000
Mobile Bay-New Orleans waterway	10,000
Monongahela River, Pa. and W. Va	410,000
Newark Bay-Hackensack and Passaic Rivers, N. J	400,000
Norfolk Harbor, Va	11,200
Ohio River:	
Open-channel work	4,650,000
Lock-and-dam construction	6,000,000
Oswego Harbor, N. Y	1,510,000
Pensacola-Mobile Bays waterway	265,000
Pollock Rip Shoals, Nantucket Sound, Mass	16,500
St. Johns River, Fla., Jacksonville to the ocean	320,400
San Francisco Harbor, Calif	781,000
Tampa Harbor, Fla	259,500
Taunton River, Mass	590,000
Texas City Channel, Tex	120,000
	73,283,100

SECOND PRIORITY

Alabama River, Ala	579,200
Ashland Harbor, Wis	40,000
Ashtabula Harbor, Ohio	309,000
Bay Ridge and Red Hook Channel, N. Y	788,900
Black Rock Channel and Tonawanda Harbor, N. Y	720,200
Brazos Island Harbor, Tex	2,358,000
Bridgeport Harbor, Conn	328,000
Bronx River, N. Y	1,900,000
Brunswick Harbor, Ga	216,000
Buttermilk Channel, N. Y	4,300,000
Cape Fear River above Wilmington, N. C	11,750
Cape Fear River-Winyah Bay waterway	4,139,000
Carters Creek Bay, Va	8,000
Cashie River, N. C	5,000
Channels in Lake St. Clair, Mich	2,642,000
Charleston Harbor, S. C	103,000
Chesapeake-Delaware Canal	183,300
Cockrells Creek, Va	59,000
Conneaut Harbor, Ohio	140,000
Crescent City Harbor, Calif	40,000
Delaware Bay, Harbor of Refuge, Del	287,000
Delaware River, Philadelphia to the sea	2,660,000
Detroit River, Mich	12,068,400
Dorchester Bay and Neponset River, Mass	162,000
East Chester Creek, N. Y	283,000
East River, N. Y	6,980,000
East Rockaway (Debs) Inlet, N. Y	610,000
Fairport Harbor, Ohio	526,000
Fall River Harbor, Mass	167,000
Glen Cove Creek, N. Y	26,750
Grand Haven Harbor and Grand River, Mich	21,000
Grays Harbor, inner portion, and Chehalis River, Wash	161,500
Green and Barren Rivers, Ky	2,200,000
Gulfport Harbor, Miss	121,000
Harlem River, N. Y	2,769,000
Holland Harbor, Mich	128,000
Honolulu Harbor, Hawaii	675,000
Horn Harbor, Va	6,000
Housatonic River, Conn	295,000
Huron Harbor, Ohio	46,000
Indiana Harbor, Ind	357,000
Jacksonville and Miami waterway	2,535,000
Jamaica Bay, N. Y	2,300,000

	Required for completion in addition to funds on hand
James River, Va	$3,079,000
Lorain Harbor, Ohio	115,000
Louisiana-Texas intracoastal waterway:	
New Orleans-Sabine River section	1,695,800
Sabine River-Corpus Christi section	5,900,000
Lynn Harbor, Mass	80,000
Manhasset Bay, N. Y	63,000
Manistee Harbor, Mich	45,000
Missouri River, Kansas City to Sioux City	20,070,000
Monroe Harbor, Mich	490,500
Monterey Harbor, Calif	285,000
New Bedford and Fairhaven Harbor, Mass	425,000
Newtown Creek, N. Y	330,000
Niagara River, N. Y	1,535,600
Okiawaha River, Fla	41,400
Petaluma Creek, Calif	185,000
Port Aransas, Tex	395,000
Port Chester Harbor, N. Y	9,900
Port Jefferson Harbor, N. Y	99,000
Quillayute River, Wash	12,000
Raritan River, N. Y	45,000
Richmond Harbor, Calif	30,000
Saginaw River, Mich	572,000
St. Clair River, Mich	5,202,100
St. Johns River, Palatka to Lake Harney	63,000
St. Marys River, Mich	3,042,700
San Diego Harbor, Calif	267,250
San Joaquin River, Calif	492,400
Savannah Harbor, Ga	1,772,800
Savannah River below Augusta, Ga	1,289,400
Seattle Harbor, Wash	10,000
Skamokawa (Steamboat) Slough, Wash	9,450
Tennessee River, Tenn	4,820,000
Thames River, Conn	169,000
Waddington Harbor, N. Y	20,000
Waukegan Harbor, Ill	25,300
Willamette River above Portland and Yamhill River, Oreg	210,000
Winyah Bay, S. C	158,800
	107,310,400

THIRD PRIORITY

Baltimore Harbor and Channel, Md	800,000
Cape Lookout (N. C.) Harbor of Refuge	1,160,000
Charleston-Winyah Bay Waterway, S. C	66,400
Coney Island Channel, N. Y	56,900
Congaree River, S. C	149,000
Connecticut River above Hartford, Conn	1,000,000
Flushing Bay Harbor, N. Y	365,000
Fox River, Wis	40,000
Great Kills, Staten Island, N. Y	62,000
Grosse Tete Bayou, La	100,000
Hoquiam River, Wash	50,000
Los Angeles and Long Beach Harbors, Calif	7,000,000
Mamaroneck Harbor, N. Y	25,600
New London Harbor, Conn	75,500
Norfolk-Beaufort Inlet Waterway	300,000
Northeast (Cape Fear) River, N. C	25,375
Oakland Harbor, Calif	232,000
Onancock River, Va	56,000
Roanoke River, N. C	42,000
Snake River, Oreg., Wash., and Idaho	80,000
Southwest Pass-Mississippi River, La	1,000,000
Swinomish Slough, Wash	50,000
Teche Bayou, La	144,000
Tolovana River, Alaska	40,000
York River, Va	75,000
Youghiogheny River, Pa	3,500,000
	16,494,775

RECAPITULATION

First priority	73,283,100
Second priority	107,310,400
Third priority	16,494,775
	197,088,275
Total amount of projects	410,723,275

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 165. Joint resolution authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam.

FEDERAL RELIEF

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. CONNERY. Mr. Speaker, at this time, right after the gentleman has called attention to the letter of General Brown with reference to public works, I rise to call the attention of the House to the fact that on January 19, of this year, the Committee on Labor, of which I have the honor to be chairman, reported to the House a bill calling for $700,000,000 for Federal relief; $500,000,000 of that was to be for loans to the States. The States were to put up their bonds, notes, or debentures as security and were to be given 10 years to pay the money back. If they did not pay it back at that time, it was to be taken out of the Federal highway contributions at the rate of one-tenth of the Federal highway appropriation per year. Two hundred million dollars was to be spent for projects already allocated on public works for which no appropriation had been made. My idea at this time in calling this to the attention of the House is because I want the House to know that the Committee on Labor was on the job over five months ago in reference to Federal relief. We considered the Huddleston bill, which calls for $100,000,000 direct Federal relief, and the Lewis bill which calls for $375,000,000. Finally, the Committee on Labor reported out the Connery $700,000,000 bill. We went to the Rules Committee and were supported by the entire organized labor of the United States, all of the railroad labor organizations, the American Federation of Labor, and all labor organizations in the country in asking Congress to take action on this bill.

The Rules Committee did not give us a rule. I call this to the attention of the House without any bitterness or any criticism particularly of the Committee on Rules, but in order to let the House know, as I say, that the Committee on Labor was on the job five months ago. I am happy at this time to see that Members of the other body and that the Speaker of this House have taken up the matter, and that the Speaker of the House has introduced a bill which is going to call for Federal relief. I am in favor of any bill which will bring relief for the people. We have been taking care of the bankers, the international bankers, and the big interests in the United States, and it is about time that we took care of the starving men, women, and children in the United States. [Applause.]

Mr. MEAD. Mr. Speaker, will the gentleman yield?

Mr. CONNERY. Yes.

Mr. MEAD. I call the gentleman's attention to the fact that to-morrow evening we are going to have a meeting in the House Office Building, at which time and place we will hear from the President of the American Federation of Labor, the head of the Grange, and an expert economist on the need of legislation such as the gentleman has mentioned.

Mr. CONNERY. I shall be glad to attend that meeting. In conclusion I wish to say I am happy to favor any legislation which will bring relief. We find William Randolph Hearst through his papers suggesting a $5,000,000,000 prosperity loan. I am in favor of that proposition, which would do much to take care of the people, those who are out of work and hungry and in need. Of course, my personal belief is that the first $2,000,000,000 should be used to pay the soldiers' bonus, for they were the ones who saved the country billions of dollars and are now in need of help from the Government for which they fought. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts has expired.

KENT *v.* COYLE

Mr. CLARK of North Carolina. I ask unanimous consent to insert in the RECORD the report of the committee in the contested-election case of Kent *v.* Coyle.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to insert in the RECORD the report of the Committee on Elections No. 1, in the contested-election case of Kent *v.* Coyle. Is there objection?

Mr. STAFFORD. That is the election case that we disposed of yesterday?

Mr. CLARK of North Carolina. Yes.

Mr. STAFFORD. What is the value of having it in the RECORD now at the expense of the taxpayers of the Nation?

Mr. CLARK of North Carolina. It simply shows the ground on which the case was decided.

Mr. STAFFORD. Mr. Speaker, I object.

GOVERNMENT COMPETITION IN BUSINESS

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by my colleague, Hon. JOSEPH B. SHANNON, at Kansas City, Mo., on May 18.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. LOZIER. Mr. Speaker, on May 18, 1932, my distinguished colleague from Missouri, Hon. JOSEPH B. SHANNON, delivered an address at the Kansas City Live Stock Exchange in which he demonstrated that the Federal Government has forced its way into active competition with private business to an amazing extent. The Government's participation in private business activities was at first under cover, but now this competition is open and aboveboard, extending to a multitude of activities, to the serious injury of private industry. Mr. SHANNON showed that in many instances the small retail merchant sees his business shrink and his profits disappear by being deprived of trade to which he is justly entitled under our economic system and scheme of government.

Mr. SHANNON'S speech was published in the Kansas City Daily Drover's Telegram, a publication of wide circulation and great influence. This paper is owned and published by members of the Neff family, long identified with the livestock industry in Kansas City and the Middle West. The founder, or one of the founders, of the Drover's Telegram, the late Hon. Jay Neff, was one of the outstanding citizens of Kansas City, having with fidelity and honor served as mayor of that metropolis, and as evidence of his liberality and public spirit he gave to the Missouri University a beautiful and costly structure for housing the Missouri School of Journalism, the first and undeniably the greatest institution of its kind in the world.

As reported in the Drover's Telegram, Mr. SHANNON said, in part:

Twenty years ago Theodore Roosevelt said, "Opportunity must be preserved for the American youth."

To-day that statement should be amended to say, "Opportunity must be preserved for the American citizen," and the only way that this may be done is for the Government to be driven out of competition with private business, JOSEPH B. SHANNON, Representative in Congress from the fifth congressional district of Missouri, declared in an address yesterday afternoon at a meeting of livestock men in the exchange hall.

"We hear a good many speakers nowadays talking about paternalism in government, and that is all right," Mr. SHANNON said, "but I want to get down to every-day terms and talk about laundries and restaurants. I want to show how the large Government store at Leavenworth, Kans., has entered the retail field and has murdered the private merchants in Leavenworth.

"Opportunity is being taken away from private citizens more and more each day by the encroachment of the Government through bureaus, commissions, and boards. We must clean house in the Government and throw the bureaus out the window. When that is done the private citizen will have the opportunity to which he is entitled. The way to do it is to convince Congress that the Government may be operated without the elaborate system of extravagant bureaus that has been built up. The majority of Congressmen want to do what is right, and it is up to the people of the country to let their sentiments be known."

Mr. SHANNON cited a number of instances where the Government has come into direct competition with private individuals in the operation of restaurants. He said the Government had spent $100,000 on a cafeteria in the new $17,500,000 "temple of folly" at Washington. He referred to the Department of Commerce Building.

Coming closer to home, Mr. SHANNON told of the plan to include an expensive Government-operated restaurant in the new post-office building now being erected in Kansas City, when there are several other restaurants in the union-station district, privately owned and operated, which should have the business, and which have protested against the post-office restaurant. He said he understood the Government contemplated putting restaurants in the post offices of 32 cities in the United States.

SPECIAL ROOMS FOR OFFICERS

"I recently visited the Federal reserve building in Kansas City and found a restaurant on the top floor," Mr. SHANNON said. "There was another large dining space that they told me was for clerks. A smaller room to one side was for the bank officers, and they told me that still another room was being furnished for officials of the new Reconstruction Finance Corporation.

"In Washington they tell us it is the welfare department of the Government that provides all of these services for the Government employees. Through the welfare department the Government has even gone into the bootblack business. But it isn't for the welfare of the employee that it is done, but for the welfare of the fellow that is selling supplies in big lots to the Government.

"Of late there has come to Washington a strong protest from private operators of laundries in the country that Government competition has been ruining their business. There is a striking example of this under the very noses of the Congressmen. The laundry of the families of Army officers in Government offices is picked up by soldiers in trucks operated at Government expense, taken to Fort Myer and cleaned, thus taking the business from private laundries. This is bad enough, but what makes it worse is that the officers are accommodating many of their friends by pitching their dirty clothes in the bag, too. I asked some officials at the capital under what department this was being done and they replied, 'national defense.'"

Mr. SHANNON'S attention has been called to the competition of the Government with the retail merchants of Leavenworth when a group of men from that town told him how their business was being ruined. He sent his secretary to Leavenworth to investigate.

He exhibited to the meeting purchases the secretary had made at the Government store. First he showed several packages of cigarettes.

"These were purchased by a citizen of Kansas City and not by an Army officer," he said. "The cigarettes cost 15 cents at the Government store, while the drug store across the street was compelled to charge 17 cents, including the tax levied by the State."

He held up a bottle of perfume, a necklace, a necktie, and a pair of woman's pajamas. What an Army officer would need with these things was more than he could understand, he declared. Furnaces, silverware, and radios could also be bought at the Government store.

IN THE RADIO BUSINESS

"I am told of a recent instance of a citizen of Leavenworth taking a radio from the store of a private dealer for a week's trial," Mr. SHANNON said. "At the end of the week the dealer went to the home to see about it. He was informed that the man liked the radio after the trial, but that he bought one at the Government store for $5 less than the dealer's price."

Mr. SHANNON spoke of the difficulty citizens encountered in gaining a hearing by officials of the Government at Washington.

"The Capital is a long way from the people," he said. "Recently a delegation of Kansas City livestock men were in Washington seeking a hearing before the Agricultural Committee of the House, and they had to wait from Monday until Thursday before they were heard. These men found they had been accompanied from Kansas City by two strangers, and investigation revealed the strangers were representatives of the Farm Board.

"Why were these men shadowing the delegation?" They were afraid of the same thing that every Government bureau employee is afraid of. They were afraid of being dislodged from the Government pay roll."

Mr. SHANNON spoke at the livestock exchange at the invitation of a petition signed by some 300 persons. He delayed his return to Washington for a day in order to accept the invitation. He was introduced by J. C. Swift.

He has submitted to the House a resolution calling for the appointment of a committee of five men to thoroughly investigate the operations of the Government in competition with private business.

EXTENSION OF REMARKS

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing in the RECORD a letter from Hon. Frank Murphy, mayor of the city of Detroit, addressed to the Speaker of the House of Representatives; and also to print in the RECORD a petition which is attached to the letter and which is addressed to the President of the United States, signed by the mayor of the city of Detroit and the mayors of other cities in Michigan, asking for relief and detailing conditions in the State of Michigan.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SNELL. Mr. Speaker, reserving the right to object, if we are going to start putting in letters and communications from various mayors, we should put them all in. I understand this is just a communication from the mayor of the city of Detroit?

Mr. RAINEY. And numerous other mayors, and it is addressed to the President of the United States.

Mr. MICHENER. It is a petition from the mayor of the city of Detroit and a number of other mayors?

Mr. RAINEY. Yes, sir.

Mr. MICHENER. And it is locally confined to the State of Michigan.

Mr. RAINEY. Yes.

Mr. MICHENER. I received a copy of it and I did not offer it because of the rule which the gentleman from Illinois has heretofore insisted upon, that petitions of this kind have no place in the CONGRESSIONAL RECORD. I am wondering why his change of heart?

Mr. RAINEY. This is a petition of importance, and it is official and it is addressed to the President of the United States.

Mr. SNELL. If it is addressed to the President it should be sent to the President and not to us.

Mr. BANKHEAD. Mr. Speaker, regular order.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

GUARANTY FUND FOR DEPOSITORS IN BANKS

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules I call up a privileged resolution, House Resolution 221, and ask for its immediate consideration.

Mr. CONNERY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNERY. To-day was to be Calendar Wednesday, ordinarily, with the Committee on Labor having the call. I would like to know what our status will be.

The SPEAKER. To-day is not Calendar Wednesday, because by a resolution adopted yesterday it was dispensed with.

Mr. CONNERY. When will we have our Calendar Wednesday?

The SPEAKER. On next Calendar Wednesday. Every Wednesday is Calendar Wednesday.

The Clerk read the resolution, as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 11362, a bill to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

That after general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Does the gentleman from Indiana desire any time on the rule?

Mr. PURNELL. I have had no requests for time. I have no disposition to oppose this rule. I do not want to be misunderstood in not opposing the rule. I will be frank and say that I do not know how I shall vote on this bill myself. It is very controversial, and it is a matter of such importance that we feel there should be ample opportunity for discussion.

Mr. BANKHEAD. Mr. Speaker, if there is no desire for time, I move the previous question on the adoption of the rule.

The previous question was ordered.

The resolution was agreed to.

Mr. KELLER. Mr. Speaker, I make the point of order that there is not a quorum present.

The SPEAKER. Evidently a quorum is not present.

Mr. COX. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 86]

Abernethy	Bacon	Bohn	Cannon
Aldrich	Beck	Boylan	Cary
Allgood	Black	Britten	Chapman
Almon	Bland	Campbell, Iowa	Chase
Chiperfield	Hart	McReynolds	Selvig
Cochran, Mo.	Hartley	Maas	Shallenberger
Collier	Haugen	Maloney	Shreve
Connery	Hawley	Martin, Oreg.	Smith, Va.
Connolly	Hill, Ala.	Mitchell	Snow
Cooper, Ohio	Hull, William E.	Montet	Somers, N. Y.
Corning	Igoe	Murphy	Sullivan, Pa.
Dickstein	Johnson, Ill.	Nelson, Wis.	Sumners, Tex.
Douglas, Ariz.	Johnson, S. Dak.	Norton, N. J.	Sutphin
Douglass, Mass.	Johnson, Wash.	O'Connor	Sweeney
Doutrich	Kading	Oliver, N. Y.	Swing
Doxey	Kendall	Owen	Treadway
Drane	Kennedy	Palmisano	Tucker
Fiesinger	Kerr	Patterson	Underhill
Fish	Kleberg	Peavey	Underwood
Flannagan	Kurtz	Pou	Watson
Frear	Lamneck	Pratt, Ruth	Welsh, Pa.
Free	Lanham	Ramseyer	Withrow
Freeman	Lea	Rayburn	Wolfenden
Fulbright	Lehlbach	Reid, Ill.	Wolverton
Gilchrist	Lewis	Sabath	Wood, Ind.
Golder	McClintic, Okla.	Sanders, Tex.	Yon
Goodwin	McDuffie	Schafer	
Hall, Miss.	McLeod	Seiberling	

The SPEAKER. Three hundred and twenty-two Members have answered to their names. A quorum is present.

On motion of Mr. Cox, further proceedings under the call were dispensed with.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 11362, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman, the first section of the bill provides that the minimum capital for national banks hereafter organized shall be $50,000, and requires that a surplus fund equal to 10 per cent of the capital shall be paid in contemporaneously with the payment of the capital stock. The opinion is so general and the view so widely expressed that this provision is desirable that I shall not discuss it at length. Records show that 60 per cent of failed banks have capital not in excess of $25,000. This does not afford proper protection for creditors and depositors.

The next provision in the bill relieves stockholders in national banks from liability to assessment upon their capital stock. It has been found in practice that only 5 per cent of deposits is realized out of collections against stockholders through assessments of liability upon capital subscribed, and only 16 per cent of the realizations upon assets of insolvent banks are received out of the assessment liability against the stockholders.

The effect of the existing provision of law is to give stockholders who are on the inside, so to speak, an opportunity to avoid their liability by disposing of their stock when they find trouble about to overtake a banking institution, and leaves at a disadvantage the investor on the outside, the citizen of the community who is carrying stock in his local bank as a matter of community pride and community service as well as for any return he expects on his stock.

Instances are not infrequently found of stockholders who leave their estates carrying investments in the capital stock of banks, and the heirs, assuming they have a valid asset in such holdings, allow the matter to drift. Finally the bank gets in trouble, there is failure, and the widow or the children find that instead of having inherited an asset, they have inherited a liability and often a lawsuit which works great hardship and injustice. So long as this provision remains in the law, the public is not going to invest money in bank stock.

The enlarged requirements for capital stock is a direct method of affording the protection which double liability is designed to afford but which in practice has failed to afford depositors and creditors of banks.

Another provision of the bill requires Federal reserve banks to give immediate credit for checks drawn against them by their member banks. Under the present rules checks drawn by member banks against Federal reserve banks are not paid, but payment upon them is deferred for the time required for the checks to be cashed, or the time which the Federal reserve bank estimates is required for the collection of checks. It is a cumbersome, unworkable, inconvenient plan, and results in hardship to member banks, and especially smaller banks in marketing periods of the year when demands for cash and balances are accentuated and when it is difficult to finance the marketing of crops.

Another provision of the bill prevents any member bank of the Federal reserve system from paying more than 4 per cent on deposits. That is an arbitrary figure. I am not prepared to say no other figure would answer as well, but certain it is if other provisions of the bill are to be enacted into law we should have a maximum limitation on the interest to be paid on deposits. In the absence of such a limitation a weak bank, or a poorly managed bank, would have an advantage over the sound institution or the one that is prudently and conservatively managed. So, unquestionably there should be some limitation upon the interest rate to be paid.

Another provision prevents a member bank from paying any dividend on its stock until the surplus equals 25 per cent of the stock and then allows 6 per cent in dividends to be paid so long as the surplus remains above 25 per cent and under 50 per cent.

When the surplus exceeds 50 per cent, a bank is permitted to pay 8 per cent in dividends, but no more than that until the surplus reaches 100 per cent. When the surplus reaches 100 per cent of the capital stock, permission is given to pay whatever dividend is deemed proper and desirable, so long as it does not reduce the surplus below 100 per cent of capital stock.

Under the present law Federal reserve banks either place to their surplus account or pay into the Treasury of the United States in lieu of a franchise tax the earnings that accrue, after first having paid a return of 6 per cent to member banks, based on the capital which member banks hold in Federal reserve banks.

The bill before us provides that after paying the returns to member banks fixed in the law and setting aside an annual surplus of 10 per cent, Federal reserve banks shall distribute to their member banks half the earnings that accrue, to be prorated upon the basis of stock held in Federal reserve banks by member banks, and that the other half of the net earnings shall be paid into a fund known as a guaranty fund for the protection of depositors in banks that are permitted under the bill to share in the guaranty fund provided.

Let me say in connection with the provision regarding the distribution of earnings of Federal reserve banks that a great hardship has resulted upon the smaller banks that are members of the Federal reserve system in not being permitted to share in the earnings of the system. The Federal reserve banks make their money out of their member banks. The member banks are required to subscribe for capital stock in Federal reserve banks, each member bank subscribing an amount equal to 6 per cent of its own capital. Upon that an arbitrary return of 6 per cent is paid and no more. The member banks are required to maintain balances amounting to 7 per cent on regular deposits and 3 per cent on time deposits with Federal reserve banks, and upon those deposits member banks do not get one dollar of return.

Prior to the passage of the Federal reserve act the smaller banks of the country maintained their balances with large banks in the cities with whom they carried their accounts and received an interest return upon those balances amounting usually to 2 per cent or 3 per cent. In addition to this, member banks were permitted to charge for the service rendered by them in collecting and remitting checks.

That privilege has been taken away. This was done by overriding the expressed will of Congress. The history of this would be interesting but not pertinent to this legislation, because there is no provision in this bill that would change existing conditions and practices.

I have pointed out these instances of hardship affecting the smaller banks of the country in order that you may see the desirability of permitting member banks in the Federal reserve system to share in the earnings of Federal reserve banks. Part of the earnings of these banks has been paid into the Treasury in lieu of a franchise tax, but Federal reserve banks do not owe the Government any franchise tax. They render more service to the Government than they receive compensation for. The provision for paying a part of net earnings into the Treasury of the United States was simply an automatic method devised when the Federal reserve law was passed by which to absorb any possible earnings that might accrue. It was never expected that Federal reserve banks would accumulate any large earnings. They were not designed to become money-making institutions, but the fact is, notwithstanding enormous expenditures in salaries—and I think I shall not be considered unjustly critical when I say unjustified and extravagant expenditures incurred in the erection of costly buildings—the Federal reserve banks have made in round figures $526,000,000 net profits. That fund has either been paid into the Treasury of the United States—and something in the neighborhood of $150,000,000 has been paid into the Treasury of the United States in lieu of a franchise tax—or it has gone into surplus accumulations of the Federal reserve banks.

It is not unfair to say that while these enormous earnings were being accumulated out of member banks of the Federal reserve system hundreds and hundreds of those member banks were choked down. They were prevented from earning sufficient profits to enable them to carry on, and a large part of the difficulties that have overtaken banks that are members of the Federal reserve system has grown out of the exactions and discriminations against them either as written into the Federal reserve law itself or resulting from the administration of the Federal reserve system.

Mr. PATMAN. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PATMAN. Does the gentleman suggest that the Government should not receive compensation for the use of its credit—that is, the credit extended by the Government to the Federal reserve banks? The gentleman will recall that in one section—I believe it is section 16—it is provided that when Federal reserve notes are issued the Federal reserve banks shall pay such interest as may be assessed by the Federal Reserve Board, which clearly, to my mind, shows the intent in the original act that the Government should receive compensation for the use of its credit.

Mr. COX. May I supplement the gentleman's question?

Mr. STEAGALL. Certainly.

Mr. COX. In other words, the Federal reserve system was an agency set up to serve the entire country. The gentleman proposes by this bill, as I take it, to dedicate it and its activities to the benefit of the national banks of the country and to the national banks alone.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Maryland.

Mr. GOLDSBOROUGH. As I understand it, it is the purpose of the committee to offer an amendment at the proper time which will equalize the initial fee of the State banks and the national banks, is it not?

Mr. STEAGALL. Yes. I will say to the gentleman that that question will more properly arise when we reach that provision of the bill under the 5-minute rule for consideration of amendments. I want to say to the gentleman from Texas that the provision to which he refers has never been used, as far as I am informed. I hope the gentleman will

not allow me to spend too much time on a mere detail of this bill. I have great respect for the gentleman's judgment, and I appreciate his interest, but I want to get along to the things that are really controversial in this bill.

Mr. PATMAN. It is not a mere detail. It is using the Government's credit, and the question is whether it should be paid for.

Mr. STEAGALL. I may say there were two schools of thought in connection with the writing of the Federal reserve law. One was to permit the banks to issue the currency. There was another school of thought that held it was the function of the Federal Government to coin money and regulate its value, and that the Government should not surrender to the banks this sovereign right and duty. It was out of this contention that the provision went into the Federal reserve law that required the Government to stand back of notes issued by Federal reserve banks. The bill does not change the practice that obtains and has obtained since the enactment of the Federal reserve act.

Now, in reply to the gentleman from Georgia [Mr. Cox], I hope the gentleman will do me the courtesy to read the bill——

Mr. COX. Let me say to the gentleman I have read the bill.

Mr. STEAGALL. The gentleman is in error and I assumed the gentleman had only read the first bill which I introduced and which did limit the provision for protection of deposits to member banks of the Federal reserve system. A second bill, the one now before us, does include State banks in the plan for the protection of depositors.

Mr. COX. As the gentleman happens to know, I have read the bill and I recall its provisions. I know it was not the intention of the gentleman's committee to destroy the State banking system of the country; but if it had been the express design of the legislation to bring about that result, the gentleman could not have done more than is promised by the legislation that is now proposed.

Mr. STEAGALL. Will the gentleman now permit me to answer his question?

Mr. COX. Of course.

Mr. STEAGALL. I want to say to the gentleman that I assumed he might not have read the last bill. The bill now before us provides for a guaranty fund for depositors, not only in national banks, but depositors in State banks as well, and it was to that fact I desired to call the gentleman's attention. We are not attempting to limit the application of these funds for the protection of depositors in national banks or to member banks of the Federal reserve system.

Mr. COX. Will the gentleman allow me to state that the bill I have read is the bill for which consideration was provided by a rule from the Rules Committee?

Mr. STEAGALL. I thought, perhaps, the gentleman had confused the two bills.

Mr. COX. No; I have not confused the two bills. Will the gentleman permit me to ask him a further question?

Mr. STEAGALL. Certainly.

Mr. COX. In section 202 you simply provide insurance to depositors at the expense of the Government, provided you concede that the Federal Reserve Board is a Government agency and that its earnings belong to the Government.

Mr. McCORMACK. Will the gentleman yield?

Mr. STEAGALL. Let me answer the gentleman from Georgia a little farther. I want to say to the gentleman again that every dollar of stock in the Federal reserve banks and every dollar of deposits in the Federal reserve banks comes out of their member banks, just such banks as make up the banks of his community and of mine, and their earnings come out of operations with these banks, out of their capital stock, and out of rediscounts with those banks, except such as they may make in open-market operations which they are permitted to conduct under the Federal reserve law. This is how they get their money. There is not a man whom the gentleman can offer as an authority on Federal reserve legislation who will stand up and say in this House that the earnings of the Federal reserve banks ought to go into the Treasury of the United States. I will say to the gentleman that in another body there is a gentleman for whom we have great respect and for whose ability we have the deepest admiration who is not in sympathy with the main provision of this bill, but that gentleman stated on the floor of the Senate during recent discussions that in good morals and in fairness not one dollar of the earnings of the Federal reserve system ought ever to have gone into the Treasury of the United States.

Mr. COX. Will not the gentleman permit me to ask if the member banks have not gotten value received for every dollar they have paid into the Federal reserve system?

Mr. STEAGALL. I may say to the gentleman that one reason banks have closed their doors in his district and in mine is because under the operation of the Federal reserve law they are no longer permitted to charge for the service they render in remitting checks to the large banks and wholesale houses in cities, for which service they used to earn thousands of dollars a year. Any banker in your district will support my contention.

Mr. COX. The gentleman is not contending that the loss of that revenue——

Mr. STEAGALL (continuing). And they are not getting above 6 per cent return on their stock in the Federal reserve banks, though in normal times they make much more than that, and they are not getting a dollar of return on the deposits which they carry in Federal reserve banks, and upon which, until the passage of the Federal reserve law, they were accustomed to collect from 2 to 3 per cent throughout the year.

Mr. COX. The gentleman, of course, is not seriously contending that the loss of revenue of the national banks that are members of the Federal reserve system, by reason of not being able to collect exchange for remittances on checks, is responsible for the bad condition of banking throughout the country.

Mr. STEAGALL. There are a lot of things that enter into the calculation when we go to cast up the whole account to ascertain all the difficulties in the banking world. There are a lot of things that enter into that. I am only pointing out some of the things that have played a part in bringing us into the trouble we are in now, and these things to which I have referred have played a big part——

Mr. STEVENSON. Will the gentleman yield for a suggestion?

Mr. STEAGALL. I yield with pleasure.

Mr. STEVENSON. The gentleman will recall the statement of the president of a bankers' association who appeared before us against this bill, who stated that the deprivation of the right to collect this exchange had deprived the banks, on the average, of a 6 per cent dividend, which in 15 years amounts to 90 per cent.

Mr. STEAGALL. They all agreed that the average bank, such as we have in your community and in mine, was accustomed to making, out of their charges for the services which they rendered in remitting checks to big banks and the wholesale houses, enough annually to constitute a fair return on their capital stock. The Congress voted on this proposition, and both Houses voted for an amendment to the Federal reserve law specifically denying the right to Federal reserve banks to prevent member banks from making reasonable charges for this service. The Federal reserve banks finally succeeded in requiring member banks to render this service for nothing. It has a lot to do with breaking down the independent banks of the country.

Mr. COX. Reverting to the statement of the gentleman from South Carolina [Mr. STEVENSON], does it not mean that so far as the national banks are concerned the Federal reserve system has been a curse rather than a benefit?

Mr. STEAGALL. I am not cursing anybody or any system. I am using a lot of time that I did not intend to use, because I want to discuss the main provisions of this bill.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. McCORMACK. I note on page 11 that there shall be paid into such fund by the Treasury an amount equal to the entire sum heretofore paid to the United States as franchise tax by the Federal reserve banks.

Mr. STEAGALL. I am coming to that. This brings me to a consideration of the main provision of this bill, the provision for protection of deposits. Let me explain that provision. The bill creates a liquidating board to consist of the Secretary of the Treasury, the Comptroller of the Currency, and three members to be appointed by the President who shall administer a fund for protection of deposits. The bill provides a guaranty fund in the following manner: First, we take out of the Treasury $150,000,000, which is substantially the amount that has been paid into the Treasury in lieu of a franchise tax by the Federal reserve banks.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. If the gentleman will permit me to finish——

Mr. HARE. I gather from the gentleman's statement that a fund went into the Treasury that was not legally entitled to go there, and I assume that the gentleman is going upon the assumption that this $150,000,000 should have gone to the original member banks of the Federal reserve system and is now held in trust by the Treasury Department for their benefit, and the gentleman seeks to use it as a part of a fund to guarantee deposits?

Mr. STEAGALL. The gentleman is a little in error. The fund was not paid into the Treasury illegally. The law provided that method of absorbing the earnings of the Federal reserve banks. It is not being held for member banks, but it has been paid into the Treasury. I will say there is no disagreement among men whose opinion the gentleman would accept that that fund does not of right belong in the Treasury of the United States. If the gentleman will read the debates in the Senate on the subject, he will find that I am amply borne out in the statement that I made, by the contention of Members who are regarded as highly informed, and as to this all of them are in agreement.

Mr. HARE. I want to clarify my statement. If I used the word "illegally," I did it inadvisedly, because I know that the law provides that it should go there; but, as I understood the gentleman, while it went there under the law, yet in obedience to good conscience and equity it really did not belong there but belongs really to the member banks of the Federal reserve system.

Mr. STEAGALL. Absolutely; and the provision for payment into the Treasury was put in the law purely as an automatic method of absorbing the earnings, if there should be any, though it was not expected there would be.

Mr. BLANTON. But I understood the gentleman to say that it did belong in the Treasury, where the Congress provided it should go.

Mr. STEAGALL. Has the gentleman heard my statement?

Mr. BLANTON. I have been listening to it all the time, and that is the meaning that I drew from it.

Mr. STEAGALL. I said it was paid into the Treasury legally but not rightfully.

Mr. BLANTON. And if by the passage of the gentleman's bill he can guarantee all deposits of our constituents all over the land, he will do more to restore confidence over the country than anything else that we have done in this Congress.

Mr. STEAGALL. That is what we are trying to do.

Mr. FITZPATRICK. I suggest that the gentleman be permitted to explain the bill.

Mr. STEAGALL. Just one moment. Let me answer the gentleman from South Carolina [Mr. HARE]. Not only is it true that there is no disagreement that these funds in good conscience belong to the member banks of the Federal reserve system and to their depositors, but the administration is now committed to the passage of a bill that is now pending in the Senate, receiving support on both sides of that body, which provides that funds may be loaned depositors in banks that are closed and that the funds to be loaned shall be made up in part of the fund that has been paid into the Treasury of the United States by the Federal reserve banks; and they do not stop in that bill at a provision for the payment of those funds back to depositors in member banks of the Federal reserve system, out of whom the profits were made, but that bill provides for the loaning of funds to depositors in State banks for the purpose of releasing frozen deposits and in trying to afford relief to communities that have suffered the horrors of bank failures. In passing, I will say that that bill ought to be enacted into law before this Congress adjourns.

It is not my bill; I did not originate it. I am not its author, but it is one of the suggestions of the President of the United States and ought to be enacted into law before Congress adjourns. I do not know why it is not being put forward.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In a moment. Not only that, but the bill to which I refer, which has the approval of the administration and the sanction of the Comptroller of the Currency and the approval of Members on both sides of the Senate, has in it also a provision for taking part of the surplus funds of Federal reserve banks that were accumulated out of member banks and that those funds shall be used not only for the relief of depositors in closed banks in the Federal reserve system, but it provides for the use of those funds for the relief of depositors in State banks. The bill also provides for taking funds out of the Treasury for the same purposes. Is not that so, Mr. McFADDEN?

Mr. McFADDEN. Yes.

Mr. CELLER. As to the $150,000,000 which is originally paid as a Federal reserve bank franchise tax, that money has been dissipated and paid out of the Treasury, so that if the Treasury must pay that back into this fund, the taxpayers of the Nation would have to defray the expense of the $150,000,000. Am I not right in that conclusion?

Mr. STEAGALL. The gentleman is correct, unless the bill should provide, as could very easily be done, for reimbursement to the Treasury of that fund. I do not think the Treasury should be reimbursed. I do not think they should ever have taken one dollar of the earnings of these banks. I say that one of the reasons that depositors in your district can not get their money back out of member banks in which they deposited it is because those funds have been paid into the Treasury of the United States and into the surplus funds of the Federal reserve banks. These earnings should have been shared with member banks. It is generally admitted now that that should be done.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SUMMERS of Washington. Would it not be agreeable for the gentleman to proceed without interruption, because many of us have connected statements to make?

Mr. STEAGALL. Yes. I must finish. There are other Members who want to discuss this bill and I must conclude.

Now, that is how we obtain the initial fund of substantially $300,000,000. We get $150,000,000 out of the surplus fund of the Federal reserve banks. We get $150,000,000 out of the United States Treasury that was paid in in lieu of a franchise tax. Then the bill provides for the assessment of $100,000,000 against member banks of the Federal reserve system, to be prorated on the basis of average deposits, and that State banks may be permitted to apply for the benefits of the guaranty fund and be admitted upon the payment of a double assessment of the amount assessed against member banks.

The deposits in national banks and State banks last June were $56,000,000,000. They declined. In the member banks there is something like $21,000,000,000, and there is $30,000,000,000 in nonmember banks—about one and one-half times the deposits in State banks that are in the national banks and member banks.

That last provision should certainly raise at least another $100,000,000, which would give something around $500,000,000 initial guaranty fund.

Then there is a provision that the board may borrow from the Reconstruction Finance Corporation and pledge its future accretions to its guaranty fund for the repayment to the Reconstruction Finance Corporation, which would provide a potential fund of more than $1,000,000,000.

Then there is a provision for levying annually $100,000,000 against member banks of the Federal reserve system and assessing State banks annually the same as member banks, to keep up their annual assessments, which should constitute another $100,000,000.

The bill provides that the assessments against the Federal reserve banks, assessments against member banks, and assessments against State banks shall only be called for when and as needed, and as against the banks it shall be collected in installments of 25 per cent. Any funds above $500,000,000 may be deposited with contributing banks as deposits without interest.

The bill provides that when a bank is insolvent or closed, the board appoints a member, the stockholders a member, and the depositors a member of a committee, who shall assess and determine the value of the assets of the bank. Ninety days is allowed under the bill within which to do that. At the end of 90 days the board is required to pay not less than 50 per cent of all deposits that do not exceed $1,000, and 25 per cent on all deposits that exceed $1,000; six months later they are required to pay not less than 50 per cent additional to depositors whose deposits are not above $1,000, and 25 per cent to other depositors; six months later they are required to pay not less than 25 per cent to all depositors, and six months later to pay all depositors in full. That gives 21 months within which to meet the requirements. Of course, it is not contemplated that that time would be used. In any ordinary bank failure that would occur the board would take over the bank, appraise its assets, and tell people to come and get their deposits. That would not happen many times until bank failures would be ended in that community.

But if a large bank were to fail there would not be any shock to the guaranty plan. In 90 days the board would take the cash and liquid assets of the bank and pay the first installment. Six months later the board would have collected from the assets of the bank enough to meet another installment, and certainly not before the time for the third payment would there be any need to make draft upon the guaranty fund, so that there would not be any substantial demand in case of a big bank failure against the guaranty fund until 21 months from the time the bank closed. During that time there would be the initial fund of $1,000,000,000, and $200,000,000 more that could be assessed against the banks that enter into the plan.

The records show that from the foundation of the national banking law in 1863, down to 1930, the total losses of all deposits in national banks and in member banks of the Federal reserve system amounted to only $82,000,000. That was the testimony of the Comptroller of the Currency and it is in the record of hearings before the Committee on Banking and Currency of the House.

I have the figures here, but I shall not take the time to read them. The records show that for the 11-year period, 1921 to 1931, inclusive, the total deposits involved in all bank failures—State and National, member banks and nonmember banks—amounted to only $1,200,000,000 in round figures. Net losses to depositors could never amount to more than one-fourth or one-third of deposits.

So this bill would provide a fund sufficient within the first year of operation to enable it, without being required to borrow a dollar from the Reconstruction Finance Corporation and without having to assess a dollar against member banks or nonmember banks, to pay all losses that have accrued to depositors in all the banks of this country during the 11-year period from 1921 to 1931, inclusive, and still have nearly $1,000,000,000 available to meet future contingencies. That is the kind of fund we have. It is ample to meet all demands. That would avoid the difficulties encountered in States that attempted to set up systems for the protection of deposits. Those attempts were unsuccessful because the unit was too small; the banks were dependent upon 1-crop farming and the risks were too concentrated. Charters were granted banks indiscriminately; supervision had not been developed to proper standards. These failures, of course, constitute no valid argument against a plan for the banks of the entire Nation.

During 11 years deposits involved in all closed banks were $1,200,000,000. I do not refer to losses but to deposits during those 11 years. The records show that we do not collect less than 25 per cent to 33⅓ per cent out of the assets of banks that are closed. For nearly three-quarters of a century net losses were only little over $1,000,000 annually.

Mr. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. STEAGALL. I shall be pleased to yield.

Mr. MAY. That figure includes more than 2,000 bank failures that have occurred recently up to the end of 1931.

Mr. STEAGALL. I have not looked at the figures for the moment.

Mr. MAY. It is something over 2,300.

Mr. STEAGALL. The figures are substantially correct.

Mr. MAY. I was going to suggest the exact figures are given in one of the speeches of the gentleman from Alabama.

Mr. STEAGALL. I have them all here.

Mr. MAY. The figure was given in the gentleman's argument on the Glass-Steagall bill in presenting that bill to the House, and the figure stated was 2,394 banks.

Mr. STEAGALL. The gentleman is substantially correct, and I thank the gentleman for giving the figures. There is so much of this I am forced to desist from going into detail, as much as I should like to do.

Mr. ANDREW of Massachusetts. Mr. Chairman, will the gentleman yield for a question?

Mr. STEAGALL. Yes.

Mr. ANDREW of Massachusetts. Is it the gentleman's idea in this way to make the deposits in the poorly managed banks as safe as those in the well-managed banks?

Mr. STEAGALL. Does the gentleman think the Congress of the United States should confess to the world that it is going to be content to allow banks to operate in which citizens can not safely deposit their money?

Mr. ANDREW of Massachusetts. I asked the gentleman a definite question.

Mr. STEAGALL. I am asking the gentleman from Massachusetts a question, too. I am going to answer his question, but I would like for him to answer my question.

Mr. ANDREW of Massachusetts. I would like to ask one further question.

Mr. STEAGALL. Let me answer the one the gentleman has just asked.

Mr. ANDREW of Massachusetts. Very well.

Mr. STEAGALL. I want to answer the gentleman. I take pleasure in answering him.

Of course this bill will not stop all bank failures. No legislation is going to stop all bank failures. It is not going to stop all our troubles in the economic world. I am not offering it for that purpose. But in answer to the gentleman I will say that the bill does provide for a more stringent supervision of banks.

There is a provision in the bill which authorizes the Comptroller of the Currency, when he finds that an official of a bank for any cause is not serving that bank in a way that is safe for depositors and creditors of the bank, to cite such an official to appear before the liquidating board, giving him the right to appear with counsel; and if the board decides his continued connection with the bank as an official is not promotive of the best interest and safe management of the bank, the board is authorized to require the removal of such an official.

Does that answer the gentleman's question?

Mr. ANDREW of Massachusetts. Has the gentleman not also in this bill taken away one of the safeguards that now exists in the national-banking system, supposing the bill were adopted; is not the double liability of stockholders

taken away, thus the doing away with their additional responsibility in supervising the management of the bank?

Mr. STEAGALL. Did not the gentleman hear what I said about double liability?

Mr. ANDREW of Massachusetts. I heard what the gentleman said.

Mr. STEAGALL. I regard the double-liability feature as an immaterial matter compared to the essential part of the bill, but I will repeat that the double liability has proven to be a deception to the public rather than a protection of the deposits intrusted to banks where the double liability laws obtain. A widow or minor who inherits bank stock finds the bank stock has subjected her to a suit in court for the amount which the bank stock purports to convey as an asset.

Mr. ANDREW of Massachusetts. Also, if the gentleman will permit——

Mr. STEAGALL. Wait a minute; I have not finished answering the gentleman yet about poorly managed banks.

Mr. ANDREW of Massachusetts. That is what I want.

Mr. STEAGALL. Where does the gentleman think the poorly managed banks are, may I ask him?

Mr. ANDREW of Massachusetts. I am not answering questions.

Mr. STEAGALL. The gentleman seemed to have a definite idea about poorly managed banks. I just wanted to see what the gentleman's thought was in order that I might be in position to address myself to his question intelligently.

Mr. ANDREW of Massachusetts. If the gentleman will permit, I may develop it a little further. If this bill makes no distinction in the safety of deposits in the poorly managed bank as compared with those in the well-managed bank, what incentive is there for any man to deal with a carefully managed, prudently managed, wisely managed, honestly managed bank if his funds will be just as safe deposited in a poorly managed, imprudently managed, badly managed bank?

Mr. STEAGALL. Does the gentleman think the public takes no more interest in it than that?

Mr. ANDREW of Massachusetts. It strikes me this is a very important thing if the bill serves to encourage poor banking.

Mr. STEAGALL. I have just explained to the gentleman that, on the contrary, we provide a more stringent method of supervision. I ask the gentleman, if the outstanding men of intelligence and ability in the banking world are compelled to enter into a system, having regard for the welfare of the commerce and industry of the whole people, as we required them to do when we forced them to join the Federal reserve system—if we bring them into this plan, does the gentleman think that their liability to the depositors of this country would not result in some effort on their part to improve banking methods and banking conditions throughout the United States? I am sure the gentleman would not say that such a thing would not result.

Now, let me say this to the gentleman: This bill is founded upon the most universally accepted and established principle known in the economic life of the world to-day, the principle of insurance. That is what it is founded upon. Every time you pay a premium on your life insurance you are made to contribute to the widow of a man who was killed in the San Francisco earthquake or who died during the yellow-fever epidemic in New Orleans. Every time you pay a premium on fire insurance on your home you contribute to the payment made by the fire-insurance company to the scoundrel who burns his home next week if he has obtained insurance on his home.

Mr. ANDREW of Massachusetts. I would like to ask the gentleman if the life-insurance companies and fire-insurance companies to which he has referred are Government companies or private companies?

Mr. STEAGALL. I have told the gentleman that we apply to this bill a principle that is accepted by the economists and business men everywhere throughout the civilized world. You talk about bank officials. They will not let a man be an officer in a bank unless he gives a bond through an insurance company that he will honestly and prudently conduct the business of the bank. You make him give a bond that he will not steal the funds of the bank. Does the gentleman contend that the requirement that a man give a bond against theft makes him steal more than was stolen before?

Mr. ANDREW of Massachusetts. But the gentleman is not speaking about private insurance when he is discussing his bill.

Mr. STEAGALL. I am talking about the principle of insurance that is applied everywhere. You apply it to your automobile, and gentlemen out West apply it against storms. You insure yourself against your own carelessness and negligence, and the banks themselves will not loan a citizen a dollar on his home until he goes and insures it against fire. You would not loan a citizen the money with which to erect a Chic Sale structure down on a branch without requiring insurance against fire! That principle is universally applied. The Government will not risk a deposit in any bank without insurance. So it is with States and counties and all public funds. They all require insurance. Banks never fail to demand insurance on loans to other banks. Everybody is protected except the public. Their business is to furnish the money!

Mr. GARBER. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. GARBER. The information which a great many Members desire is in reference to the restrictions made in section 208. If the State banks are not permitted to come in under the guaranty provision, it will put the State banks out of business.

Mr. STEAGALL. The bill permits State banks to participate in the plan and it is agreed by members of the committee that we shall liberalize that provision. There will be no trouble between the gentleman and myself about that.

Mr. GARBER. This limits State banks to a capital of $25,000. There are many State banks with capital of less than that amount. I would also like to ask the gentleman if he believes the State banks throughout the country would be able to pass the strict supervision and examination required.

Mr. STEAGALL. I know what the gentleman has in his mind. I will say to the gentleman that when I first introduced the bill I thought the plan for protection of deposits should be applicable to national banks and member banks of the Federal reserve system, but when I began to study the proposition I found I had been misled as to the losses that have accrued to depositors in State banks. Then I amended the bill so as to let in State banks. When we get to that provision of the bill under the 5-minute rule I shall be glad to join the gentleman still further in any provision that will liberalize the law with reference to the admission of State banks in a way that I am confident will meet his approval. Now, let me make this statement——

The CHAIRMAN. The gentleman from Alabama has consumed one hour.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman may use as much time as he desires of the time at his command.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STEAGALL. I made a study of the question and I found that the total amount of deposits in nonmember banks that closed during the 11-year period from 1921 to 1931, inclusive, is less than the total deposits in member banks that failed during that time. It was a surprise to me. That is true notwithstanding the fact that State banks, nonmember banks, carry deposits equal to one and one-half times the deposits that are carried by member banks of the Federal reserve system. That is why I assure the gentleman I shall be glad to join in liberalizing the provisions of this bill with respect to the admission of State banks into the system for protection of deposits, because it will be greatly to the advantage of the system to have those banks in with their larger deposits and smaller losses to absorb the burden and contribute to the accumulation of the guaranty fund.

Mr. SCHNEIDER. Has the gentleman such an amendment to offer?

Mr. STEAGALL. We will offer it at the proper time.

Mr. SCHNEIDER. Will the gentleman print the amendment in the RECORD?

Mr. STEAGALL. I do not have it ready, but there will be no difference between us on that point.

Mr. EATON of Colorado. Has the gentleman at his tongue's end the amount of deposits in these banks that failed, the member and nonmember banks?

Mr. STEAGALL. During that time from 1921 to 1931, inclusive?

Mr. EATON of Colorado. Yes.

Mr. STEAGALL. The gentleman is now asking me to go into details, which I did not want to do, but it was $957,000,000 in nonmember banks, and $733,000,000 in member banks. However, $119,000,000 were involved in deposits in member banks that reopened and $344,000,000 were involved in nonmembers banks that reopened. So that there were in member banks liquidated $614,000,000 deposits, and in nonmember banks liquidated $613,000,000—and this, notwithstanding nonmember banks had about one and one-half times the amount of deposits that member banks had. This is all shown by Federal reserve bulletin of April, 1932. So that we find the amount of deposits in State banks that failed is less than the amount of deposits in member banks.

Mr. PARSONS. Will the gentleman yield for a brief question?

Mr. STEAGALL. I must get through. I regret I can not yield, but I must save time for other Members, and I hope the gentleman will later have an opportunity to express himself on this bill.

I simply can not cover all these matters as I should like to, but before I conclude let me say that loss of confidence is the worst factor in the distress that has come upon our country. Very little money is used in commerce. Ninety per cent of business in this country is done with bank credit and checks. We are concerned that our currency shall be solvent and its integrity preserved. Why are we not concerned with banks with which nearly all business is conducted? The integrity and solvency of checks on banks is indispensable to business, order, and prosperity. There are only five and a half billion dollars of what we call money in this country, and only $1,000,000,000 of that in cash in the banks of the country with which to support $50,000,000,000 of deposits. The other four billion dollars or four and a half billion dollars is out among the people, and it is agreed that at least one and a half billion dollars or two billion dollars of cash money that ought to be in the banks and employed to support credit and commerce and industry and agriculture is in hiding under mattresses, in tin boxes, in stockings, and buried under the homes of citizens who are afraid to trust their money on deposit in the banks of the Nation, for whose regulation and safe supervision and management you and I are responsible to the people of this country.

This is the situation in which we find ourselves. It is undermining our prosperity, lowering the price of commodities, and bringing distress to the treasuries of the Nation and of the States. It is disastrous to commerce. It has crippled industry and crushed agriculture. This state of fear is not limited to the public, to farmers, merchants, manufacturers, or other classes of citizens. Bankers are afraid. They live in constant fear of a withdrawal of their deposits.

So they have now in the neighborhood of $10,000,000,000 of assets that are liquid and entitled to rediscount at the Federal reserve banks and these funds are idle and unemployed while business is paralyzed, causing distress, suffering, sorrow, even death among the citizenship of the Nation. The situation is unworthy of this great Republic, the clearing house of the world, this Republic, to which the world looks for leadership. You and I owe a duty to the people of this great commercial commonwealth and to the world.

We can not have a general revival of business, we can not have a complete recovery from the conditions under which we suffer, until normal banking is resumed in the United States, and it is not going to be resumed until the public who furnish the money with which the banks do their business, take their money out of hiding and put it back in the banks, in order that it may supply the basis for an enlargement of deposits, an expansion of credits, an increase in values. This would enable debtors to pay their debts, and increase incomes for the support of the Government. It would restore a normal return from tax payers and put an end to the difficulty experienced in the effort to balance the National Budget. Every interest cries to us for relief from existing conditions.

The citizenship of the country desires and demands this legislation. They know where their interest lies and they understand that the purpose of the legislation is to afford them protection sorely needed and long denied. If Members do not believe this, I invite them to call at the rooms of the Banking and Currency Committee and let me show them my correspondence. I say to you frankly that in all my long service as a Member of this House I have never seen such universal support of any bill offered in Congress, and it is spontaneous and uninspired. It represents a voluntary appeal, born of suffering and distress, and it comes from all classes. I conscientiously believe that it represents the best thought of bankers themselves.

I know the campaign that is being carried on by a few big bankers against this measure. I know the methods they have employed. I expect to say more about this before consideration of this bill is concluded. I have the record to show that a few big bankers in Georgia came here to oppose this legislation and went back home urging bankers not to send telegrams or write letters but to have bankers call on Representatives in person to urge defeat of this measure. The big bankers clamored for legislation giving them access to $2,000,000,000 of Treasury money to relieve them from results of their follies and mismanagement. We passed the legislation to save the Nation from threatened disaster. The only justification for it that can be offered has been the service rendered in preventing bank failures. Members who voted for that legislation voted for guaranty of bank deposits and out of funds to be supplied wholly by the Treasury of the United States or for which the Treasury of the United States is made responsible. That guaranty plan involves directly the Treasury of the United States.

Bankers who insisted upon that legislation and are enjoying its benefits are now lobbying against this bill which provides a sound method of deposit protection, placing the burden upon the banks of the country where it belongs. It is a measure which, had it been enacted earlier would have saved Congress from the necessity for passing legislation to save the banks at the expense of the Nation's Treasury. These same bankers are now lobbying against the bill now before this House. Members who desire may follow them. I will not. For one, I am going to meet my responsibility to the people of the Nation by giving support to the passage of this legislation that will at least contribute to the recovery of business and the return of prosperity throughout the United States. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield three minutes to the gentleman from Illinois [Mr. WILLIAM E. HULL].

Mr. WILLIAM E. HULL. Mr. Chairman, my opposition to this bill is chiefly directed to the provision that seeks to guarantee bank deposits.

I do not believe that this is a practical proposition. The idea has been tried out in several different States and, so far as my knowledge goes, has always proven to be a disastrous failure. We have just passed through what is perhaps the most critical period that our banking system has ever encountered. Banks in large numbers have failed throughout the country, big banks as well as little banks have failed, and in most every instance these failures have been the result of bad management, or at least due to the lack of conservative banking methods.

After the war the banking industry was expanded by leaps and bounds. Many banks were organized where there was no need of these additional banking facilities, and these

banks failed because there was not business enough to keep the bank alive, especially when the depression came. But these conditions may never occur again, and I do not believe that the Congress should, in a moment of hysteria, pass banking laws, revolutionary in character, that will have a tendency to upset the well-established banking system throughout the Nation.

Up until the war it was an almost unheard-of thing for a bank to fail, and I predict that as soon as a readjustment in the banking system has been made, banking conditions will be as safe as they ever have been in this Nation, and it is much better to have this accomplished in the natural way than to have it forced by unnatural laws.

When you guarantee bank deposits by law, you immediately penalize the honest and conservative banker for the mistakes made by bankers who are not conservative and even at times reckless in their negotiations. There never was a better time for Congress to take a common-sense view of propositions of this kind, and I hope that the bill will be defeated. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BRAND].

Mr. BRAND of Georgia. Mr. Chairman, I think it right and nothing but fair to the committee, and especially to the Chairman of the Banking and Currency Committee, that I gave notice when I voted to report this bill out of the Committee I reserved the right to change my mind, if I reached such a conclusion, and to vote otherwise in regard to the bill. This is one of the most important bills that has come before this Congress, or that has been acted on up to date, and it deserves the serious consideration of every Member of the House of Representatives, whether he votes for it or votes against it. It is more or less embarrassing to me, because it is the first time in my experience in Congress that I have differed with the chairman of our committee, whether Mr. McFADDEN, chairman when the Republicans were in control of the House, or my friend, Mr. STEAGALL, whose friendship I esteem and whose ability I admire in the highest degree.

The guaranty-deposit fund provided for in this bill is a protection against loss to depositors of national banks and State banks members of the Federal reserve system. Notwithstanding that Congress has no jurisdiction of State banks not members of the Federal reserve system, section 208 of the bill undertakes to give protection to depositors of such banks under conditions and stipulations therein provided.

However, there is no provision in the bill which proposes to take care of State banks not members of the Federal reserve system with a capital of less than $25,000. There are a number of banks throughout the United States, particularly in the agricultural sections, which have a capital of less than $25,000 and therefore they are excluded from the protection provided for in this bill.

It virtually outlaws every private bank and State bank not in the system throughout the entire United States.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. GARBER. In response to a question that embodied the gentleman's objection, the chairman assured the Members that he would be favorable to an amendment to section 208 which would lower the requirement of admission of nonmember banks to an amount of capital that would include them all and liberalize the other requirements in regard to inspection, so that all could become members.

Mr. BRAND of Georgia. Gentlemen can talk that way about it and feel that way about it, but it is not in this bill. The law now is that no bank can become a member of the Federal reserve system unless it has a capital and surplus of at least $25,000.

Mr. GARBER. The bill provides, as I understand it, that nonmember banks may be admitted for guarantee purposes only, and not be required to go into the Federal reserve system. Is not that correct?

Mr. BRAND of Georgia. With the proviso that the banks are given two or three years to get ready to go into the system, and also with the proviso that they pay twice the tax other member banks have to pay.

Mr. ALMON. What percentage of State banks are now in the Federal reserve system?

Mr. BRAND of Georgia. I am going to tell you that.

As of December 31, 1931, there were 6,368 national banks in the United States, 878 State banks members of the Federal reserve system, and approximately 14,000 State banks not members of the Federal reserve system. In the State of Georgia, for instance, there are 258 banks located in the agricultural sections which are not members of the Federal reserve system, 50 of which have only $15,000 capital.

We are asked to support a bill which requires 7,246 banks to take care of losses to depositors of 14,000 other banks located in every State in the Union. I respectfully submit for your serious consideration that these 7,246 banks should not be taxed and held responsible for the losses to depositors in all the other banks of the United States. Why require the banks in North Dakota and Minnesota, for instance, to pay the losses of depositors in insolvent banks in the States of South Carolina, Alabama, or Georgia? Why should the stockholders of the banks of Georgia be responsible for the losses sustained by failure of the banks in Michigan; or why should the banks in Chicago be taxed to pay the losses to depositors in insolvent banks in New York? I contend there is no justice or equity in requiring banks in one State to pay the losses sustained by depositors in failed banks in another State, or to tax banks in one section of a State for the purpose of taking care of the losses to depositors in a bank located in another section of the State.

As the proposed legislation covers every State in the Union, I think the guaranty fund should come out of the Treasury of the United States, and, if necessary, by the issuance and sale of bonds; and if the bonds are not sold, same to be given to the Federal Reserve Board for issuing notes against them, provided the accumulated franchise tax is not sufficient for this purpose, so that every taxpayer of the country will, upon a reasonable and sensible basis, bear his proportion of the losses to depositors and share equal credit for doing so, instead of putting the burden upon the 7,246 member banks. I believe in the doctrine and the principle that depositors should be protected against loss, but I do not believe that the solvent banks should be forced to carry the whole loss.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. McFADDEN. Mr. Chairman, I yield the gentleman from Georgia five additional minutes.

Mr. BRAND of Georgia. In 1926 I introduced a bill for this purpose. At that time the Republicans were in control of every branch of the Government, and the gentleman from Pennsylvania [Mr. McFADDEN] was then the chairman of the Banking and Currency Committee of the House.

The bill I introduced did not provide for an assessment against the national banks and the State banks members of the Federal reserve system. It contained no provision which taxed banks to pay any part of the guaranty fund. It did not tax a State bank in the system or out of the system one single dollar. There was no assessment upon any bank in order to make up the guaranty fund. I introduced it for two or three different terms after 1926, but I could never get a hearing, because the Republican administration then in power was opposed to such legislation, and it died without the benefit of clergy. The distinguished gentleman from Arkansas [Mr. WINGO] was the ranking Member and his right bower was the gentleman from Alabama [Mr. STEAGALL], the present chairman. The gentleman from Pennsylvania [Mr. McFADDEN] was opposed to it, just as he is now. All the administration and everybody connected with the administration was opposed to this bill, and they are all opposed to the Steagall bill. If you can show me a recommendation from Secretary Mills or Governor Meyer or any member of the Federal Reserve Board or the Comptroller of the Currency in favor of this bill, I will be willing to take my seat and not discuss the bill further.

Mr. STAFFORD. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. STAFFORD. Who is in favor of it, other than the gentleman from Alabama [Mr. STEAGALL]?

Mr. BRAND of Georgia. Three-fourths or four-fifths of the Committee on Banking and Currency reported it out; and it may pass. I do not know.

Mr. STAFFORD. Then, it is not a unanimous report?

Mr. BRAND of Georgia. Yes. It was a unanimous report, with reservations.

Mr. STAFFORD. With the reservation of a bludgeon on the part of some to attack its very vitals as being not sound financially or governmentally?

Mr. COX. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. COX. I would like to have the gentlemen tell what this law will do to the State banks.

Mr. BRAND of Georgia. It will put them out of business; that is what it will do.

Mr. McFADDEN. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. McFADDEN. The gentleman has just stated, if I understood him correctly, that this was a unanimous report from the Committee on Banking and Currency. I would like to clarify that and say that I was not present when the bill was reported out. If I had been present I would have voted against it.

Mr. BRAND of Georgia. I am glad to be corrected, because I have no desire to misrepresent anybody.

If my bill had been enacted into law in 1926, the number of bank failures would have been reduced to a minimum and millions of dollars would have thus been saved to the depositors. If the Steagall bill, which proposes to assess the banks for the purpose of creating the guaranty fund, had been in effect, it would mean that these 7,246 banks of the United States would have had to bear the loss to depositors in all insolvent banks since 1926, which in all probability would have put 50 per cent of them out of business.

Under section 201a of the Steagall bill the guaranty fund is made up as follows: There is to be paid into the fund (1) by the Government, the franchise tax heretofore paid to the United States, 1914–1930, inclusive, $147,126,882; (2) by Federal reserve banks, out of the surplus now in the hands of the 12 Federal reserve banks, each bank to pay an amount which bears the same ratio to the said $150,000,000 as its surplus bears to total surplus of the 12 banks on December 31, 1931, $150,000,000; (3) by member banks, a total not to exceed, unless a less amount is fixed by the board, $200,000,000.

The number of nonmember banks, by States, as of December 31, 1931, is as follows:

[Figures for a few States are as of the nearest call date prior to December 31, 1931, no call having been made as of December 31 by the banking departments of such States.]

States, by geographic divisions	Total nonmember banks [1]	Total, excluding mutual savings and private banks
New England:		
Maine	70	38
New Hampshire	64	14
Vermont	55	36
Massachusetts	261	65
Rhode Island	21	12
Connecticut	155	80
Middle Atlantic:		
New York	403	237
New Jersey	154	124
Pennsylvania	466	437
East North Central:		
Ohio	507	463
Indiana	502	468
Illinois	865	865
Michigan	377	377
Wisconsin	722	717
West North Central:		
Minnesota	623	620
Iowa	727	727
Missouri	817	817
North Dakota	160	160
South Dakota	178	176
Nebraska	469	469
Kansas	685	682
South Atlantic:		
Delaware	29	27
Maryland	128	114
District of Columbia	27	27
Virginia	249	249
West Virginia	116	116
North Carolina	235	235
South Carolina	85	84
Georgia	232	232
Florida	133	133
East South Central:		
Kentucky	386	386
Tennessee	312	312
Alabama	164	162
Mississippi	195	195
West South Central:		
Arkansas	211	210
Louisiana	165	165
Oklahoma	275	275
Texas	530	530
Mountain:		
Montana	85	84
Idaho	74	74
Wyoming	48	48
Colorado	129	129
New Mexico	22	21
Arizona	19	19
Utah	53	53
Nevada	22	22
Pacific:		
Washington	161	157
Oregon	94	94
California	202	201
Total	12,722	11,938

[1] Excluding private banks not under State supervision.

In many sections of the country stock in banks can not be sold to anybody at any price, and in many States in the Union banks decline to loan money to anyone. So we have the situation confronting us where the banks are afraid to loan money and are not loaning it to meet the demands of the people, and the depositors are afraid to leave their money with the banks. The public is demanding, and justly so, that some law be enacted, sound in principle and not burdensome, which will insure depositors they will get their deposits when called for. And yet no administration since the World War has made any effort to make this result effective. President Harding's administration did not undertake to do so. The administrations of President Coolidge did not, and the administration of President Hoover has not submitted any plan to do so. To my certain knowledge, the Treasury Department under the administrations of Presidents Coolidge and Hoover were opposed to any legislation guaranteeing protection to depositors in banks. The Secretary of the Treasury, the Comptroller of the Currency, the governor and every member of the Federal Reserve Board under both of these administrations were opposed to such legislation, and they are now opposed to the Steagall bill. Failure of Congress to pass a guaranty deposit bill and Wall Street manipulations and activities under the last two administrations and Wall Street's baneful influence with the capitals of the world, including this country, are two of the major causes of the unprecedented and destructive panic which has shocked the world.

I can not support the Steagall bill:

(a) Because the small banks, especially in the agricultural sections have earned but little money, if any, during the last two or three years, and the large banks for some reason or other are not functioning properly. They are not loaning money as they should. This complaint is general from one end of the country to the other, and to pass legislation of this character would give them another reason for refusing to make loans.

(b) Because taxing National banks and State banks, members of the Federal reserve system, to create the guaranty fund is unsound, inequitable, and unjust. The Steagall bill fixes the maximum fund of $200,000,000 and requires member banks to contribute an amount which bears the same

ratio to this fund as its average deposits bear to average deposits of all member banks. The total deposits as of December 31, 1931, were $30,746,386,000, the percentage of which is 0.00325. Upon this basis the assessment for the first year on member banks of the system is as follows:

$50,000	$162
$100,000	325
$200,000	650
$300,000	975
$400,000	1,300
$500,000	1,625
$600,000	1,950
$700,000	2,275
$800,000	2,600
$900,000	2,925
$1,000,000	3,250
$2,000,000	6,500
$3,000,000	9,750
$4,000,000	13,000
$5,000,000	16,250
$6,000,000	19,500
$7,000,000	22,750
$8,000,000	26,000
$9,000,000	29,250
$10,000,000	32,500

The CHAIRMAN. The time of the gentleman from Georgia has again expired.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield to the gentleman from Georgia 10 additional minutes.

Mr. ALMON. Have the hearings on this bill been printed?

Mr. BRAND of Georgia. Oh, yes.

In the year 1931 there was not a single national bank failure in Vermont, Maine, Rhode Island, and Connecticut. The total deposits of 160 national banks doing business in those States was $444,971,000, as reported in September, 1931; yet under the Steagall bill those banks which have enjoyed such a record for safety would be compelled to pay an amount equal to $1,334,913 for the privilege of taking care of little banks in the South and West and East, wherever they fail. It is an outrageous proposition it seems to me. If you are going to have a guaranty fund, take it from the Treasury of the United States, where you go to get funds for everything recommended by the President and all the leaders of the House and the leaders in the Senate, including the gentleman from Texas [Mr. PATMAN], who is so keenly and intensely interested in the bonus bill. Take it out of the Treasury. [Applause.]

Mr. GARBER. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. GARBER. I have a high regard for the gentleman's legal ability. Is it the gentleman's opinion that the bill could not be amended so as to bring into the guaranty provision all of the nonmember banks?

Mr. BRAND of Georgia. It can be provided for, but the banks can not come in unless they are in such financial condition as to meet the approval of the Treasury Department. Besides, some of them do not want to come in.

Mr. REILLY. Let them stay out.

Mr. BRAND of Georgia. They are staying out.

Mr. COX. Will the gentleman yield further?

Mr. BRAND of Georgia. I shall be pleased to.

Mr. COX. In other words, if this bill goes into effect every weak State bank in the country that can not qualify must close.

Mr. BRAND of Georgia. That is my contention.

Mr. LAGUARDIA. Why should they not close if they can not qualify?

Mr. COX. Simply because they can not compete as against national banks subsidized by the National Government, as is provided in the proposed bill.

Mr. BRAND of Georgia. Mr. Chairman, I can not yield for the gentlemen to carry on a colloquy.

I can not get much excited about a bill which would force nonmember banks into the Federal reserve system against their will because the charges Mr. STEAGALL referred to could not be collected by the banks after they became members of the system. Besides, member banks do not get interest on the reserve fund banks are required to maintain.

(c) Because this bill takes away from the Federal reserve system over half of the net earnings of the system as of April 6, 1932, which was $259,421,000. The surplus of each Federal reserve bank is as follows:

Boston	$20,039,000
New York	75,077,000
Philadelphia	26,486,000
Cleveland	27,640,000
Richmond	11,483,000
Atlanta	10,449,000
Chicago	38,411,000
St. Louis	10,025,000
Minneapolis	6,356,000
Kansas City	8,124,000
Dallas	7,624,000
San Francisco	17,707,000
Total	259,421,000

If this amount of money is to be taken from the earnings of the Federal reserve system, I would suggest that the same be returned to the member banks of the system who paid and caused this accumulation of earnings.

As a matter of information, I am including in this address the gross and net earnings and expenses of all Federal reserve banks and also of each Federal reserve bank from 1914 to 1930, inclusive.

Gross earnings for Federal reserve system	$941,052,065
Total expenses for Federal reserve system	417,847,900
Net earnings for Federal reserve system	523,204,165
Gross earnings for Federal reserve, Atlanta	46,484,095
Total expenses for Federal reserve, Atlanta	22,774,963
Net earnings for Federal reserve, Atlanta	23,709,132
Gross earnings for Federal reserve, Boston	64,301,175
Total expenses for Federal reserve, Boston	28,371,548
Net earnings for Federal reserve, Boston	35,929,627
Gross earnings for Federal reserve, New York	273,116,241
Total expenses for Federal reserve, New York	95,077,273
Net earnings for Federal reserve, New York	178,038,968
Gross earnings for Federal reserve, Philadelphia	70,835,186
Total expenses for Federal reserve, Philadelphia	28,709,532
Net earnings for Federal reserve, Philadelphia	42,145,654
Gross earnings for Federal reserve, Cleveland	81,781,907
Total expenses for Federal reserve, Cleveland	38,089,978
Net earnings for Federal reserve, Cleveland	43,691,929
Gross earnings for Federal reserve, Richmond	45,280,078
Total expenses for Federal reserve, Richmond	22,070,963
Net earnings for Federal reserve, Richmond	23,209,115
Gross earnings for Federal reserve, Chicago	134,478,670
Total expenses for Federal reserve, Chicago	57,023,387
Net earnings for Federal reserve, Chicago	77,455,283
Gross earnings for Federal reserve, St. Louis	$41,654,421
Total expenses for Federal reserve, St. Louis	24,076,969
Net earnings for Federal reserve, St. Louis	17,577,452
Gross earnings for Federal reserve, Minneapolis	31,008,468
Total expenses for Federal reserve, Minneapolis	15,330,485
Net earnings for Federal reserve, Minneapolis	15,677,983
Gross earnings for Federal reserve, Kansas City	45,907,568
Total expenses for Federal reserve, Kansas City	26,421,013
Net earnings for Federal reserve, Kansas City	19,486,555
Gross earnings for Federal reserve, Dallas	33,972,462
Total expenses for Federal reserve, Dallas	20,843,698
Net earnings for Federal reserve, Dallas	13,128,764
Gross earnings for Federal reserve, San Francisco	72,231,794
Total expenses for Federal reserve, San Francisco	39,088,091
Net earnings for Federal reserve, San Francisco	33,143,703

(d) Because the pending bill would drive the nonmember banks into the Federal reserve system against their will if qualified, or put them out of business. Congress ought not

to pass any law which would force the nonmember banks into the Federal reserve system against their will. Even if these nonmember banks, in order to get the guaranty protection, are willing to become members of the Federal reserve system, many of them in all probability would have serious difficulty in complying with the requirements of the office of the Comptroller of the Currency and the Federal Reserve Board.

Should a nonmember bank's application to become a member of the Federal reserve system be turned down and if this information should become public, a run on this bank would be inevitable, ending in closing its doors.

If these nonmember banks should apply for and succeed in meeting the requirements of the Treasury Department, thereby becoming members of the Federal reserve system, they are required under the provisions of this bill to be assessed or taxed double the amount placed on State banks already members of the system. Many of the State banks not members of the Federal reserve system can not afford or can not qualify to become members of the system on account of the requirements of the system, which would mean the closing of many of the State banks not members of the Federal reserve system, and all of the State banks with capital of less than $25,000 would have to close their doors since no person would deposit money except in a guaranty bank.

(e) Because all the State banks not members of the Federal reserve system with a capital of $25,000 and less are ineligible to obtain the benefits of the guaranty fund proposed in this bill.

(f) Because this bill discriminates against member banks. Section 202 (d) provides if the guaranty fund is found more than adequate the board may refund to each Federal reserve bank and to each national bank an amount which bears the same ratio to the excess as the amount which each such bank contributed, whereas there is no provision for a refund to State member banks.

After all is said and done upon this proposition it is very simple. It requires the good banks to take care of the bad banks, the strong banks to take care of the weak banks, the solvent banks to take care of the insolvent banks, and that burden would be put upon 7,246 banks. This bill furnishes no protection whatever to small banks with less than $25,000 capital. It gives only a conditional protection to all nonmember banks having capital of over $25,000 throughout the entire country.

We should frame some sane and sound guaranty law, reasonable and equitable in its enforcement, and get the funds out of the pockets of Uncle Sam without taxing the banks which are now in more or less trouble and making no money. [Applause.]

Mr. COX. Will my colleague permit me to call attention to another inequality carried by the bill against the State banks? It relieves stockholders in national banks organized from a day subsequent to the adoption of the bill of the double liability clause.

Mr. BRAND of Georgia. Yes.

Mr. COX. This means a reorganization of all existing banks in order that stockholders may be relieved of the double liability clause. And in that connection permit me to further state that most of the States have this same provision in their State banking laws.

Mr. BRAND of Georgia. I can not touch upon all the objections I have against this bill. I have honestly given you my objections to this bill from my point of view.

Mr. STEAGALL's heart is all right, but his thinking is wrong about this thing. There are 7,256 banks which will have to carry the tax and they do not want to do it.

The American Bankers Association has declared against it. The Georgia Bankers Association has declared against it. The Country Bankers Association of Georgia has declared against it. I think I owe it to my State, to the member banks of the Federal reserve system, as well as the banks who are not members of the Federal reserve system to go on record against the proposition of taxing any bank anywhere in the United States to create this guaranty fund, and I place my objections on record with pleasure. [Applause.]

I am heartily in favor of a sound and safe deposit fund law, and that such a law should be enacted for the protection of depositors, but the money necessary for the purpose of creating a guaranty fund should be appropriated out of the Federal Treasury, but in no case should a tax be levied on member banks for this purpose.

Mr. Chairman, I have some statistics here I did not read in their entirety. I ask unanimous consent to revise and extend my remarks and therein include the same.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BRAND of Georgia. Mr. Chairman, I yield back the balance of my time. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, this bill is a leap into a chasm of uncertainty. It is unsound in principle and should not be enacted into law. It undoubtedly comes about at this time because of a situation which exists in this country, due largely to the disorganization of finance and economics caused by the depression which started in 1929, resulting in many bank failures, due to losses and depreciation in values throughout the country.

It is a subsidy on the part of the Government of the United States, the same kind of a subsidy, only more definite, than that which was granted when a franchise was given by the United States to the Federal reserve system.

I want to point out in the first instance what the franchise is that was granted to the Federal reserve system by the United States Government. It is the franchise of note issue, which at this time amounts, in round figures, to $2,700,000,000. The United States is now to be deprived of any earnings from that source. The Federal reserve banks have the use of that $2,700,000,000 in Federal reserve note issue. They place it in their assets and they have the benefit of the earnings that accrue from investment of this cash. In addition to that the United States pays the Federal reserve system for certain fiscal operations. The banks of the United States which are members of the Federal reserve system also contribute a fund to the operation of the Federal reserve system in that they contribute something over $2,100,000,000 in deposits, for which the member banks receive no income in the way of interest, which the Federal reserve system loans at the usual rate and has the benefit of whatever income they may receive from that source. These member banks also contribute the entire capital stock and there is also contributed for the use of the system the surplus funds which have been accumulated from the earnings of the Federal reserve system, which surplus, in case of liquidation, belongs to the United States Government. It is a nice franchise which the United States Government is giving to the Federal reserve system, and embodied in that is the control of the issuance of money and credit. No other franchise of equal importance was ever granted by the United States Government to any organization of any kind. This power to control the money and credit is the power to control prices.

At this particular session of Congress there have been enacted several pieces of legislation which have to do with the Federal reserve system, not the least of which is the Reconstruction Finance Corporation, a creation by the United States Government, with a capital of $500,000,000, which is authorized to issue $1,500,000,000 of debentures to be sold. To whom? Under the operation of the plan, with the large requirements of the United States Government for refunding operations and to make up deficits other than that provided in the tax bill, the Governnment of the United States has got to borrow large sums of money. If I read the situation correctly, the Treasury of the United States is not going to permit the Reconstruction Finance Corporation to go into the market and bid against the needs and requirements of the Public Treasury. You gentlemen will recall, I am sure, that there is a provision in that law to the effect that the Treasury can purchase these Reconstruction Finance Corporation obligations. I am simply mentioning that to show that the United States Government gives away a franchise to issue money and credit to the Federal reserve system. I also call attention to the fact that

when the United States Government wants money it has to pay that system for the money, and that is particularly true if, under the Steagall-Glass bill, it is necessary for the system to inflate in order to take care of the requirements of the Government and meet the demands of the Reconstruction Finance Corporation.

Here in this bill we have a further franchise of that same character. It has been tried out in several of the States, and I want to point out the fact that in each one of these States it has failed. It is a class of risk that the surety companies and insurance companies of the United States are not willing to carry; in fact, at this time the surety companies which have been carrying on the surety business for special deposits of States and local political subdivisions on funds which belong to schools, towns, or cities are withdrawing entirely from that field, and for some time past, before they retired entirely from it, these surety companies were requiring the banks to put up an equal amount of good securities to cover that risk. The surety companies have been charging one-half of 1 per cent, and they have been losing money on that operation. Now they are refusing to guarantee these deposits in banks——

I say this is a Government subsidy. It is a Government subsidy, and I will show you how and why. The bill provides that the guaranty fund shall be made up how? First, by the Government. The franchise tax heretofore paid to the United States, from 1914 to 1930, inclusive, $147,000,000. That means that the money comes directly out of the Public Treasury and it must come out of taxes or borrowings. It will increase the Treasury deficit; it will unsettle conditions and to that extent further unbalance the Budget that we are hearing so much about these days. The Federal reserve banks are to contribute $150,000,000. From what fund? From the surplus fund, which belongs to the United States Government and not to the banks. So there is practically $300,000,000 of this guaranty fund that is contributed by the United States Treasury. There is no one here who will argue for a moment that that is not an assumption of the guaranty fund by the United States Government. Of course it is. The Government will be called on for that fund, just as we are being called upon at this session to take care of Government-organized institutions, organized with Government money, and which in the first instance it was argued would make no further demands upon the Public Treasury. But they are making further demands, and, as to this guaranty fund, certainly no one can claim for one moment that this is not the establishment of a guaranty of bank deposits by the Government of the United States. The Government is to appropriate directly one hundred and forty-seven million and odd and furnish $150,000,000 from Federal reserve surplus which belongs to the United States.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. EATON of Colorado. Is there any difference between the word "guaranty" and the word "insurance" in connection with these bank deposits?

Mr. McFADDEN. I am using the expression that has been used here generally.

Now, the establishment of this fund is not going to stop bank failures. If anything, it will encourage, through irresponsible management, more bank failures. One of the finest things about sound banking to-day is sound management. This is going to permit promoters and schemers to buy up banks and to use them because the deposits will be insured.

I was told last summer in New York by some of the men engaged in the investment-banking business, some of the men who have been largely responsible for the exploitation of the banks and have caused to a large extent many failures of banks and individuals by unloading improper securities on the innocent country bankers and others, many of the securities being foreign securities, that we were going to pass a guaranty of deposits bill at this session of Congress. I said, "What is the idea? I do not believe there is sentiment for such an unsound proposition." They replied, "I will tell you why you are going to do it.

"These investment bankers who have been engaged in the sale of foreign securities in the United States and who have been engaged in various combinations of domestic institutions where they have pyramided assets and sold at par or better in a willing market securities that were not worth 10 cents on the dollar, as has been proven by the market statistics of to-day, are afraid to meet the great number of depositors of failed banks, because they are responsible for having invested the deposits belonging to depositors in these phony securities, and therefore they are insisting that the United States Government step in and guarantee deposits to the great mob of depositors throughout the country, fearing that if the situation develops into a greater disaster these depositors, knowing now who is largely responsible for the exploitation of their sacred deposits, will en masse cause a disturbance, and fix responsibilities on these so-called investment bankers, some of whom are the so-called international group."

Do you want to pass legislation for purposes of that kind, to guarantee the losses and mistakes of these bankers? If so, pass this bill.

I am opposed to this bill for these reasons. It will encourage reckless and unsound banking. There is no guaranty that the plan will be successful and will not break down as it has in all States where it has been tried. It will place an undue burden on the banks, which many will be unable to meet. It discriminates against State nonmember banks. It does away with double liability on stock, which I feel is very essential. Let me say something here. The chairman of the committee has referred to double liability as nonproductive. Let me touch upon one phase of the situation which this particular clause will greatly facilitate, and that is the question of chain banking and holding-company banking, and in this connection I want to mention briefly the irresponsible stockholders of bank stocks in this country.

Many people own bank stocks to-day in the names of dummies to escape all responsibility. This not only applies to banking but applies to many of our large industries and railroads. You will find by looking over the stockholders' list of our large corporations that the managing officers or the control hold comparatively few shares in the institutions which they are managing, and this is particularly true at the present time. This was brought to my attention a few weeks ago by reference to the small amount of stock held by the individual directors of the United States Steel Corporation. According to the press many of them hold only 10 shares of stock.

This provision will remove an obstacle from holding companies organized for the purpose of controlling bank stocks, because one of the impediments there is this undisclosed stockholders' liability or this double liability. I think it is a particularly dangerous thing on that account and will tend to accelerate holding-company buying and holding stocks in banks.

Mr. STAFFORD. Will the gentleman yield for a question in that particular?

Mr. McFADDEN. Yes.

Mr. STAFFORD. Then the statement made by the gentleman of the actual practice rather confirms the position that double liability is not a real asset to the depositors of failed banks?

Mr. McFADDEN. I say it will accelerate ownership by holding companies which engage in chain and group banking, because they are deprived now from doing this to a certain extent by the fact there is an undisclosed, double liability.

Mr. STAFFORD. My impression, so far as banks in my home city are concerned, is that they do not resort to that practice and that the stock is held by the real owners and not by dummy ownership.

Mr. McFADDEN. During the last few years it has been most unfortunate that speculation has been engaged in in bank stocks to such a large extent. Certainly, it has changed the whole situation so far as ownership of banks

is concerned and put many of them in the category of speculative stocks.

Sound, conservative management is the keystone of success of any business, whether it be banking, lumber, or groceries; and while I realize that economic conditions have been in a large measure responsible for our recent wave of bank failures, I also know that we have 20,000 going banks and that many banks which have failed would not had they been properly managed.

It has not been unusual for a bank on one corner to close while its conservatively managed neighbor bank on the opposite corner survived and is still doing business. What this bill proposes is to say, in effect, to the well-managed bank, You have a competitor who is weak, is badly managed, which may fail, and we are going to penalize you, your depositors and stockholders to pay for the bad management of this other institution. With what result? Obviously, the answer—Why should I strive to run a good bank; why not take chances and risks as does the other bank if I am to be penalized?

If you are in the grocery business, the law business, or newspaper business, why should you who run a well-managed, successful institution be penalized to pay for the mistakes of others in the same line of business, and that is what we try to do here, except it is the banking business.

I am not a banker; but common sense indicates that if this bill becomes law it will do more than anything else to promote reckless banking. No plan of insurance or guaranty, either applied to bank deposits or to any form of credit or property is sound or can long be successfully maintained where a uniform premium is assessed upon all participants, strong or weak, good or bad, alike.

Let us see what the experience of the States has been with respect to the guaranty of deposits. All the laws on this subject in the States have either been repealed or are inoperative. In other words, such plans have failed. Page 34 of the hearing before the subcommittee shows the following:

Oklahoma: Enacted in 1907 panic, inoperative in 1921, due to fund being practically insolvent, repealed March 31, 1923, deficit between $7,000,000 and $8,000,000.

Kansas: Enacted in 1909, a voluntary system, not requiring payment in full, balance assessed after full liquidation, repealed 1929, deficit $7,000,000, inoperative since 1926.

Texas: Enacted in February, 1925; made optional bond security system, guaranteeing system; became practically inoperative in that year; repealed 1927; deficit $16,000,000.

Nebraska: Enacted 1911; repealed March 3, 1930; deficit $20,000,000.

Mississippi: Enacted 1914; suspended March 11, 1930, due to deficit of $3,000,000 to $4,000,000.

South Dakota: Enacted in 1915, repealed in 1925 by legislature, reinstated by moratorium in 1926, finally repealed in 1927, deficit $32,000,000.

North Dakota: Enacted in 1915, repealed in 1929, deficit $14,000,000.

Washington: Enacted in 1917; voluntarily canceled when Scandinavian Bank in Seattle failed with deposits of $9,000,000, and then all of banks in system withdrew warrants issued and not paid; inoperative since 1921.

Mr. ADKINS. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. ADKINS. In those States, one of them in particular, where the deposits were guaranteed, the newspapers gave out a statement at one time that they had a bank for every 780 people.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. VINSON of Kentucky. Could the gentleman tell us what was the amount paid into that fund in the various States?

Mr. McFADDEN. I have not those data here. If I can get them, I shall put them into the RECORD.

Mr. VINSON of Kentucky. Can the gentleman tell us how the average amount paid in compares with the amount called for under this bill?

Mr. McFADDEN. I shall be glad to put that into the RECORD also.

The CHAIRMAN. The gentleman has consumed 20 minutes.

Mr. McFADDEN. I yield myself 10 minutes more.

Mr. WHITTINGTON. Is it not true in many States where the system has failed that the only money the depositors have gotten has been from appropriations made by the legislatures of those States to satisfy the wants of these depositors?

Mr. McFADDEN. To quite an extent.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I am sorry, but I want to finish this statement if I may, because I think it is important.

Now that is the history of the State guaranty of deposits. There is not one of them operating; every one has become hopelessly insolvent. The chairman of the Banking and Currency Committee will tell you, as he has told you before, that this has nothing to do with his bill; that the experience of an individual State does not prove that this bill will not work. That line of argument is not convincing to me; the same principle is involved, and the record of these eight great States can not be ignored.

This bill will not stop bank failures; it is designed to pay the depositor in full when a bank fails. Now let us see what the history of bank failures will show as to losses. There are no figures available as to State banks where the largest percentage of failures has occurred, but we have some figures to go on in national banks.

We have been told that $45,000,000 has been the total losses to depositors in national banks during the history of national banks down to 1925. There has been some misunderstanding on this figure. Upon inquiry at the office of the Comptroller of the Currency I find that $45,000,000 was the loss on the closed banks which had been completely liquidated, but there were closed banks still in the process of liquidation at that time.

In 1930, 898 national banks had been fully liquidated with losses of $95,231,473, and 443 were in process of liquidation. If we add these 443 banks and 571 which failed from 1930 to February this year and use the same percentage of loss, we find that the total estimated losses would be $409,957,170 for the national system alone. If we add the failures in the State member system from 1921 to February of this year, of 383 banks—losses, $278,400,000—we have a grand total of $688,357,170 of losses in the Federal reserve member banks alone. No consideration has been given in these figures to State banks which do not belong to the Federal reserve system. The bill contemplates these banks will take advantage of the plan. It is among the nonmember State banks that the greater number of failures have occurred. From the Federal reserve bulletins and reports I find that during the last 11 years—1921 to 1931—7,578 nonmember State banks with deposits of $2,695,034,000 failed. If we follow the same percentage as to losses in these banks as the national system, we find they amount to $853,786,771. Adding this figure to $688,357,170, we have a grand total of losses of $1,542,143,941.

Thus in a 10 or 11 year period we find the losses in our banking system to be well over a billion and a half dollars. These are the losses, but this bill will pay the depositor in full. The total deposits in the failed banks of this country the last 11 years—1921 to 1931—according to Federal Reserve Board figures were $4,345,872,000. If the bill proposed had been in operation, it would not only have been inadequate but sunk beyond recall. We all hope history will not repeat, but it has a strange way of doing so, and if the past repeats, the provisions of this bill will not operate, for during that 11-year period, working at a maximum, it would have taken $100,000,000 a year from the banks as a levy, or $1,100,000,000, and with its capital funds of $297,126,882, or a total of $1,397,126,882, it could not by any stretch of the imagination, including collections from assets, have paid out over $4,000,000,000.

Mr. WOODRUFF. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WOODRUFF. The gentleman speaks of the losses that have occurred from the failure of banks during the past two years to call attention to the stupendous losses occasioned the depositors by the failure of those banks. Is it not his opinion that many of the banks that have failed during that time would be open and doing business to-day had it not been for the fear in the minds of the depositors that those banks were unsound and that it was this which caused them to withdraw their funds?

Mr. McFADDEN. That undoubtedly is so. It is fear and sometimes facts that cause runs on banks. I am sorry that I can not yield further to the gentleman.

I have said that the bill will place an undue burden on the banks and that it discriminates against nonmember banks. The bill will take $100,000,000 a year from the member banks, or on the basis of the total deposits in the member banks as of December 31, 1931, the sum of $3,200 for each $1,000,000 of deposits.

I would like to point out in addition to this withdrawal of this $150,000,000 of the Government's money which is now a part of the surplus of the Federal reserve system, that you are going to withdraw a fund that otherwise would belong to the Government to the extent probably of $100,000,000 a year, or whatever may be required to pay depositors of failed banks.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield? I know the gentleman does not want to make the statement that there is the slightest dream on the part of anybody that the Federal reserve banks will ever again pay $100,000,000 under existing law into the Treasury.

Mr. McFADDEN. Will the gentleman tell us how much will be withdrawn annually?

Mr. STEAGALL. No; but they have ceased to pay any at all, and the most they ever paid during the war was $50,000,000.

Mr. McFADDEN. But let me call attention to the fact that there is an undisclosed liability there that if it is needed to pay depositors in failed banks the Federal reserve will have to pay its share of $100,000,000 a year. I hope it will not be needed.

Mr. LaGUARDIA. Out of its own money.

Mr. McFADDEN. Out of its surplus earnings, which surplus, when created, belongs to the United States Government in case of liquidation.

Mr. WOODRUFF. Will not the gentleman yield to pursue my question a little further.

Mr. McFADDEN. If I had the time, but I am depriving other gentlemen of their allotted time.

I find from testimony before the subcommittee, page 37, that during the 5-year period, 1926 to 1930, 15.8 per cent, or nearly 16 per cent, of the national banks lost money; that is, not only did they carry no earnings to undivided profits, paid no dividends, but operated at a loss. In banks with loans and discounts between $150,000 and $250,000, 28 per cent lost money; between $250,000 and $500,000, 20 per cent lost money; between $500,000 and $750,000, 14 per cent lost money, and so on up the list. I have no reason to believe that State banks have any better record. Yet it is upon these banks you place the burden of responding to an assessment each year, and if they can not meet it, either one of two things happens—the plan fails or the successful bank stands the burden. In the abnormal year of 1931 the member banks—see page 56 of the hearings—after losses, made but $13,499,000. Yet this bill, if it had been in operation, would have taken $100,000,000. It is in an abnormal year we have the most bank failures.

As to nonmember State banks, we find that they will be permitted to receive the benefits of the bill provided they are in sound financial condition and contribute to the fund twice the amount levied on the member banks, or $6,400 for each $1,000,000 of deposits. If this bill is a burden on the member banks, it is doubly one on the nonmember banks and these banks are the greater bulk of our banks. On December 31, 1931, there were 7,246 member banks of the Federal reserve system as compared with about 14,000 nonmember banks. In other words, twice the number will bear a double burden. It is clearly a discrimination.

I turn now to the provision of the bill relieving the stockholders of national banks from the double liability on their stock in the event of failure or impairment of capital of the bank. I judge that the argument will be made that inasmuch as we will have a guaranty of deposits law, it will not be necessary to have double assessment to protect the depositors. It must be remembered, however, that the fund would have to be replenished and the recoveries from stockholders would be a material help since approximately 50 per cent of these assessments are collected and experience has shown that 16 per cent of the dividends paid in national banks come from the proceeds of stock assessments.

Moreover the double liability plays a very important part in the going bank, especially when the capital structure becomes undermined through losses and the capital is impaired but the bank is not insolvent. It gives a vehicle by which the Comptroller of the Currency is able to in many cases have the bank's capital restored and saves the institution.

In conclusion I desire to point out that this bill will take from the Public Treasury $147,126,882. I anticipate that the statement will be made that this amount was paid into the Federal Treasury by the Federal reserve banks through earnings made from member banks and that there is no reason why it should not now be withdrawn. As a matter of fact, while it was paid into the Federal Treasury, it has been used and as such is not there now. To now get this amount will mean that it either has to be raised through taxation or borrowed, and at a time when we are attempting to economize and balance the Budget it will add one more burden.

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. STEVENSON. The gentleman has just quoted the comptroller and has set forth banks that have lost money and how much they lost. Does the gentleman agree with the comptroller as to what the remedy is—not that we make banking business more profitable for the general run of banks, but that we have a system of branch banks such as they have in Canada.

Mr. McFADDEN. Oh, the gentleman knows that I am entirely opposed to extending branch banking in the United States. [Applause.] It is a system of further centralization, and what we need in banking in the United States is decentralization, giving the people some control over what shall be done with their own money; they are deprived of that right now.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to revise and extend my remarks by placing in the RECORD the balance of this statement which I had intended to deliver. I would also like to insert an analysis of the other paragraph of the bill.

This analysis is as follows:

This summary illustrates the effect of the various provisions of the bill.

TITLE II

SEC. 201. Federal Bank-Liquidating Board: A board of five members under this title is established, consisting of the Secretary of the Treasury, Comptroller of the Currency, and three presidential appointees, not more than one of the three to be of the same political party, term of office four years, salary of appointees $10,000 each, the board to elect its own chairman and other officers and employ help.

SEC. 201a. Federal guaranty fund: A Federal guaranty fund for depositors in member banks of the Federal reserve system is established. There is to be paid into the fund—

(1) By the Government, the franchise tax heretofore paid to the United States (1914–1930, inclusive)	$147,126,882
(2) By Federal reserve banks, $150,000,000 of the surplus now in the hands of the 12 Federal reserve banks, each bank to pay an amount which bears the same ratio to the said $150,000,000 as its surplus bears to total surplus of the 12 banks on December 31, 1931	150,000,000
(3) By member banks, a total not to exceed (unless a less amount is fixed by the board)	200,000,000
	497,126,882

The above would make an initial fund aggregating nearly $500,000,000. With respect to the $200,000,000 maximum payment, assuming it is required of member banks, each bank must pay an amount which bears the same ratio to $130,000,000 as its average deposits, other than "time," during the preceding calendar year bear to the average deposits of all member banks; and each bank must pay a further amount which bears the same ratio to $70,000,000 as its average "time" deposits during the preceding calendar year bear to the total "time" deposits of all member banks.

The deposits other than time of all member banks on December 31 were $19,430,544,000 and a payment of $130,000,000 would be equivalent to a payment by all the banks of over six-tenths of 1 per cent of their average deposits other than time. The time deposits of all member banks on December 31 were $11,315,842,000 and the payment of $70,000,000 by all member banks would be the equivalent of over six-tenths of 1 per cent of their time deposits. As to individual banks the percentage would be greater or less according to the amount of their deposits.

SEC. 202. (b) Additional assessments upon member banks if necessary: If the board finds the payment under subdivision (a) inadequate, it may after 12 months make an annual assessment upon member banks of the whole or any part of $100,000,000, each bank to pay an amount which bears the same ratio to the total as its net earnings will bear to the net earnings of all member banks for the preceding calendar year.

It may be pertinently asked: In case the fund is depleted by failures of poorly managed guaranteed banks, how long will sound member banks, if not driven out by the original contribution, remain in the system when called upon for additional contributions?

SEC. 202. (c) Payments subject to call of board: Sums payable by Federal reserve banks or member banks are subject to call of the board, in whole or in part, at such times as it may fix.

SEC. 202. (d) Refunds by board: If the guaranty fund is found more than adequate, the board may refund to each Federal reserve bank and to each national bank an amount which bears the same ratio to the excess as the amount which each such bank contributed.

It is to be noted that this omits any provision for a refund to State member banks.

SEC. 202. (e) Investment of guaranty fund: Investment is limited to (1) interest-bearing direct obligations of the Government, (2) non-interest-bearing deposits in member banks.

Sec. 203. Investment of assets and deposits of insolvent national bank: Upon certificate of insolvency the board shall wind up the bank in the manner provided by existing law, except as modified by this act, and within 30 days a committee of three—one appointed by the board, one by the owners of a majority of the stock, and one by depositors owning over 50 per cent of the deposits—shall make an estimate of the value of the assets, the amount of liabilities, and a statement of the amount due each depositor.

Sec. 204. Payment of depositors of insolvent national bank: Upon the basis of an approved estimate, whether or not modified by the board, it must pay each depositor—

(a) Within 60 days after certificate of insolvency not less than 50 per cent on deposits of $1,000 or less and not less than 25 per cent where the deposit exceeds $1,000; or $500, whichever is greater;

(b) Within six months thereafter, on deposits of $1,000 or less, the difference between the amount of the deposit and the amount paid under (a);

(c) Within six months thereafter, not less than 25 per cent to all depositors whose deposits are still unpaid; and

(d) Within six months thereafter, all deposits shall be paid in full.

SEC. 205. Board can borrow on assets of insolvent national bank: Power is given to borrow money secured by the assets of any insolvent national bank, for the purpose of making payments to depositors and other creditors of the bank and the fund must be only so used.

SEC. 206. Payments to depositors of insolvent State member bank: The board shall request the receiver or liquidating agent of an insolvent State member bank to submit a report and estimate, containing the same matter as required in section 203 in case of an insolvent national bank and, upon approval of the report and estimate, shall make payments of amounts equal to the amounts which would have been paid depositors of insolvent national banks under section 204; such payments to be made to the receiver or liquidating agent in trust for the depositors.

Sec. 207. Penalty for noncompliance: In case of failure of any member bank to comply with the provisions of Title II or any regulation made by the board thereunder, the board, after hearing, may require surrender of its stock in the Federal reserve bank and forfeiture of membership. In the case of a national bank the bank forfeits all its rights, privileges, and franchises under the national bank and Federal reserve acts.

Sec. 208. Regulations of board: The board is authorized to make necessary regulations under Title II.

Sec. 209. Appropriation: There is authorized an appropriation of such sums as are necessary to carry out the provisions of the act.

I also would like to insert at the close of my remarks a brief voicing the opposition of the American Bankers' Association to this particular bill, which brief was prepared by their general counsel.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. LAGUARDIA. Reserving the right to object, I did not understand whose brief it was.

Mr. MCFADDEN. A brief prepared by the general counsel of the American Bankers' Association.

Mr. LAGUARDIA. And the gentleman is presenting that to bolster his own argument?

Mr. MCFADDEN. Oh, no. It is a fair legal analysis by Judge Paton, who is a very fair lawyer and who has analyzed this bill. I will not put it in if the gentleman objects.

Mr. LAGUARDIA. The reason I inquired is that I have heard the gentleman criticize that same association very ably and with justification.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MAY. Mr. Chairman, I would like to ask if the gentleman will not yield himself one additional minute to answer a question which I would like to ask him?

Mr. MCFADDEN. Mr. Chairman, I yield myself one additional minute in order to answer the gentleman's question.

Mr. MAY. I was very much interested in the argument made by the gentleman from Pennsylvania on the subject of the alleged discrimination of this bill against a well-managed bank and in favor of a badly managed bank. I wanted to ask if the gentleman does not think that ignores the real purpose and intent of this bill, which is the protection of the depositors and not the stockholders or the bank particularly?

Mr. MCFADDEN. No. I do not think I ignored that angle of it. I realize that this bill is intended to protect the depositors, but I think it is a question as to the method they are pursuing to do that.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MCFADDEN. I yield.

Mr. VINSON of Kentucky. Is there any difference of opinion as to the cost of $3,200 for a $1,000,000 bank between the gentleman and other members of the committee?

Mr. MCFADDEN. I have not discussed that with the other members of the committee.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MCFADDEN. I insert now the brief prepared by Thomas B. Paton, general counsel of the American Bankers' Association, heretofore referred to:

The American Bankers' Association has long been opposed to the compulsory guaranty of bank deposits in any form. Nearly a quarter of a century ago, at the inception of the movement for the enactment of deposit guaranty laws in certain Western States, the association at its annual convention held in Denver, Colo., in September, 1908, adopted the following resolution:

"*Resolved*, That the American Bankers' Association is unalterably opposed to any arbitrary plan looking to the mutual guaranty of deposits, either by a State or the Nation, for the following reasons:

"1. It is a function outside of State or National Government.
"2. It is unsound in principle.
"3. It is impracticable and misleading.
"4. It is revolutionary in character.
"5. It is subversive to sound economics.
"6. It will lower the standard of our present banking system.
"7. It is productive of and encourages bad banking.
"8. It is a delusion that a tax upon the strong will prevent failures of the weak.
"9. It discredits honesty, ability, and conservatism.
"10. A loss suffered by one bank jeopardizes all banks.
"11. The public must eventually pay the tax.
"12. It will cause and not avert panics.

"*Resolved*, That the American Bankers' Association is unalterably opposed to any arbitrary plan looking to the mutual guaranty of deposits, either by a State or the Nation, believing it to be impractical, unsound, misleading, revolutionary in character, and subversive to sound economics, placing a tool in the hands of the unscrupulous and inexperienced for reckless banking, and knowing further that such a law would weaken our banking system and jeopardize the interest of the people."

Again, in May, 1918, this action was reaffirmed when the American Bankers' Association, through its executive council, opposed

a bill (S. 4426) pending in the Senate which provided for the guaranty of national-bank deposits.

The unfortunate and disastrous experiment with State guaranty laws enacted in eight States during the period from 1908 to 1917, inclusive, well justifies the reasons and predictions set forth in the foregoing resolution.

HISTORY OF STATE LEGISLATION

During the period from 1908 to 1917 the following States enacted guaranty laws which in every case have proved disastrous, because they have tended to demoralize sound banking and accentuated rather than prevented losses to depositors:

Oklahoma	1908
Kansas	1909
Texas	1909
Nebraska	1909
Mississippi	1914
South Dakota	1915
North Dakota	1917
Washington	1917

The disastrous results led to repeal in 1923 of the Oklahoma law; in 1927 of the Texas law; in 1929 of the Kansas, North Dakota, and Washington laws; and in 1930 of the Nebraska law, coupled in the last-named State with the enactment of a depositors' final settlement fund, to be maintained for 10 years by an annual assessment of two-tenths of 1 per cent on average daily deposits. The South Dakota law is still in effect, but it is a complete failure and there is a hopeless deficit. In the last biennial report of the superintendent of banks for South Dakota (June, 1930) it is stated that the legislature of 1927 amended the depositors' guaranty law under which depositors of banks closed subsequent to July 1, 1927, are not entitled to any benefit from the depositors' guaranty fund but only from the individual guaranty fund established by each bank for the protection of its own depositors.

In the remaining State, Mississippi, chapter 22, Laws of 1930, provides for the suspension of the operation of part of the law until the outstanding guaranty certificates are liquidated and at a special session in 1931 a law was passed for the issuing of bonds to raise funds for the payment of guaranty certificates.

Earlier in our history, a century ago, the State of New York made an initial experiment of this nature. In 1829 a bank guaranty law was enacted. Under the operation of this law the guaranty fund became bankrupt in 1837, and the law was repealed in 1842.

Guaranty of deposits having proved a failure under State, it would equally prove a failure under national auspices. It is unfair to sound, well-managed banks, because it makes them contribute to a fund to make good the mistakes of their weaker brethren; and it encourages unsound banking, because there is no need for a depositor, knowing that his deposit is guaranteed, to discriminate between the bank which is carefully and prudently managed and one whose management is not so prudent and which, with a deposit fund more easily augmented because of the guaranty, will make loans and investments regarded as unsafe by the more carefully managed bank. The inevitable result is the failure of an increasing number of mismanaged banks and the ultimate bankruptcy of the guaranty fund.

The late James B. Forgan, of Chicago, pertinently said: "Is there anything in the relations existing between banks and their customers to justify the proposition that in the banking business the good should be taxed to pay for the bad; ability taxed to pay for incompetency; honesty taxed to pay for dishonesty; experience and training taxed to pay for the errors of inexperience and lack of training; and knowledge taxed to pay for the mistakes of ignorance?"

Believing that the compulsory guaranty of bank deposits is unsound in principle, and this having been demonstrated by the experience of nine States, it would seem that before any serious attempt is made to extend the guaranty plan to all the banks in the Federal reserve system a thorough investigation should be made of the operation of the guaranty-fund system and its effect upon the welfare of the banks and of the people in those States which have given it a trial and abolished it.

EXPERIENCES IN STATES

In the limited time available for the preparation of this brief it is impossible to go fully into the unfortunate experiences resulting from the operation of guaranty laws in the States in which they were adopted.

JUDICIAL CONDEMNATION IN SOUTH DAKOTA

The Supreme Court of South Dakota, in State *v.* Smith (234 N. W. Rep. 764), decided January 30, 1931, had before it a case involving the determination of the then situation in that State with reference to the guaranty of deposit law. The court said that any intelligent consideration of the problems presented necessarily required a consideration of the history of the bank guaranty law in the State and of operations thereunder and the present status of conditions pertaining to such law. After reviewing in detail the history of the law, the court reached the following conclusion (Id. p. 781):

"The inescapable facts in this case render necessary the conclusion that the guaranty-fund scheme proved in actual operation, under the conditions which it was required to meet and for whatever reasons, entirely unable to accomplish what was hoped for it. Whatever assets remain in the insolvent banks wherein their deposits were made properly applicable to that purpose will, of course, be received by the petitioners, but we can see no reasonable expectation of their receiving anything from the guaranty fund beyond what is now therein. The facts are harsh, but undoubtedly the quicker they are faced and realized by all concerned and false and specious hopes abandoned the better the situation will be. The guaranty-fund experiment in this, as in other States where it was attempted, has failed completely."

In an article in the Encyclopædia of the Social Sciences (Vol. II, p. 417) on the Guaranty of Bank Deposits, by T. Bruce Robb, the following summary of the experiences in the different States is given:

"The insurance of bank deposits as found in the guaranty laws was designed to reduce loss caused by bank failures. As an insurance system it has little to contribute to the solution of this problem, for the prime function of insurance is to distribute rather than to eliminate loss. Its proponents, who hoped that the feeling of security engendered by the guaranty laws would minimize runs on banks in times of stress, regarded the guaranty scheme as a distinct contribution to banking reform. As such it has been of minor importance. The avoidance of bank failures depends primarily on a thorough system of bank supervision, the insistence on adequate financial resources, and the development of a trained bank management."

DISASTROUS RESULTS IN OKLAHOMA

The following excerpt from an article by Frank J. Wikoff, president Tradesmen's National Bank, Oklahoma City, Okla., published in the Journal of the American Bankers' Association for July, 1923, clearly pictures the disastrous results of the Oklahoma law, which was enacted in part as a political measure and on the theory that while a mutual guaranty by a small number of banks might fail, a large number would succeed on the law of averages:

"Since the passage of the guaranty law in 1907 a total of about 1,000 State banks have been organized. About 450 are now in business, 255 have been nationalized, 125 consolidated with others, about 125 have failed, and about 50 have been liquidated.

"During the period of its existence solvent banks paid into the fund about $3,500,000. There is something over $10,000,000 of unpaid obligations outstanding, for which no warrants have been issued, and about $1,500,000 of outstanding guaranty-fund warrants, which are in the hands chiefly of existing State banks. In some instances national banks are carrying such warrants for State banks, but this is not considerable and usually where there exists some affiliation.

"The law was repealed unconditionally in the closing days of the last legislature. There is approximately $12,000,000 worth of more or less ragged assets in the hands of the board, half of it utterly worthless, the other half worth from 5 to 30 cents on the dollar, if efficient and persistent efforts were made, which is not probable.

"Under unappealed provisions of the law the collections of assets must go to pay outstanding warrants in the order of their issuance. This has been obviated some by keeping a closed bank in the hands of a liquidating agent who applied collections to the payment of the depositors for a certain period. These complications will probably be worked out in a series of lawsuits; the probabilities are the depositors will lose several millions finally, but it is likely that the warrants outstanding will in some way ultimately get paid.

"To sum it up, 15 years' experience with the guaranty of deposits in Oklahoma has cost the honest State bankers and the trustful depositors of the State together nearly $15,000,000; the banking business has been disrupted and in turmoil; two bankers' associations have existed, with their attendant expenses and jealousies; and no appreciable good has come to any interest in the State except to those receiving fees and salaries in connection with its administration.

"It is probably the most expensive effort yet made by a State in which honest people are called upon to prove, at great expense, that the average politician's theories work out to the detriment of everybody but the politician himself."

FAILURE OF SYSTEM IN TEXAS

The absolute failure of the guaranty system in Texas is well pictured in an article by W. A. Philpott, jr., secretary of the Texas Bankers' Association, published in the Journal of the American Bankers' Association for March, 1927. We make the following extracts:

"The Texas Legislature in 1909 passed the guaranty fund act, which became effective on January 1, 1910. It was opposed by practically all the outstanding and far-seeing bankers, both State and National, in Texas at that time. It is interesting at this date to read some of the flaming arguments against the law back in 1909, arguments and prophecies which the years have sustained and fulfilled. But here was the law and all State banks—some 750 of them—were forced into the guaranty-fund plan, or its corollary, the bond system. Only 60 banks became bond banks. Then began the period of wildest promotion, the greatest bank expansion Texas had ever seen. Fortunately there were a number of very strong men in the banking commissioner's chair, else nothing could have stopped the organization of banks. The passage of the law was the signal for every fellow out of a job, whether or not he had banking experience, to open a bank and offer the depositing public the same degree of safety afforded by the old, well-established, conservative banker, with ample capital and seasoned experience.

"Everything ran merrily on with the guaranty fund for the first 10 years. Banks were organized in every town and hamlet until the peak of more than 1,000 banks was reached. Everyone hung out the sign, "Guaranty Fund Bank" and was allowed to advertise the statement that no depositor had ever lost a dollar in a guaranty-fund bank in Texas. From January 1, 1910, to January 1, 1920, some 20 guaranty-fund banks failed in Texas, with a resultant loss to member banks who paid the depositors of only about $1,000,000—not a bad record for 10 years. There were honest and good men who believed in the plan. Bankers of recognized ability insisted that the guaranty-fund system was the greatest piece of constructive legislation ever enacted in the country. They pointed to its record of 10 years. They preached the plan at bankers' conventions. They expanded with pride over the fund's accomplishments and growing importance.

"Then came the depression, the hard times, the deflation, the failures, beginning in 1920. In six years, or up to January 1, 1926, there were 150 failures of guaranty-fund banks in Texas, 52 of which were reorganized by the department without loss to the fund. The good and solvent banks of Texas during that time paid to the depositors of failed banks upward of $17,000,000—and there were many more failures in sight. Guaranty-fund assessments (as much as 2 per cent per year of the average November deposits, the high season) eliminated dividends, consumed surpluses, and in many instances impaired capital stock. Then the State bankers awoke from the beautiful dream which pictures the guaranty fund as a magic wand. Their stockholders began to ask about dividends, and all the sound and conscientious State bankers in Texas lost considerable sleep, giving serious thought to the perplexities and the problems of the guaranty fund. Still more failures, and accentuated assessments loomed ahead. Many of the wiser ones surrendered their State charters, secured national charters, took their loss, and started with a clean slate.

"The cry for relief was so widespread and the pinch so universal that the legislature in 1925 amended the law, permitting State banks to convert to a bond plan—a provision not in the original act—which compelled the bank either to contribute to guaranty fund or to protect its depositors under guaranty-bond provisions. The 1925 amendment provided that a bank could be relieved of guaranty-fund liability by furnishing a bond the size of its capital stock, either a personal or surety bond, to be approved by the commissioner. There was a scramble by the guaranty-fund banks to 'get from under.' Of the 850 guaranty-fund banks at the time, all were quickly converted except 24, whose affairs were too weak to be permitted to change. Before the guaranty fund was repealed by the present new law several of the few remaining fund banks failed and the rest were too weak to stand assessments, so that some time will elapse before the depositors will be paid.

"Since the State banking law was passed in 1905 there have been chartered about 1,500 State banks. Of this number, 850 remain to-day, out from under the guaranty-fund yoke, each standing on its own bottom, each eagerly glad that the past is behind. More than 100 have taken out national charters, the one and only reason being to escape the guaranty fund liability. The guaranty-fund plan in Texas has cost the good, well-managed, and solvent State banks approximately $20,000,000. It's a rather dear experience."

CRITICISM OF SOUTH DAKOTA LAW

The failure of the guaranty law in South Dakota is fully described in an article by E. S. Sparks, dean of the College of Agriculture and Science, University of South Dakota, published in the Journal of the Amewrican Bankers' Association for February, 1927, in which he shows that after 12 years of operation, the guaranty fund system of that State stood as a complete failure. At that time there was a hopeless deficit, growing larger each day; the fund had an annual income of less than $300,000 to meet $50,000,000 indebtedness, and his criticism is that a law of this character is an aid to unsound banking. We make the following extracts:

"A large deficit, growing larger each day marks the present dilemma of the guaranty fund.

"The total receipts under the law from assessments of banks from February 1, 1916, to January 1, 1926, were $3,167,473. Of this amount, $3,068,200 had been used by January 1, 1926, to pay depositors of closed banks, to make readjustments, and to manage failed banks. There had been received back into the fund from the liquidation of assets of failed banks $221,547. This left a balance of $320,820 still unused at the close of the year 1925. If we add to this the assessment income for the year 1926, amounting to $265,907, we have $586,727, and whatever may be realized from the liquidation of the assets of failed banks, to meet the total liabilities of the guaranty fund.

"As to the liabilities, the total is fast approaching the staggering figure of $50,000,000. According to law, this unpaid liability was to be represented by negotiable certificates bearing an annual interest of 5 per cent. Under these conditions we have the interesting situation of an annual income of less than $300,000 trying to pay off an indebtedness of nearly $50,000,000 with an annual income increase of nearly $2,500,000. It is estimated, however, that the liquidation of the assets of failed banks may reduce this from 30 to 50 per cent, but the situation seems to be hopeless, even if the most optimistic estimates are realized.

"On January 1, 1926, this indebtedness was represented by $30,582,140 of certificates of indebtedness outstanding, by $1,901,825 of authorized certificates, and by $10,894,026 of undetermined deposit claims. Total liabilities were $43,377,992 on that date; but due to numerous bank failures during the year 1926, this has increased to nearly $50,000,000.

"Up to March 1, 1923, the guaranty fund was solvent and paid all claims in full, but between March 1, 1923, and March 1, 1924, the number of bank failures was such that payments could not be made in full, and since then payments have been made only on the percentage basis. In cases where banks failed prior to March 1, 1923, and litigation delayed payment from the guaranty fund, the State supreme court now holds that claimants in the cases, if they finally succeed in establishing their claims, are entitled to the same rights as if the claims had been allowed at the time the bank failed.

"In this connection the trend of bank failures is interesting. From 1916 to 1922 the number of State banks increased from 498 to 562 and the average number of banks in suspension at any one time was about 13. But a radical change took place in the biennium from 1922 to 1924. Bank failures during this period increased from 13 to 139, or 126 new bank failures occurred. From 1924 to September 30, 1926, 93 more banks failed, bringing the total to 232 failed banks. This has been increased lately by some 20 bank failures, so that at present about 50 per cent of the State banks of South Dakota have become insolvent, bringing all the disturbed conditions generally prevalent with the breaking down of the credit mechanism.

"One of the biggest indictments of the guaranty law in South Dakota is that it stimulated reckless and irresponsible banking and created an attitude of false security for bank deposits. State banks were allowed to advertise on their windows and in the newspapers that their deposits were guaranteed by the State. Hence the impression grew that State bank deposits were entirely protected and that, if the banks failed, the State would make up the loss. No wide efforts were made on the part of the State banking department to correct this situation and to show that deposits were protected only up to the extent of the guaranty fund, which would prove insufficient in case of numerous bank failures.

"Again, the act became operative during a period of rising prices and great business optimism. Entirely too many banks had been organized and credit became easy and highly speculative. Banks were not properly examined and regulated as to reserves and legitimate loans. Under conditions like these, the guranty law undoubtedly stimulated recklessness in banking. Many citizens of the State now hold that, since people were allowed generally to believe that their deposits were safely protected, the State is morally obligated to make up the loss through taxation, although there is no such obligation in the act itself.

"As was pointed out above, the strong banks have felt that the principle is wrong, since it allows weak banks a competitive advantage which their business does not justify and burdens unjustly conservative banking without eliminating the weakness of unsound banking.

"From the above facts it seems safe to assume that under the recent banking conditions in South Dakota, the guaranty law promoted rather than retarded unsafe and unsound banking. It was especially pernicious in that it failed to focus attention on the individual strength of the local bank itself. It hindered the belief, so fundamental to sound banking, that a banking institution and its liabilities are no more sound than the business practices of its directing bankers."

It is unnecessary to extend this brief by reference to the experiences of the other guaranty law States where like results followed.

IDAHO REJECTED BANK GUARANTY

In 1923 the Governor of Idaho, under authority of the legislature, appointed an Idaho banking code commission to study the banking laws and to recommend a banking code. Among the propositions considered for inclusion in this code was a bank guaranty law.

The report of the commission made to the governor December 8, 1924, recites that: "A candid study of the operations of all of these bank guaranty acts has shown them in the first instance to have misled the public, and ultimately to have proven failures, tending to demoralize sound banking, in the end accentuating rather than preventing losses to depositors."

The report, which recommended that the suggestion for inclusion of a bank guaranty law in the proposed code, be disapproved, summarized the objections as follows:

"(a) In all bank guaranty laws so far enacted a maximum annual assessment has been fixed in order to prevent destruction of the entire system during any severe period of depression. Experience has shown that assessments against the remaining banks sufficient to pay all deposits upon closing of failed institutions would impair the capital stock of the remaining banks to such an extent that they would all close. As a result depositors of failed institutions are not paid upon the failure of banks, and hence the so-called bank guaranty laws do not pay deposits. The total deposits of State banks closed in Idaho since 1919 amount to $4,917,186.26, of which there has been paid to date $365,000, leaving a balance unpaid of $4,552,186.26. The capital stock and surplus of the remaining State banks now in operation total $4,153,339.80. A bank guaranty law which would have paid deposits would have wiped out the entire State banking system of Idaho with its $30,163,147.56 of deposits.

"(b) The future strength of our banking system must depend upon the development of sound, conservative banking and discrimination on the part of the public which will encourage such banking. Bank guaranty laws tend to retard the unsensational process of strengthening the banking system by strict regulation, vigilant public opinion, and strict requirements with regard to

the ability of organizers and the minima of capitalization. A bank guaranty law tends to put all banks on the same plane and there is no special incentive for maintaining the reputation and prestige of a banking institution by careful, conservative banking. In fact, the bank which would depart most from conservative banking practice and assume the greatest speculative risks would be the popular bank and the one enjoying the largest volume of business. Integrity, financial ability, and responsibility form the very essentials of banking, and any effort to supplant such with a bank guaranty law can only invite eventual disaster."

FEDERAL GUARANTY PROPOSAL OF 1918

In 1918 a bill introduced by Senator Shafroth (S. 4426) having the indorsement of the then Comptroller of the Currency, John Skelton Williams, providing for the guaranty of deposits in national banks up to $5,000, was reported favorably by the Committee on Banking and Currency to the Senate. As indicated above, the American Bankers' Association strongly opposed the passage of this bill. Although at that time the unfortunate results of State guaranty laws had not become fully apparent, the bill failed of passage in the Senate because of its unsoundness in principle. In addition to widespread protests from different sections of the country there were strong protests from the clearing-house associations of New York and Chicago, under date of May 9 and 10, 1918, respectively, which are quoted below because they well summarize the reasons why any proposition for the guaranty of deposits of national and member banks by assessments upon all the banks should not be enacted into law.

The protest of the New York Clearing House Association is as follows:

"The undersigned, constituting the entire membership of the New York Clearing House Association, earnestly protest against the enactment into law of Senate bill No. 4426, and desire respectfully to present the following brief expression of their views on the principle and policy of the guaranty of deposits:

"Senate bill 4426, now pending in the United States Senate, puts a premium upon incompetence. It proposes that the Government of the United States guarantee all deposits in national banks of $5,000 and less, and that the Government guarantee up to $5,000 all deposits in excess of that amount; of course, this guaranty is to be made good at the expense of the conservatively managed and successful banks.

"Should such a proposition be enacted into law any national bank, however inexperienced its official managers, however limited its capital resources compared to the field of its activities, however given to risky adventure, however venturesome in buying deposits by paying excessive rates of interest, however wanting in the proven qualities which time and experience have shown to be indispensable to successful bank management, such a bank would, nevertheless, be able to solicit business, truthfully claiming that their deposits were protected as above stated by the combined financial strength of the whole national system. Good banks would thus be compelled to give of their strength to induce the creation of and then to support incompetent rivals.

"Such a proposition is in violation of common justice and common fairness. The stockholders in a bank in one locality would be mulcted in loss to compensate for the mismanagement of banks hundreds or even thousands of miles distant and over which no mutual control or relationship exists.

"Our people should be allowed to exercise wholesome discrimination in the banks they select, as well as in their business activities in general. Individuality and individual initiative are cardinal qualities of success, and these qualities would be impaired if people are to be taught by legislation to rely upon the Government to help them in their ordinary individual transactions and in the exercise of ordinary judgment.

"'The said bill is wrong in principle; it imposes an unjust burden upon conservative bank management, and would exercise a deleterious influence upon every community, should it become law.'"

The protest of the Chicago Clearing House Association is as follows:

"The taxation of the sound and conservatively managed national banks, which form the overwhelming majority, for the benefit of the depositors of the very few, which are unsound and recklessly managed, we consider unjust and inequitable for the following reasons:

"'It proposes to tax good banks to support bad; to penalize honesty, ability, experience, and training to compensate for incompetency, dishonesty, and ignorance; it removes from banking the essential characteristic on which success in the business has been based, viz, the necessity for maintaining reputation for character, prudence, foresight, sagacity, and conservatism. It proposes to place the reckless and speculative banks on the same level with the best managed and the most conservative, which will lead to competition calculated to drag all of them down to the least meritorious.

"'Under the protection of such an act banks by granting their customers accommodations contrary to all sound banking principles and methods would take business away from the sound ones, while to the extent of their contributions to the guaranty fund sound institutions would be required to support the unsound in their recklessness, besides giving them a standing and credit which they could not otherwise obtain.

"'The proposed legislation therefore does not give the honest and well-managed banks a square deal; it places a premium on dishonest and reckless banking and will go far to destroy the incentive of banks and bankers to establish for themselves a good name and reputation in their various communities.'"

PROMOTION OF RECKLESS BANKING

There is abundant evidence that the tendency of guaranty laws in the past has been to increase the number of banks far beyond needed requirements, and beyond the number that would produce a profit to the stockholders, and that such laws invite the establishment of banks by irresponsible and unexperienced men who will advertise that deposits of their institutions are secured by the guaranty fund.

A pamphlet issued by Daniel W. Hogan of Oklahoma City in 1908 contains numerous illustrations of such a tendency. For example, shortly after the enactment of the Oklahoma law, application was made to the bank commissioner to start a fourth bank at Prague, a town of 249 people. The bank commissioner refused the application on the ground that there were too many banks. The applicants appealed to the district court, and an opinion was handed down that the banking board had no right to refuse a charter to applicants for a State bank; that the fact that other banks of the town objected, or that an objection was raised on the grounds that the applicant was inexperienced in the banking business, was not a matter for the board to consider, but that they were compelled under the law to issue a charter to any corporation seeking one as long as the papers were properly executed.

Another instance cited by Mr. Hogan: The president of a national bank was also a merchant and failed in business and was compelled to go through bankruptcy. Naturally he had to resign his connection with the national bank. He thereupon took out a charter and became president of a State bank in Oklahoma.

In another case, a man, when prohibition closed up his saloon, relinquished that business and started up a bank and, because of the protection to depositors given by the guaranty law, was able to secure in a short time between $30,000 to $40,000 of deposits.

The above is merely illustrative of hundreds of similar instances which could be established by testimony in any investigation of the results of the operation of State guaranty laws by reckless operators of banks which have, through glaring advertisements, invited deposits at a high rate of interest emphasizing the fact: "Your deposits are guaranteed by the State."

We have attempted in the foregoing to set forth sufficient facts and experiences growing out of the operation of State guaranty systems, to demonstrate that such systems have proved failures and highly disastrous; that they do not protect depositors, but have a tendency to promote unsound banking.

FEDERAL GUARANTY WILL NOT PROTECT

The argument has been made that the breakdown of State guaranty systems does not necessarily mean that an enlarged Federal system covering the whole country with a sufficiently large fund to guarantee the deposits in member banks and embracing a wider distribution of risks, would not effectually protect depositors. Aside from the unfairness of penalizing good banks to make good the losses of bad banks, it is respectfully submitted that no such system of Federal guaranty, as comprehended by the Steagall bill, would ultimately survive.

The fundamental plan of the Steagall bill is the same as that of the former Oklahoma and other systems—the creation of a guaranty fund by uniform assessment upon all the banks out of which to pay the depositors of those banks in the system which fail. It is virtually an insurance plan, but not based upon sound principles of insurance. An insurance plan, to be successful, must be based upon an analysis and thorough study of the risks involved; there must be a classification of risks and gradation of premium rates according to the character of the risk. A high risk involves a correspondingly high premium and there are some risks so bad as to be ineligible for insurance. Under the proposed Federal guaranty plan there is no classification of risks nor gradation of rates.

Notwithstanding banks in certain sections of the country, based on past experience, are more likely to fail than banks in other sections, all are compelled to contribute equally to the insurance fund. The inevitable result of such a plan of assessment would be that the banks, unduly discriminated against in the matter of rates, would leave the system, for the premiums or enforced contributions are not in due proportion to the risk. Under this proposed law the stockholder of one bank would have nothing to say about the location of other banks; no voice in determining how much capital shall be invested in any particular locality nor in the selection of the board of directors or officers; no right to examine its books nor familiarize himself with its operations and no share in its profits. Nevertheless he would be subjected to a charge for payment, pro rata, of its debts; for the purpose of liability only, but not for profit, he would be made a stockholder of every member bank in the Federal reserve system. How long would such a system continue?

We firmly maintain that no ultimate beneficial results to depositors would follow the enactment of a Federal guaranty law because the principle is wrong and, even under national auspices and no matter how well supervised, the tendency would be to open the door to the reckless and incompetent to establish banks and to speculate with the money of depositors which they would not receive but for the guaranty. We believe that no such system could long survive, for it would encourage the increase of bad banking at the expense of good banking, and ultimately result in the collapse of the banking structure. Aside from this, there is the unfairness of compelling a sound, well-managed bank whose depositors need no protection to contribute to a fund for the

protection of the depositors of the unsound, poorly managed bank. Well may the country banker in a small village who has earned and deserves the confidence of the depositors in his bank, complain should he be compelled to contribute to a fund from which would be paid the depositors of a large institution in a distant city which, through mismanagement or worse, has been closed by the authorities.

IN CONCLUSION

The purpose of legislation of this character is to insure to the depositor the safety of his deposit. Under true principles of insurance each voluntary participant contributes commensurately with the risk; the greater the risk, the more he pays. The proposition for Federal guaranty, as has been the case with past State guaranty systems, would deviate from this true principle by seeking to establish a compulsory insurance system in which the good risk is compelled to contribute equally with the bad.

We respectfully submit that the safety of the depositor will not be ultimately secured by any such system but that the object can best be accomplished by effective supervision to insure sound bank management.

Appended is a summary of Title II, H. R. 10241, with comment upon the effect of the guaranty of deposit provisions.

FOR THE AMERICAN BANKERS ASSOCIATION,
THOMAS B. PATON, *General Counsel.*

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I incline to opposition to this bill primarily because of the disastrous consequences that have resulted in all States that have tried bank deposit guaranties. I am opposed to it also because it places an immediate burden upon the taxpayers of the Nation of $150,000,000. Third, I am opposed to it because this appears to me to be an attempt to place the burden of supplying the resources for this guaranty fund upon the larger States, upon my State of New York, upon New Jersey, upon Pennsylvania, whereas the smaller States would contribute hardly anything to the fund, as will be seen from the very interesting data which I have just compiled from data furnished by the Federal Reserve Board.

We tried this scheme of deposits guaranty in New York State back in 1829. The fund became bankrupt in 1837, and the law, as far as New York State was concerned, was abolished in 1842.

Time will not permit me to go into the dismal failure of that statute in my State, but following the lead of New York State, other States adopted this guaranty of bank deposits. Oklahoma adopted it in 1908 and repealed it in 1923. Kansas adopted it in 1909, as did Texas and Nebraska. Texas repealed in 1927, Kansas in 1929. In 1914 Mississippi adopted it. In 1915 South Dakota adopted it, in 1917 North Dakota and Washington. North Dakota and Washington repealed in 1929.

Nebraska was compelled to repeal the statute in 1930, when it sought to liquidate the guaranty fund by the enactment of a depositors' final settlement fund, which is to be maintained for 10 years by an annual assessment of two-tenths of 1 per cent on the average daily deposit of all Nebraska banks.

The banks in Nebraska have complained bitterly about the statute. In the beginning some of the banks were in favor of the statute; others bitterly opposed it. The latter class felt that there was a taking away from the security of the depositors in going banks in order to pay depositors in failed banks.

As time went on, the assessments against the banks grew in amount. Many banks had failed; the guaranty did not save any bank from failing.

The United States Supreme Court, in the case of Abie State Bank against Bryan, Two hundred and eighty-second United States Reports, at page 770, gives a history of the situation in which it indicates the oppressive features of this plan upon the going banks.

The district court reviewed the results of the operations of the banks in Nebraska under the bank guaranty law. It appeared that there were 1,012 banks in the State (of Nebraska) in November, 1920, and that the number had been reduced to 726 in December, 1923; that these banks had a total capital of $19,001,000 and a total capital and surplus of $24,958,557.62; that for the period of 18 months preceding June 30, 1928, 750 banks had net earnings and 156 had net deficits; that the total net earnings of both groups for that period amounted to $1,935,519.40, or 7.9 per cent of the total capital and surplus; that during the same period these banks had paid into the depositors' guaranty fund $2,412,324.78, more than the earnings. It also appeared from the testimony of the secretary of the guaranty fund commission (as stated by the supreme court of the State) that up to December 31, 1928, 269 State banks had been closed by the State and placed in the hands of the commission, and that the total amount of the adjudicated claims was $10,536,518.59, exclusive of interest; and that in 72 State banks, then being operated as going concerns, the amount due depositors was $13,726,441.26, and the total amount due depositors in banks which were in receiverships but whose claims were not yet adjudicated was $2,133,627.54. The total claims, including both claims adjudicated and those not adjudicated, or then existing liabilities against the guaranty fund, amounted to $26,400,282.76, and the total amount of assets to be realized would be $10,451,932.65, leaving a deficit of $15,948,350.11. The court concluded that "fully two-thirds of the banks under the existing financial conditions are unable, after paying assessments amounting to 8 per cent of their capital, to pay compensatory dividends," and that the bank guaranty law, as originally conceived, was "no longer serving its purposes."

In South Dakota, the law is still in effect, and there is a hopeless deficit which is constantly growing greater. In the remaining State, Mississippi, chapter 22 of the Laws of 1920 suspends the operations of part of the bank guaranty law until the outstanding guaranty certificates are liquidated; and at a special session of the Legislature of Mississippi last year, a law was adopted providing for the issuing of bonds to raise funds for the payment of guaranty certificates.

Thus, the general treasury is called upon to pay this deficit. The rank and file of the taxpayers of Mississippi are now asked to come to the rescue of those citizens who happened to be depositors in these unfortunate banks.

The gentleman from Alabama [Mr. STEAGALL] said there was to be a payment of $150,000,000 by the Treasury into this guaranty fund. That is actually so; but where is that money coming from? It was paid originally out of the Federal reserve system to the Treasury for franchise taxes; but the money is no longer there, and it can not be said that the Federal reserve system is paying for it. It was paid. The money is now gone. It will have to be replenished. Who will pay for it? The taxpayers of the United States will have to pay for it. They will have to pay for it at the very moment when we are trying—with the whole country anxiously waiting—to balance our Budget; and instead of reducing expenditures of Government we are actually increasing expenditures of Government by compelling the Treasury to pay out $150,000,000 to this guaranty fund. We thus increase our staggering deficit by $150,000,000.

Mr. STEVENSON. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. STEVENSON. The gentleman asserts very positively that that money is gone. The act under which it was paid in provides that it be either paid into the sinking fund for the retirement of the war debt or applied to the war debt. Has the gentleman any figures or information to show that it has actually been paid?

Mr. CELLER. Yes. I have before me the hearings where the gentleman and his colleagues examined the Comptroller of the Currency, and he stated exactly those words—that the money will have to be obtained somewhere; it is not in the Treasury, and the taxpayers of the Nation would have to pay it. I believe we can rely upon the Comptroller of the Currency. How or why or when it was paid in is immaterial. It is not there. Only taxes can replace it.

Mr. STEAGALL. I may say to the gentleman the Comptroller of the Currency sent to this Capitol, and it has been introduced as an administration measure, a bill which provides for loans upon the assets of closed banks that takes this identical fund out of the Treasury.

Mr. CELLER. I do not care what other bill does this, that, or the other thing. We are considering this bill, and if it is wrong to do it in this bill, as I conceive it, it is wrong to do it in any other bill, although the other bill refers to "closed" banks. I am opposed to adding any more burden at this time to that which the taxpayers of this Nation already carry.

The total amount of the deposits in the member banks of the reserve system as of December 31, 1931, was $27,-

432,000,000. That is exclusive of what is known as interbank balances. If we add interbank balances, the total amount of deposits in the member banks was $30,746,386,000.

The bill provides that the amount of the contribution of each member bank shall be proportionate to the ratio of its deposits to the total deposits of all members in the system. How will this affect the various states? What contribution will have to be paid by the banks in my State, for example, to this common fund? Let us see.

The instant bill provides that the Federal guaranty fund for deposits in member banks shall be made up of—

First. The direct payment by the Treasury into the fund of $100,000,000.

Second. One hundred and fifty million dollars shall be paid out of the surplus of the Federal reserve banks.

Third. The Federal bank liquidating board shall also require payment into the fund by the member banks of the Federal reserve system of such amount (not to exceed $100,000,000) as may be fixed by the board, of which each such bank shall pay an amount which bears the same ratio to the sum fixed by the board as the average deposits of such bank during the preceding calendar year bear to the average deposits of all member banks during the preceding calendar year.

Fourth. Any time after 12 months, if additional sums are required, the member banks shall be assessed and shall pay an additional $100,000,000, according to their proportion of deposits.

I have prepared a table of the proportion that each State would be assessed and required to pay according to this plan.

I have taken the deposits of member banks and split up the total according to States and deducted the percentage of funds each State must contribute to the guaranty fund. Banks who are not members of the Federal reserve system are not considered, because the yardstick of contribution to the fund is amount of deposits of member banks.

	Deposits, member banks	
	Amount	Ratio
Northeastern States:		
Maine	$118,776,000	0.4
New Hampshire	63,027,000	.2
Vermont	54,451,000	.2
Massachusetts	1,406,128	4.6
Rhode Island	284,012	.9
Connecticut	261,066	.8
Middle Atlantic States:		
New York	9,625,430	31.3
New Jersey	1,304,397	4.2
Pennsylvania	3,057,403	9.9
East North Central States:		
Ohio	1,520,050,000	4.9
Indiana	347,316,000	1.1
Illinois	2,126,584,000	6.9
Michigan	1,177,218,000	3.8
Wisconsin	449,579,000	1.5
West North Central States:		
Minnesota	541,733,000	1.8
Iowa	247,791,000	.8
Missouri	814,090,000	2.6
North Dakota	57,737,000	.2
South Dakota	57,724,000	.2
Nebraska	178,496,000	.6
Kansas	183,688,000	.6
South Atlantic States:		
Delaware	613,840,000	.2
Maryland	282,445,000	.9
District of Columbia	145,346,000	.5
Virginia	303,133,000	1.0
West Virginia	147,696,000	.5
North Carolina	126,640,000	.4
South Carolina	58,749,000	.2
Georgia	220,678,000	.7
Florida	144,777,000	.5
East South Central States:		
Kentucky	201,231,000	.7
Tennessee	231,741,000	.8
Alabama	163,156,000	.5
Mississippi	46,658,000	.2
West South Central States:		
Arkansas	73,326,000	.2
Louisiana	231,253,000	.8
Oklahoma	260,632,000	.8
Texas	718,409,000	2.3
Mountain States:		
Montana	97,789,000	.3
Idaho	43,178,000	.1
Wyoming	33,041,000	.1
Colorado	225,693,000	.2
New Mexico	25,551,000	.1
Arizona	33,294,000	.1
Utah	81,804,000	.3
Nevada	16,696,000	.1
Pacific States:		
Washington	$281,276,000	0.9
Oregon	185,991,000	.6
California	2,448,141,000	8.0

New York, I will say to the Members from New York who may be present in the Chamber, will be compelled to contribute over 31.3 per cent of the entire fund. New Jersey will contribute 4.2 per cent; Pennsylvania will contribute 9.9 per cent; Ohio will contribute 4.9 per cent; Illinois will contribute 6.9 per cent; Michigan will contribute 3.8 per cent; Mississippi will contribute 2 per cent; Kansas will contribute only six-tenths of 1 per cent.

Mr. STRONG of Kansas. That is the reason I am for the bill and the gentleman is not.

Mr. CELLER. Naturally, and that is why I am against it and why I want to bring the facts out so that Members from the various States can see how much they will have to contribute to the common fund.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. LAGUARDIA. However, their liability is proportionate.

Mr. CELLER. Of course, the liability is proportionate; there is no doubt about that. But, of course, I do not blame the gentleman from Kansas for wanting this. His banks pay only six-tenths of 1 per cent to the fund. Why New Yorkers will vote for the bill is beyond me. New York will pay the piper to the extent of almost one-third of the total.

North Carolina will contribute four-tenths of 1 per cent; South Carolina, two-tenths of 1 per cent; Georgia, seven-tenths of 1 per cent; Florida, one-half of 1 per cent; Alabama, one-half of 1 per cent; Mississippi, two-tenths of 1 per cent; Arkansas, two-tenths of 1 per cent; Oklahoma, eight-tenths of 1 per cent; Texas, 2.3 per cent; Idaho, one-tenth of 1 per cent; Colorado, two-tenths of 1 per cent; California, 8 per cent; Nebraska, six-tenths of 1 per cent, and so on.

I maintain, Mr. Chairman, that by a perusal of these percentages the conclusion is readily reached that it is highly unfair to place this entire burden upon a few States for the benefit of all the other States; and that is why, when it comes to voting on this bill, I shall be unalterably opposed to it.

Mr. VINSON of Georgia. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. VINSON of Georgia. Right in that connection what was the contribution of the banks under the State laws which you say have failed?

Mr. CELLER. I shall be pleased to put data of those States in the record. I will put in my remarks a detailed statement of the statutes of each of the eight States that have adopted the guaranty plan.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. I herewith insert some detailed experiences of some of the States that tried this fantastic scheme.

NORTH DAKOTA

In our State a body of disgruntled radicals obtained political control of the State. They have done anything and everything that could be done to cripple the banking structure of the State. Where a banker would not agree with their political views a few of them would get together and organize a new bank in order to punish the banker opposing their political policies. Encouragement was given by the banking department and the governor to do this and the whole banking structure was weakened to an extent that when bank troubles developed over 300 small banks failed; and while there were only a few failures of larger banks, it was to be expected, of course, that failure of so many small banks

would pull down a few of the weak, larger banks. (W. C. MacFadden, secretary of North Dakota Bankers Association. Letter of December 14, 1926.)

OKLAHOMA

It is my judgment that any law which seeks to guarantee deposits in banks is fundamentally unsound, as it places a premium on incompetence, if not actual crookedness, and opens up a field which presents temptations to the unscrupulous politician. In this State it resulted in the granting of charters promiscuously and in many instances charters were granted to inexperienced and incompetent parties. I do not assume that the inside story of the manner in which the depositors' guaranty fund in the State of Oklahoma was handled will ever be revealed, and the only good that could come from a revelation of that kind would be merely as a warning to other States which contemplate adopting a law of that kind. (O. B. Mothersead, Oklahoma State bank commissioner.)

TEXAS

* * * Many bankers have engaged in reckless and unsafe business methods of banking, upon the theory that if their banks should get into trouble the guaranty fund would come along and contribute enough fresh capital to absorb their losses. A number of dishonest bankers have systematically stolen from their banks year after year and used the funds for personal transactions and speculative deals, knowing that if their banks failed the guaranty fund would pay the depositors and there would be no demand on the part of the depositors that these dishonest officials be punished. No stretch of the imagination is required to assert that the guaranty fund as it has been administered in Texas has been a constant premium upon dishonesty and criminal recklessness and carelessness in the management of some of the banks.—Extract from "Our State Banking System," an address by Charles O. Austin, Texas commissioner of banking.

Professor McCahan, of the University of Pennsylvania, in the book, State Insurance, summarizes the causes of the failures of these State funds as follows:

The immediate cause of the disastrous losses experienced by the funds in recent years was the deflation period following upon the heels of the war boom. As a result of it, banks all over the country were hard hit, but particularly those in the agricultural belt. Many financial institutions failed and carried others down with them. Banks belonging to guaranty funds were no exception. The fund may have had some virtue in preventing a "run" upon an individual bank occasioned by lack of confidence, but it was not adequate to cope with a period of rapidly falling prices and business stagnation.

Inability of most funds to withstand the heavy financial drains upon them during this time may be traced to a number of underlying factors. Principal among these were:

1. Too great concentration of risk: These funds, for the most part, were located in States primarily agricultural. Any influences affecting crop prices were necessarily transmitted to them. Losses were accordingly very much heavier than in the country as a whole. To illustrate, for the 10-year period 1917–1926, losses of the funds from failures averaged over 2 per cent of guaranteed deposits in North Dakota and South Dakota, whereas for the entire United States the liabilities (not just those to depositors) of all failed State banks, without deduction for possible salvage of assets, averaged approximately six-tenths of 1 per cent of total individual deposits.

2. Low assessment rates: The maximum assessment rates collectible in five States did not exceed one-fourth of 1 per cent, and in three of these—Kansas, Mississippi, and Washington—only a regular levy of one-twentieth of 1 per cent was collected for a number of years, so an adequate reserve was not created. Nor were the fixed rates of one-fifth of 1 per cent in Oklahoma (subsequent to 1916) and one-fourth of 1 per cent in South Dakota enough to produce an emergency surplus of any consequence. The test in Washington came early and found that fund unprepared as respects surplus. Even its more liberal assessment privilege proved insufficient. Had it not been for the special assessment privileges possessed by the Nebraska and Texas funds, their experience would have been the same as that of others.

3. Inadequate reserves: Bank failures traceable to economic conditions necessarily tend to be concentrated in a period when all business is depressed. Their effect, accordingly, is more disastrous. Since it is the goal of a bank guaranty fund to avert this sudden shock and distribute its force over a period of years, a substantial reserve must be on hand. Time has demonstrated that the maximum limits placed upon the size of these funds were too low and the means of building them up inadequate.

4. Poor underwriting selection and supervision of risks: All going banks were covered by the compulsory funds and membership in the optional ones was not difficult of attainment. No attempt was made to proportion the rate charged to the hazard presented. It is claimed that insurance of the risk made the public more careless as to the choice of their depositories. All banks appeared to be on the same plane as regards safety, and the necessity for discriminating with respect to the character, ability, and experience of the banker was less pronounced. It is contended new banks could more easily secure deposits and recklessness was encouraged. More rigid and extensive supervision was needed than ever before, but unfortunately this did not keep pace with the problems presented by the guaranty system. Some assert political influence played a large part in determining whether or not a bank should be closed. Certain it is that the standards of membership were not maintained at the high level necessary for success.

5. Maximum salvage not obtained: In case an insolvent bank is taken over immediately and its affairs administered by competent men, the loss to depositors may be kept low. If left to run after it should be closed or if improperly handled, realization on assets may fall and expenses mount. It is impossible to ascertain the exact efficiency of various funds in keeping their losses down by this means, but there is considerable evidence to the effect they have not always exerted every effort or used the best means to keep losses at a minimum.

IOWA

We would also call attention to the experience of the Iowa State public deposit guaranty fund created in 1925.

According to Professor McCahan:

From August 1, 1925 (when the fund began operations), until January 2, 1928, the fund received in diverted interest $3,895,533 and in dividends from failed banks $2,137,046, making a total of $6,032,579. One thousand one hundred and seventy-four claims were approved and certified for payment during this time, having an aggregate value of $9,421,899. In order to meet these liabilities, $6,000,000 of anticipatory interest-bearing warrants were issued, of which approximately two and one-half millions have been retired. The maximum rate of interest has been diverted ever since the inception of this fund, but its net deficit, owing to excessively heavy losses, is still about three and a half million dollars.

According to information recently received, it would appear that at the present time the Iowa State depository fund has a deficit of approximately $13,000,000.

There seems to be united opposition on the part of the American Bankers Association, as well as the New York Bankers Association.

One financial writer writes very succinctly as follows:

Since the above bill requires that the depository fund will be established and supported by assessments against the banks whose deposits are to be guaranteed, it must logically follow that the banks must recover this assessment in some way, and the logical way will be to reduce the interest payable on public and private accounts so that the expense of maintaining the fund eventually will fall on the depositors.

The above bill will result in the strong banks who do not need its protection being taxed for the benefit of weak banks. Furthermore, the fund will place a premium on lack of conservatism in the operation of banks.

Because the fund requires only members of the Federal reserve system to join the fund, such banks will be placed in an unfair competitive position as compared with nonmember banks and will doubtless force out of business smaller banks which can not afford or can not qualify for membership in the fund.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. STOKES].

Mr. STOKES. Mr. Chairman, this is a bill to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

I think we are all agreed that we want to help the bank depositor and the banks, but the question, as I see it, is how are we to do it along sound economic lines?

One of the principal causes of bank failures undoubtedly has been the period of unsettlement through which we have passed. When this period passes away bank failures will automatically cease.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. STOKES. I yield.

Mr. GARBER. It has been suggested in an inquiry that the cause of failures of banks is the withdrawal of deposits. This may have been a contributing factor, but the main factor in the failure of the banks in this country has been the shrinkage in values, and the holding of frozen assets instead of the withdrawal of deposits.

Mr. STOKES. The American people have deposited some $47,000,000,000 in the savings banks of the country. Savings banks are not included in the bill, and I do not think they want to be. How will it affect them? This bill, as I understand it, has not been approved by the Treasury Department, or by most of the large banks, because the large banks do not feel that they need to have their deposits guaranteed. However, a good many of the small banks would like to have it, but not all of them, because in order to join the Federal reserve system they have to deposit a good deal of their money, and they may have use for that money for other purposes.

The bill removes the incentive of banks to show good management and build up good reputations. Besides, it sterilizes a certain amount of Federal reserve funds which

must be laid aside to protect this guaranty which they are giving instead of letting it be used for other very useful purposes.

If the Federal reserve system desires to protect any of its member banks, it can do so by lending them money when an emergency arises.

The House a few months ago voted to appropriate large sums of Government money toward funding the Reconstruction Finance Corporation, which provides emergency financing facilities for financial institutions. Why not give this a chance to function and see how it works out?

General Dawes reported recently that in the period from February 2, the first day of its operation, to April 19, inclusive, the Reconstruction Finance Corporation has authorized loans to 1,520 banks and trust companies in the United States in the amount of $243,000,000, of which amount $10,000,000 has already been repaid.

The evidence of the effectiveness of its work is found in the fact that in the 71 days which preceded February 2, 756 banks, with $521,000,000 deposits, suspended in the United States; while in the 71 days from February 2, when the Reconstruction Finance Corporation started its operations, to April 12, there suspended in this country only 182 banks, less than one-fourth as many as in the preceding 71 days. As a matter of fact, however, the bulk of the bank loans in number and amount has gone to the small banks. The figures covering the period from February 2 to April 12 show that 69.2 per cent of the banks which have borrowed money from the Reconstruction Finance Corporation are located in towns of less than 5,000 population and 84.6 per cent of the borrowing banks are located in towns of 25,000 population or less. [Applause.]

The Bank of the United States, which was founded by Hamilton, was supported by the Government through the deposit of money, but there was no Government guarantee.

In fact, its capital was subscribed for by a large public body of stockholders.

Secretary of the Treasury Chase, during the critical Civil War period, when there were many bank failures, did not recommend a Government guarantee, because it is a dangerous centralization of power in the Federal Government.

One of the most successful and efficient banks in the history of the world is the Bank of England, incorporated in 1694 under the title it still bears, "The Governor and Company of the Bank of England."

One of the Federal Reserve governors submitted the following statement:

> Experience in the various States that have tried out plans of this sort has been uniformly unfavorable. All such plans have broken down.
>
> The natural effect of such legislation is to encourage risky and speculative banking by relieving bank officers and directors of their personal responsibility for the safety of deposits.
>
> Moreover, it compels provident and conservative bankers to pay the losses incurred by improvident and speculative bankers.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman and members of the committee, in my opinion the legislation proposed to guarantee bank deposits is the most important legislation that has been presented to the Seventy-second Congress.

In my humble judgment, no act of Congress would do more to restore confidence, bring to the light and into circulation the hoarded millions, and accelerate economic recovery in this country than the enactment of the legislation before us to-day.

I shall not attempt to discuss the technical mechanics of this proposed legislation, because there are a number of experienced bankers on the committee which reported this bill as well as others of banking experience, who will analyze the mechanical details. My remarks will be confined largely to the human-welfare side of the proposal.

During the past two years we have witnessed a carnival of bank failures in this country unparalleled and appalling. And following in the dismal and desolate wake of the wreckage has trailed a grim and ghastly procession of human distress, suicides, and unutterable anguish that is fearful indeed to contemplate. In my own fair State of Tennessee, in addition to the untold human misery incident to the failure of banking institutions, there have been, I am informed, seven suicides directly attributable to bank failures. Men and women who, after years of toil, had fancied they had laid up in bank a competency to provide for them in the evening of life, discovered to their dismay and horror that this security against the helplessness of old age had almost in an instant been swept away by the failure of some bank in which they had confidently placed their trust. Working men and women, in the shops and factories, over washtub and scrubbing brush, suddenly saw wiped out the savings which they had coined out of their sweat and blood and tears. Little children who had saved their pennies and, with childlike trust and simplicity, deposited them in savings banks were likewise the innocent victims of this orgy of defalcation. Thus thousands of our citizens were reduced to penury and poverty and often to desperation. Some sought solace in suicide of one form or another, while others, broken in spirit and health, are merely existing, supported by the sympathy and charity of relatives and friends. It would be difficult to estimate the number of deaths directly and indirectly resulting from bank failures during the past two years. Of course, it would be utter folly to attempt to describe the mental anguish and agony into the vortex of which thousands, yea hundreds of thousands, of our citizens have been precipitated by this epidemic of financial disorder that has swept our Nation like a terrible tornado during the past two years.

Something must be done to restore the confidence of the country in our banking institutions. Everybody concedes that there is something radically wrong with the system and agrees that it must be overhauled and safeguarded before the people will patronize it again. In the face of what has occurred during the past two years, who can blame the public for its lack of confidence in our banking systems both national and State? Who can censure the man who withholds or withdraws his money from banks and hoards and secretes it where he knows he can find it when he needs it? Until the time comes when our people can deposit their money in banks with the absolute assurance that when it is called for it will be available without question, our people will continue to hoard, and no one can blame them.

In 1930, 1,345 banks suspended operation in this country, with an aggregate of deposits of $864,715,000. One hundred and sixty-one of them were national banks, 26 State institutions with membership in the Federal reserve system, and 1,158 non-Federal reserve. In 1931 there were 2,298 bank failures divided as follows: 409 national, 108 Federal reserve State members, and 1,781 non-Federal reserve.

Mr. Chairman, I can remember when there was supposed to be something sacrosanct about the title "national bank." The people of this country had been educated to believe that somehow and in some way Uncle Sam was back of them. These banks would qualify as Federal depositories and would advertise that fact and thereby the public was led to believe that the resources of the Federal Government guaranteed their stability. But alas, during the last few years this halo has been dissipated and the great American public has been sadly disillusioned. In the face of the revelations of the past few years we now know that the title "national bank" is more or less a misnomer and in many instances has been a hollow mockery. [Applause.]

The Seventy-second Congress has already passed some very beneficial legislation, such as the Reconstruction Finance Corporation bill, but it has not gone far enough. The $2,000,000,000 refinancing measure has practically stopped bank failures, but the spirit of this legislation has not been carried out. The intent of Congress in passing this measure was to stabilize our banks and at the same time liquefy their assets so that they could extend credit to the business interests of the country. However, it is my information that it is just as difficult to obtain credit from banks—even those enjoying the benefits of this two billion Government loan—to-day as it was before the creation of

the Refinancing Corporation. It is openly charged that the greatest hoarders to-day are the banks themselves. It is charged that, with their vaults bulging with money, they stubbornly refuse to loan even on gilt-edged security. This, my colleagues, is another serious indictment against our present banking system.

Mr. Chairman, I am advised that from the smaller cities and towns throughout the Nation the idea of guaranty of bank deposits is enthusiastically acclaimed, and that the opposition to the proposition comes from the metropolitan centers. This is easily understood, for if deposits in all banks were guaranteed, there would, of course, be no choice as to safety, irrespective of the location of the bank. Money deposited in small cities, towns, and rural sections would be just as safe as money deposited in the large banks of the metropolitan center. Furthermore, any plan of this nature would of necessity diminish the amount of money that is daily being poured into New York, Chicago, and other large cities from the smaller communities. Great chain concerns rarely leave any money on deposit in the communities where they operate, but send it daily or weekly to the metropolitan banks. If all banks enjoyed Government protection to depositors, vast sums of money would remain in the local centers where it originates and where it could be used for the upbuilding of the local communities.

Such measures as the Reconstruction Finance Corporation and the Glass-Steagall Federal reserve bills are beginning to make inroads on the depression, but it can not be denied that they are only of a temporary nature. In talking and corresponding with bankers throughout the Nation, as well as feeling the pulse of the general public, it is the consensus of opinion that nothing short of a governmental guaranty of deposits will completely restore public confidence in the financial structure, on which rests to a large degree the revival of business and the termination of the present depression. Much of the opposition advanced is based upon the belief that if deposits were guaranteed it would cause poor banking, but in my judgment it would have the opposite effect. I am of the opinion that a Federal banking commission, functioning along the lines of the Interstate Commerce Commission, could beyond question control weak or unsound banking methods.

The Federal reserve banks, as you know, are owned entirely by the member banks, and I feel quite sure that the member banks would be perfectly willing to forego the small 6 per cent dividend they receive on their stock and permit this money to be set up in a guaranty fund. Furthermore, I believe the banks, as sole owners of the Federal reserve system, should have some voice as to what disposition is made of the balance of the earning. Under our present system all earnings now in excess of dividend and surplus requirements are paid over to the Government as an excise tax. Since 1913 and including 1930 the Federal reserve banks have paid out in dividends $275,136,225, and after dividends to stockholders and contributions to surplus have been made during that period $147,126,822 has been paid to the Government, making a total of $422,263,047 that could have been allocated to a guaranty fund. Had this been done, it would have more than paid all of the losses sustained by depositors in member banks.

I am advised by the American Bankers Association, of New York City, that 61.6 per cent of loans and 61 per cent of deposits are in member banks of the Federal reserve system and 38 per cent of loans and 39 per cent of deposits in nonmember banks. Comptroller Pole, at hearings before the House Committee on Banking and Currency, stated that in 815 national banks, which had been liquidated since 1865, general creditors were paid 70 per cent, and that if preferred and secured claims were included, the average was 79 per cent. You can easily see that, after all, the ultimate loss by depositors in insolvent banks is really small compared to losses sustained in any other kind of business.

In a rather lengthy communication from Hon. Newton D. Baker to a correspondent of mine the former Cabinet officer says:

> My own feeling has for a long time been that the first step in this matter must be to require all banks in the country to become members of the Federal reserve system. Mr. Collins, of Washington, whom you, perhaps, know, has recently examined the legal aspects of the suggestion and finds adequate power in the Federal Government under the Constitution to make such a requirement. If that can be done I have no doubt that it would be possible to erect out of the earnings of the system by some process such as you have worked out a fund which would be a sufficient cushion to start the general project of guaranteeing deposits, and I can think of nothing more stabilizing or just than to have a banking system in which the depositor felt that he was as secure as the Government itself.

I believe it would be unfair and would probably invoke much opposition from State banking institutions everywhere to discriminate in any guaranty fund between national and State banks. It occurs to me that it would be a simple process to compel by act of Congress all banks of deposit to become members of the Federal reserve system, and thereby not interfere with the dual system of banking under which we now operate. This plan would not greatly interfere with the individual freedom of banks in the conduct of their business, but would bring them all under one central system required by a few amendments to the Federal reserve act.

I am of the opinion that with a Federal banking commission, properly selected and composed of trained men, including lawyers, bankers, and probably others, unsound banking could be controlled. Unfortunately, the Comptroller of the Currency has little or no power to correct unsound banking. His examiners can only criticize. If the criticisms of the examiners are not respected, the comptroller can only bring suit for the forfeiture of the offending bank's charter, and this would defeat the very purpose of his office in keeping banks open, providing no protection for depositors.

It is my thought that the Federal banking commission should have power to issue bonds, guaranteed by the United States Government, the proceeds of which to be used to pay depositors of insolvent banks in full as soon as claims are proven. These bonds should be marketed at a low rate of interest, and the interest collected on assets of insolvent banks would be sufficient to pay the interest on the bonds. They should be short-time issues, callable by lot; and as the assets of insolvent banks are converted into cash the bonds could be accordingly extinguished. On the closing of a trust of an insolvent bank, the remaining bonds could be called out of the assets collected. Any deficit would be available out of the guarantee fund.

It is also my thought that in any legislation of this nature it would likewise be well to correct some of the weaknesses of the past in the operation of banks by fixing rates of dividends. No doubt many banks now suspended would be open had they, over a period of years, built up their surplus fund instead of paying out a large part of their earnings in dividends. The capital structure should control the rate of dividend; that is to say, no dividend should be paid by member banks until their surplus shall equal at least one-fourth of their capital, and the maximum dividend to be paid by a bank whose surplus shall equal one-fourth and less than one-half of its capital should be limited to 6 per cent per annum. When the surplus shall equal one-half of its capital, the maximum dividend should not be more than 8 per cent. In cases where the surplus is equal to or exceeds the capital, the dividend rate might be discretionary. This principle is embodied in the measure under consideration.

It is my idea, Mr. Chairman, that banks operating on other people's money should not attempt to pay large dividends to their shareholders; that a reasonable dividend should be paid when earned. Sound banking requires an objective of strength and protection for depositors by a consistently increasing surplus.

The profits in the banking business are derived from the use of the people's money. If the profits of the banking business were confined to the earnings of the invested capital, banking would be a very unattractive business indeed. The fact that more than 8,000 banks in the United States have become insolvent and closed their doors during the past 10

years, jeopardizing more than $2,000,000,000 of the people's money, certainly affords sufficient warrant for such legislation as is proposed in this bill.

Chairman STEAGALL of the Banking and Currency Committee, on page 5 of the hearings, epitomizes the argument for this legislation in the following language:

> We must not fail to safeguard the Nation against a repetition of the disasters and distress resulting from bank failures during the past 10 years. It has brought ruin to banks, suffering to depositors, distress to the public, and destruction to business. The principle is accepted as sound on every hand by the Government, by the public, and by the banks themselves. The Government demands insurance when its funds are intrusted to a bank. Banks require bonds of employees for protection against dishonesty. The public invests in life insurance, in fire insurance, in the insurance of crops. Citizens insure themselves against their own negligence. Banks constantly protect particular deposits when such protection is required. Common sense and simple fairness suggest that the public at large be accorded the same consideration.

Mr. Chairman, I have consumed quite enough of the time of the House in this discussion. A number of bills on this subject have been presented to the Senate and the House, one of which was introduced by me. I take it that the bill before us is more or less of a composite of the best that is in these various proposals. A number of the suggestions contained in my bill are embraced in the measure before us. I would like to call your attention to another bill which I have introduced providing protection for banks which is now pending before the Banking and Currency Committee. This bill would make it unlawful, with a good stiff penalty for any person to utter or circulate false reports as to the solvency of a banking institution, that is, reports calculated to destroy confidence in such institutions and thereby precipitate a "run" on same.

The man that will do this deliberately and with premeditation is about the lowest form of animal life in my opinion. I could only compare him to this miserable creature Curtis, of Norfolk, Va., who attempted to capitalize the ghastly Lindbergh tragedy in a ghoulish effort to exploit his silly vanity. From information received by me I am satisfied that a large number of banks have been forced to suspend during this terrible period of depression due to false and malicious gossip and propaganda.

Mr. Chairman, of course the measure before us, being the initial step in Federal bank guaranty, is not 100 per cent perfect. Absolute perfection and infallibility should not be expected. But let us pass it and enter upon an experiment, which I predict will mean one of the greatest reforms that has ever been inaugurated to promote the welfare, happiness, and contentment of our people. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN]. [Applause.]

Mr. McGUGIN. Mr. Chairman, the title to this bill is "A bill to amend the national banking act and Federal reserve act, and to provide a guaranty fund for deposits in banks."

In my judgment, the title to this bill would more correctly disclose the contents of the bill if it were titled "An act to provide a guaranty fund for deposits in a part of the banks of the United States and to force the remainder of the banks into insolvency."

I believe that this bill in its present form, if enacted into law, will be the death warrant for the State banks of the United States and will bring immeasurable chaos and disaster to thousands of small and local banks of the country.

A law providing for a sound guaranty of deposits in banks is something which is much desired but most difficult to obtain. In prosperous times it may be possible for the banking structure of this country to work out a sound guaranty fund. There can be no sound or just guaranty fund which does not include every State and National bank.

The bill which is now before the Congress provides that for the deposits in a bank to be protected by the guaranty fund provided in the bill the bank must be one of three classes: First, it must be a member of the Federal reserve system; second, if not a member of the Federal reserve system, it must pass an examination which is prescribed by the board administering this fund; and third, it must have a capital and surplus of $25,000 or more.

These provisions disclose clearly that the intent and purpose of this act are to force every bank of the United States to become a member of the Federal reserve. When Congress creates a condition which forces every bank in the United States to be a member of the Federal reserve, then it would be far more honest for the Congress openly to state that it is the purpose of the Congress of the United States to destroy the State banking system and to compel every bank in the United States to be a national bank, under the direct control of the National Government. This is a violent invasion upon the sovereignty of the States. A sovereign power which can not control its own banking system is not worthy of the name and is no longer a sovereign power.

It is true that in section 208 this bill provides that a State bank subject to the approval of the board administering this fund can participate in this fund. However, this same section of this bill viciously belied this overture to the State banks. This is because in section 208 of this bill it is provided that such nonmember banks shall pay an initial contribution and an annual contribution in a sum which is twice as much as the contributions paid by member banks.

In section 202 of this bill it is provided that the Treasury of the United States shall make an advancement to this guaranty fund, each of the Federal reserve banks shall make an advancement to the guaranty fund, and each of the banks participating shall make an advancement to the fund. If we enact this bill into law, then we have provided that the Treasury of the United States, the Federal reserve banks, and the member banks have formed a gigantic conspiracy fund for the purpose of giving special privilege to the member banks and to destroy the outside banks.

With the deposits in member banks guaranteed by such a fund, it is obvious that the people of the United States will transfer their deposits from banks not participating in this guaranty fund to banks which are participating in this guaranty fund. This is such a vicious conspiracy in restraint of trade that if any other line of business in the United States would undertake to carry on a similar program it would be haled into court for creating an unlawful combination and conspiracy in restraint of trade. It would be facing dissolution and its officers facing the penitentiary.

When nonmember banks of the Federal reserve find their deposits slipping away from them into the member banks, as the case will be, if this bill is enacted into law, they will find that they will be compelled either to watch their institutions go into insolvency or be blackmailed into joining this association of guaranty banks to which they would be compelled by law to pay an annual contribution twice the amount paid by the privileged member banks.

Every Member of this Congress who votes for this bill is literally taking his hammer in hand, filling his pockets with nails, and nailing shut the doors of the State banks of America. It may be that Congress can not keep open all of the banks of this country. That is something which is beyond our control; but, if we pass this bill, the economic distress and human despair which will follow in the wake of the closing of thousands of State banks will be upon our hands. We shall be the ones who are directly responsible for it. Simply because we may not have the prescription in our medicine chest which will cure the patient which is upon our hands, that is no justification for administering strychnine to our patient.

In these times of distress it is common knowledge that there are thousands of banks in our country which can not pass the entrance requirements of the Federal reserve system.

This is no reflection upon these outside banks. Due to the same conditions, there are many banks that are in the Federal reserve system which are at this time in no position to meet the requirements for entrance. Yet under this bill the banks that are already in the Federal reserve system can participate in this fund, while equally as sound banks outside of the system can not participate in the fund. It

is true that under section 208 the nonmember banks that desire to participate in this guaranty fund must pass an examination by the board administering this guaranty fund rather than the Federal Reserve Board; however, it is obvious that the board administering this fund would of necessity prescribe an examination of equal rigidity as the examination for entrance into the Federal reserve system. If the board does not prescribe such an examination, it would be practicing a fraud upon the banks which are members of the Federal reserve system. It would be most dishonest for the board to permit weak banks to come into this fund and participate on equal terms and conditions with banks that are now members of the Federal reserve.

In this connection I have a telegram from the Hon. H. W. Koeneke, bank commissioner of the State of Kansas. It is as follows:

Six hundred and forty-seven State banks and fifteen trust companies operating under Kansas charters. Five State banks are members of the Federal reserve system. Two hundred and ten State banks do not have sufficient capital to be eligible for membership; many would not be able to qualify at this time. It seems to me that the national bank guaranty law would have the exact opposite effect on Kansas banks than is the intention of the act. Your aggressive opposition appreciated.

H. W. KOENEKE,
Bank Commissioner.

Here we find that in the State of Kansas, out of 662 State banks and trust companies, 5 of them are members of the Federal reserve system. Therefore only 5 of the 662 State banking institutions of Kansas would be eligible to participate in the guaranty fund provided by this act without at least paying an annual contribution of twice as much as the assessment against the member banks. Two hundred and ten of the State banks of Kansas, even though they were disposed to stand for this 100 per cent discrimination in assessments, would still be ineligible under this act, because they do not have a capital and surplus of $25,000. Many of the remainder of these State banks could not at this time meet the requirements, notwithstanding the fact that they are equally as sound as many of the banks which are now members of the Federal reserve.

There may be those who have become so enamored with great national and international banking that they regard it as a matter of small concern as to whether or not these smaller State banks survive or perish. If these small banks are driven out of business, it means the death knell of banking credit for the individual and small business. Banking credit for the individual and small business made this a great country. During the some one hundred and fifty years' existence of this Republic, hundreds and thousands of men obtained a few hundred dollars of credit when their principal collateral was their character and integrity, and from that credit they developed into successful business men. They built the small communities of this Nation. It was men such as these who started the small institutions which grew into larger institutions; and as their institutions grew, country towns and villages grew into great industrial centers. It was the smaller banks which advanced such credit. The great banks did not advance it. Banks with large deposits are not interested in loans of a few hundred dollars.

When this country becomes so selfish and avaricious that it is only interested in credit for the great and powerful the old America which we know is bound to perish. I am not opposed to great banks for great credit, but great banks and great credit must leave a place in American life for small banks and small credit. I can understand how great banks and great credit in their wild and mad rush for wealth may ruthlessly destroy small banks and small credit but it is beyond my comprehension that Congressmen and Senators, representatives of the people, would ever enact legislation which overnight would more completely destroy small banks and small credit than any program which great wealth could ever establish.

In my own district there are 32 banks which are members of the Federal reserve system and 43 which are nonmembers. If I can help it, this Congress is not going to enact a bill that will overnight drive the deposits out of those 43 nonmember banks into the 32 member banks. If I can help it, we are not going to destroy the majority of the banks in the district which I represent. In my judgment, any Member of this Congress who votes for this bill betrays the interest of the majority of his constituents and drives thousands into bankruptcy. When these deposits are driven out of these nonmember banks into the member banks the nonmember banks are forced to liquidate. When they are forced to liquidate that means that those who owe them money are in turn forced to liquidate. Immediate liquidation at this time will mean a sheriff's sale for the people who owe these nonmember banks. The interest of the stockholders in these nonmember banks is small as compared with the anguish and the despair which will fall upon their debtors who are forced to make an immediate liquidation.

I can not conceive how this Congress could perpetrate and inflict more cruelty upon a greater number of people than to enact a law which will inevitably drive into insolvency the great majority of the banks of this country that are not members of the Federal reserve system.

The fund provided by this bill which is to guarantee the deposits of certain banks is one-half billion dollars. This guaranty fund is confined practically exclusively to the deposits in national banks. As of June 30, 1931, the last available statistics which I have at hand, the total bank deposits of the United States were, in round figures, $54,000,000,000. These deposits, in round figures, were divided as follows:

State banks and trust companies	$21,000,000,000
National banks	22,000,000,000
Savings banks	11,000,000,000

This guaranty fund of one-half billion dollars is to guarantee $22,000,000,000 of deposits in the national banks. It seems to me but a silly fancy and a childish dream to suggest that one-half billion dollars can guarantee the $22,000,000,000 of deposits in the national banks. This means that $1 stands as a guaranty for the safety of $44. It is my judgment that this effort to guarantee $22,000,000,000 of national-bank deposits with a one-half billion dollar guaranty fund will turn out to be a humbug and a fraud upon the American people, just as every State bank guaranty law has turned out to be a fraud upon the depositors in State banks. It seems obvious to me that the enactment of this law, providing for a one-half billion dollar fund to guarantee $22,000,000,000 of national-bank deposits, will prove to be a failure. I am quite certain that the enactment of this law, which proposes to guarantee only the deposits of national banks, will cause chaos and pandemonium in the $32,000,000,000 of deposits in the State banks and trust companies and in the savings banks. Any bank guaranty law which does not actually and honestly provide equal protection for the entire $54,000,000,000 of bank deposits is an iniquity and a fraud practiced upon the American people, which, above all, should not be inflicted by the Congress of the United States.

Let us not lend the sanctity of the faith and the integrity of the Government of the United States to any bank guarantee law which will not adequately protect the deposits of every bank in the United States. If it is impossible for us to provide a guarantee fund which is adequate and substantial enough actually to protect the bank deposits which are secured, and to grant equal protection to the deposits of every bank in the United States, then let us leave it alone. Dreams and panaceas can not cure our present ills. Partiality and special privilege as between banking institutions and as between depositors are iniquities which this Government must not practice if we expect to survive and retain the confidence of our citizens.

If we enact this law then within a few years there will be no banks in this country except banks which are members of the Federal reserve system. When that happens, every small country national bank of this country will be but a gathering agency and sort of a subsidiary for the large banks. We can view the matter in the most charitable light, and we can not escape realizing that during the last 10

years the national banking department and the Federal reserve system have been used to destroy local and individual credit. We can not escape the knowledge that the national banking department and the Federal reserve system have been used for the benefit of large banks and to the detriment of the small member banks.

The national-bank examiners went into these small national banks and laid down the rule that paper which was not liquidated at frequent intervals was bad paper. These examiners compelled the local bankers to charge off paper which was not liquidated at frequent intervals. The management of these small national banks were not permitted to run their own institutions. They soon found that they could not give credit to their neighbors and local citizens. They were compelled to discontinue credit for customers who had dealt with these local banks for the years and upon which the banks had never lost a dollar.

These local national banks soon found that the only paper which they could have in their possession which would meet the approval of these examiners was a note secured by a certificate of stock in some corporation which was listed on the board of trade. This destroyed and denied credit for sound and legitimate local business. It furnished credit for stock gambling. With credit taken away from local and legitimate business, it was deflated. With credit given over to gambling, gambling was inflated. This is one of the principal reasons for the wild stock inflation which came to an end in 1929. These local national bankers also found that there were other securities which they could hold which met with the approval of these examiners. That other credit was bonds of foreign countries. International bankers floated these foreign issues, took their handsome commissions, and forced the bonds on to the local banks. Now we find the banks of this country loaded down with a lot of foreign loans which were floated by big banks. The Federal reserve system did not prevent this situation; on the contrary, it is obvious that it encouraged it.

The Federal reserve law was enacted with the supposed purpose of taking the banking business of this country out of the control of the big banks. The truth is, it turned it over to them. The large banking institutions have been able to use the Federal reserve system and to monopolize the banking and credit of this country to a far greater extent than they could ever have done without it. This is due to the fact that the law permits the membership of the Federal Reserve Board to be composed entirely of bankers. In the nature of things, this board, composed entirely of bankers, has been composed of men whose viewpoint is that of great banking and of great credit with no regard for small banking and small credit.

As a matter of fact, their viewpoint has been one of contempt for small banking and small credit. It is obvious that the Federal reserve system has been operated in the interest of the lender of money and with no fair regard for the borrower of money. Human nature would permit no other course, when the board which controls the Federal reserve system is composed of those whose training is along the lines of great international and national banking rather than along the lines of local banking and local credit. Until such time as the borrowers of money are represented on the Federal Reserve Board along with the lenders of money, the Federal reserve system of this country will be a curse to local and individual credit rather than a benefit. A fair regard for the welfare of local banking, whether it be National or State banks and individual credit, requires that the entire banking structure of this country must not be controlled by the Federal reserve system, an instrumentality of the National Government.

We talk about centralized wealth being a menace to the welfare of the people, yet the truth is it is a lesser menace to the liberty and welfare of the people than centralized government. As a matter of fact, centralized wealth could never reach such a menacing proportion except that we have centralized government. However, if we have centralized wealth, we are bound to have centralized government. When Congress drives all of the banks into the Federal reserve system, an agency of the National Government, it has taken the longest possible step toward centralized wealth and centralized government. The State banking system of this country is the last bulwark between the people and centralized wealth and government. The State banking system must not be destroyed. This bill will destroy the State banking system. It must not be passed. [Applause.]

Mr. STEVENSON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. STEVENSON. The gentleman says State banks could not become members of the Federal reserve bank. The gentleman has not considered the fact that they can become members of this fund if they have $25,000 of capital and surplus and a certificate of good health from the State banking department.

Mr. McGUGIN. Yes; for three years' time; and at the end of the three years you force every State bank in this country to be at the mercy and under the domination of this board.

Mr. STEVENSON. It requires them to submit to an examination, the same as any other bank.

Mr. McGUGIN. Why do you not in this bill make it for all time? Why do you not provide that for three years State banks participating in this fund need no further credentials than from their own State banking department? Why not make it any unlimited period instead of three years, enough time to fish them into the system?

Mr. KELLER. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. KELLER. I would like to know whom we are trying to help through this bill—the people who are going to put money into the banks or the banks primarily?

Mr. McGUGIN. The main point is this, as I view it: You can not set up a fund which guarantees about 40 per cent of the deposits of this country without spreading chaos and pandemonium among the other 60 per cent.

Mr. KELLER. If there are objections to the bill, why not propose amendments to the bill that will make it possible for these State banks to come in?

Mr. McGUGIN. I take it that the reason the committee backed off from the State banks is because there are so many of them that it was feared that they would break down the entire guaranty fund.

Mr. KELLER. I do not think so. I have many letters from my State banks. What I am trying to get at is this: The bankers of this country, both National and State, have had things to suit themselves for all these years, and as far as I know they have never made any provision for the protection of the people of this country when they put their money in the hands of those bankers. Have they or not?

Mr. McGUGIN. I can not answer as to the past conduct of all the banks of the country.

Mr. KELLER. Well, have they or have they not? Why have they not done it?

Mr. TILSON. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. TILSON. I wish to ask the gentleman if this is not the effect of this bill: That we are taking $150,000,000 out of the Treasury of the United States and constituting it a guaranty fund to be added to by a further liability on the part of the United States in case it is needed, and that thereby we guarantee only a limited number of banks in which depositors have deposited their money? Is not this the effect of it?

Mr. McGUGIN. That is my understanding of the effect of it; yes; with the exception of one part of the gentleman's question. The gentleman said we are taking $150,000,000 out of the Treasury. That is true. Then the gentleman said there was a further liability. I can not answer as to that part which pertains to a further liability.

Mr. STEAGALL. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. STEAGALL. There is not any liability whatever touching the Treasury of the United States, except the $150,000,000 which is taken out of the Treasury for the pur-

pose of starting the initial guaranty fund. We take that because the Federal reserve banks have put that amount into the Treasury.

Mr. TILSON. But it is in the Treasury; and once it is taken out by this bill or through any other means, we shall have to make it good.

Mr. KELLER. If it does not belong to us, we ought to make it good, ought we not?

Mr. TILSON. But it does belong to us.

Mr. McFADDEN. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. McFADDEN. Referring to the colloquy that has just taken place, the actual amount that under this bill would come from the United States Treasury is $147,126,882. In addition there is $150,000,000 to be taken out of the reserve or surplus of the Federal reserve system, which really belongs to the United States, making a total of $297,000,000.

Mr. STEAGALL. Will the gentleman yield to me? I am sure the gentleman from Pennsylvania [Mr. McFADDEN] does not want to mislead the Members of the House, and certainly there is no foundation for that statement.

Mr. McFADDEN. Will the gentleman from Kansas yield further to me?

Mr. McGUGIN. Yes; I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. The gentleman from Alabama [Mr. STEAGALL], the chairman of the committee, has questioned my statement about the withdrawal of $150,000,000 of surplus from the Federal reserve system.

Mr. STEAGALL. No; I do not question that statement, so long as it is put in that language.

Mr. McFADDEN. Just what was the objection to the statement then?

Mr. LaGUARDIA. That it belongs to the Treasury of the United States.

Mr. STEAGALL. Yes.

Mr. McFADDEN. May I say that the law provides that in case of liquidation of the Federal reserve system the surplus of the Federal reserve system belongs to the United States Treasury.

Mr. LaGUARDIA. In case of liquidation, yes; but this is anything but liquidation. This is giving the member banks the benefit of their own reserve and surplus.

Mr. McFADDEN. This is not their own reserve. The banks have nothing in the world to do with it. It can not be distributed to them in any way. The only distribution of this surplus must go to the United States and not to the member banks of the reserve system.

Mr. McGUGIN. I may say to the gentleman from New York [Mr. LaGUARDIA] that that statement does not apply to the $150,000,000 that the Government is actually putting up and contributing to this fund.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. CABLE].

Mr. CABLE. Mr. Chairman, there were 30,800 banks in the United States in 1921. To-day there are approximately 20,200. Banks that failed or suspended payment between 1921 and 1932 number 7,000. Neither weakness in banking structure nor lack of competent management can be blamed entirely for these failures; depression in agriculture, flight of profitable business to larger cities (attended by heavy withdrawals), accumulation of worthless paper, and the establishment of too many banks for the population in the area served are some of the reasons for these failures. A large percentage of the failed banks had capital of $25,000 or less, or were located in towns of 5,000 or less. The sudden collapse in the stock market was not the sole cause of bank failures; many occurred before that time. It did, however, have a staggering effect on business, which threw a heavy burden on the banks.

In the spring of 1931 fear of impending disaster caused individuals to withdraw their currency from the banks. The postal savings increased from a balance of $175,271,686 as of June 30, 1930, to $347,416,870 as of June 30, 1931. On April 30, 1932, the balance in postal savings to the credit of depositors was $713,866,528. The number of depositors in postal savings has increased to more than 1,250,000. Because of lack of confidence in any institutions, $1,250,000,000 additional went into hiding, in safe-deposit boxes, in the ground, and elsewhere.

Faced with this situation and the fear of sudden demand by depositors, the banks of the country refused to make further loans and began to liquidate. In October, 1931, we had a bank panic; 522 banks were closed during that month. In November 175 were closed; in December, 358; in January, 1932, 342 banks were closed. Failures in 1931 amounted to 2,290 banks, with deposits of $1,759,000,000. Of these failures, 410 were national banks and 108 were State banks which were members of the Federal reserve system. The money tied up in closed banks during 1931 was but $30,000,000 less than the total amount of money tied up in closed banks during the whole of the preceding nine years.

RECONSTRUCTION FINANCE CORPORATION BRINGS ABOUT A DECLINE IN BANK FAILURES

To restore confidence, stop hoarding, prevent bank failures, and to provide emergency financial facilities for financial institutions, Congress passed the act creating the Reconstruction Finance Corporation. This was approved by the President and became a law on January 22, 1932.

This law authorized loans to be made upon approved security to banks, trust companies, building and loan associations, insurance companies, mortgage-loan companies, joint-stock land banks, livestock credit companies, agricultural credit corporations, and railroads. Charles G. Dawes was named president of the corporation. Eugene Meyer, governor of the Federal Reserve Board, was named chairman. The directors include Ogden L. Mills, Secretary of the Treasury.

By February 2, 1932, the corporation began to function. On March 31, 1932, loans had been made, fully and adequately secured, in an amount of more than $238,000,000. Of this sum, $158,182,242.06 went to banks and trust companies, of which $2,173,000 were used to aid in reorganization and liquidation.

By April 19, $243,248,769 had been loaned to 1,520 banks and trust companies, and an additional sum of $17,326,748 had been loaned to 98 building and loan associations; 69.2 per cent of this money went to banks in towns and cities of 5,000 or less; 84.6 per cent went to banks in cities of 25,000 or less, and only 5.3 per cent of the money loaned went to banks in cities of 1,000,000 or more inhabitants. Thus, it is apparent that by far the greatest portion of the Reconstruction Finance Corporation's financial aid to banks, trust companies, and building and loan associations was extended to such institutions in our smaller towns and cities.

The result of the act was to check bank suspensions. In February, 1932, the number of suspensions had been reduced to 122, and 46 banks reopened during that month. In March there were but 45 suspensions and at the same time 28 reopenings. The Reconstruction Finance Corporation is not intended as a permanent organization. It is not intended to continue for such a period of time that it can be used to prevent a recurrence of bank failures. The welfare of the people depends to a very great extent upon continuation of our banking institutions. It is of national importance that financial panics should not again occur. If Congress by law can strengthen and stabilize the banking institutions and preserve and maintain the confidence of the people in them, it is the duty of this body to do so.

GUARANTY OF BANK DEPOSITS TO PROTECT DEPOSITORS

My proposed remedy is set forth in a bill—H. R. 11201—which I introduced in the House, providing for the formation of a Federal bank-deposit guaranty and insurance corporation to insure bank deposits. The management was to be independent of the Federal reserve system, and the guaranty fund was to be created by payment of premiums based on the average daily bank deposits balance of each bank.

The House Committee on Banking and Currency has seen fit to report out a different kind of bill, one which nevertheless would, if enacted into law, guarantee bank deposits. The measure now before the House is known as the Steagall

bill, and provides a guaranty fund of $517,000,000, without a Treasury appropriation. This fund would be created out of $167,000,000 in franchise taxes paid by banks of the reserve system, $150,000,000 from surpluses now in the hands of the banks, and an assessment of $200,000,000. This fund would be administered by a board to be composed of the Secretary of the Treasury, the Comptroller of the Currency, and three members appointed by the President and confirmed by the Senate. Authority to liquidate closed banks and pay off depositors in full at any time after a bank is closed would be delegated to this board. An amendment, which, I understand, is acceptable to Chairman STEAGALL, has been proposed to permit all State banks, regardless of the amount of their capital, to enjoy the benefits of the guaranty and insurance features if and when they qualify. Upon payment of an assessment all State banks not members of the Federal reserve system would be permitted to contribute to and participate in the guaranty fund provided by the Steagall bill.

Mr. STAFFORD. Why not guarantee everybody a living for life?

Mr. CABLE. I am glad the gentleman has asked that question. Some one here has compared the grocery business with the banking business. A bank is a lawful monopoly. Before a bank may be established and operated, the Government, Federal or State, must first give its consent. The men, women, children, and the industries of your home town depend upon the solvency of its banks.

Mr. LAGUARDIA. And the gentleman should add that the grocer is dealing with his own goods, whereas the bank is dealing with the money of its depositors.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. CABLE. I yield.

Mr. MARTIN of Oregon. The gentleman has made a study of this question, and I would like for the gentleman to tell us why the guaranty of deposits laws have failed in the States where they have been tried.

Mr. CABLE. That question has been raised before, and I am glad to answer the gentleman from Oregon. A State law to guarantee bank deposits confines the burden of expense and security to too small a territory. A crop failure in one State in the past has wiped out the security and destroyed the guaranty system of that State. Oil-stock manipulation in the State of Oklahoma wiped out the securities in its banks. If the burden is spread over the entire United States, a crop failure in the gentleman's own home State of Oregon or an oil-stock manipulation in another State, would not break down the system of guaranteeing bank deposits; there still would be sufficient security in the other States to protect the banks and carry on the business.

Then, too, as is indicated by the hearings before the committee on the bill now under consideration, inefficient examination, lax administration, and indiscriminate granting of charters in States that enacted guaranty laws had much to do with the failure of those guaranty systems.

I quote from the "Business Week," which appears in the Literary Digest of January 2, 1932:

> The fact that it has failed where applied locally proves no more than that it is impossible for a single community alone to insure itself successfully against death or fire. It must, of course, be applied on a national scale so as to spread the risk widely over diverse conditions and be coupled with machinery for enforcing uniform standards of banking practice.
>
> The risk is easily calculable on an actuarial basis.
>
> Even in the epidemic conditions of the past 10 years it is so small compared with the total of deposits that the reserve required for protection against actual losses from bank liquidation would be relatively small, and the burden upon the banking system as a whole would be slight.

The committee guaranty bill now before us provides for diversification of risk over the entire country.

THE ALTERNATIVE—A NATIONAL SYSTEM OF BRANCH BANKS

The Comptroller of the Currency, J. W. Pole, when he recently appeared before the House Committee on Banking and Currency, advocated regional branch banks and reminded the committee that, in his opinion, the remedy for the country-bank situation is a system of branch banking built up around strong city banks operating under close Government supervision.

A bill introduced by Senator GLASS is now pending in the United States Senate providing, among other things, for a system of branch national banks. If that provision should become a law, it would give national banks the right within the State of their domicile, as well as in adjoining States within 50 miles of the parent bank, to establish branch banks, irrespective of State laws. In my opinion, this bill should not become law—it would destroy our local banks by forcing them to sell out, become a branch of a national bank, or go out of business.

Mr. Pole and Senator GLASS may have in mind the Canadian system of national branch banks. As a matter of fact, opponents of the proposal to guarantee bank deposits point to Canada. They say, "There have been no bank failures in Canada. Canada has no deposit guaranty system. Let us try the Canadian system."

Compare the American banking situation with the Canadian. In the United States we have two independent systems of banks—the national banks and the State banks. National banks were created to meet national needs only. Later the Federal reserve system was created to stabilize and assure flexibility in those banks which should become members of that system. State banks may by complying with certain requirements become members in full standing with national banks.

Thus we have in this country nearly 20,000 independent banks, each responsive to the needs and interests of the community which it serves.

In Canada, on the other hand, there are 10 large banks, located in as many large cities, with a total of 4,000 branch banks scattered all over the country. One of the 10 Canadian banks has 1,000 branches and holds 27 per cent of Canada's entire commercial banking assets.

The United States and Canada are of approximately equal area, and both have practically the same mineral and other natural resources. The United States, however, has a population twelve times as large as that of Canada, a natural wealth twelve times as great, and an annual income thirteen times as great. Banking problems in the United States consequently are correspondingly more complex.

Branch banking is not the solution or remedy to avoid bank suspensions. The Home National Bank of Canada, for example, with deposits of $15,000,000 suspended payment and failed within the last few years, carrying down with it all of its branch banks. In December, 1930, the Bank of United States in New York suspended payment. It had 58 branches in the city of New York with total deposits of $161,000,000. All of the 58 branches were closed with the parent bank.

Of the 20,000 banks in the United States, upon whom our people are dependent for financial assistance, approximately 18,000 are independent State banks. It is proposed to destroy our dual system of independent banks by authorizing the national banks to establish branch banks throughout the country, without regard to State laws. There thus would be created a single system of banks. In many States branch banking is prohibited. In Ohio, for example, branch banking is prohibited excepting within the municipal limits of the parent bank.

If Senator GLASS's plan or the recommendation of Mr. Pole should become law, the independent State banks would be forced to sell out their independence and their assets to a national bank and become a branch bank of that system. Should such a system of branch banking ever be established, the change would be attended by a destruction of individual initiative and enterprise, which are so essential to good citizenship.

In endeavoring to strengthen our financial institutions, or any of our other institutions, we must not forget that the ultimate strength of our Nation depends upon the strength of a citizenry made up of persons who are individually strong.

If we ever establish a national system of branch banks, those men and women who now are presidents, vice presidents, and cashiers of their own banks would become man-

agers and tellers of branch banks of some large central bank, miles away from the local community, and whose officers have absolutely no personal interest in the welfare and growth of the local community.

Another system of banking is that known as chain banking. In Ohio, for example, as well as in New York, New Jersey, and Pennsylvania, the State law permits branch banking only in the city of the parent banks. Few States authorize branch banking. Primarily in those States which have no branch-banking laws, but even in those States which have them, individuals or holding corporations acquire the control of a number of independent banks through the purchase of their stock. Banks thus controlled are known as chain banks. They have the same serious effect upon home communities as chain stores. The ownership, control, and interest being foreign, they do not respond to local needs. The funds may be shifted at will by those who control these banks, to the detriment of local communities, just as funds collected by chain stores are taken from small cities and villages and sent to the great money-market centers. Pool operation, or chain operation, as it is called, makes it possible to raise interest rates in one community above a profitable level. When a monopoly is created, the interest rates are lowered again. Such cut-throat competition destroys or weakens independent local banks.

The people of the United States are confronted with an emergency as serious as war. Misery is widespread. Most Members of the House have seen suffering and distressed bank depositors—the destruction of their business and the loss of their homes. Thousands have been reduced to poverty and despair. Life savings, security for old age, have dwindled to almost nothing. To a great extent all this is the result of bank failures. The length and severity of the depression have been due principally to the closing of many banks and the inability of others to function normally. Our concern is the continued solvency of the banks of our communities, because we are interested chiefly in the future welfare of bank depositors.

I quote Henry M. Dawes, former Comptroller of the Currency, who stated at a hearing before the House Committee on Banking and Currency:

> The man who knows his customers and who lives in the midst of their environment is infinitely more competent to handle their funds than the most technically proficient banker in New York. In branch banking, character loans are impossible. The development of America is dependent on nothing else than on the independent-unit bankers of vision, courage and independence, whose first interest in the creditor is his character.

Neither branch banking nor chain banking will remedy the situation. The solution is the insurance or guaranty of bank deposits. That will restore confidence and aid materially in bringing us out of the depression.

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11362 and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted—

To Mrs. NORTON, for the remainder of the week, on account of illness.

To Mr. CROWTHER, for one day, on account of important business.

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER. The Chair designates the gentleman from Illinois [Mr. RAINEY] to preside at the session to-night.

PROCEEDINGS AT UNVEILING OF STATUE OF CHARLES BRANTLEY AYCOCK

Mr. STEVENSON. Mr. Speaker, I send up a privileged resolution, House Concurrent Resolution 31, for present consideration.

The Clerk read as follows:

House Concurrent Resolution 31

Resolved by the House of Representatives (the Senate concurring), That there be printed with illustrations and bound 5,000 copies of the proceedings in Congress, together with the proceedings held at the unveiling in Statuary Hall, upon the acceptance of the statue of Charles Brantley Aycock, presented by the State of North Carolina, of which 1,000 copies shall be for the Senate and 2,500 copies for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of North Carolina.

The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer and shall procure suitable illustrations to be published with these proceedings.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. STAFFORD. Is this the customary allotment?

Mr. STEVENSON. Yes; this is the customary resolution and allotment, except that formerly it was the habit to print 20,000. We have recently cut that down to 5,000.

The SPEAKER. The question is on agreeing to the concurrent resolution.

The concurrent resolution was agreed to.

HOUR OF MEETING TO-MORROW

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that when the House adjourns to-night it adjourn to meet at 11 o'clock a. m. to-morrow.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. There are some very important committee hearings going on, and I feel constrained to object.

Mr. STEAGALL. We want to use the time in general debate.

Mr. STAFFORD. That is very true; but frequently when we do come at 11 o'clock, some one makes the point of no quorum, and no advantage is had. I object.

EXTENSION OF TIME FOR GENERAL DEBATE

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the time for general debate upon the pending bill be extended for one hour, to be equally divided between the gentleman from Pennsylvania and myself, the debate to be confined to the bill.

The SPEAKER. Is there objection?

There was no objection.

INVESTIGATION OF GOVERNMENT COMPETITION

Mr. COX. Mr. Speaker, I ask unanimous consent for the present consideration of House Resolution 235, which I send to the desk.

The SPEAKER. Is there objection?

Mr. STAFFORD. Let the resolution be reported.

The Clerk read the resolution, as follows:

House Resolution 235

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of five members for the purpose of investigating Government competition with private enterprise and all other questions in relation thereto that would aid the Congress in any necessary remedial legislation. The committee shall report to the House not later than December 15, 1932, the result of its investigation, together with such recommendations for legislation as it deems advisable.

That said special committee or any subcommittee thereof is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpœna or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary, and such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpœnas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee, or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the

investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. Has any estimate been made as to the cost of this peregrinating committee?

Mr. COX. It will cost a minimum sum, not very much. It is believed that the entire investigation may be conducted here in the city of Washington.

Mr. STEVENSON. Mr. Speaker, I would like to know what it is that is being investigated.

Mr. COX. It is the question of competition as between Government and private enterprise—in other words, the Government engaging in the mercantile business and the restaurant business and in every form of business.

Mr. STAFFORD. The majority of this Congress is on record as favoring the manufacture of fertilizers at Muscle Shoals. What is the use of investigating minor manufacturing?

The SPEAKER. The Chair was informed that this came as a unanimous report from the Committee on Rules, and the gentlemen in charge on each side were in favor of the resolution. Otherwise the Chair would not have recognized the gentleman to take it up at the hour.

Mr. MAPES. Mr. Speaker, I reserve the right to object. I think it will be interesting to have some statement from the gentleman from Georgia as to just what investigation this resolution contemplates. It is very broad in its terms. What is the specific thing that the proponents of the resolution have in mind to investigate?

Mr. COX. The resolution is intended to set up a committee to deal with the question of the Government competing with private individuals in the restaurant business, in the laundry business, and every other form of business. In other words, the Government, ostensibly for the benefit of employees, establishes a restaurant in one of the buildings, which the public within that vicinity patronizes.

Mr. WOODRUM. Mr. Speaker, to end the argument, I object.

Mr. COX. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution, House Resolution 235, and ask for its immediate consideration.

The SPEAKER. The gentleman from Georgia calls up a resolution, which the Clerk will report.

Mr. MARTIN of Oregon. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Georgia makes a point of order that there is no quorum present.

Mr. COX. Mr. Speaker, I ask leave to withdraw the request.

The SPEAKER. The gentleman from Georgia asks leave to withdraw his request to call up the resolution.

Mr. MARTIN of Oregon. Mr. Speaker, I withdraw the point of order of no quorum.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House now recess until 8 o'clock to-night.

The motion was agreed to.

Accordingly, pursuant to its previous order, the House recessed until 8 o'clock p. m.

EVENING SESSION

The recess having expired at 8 o'clock p. m., the House was called to order by the Speaker pro tempore, Mr. RAINEY.

PRIVATE CALENDAR

The SPEAKER pro tempore. Under unanimous-consent agreement heretofore entered into, the House is in session until 10.30 o'clock p. m. for the purpose of considering bills on the Private Calendar under the old rule, commencing at the last starred bill where the call left on April 26 last. The present occupant of the Chair desires again to suggest, as he did on the 26th day of April, that if Members objecting to bills would make their objections and not reserve them, and if proponents of bills who desire to present their case would extend their remarks in the RECORD, it might be possible to call more bills.

On April 26 there were 495 bills on the Private Calendar from the point where we left off. Now there are 686 bills on the Private Calendar. This calendar grows faster than we can dispose of bills on it.

The Chair is powerless to carry into effect these suggestions but can do it with the cooperation of the Members present, and it might not be impossible to call as many as a hundred bills in a night.

Members who fail to get their bills considered are likely to meet with some objections when they get home. Questions will be asked as to their efficiency; yet Members are perfectly powerless in the matter. If we can call as many as a hundred bills to-night, the Chair will cooperate and do the best he can to get sessions, either night sessions or day sessions, during the remainder of this session to complete the entire Private Calendar and call all unobjected-to bills.

The Clerk will call the first bill.

WILL A. HELMER

The Clerk called the first bill on the Private Calendar, H. R. 1448, for the relief of Will A. Helmer.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, when the House was last considering Private Calendar bills unobjected to there was a reservation of objection to this bill, and the gentleman from Michigan, Mr. HOOPER, had the floor.

Since that time I have examined the report again, out of courtesy to the gentleman. I believe he wishes to make a brief explanation, and I yield to him for that purpose.

Mr. HOOPER. Mr. Speaker, I shall not take the time of the House, in view of what the Speaker pro tempore has said, to make an explanation.

The gentleman from Wisconsin has said he intended to object to it. I wish to make the statement that I feel this is a meritorious bill. The War Department has reported on it, and I hope the gentleman will go fully into the facts.

Mr. STAFFORD. I will be pleased to cooperate with the gentleman as to matters referred to in the report of the Secretary of War and see whether the burden is upon the Government or upon the Michigan Central Railroad. I am of the opinion it is an obligation of the Michigan Central Railroad and not of the Government.

I object, Mr. Speaker.

JOSEPH C. GRISSOM

The Clerk called the next bill, H. R. 1668, to carry out the findings of the Court of Claims in the case of Joseph C. Grissom.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. MANLOVE. Will the gentleman from Wisconsin withhold his objection?

Mr. STAFFORD. I shall be pleased to withhold it.

Mr. MANLOVE. I wish to make an explanation that probably does not appear on the face of the original report on this bill. I will ask the gentleman if he has the supplemental report?

Mr. STAFFORD. I have, and I have read it very carefully.

Mr. MANLOVE. I desire to call the attention of the gentleman from Wisconsin to the fact that I consider this one of the most meritorious bills that have ever been on this calendar.

This is a bill which calls for the payment of a man who was commissioned by the Governor of Indiana a second lieutenant, and who served in that capacity for a year, and did the work of a second lieutenant.

Mr. STAFFORD. Will the gentleman yield?

Mr. MANLOVE. Certainly.

Mr. STAFFORD. The records of the War Department, not of the adjutant general's office of the State of Indiana, but of the War Department, show that he was never mustered in as second lieutenant during the period referred to; that he could not be mustered in as second lieutenant because there were not a sufficient number of men in the com-

pany. Further, he was a sergeant. There are any number of instances of similar purport. If we recognize the claim of this man, we will have to recognize the claims of the others.

Mr. MANLOVE. May I ask the gentleman if he believes it is proper or right for the Government of the United States to withhold payment to one person simply because there are other meritorious claims that have not been made?

Mr. STAFFORD. It is a principle of the Army that whenever a company has not sufficient personnel to warrant the granting of a commission and the man is acting in another capacity, although he is doing the work of a higher rank, he draws the pay of the rank in which he is serving.

Mr. Speaker, I object.

Mr. MANLOVE. If the gentleman from Wisconsin will yield——

Mr. PARKS. May I say to the gentleman from Missouri that if the gentleman from Wisconsin is going to object, why waste time in further explanation?

I would not interfere with anybody's bill for anything.

Mr. MANLOVE. I would not interfere with anybody's bill myself.

The SPEAKER pro tempore. Objection is heard. The Clerk will call the next bill.

E. C. SAMPSON

The Clerk called the next bill, H. R. 4149, authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians.

Mr. BLANTON. Mr. Speaker, reserving the right to object——

The SPEAKER pro tempore. Objection is heard.

Mr. BLANTON. No; I did not object; I reserved the right to object. I wish to make a statement to the gentleman from Montana. While this bill involves only $600, it establishes a bad precedent by paying so-called expert witnesses.

In my State we have gotten to the point where you can not subpœna a doctor to come and testify in a case, like the ordinary witness, unless you pay him something or else have the court force him to attend. He wants $25 a day to testify as a physician. If you summon an engineer he will not come to court unless the court makes him or else you put up $25 a day or $50 or $100 a day. I am against that sort of practice. Whenever a witness is needed in court he ought to be subpœnaed or his deposition ought to be taken, and he ought to be treated exactly like every other witness who comes into court. Mr. Speaker, I object.

RELINQUISHMENT BY THE UNITED STATES OF CERTAIN LANDS TO THE CITY OF COEUR D'ALENE, STATE OF IDAHO

The Clerk called the next bill, H. R. 1133, to provide for the relinquishment by the United States of certain lands to the city of Coeur d'Alene, in the county of Kootenai, in the State of Idaho.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the United States relinquish unto the city of Coeur d'Alene, in the county of Kootenai, in the State of Idaho, all of its right, claim, or title to or the possession of all that part of the Fort Sherman Military Reserve (now abandoned) in section 14, township 50 north, range 4 west, Boise meridian, described as follows: Commencing at the southeast corner of the Fort Sherman Military Reserve (now abandoned) in section 14, township 50 north, range 4 west, Boise meridian; thence running northwesterly in a direct line, making a northwesterly included angle of 84 degrees, 33 minutes with the east limit of said Fort Sherman Military Reserve, a distance of 661.6 feet more or less to the boundary between lots 48 and 49 of said Fort Sherman Military Reserve and the true place of beginning; thence northerly along said boundary 531.76 feet more or less to a point distant 100 feet measured at right angles southwesterly from the center line of the main track of the Spokane, Coeur d'Alene and Palouse Railway Co.; thence angle 150 degrees, 31 minutes to the right and running southeasterly a distance of 617.6 feet; thence angle 120 degrees, 37 minutes to the right and running westerly 304.1 feet more or less to the true place of beginning; containing 1.88 acres more or less, situate in Kootenai County, Idaho.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WILLIAM ALEXANDER KEYS

The Clerk called the next bill, H. R. 2707, for the relief of William Alexander Keys.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury of the United States is authorized and directed to pay to William Alexander Keys, of Brockway, Pa., the sum of $845 in repayment of purchase money paid by him on a portion of mineral entry 046436, Los Angeles, Calif., receipt No. 2983484, and which repayment is authorized by the provisions of the act of March 26, 1908 (35 Stat. 48), as amended by the act of December 11, 1929 (41 Stat. 366), and was recommended by the Commissioner of the General Land Office, approved by the Secretary of the Interior, and disallowed by the Comptroller General of the United States.

Mr. STAFFORD. Mr. Speaker, I offer an amendment. In line 10, strike out "1929" and insert "1919."

The SPEAKER pro tempore. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 1, in line 10, strike out the figures "1929" and insert in lieu thereof the figures "1919."

Mr. STAFFORD. Mr. Speaker, I offer this amendment in view of the recommendation of the Commissioner of the General Land Office, as found in his report, in which he calls attention to the fact that the date should be 1919 and not 1929. I am relying entirely upon the recommendation of the Commissioner of the General Land Office.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MARGARET DIEDERICH

The Clerk called the next bill, H. R. 954, for the relief of Margaret Diederich.

Mr. ARENTZ. Mr. Speaker, reserving the right to object, I would like to have some explanation of this bill. It is for the relief of one Margaret Diederich, whose husband was a consular officer and who died two years after retirement. It is now recommended that we pay his widow one year's salary.

Mr. SCHAFER. I will be glad to give the gentleman an explanation. This bill was reported last Congress by the Foreign Affairs Committee in an omnibus bill, together with a number of other bills of a similar nature. It had the favorable recommendation of the State Department. Mr. Diederich was the American consul general at Antwerp, Belgium, at the outbreak of the World War. By reason of the extraordinary duties placed upon him in 1914 he broke down physically and mentally and his family lost practically all of their personal effects at the time of the German invasion.

The arduous duties placed upon the American consul at Antwerp, Belgium, beginning in 1914, prior to the time we entered the war and prior to the time that the American Government furnished him with ample assistance, resulted in his physical breakdown and eventually in his death.

Mr. LINTHICUM. Will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. LINTHICUM. I am in favor of the bill, but I would like to know what the Claims Committee had to do with it.

Mr. SCHAFER. I will say to the gentleman that a number of these bills have been referred to the Claims Committee. In view of the fact that an appropriation is involved, the Claims Committee believed that it should have jurisdiction. Within the past month or two the Claims Committee has had four or five similar bills referred to it. This Friday, at the Claims Committee meeting, I am prepared to recommend favorable action on a bill introduced by Senator WAGNER, which is practically identical with this bill.

Mr. BLANTON. Mr. Speaker, I reserve the right to object in order to ask a question. We now have a law that takes care of the widows of officers dying in the Foreign Service, and that law provides for the payment of one year's salary, does it not?

Mr. SCHAFER. Yes; I believe so.

Mr. BLANTON. Why does not this man come under that law?

Mr. SCHAFER. He does not. The gentleman is a distinguished lawyer and a former distinguished judge of the State of Texas. The gentleman knows that employees who have been separated from the service of the Government prior to the enactment of a law which did not contain a retroactive provision can not receive the benefit of such law.

Mr. BLANTON. Then this is an extension of the law.

Mr. SCHAFER. No; this is merely following the precedents and is an exception.

Mr. BLANTON. This is to make it retroactive, and then it will take in all similar cases.

Mr. SCHAFER. Oh, no; I know the gentleman has followed this calendar and knows the situation in that respect.

Mr. BLANTON. Unless the gentleman is going to answer my questions in the proper kind of way I shall object. I am trying to get some information.

Mr. SCHAFER. Naturally, this case can not be taken care of under the existing general law. If it could, there would not be any necessity for having it appear on the private calendar just like these other bills.

Mr. BLANTON. Will the gentleman answer my questions as I ask them?

Mr. SCHAFER. Yes.

Mr. BLANTON. This is extending the law and making it retroactive, is it not?

Mr. SCHAFER. In this particular case; yes.

Mr. BLANTON. And if we do that for this case, to be consistent, as the gentleman from Wisconsin always is, we must give the same right to every widow of every officer who died prior to that act.

Mr. SCHAFER. That has been done in similar cases.

Mr. BLANTON. But it ought to come through the Foreign Affairs Committee, where these matters belong, and until that is done, Mr. Speaker, I regret very much to have to object to my friend's bill, but I object.

Mr. SCHAFER. I shall have to object to some that the gentleman is interested in on the same grounds.

Mr. LINTHICUM. Mr. Speaker, I desire to say also that any similar claim coming before the House on this calendar I shall object to unless it comes from the Committee on Foreign Affairs.

Mr. SCHAFER. Then I respectfully suggest that the gentleman has been derelict in his duty, because he will find that the Claims Committee has reported identical bills for some of the gentleman's Democratic colleagues in the other body and the gentleman did not raise any objection. We have four or five such bills now pending in the Claims Committee, including the bill of Senator WAGNER, and if the gentleman wants the bill brought before his committee, although I have considered the bill as a subcommittee of the Committee on Claims and have told Senator WAGNER that it would be favorably reported on Friday, I suggest that the gentleman have all such bills referred to his committee, providing he finds that said committee has authority to appropriate.

The SPEAKER pro tempore. The Chair may state that the Foreign Affairs Committee would not have jurisdiction of this bill as it involves the payment of money.

Mr. LINTHICUM. The Foreign Affairs Committee would have jurisdiction to authorize the payment of money.

The SPEAKER pro tempore. This bill involves an appropriation.

The Clerk will call the next bill on the calendar.

JOHN L. HOFFMAN

The Clerk called the next bill, H. R. 1205, for the relief of John L. Hoffman.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. MEAD. Will the gentleman withhold his objection a moment?

Mr. EATON of Colorado. I reserve the objection for a moment.

Mr. MEAD. May I ask the gentleman just what his particular objection is to the bill?

Mr. EATON of Colorado. The report indicates that this is an effort to put a National Guard claim on the United States Government; and, apparently from the report, if there is a valid claim, it should be paid by whoever is responsible for the National Guard, which would be the State.

Mr. MEAD. I will say to the gentleman that the National Guard was federalized at that time and under the jurisdiction of the War Department. The claimant took his case up with the State authorities at Albany, and they referred him to Washington to the War Department. The National Guard was federalized and assigned the duty of protecting the railroads. The railroads were under control of the Federal Government.

Mr. EATON of Colorado. While this may be the old Army game——

Mr. MEAD. Oh, no; not at all. It is a just claim.

Mr. EATON of Colorado. However, the report does not make a showing that the National Guard was under the authority of the War Department and that they were responsible; in fact, the War Department denies the claim.

Mr. MEAD. The War Department does not deny the justice of the claim. The War Department states that the injuries were not as severe as indicated by the claimant. However, this is purely a matter for the Federal Government, because the National Guard was federalized and therefore the State properly disclaims all jurisdiction in the matter. The only recourse this claimant has, who was severely injured by an intoxicated guardsman, who beat him up with the end of his gun, crippling him practically for life, was to come to the Federal Government. He took up his claim with the local military authorities, as well as at the State capital, and in every available place, and was in each case referred to the Federal Government. The Claims Committee agrees that this is the record.

This is a case where a railroad man with a proper pass was going to his work and trying to cross a bridge to reach his train, and a soldier who was drunk, and afterwards convicted and sentenced, assaulted him with the butt end of his rifle and knocked him senseless. He was taken to the hospital and after a day or so, while still in a dazed condition, he left and went to his home. He was laid up for five weeks as a result of this injury. He now has a hole in his head which, so far as the bone is concerned, has not healed over. He has an impaired vision and is subject to dizzy spells.

May I say to the gentleman further that when the claim was filed here it was referred to the gentleman from Mississippi [Mr. DOXEY] as a subcommittee of the Claims Committee, and a claim was requested by Mr. Dempsey, a former Member, and myself, for $5,000. This was reviewed and reduced to $2,000, and the bill was thereafter reported favorably.

Mr. BLANTON. Will the gentleman yield right there for me to ask a question?

Mr. MEAD. Certainly.

Mr. BLANTON. With regard to the hole in the claimant's head, the report of the War Department says:

> Nothing appears in the files of this department to indicate his injuries were either serious or permanent, nor that he lost any time from his work other than on the night of June 16, 1917. There is no legal liability on the part of the Government, and the question of relief by the United States is one of grace only.

Mr. MEAD. In the report furnished the committee is the statement by the superintendent of the Lehigh Valley Railroad showing that the man was off on sick leave from June 16 to July 23. That report, together with the report of the doctor, was considered authentic by the committee. The department is in error, as represented by everybody that has had anything to do with the case.

Mr. BLANTON. The gentleman from New York is a valuable man in the House, and he watches legislation very closely. Is the gentleman prepared to say that we should disregard the report of the War Department, throw it to the winds, and take the report of the injured man against that of the department?

Mr. MEAD. We have the report of the injured man, of the superintendent of the railroad, the doctor, and a number of others explaining the nature and extent of the in-

juries. I have affidavits of an officer of the National Guard and others proving the case of the claimant.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. I object.

FRANK KANELAKOS

The Clerk read the next bill on the Private Calendar, H. R. 1279, for the relief of Frank Kanelakos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to issue to Frank Kanelakos, of Newport News, Va., one permanent United States coupon bond in the denomination of $100 of the fourth Liberty loan 4¼ per cent bonds of 1933–1938, with coupon due April 15, 1921, and coupons to maturity attached thereto, in lieu of temporary coupon bond No. 220087 of the same loan in the denomination of $100 with no coupons attached or presented, the upper portion of which bond has been presented to the Treasury Department: *Provided*, That the lower portion of the said bond shall not have been previously presented or ascertained to be in existence, and that no payment shall be made hereunder for any coupons which may have been attached to the temporary bond: *Provided further*, That the said Frank Kanelakos shall first file in the Treasury Department a bond in the penal sum of double the amount of the bond and the interest which would accrue until the principal becomes due and payable, in such form and with such sureties as may be acceptable to the Secretary of the Treasury, to indemnify and save harmless the United States from any loss on account of the mutilated bond hereinbefore described.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GREAT WESTERN COAL MINES CO.

The Clerk read the next bill on the Private Calendar, H. R. 2065, for the relief of the Great Western Coal Mines Co.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill involves $15,000.

Mr. COLTON. Will the gentleman withhold his objection?

Mr. BLANTON. Yes.

Mr. COLTON. This is for the repayment of money which this company paid to the Government. It was denied by the comptroller purely on a technicality of law. The Comptroller General says that the law would have permitted him to repay had the proof been rejected, but he relinquished the claim, and the law does not provide for repayment in case of relinquishment. The Government has the land and the money both. The company has been out the use of the money for several years. This claim is a very just one. The payment of this just claim may save the company whether it can continue or not. There was a charge of fraud raised, but the department has found that there was no fraud.

Mr. BLANTON. Here is what the comptroller says:

The repayment of purchase moneys paid for lands as authorized by the act of December 11, 1919, being conditioned upon the "rejection" of applications, entries, or proofs, and the failure of the entrymen in this matter to take or retain title to the lands, not having been due to a rejection by the Government within the meaning of said act but to a relinquishment of the entry which under the circumstances, no fraud having been established, must be considered voluntary. When the Congress has by law stipulated the condition under which a payment may be made, refund or otherwise, such condition must be shown to have been met to justify payment. As the fact of rejection by the United States, the condition stipulated by law as the basis for refundment, has not been and, apparently, can not be established, the only course open to this office is disallowance of the claim. It is, therefore, disallowed.

It was not a denial of right by the Government, but it was the man's relinquishing the right of the coal company.

Mr. COLTON. That is a technicality of law. Had he gone on and allowed the commissioner to reject the proof, then his money would have been refunded to him. But rather than do that he relinquished to the Government his claim, and the Government has both the land and the money. The gentleman will find that statement in the letter of the commissioner in 1930. The members of this company are among the finest citizens of my State. This is a just measure in every particular.

Mr. STAFFORD. I call the attention of the gentleman from Texas to the following from the report of the department:

By decision dated October 11, 1927, the department held that the testimony in the case, as a whole, convincingly showed that the burden of proof had been sustained by appellants; that no fraud or attempted fraud having been shown, as a matter of justice and equity, repayment should be allowed.

After examining that, I was in accord with the position stated by the gentleman from Utah [Mr. COLTON] that the Government has both the land and the money.

Mr. COLTON. It was purely a technicality of law that it was denied upon.

Mr. BLANTON. Lots of men have taken up public land in States, say, like Texas, and then have relinquished their rights to others.

Mr. COLTON. But this was not that case. The Government has the land now and has the money that this man paid.

Mr. BLANTON. But he had the use of it.

Mr. COLTON. No; he did not use it at all; that is, the company got no benefit for which it did not pay.

Mr. BLANTON. And the probable value of that use.

Mr. COLTON. Not at all. He never got a dollar's worth of benefit from it at all. There could not be a more just claim than this.

Mr. BLANTON. Mr. Speaker, if the gentleman from Wisconsin is going to let this go by, I shall not object.

Mr. STAFFORD. I went over it very carefully and have no question about the merits of it at all.

Mr. COLTON. It is absolutely a just claim.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to the Great Western Coal Mines Co., out of any money in the Treasury not otherwise appropriated, the sum of $16,600 in full satisfaction of its claim for refund of purchase money paid by Richard L. Bird in connection with coal land entry No. 025342, title to the lands covered thereby having been relinquished to the United States by the Great Western Coal Mines Co. as assignee of such Richard L. Bird.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

NELSON E. FRISSELL

The next business on the Private Calendar was the bill (H. R. 2161) for the relief of Nelson E. Frissell.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I reserve the right to object. I am reminded privately that this bill passed the House in its present form in the last Congress. In going over the report carefully I thought the claimant rather padded his claim. I could not find any proof whatsoever for the claim of loss of certain material and for freight and cartage, amounting to $1,724.28. He has a detailed statement of expenses, but some of them are rather questionable. For instance, he puts in the value of his services at the rate of $35 per day. I think it would be fair if we were to put in the amount at $4,000, which would be a liberal allowance for this man.

I am not taking the position that this claimant is not entitled to some relief, but I think he is asking too much for the little work he did while he was negotiating for a building for a post-office station which the Government canceled.

Mr. FOSS. This contract was as follows: It was for the term of 20 years with the privilege of renewal for such additional time as the Government might desire, and the building to be erected at an annual rental of $6,350 for the first five years, $5,750 for the second five years, $5,150 for the third five years, and $4,550 for the fourth five years, and 4 per cent per annum thereafter, with an option of buying at the end of the period for $20,000.

Mr. STAFFORD. There is no question about what the contract was. The question is, what damages did he suffer in that short period of a few months, when the department notified him that there would not be any further need of

this projected postal station, because this publishing house had changed its headquarters.

Mr. FOSS. Let me call attention to the fact that he had bought his steel for the steel frame of the building, that it was fabricated, that he had ordered his lumber, and that he had leased the land from the Maine Central Railroad, which, of course, was for the nominal sum of $1 a year, but as I understand it, he holds that lease to-day and is holding it until it is settled. The Postmaster General advises that he thinks that if the man went to court with the case he would be awarded more.

Mr. STAFFORD. The gentleman states that he purchased the fabricated steel and lumber?

Mr. FOSS. Yes.

Mr. STAFFORD. There is nothing in the report to show that. Does the gentleman know that of his own knowledge?

Mr. FOSS. Yes; I have it in a letter which I have here.

Mr. STAFFORD. I have read the report of the Postmaster General, found in three finely printed pages, and did not find any such statement. If he purchased fabricated material and lumber, of course that is an item of expense that ought to be included.

Mr. FOSS. Then there are five years of interest on the money that he has had tied up.

Mr. STAFFORD. I do not wish to be too critical in these matters. If that is the fact, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Mr. Speaker, I reserve the right to object. Will the gentleman accept an amendment as to the amount?

Mr. FOSS. What does the gentleman suggest?

Mr. MOUSER. Four thousand dollars.

Mr. FOSS. That is not enough. I would be willing to compromise if there was any reason for it, but here is a case where this man spent this money in 1925 or 1926. There are five or six years of interest.

Mr. MOUSER. He is not getting that amount.

Mr. FOSS. I know, but the court would take that into consideration if it went to court.

Mr. MOUSER. If the gentleman is not willing to accept an amendment, I fear I shall have to object.

Mr. FOSS. I think it ought to be at least $5,000.

Mr. MOUSER. Will the gentleman accept an amendment of $5,000?

Mr. FOSS. Yes.

Mr. MOUSER. I withdraw the objection subject to that amendment.

Mr. ARENTZ. Mr. Speaker, there is one other amendment I will like to add. Will the gentleman agree to another amendment correcting the text, not the amount.

Mr. FOSS. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Nelson E. Frissell, of East Templeton, Mass., the sum of $7,219.52. Such sum represents the money expended, the value of services performed, and the damages sustained by Nelson E. Frissell in connection with a contract with the Post Office Department for the construction and lease of a post-office building at Augusta, Me., which contract was canceled by the Post Office Department: *Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. MOUSER. Mr. Speaker, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment by Mr. MOUSER: Page 1, line 6, strike out the figures "$7,219.52" and insert in lieu thereof "$5,000, in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHARLES BERETTA, ISIDORE J. PROULX, AND JOHN J. WEST

The Clerk called the next bill on the Private Calendar, H. R. 3540, for the relief of Charles Beretta, Isidore J. Proulx, and John J. West.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to cancel the claim of the United States against Charles Beretta as temporary substitute parcel-post carrier, Willows, Calif., at 60 cents per hour for a period from November 13, 1922, to December 31, 1924, and at 65 cents per hour from January 1, 1925, to March 31, 1926, in the sum of $723.55, representing payments to him as such employee for a period from November 13, 1922, to March 31, 1926, he having also held the position of temporary laborer, custodian service, Federal Building, Willows, Calif., for a period from November 13, 1922, to March 15, 1923, at $660 per annum (with $240 increase), the position of permanent laborer in said service at said place for period from March 16, 1923, to June 30, 1924, at $660 per annum (with $240 increase), and the position of permanent laborer in said service at said place for period from July 1, 1924, to March 31, 1926, at $960 per annum, and the combined amount of the per annum rates of compensation of such positions being in excess of $2,000 per annum, contrary to the provisions of section 6 of the act of May 10, 1916 (39 Stat. L., p. 120), as amended by the act of August 29, 1916 (39 Stat. L., p. 582).

SEC. 2. That the Comptroller General of the United States is further authorized and directed to release Isidore J. Proulx, former postmaster at Willows, Calif., from liability to the United States for payments to said Charles Beretta for the period from November 13, 1922, to September 8, 1924, amounting to $349.20; and to release John J. West, present postmaster at Willows, Calif., from liability to the United States for payments to said Charles Beretta for the period from September 9, 1924, to March 31, 1926, amounting to $374.35; and to repay said John J. West said amount of $374.35 refunded by him to the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SAME GIACALONE AND SAME INGRANDE

The Clerk called the next bill on the Private Calendar, H. R. 3604, for the relief of Same Giacalone and Same Ingrande.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Same Giacalone and Same Ingrande, of San Diego, Calif., in full settlement against the Government, the sum of $459.55, the actual cost of repairing the damage caused to the vessel *Cornell*, owned by said Same Giacalone and Same Ingrande, by the United States Coast Guard boat *Imp*, together with the sum of $240 for loss of the use of said boat *Cornell* while same was being repaired.

Mr. MOUSER. Mr. Speaker, I offer a perfecting amendment.

The Clerk read as follows:

Amendment by Mr. MOUSER: Page 1, in line 6, after the word "settlement," insert the words "of all claims and demands."

The amendment was agreed to.

Mr. MOUSER. Mr. Speaker, I offer the usual attorney's fee amendment at the end of the bill.

The Clerk read as follows:

Amendment by Mr. MOUSER: At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the pro-

visions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENEVIEVE M. HEBERLE

The Clerk called the next bill on the Private Calendar, H. R. 4230, for the relief of Genevieve M. Heberle.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. Mr. Speaker, with the amendment that it shall be in full settlement, I shall not object, but that amendment should be added.

Mr. MOUSER. I was about to make the same suggestion, Mr. Speaker.

Mr. BLANTON. After the figures "$2,000," insert the words "in full settlement."

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Genevieve M. Heberle the sum of $10,000 for personal injuries sustained when she was struck and seriously injured by an automobile truck of the United States Postal Service in the city of St. Paul, Minn., on July 3, 1923.

With the following committee amendment:

Page 1, line 6, strike out "$10,000" and insert in lieu thereof "$2,000."

Mr. BLANTON. Mr. Speaker, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. BLANTON: Page 1, line 6, after the figures "$2,000," insert the words "in full settlement."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The Clerk read the next committee amendment, as follows:

Page 1, line 9, after the figures "1923," insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LIEUT. COL. H. H. KIPP, UNITED STATES MARINE CORPS, RETIRED

The Clerk called the next bill on the Private Calendar, H. R. 4264, for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lieut. Col. H. H. Kipp, United States Marine Corps, retired, the sum of $243.19. Such sum represents the amount deducted from the pay of Lieutenant Colonel Kipp for expenses incurred by the United States in transporting his wife and daughter from Mare Island, Calif., to Boston, Mass., less the cost of transportation of such dependents from the District of Columbia to Boston, Mass.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

W. R. M'LEOD

The Clerk called the next bill, H. R. 4310, for the relief of W. R. McLeod.

Mr. BLANTON. Mr. Speaker, with regard to this bill I want to call attention to what Hon. Walter F. Brown, the Postmaster General, has said:

The money was not protected in the manner prescribed by section 110, Postal Laws and Regulations, reading as follows:

"Postmasters must exercise all possible care for the protection of the public funds and property in their custody.

"When funds or postage stamps are left at night in offices unprovided with iron safes, they shall be kept in strong drawers or other fixed receptacles, which shall be securely fastened with good locks. The doors and windows of the office shall be made as secure as possible. The same precautions shall be taken when the post office is closed temporarily during the day."

Inasmuch as section 121 of the regulations requires postmasters at offices of the third class to remit all surplus postal funds whenever the amount equals or exceeds $100, a considerable portion of the postal funds reported lost in the burglary were overdue for remittance, which constitutes a further bar to allowance of credit.

It appearing that the loss resulted from negligence within the meaning of the law hereinbefore cited, I am unable to recommend favorable action on the proposed legislation, and the facts are submitted for the use of your committee and for such action as Congress may desire to take.

With such a report, Mr. Speaker, I am constrained to object.

Mr. GREEN. Will the gentleman withhold his objections?

Mr. BACHMANN. If the gentleman does not object, I shall object. I objected to this bill at the last session.

Mr. BLANTON. I do not shirk responsibility, and never have. When I feel it my duty to object, I object; and I shall not throw that burden upon the gentleman from West Virginia.

Mr. GREEN. Will the gentleman reserve his objection for a minute?

Mr. BLANTON. If the House is willing, I am.

Mr. GREEN. The report of the committee clearly shows the postmaster locked the door of the little post office. It clearly shows he took as much precaution as was in his power to take. It further shows the money was stolen and the department does not blame him or hold him responsible.

Mr. MOUSER. Will the gentleman yield?

Mr. GREEN. Certainly.

Mr. MOUSER. Two gentlemen have indicated they are going to object. Why take up the time of the House in view of that situation?

Mr. GREEN. I was just trying to explain to the House that this is only in line with a number of other bills that have been passed. It is customary to make reimbursement in such cases.

I hope the gentleman will not object, and that the bill will be passed.

Mr. BLANTON. I want to say to my friend from Florida that the postmasters must take care of the people's funds and they must obey the law.

Mr. MOUSER. Mr. Speaker, I demand the regular order.

Mr. BLANTON. Mr. Speaker, I object.

JOHN L. FRIEL

The Clerk called the next bill, H. R. 4925, for the relief of John L. Friel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to John L. Friel, out of any money in the Treasury not otherwise appropriated, the sum of $4,750 on account of damages sustained to his property through lack of protection to his property when Lock No. 4, Allegheny River, was constructed.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 1, line 6, after the figures, strike out "on account of" and insert in lieu thereof the words "in full payment of all."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the customary attorney's fees amendment.

The Clerk read as follows:

Amendment by Mr. STAFFORD: At the end of the paragraph insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or

received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

MARY F. CRIM

The Clerk called the next bill, H. R. 5058, for the relief of Mary F. Crim.

Mr. BLANTON. Mr. Speaker, reserving the right to object, if the gentleman will agree to accept an amendment reducing the amount from $10,000 to $2,500, as suggested by the committee, I shall not object.

Mr. WRIGHT. Mr. Speaker, I accept the amendment.

Mr. STAFFORD. Mr. Speaker, I have difficulty in bringing myself around to the feeling that the National Government has any obligation whatsoever to pay any money under the facts disclosed in the report in this case.

Mr. WRIGHT. Mr. Speaker, the facts are the deceased was subpœnaed by the United States Government as a witness for the Government in a Federal case at the Federal court in Columbus, Ga. He testified as a witness. After his testimony was concluded he went to the toilet in the court building, laid his revolver on the lavatory, and was sitting on the stool. Two court officials, one a court crier and one a bailiff, came in and knocked his pistol off of the lavatory onto the concrete floor. A cartridge exploded and the bullet struck the man. He died within a very short time. He would not have died or would not have been subject to the injury if he had not been called as a witness for the Government.

Mr. BACHMANN. Will the gentleman yield?

Mr. WRIGHT. I yield.

Mr. BACHMANN. According to the statement the gentleman has made, there is not a witness mentioned in the report who was an eyewitness of what happened. All you have is the report of a clerk who was not there. However, I do not mean to doubt the truth of the statement of the gentleman.

Mr. WRIGHT. The truth is the two witnesses are both dead, but this occurred right there in the court room. We have a witness whose testimony is in the record, who heard the report of the pistol and found this situation and heard the statement of the deceased.

Mr. BLANTON. He was an officer and had a right to carry a pistol.

Mr. WRIGHT. That is correct.

Mr. STAFFORD. It was merely an accident. I could not subscribe to the policy of paying out something for such an accident.

Mr. WRIGHT. Most anything might be called an accident. In private affairs, if a private individual opens a building and invites the public into it and does not keep it perfectly safe, he is responsible.

Mr. STAFFORD. The gentleman states the decedent was an officer of the State of Georgia?

Mr. WRIGHT. Yes.

Mr. STAFFORD. Why would he not be entitled to State compensation?

Mr. WRIGHT. There is nothing like that in the State.

The State was not responsible for his being there. The Government of the United States subpœnaed him.

Mr. STAFFORD. If an officer in the performance of his duty suffers an injury, the State is obligated to pay for any accident resulting in the course of his employment.

Mr. WRIGHT. It was not a State court.

Mr. STAFFORD. I do not like to barter as to the amount to be carried in the bill. I just can not see any obligation, but if the gentleman will accept $2,000 I think that will be a very fair amount.

Mr. WRIGHT. I will accept that.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Mr. Speaker, I object, if this is the case I have in mind, where this man was accidentally hurt by a pistol he laid on the lavatory. In that case it was clearly an accident and it was no fault on the part of the Government.

Mr. WRIGHT. But the pistol was knocked off by court officials.

Mr. MOUSER. But they are not in the position of being agents of the Government.

Mr. WRIGHT. They were there representing the Government and they were officers of the court.

Mr. MOUSER. It was purely an accident. Of course, the man who was injured was negligent in putting the pistol on the lavatory.

Mr. BLANTON. He had to put it somewhere.

Mr. WRIGHT. He could not keep it in his hip pocket while he was sitting on the stool.

Mr. BLANTON. If he had not been summoned to attend court, he would have been at home and would have been safe.

Mr. MOUSER. The fact that he was subpœnaed to attend the court does not have anything to do with the fact that he was injured in the toilet.

Mr. WRIGHT. It was an incident of the whole transaction.

Mr. MOUSER. Mr. Speaker, I object.

LAURA GOLDWATER

The Clerk called the next bill, H. R. 5149, for the relief of Laura Goldwater.

Mr. MOUSER. Mr. Speaker, I object.

Mr. BLOOM. Will the gentleman withhold his objection?

Mr. MOUSER. I will withhold it; yes.

Mr. BLOOM. This is a very meritorious case. This truck was traveling on a 1-way street. There is no testimony of any of the witnesses under oath that this woman was at fault. This woman spent $7,020 of her own money for hospital and doctors' bills. This bill has been favorably recommended by the committee in two different Congresses. If the gentleman desires to ask me any questions I will be glad to show him that this is a meritorious case.

Mr. MOUSER. I presume the gentleman will agree with the facts as shown in the report, that at about the time this truck was approaching the intersection this woman stepped out toward the street car tracks and the driver, exercising his sense of sight, saw her and swerved to the left to avoid striking her, but she deliberately went forward instead of backward, and stepped against the side of the truck. I sympathize with the lady who was injured and the fact she had to spend this large sum of money, but I can not see any responsibility on the part of the Government. The driver of the truck was entirely faultless.

Mr. BLOOM. Let me explain to the gentleman that this truck was coming down the wrong way on a one-way street. In other words, it was a westbound street and he was going east, which he had no right to do.

Mr. BACHMANN. There is nothing to that effect in the report.

Mr. BLOOM. I beg the gentleman's pardon. The report shows that in the lady's statement.

Mr. BACHMANN. I think the report shows that the driver of the truck was not negligent. If the report shows that the driver was going in the wrong direction on a 1-way street, that would be negligence.

Mr. MOUSER. I would concede that, but we certainly would have to have some corroborative evidence supporting the statement of the lady that it was a 1-way street.

Mr. BLOOM. It was a 1-way street. There is no contradiction of the fact that it was a 1-way street, only the driver said he did not come down that street but came around on Third Avenue. There is no statement on the part of anybody under oath outside of the statement made by Mrs. Goldwater and the doctors.

Mr. MOUSER. Why not permit this bill to be passed over in order that the gentleman may furnish some corroborative evidence?

Mr. BLOOM. I have given up the night for this and have spent several nights waiting for this bill to be called.

Mr. MOUSER. I have the very highest respect for the gentleman and I know he is sincere in presenting this bill; but we can not raid the Treasury on the mere ground of sympathy.

If the gentleman wants us to give her a present of this small amount, and no objection is made——

Mr. BLOOM. No; I would not come before the House and ask for any present.

Mr. MOUSER. No; I do not believe the gentleman wants that.

Mr. BLOOM. If the gentleman will examine the report, he will find there is no statement under oath about what the driver has said in the matter. There is a statement from the inspector, but that statement is not under oath. The only statements under oath are the statement from the doctor and the statement from Mrs. Goldwater. There were no witnesses to the accident.

Mr. MOUSER. No; but it is to be presumed the inspector got a statement from the driver.

Mr. BLOOM. Then why did they not submit a statement from the driver made under oath? The statement of Mrs. Goldwater is under oath, and, if there is no contradictory statement, her statement should stand unchallenged.

The situation was just the same as if the gentlemen were standing on a corner and, naturally, would not expect the driver to drive down a 1-way street. The gentleman would have every right to believe that no driver would be coming in that direction.

Mr. MOUSER. As I understand from members of the Claims Committee, the committee does not include in its report, on account of the space and the expense involved, all the evidence, and therefore we must base our opinion upon the report of the committee.

Mr. BLOOM. The chairman of the Claims Committee in the Seventy-first Congress and the chairman of the Claims Committee in the Seventy-second Congress reported this bill favorably, and there is nothing in the report contradictory of the statements made by Mrs. Goldwater. If the gentleman could show me a thing in the report that contradicts any of her statements, I would not press the bill for consideration.

Mr. BACHMANN. Will the gentleman yield?

Mr. BLOOM. I shall be pleased to yield.

Mr. BACHMANN. Did this accident happen on a 1-way street?

Mr. BLOOM. No; as I have stated, it happened about 5 or 10 feet off of the street. This woman was standing by the Third Avenue elevated and the truck was coming down the street, and she started to go across the street, not thinking the truck would be coming down a 1-way street, and the truck hit her.

Mr. MOUSER. If the gentleman from New York will agree to an amendment making the amount $2,500, I shall not object.

Mr. BLOOM. I presume I shall have to agree to that.

Mr. MOUSER. I make this suggestion in view of the statement of the gentleman, who apparently is acquainted with the facts, although his statement is somewhat at variance with the record.

Mr. BLOOM. I am acquainted with the facts only according to the record in the case. I was not at the accident, of course.

Mr. MOUSER. Does the gentleman know this woman?

Mr. BLOOM. No; but she is a constituent of mine.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Laura Goldwater the sum of $20,000 for damages suffered by her by reason of being struck and seriously injured by a Government mail truck.

With the following committee amendment:

Page 1, line 6, strike out "$20,000" and insert "$5,000."

Mr. MOUSER. Mr. Speaker, I offer an amendment. In line 6, strike out "$5,000" and insert "$2,500" and the following: "in full settlement of all claims against the Government of the United States."

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Page 1, line 6, amendment to the committee amendment: Strike out "$5,000" and insert in lieu thereof "$2,500, in full settlement of all claims against the Government of the United States."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. MOUSER. Mr. Speaker, I offer another amendment. In line 6, after the word "her," insert the date of the accident, "on March 18, 1929."

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Page 1, line 6, after the word "her," insert the words "on March 18, 1929."

The amendment was agreed to.

Mr. MOUSER. Also in line 8, after the word "truck," insert the words "in the city of New York."

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Page 1, line 8, after the word "truck," insert the words "in the city of New York."

The amendment was agreed to.

Also the committee amendment:

Page 1, line 8, insert:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof, on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN W. ADAIR

The Clerk called the next bill, H. R. 5187, for the relief of John W. Adair.

Mr. STAFFORD. Mr. Speaker, I object.

THOMAS J. BERRY

The Clerk read the next bill on the Private Calendar, H. R. 5362, for the relief of Maj. Thomas J. Berry.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

Mr. SCHAFER. Will the gentleman reserve his objection?

Mr. STAFFORD. I will.

Mr. SCHAFER. I was chairman of the subcommittee, and I attempted to state all of the facts as far as I could in the report. The beneficiary was a major during the war. A serious epidemic broke out in camp, and in order to protect the other soldiers the major ordered Private Sprouse taken to an isolation hospital.

Later some attorneys contacted the parents of this man, and they commenced a series of lawsuits throughout the country. The major was persecuted and harassed, and was required to pay expenses for legal services trying to protect himself from these many lawsuits. We found that the major was rendering service not only to the soldiers but also to Private Sprouse himself, and in no way was he negligent, but he was acting in the performance of his duty.

The bill covers the actual losses to the major by reason of the lawsuits. I studied the number of cases for legal work, and I found that the man's expenditure for legal services was very low indeed.

Mr. STAFFORD. Will the gentleman yield? My position was prompted by the attitude taken by the full Committee

on Military Affairs against allowing any claimant expenses that he might incur in attorney's fees in defending claims. In this case the Secretary of War says that this officer could have obtained without expense law officers of the Government to conduct the defense. It is on that theory that I marked the bill for objection.

Mr. SCHAFER. This officer was a medical man, and not a lawyer, and did not have knowledge of the intricate provisions of law. I doubt if at that time he could have obtained the services of attorneys for the Government all over the country, and if he did, I think the traveling expenses alone would have been many times the amount of this bill.

Mr. STAFFORD. Mr. Speaker, perhaps I would not be doing violence to the policy established by the Committee on Military Affairs if I permitted this bill to pass. I withdraw the objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $543.42 to Maj. Thomas J. Berry, commanding Companies C and D, Third Ohio Infantry, to reimburse him for expenses incurred in defending himself in suits instituted by relatives of Pvt. Seymour M. Sprouse, of Company C, Third Ohio Infantry.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MARY F. CRIM

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent to return to Calendar No. 241, H. R. 5058, for the relief of Mary F. Crim.

Mr. SCHAFER. Reserving the right to object, I understand the gentleman realizes there is an error in the printed bill. The bill calls for $10,000, and the committee recommended $2,500.

Mr. BACHMANN. Mr. Speaker, I object for the time being.

ARTHUR N. ASHMORE

The Clerk read the next bill on the Private Calendar, H. R. 7469, for the relief of Arthur N. Ashmore.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. I object.

Mr. JOHNSON of Texas. Will the gentleman withhold that objection?

Mr. EATON of Colorado. I will.

Mr. JOHNSON of Texas. This identical bill has passed the House three times. I suppose the gentleman objects on the ground that the Secretary of War in the report indicates that the injured party was not in the employ of the Government?

Mr. EATON of Colorado. Yes.

Mr. JOHNSON of Texas. Mr. Speaker, I call attention to an error contained in that report as to the facts in the case, and also as to the law governing the particular facts in the case. In the report of the Secretary of War he says:

In this connection attention is invited to the fact that the wording of the bill, in line 10, citing Battery B, One hundred and thirtieth Field Artillery, as belonging to the "National Guard of the United States," is misleading, the correct designation being "Texas National Guard."

I submit to the gentleman the discharge prepared in this case, which shows that the bill was drafted in accordance with the language prescribed by the War Department, "National Guard of the United States," and it was not the Texas National Guard.

Mr. EATON of Colorado. Yes; and we always do in court, in a case like this, we look at the exhibit, read the next line, and find it reads, "and of the State of Texas."

Mr. JOHNSON of Texas. The report says it should say the Texas National Guard, which is not correct. It is the National Guard of the United States. This young man was detailed to the care of property that was en route to the National Guard encampment. In the discharge of that duty, in going from one car to another he fell from the train and lost his arm, which was cut off so high up to the armpit that even an artificial arm can not be used. I have a brief here in respect to the law which I would like to discuss with the gentleman if I had the time. Under the law creating the National Guard it is required that the National Guard unit attend these encampments. The pay which this man was receiving as a caretaker being detailed to guard this property was paid by the Federal Government.

The property he was guarding at the time he lost his arm belonged to the Government of the United States. The oath that he took when he became a member of the National Guard is prescribed by the statute of the United States. The discharge that he received after he received the injury is upon a form prescribed by the statutes of the United States. He was guarding property belonging to the United States; he was paid by the United States; in the employ of the United States at the time he received his injury; and he was en route to an encampment which the law required him to attend as a member of the National Guard. It occurs to me that under the rule governing cases of this kind the doctrine of master and servant would obtain. In addition to that, the young man is now in a hospital with tuberculosis and is in a very low state of health, probably will never get well. The Government recognized that he was in the employ of the Government at the time for they paid for some medical bills when he was injured.

Mr. EATON of Colorado. Everything the gentleman says is entirely consonant with the services of an enlisted man or officer in the National Guard; that is, in the great opportunity of being an attendant with the United States Army in connection with annual maneuvers. I find in this group of bills that apparently there is a movement on foot now to charge the United States Government with the results of accidents that occurred during that period. Heretofore most of the States have borne the cost of such accidents. Perhaps the State of Texas never has, and maybe it never will, but I can not see, after examining a few cases and my recollection of other cases in days gone by, why there should be a charge made against the United States Government for this most unfortunate accident. It is a very distressing case; the man has lost an arm, but there is no liability or even a duty on the part of the United States Government to take care of him. The fact that he was taken care of was merely an incident to the immediate service, and then he might or might not be transported to his State, depending on circumstances of the case, but not on any question of liability.

Mr. PURNELL. What does the gentleman say in answer to the statement that he was working under orders.

Mr. JOHNSON of Texas. He was detailed as a caretaker.

Mr. PURNELL. And as such he was acting under authority from which he could not remove himself.

Mr. JOHNSON of Texas. That is true.

Mr. MOUSER. At the time these men are going to the national encampment they receive Federal pay and they are actually in the Federal service, so that it seems to me that he was a Federal soldier at that time, the same as a man in the Regular Army. I think there is that distinction.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. PURNELL. I would like to pursue this case a little farther.

Mr. JOHNSON of Texas. He received his injury while protecting property belonging to the United States and was being paid for his services at that time by the United States.

Mr. PURNELL. Would it have been possible for this soldier to have forsaken his duty at any point along the line?

Mr. EATON of Colorado. It is never the province of any soldier at any time whether in the National Guard or the Federal service to forsake his duty, but when an accident occurs and a claim arises he must go to the responsible source, and whether it is the State from which his National Guard unit comes or the United States depends on the circumstances of the case.

The United States and the War Department have no liability and accept no responsibility in connection with certain cases, and according to the statement of the Secretary of War this is one of those cases. It is unfortunate that the

State will not take care of this man and is trying to pass off the liability to the United States.

Mr. PURNELL. It is the position of the gentleman that the States should take care of these cases rather than the Federal Government?

Mr. EATON of Colorado. Exactly.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I object.

JOSEPH A. M'CARTHY

The Clerk called the next bill on the Private Calendar, H. R. 925, for the relief of Joseph A. McCarthy.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this is an accident which occurred prior to the passage of the compensation act of 1916.

Mr. RUDD. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. RUDD. The compensation act, as I understand it, was for the purpose of stopping laches. This man is not guilty of laches, because, as a matter of fact, while the injury was sustained in the fall of 1912, he was kept in the hospital until December, 1913; and two weeks thereafter, on January 2, 1914, he filed his claim and has been endeavoring ever since to get some relief. As a matter of fact, the bill was reported out in the Sixty-sixth Congress and not reached. It was reported in the Seventy-first Congress and not reached. The man's leg was broken. It is 1 inch shorter than the other leg. All he is asking is $1,000 for permanent injury and $650 for wages.

Mr. STAFFORD. The report shows that this seaman was in service shortly afterward. The Government has been generous in keeping him in employment at his regular pay. I feel constrained to object.

Mr. RUDD. The gentleman does not want to give him anything for his permanent injury?

Mr. STAFFORD. He has been in service continually.

Mr. RUDD. No. He is not in service now.

Mr. STAFFORD. He was returned to duty as seaman on the transport *Logan* and is now in service on the transport.

Mr. RUDD. That was in 1914.

Mr. STAFFORD. But he was able to do his work.

Mr. RUDD. For perhaps six months.

Mr. STAFFORD. And now the gentleman is asking the Government to pay $1,650.

Mr. RUDD. We want $1,000 for the permanent injury. One leg is 1 inch shorter than the other and the gentleman does not propose to give him anything for that? Even though he is able to work he is not as able as he was formerly.

Mr. STAFFORD. Why did he not receive the one year's compensation, as provided in the compensation act then in force?

Mr. RUDD. I do not know. He has been trying ever since 1914.

Mr. STAFFORD. The law permitted him to receive one year's salary.

Mr. RUDD. But he has never received it.

Mr. STAFFORD. Mr. Speaker, I will go over this matter further. For the time being I object.

JACOB D. HANSON

The Clerk called the next bill on the Private Calendar, H. R. 7449, for the relief of the heirs of Jacob D. Hanson.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the heirs of Jacob D. Hanson, the sum of $5,000 for all damages suffered by reason of the said Jacob D. Hanson's being shot and fatally injured, without cause or justification, while traveling on a highway near Niagara Falls, N. Y., on the night of the 5th of May, 1928, by two members of the United States Coast Guard, the said members being then and there on duty as coast guardsmen and acting as such.

Mr. BLANTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. BLANTON: In line 6, after the word "damages," insert the words "and in full settlement of all claims against the Government for injuries."

The amendment was agreed to.

Mr. BLANTON. I offer, at the end of the bill, the usual attorney's fee amendment.

The Clerk read as follows:

Amendment by Mr. BLANTON: At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

VALIDATING CERTAIN CONVEYANCES BY CENTRAL PACIFIC RAILWAY CO., ETC.

The Clerk called the next bill on the Private Calendar, H. R. 406, to validate a certain conveyance heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, to Pacific States Box & Basket Co., a corporation, involving certain portions of right of way in the vicinity of the town of Florin, county of Sacramento, State of California, acquired by the Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat. L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat. L. 356).

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ARENTZ. Mr. Speaker, reserving the right to object, has the gentleman from California been near this village or city where this lot is located, and is it valuable property?

Mr. EVANS of California. I have been there several times, but I was not conscious of it.

Mr. ARENTZ. The gentleman does not think it is worth very much?

Mr. EVANS of California. The property in this little country place is not very valuable.

Mr. ARENTZ. I understand that all land in California is valuable.

Mr. EVANS of California. Well, especially in southern California, that is quite true.

Mr. ARENTZ. This is not in southern California.

Mr. EVANS of California. This is in northern California.

Mr. ARENTZ. Mr. Speaker, I withdraw my reservation of objection.

Mr. SCHAFER. Reserving the right to object, about what is the total value of this land?

Mr. EVANS of California. I am unable to state as to the total value of it. I will say, however, to the gentleman that this property has been in private ownership for 40 years. It is nine-tenths of an acre. I am not sure as to the value of it, but I know it has been in private ownership for 40 years, and this basket factory has been on this property for more than 30 years.

Mr. ARENTZ. I do not see how any objection can be found to this bill. Our Committee on Public Lands investigated it quite thoroughly. I do not believe the land is worth very much.

Mr. EVANS of California. The gentleman from Nevada and other Members of Congress validated 42 of this kind of conveyance at the last session of Congress.

Mr. SCHAFER. This basket company purchased the land, believing that the railroad company from whom the purchase was made had full title?

Mr. EVANS of California. Yes.

Mr. SCHAFER. And would be able to give title?

Mr. EVANS of California. Yes.

Mr. SCHAFER. And now they find there is a cloud on the title?

Mr. EVANS of California. By construction of the Supreme Court of the United States, the courts have held that the railroad company had not the technical right to convey fee simple title, and that the right of prescription could not apply, even though it has been 40 years.

Mr. SCHAFER. This bill will not result in a charge on the Treasury of the United States?

Mr. EVANS of California. Absolutely not; and the department approves it.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the conveyance in the form of a quitclaim deed executed by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, as grantors, to the Pacific States Box & Basket Co., a corporation, as grantee, under date of October 20, 1930, and recorded in the office of the county recorder of Sacramento County, Calif., on the 3d day of November, 1930, in book No. 321, page , official records of said county, involving certain lands or interests therein in the vicinity of the town of Florin, county of Sacramento, State of California, and forming a part of the right of way of said Central Pacific Railway Co. granted by the Government of the United States of America by an act of Congress approved July 1, 1862, entitled "An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean and to secure to the Government the use of the same for postal, military, and other purposes" (12 Stat. L. 489), and by said act as amended by act of Congress approved July 2, 1864, entitled "An act to amend an act entitled 'An act to aid in the construction of a railroad and telegraph line from the Missouri River to the Pacific Ocean, and to secure to the Government the use of the same for postal, military, and other purposes,' approved July 1, 1862" (13 Stat. L. 356), is hereby legalized, validated, and confirmed with the same force and effect as if the land involved therein had been held at the time of such conveyance by the above-named grantors making the same under absolute fee-simple title: *Provided*, That such legalization, validation, and confirmation shall not diminish said right of way to a width less than 50 feet on either side of the center of the main track or tracks of said Central Pacific Railway Co. as now established: *Provided further*, That nothing herein contained is intended or shall be construed to legalize, validate, or confirm any rights, titles, or interests based upon or arising out of adverse possession, prescription, or abandonment, and not confirmed by conveyance heretofore made by Central Pacific Railway Co. and its lessee, Southern Pacific Co.: *And provided further*, That there shall be reserved to the United States all oil, coal, or other minerals in the land, and the right to prospect for, mine, and remove the same under such rules and regulations as the Secretary of the Interior may prescribe.

With the following committee amendment:

Page 2, line 6, after the word "page," insert the figures "380."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDNA M. GILSON

The Clerk called the next bill, H. R. 1226, for the relief of Edna M. Gilson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Postmaster General be, and he is hereby, authorized and directed to credit the accounts of Edna M. Gilson, postmaster at Steubenville, Ohio, in the sum of $1,389.80, due the United States on account of the loss of postal funds resulting from larceny and embezzlement.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

MARY F. CRIM

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent to return to Calendar No. 241, the bill (H. R. 5058) for the relief of Mary F. Crim.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

Mr. BACHMANN. Mr. Speaker, a parliamentary inquiry. If unanimous consent is granted, will we still have the right to reserve the right to object?

The SPEAKER pro tempore. Yes.

There was no objection.

Mr. BLANTON. It is understood that the amendment agreed to by the gentleman from Georgia is to be offered and accepted?

Mr. WRIGHT. Two thousand dollars; yes.

Mr. BLANTON. In full settlement?

Mr. BACHMANN. Mr. Speaker, reserving the right to object, there are two propositions involved in the bill to which attention should be paid. The first question that arises is whether or not there is any moral responsibility resting on the Government of the United States to reimburse a claimant for a purely accidental death. The second is that this is a case where a man lost his life. It is a serious matter, and such matters are usually investigated by police officials. In this case it happened in the Federal court building. There certainly must be some record at some place, either in the files of the city police department of this city or in the Federal court, from which it would appear who was responsible for the man's death. The report does not show anything of the kind. The report contains two newspaper articles, one of which says some person unknown who had been summoned in court as a witness knocked the gun off the lavatory and it exploded and killed the man.

Mr. WRIGHT. That is the newspaper report.

Mr. BACHMANN. That is the newspaper report quoted here in the form of an affidavit, saying that the newspaper report is a true report of the accident.

Mr. WRIGHT. A true report of what appeared in the newspaper.

Mr. BACHMANN. Yes; of what appeared in the paper with reference to the accident.

Mr. WRIGHT. That is all.

Mr. BACHMANN. The other affidavit is that of a deputy clerk of the Federal court. The accident happened in 1917, and the deputy court clerk makes an affidavit 10 years later, in 1927, in which he says he was not an eyewitness, but as he recalls the facts, this man Whatley walked in and knocked the gun off the lavatory when it exploded and killed the deceased.

If the gentleman from Georgia can supply any facts he may have personal knowledge of to supplement the report and will say to the House as a Member of the House that Whatley being the man who was in there and who was the court crier connected with the Federal court, knocked this gun off, I shall not object.

Mr. WRIGHT. A court record, of course, is kept of all these things, but the deputy clerk makes this affidavit, stating what report was made after the man was shot, that these two court officials, Whatley and Lawshe, went into the toilet and the pistol was knocked off by one or the other of them, he thinks Whatley.

There is an affidavit here by Mr. Clegg, who said:

After the said J. M. Crim had been carried to the said marshal's office, the court bailiff, apparently about 65 or 70 years of age, slim built, height about 5 feet 10 inches, and weight about 150 pounds, came into the marshal's office, apparently very much excited and nervous, and inquired as to how bad Mr. Crim was hurt. On being told of the serious nature of the wound, this man then stated that he regretted having caused the accident, and deplored the same.

Mr. BACHMANN. How far did Crim live from the town where Federal court was being held?

Mr. WRIGHT. About 40 miles.

Mr. BACHMANN. Is it likely he would not know the officials who were connected with the court, either the court crier or the bailiff?

Mr. WRIGHT. He might not know them under the circumstances. These officials came from Atlanta, Ga., which is the seat of the court, Columbus being simply a division of the court. They would go down to court and stay there during the session.

Mr. BACHMANN. In his own statement, made after he was shot, he said he did not know who the man was that came in there.

Mr. WRIGHT. He would not have known these people.

Mr. RAMSPECK. I will tell the gentleman from my own knowledge of the case that these men were from the office of the United States marshal in Atlanta.

The reason I happen to know about it is that in the first part of 1917, shortly after this happened, I became chief deputy in the United States marshal's office. I am familiar with the facts about it from talking with the marshal himself. I think the report is substantially correct. My recollection is the marshal told me those facts.

Mr. BACHMANN. Was there no police record kept of this man being killed there in the Federal building? Did not the police headquarters in this town have a record of it?

Mr. WRIGHT. No; there was no occasion for it.

Mr. RAMSPECK. I could not answer that question, because I was not present.

Mr. BACHMANN. Would they not investigate how the man met his death?

Mr. WRIGHT. They admit it. There is no question about it.

Mr. BACHMANN. Do you not have a coroner's inquest to determine the cause of death?

Mr. WRIGHT. Not when there are eyewitnesses to the occurrence. In Georgia, where they have eyewitnesses, they do not have a coroner's inquest.

Mr. SCHAFER. Will the gentleman yield?

Mr. WRIGHT. Certainly.

Mr. SCHAFER. I imagine that if it were a case of selling a pint of beer or a pint of whisky they would have a record going back 25 years.

Mr. MOUSER. Will the gentleman yield?

Mr. WRIGHT. Certainly.

Mr. MOUSER. I have asked the gentleman to yield in order to explain what might be an apparent inconsistency in my position. When this bill was first reported I objected. When it was first brought to my attention I discussed the facts with the gentleman from West Virginia. He had a doubt in his mind as to whether or not there was actual negligence on the part of an agent of the Government or a servant of the Government as distinguished from a pure accident. In view of the additional information given by the gentleman from Georgia I am convinced that I might have been in error and I therefore do not object at this time.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to Mary F. Crim, of Manchester, Ga., widow of the late J. M. Crim, out of any money in the Treasury not otherwise appropriated, the sum of $10,000. Such sum shall be in full settlement of all claims against the United States on account of the death of the said late J. M. Crim. While in attendance at the United States District Court for the northern district of Georgia, western division, on May 8, 1917, the said late J. M. Crim received a bullet wound which resulted in his death, on account of the discharge of a pistol, caused by an attendant or crier of such court: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. BLANTON. Mr. Speaker, I offer an amendment. On page 1, in line 6, strike out "$10,000" and insert in lieu thereof "$2,000."

The SPEAKER pro tempore. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 1, line 6, strike out "$10,000" and insert in lieu thereof "$2,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RELIEF OF THE LEGAL REPRESENTATIVES OF COBB, BLASDELL & CO.

The Clerk called the next bill, H. R. 2026, for the relief of the legal representatives of Cobb, Blasdell & Co.

Mr. SCHAFER. Mr. Speaker, I object.

Mr. CANFIELD. Will the gentleman withhold his objection?

Mr. SCHAFER. I will withhold my objection, but there is nothing the gentleman can bring to my attention to stop me from objecting to the consideration of this bill, which involves the payment of approximately $300,000 on an old, hoary Civil War claim for oats and wheat. There may also be barley in it. I think a bill of this size should not be taken up under unanimous consent.

Mr. MOUSER. Mr. Speaker, I object.

JACOB LANDRY

The Clerk called the next bill, H. R. 2418, concerning the claim of Jacob Landry.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all the right, title, and interest of the United States in and to section 33, township 10 south, range 2 east, St. Helena meridian, Ascension Parish, La., containing 232.75 acres, as shown on a plat of survey made by August P. Pheps, deputy surveyor, approved on April 14, 1851, by R. W. Boyd, surveyor general for the district of Louisiana, and segregated thereon as the claim of Jacob Landry, be, and the same are hereby, released, relinquished, and confirmed by the United States to the equitable owners of the equitable title thereto and to their respective heirs and assigns forever, as fully and completely, in every respect whatever, as could be done by patents issued according to law: *Provided*, That this act shall amount only to a relinquishment of any title that the United States has, or is supposed to have, in and to any of said lands, and shall not be construed to abridge, impair, injure, prejudice, or divert in any manner any valid right, title, or interest of any person or body corporate whatever; the true intent of this act being to concede and abandon all right, title, and interest of the United States to those persons, estates, firms, or corporations who would be the equitable owners of said lands, by reasons of long continuous possession under color of title with claim of ownership, or otherwise, under the laws of Louisiana, including the laws of prescription and limitation, in the absence of the said interest, title, and estate of the United States.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

VALIDATING CERTAIN APPLICATIONS FOR AND ENTRIES OF PUBLIC LANDS

The Clerk called the next bill, H. R. 7674, validating certain applications for and entries of public lands, and for other purposes.

Mr. SCHAFER. Mr. Speaker, reserving the right to object, I would like to find out what the total cost to the Government of the United States will be if this bill is passed.

Mr. EVANS of Montana. It is my understanding there will be no cost whatever.

Mr. SCHAFER. Are there any oil or minerals in the land in question? I see there is no reservation of any oil or mineral rights.

Mr. EVANS of Montana. I do not know, and I am not prepared to say. The bill comes from the Interior Department, and they advise me there are four entries which ought to be patented, but for some technical reason they can not patent them.

Mr. SCHAFER. In these other bills, where we legalize these entries, there is a reservation with reference to mineral and oil rights. Why should they not be included in this bill?

Mr. ARENTZ. They should be.

Mr. SCHAFER. Unless an amendment is prepared to that effect I am going to object.

Mr. COLTON. If the gentleman will permit, I think he will find that the Government now includes those reservations in all of these entries. These are cases that arise during the administration of the Land Office each year. The equities are all with the entrymen; but because of techni-

calities in the law, title can not be granted; and they send omnibus bills of this kind every year and ask us to pass them.

Mr. SCHAFER. Why should we not carry a reservation of the mineral and oil rights in this bill the same as in other bills?

Mr. ARENTZ. That is perfectly right. We should do that.

Mr. COLTON. There is no objection to it.

Mr. SCHAFER. There is one more question I would like to ask. What is the effect of section 4, where you are taking away something from the Wasco County Electric & Water Power Co., without making any mention in the committee report as to the reason for that action. I notice that section 4 takes back the right of way that was granted to this company under the act of March 3, 1875.

Mr. ARENTZ. If the gentleman will read the sixth line from the bottom on page 3, he will find that:

The forfeiture of the grant would remove the cloud from the lands crossed by the right of way, and such action by the Congress is recommended.

Mr. SCHAFER. Does the Wasco County Electric & Water Power Co. need this right of way?

Mr. ARENTZ. Absolutely not, because the right of way is forfeited so as to remove the cloud on the title.

Mr. SCHAFER. But that does not answer my question. When you remove the cloud on the title, and give some citizen of this country title to the land, I do not want to approve a bill that is going to take something away from another citizen, be it an individual or a corporation.

Mr. ARENTZ. In view of the fact that the right of way was asked for, the road never built, and no construction work ever done, it is necessary——

Mr. SCHAFER. If that is the fact, and I am sure it is because the gentleman tells us so——

Mr. ARENTZ. I will read it.

Mr. SCHAFER. No; that is not necessary. When the gentleman makes a statement, I know it is correct. If the gentleman will offer the usual provision reserving the oil and mineral rights to the Government, I shall not object.

Mr. EVANS of Montana. I have no objection to such an amendment.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

Mr. EVANS of Montana. Mr. Speaker, I ask unanimous consent to substitute a similar Senate bill, S. 3111.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3111

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to allow Edward L. Dailey, of Priest River, Idaho, to make entry under section 7 of the enlarged homestead act (36 Stat. L. 531), for the east half of southwest quarter, southwest quarter of southwest quarter, south half of northwest quarter of southwest quarter, south half of north half of northwest quarter of southwest quarter, northeast quarter of northeast quarter of northwest quarter of southwest quarter, southeast quarter of southeast quarter of northwest quarter, and south half of southwest quarter of southeast quarter of northwest quarter, section 24, township 57 north, range 5 west, Boise meridian, Idaho, within the limits of Kaniksu National Forest, restored to entry under the provisions of the act of June 11, 1906 (34 Stat. L. 233).

SEC. 2. That the Secretary of the Interior be, and he is hereby, authorized and directed to accept final proof submitted by Eugene Johnson on December 27, 1929, in support of his homestead entry, Santa Fe, N. Mex., No. 054594, made on November 8, 1926, for lots 1 and 2, and south half of the northeast quarter, section 4, township 3 north, range 14 west, New Mexico principal meridian, and to issue patent upon payment therefor at the rate of $1.25 per acre.

SEC. 3. That the Secretary of the Interior be, and he is hereby, authorized and directed to issue patent upon isolated-tract application, Evanston, Wyo., No. 017020, filed by John Arambel on February 18, 1930, for the south half of the northeast quarter, section 17, township 24 north, range 106 west, sixth principal meridian, which was purchased by him at the appraised price of $3 per acre, under the provisions of section 2455 of the Revised Statutes, as amended, and on which cash certificate issued on April 11, 1930.

SEC. 4. That the right of way under the act of March 3, 1875 (18 Stat. L. 482), granted to the Wasco County Electric & Water Power Co. from a point in section 10, township 4 south, range 21 east, Willamette meridian, to a point in section 34, township 9 south, range 20 east, Willamette meridian, Oregon, be, and the same is hereby forfeited.

Mr. ARENTZ. Mr. Speaker, I offer an amendment as an additional section to the bill.

The Clerk read as follows:

Amendment offered by Mr. ARENTZ: Page 3, at the end of the bill insert a new section, as follows:

"SEC. 5. Patent issued hereunder shall contain a reservation, in the usual form, of all oil, gas, and other minerals to the United States."

The amendment was agreed to.

The bill, as amended, was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill, H. R. 7674, was laid on the table.

P. JEAN DES GARENNES

The Clerk called the next bill, H. R. 1420, for the relief of P. Jean des Garennes.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. I am against the growing practice of picking out favored individuals here and there and granting them pensions, when you do not grant pensions to all other persons of the same age and circumstances. Such favoritism must stop.

The only service this man ever rendered the Government was while holding a nice comfortable remunerative position as teacher for 28 years in the Naval Academy and receiving $4,500 a year for it. Why should we pension him and not pension all other faithful teachers? If we are going to pension this man, we ought to pick out every other man and woman in the United States who has taught 28 years, and there are several hundred thousand of them in the United States, and pension all of them.

Mr. GAMBRILL. Let me say to the gentleman from Texas that this man did teach 28 years, and he is now 84 years of age.

Mr. BLANTON. Yes; and there are lots of similar cases where such teachers as faithful as he was do not receive any pension. I am against picking out the wives of former Presidents and granting them a pension when they are worth, perhaps, several hundred thousand dollars. I am against all such practices.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. SCHAFER. I notice when the bill granting Mrs. Woodrow Wilson a pension of $5,000 a year as long as she lives was on the Consent Calendar the gentleman did not object.

Mr. BLANTON. The gentleman is mistaken. I have objected to all such bills. I blocked the bill to grant a pension to Mrs. Theodore Roosevelt and the one for Mrs. Warren G. Harding and the one for Mrs. Woodrow Wilson just as long as one objection could stop them.

Mr. SCHAFER. How did the bill pass, then?

Mr. BLANTON. I was not here in Congress when that bill was passed granting a pension to Mrs. Woodrow Wilson. That passed during the interim that I was out of Congress.

Mr. BACHMANN. The gentleman from Texas was not a Member of the Congress at that time?

Mr. BLANTON. I was not here at the time that bill passed. I objected to every one that was presented while I was here and blocked them in each Congress as long as one man could block them.

Mr. SCHAFER. My recollection is that the gentleman was here, because I was tempted to object myself; but when the gentleman did not object, I did not.

Mr. BLANTON. No; the gentleman is entirely mistaken. If the gentleman will look up the record he will find I objected to every one of those special bills granting pensions to widows of deceased Presidents, who were all financially well fixed. I am uncompromisingly against showing such favoritism.

I object to this bill, Mr. Speaker.

DAVID J. MAHONEY

The Clerk called the next bill, H. R. 1853, authorizing the Secretary of the Navy to advance on the retired list of the Navy David J. Mahoney, retired, to chief boiler maker, retired.

Mr. STAFFORD. Mr. Speaker, I object.

FREDERICK L. CAUDLE

The Clerk called the next bill, H. R. 2125, to provide for the advancement on the retired list of the Navy of Frederick L. Caudle.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. EATON of Colorado. Mr. Speaker, may I ask the gentleman to withhold his objection a moment?

Mr. STAFFORD. I withhold it.

Mr. EATON of Colorado. In the Seventy-first Congress there was a similar bill, and I had an opportunity to meet the objection of the gentleman. It was a bill of exactly the same character. It was the case of a man who was sent to the Fitzsimons Hospital about the time the Navy rule was changed as to when a man would be given an additional grade in his rank in the Navy. This man immediately upon receipt at the hospital was examined by the board and was then given retirement instead of keeping him there for a 90-day period before the retirement date became effective. In this case, had the retirement not been made shortly after his entrance in the hospital, the grade asked for in this bill would have become effective and the claimant would have received the benefit of it.

At that time, in the Seventy-first Congress, there were three cases; one was passed, and the gentleman from Wisconsin withdrew his objection. I trust he will do so in this case. I think under the circumstances this bill should be passed. In the last Congress it was passed in the Senate.

Mr. STAFFORD. The report shows the reason why this character of legislation should not be passed, and therefore I object.

ANNIE BRUCE

The Clerk read the next bill on the Private Calendar, H. R. 2686, granting six months' pay to Annie Bruce.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to pay out of the appropriation "Pay of the Navy, 1932," to Annie Bruce, widow of the late Lieut. Frank Bruce, United States Navy, an amount equal to six months' pay at the rate said Frank Bruce was receiving at the date of his death.

Mr. SCHAFER. Mr. Speaker, I rise in opposition to the bill, to obtain some information. This bill was reported out by the Naval Affairs Committee, and contains an appropriation. Under the rules of the House, the Naval Affairs Committee has no authority to appropriate, notwithstanding the fact that the distinguished chairman of the Foreign Affairs Committee has indicated that a certain class of bills carrying appropriations reported out by the Claims Committee, which has authority to appropriate, would be objected to, because they are not referred to the Foreign Affairs Committee, which has no authority to appropriate.

Mr. SWING. Does the gentleman make that as an argument against this case?

Mr. SCHAFER. I intended to object to this bill, but the unanimous-consent proceedings went through so fast that I did not hear the Chair ask for an objection. I want to find out why this bill has singled out this beneficiary to pay her six months of a lieutenant's pay.

Mr. SWING. Has the gentleman read the report? The report of the Navy Department sets forth completely why. There is a favorable report made by both the Navy Department and the committee. The bill was passed by the House in the last Congress, but was not reached in the Senate. It is a most meritorious bill.

Mr. STAFFORD. Will the gentleman yield?

Mr. SCHAFER. I would yield, but I want to get some information, and the gentleman from California, the author of the bill, has not given me that information. If he does not want to give the information, we will have to have a quorum here if the bill is to be passed.

Mr. STAFFORD. I think it is the farthest thought of the gentleman from California to be sarcastic, knowing that he is appealing to the grace of any Member when there is not a quorum present.

Mr. SCHAFER. If my distinguished colleague from Wisconsin can give me the information which I desire and show why this bill should pass——

Mr. STAFFORD. The existing law provides for the payment of six months' gratuity to the dependents of all naval officers when they die in service. There was a short interim when that law was repealed. This provides a gratuity for an officer who died during that interim when the law was not in force.

Mr. SCHAFER. Is this the only naval officer that would come under these circumstances?

Mr. STAFFORD. Oh, no; we have passed as many as 10 of these bills where naval officers died during that period, because it was the established policy prior to the repeal to pay the dependents of such officers who died in the service, and is the law to-day.

Mr. SCHAFER. Mr. Speaker, in view of the facts given by my colleague from Wisconsin, I will not object to the passage of the bill and will not raise a point of no quorum.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

DAVID ALBERT ROBESON

The next business on the Private Calendar was the bill (H. R. 2695) for the relief of David Albert Robeson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to accept for enlistment in the Navy, without regard to physical or other qualifications, David Albert Robeson, formerly chief yeoman, United States Navy and United States Fleet Naval Reserve, in the rating held by him when last discharged and to transfer him immediately to the Fleet Naval Reserve in that rating: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

GEORGE W. STEELE, JR.

The next business on the Private Calendar was the bill (H. R. 6336) for the relief of George W. Steele, jr.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object, in order to get some information from the author.

Mr. GAMBRILL. Mr. Speaker, this is a bill introduced by me at the request of the Navy Department. I have no interest in it outside of that. It is to correct the accounts of Captain Steele, who was a military attaché at Paris. Five naval officers were detailed in 1928 to go to Paris, France, and to Spain, for the purpose of perfecting themselves in the language of those countries. They were under orders to go there, and under orders were allowed $6 per diem. The amount was paid, $1,674, by Captain Steele. When his accounts came before the Comptroller General they were disallowed on the ground that the officers were entitled to only subsistence allowance, which, I believe, amounts to about 60 cents a day. These officers were required to go to Spain and to France. They were under orders to go there and were allowed the $6 a day.

Mr. STAFFORD. That is a pretty nice pleasure trip—to go at the direction of the Navy on a jaunt through France and Spain.

Mr. GAMBRILL. They were instructors at the Naval Academy at Annapolis, and were instructed to go to France and Spain in order to perfect themselves in the languages of those countries.

Mr. STAFFORD. Nevertheless, it was during the summer-vacation period, was it not?

Mr. GAMBRILL. Certainly.

Mr. STAFFORD. And that is the time when they enjoy their vacations.

Mr. GAMBRILL. Oh, no; that is the only time that they can get away from the Naval Academy.

Mr. STAFFORD. Why was not the position of the comptroller correct in refusing this $6 per day allowance?

Mr. GAMBRILL. The gentleman must know himself that one can not live in Spain and France on 60 cents a day. The allowance of $6 a day was a reasonable allowance.

Mr. STAFFORD. Mr. Speaker, I had this bill marked for objection, but the gentleman from Maryland has presented facts which causes me to withdraw my objection.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Mr. Speaker, I reserve the right to object. This bill properly should have been sent to the Committee on Claims. It is about time that the Naval Affairs Committee, of which the author of this bill is a member, stops usurping the jurisdiction of the Claims Committee. However, this is a meritorious bill, and I shall not object, but I suggest in the future where there are bills that should go to the Claims Committee that the gentleman send them there.

Mr. GAMBRILL. Mr. Speaker, I have nothing to do with sending bills to different committees.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to credit the accounts of George W. Steele, jr., captain, United States Navy, in the sum of $1,674, representing payments made by him to five officers of the Navy in accordance with orders of the Navy Department, which payments were disallowed by the Comptroller General.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

J. N. GORDON

The next business on the Private Calendar was the bill (H. R. 8777) for the relief of J. N. Gordon.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he hereby is, authorized and directed to adjust and settle the claim of J. N. Gordon, arising out of the relinquishment of certain lands included in mineral entry, Denver, numbered 040111, for which the payments had theretofore been made, and to allow said claim in the amount of $382.50 in full and final settlement thereof.

SEC. 2. To enable the Comptroller General to carry out the provisions of this act there is hereby appropriated, out of that subdivision of the Confederated Bands of Utes 4 per cent fund to which the same was heretofore credited, the sum of $382.50 to pay this claim.

Mr. BACHMANN. Mr. Speaker, I move to strike out the last word. I do this to call the attention of the Members present to-night to the way this calendar has operated. The other day we worked under the new rule that the House adopted to handle the Private Calendar. We consumed over two hours' time and considered 13 bills under that new rule. Three of those bills were passed. In two hours' time to-night we have considered 33 bills, 22 of which have been passed favorably and 11 objected to.

Mr. RAMSPECK. Mr. Speaker, will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. RAMSPECK. It might be well to state those bills that we considered under the new rule had previously been objected to under this procedure.

Mr. BACHMANN. That was the understanding, and that is the reason we should have made more time. It is quite evident from the way the House is considering the Private Calendar to-night that if we are going to clean up the bills that are on this Private Calendar before the adjournment of this session we ought to follow the rule of unanimous consent, such as we have followed to-night, and not go back to a proceeding under the new rule that some Members of the House thought would expedite the handling of bills on the Private Calendar.

Many of us are interested in these private bills. It is clearly evident that the proper and practical way to handle them is the way they have been handled under this unanimous-consent proceeding to-night. I hope during the rest of the session when the Private Calendar is being considered we will proceed under the unanimous-consent rule, as we have to-night, instead of under the new rule that was adopted by the House.

Mr. BLANTON. Mr. Speaker, I rise in opposition to the pro forma amendment.

I agree exactly with what the gentleman from West Virginia has said. We can not improve much on the old rules of this House. They are the result of a hundred years of study by men who have been just as smart as we are. If we want to pass the good bills, we had better take steps at once to abolish this new rule, which is unworkable, and go back to the old rule.

I am sorry we are about to lose the most valuable part of the very valuable services of the distinguished gentleman from West Virginia, Mr. BACHMANN, in this House. His being drafted by our Republican friends as minority whip is a distinct loss to the country. He has been taken away from us and put into a political job. Up to this time he has been one of the most valuable men in the House. He has not only helped us in watching the Private Calendar and the Consent Calendar with a great deal of success, and blocking bad bills, but he has been active here in helping us to frame all kinds of important legislation, and he rendered distinctive service on the Fish committee to stop the growth of communism in the United States. I am sorry we are about to lose him from active legislative service. Since he has been made Republican whip, from now on his time will be taken up mostly with politics. [Applause and laughter.]

Mr. MOUSER. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MOUSER. I agree with all the gentleman from Texas has said about the distinguished gentleman from West Virginia [Mr. BACHMANN]; but I might add that, as a result of the great experience over long service in this House of the present occupant of the chair, the distinguished majority floor leader, we have been able to expedite the business of the evening. [Applause.]

The pro forma amendment was withdrawn.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

C. M. WILLIAMSON AND OTHERS

The Clerk called the next bill on the Private Calendar, S. 458, for the relief of C. M. Williamson, Mrs. Tura Liljenquist, administratrix of C. E. Liljenquist, deceased, Lottie Redman, and H. N. Smith.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, this bill, No. 260 on the calendar, S. 458, is identical with H. R. 4393, which is at present No. 144 on the deferred calendar. This bill was given a great deal of consideration before the House at the previous hearing, and I object.

Mr. SMITH of Idaho. Will the gentleman reserve his objection for a moment?

Mr. GRISWOLD. I will.

Mr. SMITH of Idaho. I am sorry the gentleman takes this attitude, because this is certainly a very meritorious bill. This is a Senate bill and is identical with one that was introduced and reported favorably in the House not only in this session but in previous sessions. We feel that these people, for whose relief this legislation has been introduced, are entitled to favorable consideration, because they in good faith entered upon the land which was supposed to be irrigable by gravity, but as the Government progressed with the development of the irrigation project, it was found that these lands were on a knoll and they could not be irrigated by gravity, and consequently the water was not furnished them, although the Government collected maintenance and opera-

tion each year for furnishing the water which they did not furnish.

The entrymen, while waiting for the Government to put water on the higher land, bought power plants and paid a power company a vast amount, over $5,000, over a period of nine years. Then the Government, realizing that they had contracts with these individual entrymen, put in a siphon which enabled them to bring the water by gravity to these lands. These entrymen have acted in good faith, and the Government had a contract with them to furnish water and did not do it. This is for the relief of these people during the time they had to put the water there at their own expense.

Mr. MOUSER. Will the gentleman yield?

Mr. SMITH of Idaho. I yield.

Mr. MOUSER. I have carefully investigated this report and I can not help but agree with the report of the Committee on Claims, that this is a clear violation of a contract with the Government. The question arises, and it is broader than the amount involved, whether or not the United States Government, which can not be sued because of its sovereignty, is to be permitted to take advantage of that sovereignty by not recognizing these claims against it. The original report showed that this land was irrigable, and properly classified as such, and these people relied upon this contract to obtain water for the purpose of carrying on their farming activities. The Government violated the contract, and these people were compelled to purchase the water.

Mr. BLANTON. Will the gentleman yield?

Mr. MOUSER. I yield if I have the floor.

Mr. BLANTON. The Indian Commissioner says:

It would appear from the foregoing that the Government is not under obligation to pay these landowners for the sums expended by them in constructing and operating their pump machinery for their own benefit.

And Hon. Lyman Wilbur, Secretary of the Interior, says:

I can not recommend the passage of this bill.

What has the gentleman to say about that?

Mr. MOUSER. This question is broader than mere argument as to who should do the pumping. These people were deprived of their water, and I agree with the report of the committee, from the facts, as against the report of the bureau. The interest has been eliminated. Clearly, in a civil court, they would have been granted that interest. I know the gentleman is fair enough and a good enough lawyer to understand that.

Mr. FRENCH. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. FRENCH. And during all this period these claimants were paying their annual assessment charges to the Government.

Mr. STAFFORD. And they were making no claim whatsoever for installing the machinery.

Mr. BLANTON. Mr. Speaker, we can handle one of the gentlemen from Idaho, but not both of them at the same time.

Mr. MOUSER. Mr. Speaker, I think the claim is meritorious.

Mr. BLANTON. Mr. Speaker, I object to the bill.

WILLIAM J. NOWINSKI

The Clerk called the next bill, H. R. 1346, for the relief of William J. Nowinski.

Mr. STAFFORD. I object.

LIEUT. COMMANDER CORNELIUS DUGAN

The Clerk called the next bill, H. R. 2839, for the relief of Lieut. Commander Cornelius Dugan, retired.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. EATON of Colorado. I object.

MINNIE HOPKINS

The Clerk called the next bill, H. R. 3624, for the relief of Minnie Hopkins.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Minnie Hopkins, mother of Farris Carlton Hopkins, seaman, first class, United States Navy, who was killed by an explosion on the U. S. S. *Mississippi*, June 12, 1924, is hereby allowed an amount equal to six months' pay at the rate Farris Carlton Hopkins was receiving at the date of his death: *Provided*, That the said Minnie Hopkins establishes to the satisfaction of the Secretary of the Navy the fact that she was actually dependent upon her son, the late Farris Carlton Hopkins, at the time of his death.

SEC. 2. That the payment of the amount of money allowed and authorized to be paid to the said Minnie Hopkins is authorized to be made from the appropriation "Pay, subsistence, and transportation of Navy revenue."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOE G. M'INERNEY

The Clerk called the next bill, H. R. 4226, for the relief of Joe G. McInerney.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. McMILLAN. Will the gentleman withhold his objection.

Mr. EATON of Colorado. Yes.

Mr. McMILLAN. I do not know the reason the gentleman objects to this bill if the gentleman has read the report. The report shows that neither the Treasury Department nor the Navy Department has anything at all against this man's record.

Mr. EATON of Colorado. The man was dishonorably discharged, and because the records happen to be unavailable at the present time is no basis for such a statement.

Mr. McMILLAN. The records are not unavailable at the present time. The commandant of the Coast Guard says his office has no record of any dishonorable discharge.

Mr. EATON of Colorado. The man has his own dishonorable discharge, and the report so states.

Mr. McMILLAN. Yes; but let me tell the gentleman from Colorado exactly what has happened.

I have here a letter from the commanding officer of the ship. It is in the report. Here is a photostatic copy of a letter written three days after the man was discharged by the assistant engineer in charge of the ship on which he served, which I just received from him the other day:

This is to certify Joseph McInerney served as oiler on this vessel for the past 12 months. During that entire period on the *Forward* I have found him to be intelligent, industrious, willing, obedient, respectful, and never under the influence of liquor. Great pleasure is therefore taken in recommending him to any person or firm needing the services of such a man.

That is signed by Charles A. Root, assistant engineer of this ship.

I know this gentleman. I have known him 20 years. His reputation is unquestioned by anybody who knows him in my city.

I hope the gentleman from Colorado will not object unless he can show good grounds.

I will say to the gentleman from Colorado that the discharge was given him because of the fact that inadvertently, and he says that in his letter, he failed to salute an officer as he was coming off the ship. This is the cause of the discharge. This is the only ground on which the action was taken against him.

When the department has no record of any reason to the contrary why such a thing as that should exist, I hope the gentleman will not object.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I believe the gentleman will have no objection to the customary saving clause that no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act?

Mr. McMILLAN. That is provided in the bill.

Mr. STAFFORD. It is not in the customary phraseology.

Mr. McMILLAN. No; I have no objection to it.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Coast Guard, their widows, children, and dependent relatives, Joe G. McInerney shall be held and

considered to have been discharged under honorable conditions as a coal heaver from the cutter *Forward* on December 13, 1902; but no pay or bounty shall be held to have accrued prior to the date of the enactment of this act.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On line 9, strike out the semicolon and the remainder of lines 9 and 10, insert a colon, and add the following: "*Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ROSCOE M'KINLEY MEADOWS

The Clerk called the next bill, H. R. 4271, for the relief of Roscoe McKinley Meadows.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. MONTAGUE. Will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. MONTAGUE. There are several bills of this particular character which have been passed, and several passed when the gentleman himself was present.

Mr. STAFFORD. I do not think there have been several, although there may have been one. I went over this very carefully, and I have no question but what it is objectionable, to my way of thinking.

Mr. MONTAGUE. The gentleman will notice that General Hines states:

From a review of all the evidence of record, it would appear that Mr. Meadows may be equitably entitled to some relief, but under the existing interpretations of law, you will realize that it is impossible for his case to be considered under the emergency officers' retirement act.

So he is between the upper and nether millstone. He could not be a regular officer nor could he come under the retirement act.

Mr. STAFFORD. He was a chaplain in the service?

Mr. MONTAGUE. Yes.

Mr. STAFFORD. And now wishes to be retired at a high salary. I will say to my friend from Virginia that I have taken this position in the Committee on Military Affairs with reference to bills of a similar character.

Mr. MONTAGUE. The gentleman has objected to some bills, but I notice he did not object to others.

Mr. STAFFORD. I wish the gentleman would call my attention to a case where I have even squinted at recognizing this policy.

Mr. MONTAGUE. I called the gentleman's attention to this bill once before.

Mr. STAFFORD. I will go over it again, but according to my present way of thinking I am strongly opposed to it. Mr. Speaker, I object.

ROLAND BALDWIN ESTEP

The Clerk called the next bill, H. R. 5011, for the relief of Roland Baldwin Estep, deceased.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado. Mr. Speaker, I object.

CHARLES W. EATON

The Clerk called the next bill, H. R. 6765, for the relief of Charles W. Eaton.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, I object.

RELIEF OF CERTAIN UNITED STATES NAVAL OFFICERS

The Clerk called the next bill, H. R. 1383, for the relief of certain United States naval officers.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in construing the laws governing travel and travel allowances of naval personnel the travel performed by Ensigns R. E. Van Meter, F. M. Adamson, S. C. Anderson, G. H. Deiter, Paul Foley, jr., H. J. Hiemenz, C. V. Ricketts, C. E. Weakley, M. B. Wyatt, and F. R. Duborg; Midshipmen P. L. deVos, P. C. Evans, W. C. Ennis, D. W. Gladney, J. H. Hean, and H. M. Heiser, incident to their appearance December 7, 1929, before the State Committees of Selection for Rhodes Scholarships, under orders of the Navy Department, shall be held and considered to have been performed on public business and the Secretary of the Navy is hereby authorized and directed to pay them travel allowances therefor from the current appropriation, "Pay, subsistence, and transportation, Navy."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

NOLEN N. REYNOLDS

The Clerk called the next bill, H. R. 1907, for the relief of Nolen N. Reynolds.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors, Nolen N. Reynolds, who served as a fireman, third class, United States Navy, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States on June 6, 1922: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOSEPH B. LYNCH

The Clerk called the next bill, H. R. 3420, for the relief of Joseph B. Lynch.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. DALLINGER. Will the gentleman withhold his objection?

Mr. STAFFORD. I will.

Mr. DALLINGER. There is a favorable report from the Navy Department on this bill.

Mr. STAFFORD. There are many favorable reports from the Navy Department on questionable bills.

Mr. DALLINGER. This is a case where this man filed his application but they lost his application in the Navy Department. The report says:

In view of the fact that Lieutenant Lynch requested reenrollment within four months of the date of the expiration of his previous enrollment, and that he was not reenrolled from any fault of his own, the committee feels that his request should be granted.

Then there is a letter from the Secretary of the Navy. It was entirely the fault of the Navy Department and they admit it.

Mr. STAFFORD. This man was in the Naval Reserve. Within four months of the expiration of his first service he applied for reenrollment and there was nothing heard from his application until two years later. You are now asking to have him granted privileges as if he had been enrolled at the time of his original application.

Mr. DALLINGER. He should have been enrolled.

Mr. STAFFORD. But, in fact, he was not, and now you are asking to give him pay for the time he did not serve. Mr. Speaker, I object.

MICHAEL F. CALNAN

The Clerk called the next bill, H. R. 3422, for the relief of Michael F. Calnan.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. This is another bill introduced by the gentleman from Massachusetts.

Mr. DALLINGER. Mr. Speaker, this man, so far as fighting is concerned, had a splendid record. Whenever there was any fighting going on during the Boxer insurrection or in the Philippines he was right there, but he did have one failing. He sometimes drank too much; but in view of the fact that his military record is all right, so far as fighting is concerned, it does seem that he might have his record corrected.

Mr. STAFFORD. Mr. Speaker, perhaps, as a liberal who has voted consistently for modification of the prohibition enforcement act to correct intolerable conditions, I should

take a more liberal attitude, particularly with the gentleman, who is invariably dry—not dripping dry, but arid dry—from classic Cambridge and from an institution which is supposed to graduate persons of liberal thought. Here we find that this man committed many offenses in being absent without leave and drinking, culminating in a summary court-martial for absence without leave.

Mr. DALLINGER. All this occurred when there was not any fighting going on. He had four years of service.

Mr. STAFFORD. Perhaps, Mr. Speaker, this man had a fighting spirit like Bob Evans, who never considered any man to have proper fighting qualities unless he could take a drink. I think this man does not represent the type that the sponsor of this bill represents. Therefore he was a good fighting man, and I withdraw my objection. [Laughter and applause.]

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws Michael F. Calnan shall hereafter be held and considered to have been honorably discharged from the military service of the United States in the Marine Corps: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider was laid on the table.

ROSCOE M'KINLEY MEADOWS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to return to Calendar No. 265, the bill (H. R. 4271) for the relief of Roscoe McKinley Meadows, introduced by our colleague the gentleman from Virginia [Mr. MONTAGUE]. I want to ask the gentleman from Wisconsin a question in connection with the bill.

Mr. SCHAFER. Mr. Speaker, reserving the right to object, is the beneficiary of this bill a drinking man also?

Mr. STAFFORD. Mr. Speaker, I shall be pleased to go over this bill again, but for the time being, I object.

ROBERT J. WHITE

The Clerk called the next bill, H. R. 3426, for the relief of Robert J. White.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, here is another installment by the gentleman from Massachusetts, from the classic shades of Cambridge. I would like to have some explanation of this bill, because I have it marked provisionally for objection. Is this a drinking man also?

Mr. DALLINGER. No. I may state, Mr. Speaker, that Mr. White, anxious to serve his country, enlisted in the Navy in the only way he could at the time. A week after he had enlisted in the regular Navy the Congress passed an act whereby men could enlist as emergency officers. This man was overseas and was injured. As a result of the injury which he received in the service he had to submit to an operation and one of his kidneys was removed.

This matter went before the Veterans' Bureau, and he was recommended for retirement under the emergency officers' retirement act, and then the Comptroller General raised the technical point that he had enlisted in the Regular Navy. This man was an emergency officer, and so understood it, and when the war was over he resigned.

It seems to me this is an exceptionally good case for retirement, and I do not believe that this technical objection raised by the Comptroller General should stand in the way of his being retired.

Mr. STAFFORD. Mr. Speaker, I have examined the report while the gentleman from Massachusetts has been expatiating upon the service of this good man, and I recall I have objected to similar bills, and I therefore object.

RALPH M'ALPIN

The Clerk read the next bill on the Private Calendar, H. R. 4311, for the relief of Ralph McAlpin.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, the department recommends against this bill, and I object.

LYDIA C. SPRY

The Clerk read the next bill on the Private Calendar, H. R. 971, granting insurance to Lydia C. Spry.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, will some member of the Committee on Claims explain this bill?

Mr. SCHAFER. If the gentleman will yield, this is a bill I questioned in the Claims Committee because it involved the payment of war-risk insurance to the beneficiary. I reserved the right to file a minority report and sent for the case folder to check the record. This man was in the service and designated that deductions be made from his pay to take care of the war-risk insurance.

He was temporarily out of the service for a short time and then reentered the service. The Navy Department could not find the record of the filing of the application and the designation that deductions be made from his pay.

However, he was entitled to additional pay by reason of the second enlistment, which pay he had not received. He no doubt was under the impression the additional pay was not received because it was being used to pay his insurance premiums.

The Government owed him this additional money for the reenlistment, which was approximately the amount of the premium which is deductible for war-risk insurance premiums.

In the case of war-risk insurance, if the insurance lapses and later it is found that the beneficiary had uncollected compensation due him, there is an automatic reinstatement of the insurance.

Mr. BLANTON. Will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. BLANTON. Why did not the gentleman get the file?

Mr. SCHAFER. I did get the file, and went through it. If the facts in the folders had not justified favorable action, I would have filed a minority report.

Mr. BLANTON. Why did not they get the report from the department and put the recommendations into the report?

Mr. SCHAFER. I could not tell the gentleman. I did not write the report.

Mr. BLANTON. When there is no report from the department, especially in a case like this that called for $8,000 paid to a private individual, I shall always object. There ought to be a recommendation from the department in every report that is filed, and where there is not, I shall object. I object.

LOTTIE NAYLOR

The Clerk called the next bill on the Private Calendar, H. R. 1406, for the relief of Lottie Naylor.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. I object.

ADJOURNMENT

Mr. STAFFORD. Mr. Speaker, I make the point that there is no quorum present.

Mr. BLANTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 28 minutes p. m.) the House adjourned until to-morrow, Thursday, May 26, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, May 26, 1932, as reported to the floor leader by clerks of the several committees:

WAYS AND MEANS

(10 a. m.)

Mansfield bill—bond issue for river and harbor construction.

FOREIGN AFFAIRS

(10.30 a. m.)

Hearings—World Court.

RULES

(10.30 a. m.)

Home loan banking bill.

MILITARY AFFAIRS

(10 a. m.)

Hearings—Port Newark Army base.

RIVERS AND HARBORS

(10.30 a. m.)

Hearings—Hudson River Channel, N. Y., and Miami, Fla., projects.

INSULAR AFFAIRS

(10.30 a. m.)

Hearings—Samoa bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

588. A letter from the Comptroller General, transmitting a report and recommendation to the Congress concerning the claim of Arthur R. Saffran against the United States; to the Committee on Claims.

589. A letter from the Secretary of War, transmitting a report dated May 24, 1932, from the Chief of Engineers, United States Army, on John Day River, Oreg.; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. REILLY: Committee on Banking and Currency. H. R. 12280. A bill to create Federal home-loan banks, to provide for the supervision thereof, and for other purposes; without amendment (Rept. No. 1418). Referred to the Committee of the Whole House on the state of the Union.

Mr. DRIVER: Committee on the Territories. H. R. 12281. A bill to encourage the mining of coal adjacent to the Alaska Railroad in the Territory of Alaska, and for other purposes; without amendment (Rept. No. 1419). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALMON: Committee on Roads. H. R. 12286. A bill to amend the act entitled "An act to provide that the United States shall aid the States in the construcion of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes; without amendment (Rept. No. 1420). Referred to the Committee of the Whole House on the state of the Union.

Mr. GAVAGAN: Committee on Patents. H. R. 10924. A bill to amend section 4916 of the Revised Statutes (U. S. C., title 35, sec. 64); without amendment. (Rept. No. 1421). Referred to the House Calendar.

Mr. SUMNERS of Texas: Committee on the Judiciary. H. R. 11390. A bill to detach Hardeman County from the Fort Worth division of the northern judicial district of the State of Texas and attach the same to the Wichita Falls division of said district; without amendment (Rept. No. 1422). Referred to the House Calendar.

Mr. LOOFBOUROW: Committee on Indian Affairs. H. R. 5846. A bill authorizing the district court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians; with amendment (Rept. No. 1427). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 487. A bill to authorize an appropriation for the purchase of land in South Dakota for use as camp sites or rifle ranges for the National Guard of said State; without amendment (Rept. No. 1428). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULLER: Committee on the Public Lands. H. R. 9440. A bill to authorize the adjustment of the boundaries of the Colville National Forest in the State of Washington, and for other purposes; with amendment (Rept. No. 1430). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEVENSON: Committee on Printing. H. Con. Res. 31. A concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the occasion of the unveiling of the statue of Charles Brantley Aycock presented by the State of North Carolina (Rept. No. 1431). Ordered to be printed.

Mr. CRISP: Committee on Ways and Means. H. R. 11203. A bill to enable the collection of import duties on foreign-made goods entering the Virgin Islands through parcel-post mail; with amendment (Rept. No. 1432). Referred to the Committee of the Whole House on the state of the Union.

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H. R. 12047. A bill to provide for the transfer of powder and other explosive materials from deteriorated and unserviceable ammunition under the control of the War Department to the Department of Agriculture for use in land clearing, drainage, road building, and other agricultural purposes; without amendment (Rept. No. 1433). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 5726. A bill for the relief of Warren F. Avery; without amendment (Rept. No. 1423). Referred to the Committee of the Whole House.

Mr. HARE: Committee on Insular Affairs. H. R. 10613. A bill for the relief of J. C. Besosa; without amendment (Rept. No. 1424). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on the Public Lands. S. 3830. An act to remove a cloud on the title of certain land in the city of Corpus Christi, Tex.; without amendment (Rept. No. 1425). Referred to the Committee of the Whole House.

Mr. BROWNING: Committee on the Judiciary. H. R. 6425. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus; with amendment (Rept. No. 1426). Referred to the Committee of the Whole House.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 12154. A bill authorizing the Secretary of War to lease or to sell certain lands and buildings known as Camp Eagle Pass, Tex., to the city of Eagle Pass, Tex; without amendment (Rept. No. 1429). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 8207. A bill for the relief of Daisy Anderson; with amendment (Rept. No. 1434). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TIERNEY (by request): A bill (H. R. 12312) to amend the Federal reserve act to provide for the building up of depleted stocks of staple goods and commodities and so to enable the reemployment of idle labor, and the restoration of buying power; i. e., effective demand; to the Committee on Banking and Currency.

By Mr. AYRES: A bill (H. R. 12313) to amend section 13 of the Federal reserve act by making notes of finance and credit companies subject to discount; to the Committee on Banking and Currency.

By Mr. HARLAN: A bill (H. R. 12314) to remove limitations on the amount of property held by benevolent, charitable, and other nonprofit corporations incorporated in the District of Columbia by private act of Congress; to the Committee on the District of Columbia.

By Mr. TIERNEY (by request): A bill (H. R. 12315) to provide for the temporary removal of the limitation on individual deposits acceptable by the postal savings banks, in-

tended to encourage the restoration of hoarded funds to general circulation; to the Committee on the Post Office and Post Roads.

By Mr. DRIVER: A bill (H. R. 12316) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Helena, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Idaho: A bill (H. R. 12317) for the rehabilitation of the Big Lost River project, Idaho; to the Committee on Irrigation and Reclamation.

By Mr. KENDALL: A bill (H. R. 12327) to authorize the Postmaster General to relieve postmasters in cases of losses of funds by bank failures; to the Committee on the Post Office and Post Roads.

By Mr. MILLARD: Joint resolution (H. J. Res. 405) authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam; to the Committee on Military Affairs.

By Mr. JOHNSON of Texas: Joint resolution (H. J. Res. 406) directing liberalization of policy of Reconstruction Finance Corporation concerning loans for agriculture; to the Committee on Banking and Currency.

By Mr. EVANS of Montana: Resolution (H. Res. 238) for the consideration of H. R. 10048, a bill granting to the metropolitan water district of southern California certain public and reserved lands of the United States in the counties of Los Angeles, Riverside, and San Bernardino, in the State of California, for an aqueduct, and for other purposes; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HOPE: A bill (H. R. 12318) granting an increase of pension to Rose R. Corner; to the Committee on Invalid Pensions.

By Mr. HUDDLESTON: A bill (H. R. 12319) granting a pension to Alice R. Zell; to the Committee on Pensions.

By Mr. IGOE: A bill (H. R. 12320) for the relief of James R. Page; to the Committee on Military Affairs.

By Mr. KURTZ: A bill (H. R. 12321) granting an increase of pension to Catharine L. Kelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12322) granting an increase of pension to Caroline Nash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12323) granting an increase of pension to Annie Smith; to the Committee on Invalid Pensions.

By Mr. LAMBERTSON: A bill (H. R. 12324) for the relief of Madeline Hunt; to the Committee on Claims.

By Mr. THOMASON: A bill (H. R. 12325) for the relief of William M. Weaver; to the Committee on Military Affairs.

By Mr. TIERNEY: A bill (H. R. 12326) granting a pension to Veronica Zolyomy; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7946. By Mr. ANDREWS of New York: Resolution adopted by the Lawyers' Club, of Niagara Falls, urging immediate repeal of the eighteenth amendment; to the Committee on the Judiciary.

7947. By Mr. BOHN: Petition of members of Public Welfare Commission of the city of Detroit, Mich., urging Congress to act immediately on the prosperity loan; to the Committee on Ways and Means.

7948. Also, petition of Morley S. Oates Post, No. 701, Veterans of Foreign Wars, requesting Congress that, in the event they do not see fit to favor the immediate cash payment of the adjusted-service certificates, they enact such legislation as will eliminate interest charges against the unpaid balance; to the Committee on Ways and Means.

7949. By Mr. BLOOM: Resolution passed by the Uniformed Firemen's Association of Greater New York on May 19, 1932; to the Committee on Ways and Means.

7950. By Mr. CRAIL: Habeas corpus petition of Ray Becker and others for the impeachment of J. Stanley Webster, judge of the eastern district of the Federal court of the State of Washington, for misconduct on the bench; to the Committee on the Judiciary.

7951. Also, petition of Roy Porter and many teachers of the Richard Dana, Jr., High School of San Pedro, Calif., urging your influence in the financial matters concerning the welfare of education, at least for the amount the House recommended; to the Committee on Appropriations.

7952. Also, petition of California Building Loan League, Los Angeles, Calif., approving the recommendation of the President for the establishment of a system of Federal home-loan banks, and urging Congress to give their immediate, unqualified, and earnest support, to the end that House bill 7620 and Senate bill 2959 may be enacted into law during the present session of the Seventy-second Congress; to the Committee on Banking and Currency.

7953. Also, petition of United War Veterans of the United States, Los Angeles, Calif., favoring the passage of a $5,000,000,000 prosperity bond issue to relieve present unemployment conditions existing in the Nation; to the Committee on Ways and Means.

7954. Also, petition of Southern California Council of Combat Division Associations, petitioning Congress to authorize immediately the issuance of $5,000,000,000 in bonds, and to provide for the cutting of red tape in order that work may start immediately on necessary public improvements and distress and suffering throughout the Nation may be eliminated; to the Committee on Ways and Means.

7955. Also, petition of Ollie F. Smith, of Los Angeles, Calif., asking immediate action by Congress for relief of unemployment and setting forth a statement of conditions which require prompt action; to the Committee on Ways and Means.

7956. By Mr. CULLEN: Resolutions adopted at the Fifty-seventh Annual Convention, Amalgamated Association Iron, Steel, and Tin Workers of North America, urging a 6-hour day and 5-day week in industry, and also favoring legislation having all companies, corporations, and manufacturing concerns who work their employees after the end of the first turn on Saturday and before the first turn on Monday or the three legal holidays (Fourth of July, Labor Day, and Christmas) shall be fined and excluded from interstate commerce; to the Committee on Interstate and Foreign Commerce.

7957. By Mr. EVANS of Montana: Resolution of Boilermakers' Union, No. 80, Anaconda, Mont., urging payment of the bonus; to the Committee on Ways and Means.

7958. Also, resolution of the Barbers' Union, No. 575, Anaconda, Mont., urging immediate payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

7959. By Mr. HARLAN: Petition of C. F. Henney and eight other residents of Dayton, Ohio, advocating a general sales tax, economy in Government, and balancing the Budget before adjournment of Congress; to the Committee on Ways and Means.

7960. By Mr. KVALE. Petition of La Société des 40 Homes et 8 Chevaux, Voiture No. 39, St. Paul Minn., protesting against any reduction of the commissioned personnel of the Regular Army of the United States; to the Committee on Appropriations.

7961. Also, petition of Rod and Gun Club, Forada, Minn., protesting against a 1-cent tax on shotgun shells; to the Committee on Ways and Means.

7962. Also, petition of Granite Falls Unit, American Legion Auxiliary, Granite Falls, Minn., protesting against any change in the World War veterans' act; to the Committee on World War Veterans' Legislation.

7963. Also, petition of American Legion Auxiliary, Litchfield, Minn., protesting against any change in the World War veterans' act; to the Committee on World War Veterans' Legislation.

7964. Also, petition of 29 residents of the Twin Cities, Minn., urging enactment of House bill 5857; to the Committee on Banking and Currency.

7965. Also, petition of 19 residents of Willmar, Minn., urging enactment of Senate bill 1197; to the Committee on Banking and Currency.

7966. By Mr. LINDSAY: Petition of C. E. Kennedy (Inc.), New York City, opposing proposed duty on lumber; to the Committee on Ways and Means.

7967. Also, petition of New York Joint Stock Land Bank, Rochester, N. Y., opposing the Hare bill; to the Committee on Banking and Currency.

7968. By Mr. RAINEY: Petition of G. H. Earhart and 51 other citizens of Quincy, Ill., favoring a general sales tax; to the Committee on Ways and Means.

7969. Also, petition of Harry L. Allfrich and 22 other citizens of southern Illinois, favoring the remonetization of silver at a fixed ratio with gold; to the Committee on Banking and Currency.

7970. By Mr. RANSLEY: Memorial of Philadelphia Board of Trade, favoring the enactment of House Resolution 214 entitled "Resolution providing for an investigation of Government competition with private enterprise, and for other purposes"; to the Committee on Rules.

7971. By Mr. RUDD: Petition of New York Joint Stock Land Bank, opposing the Hare bill; to the Committee on Banking and Currency.

7972. Also, petition of C. E. Kennedy (Inc.), New York City, opposing the proposed lumber duty in the revenue bill; to the Committee on Ways and Means.

7973. Also, petition of New York State Legislative Board, Brotherhood of Locomotive Firemen and Enginemen, favoring the passage of the Crosser bill, H. R. 10023; to the Committee on Interstate and Foreign Commerce.

7974. By Mr. TIERNEY: Petition concerning the Gasque-Robinson bill, S. 4161; to the Committee on Pensions.

7975. Also, petition concerning Government expenditures; to the Committee on Economy.

SENATE

THURSDAY, MAY 26, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Sheppard
Bailey	Costigan	Jones	Shortridge
Bankhead	Couzens	Kean	Smith
Barbour	Cutting	Kendrick	Smoot
Barkley	Dale	Keyes	Steiwer
Bingham	Davis	King	Stephens
Blaine	Dickinson	La Follette	Thomas, Idaho
Borah	Dill	Logan	Townsend
Bratton	Fess	McGill	Trammell
Broussard	Frazier	McNary	Tydings
Bulkley	George	Moses	Vandenberg
Bulow	Glass	Norris	Wagner
Byrnes	Hale	Nye	Walsh, Mass.
Capper	Harrison	Oddie	Walsh, Mont.
Carey	Hastings	Patterson	Watson
Cohen	Hatfield	Reed	Wheeler
Connally	Hayden	Robinson, Ark.	
Coolidge	Hebert	Robinson, Ind.	

The VICE PRESIDENT. Seventy Senators have answered to their names. A quorum is present.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal of the calendar days of Monday, Tuesday, and Wednesday, May 23, 24, and 25.

The VICE PRESIDENT. Without objection, it is so ordered.

CONSIDERATION OF AGRICULTURAL RELIEF BILLS

Mr. NYE. Mr. President, I desire to submit a unanimous-consent request which will involve determination of a time to vote. May I ask whether the parliamentary situation is one now, following the roll call which has just been recorded, which would permit the submission of that request without the call of another quorum?

The VICE PRESIDENT. If it involves a final vote, there would have to be another roll call, or it could be done by unanimous consent.

Mr. NYE. I am going to submit at this time a unanimous-consent proposal, which I send to the desk.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from North Dakota proposes that when the Senate has voted upon the passage of the pending tax bill, the bills, S. 4536, by Mr. MCNARY, and S. 1197, by Mr. FRAZIER, shall, in the stated order, be laid before the Senate and shall not be laid aside, except by unanimous consent, until a vote shall have been recorded upon the question of the passage of the bills.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, of course, I am very greatly interested in the early consideration of those measures, one of which I reported yesterday, but in view of the parliamentary situation and the very careful program arranged by the steering committee I would not want any bill to which my name is attached to interfere with that program, and presently I shall object to any change in the program.

Mr. NYE. Mr. President, I hope the Senator will withhold his objection for just a moment. While he has stated why he should feel it incumbent upon him to object, I want to state why I am making the request.

I make the request out of a desire to expedite, if I can, the passage of the pending tax bill. Yet if we are to have a demonstration and a pretty virtual assurance that there is going to be no vote during the present session on any of the pending farm bills, then I must insist upon my amendment which I have offered, and which is on the desk as an amendment to the pending tax bill, which relates to the measure introduced by the Senator from Oregon and which he has reported to the Senate within the last two days. So I would like to renew the request and ask unanimous consent for such a proposal as has been sent to the desk.

The VICE PRESIDENT. Is there objection?

Mr. JONES. Mr. President, I hope it will be provided that it shall not interfere with the consideration of appropriation bills. All those bills should be passed by the 1st of July.

Mr. NYE. I understand that there is no interference at all with an appropriation bill by reason of such a unanimous-consent agreement.

Mr. JONES. Does the Senator understand that that is the way the unanimous-consent request is to be construed? I merely heard it read and it seems to me it would prevent the consideration of appropriation bills. I have no objection to the Senator's proposition otherwise. I think as soon as the tax bill is disposed of, the appropriation bills should be disposed of as rapidly as possible.

Mr. BINGHAM. Mr. President, may I remind the Senator from Washington that one of the appropriation bills contains the so-called economy measure which came over from the other House and which ought to be considered at the very earliest possible opportunity in order that the other appropriation bills may be properly drawn in connection with whatever the Senate does with that bill.

Mr. JONES. I have that in mind, and it is necessary that we pass the appropriation bills and that they should not be delayed.

Mr. BINGHAM. Mr. President, let me ask the Senator from North Dakota how does his proposal fit in with the program which we have been trying to follow as it came from the steering committee?

Mr. NYE. It will not fit in at all so long as the steering committee denies to agriculture the assurance of consideration.

I understand, Mr. President, that it will be altogether advantageous to withdraw my proposal at this time in anticipation that within a few hours there may be some agreement reached. I want to say that if there should be a failure in obtaining unanimous consent, then I shall propose, following that, a unanimous-consent agreement that the Congress shall not adjourn until there has been a vote upon one

or the other or both of the pending agricultural measures which are now on the calendar.

The VICE PRESIDENT. The Senator from North Dakota withdraws his request.

PETITIONS AND MEMORIALS

Mr. TYDINGS presented a resolution adopted by Glen Burnie Post, No. 40, the American Legion, department of Maryland, favoring the elimination or reduction of the interest rate on loans to veterans on adjusted-service certificates, which was referred to the Committee on Finance.

Mr. COPELAND presented a resolution adopted by the Citizens' Forum of Columbia Heights, Washington, D. C., indorsing the principles embodied in old-age security legislation pending in Congress, and favoring the prompt enactment of an old-age security law for the District of Columbia, which was referred to the Committee on Pensions.

He also presented a resolution adopted by the Young Men's Board of Trade, of New York City, N. Y., protesting against the passage of legislation tending to diminish, reduce, or hinder the present standard of efficiency of the Army, or the reduction of its personnel, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the administrators of the Mt. Vernon (N. Y.) school system, opposing the lowering of the present salary schedules of Government employees, which was referred to the Committee on Appropriations.

He also presented a letter in the nature of a petition, from Henry J. Nauss, manager of the Whitmer-Jackson Co., Inc., and signed by sundry citizens, all of Rochester, N. Y., praying for support of the program of President Hoover for the immediate balancing of the Budget and economies in Federal expenditures, and the defeat of all "unsound legislation calling for new bond issues or large expenditures," and so forth, which was referred to the Committee on Appropriations.

Mr. WHEELER presented a petition of sundry citizens of Anaconda, Deer Lodge County, Mont., praying for the passage of the bill (H. R. 1) to provide for the immediate payment to veterans of the face value of their adjusted-service certificates, which was referred to the Committee on Finance.

REMONETIZATION OF SILVER

Mr. WHEELER presented the petition of Herman Dethman and sundry other citizens of Roosevelt County, Mont., which was referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures, as follows:

WOLF POINT, MONT.

We, the undersigned citizens of Roosevelt County, Mont., believing that agriculture is one of our basic industries and that the economic security of our Nation is dependent upon the economic security of the American farm, favor such legislation as will provide for the solvency of the American farmer.

We believe that the only way out of the present depression is to raise commodity prices and thereby reduce the burden of debt. Under the present gold standard debts contracted three years ago, if paid this year, would require three times the amount in farm commodities as when they were contracted. All of the important countries of the world have gone off the gold standard except France; it is therefore impossible for us to trade with them. This keeps commodity prices down.

We feel that if prosperity is to return to this country we must go off the gold standard, which is the cause for most of our economic ills.

We therefore respectfully petition the Senate of the United States of America to pass the Wheeler silver bill, No. S. 2487, which provides for the remonetization of silver by providing for the free coinage of silver as well as gold at the fixed ratio of 16 to 1.

REDUCTION OF OFFICER PERSONNEL OF THE ARMY

Mr. DAVIS presented a resolution adopted by the Tri-County Reserve Officers' Association, Du Bois, Pa., which was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas there has been introduced into the House of Representatives of Congress an act proposing to reduce the officer personnel of the Regular Army from 12,000 to 10,000 and to cut out various other features of the training of the Army, etc.; and

Whereas these matters have come to the attention of the Tri-County Reserve Officers' Association, composed of the counties of Clearfield, Elk, and Jefferson, in the State of Pennsylvania; and

Whereas said association at its regular meeting held at Punxsutawny, Tuesday, May 17, 1932, with representatives present from the Reserve Officers' Association of Indiana and Cambria Counties, and after fully discussing the proposed legislation have unanimously condemned the same as false governmental economy: Now, therefore, be it

Resolved, That the Tri-County Reserve Officers Association does hereby oppose the Collins bill for the reduction of officer personnel of the Regular Army from 12,000 to 10,000 with other reductions as contained in said bill. Said association heartily approved of the editorial appearing in the Philadelphia Public Ledger Sunday, May 15, 1932, opposing this legislation, which reads as follows:

"With the suppositious approval of the White House, the House of Representatives on Friday voted to reduce the officer personnel of the Regular Army from 12,000 to 10,000. This measure, which has been sponsored by Representative COLLINS of Mississippi, is a pernicious piece of false economy. Its purpose is pacifistic. Mr. COLLINS for years has had it 'in' for the Army. The savings effected would be negligible.

"An efficient force of highly trained officers would be the first essential in case of a national emergency. Such a force can not be improvised. Its existence might mean the difference between victory and defeat.

"This constant bearing down on the defense forces of the Nation has already gone much too far. It is time to check it before it reaches the point of inviting disaster. Those Representatives and Senators who have the best interests of the country at heart should have no hesitancy about voting this intolerable provision out of the War Department appropriation bill at the first opportunity"; and be it further

Resolved, That this association directs the secretary to forward copies of said resolution to Hon. DAVID A. REED, Hon. JAMES J. DAVIS, Hon. NATHAN L. STRONG, Hon. BANKS KURTZ, and other Members of Congress from Pennsylvania, urging their wholehearted opposition so that the above-mentioned proposed legislation shall not be passed by Congress.

Respectfully submitted.

TRI-COUNTY RESERVE OFFICERS ASSOCIATION,
By B. B. MCCREIGHT, *President* (and others).

REPORTS OF COMMITTEES

Mr. THOMAS of Idaho, from the Committee on Irrigation and Reclamation, to which was referred the bill (H. R. 5649) to extend the life of "An act to permit a compact or agreement between the States of Washington, Idaho, Oregon, and Montana respecting the disposition and apportionment of the waters of the Columbia River and its tributaries, and for other purposes," reported it with an amendment and submitted a report (No. 733) thereon.

Mr. WALCOTT, from the Special Select Committee on Conservation of Wild Life Resources, to which was referred the bill (S. 4726) to supplement the migratory bird conservation act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, for the enforcement of the migratory bird treaty act and regulations thereunder, and for other purposes, reported it without amendment and submitted a report (No. 735) thereon.

Mr. BLAINE, from the Committee on the District of Columbia, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 13. An act to regulate foreclosure of mortgages and deeds of trust in the District of Columbia (Rept. No. 736); and

S. 4444. An act to provide for recording of deeds of trust and mortgages secured on real estate in the District of Columbia and for the releasing thereof, and for other purposes (Rept. No. 734).

Mr. KEAN, from the Committee on the District of Columbia, to which was referred the bill (S. 4689) to authorize the closing of certain streets in the District of Columbia rendered useless or unnecessary, and for other purposes, reported it with an amendment and submitted a report (No. 737) thereon.

He also, from the same committee, to which was referred the bill (S. 4736) to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District

of Columbia, and for other purposes, reported it without amendment and submitted a report (No. 738) thereon.

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 4396) to provide for readjustment of street lines and the transfer of land for school, park, and highway purposes, in the northeast section of the District of Columbia, and for other purposes, reported it with an amendment and submitted a report (No. 739) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 4573) authorizing the sale of the southerly end of the breakwater at Indiana Harbor, Ind., reported it without amendment.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. CAPPER, from the Committee on the District of Columbia, reported favorably the nomination of Mason M. Patrick, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia for a term of three years from July 1, 1932 (reappointment).

Mr. JOHNSON, from the Committee on Commerce, reported favorably the nomination of Capt. Harry G. Hamlet, of Washington, to be Commandant, with the rank of rear admiral, in the Coast Guard of the United States for a term of four years, in place of Rear Admiral Frederick C. Billard, deceased.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 4760) authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for relief of distress; to the Committee an Agriculture and Forestry.

By Mr. WALSH of Montana:

A bill (S. 4761) to amend the act relating to the liability of common carriers by railroads to their employees in certain cases; to the Committee on the Judiciary.

By Mr. TYDINGS:

A bill (S. 4762) for the relief of James W. Hentz; and

A bill (S. 4763) for the relief of Lucretia Norris; to the Committee on Claims.

By Mr. ROBINSON of Indiana:

A bill (S. 4764) granting an increase of pension to Rebecca H. Hall (with accompanying papers); to the Committee on Pensions.

By Mr. BYRNES:

A bill (S. 4765) granting a pension to Ella Elizabeth Ayers; to the Committee on Pensions.

REVENUE AND TAXATION—AMENDMENTS

Mr. JONES and Mr. HOWELL each submitted an amendment intended to be proposed by them, respectively, to House bill 10236, the revenue and taxation bill, which were ordered to lie on the table and to be printed.

PHILIPPINE INDEPENDENCE

Mr. HAWES. Mr. President, there is in the city of Washington what is known as the Filipino Club, composed largely of students attending our national colleges, men who are working their way through school and perfecting their education.

The president of this organization is Mr. Mauro Baradi, a fine student.

I have been requested, as a part of the Philippine discussion, to present their answer to an article by Mr. BACON, which has been given much publicity by imperialists and others who oppose the fulfillment of our national promise.

Friends of Philippine independence in the Senate do not desire to consume the time of the Senate while our domestic questions are pressing for solution; but I shall from time to time present matters which may be of interest to the Senate in connection with independence, so that when we finally reach a discussion of this subject the time consumed can be well limited.

I ask permission to insert in the body of the RECORD, as part of the discussion of the Philippines, the statement of these intelligent young Filipinos.

With possibly one exception, I do not know of a single Filipino who is opposing independence. This exception, however, is well exploited by the imperialists.

There being no objection, the statement was ordered to be printed in the RECORD, and to lie on the table, as follows:

INDEPENDENCE FOR THE PHILIPPINES

(By Mauro Baradi, president Filipino Club of Washington, D. C. (Inc.))

Recently American papers published an article on Freedom of the Philippines, written by Hon. ROBERT L. BACON, Congressman from New York. This same article was incorporated as part of the CONGRESSIONAL RECORD on May 9, 1932. Some of the arguments made by the Congressman against the grant of Philippine independence are that Philippine separation would mean "less work in our cotton mills, our cigarette factories, our steel mills, and in other industries"; that it would bring about "sanguinary conflict in the islands, for one-third of the area is possessed by approximately a million Moros, occupying what is known as the Mahometan territory"; and that independence means giving "other nations vitally interested in the Orient something else in the way of territory and resources to quarrel over, to covet, and to become the subject of international intrigue."

In an attempt to reply to these contentions, we desire to be as brief as possible.

THE GAG RULE ALIBI

Mr. BACON begins his article by saying that the Philippine independence bill (H. R. 7233) was passed by the House of Representatives "after only 40 minutes' debate, under a drastic gag rule." The Congressman should not raise this "gag rule" alibi, because when the chairman of the Committee on Insular Affairs [Mr. HARE] first brought up his independence bill, he asked unanimous consent which would have allowed a 2-hour debate, which was not granted because of Mr. BACON'S objection. Mr. HARE next asked that the bill be given a privileged status, with ample time for debate, which was likewise objected to by Mr. BACON. It was, therefore, taken up under a suspension of rules with limited debate. No better explanation can be given to Mr. BACON'S complaint than to quote from the remarks of two other Congressmen from New York appearing in the CONGRESSIONAL RECORD.

Said Congressman LAGUARDIA: "The bill has been on the calendar, and this matter of raising the question now that to-day is Monday and some Members are absent, I do not believe is a justifiable argument to present, and I want to point out to my colleague that he is not interfering with the ultimate passage of this bill if we take it up to-day, and we might as well take it up under unanimous consent as to take it up under a rule. I can not reconcile the gentleman's position of suggesting that this is 'gag' and in the same breath recommending a rule. I hope my colleague will permit the House to resolve itself into the Committee of the Whole House on the state of the Union. We can discuss it there and finally make good a solemn promise that is in the platform of both parties."

Hon. ANTHONY J. GRIFFIN, in a letter to one of his constituents explaining the "gag rule," said:

"Let me assure you that the 40-minute limitation on debate was brought about by the opponents of the bill in the hope that it might be killed. The chairman of the committee, through an understanding with the Speaker, designed to consider the bill under the rules, which would give two hours' debate. Under that method of consideration the bill only required a majority vote to secure passage. Realizing this, an opponent of the bill objected, so that it was incumbent upon the chairman of the committee to ask for consideration of the bill under unanimous consent. Under that parliamentary procedure only 40 minutes' debate is permissible, and it requires a two-thirds vote to pass the bill.

"Notwithstanding that the limitation of debate was brought about by their own actions, the opponents of the bill laid much stress during the debate on the brief time which was allowed for consideration; and I notice that the newspapers which opposed Philippine independence also emphasized the shortness of the debate * * *."

HUMAN FREEDOM VERSUS SELFISH INTERESTS

While respecting contrary opinions we consider it unfortunate that in the consideration of human rights affecting 13,000,000 souls, cotton mills, cigarette factories, and other industries should be given more weight. There may have been instances where the freedom of a people has been sacrificed on the altar of materialism and greed, but we prefer not to believe that such would happen to a nation comparatively small and weak from the hands of another, powerful and great. America's history and the traditions of her people would not countenance such a treatment.

It should be borne in mind that the Philippines is essentially an agricultural country and the United States a manufacturing country. Even if independent, the islands would still need cotton goods and manufactured articles such as automobiles, motor trucks and parts thereof, iron and steel manufactures, electrical machinery, chemicals, woolen goods, and others. America, on the

other hand, needs from the archipelago things which she does not grow or produce, like cane sugar, copra, coconut oil, manila fiber, and the like. America is a temperate country and the Philippines, a tropical one. Philippine products in the main do not compete with those of the United States; on the contrary they are essentially supplementary and complementary.

Then, too, there have been, and there are still, various attempts on the part of powerful interests to have Congress pass a law excluding Filipinos from the United States. They contend that Filipinos are displacing American laborers, thus making the unemployment situation more acute. Congress decided that as long as the Philippines remain under the American flag it would be unfair, unjust, and un-American to prevent the Filipinos from entering continental United States. It is, therefore, apparent that prolonged control of the islands by America would not relieve the situation. By granting independence the United States could restrict, or perhaps even prevent, the Filipino laborer from entering America.

THE SO-CALLED MORO PROBLEM, A WORN-OUT BUGABOO

Way back during the fifteenth century a motto, "Divide et impera," was followed to the letter by monarchs. With the passing of the years, however, the oppressed, realizing the dire consequences of division in their ranks and the heavy penalties they had to pay for fighting one another, united as one man and fought, dethroned, yes, beheaded their oppressors, as a result of which liberal forms of government came into being.

The idea that independence would bring about "sanguinary conflict in the islands" is not new; neither is the allegation that the Moros will never submit to the rule of Christian Filipinos because of differences in language, customs, and religion a revelation. Spain used these arguments as an excuse for prolonging her stay in the islands only to find that the Moro fought side by side with his Christian Filipino brother in overthrowing the Spanish yoke; and this can be said at present when the Filipinos are fighting for their freedom no longer in the field of battle but in the realm of peace.

Six years ago Congressman BACON introduced a bill (H. R. 12772) calculated to dismember Philippine territory. This measure was opposed by Filipinos, Christians and Mohammedans alike.

The Congressman quoted in his article under consideration a Moro petition against independence: "That we (Moros) are loyal unto death to the United States." Who knows but that this petition is among those documents which former Governor General Forbes mentions in his book entitled "The Philippine Islands" as bearing "evidence of having been drafted by Americans and other foreign residents in the region * * *." A close student of Philippine affairs and himself a Member of the United States Senate, as well as a member of the Committee on Territories and Insular Affairs, after an extended visit to the islands, records the following observation:

"American interposition discourages and delays personal contact and comity between the two great religious groups of the Philippines. There has never been any attempt by Christian Filipinos to interfere with the Mohammedan religion or to proselyte among the Mohammedans. Wherever the effort at converting the Moros to Christianity has been undertaken, its inspiration and furtherance have been wholly American. The Christian Filipino knows that the Moro menace has been exploited in the United States and that a romantic fiction has been spread by propaganda, the purpose being to retard independence, to put an impediment in its way."

This view is shared by impartial observers and those who have lived in the Philippines long enough to know the Filipinos as they are and not as others think they ought to be. "If religion is the barrier to complete understanding between the two elements," say our authorized Filipino leaders and spokesmen, "it is easy to see that the Mohammedan Filipinos would be as much distrustful of American Christians as they are of Filipino Christians. The real fact is that no such animosity exists, and that Mohammedan and Christian Filipinos, belonging as they do to the same race and conscious as they are of a common destiny, to-day feel that they are part of the same nation which it is their privilege and duty both to support and to govern." Then there is a written declaration of former Senator Hadji Butu, a Moro leader of great influence and power: "I can assure you that the people of Sulu are entirely satisfied with the actual state of affairs and always will be so if the government of Sulu should be intrusted to Filipino hands. * * * My people wish for and are in conformity with independence (of the Philippines), and when that is conceded, I can assure you that nothing will happen between the Moros and the Christians * * *." Prophets of Philippine disaster and internal bloody conflicts may hear the solid voice of representative Mohammedan Filipinos through a petition recently directed to the President of the United States, the Congress, and the American people, thus:

"Although we belong to the Mohammedan faith, we are Filipinos in blood and sentiment, and as such form part of that great political body called the Filipino people. Our religious beliefs do not in any way alter our aspiration to become an independent people. Providence has given us our country to love, serve, and die for.

* * * * * * *

"Therefore we petition the President and Congress of the United States and the American people to give us our liberty by granting the independence of our country without further delay."

Since Congressman BACON agrees with the conviction expressed by former Governor General Leonard Wood that the Filipinos are "property loving, law-abiding, sympathetic, intelligent, hospitable, and neighborly," it is not understood how he can prophesy for this same "law-abiding" people "sanguinary conflict" and "never-ending rebellion."

THE WORLD WAR, A LESSON TO MEN AND NATIONS

Some would want us to believe that once independent, the Philippines would be a territory "to quarrel over, to covet, and to become the subject of international intrigue." Right at this juncture it is fitting to quote the opinion of the Hon. Manuel L. Quezon, president of the Philippine Senate and one of the Filipinos' foremost living statesmen:

"When people talk about warlike movements against a free Philippines they have in mind just one nation. They do not mean Russia or China or France or England. They mean Japan. Let us, therefore, consider the question of what Japan might be expected to do if the Philippines were liberated and left to their own resources. I will say at once that Japan, in my opinion, would not dream of any hostile act toward us * * *."

* * * * * * *

"* * * Surveying the whole horizon of possibilities, I can discern no presage of an attempted seizure of this archipelago as a result of an American withdrawal."

Great inventions, recent discoveries, and rapid advance in science have made the world smaller and brought peoples closer together. A grevious wrong committed in one part of the globe can no longer be concealed; the news of its perpetration spreads with lightning-like rapidity to all corners of the world. World opinion is growing broader and stronger every day. No nation would dare grab another with impunity; no people, no matter how powerful they may be, could take advantage of the weak in a wanton manner without incurring the enmity and wrath of mankind.

The World War has taught a lesson to men and nations. Countless men, women, and children were butchered; property precious and sacred was destroyed; civilization received a crushing blow, the effects of which we are now suffering and will suffer in years to come. It was fought for what? For a set of principles—right, justice, square dealing, and self-determination. Since then empires have fallen, kingdoms have been overthrown, and democracy has gained ground.

ADVANTAGES OF PHILIPPINE INDEPENDENCE

In the light of these facts we are firmly convinced that:

1. Philippine separation would have no disastrous effect upon American cotton mills, cigarette factories, steel mills, and other industries. Instead, it would aid America's unemployment situation by restricting—if she sees fit to do this—Filipino immigration.

2. Freedom for the Philippines would increase the Oriental people's faith in America, for then they will believe that she came to the islands "not to exploit but to develop, to civilize, to educate, to train in the science of self-government." It would promote better fellowship between the Chinese, Japanese, Filipinos, and other neighbors.

3. Redemption of America's pledge would solidify the Filipinos as a people; they will realize that sanguinary conflict would bring them no benefits and that in mutual cooperation they could perform the noble task of nation building; a sovereign Philippines would bring about a renaissance in Philippine life in educational, political, social and economic fields. The people will mix the bitter with the sweet and share in the common feeling that at last they have one country to love, independent and free, in which to live and for which to die.

4. America will be better loved and admired by peoples the world over when she grants freedom to the Filipinos. Nations who fear that the United States has imperialistic designs in the Far East would then be convinced that America does not only preach what she practices but practices what she preaches.

5. The establishment of the first Christian Republic in the Far East would be America's outstanding contribution to the peace of the world. It will be the first time in history that the people of one race obtain their freedom from those of another, not through war and bloodshed but through constitutional means and peace.

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REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SMOOT. Mr. President, in accordance with the instructions of the Senate last evening, the Finance Committee met and have agreed upon all the items referred to. I now ask unanimous consent to present the amendments agreed upon, and will state exactly the revenue to be obtained from each item covered in the request made last evening.

The VICE PRESIDENT. The Senator does not require unanimous consent; he has the right to offer the amendments.

Mr. SMOOT. Mr. President, in the section covering toilet preparations, on page 245, lines 17 and 18, I move to strike out "tooth and mouth washes, dentifrices, tooth pastes," and in line 18 to strike out the words "toilet soaps." With those items stricken out the revenue under that paragraph will be $12,000,000.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

Mr. SMOOT. I will send the amendment to the desk.

Mr. ROBINSON of Arkansas. Why not have a vote on it?

Mr. SMOOT. I want to have a vote on it.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

Mr. NORRIS. Mr. President, I inquire if that is not an amendment to the House text?

Mr. SMOOT. The amendment is presented in accordance with the instructions given the committee.

Mr. NORRIS. I understand that; but the parliamentary situation is that there is pending before the Senate an amendment to strike out the House text.

Mr. ROBINSON of Arkansas. I suggest that the Senator from Utah ask leave to withdraw the committee amendment and offer the amendment he has suggested.

Mr. SMOOT. I will ask unanimous consent, Mr. President, as to all items as to which the committee was instructed to act, that the votes whereby the paragraphs were stricken out may be reconsidered.

Mr. ROBINSON of Arkansas. They have been reconsidered.

The VICE PRESIDENT. They have all been reconsidered.

Mr. NORRIS. The votes were reconsidered and the amendments are now before the Senate. I ask the Chair if I am not right about it? There is pending the committee amendment which strikes out the House text. We ought to vote on the committee amendment and defeat it unless it is withdrawn.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. The pending amendment being the committee amendment to strike out the entire section, is not, then, an amendment such as that offered by the Senator from Utah an amendment to perfect the text proposed to be stricken out? Is not that in order, and should it not be voted on before the committee amendment to strike out the whole paragraph?

The VICE PRESIDENT. That is the proper procedure. The question is on agreeing to the amendment to perfect the House text.

Mr. SMOOT. Then, Mr. President, I move to perfect the text as suggested by the Senator from Pennsylvania on page 245, lines 17 and 18, by striking out "tooth and mouth washes, dentrifices, tooth pastes," and in line 18 to strike out "toilet soaps."

I want to say to the Senate the effect of that will be to raise $12,000,000 of revenue.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to perfect the text.

The amendment was agreed to.

Mr. NORRIS. Now, Mr. President, let us vote on the committee amendment.

The VICE PRESIDENT. The question is on the committee amendment striking out the section as amended.

The amendment was rejected.

Mr. SMOOT. The next item is jewelry. On page 246, line 12, after the word "instruments," I move to insert the words "or sterling silver or silver-plated ware or spectacles or eyeglasses"; on page 246, line 13, after the word "clocks," to insert a semicolon and the words "parts of watches or clocks sold for more than 9 cents each"; and on page 246, line 14, after the period to insert "No tax shall be imposed under this section on any articles used for religious purposes or any article sold for less than $3."

Mr. ROBINSON of Arkansas. How much revenue will that yield?

Mr. SMOOT. It will yield $5,000,000.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah to perfect the House text.

Mr. COPELAND. Mr. President, do I understand that eyeglasses and spectacles are to be exempt?

Mr. SMOOT. They are.

Mr. COPELAND. And that all articles sold for a price under $3 are to be exempt?

Mr. SMOOT. The exemption applies to all articles sold for less than $3.

Mr. COPELAND. I think that improves the bill very much; but I am frank to say that we will not get any revenue from the tax on jewelry, for the jewelry concerns of this country are not selling any jewelry.

Mr. CONNALLY. Mr. President, the amendment is divisible, is it not?

The VICE PRESIDENT. The amendment is divisible.

Mr. CONNALLY. I ask for a separate vote on the amendment exempting sterling silver.

The VICE PRESIDENT. The Senator from Texas asks for a separate vote. Will the Senator again state the portion of the amendment on which he desires a separate vote taken?

Mr. CONNALLY. The first portion of the amendment contains the words "or sterling silver," which operates to exempt sterling silver.

Mr. President, I see no reason why sterling silver should be exempted from the tax when other articles of jewelry are to be taxed. Everyone knows that sterling silverware is more or less a luxury. Silver is now cheaper than it has been for many years and it can bear the tax more easily now than it has ever been able within the memory of most of us to bear the tax. So I am opposed to the insertion of the words "or sterling silver," and hope the Senate will vote that portion of the amendment down.

Mr. ODDIE. Mr. President, the silver production of the United States declined from 50,700,000 ounces in 1930 to 31,000,000 ounces in 1931, and in value from $19,500,000 in 1930 to $9,000,000 in 1931.

Over 80 per cent of the silver produced in the United States is derived from copper, lead, and zinc ores, and with the lowest prices of silver, copper, lead, and zinc in history now prevailing, the production of silver is due further to decline in 1932.

In a campaign carried on jointly by the American Silver Producers Association and the Sterling Silversmiths Guild to popularize sterling silverware sales increased in 1931, and over 15,000,000 ounces of silver was consumed in the manufacture of sterling ware, notwithstanding that dollar sales and profits were unfavorable. This favorable result was accomplished largely by greatly reducing sterling silver prices.

In its present position the principal factor in the silver market is the industrial demand. Since the total silver produced in the United States in 1931 was 31,000,000 ounces and the amount consumed in the manufacture of sterling ware was 15,000,000 ounces, it is evident how important a factor the manufacturing of sterling silverware is in determining the price of silver.

The tax bill as passed by the House, in section 604, provided for a tax of 10 per cent on the sale price of sterling silverware. That is the item now under discussion. The Senate Committee on Finance wisely eliminated section 604 from the bill, as the imposition of this tax would result in substantially reducing the sale of silverware and in correspondingly lessening the amount of silver consumed in its manufacture. Such a decrease in the industrial demand would have a marked influence, reducing the price of silver. Mines in the United States producing silver would be forced still further to curtail operations or to shut down, contributing to the present unemployment.

As serious as the effect of this tax on the metal-mining industry of the country would be, it will be still more damaging to the foreign trade of the United States with China and India. The people of China and India are now compelled to exchange a little over 3 ounces of silver for a dollar's worth of goods in the United States. If the price of silver, by virtue of imposing this tax, declined to 25 cents per ounce, the people in the Orient, comprising over half of the

world's population, would be compelled to exchange 4 ounces of silver for every dollar's worth of goods. While the foreign trade of the United States and the Orient has been and is now subnormal because of the low exchange value of silver, the imposition of this tax would further accentuate the situation, resulting in the further reduction of this trade.

Therefore, in the interest of the American silver producers and manufacturers and in behalf of the foreign trade of the United States with the Orient, I urge upon the Senate the importance of relieving sterling silverware from the imposition of this tax.

The VICE PRESIDENT. The question is on the first branch of the amendment, which will be stated.

The CHIEF CLERK. On page 246, line 12, after the word "instruments," it is proposed to insert "or sterling silver."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The VICE PRESIDENT. The Secretary will state the next amendment.

The CHIEF CLERK. It is proposed to insert "or silver plate ware or spectacles or eyeglasses."

Mr. REED. Mr. President, I ask the Senator if he will not accept an amendment to that so that it will read "or frames or mountings for spectacles or eyeglasses"?

Mr. SMOOT. I think that is proper. In writing up the amendments this morning we were very much hurried, as the Senator knows, and I am perfectly willing to accept that suggestion. That was really the intention of the committee from the beginning.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The CHIEF CLERK. As proposed to be modified, the amendment will read:

Or silver plate ware or frames or mountings for spectacles or eyeglasses.

The VICE PRESIDENT. The question is on agreeing to the amendment as modified.

The amendment, as modified, was agreed to.

The VICE PRESIDENT. The next amendment will be stated.

The CHIEF CLERK. On page 246, line 11, after the word "clocks," it is proposed to insert a semicolon and the following:

Parts for watches or clocks sold for more than 9 cents each.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment proposed by Mr. SMOOT was, on page 246, line 14, after the period, to insert "No tax shall be imposed under this section on any article used for religious purposes or any article sold for less than $3."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The committee amendment striking out the section as amended should be disagreed to.

Mr. SMOOT. Certainly.

The VICE PRESIDENT. The question is on agreeing to the committee amendment proposing to strike out the section.

The amendment was rejected.

Mr. SMOOT. Mr. President, the next amendment is on page 252, line 5, after the word "rackets," to insert a comma and the words "tennis-racket frames and strings."

That is one amendment, and then there are two others.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. SMOOT. The next amendment is, on page 252, line 6, to strike out the words "and cushions."

The VICE PRESIDENT. The question is on the amendment.

The amendment was agreed to.

Mr. SMOOT. The next amendment is, on page 252, line 8, to strike out "goals" and insert in lieu thereof "uniforms."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. Mr. President, may I ask what action was taken on the sterling-silver item? Was that amendment disagreed to?

The VICE PRESIDENT. It was agreed to.

Mr. SMOOT. I mean the amendment to strike out the exemption of sterling silver. That was not agreed to, was it?

The VICE PRESIDENT. The amendment to strike out those words was agreed to.

Mr. SMOOT. I understood that that amendment was not agreed to.

Mr. REED and Mr. WATSON addressed the Chair.

The VICE PRESIDENT. Has the Senator any more amendments to this section?

Mr. WATSON. Mr. President, there is a good deal of confusion here about what happened on the item about which the Senator just inquired.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. LA FOLLETTE. I do not agree, as the Senator knows, with his contention that solid-silver jewelry should be exempted from tax; but I do not want the Senator to be under any misapprehension as to what the Senate has done.

Mr. WATSON. No.

Mr. LA FOLLETTE. The Senate took a separate vote on that, and my understanding is that the vote to exempt solid silver was defeated; so that the way the amendment now stands, solid-silver jewelry and ware will be taxed.

Mr. REED. Mr. President, I have just made inquiry at the desk, and I find that the understanding of the clerk is the same as that stated by the Senator from Wisconsin.

Mr. SMOOT. Then I ask unanimous consent that the vote which was taken on the amendment of the Senator from Texas be reconsidered.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. I do not think that ought to be done without the Senator from Texas being present.

Mr. DILL. Mr. President, I think it ought to be reconsidered, because Senators did not understand how they were voting. We are so mixed up on these "ayes" and "noes" this morning that none of us know how we are voting.

Mr. SMOOT. It is not possible that the Senate is going to tax an industry that is absolutely destroyed.

Mr. DILL. At least not unanimously.

The VICE PRESIDENT. The first request would be to reconsider the vote whereby the whole section was stricken out. The second would be to reconsider the vote whereby the amendment was rejected.

Mr. SMOOT. That is what I ask.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. Now, Mr. President, I ask that the vote on sterling silver be reconsidered, since it was cast under a misapprehension.

The VICE PRESIDENT. Does the Senator want to put that request while the Senator from Texas, who made the motion, is out of the Chamber?

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. We have been confused here as to whether the amendment is an exemption or is an insertion.

Mr. SMOOT. We inserted here "or sterling silver, or silver-plated ware." The Senator from Texas moved to strike out "sterling silver."

Mr. FESS. Where is "sterling silver"?

The VICE PRESIDENT. The Senator asked for a separate vote upon that question. The separate vote was had, and the noes carried.

Mr. GEORGE. Mr. President, may I say to the Senator from Ohio that while the motion is to strike out, sterling

silver was excepted from the jewelry section; and the motion to strike out would bring it back and make it taxable.

Mr. FESS. There is the confusion. I did not know whether it was to insert it or to except it.

Mr. GEORGE. The insertion was by way of an exception from the operation of the statute.

Mr. REED. Mr. President, may I say a word in explanation?

Under the House bill silver-plated ware and solid silverware would be taxable. The amendment proposed by the Senator from Utah would introduce an exception in that section, which would have the result of excluding plated silverware and solid silverware from the tax imposed by the section. The Senator from Texas asked for a separate vote on that proposal, which was coupled by the Senator from Utah with two or three other amendments at other places in the same section. On that separate vote, apparently, those Senators who wanted to except silverware all voted "no"; and so the proposal of the Senator from Utah was defeated, and the exception was not introduced into the section. That is what we are trying to reconstruct now.

Mr. BARKLEY. Mr. President, does not the confusion arise from the fact that most Members thought they were voting on an amendment to the House text instead of an amendment to the amendment offered by the Senator from Utah?

Mr. SMOOT. I certainly desire that the intention of the Senate be carried out.

Mr. LA FOLLETTE. Mr. President, I will say to the Senator from Utah that I shall have no objection to unanimous consent to reconsider the vote whereby the committee amendment was agreed to as amended, if it is understood that final action shall not be taken upon it until the Senator from Texas, who is temporarily absent from the Chamber, can be present.

Mr. SMOOT. I am perfectly willing that that shall be done.

Mr. HARRISON. Mr. President, why does not the Senator pass over this matter for the present, and go ahead with his other propositions?

Mr. SMOOT. That is what I am going to do. I am perfectly willing, with that understanding, to go on with other matters until the Senator from Texas arrives.

On page 246, line 13, after the word "clocks," I move to insert a semicolon and the words "parts for watches or clocks sold for more than 9 cents each."

Mr. REED. That was agreed to some time ago, was it not?

Mr. SMOOT. No; that is the next amendment.

The VICE PRESIDENT. It was agreed to, and the one on line 14 was agreed to.

Mr. REED. Mr. President, if the Senator will permit me, I should like to suggest that in his progress he has passed over inadvertently section 608, the tax on mechanical refrigerators. I understand that it is the Senator's intention to ask that that committee amendment be rejected.

Mr. SMOOT. On page 250, beginning on line 20, down to and including line 3, on page 251, there is $6,000,000 involved; and I ask that the Senate committee amendment be rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. SMOOT. On page 252——

Mr. REED. Let us finish the rest of the refrigerators' paragraph, beginning on line 4.

Mr. SMOOT. I have not that down here. The balance of it is on page 251, line 4, down to and including line 23.

The VICE PRESIDENT. What is the motion?

Mr. SMOOT. To reject the committee amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. CONNALLY. Mr. President, I understand that there is some inquiry about a matter in which I was interested.

Mr. SMOOT. Yes; there was a misunderstanding as to the action of the Senate in relation to it.

Mr. CONNALLY. There should not be any misunderstanding as to the action of the Senate.

Mr. SMOOT. I have asked unanimous consent for a reconsideration.

Mr. CONNALLY. I will yield to the unanimous consent on account of the Senator from Utah; but there ought not to be any doubt as to what the Senate did. The Senate committee amendment had the effect of exempting from the tax sterling silver. That was voted down, which makes sterling silver subject to the tax.

Mr. SMOOT. Yes.

Mr. CONNALLY. That is correct, is it not?

Mr. SMOOT. That is correct, and that is the action which was taken; but there was a misunderstanding as to the way the question arose.

Mr. CONNALLY. The only misunderstanding was on the part of Senators who did not watch what was going on.

Mr. SMOOT. Yes; but is the Senator objecting to a reconsideration?

Mr. CONNALLY. Oh, no; I accede to unanimous consent on the request of the Senator from Utah.

Mr. SMOOT. Then I ask that the vote on the amendment offered by the Senator be reconsidered.

The VICE PRESIDENT. The reconsideration would have to be of the whole provision, as suggested before by the Chair—the motion to strike out and also the amendment of the Senator from Texas. Is there objection? The Chair hears none, and it is so ordered. Now the question is on the motion of the Senator from Texas to reject the committee amendment.

Mr. CONNALLY. I asked that the question be divided.

The VICE PRESIDENT. The question now is on the first amendment, which will be stated.

The CHIEF CLERK. On page 246, line 12, after "instruments," it is proposed to insert "or sterling silver."

Mr. CONNALLY. Mr. President, the effect of this amendment offered by the committee will be to exempt sterling silver from the tax. If Senators want to tax sterling silver, they should vote "no." If they want to exempt it, they should vote "aye."

I have no vendetta against silver, Mr. President; but this bill taxes thousands of articles. If a boy buys a $4 watch, this bill is going to hit him right in the eye; but if his father buys a set of sterling silver costing hundreds of dollars, it does not pay a cent. As one Senator says, if the boy's father buys a very fine and expensive cocktail shaker made of sterling silver, he pays nothing; but if the boy buys some article of utility and necessity, like a baseball bat, the boy has to pay a tax on his baseball bat, while the old man is in the back room shaking a cocktail. [Laughter.]

It does not seem to me that it is fair or just to exempt all sorts of sterling silverware, which is a luxury. I should like to have more sterling silverware than I have. I have very little. Some Senator says he does not want any more than he has. I assume from that that he is already so well-to-do and so well provided with sterling silverware that he does not care to acquire any more; but we are out hunting for taxes. We have gone around here with a regular fine-tooth comb after the chewing-gum people, the boys and girls who chew chewing gum, and after the movie folks, and after the sporting goods, the baseball bats and the tennis rackets, and the cosmetics, and every other form of taxation which the ingenuity of the Treasury or the sleepless and untiring labor of the Finance Committee can ascertain. Yet when it comes to sterling silverware—an absolute luxury—at a time when it can be bought more cheaply than in 50 years, perhaps, at a time when it can bear the tax with the least burden, gentlemen come up and urge that we tax all these other necessities, but that this luxury shall be exempted from tax.

I ask the Senate to vote "no" on this amendment, and thereby keep sterling silverware within the tax.

The VICE PRESIDENT. The Chair suggests that the better plan would be to move to strike out the words "or sterling silver."

Mr. CONNALLY. That is just reversing it. I accede to the request of the Chair; but I think that is unfair, because

it puts on us the burden of a majority vote, whereas with a negative vote we do not require a majority.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I yield; but may I make a parliamentary inquiry?

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. The Senator from Texas was correct in that statement, was he not—that if he makes a motion to strike out, it requires a majority?

The VICE PRESIDENT. That is correct.

Mr. CONNALLY. And if the question arises negatively, it requires only a tie. So I think I will resist the tempting suggestion of the Chair.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Idaho?

Mr. CONNALLY. I yield.

Mr. THOMAS of Idaho. The Senator from Texas strikes the nail on the head when he says that silver never was cheaper in the history of the world. The facts of the case are that the tax on silver articles now simply means driving the nail in the coffin of silver, which was already ready for the undertaker.

Mr. CONNALLY. I do not agree with that. Let me say to the Senator from Idaho that I have no feud against silver, but we are going to tax silver jewelry of other kinds.

Mr. THOMAS of Idaho. It surely will depreciate the price of silver to do it.

Mr. CONNALLY. The effect of this tax on the price of silver would not amount to anything of consequence whatever; but if silver is so cheap, and people want to buy sterling silver for their household use, and it is a luxury, why can they not bear the tax now more easily than they formerly could?

Mr. THOMAS of Idaho. The effect on the price of silver is a thing of concern to me.

Mr. SMOOT. Mr. President, there is hardly a silver-producing mine now left in the United States. Practically all of them are closed down. One or two are operating now, at a loss, in order to give the employees something to do. Never in the history of the world has the price of silver been what it is to-day. Silver can not be produced while it is bringing the present price, and all we are asking is that it shall not be taxed, under the conditions existing to-day. There is no industry, from one end of this country to the other, that suffers as does the silver industry; not one.

It is for these reasons, Mr. President, that I have suggested that sterling silverware be made exempt from taxation. I do not think there is a Senator in this body who does not know of the situation in the United States regarding silver production. There are just a few loyal citizens, who are losing tens of thousands of dollars every month to give employment to the people in the mines, who are still running their mines, and they can not go on much farther, at least, if a further burden is put upon the industry.

I sincerely hope that the suggestion of the Senator from Texas will not be agreed to.

Mr. DILL. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. DILL. Is it not a fact that every time we depress the price of silver, we depress the price of the other products of the world, whether they come from the forest, the mine, the farm, or the factory?

Mr. SMOOT. There is no question about it.

Mr. DILL. That has been true through all the history of the centuries.

Mr. CONNALLY, Mr. HOWELL, and Mr. BARKLEY addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield, and if so, to whom?

Mr. SMOOT. I yield to the Senator from Texas.

Mr. CONNALLY. I want the floor in my own right.

Mr. SMOOT. Then I yield to the Senator from Nebraska.

Mr. HOWELL. Mr. President, this proposal is not to levy a tax upon bullion silver. The proposal is to levy a tax upon articles made from silver. The fact ought to be kept clearly in mind that when we go into a retail shop to buy sterling silver we pay a hundred per cent to the retailer. There is no article one buys to-day on which he pays such a large overhead. The overhead varies generally from 40 to 60 per cent; that is, what is sold for a dollar cost the retailer from 40 to 60 cents. In this case what sold for a dollar cost 50 cents.

Mr. BARKLEY. Mr. President, will the Senator yield for a question?

Mr. HOWELL. I yield.

Mr. BARKLEY. We all are familiar with the low price of raw silver. I should like to inquire whether that low price has been reflected proportionately in the price of the finished product, either of the sterling or plated silverware?

Mr. HOWELL. It has not, and anyone can easily satisfy himself as to that by inquiry.

Mr. BARKLEY. Will this tax on sterling silver, if it is adopted, have any effect on the price of raw silver?

Mr. SMOOT. It certainly will.

Mr. ODDIE. Mr. President, I have personally seen sterling silverware in the last few months sold for far less than it ever has been sold for before in the retail stores.

Mr. SMOOT. Less than half.

Mr. ODDIE. Yes.

Mr. BARKLEY. Mr. President, I have not had an answer to the question I propounded a moment ago. I have had occasion recently, not for myself but for some one else, to inquire at a local shop in Washington with reference to the price of sterling silver, and I found no reduction in the price anywhere proportionately near the reduction in the price of the raw material, and I was wondering whether, if we levy a small percentage of tax upon this high quality of finished silver products we will really affect the price of the raw material in any respect.

Mr. SMOOT. No doubt it will.

Mr. BARKLEY. How?

Mr. SMOOT. Because if the manufacturer makes the price—and that the Senator seems to think he is doing now—he is not going to change it.

Mr. BARKLEY. I do not know who makes the price, but I know there has been no appreciable reduction in the price of sterling silver.

Mr. SMOOT. You can go into a shop and buy it for half what you paid three or four years ago.

Mr. BARKLEY. You can see those reductions advertised in the newspapers, but if you go in, you will find that there is no such reduction.

Mr. SMOOT. I see them announced in the windows of every shop that sells silverware.

Mr. CONNALLY. Mr. President, I am going to yield to the blandishments of the Chair, in order to simplify this matter, and make a motion to strike out the words "or sterling silver." Some Senators seem to be confused about it.

I did not know that the whole silver problem was involved in this one simple little item. One might judge, from what we hear Senators on the other side contend, that if we refrain from putting this tax on silver, the monetary problem of the world will be solved.

Mr. President, that is ridiculous. I do not suppose the amount of bullion silver that will go into sterling silverware in the next two years, during the pendency of these excise taxes, will amount to a fraction of 1 per cent.

Mr. SMOOT. That is the only use made of silver to-day.

Mr. CONNALLY. Has the Senator any statistics to show what percentage of silver is used in sterling silverware?

Mr. SMOOT. I can not state the percentage, but the great bulk of it is used in that direction. None is coined into money now. I should think over 95 per cent of it is used in the manufacture of sterling silverware.

Mr. CONNALLY. Oh, Mr. President!

Mr. SMOOT. Well, where is the silver of the world being used?

Mr. CONNALLY. A great deal of it is used in the manufacture of plated ware, cheap ware, of course. But I do not care to consume more of the time of the Senate. I am not urging this as a tax in normal times. Look at the rigorous taxes this bill would impose. Gentlemen, speak of silver. Are we not taxing every other business in this country? Of course these taxes are distasteful. Of course they are going to be onerous. But we have to get the money somewhere. Sterling silverware is a luxury. It is proposed that we impose a tax on cheap jewelry, priced above $3. We will tax sporting goods and we will tax a myriad of other things in this country. Yet when it comes to sterling silverware, which only the prosperous and the well-to-do can afford, the Senator from Utah, because he is afraid it will hurt some silver mine somewhere, objects.

Mr. SMOOT. It is not the silver mine; it is the men who work in the silver mine.

Mr. CONNALLY. Oh, of course; I know the mine is not animate, it does not vote or express itself; but we will get some taxes on this; and whenever we offer to take out a tax the chairman of the committee throws up his hands and says, "We shall lose so many millions of dollars." We shall lose some more millions of dollars if this is not retained.

Mr. SMOOT. No; we would not lose millions of dollars.

Mr. CONNALLY. The Senator says 95 per cent of the raw silver is used in the manufacture of sterling silverware.

Mr. SMOOT. Yes.

Mr. CONNALLY. If that is true, and we get 10 per cent of it, we ought to get a lot of money. Either the Senator is incorrect now or he was incorrect a moment ago.

I move to strike out the words "or sterling silver." Let us put a small, insignificent, easily borne, hidden tax on this product. The man who buys sterling silver will never know it.

Mr. SMOOT. Mr. President, I ask the Senate not to do it.

The VICE PRESIDENT. The question is on the motion of the Senator from Texas to strike out the words "or sterling silver."

Mr. WALSH of Massachusetts. Mr. President, there is no question but that the silver-mining industry is frightfully depressed; but so is the general jewelry business frightfully depressed. The senior Senator from Rhode Island [Mr. METCALF] will bear me out when I state that of all the communications which have come to him, there was no story of depression and unemployment more pronounced than in the case of the jewelry manufacturers.

Mr. METCALF rose.

Mr. WALSH of Massachusetts. I yield to the Senator for a reply.

Mr. METCALF. The Senator is quite right. The information that has come to me is that the men employed in that industry are loafing on the streets, that there is nothing for them to do.

Mr. SMOOT. Mr. President, will the Senator from Massachusetts yield?

Mr. WALSH of Massachusetts. I yield.

Mr. SMOOT. The committee took that into consideration.

Mr. WALSH of Massachusetts. I appreciate that.

Mr. SMOOT. And we put in the amendment relating to articles sold for less than $3.

Mr. WALSH of Massachusetts. Which includes sterling silver articles selling for less than $3.

Mr. SMOOT. Yes; but there is hardly any of it sold at less than $3.

Mr. WALSH of Massachusetts. I do not want to say anything at length about this, but if we are going to eliminate sales taxes on depressed industries, we should include them all. It is only a matter of fraction of degrees which industry is the most depressed.

I wonder if we realize the extent of the depression in this country. Let me quote from some letters received from the representatives of this industry:

It happens that we have been the most successful jewelers in Fall River and have sold over $100,000 per year during each of several years. Last year our sales had shrunk under the $50,000 mark, and we had to take an inventory loss of over $5,000 because of lower prices and reduced sales, etc. We cut our salaries 60 per cent and then earned about 2 per cent on our investment.

For the first three months of this year we sold $4,730.52, or at an annual sales rate of less than $20,000, and I do not expect to make even 40 per cent of my former salary, and it is quite probable that I shall not earn even a dollar a week. A small manufacturer told me recently (Charles Church, of Church & Co., Newark, N. J.) that his losses for bad debts last year were greater than the combined total for all of his other 8 or 10 years in business. This shows the prevailing conditions in the jewelry business now. Because of this, I earnestly request that you see that you do all you can to prevent a special tax on jewelry.

* * * * * * *

We feel that the tax of 10 per cent is very unjust, and we jewelers who have actually lost money on our business in the last two years will be forced to close our doors.

April 11, 1930, my retail sales were $86.30.

April 11, 1931, my retail sales were $46.95.

April 11, 1932, my retail sales were $6.10.

So you see how our business is going, and we are not any worse off than the other jewelers.

* * * * * * *

The Kansas Retail Jewelers' Association protests against the Senate Finance Committee reporting favorably on the 10 per cent jewelry tax.

My own jewelry business, which I think is similar to most jewelers, has not even paid operating expenses during the first four months of this year. This does not include any salary for myself, and I am working every day.

My sales for the first four months of 1932 were 20 per cent less than for 1931. My 1931 sales were 27.6 per cent below the 1928 figure.

You can see from the above figures that a 10 per cent tax on jewelry will mean bankruptcy for a great many jewelers.

The jewelry industry is willing to pay any tax that is equally imposed on every other industry, but feels that the bill in its present form is highly discriminatory on an industry which is passing through the worst crisis of its history.

* * * * * * *

The proposed tax on jewelry of 10 per cent seems to us to discriminate against the jewelry business most unfairly.

During the war the jewelers gladly paid a 5 per cent luxury tax, when times were good and money plenty. No jeweler in the country is paying his expenses at present, and has been running behind for the past two years, according to reports at national headquarters.

We believe it unjust to tax any one industry in this manner and feel that the one tax which is absolutely just to all is a very slight tax on every sale, on all merchandise.

May we not hope that you will work against this unjust tax on jewelry and for a tax which will be fair to all industries?

Mr. President, I rose for the purpose of emphasizing the fact that we are dealing with depression everywhere, in every avenue of life, in every industry, and that these taxes are burdensome and frightful on every industry.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield.

Mr. BLAINE. Does the Senator expect that the retail stores would sell more goods after the imposition of a consumption or sales tax?

Mr. WALSH of Massachusetts. Of course not.

Mr. BLAINE. Does the Senator expect that?

Mr. WALSH of Massachusetts. Of course they would not sell more. The Senator is absolutely correct.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield.

Mr. COPELAND. I have here a package of letters 4 inches thick, from manufacturing jewelers in my State, who say that they are doing no business. I said before the Senator rose that if it is expected that this jewelry item will bring revenue, the committee will be very greatly disappointed.

Mr. WALSH of Massachusetts. I think it is only fair to say for the committee, however, that they did appreciate to an extent that the cheapest jewelry, the 10 to 25 cent jewelry, which is worn by children and sold in the popular-priced stores, should be exempt, and I think they made a reasonable concession.

I take the position that if any of these taxes are imposed, this is as reasonable as any of them, but it seems to me we should not make any exception.

Mr. WHEELER. Mr. President, I am glad to see so many people interested in silver. I am particularly glad to see the

chairman of the Finance Committee stand here on the floor and defend silver in this particular instance, although I agree to a large extent with what the Senator from Texas has said, that the mere placing of a tax upon silver is not going to have very much effect upon the world price of silver.

Let me call attention to some facts which appear from a communication I have in my hand, which has just been prepared by the Department of Commerce. We are all talking about prices being depressed in this country, and the table I have in my hand shows why they are depressed in the United States.

Here is a list of countries officially off the gold or gold-exchange standard:

Denmark, Finland, Greece, Norway, Portugal, Sweden, United Kingdom, Japan, British India, Straits Settlements, Siam, Argentina, Brazil, Chile, Ecuador, Paraguay, Uruguay, Peru, Mexico, and El Salvador.

Here is also a list of countries not officially but practically off the gold or gold-exchange standard:

Austria, Bulgaria, Czechoslovakia, Germany, Hungary, Yugoslavia, and Canada.

Here is a list of countries where gold exports were officially prohibited from October 19, 1931, to March 1, 1932, unofficially restricted since that date:

Venezuela, Nicaragua, Costa Rica, Colombia, and Bolivia.

All these countries are off the gold standard, and, as the result of the fact, the figures are set forth as to how much their money has been cheapened by reason of the fact that they have gone off the gold standard.

I ask to have this table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Countries officially off the gold or gold-exchange standard

[Prepared in the Finance and Investment Division, Department of Commerce, May 17, 1932]

Country	Unit	Par of exchange	Date of suspension	Rate prior to suspension	Rate May 14, 1932
Europe:					
Denmark	Krone	$0.2680	Sept. 29, 1931	$0.2172	$0.1997
Finland	Markka	.0252	Oct. 12, 1931	.0251	.0171
Greece	Drachma	.0130	Apr. 27, 1932	.0129	.0068
Norway	Krone	.2680	Sept. 29, 1931	.2169	.1832
Portugal	Escudo	.0442	Jan. 1, 1932	.0313	.0332
Sweden	Krona	.2680	Sept. 29, 1931	.2230	.1865
United Kingdom	Pound	4.8666	Sept. 21, 1931	4.8494	3.6536
Far East:					
Japan	Yen	.4985	Dec. 13, 1931	.4220	.3190
British India	Rupee	.3650	Sept. 21, 1931	.3593	.2723
Straits Settlements	Dollar	.5678	do	.5602	.4206
Siam	Baht	.4424	May 11, 1932	[1].4424	[1].33
Latin America:					
Argentina	Peso	.9648	Dec. 16, 1929	.9403	.5838
Brazil	Milreis	.1196	Oct. 17, 1930	[2]	.0720
Chile	Peso	.1217	Apr. 20, 1932	.1205	.0600
Ecuador	Sucre	.20	Feb. 9, 1932	.197	.1653
Paraguay	Peso [4]				
Uruguay	Peso	1.0342	August, 1914	[1]1.0428	.4758
Peru	Sol	.2800	May 14, 1932	.2800	.2500
Mexico	Peso	.4985	July 25, 1931	.4905	.2962
El Salvador	Colon	.50	Mar. 12, 1932	[1].40	[1].40

[1] Approximate.
[2] May 13; nominal.
[3] No rate quoted; moratorium.
[4] Linked to Argentine peso at fixed ratio of 18.75 to 1.
[5] Average for 6 months prior.

Countries not officially but practically off gold or gold-exchange standard

The following countries have not suspended gold payments by specific legislation, but as a result of stringent foreign exchange regulations the gold or gold-exchange standard has been practically suspended:

Country	Units	Date of adoption of regulations or banking practice	Par exchange	Rate prior to adoption of regulations	Rate May 14, 1932
Austria	Schilling	Oct. 9, 1931	$0.1407	$0.1392	$0.1397
Bulgaria	Lev	Oct. 15, 1931	.0072	.0071	.0072
Czechoslovakia	Crown	Oct. 2, 1931	.0296	.0296	.0296
Germany	Reichsmark	July 13, 1931	.2382	.2369	.2387
Hungary	Pengö	Aug. 7, 1931	.1749	.1745	.1747
Yugoslavia	Dinar	Oct. 8, 1931	.0176	.0177	.0178

Countries not officially but practically off gold or gold-exchange standard—Continued

Country	Units	Date of adoption of regulations or banking practice	Par exchange	Rate prior to adoption of regulations	Rate May 14, 1932
Canada	Dollar	Oct. 19, 1931	$1.0000	$0.8839	$0.8891
(Gold exports officially prohibited from Oct. 19, 1931, to Mar. 1, 1932, unofficially restricted since that date.)					
Venezuela	Bolivar	[1]	.193		[2].164
Nicaragua	Cordoba	Nov. 13, 1931	1.000	[3]	[3]
Costa Rica	Colon	Jan. 16, 1932	.25	[4].228	.235
Colombia	Peso	Sept. 25, 1931	.9733	.9657	.9524
Bolivia [5]	Boliviano	Sept. 21, 1931	.365	.34	.2427

[1] No date assignable to de facto inconvertibility.
[2] Last rates received.
[3] No exchange rates available.
[4] Approximate.
[5] Bolivia has authorized its central bank to suspend convertibility of its notes, but the bank has been meeting practically all demands for foreign exchange at rates substantially in keeping with the depreciation of the British pound.

Mr. WHEELER. Mr. President, in the face of the fact that all of the countries of the world, practically, have gone off the gold standard, we are still trying to stay on the gold standard, and for that reason our trade has been practically stopped with all of these countries.

How is it possible for a country which is off the gold standard to continue to trade with a country that is on the gold standard? Yet when something of this kind comes up we see many Senators rise in their places in the Senate and defend silver.

I have introduced a bill for the remonetization of silver, which is before the Committee on Finance of the Senate, of which the Senator from Utah is the chairman. I have not been able thus far to get the bill reported out of the committee. I want to say, however, to the Senate that before we close the present session of the Congress I insist and am going to insist that we shall have a vote upon my bill for the remonetization of silver. If we can not get it reported out of the committee, then I am going to offer it as an amendment to some one of the bills which will come before the Senate. I want to see how many friends of silver, among all those who have advocated and said they are in favor of the remonetization of silver, will vote for the bill when the time comes. I want to find out how many Democrats there are on this side of the Chamber who have advocated the remonetization of silver who will actually vote for it when the time comes.

I am convinced after careful consideration of the subject that something has got to be done to bring the commodity price level back to where it was in 1926. The Senator from Pennsylvania [Mr. REED] the other day spoke of the cheap dollar and the honest dollar. He intimated that if we brought commodity prices back to where they were in 1926 by cheapening the dollar we would have a dishonest dollar. The trouble in the country at the present time, if we follow his formula, is that we have a dishonest dollar, because the dollar to-day is not the same as it was in 1926. What I am seeking to do is to try to make the dollar purchase to-day what it purchased in 1926, 1927, and 1928.

I submit that notwithstanding the Reconstruction Finance Corporation bill, notwithstanding the Glass-Steagall bill, and notwithstanding the other nostrums which have been advocated and approved by the Congress, we are not going to get the commodity price level of products up in this country unless we do one of two things—either adopt bimetallism or go off the gold standard and resort to paper. As between those two plans I say it is much safer for this country and for the countries of the world to adopt bimetallism than to resort to the printing press.

I know there are many people who think we ought to resort to the printing presses, but I am not one who want to go that far. If we resort to bimetallism and adopt it as an independent proposition in this country, then because of the

fact that we would take the trade England now enjoys with China, Japan, and India she would be immediately forced to adopt bimetallism. If Great Britain and the United States adopt it, is there anyone in this body who for a moment would challenge the statement that those two great countries could maintain the ratio between silver and gold at 16 to 1 or 15 to 1 or 14 to 1, or at any other ratio desired? On top of that, Germany and all the countries that are off the gold standard would go to bimetallism.

The chairman of the Finance Committee of the Senate, as I am informed, has stated in the public press that he is in favor of bimetallism, as has the chairman of the Committee on Banking and Currency of the Senate also stated. Why is it that these gentlemen, who realize the situation, have not uttered one word upon the floor of the Senate in favor of my bill to restore bimetallism in this country and have not worked as diligently in this matter as they have on numerous measures which have been pending before the Congress? I am sure, if the Senator from Utah, chairman of the important Committee on Finance, would take a stand for remonetization of silver and work as diligently for it as he has for the other measures which have been before his committee, there would not be any question but that we could adopt it at this session of Congress.

Mr. SMOOT. Mr. President, all the other bills on the subject, with the exception of the bill of the Senator from Montana, were referred to the Committee on Banking and Currency. The Senator from Nevada [Mr. PITTMAN] introduced a bill, which was referred to that committee. I introduced a bill, which was referred to that committee. The committee on Banking and Currency have held hearings upon all the bills. I understand that that committee will very shortly make a report. There is no need for two committees to hold hearings upon the same subject. If all the bills had been referred to the Finance Committee I would gladly have taken them up. But it seems to me as long as the Committee on Banking and Currency have the subject matter under considerations and hearings have been held upon the bill of the Senator from Nevada [Mr. PITTMAN], it is not only unnecessary but unwise for the Finance Committee to hold hearings at the same time. I understand the Banking and Currency Committee will soon report out the bill of the Senator from Nevada. I do not know how soon, but I am quite sure it will not be very long if I may judge from what was stated by the chairman of the subcommittee having it in charge.

The Senator from Montana does not think two committees ought to conflict in this matter, does he?

Mr. WHEELER. What I think about it is this. The Senator knows something about bimetallism. I know personally that he has made a study of it and is familiar with the subject. The subject was before his committee a long time before the Senator from Nevada introduced his bill. It has been lying dormant in his committee. I am sure if the Senator would use his ordinary diligence and zeal that he has used in other matters, he would have reported the bill out. Let me call attention to the fact also that hearings were had before the Finance Committee with reference to the remonetization of silver.

I know that the mining interests of the country are interested in increasing the price of silver to themselves. I am not interested in the silver question for the sole sake of helping the mining companies of the country. I am interested in making silver do the work it ought to do as a part of the financial system of the United States and of the world, because if we are going to restore trade and industry in this country and throughout the world, if we are going to recapture the trade of the Orient and South America and Latin America, then the best way and the only way to do it is by the remonetization of silver rather than resorting to a lot of nostrums that are being introduced and being projected by the mining companies themselves, for the sole benefit of their own selfish interests. I am not interested in it from that standpoint.

The VICE PRESIDENT. The question is on the amendment of the Senator from Texas [Mr. CONNALLY].

Mr. COUZENS. Mr. President, I want to say a word in support of the amendment of the Senator from Texas. The committee this morning, after weeks ago having stricken out the tax on candy, put it back again. Now we are going to tax at the rate of 2 per cent the little lollipops and all the other candy that goes into the mouths of the children. Unless we support the amendment proposed by the Senator from Texas we are going to let all the solid silverware and plated ware and jewelry be sold without a tax. Walk up and down Fifth Avenue and look at the jewelry stores with their displays of silverware, and understand that that is all going to be purchased by the very wealthy, and it is to be exempt from tax, while we place a 2 per cent tax upon candy for the children. If there is any justification in that, I do not understand it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Texas [Mr. CONNALLY] to the amendment of the committee.

Mr. SMOOT. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. BLACK]. I transfer that pair to the senior Senator from Colorado and vote "nay."

Mr. SHEPPARD (when Mr. LONG's name was called). I am authorized to state that the junior Senator from Louisiana [Mr. LONG] is absent on legislative business. He is paired with the Senator from Illinois [Mr. GLENN].

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate by illness. In his absence I withhold my vote.

The roll call was concluded.

Mr. PATTERSON. I announce my pair with the junior Senator from New York [Mr. WAGNER] and withhold my vote.

Mr. JONES. I have a pair with the senior Senator from Virginia [Mr. SWANSON]. I have been unable to obtain a transfer, and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. MCNARY. I desire to announce that the senior Senator from California [Mr. JOHNSON] is necessarily absent on account of official business.

Mr. SCHALL. I have a general pair with the junior Senator from Illinois [Mr. LEWIS]. I do not know how he would vote on this question if present, and therefore withhold my vote. If I were permitted to vote, I should vote "yea."

Mr. THOMAS of Oklahoma. On this question I have a pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not being advised as to how he would vote, I withhold my vote. If free to vote, I should vote "yea."

Mr. COPELAND. Mr. President, I inquire if my colleague [Mr. WAGNER] has voted?

The VICE PRESIDENT. The junior Senator from New York has not voted.

Mr. COPELAND. If my colleague were present and permitted to vote, he would vote "nay."

Mr. WATSON (after having voted in the negative). I discover that my general pair, the senior Senator from South Carolina [Mr. SMITH], is out of the Chamber. I transfer my pair with him to the Senator from California [Mr. JOHNSON] and permit my vote to stand.

Mr. DICKINSON. I wish to announce that my colleague the senior Senator from Iowa [Mr. BROOKHART] has a general pair with the Senator from West Virginia [Mr. NEELY].

Mr. SHEPPARD. I wish to announce that the Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. LEWIS], the Senator from Arizona [Mr. ASHURST], and the Senator from Georgia [Mr. GEORGE] are necessarily absent on official business.

I desire further to announce that the senior Senator from Virginia [Mr. SWANSON] and the senior Senator from Alabama [Mr. BLACK] are necessarily out of the city.

Mr. PATTERSON (after having voted in the affirmative). As my pair, the junior Senator from New York [Mr. WAGNER], has not voted, I withdraw my vote.

The result was announced—yeas 42, nays 30, as follows:

YEAS—42

Bankhead	Cohen	Hale	Robinson, Ind.
Barbour	Connally	Hatfield	Sheppard
Barkley	Coolidge	Hawes	Shipstead
Blaine	Couzens	Howell	Shortridge
Borah	Dale	Hull	Stephens
Bratton	Dickinson	La Follette	Trammell
Broussard	Fess	McGill	Vandenberg
Bulkley	Fletcher	Norbeck	Walsh, Mass.
Bulow	Frazier	Norris	White
Capper	Glass	Nye	
Carey	Gore	Robinson, Ark.	

NAYS—30

Bailey	Hastings	McNary	Thomas, Idaho
Bingham	Hayden	Metcalf	Tydings
Copeland	Hebert	Moses	Walcott
Costigan	Kean	Oddie	Walsh, Mont.
Cutting	Kendrick	Pittman	Watson
Davis	Keyes	Reed	Wheeler
Dill	King	Smoot	
Harrison	Logan	Steiwer	

NOT VOTING—24

Ashurst	George	Long	Smith
Austin	Glenn	McKellar	Swanson
Black	Goldsborough	Morrison	Thomas, Okla.
Brookhart	Johnson	Neely	Townsend
Byrnes	Jones	Patterson	Wagner
Caraway	Lewis	Schall	Waterman

So Mr. CONNALLY'S amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment striking out the paragraph.

The amendment was rejected.

Mr. SMOOT. Mr. President, am I correct in understanding that the amendment proposing to strike out the jewelry paragraph has been rejected?

The VICE PRESIDENT. That amendment has been rejected.

Mr. SMOOT. On page 252, line 5, in the sporting goods items, after the word "rackets," I move to insert a comma and the words "tennis-racket frames and strings."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. On page 253, line 2——

The VICE PRESIDENT. The Chair will advise the Senator that there is pending another amendment to the preceding section. The amendment will be stated.

The CHIEF CLERK. On page 252, line 6, it is proposed to strike out the words "and cushions," and on line 8 to strike out "goals" and insert in lieu thereof "uniforms."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. REED. Mr. President, the question now recurs on agreeing to the committee amendment striking out the paragraph.

The VICE PRESIDENT. That is correct. The question is on agreeing to the committee amendment proposing to strike out the paragraph.

The amendment was rejected.

Mr. SMOOT. Mr. President, on page 253——

Mr. REED. Mr. President, if the Senator from Utah will excuse me, the next amendment, I understand, is on page 252, line 16.

The VICE PRESIDENT. That went over by consent yesterday.

Mr. SMOOT. We want to disagree to that amendment.

Mr. HARRISON. We want to disagree to the committee amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 252, line 16, it is proposed to strike out, after line 15, down to the end of line 24, being section 610, tax on firearms, shells, and cartridges.

The VICE PRESIDENT. The question is on agreeing to the amendment to strike out.

The amendment was rejected.

Mr. COPELAND. Mr. President——

Mr. FLETCHER. Mr. President, how does that leave section 610?

Mr. SMOOT. It leaves it as the House passed it.

Mr. COPELAND. Mr. President, was final action taken on the mechanical-refrigerator item?

Mr. REED. That item has been reinstated.

Mr. COPELAND. I am sorry that it has.

Mr. SMOOT. Mr. President, on page 253, line 2, after the word "cameras," I move to insert the words "except aerial cameras."

The VICE PRESIDENT. The Chair will state that the vote whereby the amendment was agreed to striking out that section has not been reconsidered. The question is on reconsidering the vote by which the amendment was agreed to. Without objection, the vote whereby the amendment was agreed to is reconsidered. The question now is on agreeing to the amendment proposed by the Senator from Utah.

The amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment striking out the paragraph.

The amendment was rejected.

Mr. SMOOT. On page 253, section 612, the tax on matches——

The VICE PRESIDENT. The vote whereby that paragraph was stricken out has not been reconsidered. The Senator from Wisconsin entered a motion to reconsider that vote.

Mr. LA FOLLETTE. Mr. President, I make the motion that the vote whereby the amendment was agreed to may be reconsidered.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin.

The motion was agreed to.

Mr. SMOOT. Mr. President, I desire to offer an amendment to that section. On page 253, line 8, I move to strike out "4" and insert "2."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

Mr. SMOOT. In line 9, I move to strike out "matches" and insert "except that in the case of all paper matches in books the tax shall be one-half of 1 cent per 1,000 matches."

Mr. COPELAND. Mr. President, why does the Senator make a distinction between wooden matches and paper matches?

Mr. SMOOT. The little paper matches in books are used largely for advertising purposes, while wooden matches are not used in that way. So in the case of paper matches the committee thought the tax should be one-half of 1 cent per thousand.

Mr. COPELAND. And what is the rate on wooden matches?

Mr. SMOOT. Two cents a thousand.

Mr. BULKLEY. Mr. President, I should like to inquire of the Senator is it proposed to exempt paper matches? I did not understand the Senator.

Mr. SMOOT. No. The tax now proposed is one-half of 1 cent per thousand on paper matches.

Mr. BULKLEY. And is it proposed to make the rate on wooden matches 1 cent?

Mr. SMOOT. No; 2 cents.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah. By the sound the ayes seem to have it.

Mr. HALE. I ask for a division.

On a division the amendment was agreed to.

The VICE PRESIDENT. The question now recurs on agreeing to the amendment to strike out.

The motion was rejected.

Mr. SMOOT. Mr. President, on page 253, section 613, the tax on candy, I ask the Senate to disagree to the Senate amendment, and I desire to offer an amendment.

The VICE PRESIDENT. The Senator from Wisconsin entered a motion to reconsider the vote whereby that amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, I now make the motion that the vote whereby the amendment was agreed to may be reconsidered.

The VICE PRESIDENT. The question is on the motion of the Senator from Wisconsin.

The motion was agreed to.

Mr. SMOOT. Mr. President, the committee have agreed to make the rate on candy 2 per cent instead of 5 per cent, and I offer that amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

Mr. COPELAND. Mr. President, I can hardly understand why the committee has placed any tax on candy. Is it not going to give any consideration to the children of America?

Mr. SMOOT. The reason is that we can obtain $5,000,000 revenue from the tax. The proposal now is made in conformity with the action taken in the bill regarding the tax on chewing gum.

Mr. COPELAND. That is, there is to be a tax of 2 cents on chewing gum and 2 cents on candy?

Mr. SMOOT. Yes; but we have reduced the rate provided by the House from 5 per cent to 2 per cent, and under the rate proposed there will be raised $5,000,000 revenue.

Mr. COPELAND. How much does the Senator expect will be realized from this tax?

Mr. SMOOT. As I have stated, it is expected that $5,000,000 will be raised.

Mr. COPELAND. That is not so much as the Senator expects will be raised from the tax on wort?

Mr. SMOOT. Not nearly so much.

Mr. COPELAND. I venture to say that the tax on candy will extract far more money from the children of this country than will be derived from a tax on illicit beer.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah striking out "5" and inserting "2."

The amendment was agreed to.

The VICE PRESIDENT. The question now is on the amendment of the committee to strike out the paragraph.

The amendment was rejected.

The VICE PRESIDENT. The clerk will state the next amendment.

The CHIEF CLERK. Tax on chewing gum, line 17, page 253.

Mr. SMOOT. That was agreed to last night, as I understand.

Mr. BARKLEY. The amendment to the language was agreed to, but the paragraph itself went over.

Mr. HARRISON. That was not agreed to. It went over in the same attitude as the others. An amendment providing for 2 per cent was agreed to.

Mr. SMOOT. That is what was agreed to.

Mr. REED. There was nothing left to agree to.

The VICE PRESIDENT. That was agreed to last night, so the clerk says.

Mr. FLETCHER. The Senator from South Carolina [Mr. BYRNES] said he was going to move to strike that out.

The VICE PRESIDENT. The Chair understood that the Senator withdrew the motion.

Mr. HARRISON. The Senator from South Carolina, as I understood, was not going to move to strike it out unless some of these other provisions were stricken out. He wanted it put upon the same basis as the other.

The VICE PRESIDENT. The Chair understands that the Senator withdrew his motion.

The CHIEF CLERK. On page 253, strike out lines 19 to 25, both inclusive, which was passed over—the tax on soft drinks.

Mr. SMOOT. Mr. President, on line 25, I move to strike "2" and insert in lieu thereof "1¼."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Utah proposes, on page 253, line 25, to strike out "2" and insert in lieu thereof "1¼."

The amendment was agreed to.

The CHIEF CLERK. On page 253, after line 25, it is proposed to insert a new paragraph, as follows:

Upon unfermented grape juice, in natural or concentrated form (whether or not sugar has been added), containing 35 per cent or less of sugars by weight, a tax of 5 cents per gallon.

The amendment was agreed to.

The CHIEF CLERK. On page 254, line 1, after "juices," insert "except grape juice."

The amendment was agreed to.

The CHIEF CLERK. On page 254, line 13, after "drinks," insert "except grape juice."

The amendment was agreed to.

The CHIEF CLERK. On page 255, line 4, and again in line 14, strike out the numeral "9" and insert in lieu thereof the numeral "6."

The amendment was agreed to.

The VICE PRESIDENT. The question now is on the committee amendment to strike out.

The amendment was rejected.

Mr. SMOOT. The next amendment is on page 284.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. How far has the Senate proceeded with the consideration of the bill? What is the last amendment acted on?

The VICE PRESIDENT. Pages 262 and 263, last night.

Mr. REED. Then I suggest that the next matter for consideration is the Senate committee amendment on page 264, line 1—a mere administrative amendment.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Florida?

Mr. REED. I yield.

Mr. TRAMMELL. I desire to ask the Senator from Pennsylvania what disposition was made of section 611 on page 262.

Mr. SMOOT. That went over at the request of the Senator last evening.

Mr. DILL. Mr. President, what has happened to the amendments on pages 258, 259, 260, and 261?

Mr. FESS. They were passed over last night.

Mr. REED. Those are going over pending disposition of the tire items.

Mr. DILL. All right.

The VICE PRESIDENT. The Chair is advised that the next amendment is the one passed over upon the suggestion of the Senator from Wisconsin [Mr. LA FOLLETTE].

Mr. LA FOLLETTE. That should really await action by the Senate on the committee's recommendation on the tire tax before it is taken up; so I do not enter the motion to reconsider at this time.

The VICE PRESIDENT. It will be passed over.

Mr. SMOOT. Mr. President, I think we had better go back now and take up the tire provision.

Mr. DILL. Mr. President, before we take that up I desire to ask the Senator from Utah what was done about the tax on boats, on page 250.

Mr. REED. Mr. President, if the Senator will yield, it is proposed at a later place in the bill to insert an excise tax upon the use of boats according to their length, and that is why it was not taken up in passing here.

Mr. DILL. All right.

Mr. SMOOT. I think we had better take that up at the present time.

On page 286, after line 19, I move to insert a new part, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 286, after line 19, it is proposed to insert:

PART —. TAX ON BOATS

SECTION —. TAX ON USE OF BOATS

(a) On and after July 1, 1932, and on July 1, 1933, and also at the time of the original purchase of a new yacht or other boat by a user, if on any other date than July 1 and before July 1, 1934, there is hereby imposed upon the use of yachts, pleasure boats, power boats, sailing boats, and motor boats with fixed or outboard engines, not used exclusively for trade, fishing, or national defense, a tax at the following rates:

(1) Length over 28 feet and not over 50 feet, $10.
(2) Length over 50 feet and not over 100 feet, $40.
(3) Length over 100 feet and not over 150 feet, $100.
(4) Length over 150 feet and not over 200 feet, $150.
(5) Length over 200 feet, $200.

(b) In the case of any of the foregoing if foreign built and not owned on January 1, 1926, by a citizen of the United States or by a domestic partnership or corporation, the tax under this section shall be twice the amount of the tax provided in subsection (a).

(c) In determining the length of any of the foregoing, the measurement of overall length shall govern.

(d) In the case of a tax imposed at the time of the original purchase of a new yacht or boat on any other date than July 1, the amount to be paid shall be the same number of twelfths of the amount of the tax as the number of calendar months (including the month of sale) remaining prior to the following July 1.

(e) This section shall not apply to any yacht or other boat which is used without profit by any benevolent, charitable, or religious organization, exclusively for furnishing aid, comfort, or relief to seamen.

(f) The taxes imposed by this section shall be collected and paid in such manner as the commissioner, with the approval of the Secretary, shall by regulation prescribe.

(g) All provisions of law (including penalties) applicable in respect of the taxes imposed by section 702 of the revenue act of 1926 shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the taxes imposed by this section.

Mr. KING. Mr. President, I suggest to my colleague that while we are dealing with this we had better label this "Part VI"; and then the present Part VI, tax on cigarette papers, would be Part VII, and the subsequent parts would be renumbered.

Mr. SMOOT. All those will be fixed where there are changes in numbers.

Mr. KING. This would be, then, Part VI.

The VICE PRESIDENT. That will be corrected later on.

Mr. COPELAND. Mr. President, do I understand that this is to be an annual tax upon boats?

Mr. SMOOT. Yes; a yearly tax on the use of boats.

Mr. COPELAND. Has the committee given any consideration to putting a yearly tax on washing machines and milking machines and threshing machines?

Mr. SMOOT. Not as yet, Mr. President.

Mr. COPELAND. We may expect that?

Mr. SMOOT. If the Senator desires it, we can.

Mr. COPELAND. I am prepared for anything, so far as I am concerned.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. SMOOT. I send to the desk another amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

Mr. REED. Mr. President, before we get to the tax on tires, may we not clean up this matter of the boat tax by reconsidering our action yesterday on page 250, lines 1 to 7? It is intended by the committee, of course, that the tax just adopted, licensing boats, should replace the House provision on page 250. Therefore, I ask unanimous consent that our action on section 606 may be reconsidered; and if that is granted, I move that the Senate committee amendment be agreed to.

The VICE PRESIDENT. Is there objection to reconsideration? The Chair hears none, and the motion to reconsider is agreed to.

Mr. COPELAND. How far does the boat amendment that we have just adopted go?

Mr. REED. It only lasts for two years.

Mr. COPELAND. I know; but I mean to say, what length of boat? What is the outside length?

Mr. REED. The highest tax is that a boat over 200 feet in length would pay $200 a year if built in this country. If built abroad since 1926, it would pay $400.

Mr. COPELAND. Does it apply to battleships also?

Mr. REED. No; it applies only to boats used otherwise than for fishing, for trade, or for national defense.

Mr. COPELAND. I am glad there is some limitation to it, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 250, lines 1 to 7.

The amendment was agreed to.

The VICE PRESIDENT. The Senator from Utah offers a further amendment, which will be stated.

The CHIEF CLERK. On page 245 it is proposed to strike out lines 5 to 10, both inclusive, and to insert in lieu thereof the following:

SEC. 602. TAX ON TIRES AND INNER TUBES

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer a tax at the following rates:

(1) Tires wholly or in part of rubber, 2¼ cents a pound on total weight (exclusive of metal rims or rim bases), to be determined under regulations prescribed by the commissioner with the approval of the Secretary.

(2) Inner tubes (for tires) wholly or in part of rubber, 4 cents a pound on total weight, to be determined under regulations prescribed by the commissioner with the approval of the Secretary.

Mr. BULKLEY. Mr. President, I desire to ask the Senator from Utah whether he has any purpose in insisting on making this a different section from the section relating to automobile accessories.

My reason for wanting this item to be inserted in the section on automobile accessories is that there are certain provisions on pages 248 and 249 with respect to abatement and refund of taxes in the event articles on which the tax has been paid are still held by dealers on August 1, 1934.

Mr. SMOOT. As I understand, the tax will be in force about a month longer, and they will get the refund.

Mr. BULKLEY. I thought the question of tires and tubes would be more appropriately considered in connection with section 602, or whatever may be the number as revised of the section relating to automobile accessories.

Mr. SMOOT. I can not see any reason why that should be done.

Mr. BULKLEY. What reason is there, if we should make refunds of taxes on batteries, if they are held by dealers on August 1, 1934, why should we refuse the same consideration as to tires and tubes?

Mr. SMOOT. I am advised that it makes very little difference whether it goes where the Senator desires or not; and if the Senator will offer the amendment, I will have no objection to it.

Mr. BULKLEY. Mr. President, I would like to have the consideration of the pending amendment deferred; and let us have a vote first on the amendment which was passed over last night, on page 247, line 7, where the committee has proposed an amendment to insert the words "other than tires and inner tubes." In other words, the House included tires and inner tubes as automobile accessories, and the Senate committee proposes to lift tires and tubes out from the word "accessories."

Mr. REED. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. REED. The effect of striking out the words "other than tires and tubes," on page 247, would be to include tires and tubes among the other accessories, which are taxed at the rate of 2 per cent. Consequently, striking those words out would be equivalent to a reduction to about one-third of the tax on these rubber goods proposed by the committee.

The specific taxes proposed by the committee in the amendment sent to the desk by the Senator from Utah amount, I am told, to around 6 to 8 per cent of the value of the product. Including them as accessories would result in the imposition of a tax of only 2 per cent on their value. Therefore I hope the committee amendment, on line 7, page 247, will be agreed to.

Mr. BULKLEY. Mr. President, that is precisely the issue I had intended to raise, and I will take but a few moments of the time of the Senate in discussing it.

As I have said, the House taxed tires and tubes the same as other automobile accessories, at 1 per cent. The Senate

last night agreed to an amendment proposed by the committee increasing the tax on accessories to 2 per cent.

Unfortunately, during the consideration of this tax bill by the Finance Committee, somebody suggested to the committee that a very large revenue could be obtained by imposing an import tax on crude rubber, and such a tax was proposed by the committee and estimated to produce some $53,000,000 of revenue. That whole theory, I believe, was fallacious, and I think the committee found out and was satisfied afterwards that there was no possibility of a $53,000,000 revenue, or anything like that, from that item. But because of the committee's natural disappointment in finding that $53,000,000 was not available, and could not be secured, the committee has proposed what I believe to be a very excessive tax on tires and tubes.

I have a great deal of sympathy with the committee's desire to raise sufficient revenue to balance the Budget, but there must be some element of fairness in the distribution of these taxes. I remind the Senate that practically all of these tires and tubes are used on automobiles and no one can drive an automobile without tires and tubes. So this tax becomes just one more tax upon the operation of automobiles.

The Senate has already shown its disposition not to increase the rates proposed by the House on automobiles. This is a tax on exactly the same people. It is unfair and unreasonable for exactly the same reasons why the increased tax on automobiles was unfair and unreasonable, and, indeed, more so, because the rates here proposed are very much higher than were the rates proposed on automobiles and trucks.

Let me review what the taxes proposed by the committee amendment are: On the first-line tires, the percentage rates, based on the 2¼ cents a pound rate proposed by the committee, run from 5.85 per cent to 7.13 per cent; on second-line tires, the taxes proposed range from 7.2 per cent to 8.33 per cent; on truck tires, they run from 6.07 per cent to 6.95 per cent.

On inner tubes they are still more excessive: On first-line tubes, they range from 9.36 per cent to 13.6 per cent; on second-line tubes, they run from 10.24 per cent to 14.56 per cent.

Is there any reason that can be alleged why a battery, a spark plug, or any other accessory that is a necessary part of an automobile, should be taxed at 2 per cent and a tire at four times as high a rate? Is there any reason why an inner tube should be taxed seven times as high?

I pause for an answer. Is there any answer from the committee as to why an inner tube should be taxed seven times the rate of a battery?

Mr. REED. Does the Senator want the answer now?

Mr. BULKLEY. Yes; I would like to hear an answer.

Mr. REED. Because it is imperative that the revenue be found and this is a convenient place to find it. If we are not going to have a uniform sales tax, a manufacturers' excise tax, we have to pick upon particular industries which are able to pay the revenue. That is the whole answer.

Mr. BULKLEY. Mr. President, I am glad to have so frank an answer. There is not the slightest contention that there is any fairness in it. It is only a question of dire necessity in raising the revenue.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. SMOOT. The original committee bill, imposing 10 per cent upon tires and inner tubes, was estimated to raise $40,000,000. The change that was made to 2¼ cents a pound on tires and 4 cents a pound on tubes is estimated to raise only about $30,000,000.

Mr. BULKLEY. Thirty million dollars is the Senator's estimate?

Mr. SMOOT. Yes.

Mr. BULKLEY. I will ask the Senator whether the House estimates as to the revenue from the tax on automobiles are substantially correct; that is to say, $44,000,000 at the rate agreed to upon automobiles and $4,000,000 at the rate agreed to on trucks. Is that correct?

Mr. SMOOT. I think those figures are correct. They are the Treasury estimates.

Mr. HAWES. Mr. President, will the Senator yield?

Mr. BULKLEY. I would like to comment on these figures first, and then I will yield.

Here is the situation. At the 3 per cent rate on automobiles and 2 per cent on trucks, there would have to be sales of automobiles and trucks amounting to $1,700,000,000 to produce the revenue that is expected, which revenue is $48,000,000.

As compared with that, the Senator proposes to take $30,000,000, about two-thirds as much as the yield on automobiles, out of tires and tubes, sales of which during this year will not exceed $400,000,000.

There can be no fairness in that. Even the argument of the Senator from Pennsylvania as to the necessity for raising revenue can not go so far as to justify that discrimination. I will state again the difference. It is proposed to raise $48,000,000 out of total sales of automobiles and trucks of $1,700,000,000, and it is proposed to raise two-thirds as much out of tires and tubes, with less than one-fourth that volume of sales.

Mr. REED. Mr. President, if the Senator's conscience is offended by the injustice of taxing tires from 6 to 8 per cent, I dread to think how badly he must have felt when he voted in favor of putting a tax on lubricants which ran up as high as 50 per cent.

Mr. BULKLEY. I did not vote for that tax, and do not believe in it.

Mr. REED. I am glad to know that. We put a tax on matches which runs up to about 30 per cent. We have legislated without regard to the justice of what we were doing to particular industries. We taxed the children's lollipops 2 per cent, under the action taken by the committee this morning; but we exempt the more expensive things which are used by the grown-ups.

Mr. BULKLEY. I appreciate the Senator's admission that there is no justice whatever in it; and I submit that the comparisons which he is making are not as much in point as the comparison which I am making.

Mr. REED. Does not the Senator think that the lubricant which goes into the automobile engine is just as necessary as the tire that goes on its wheels?

Mr. BULKLEY. Yes, Mr. President; and the tax on the lubricant is a perfectly outrageous one. I am utterly opposed to it.

Mr. REED. So am I; but if we are going to tax lubricants up to 50 per cent, we ought to raise the tire tax.

Mr. BULKLEY. I will do my best with the Senator to take the tax off lubricants; but I do not think that tax justifies the tax proposed on tires.

The man who uses the tires is exactly the same man to whom the Senator from Michigan [Mr. VANDENBERG] referred night before last. His income is about $2,500 a year. More than two-thirds of all the new cars bought in this country are bought by people with yearly incomes of less than $3,000. More cars are purchased by people with incomes under $1,400 than by those with incomes over $6,500.

Mr. REED. I do not know how anybody knows those statistics so well. But will not the Senator, before he sits down, tell us where to get the revenue if we follow his suggestion and reduce this tax?

Mr. BULKLEY. Mr. President, I will answer that very directly. The Senator from Utah, instead of comparing this tax with the tax proposed by the House, is assuming to compare it with a tax that was suggested by the committee to raise $40,000,000.

Since that suggestion was made, and in this very session here this morning, we have picked up more than $40,000,000 of taxes on other items.

Mr. SMOOT. Mr. President, we have to have the revenue from those taxes in order to provide for the action taken by the Senate. We are compelled to raise that amount of money, taking into consideration the amount we are to raise under the tire and tube item. If the tires and tubes are taken out, we will be just that much short.

Mr. BULKLEY. I question whether the Senator's figures will check. The only items on which the committee has been defeated are the taxes on automobiles and trucks, and there is a loss of less than $20,000,000, under the committee estimates, in those items, and certainly we picked up two or three times that amount this morning.

Now I yield to the Senator from Missouri.

Mr. HAWES. Mr. President, I am sympathetic with the Senator's position for this reason: A man buys an automobile approximately every two or three years, and he pays one tax upon it at the time of purchase. But during the two or three years' life of an automobile he buys tires and accessories continually. So, leaving the rate alone, it falls with a much greater burden upon the purchaser of tires, making these continuous purchases, than it does upon the original purchaser.

Mr. BULKLEY. Of course it does; and I thank the Senator for that suggestion. That is exactly what it does.

Mr. HARRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. BULKLEY. I yield.

Mr. HARRISON. I merely want to call the attention of the Senator to the fact that this morning the Finance Committee made it possible to create a deficit of $53,000,000 because of raising the exemption on admissions up to 30 cents and under. They expect to offer an amendment on that basis which will be pretty costly.

Mr. BULKLEY. Of course, that will have to be decided on its merits when we get to it.

Mr. President, I do not wish to detain the Senate longer. I submit that the tax proposed is unfair and unreasonable in itself. It is obviously unreasonable in comparison with the taxes which the Senate has agreed to on automobiles and trucks. The tax falls on the same individual that we undertook to relieve by refusing to consent to the committee's amendment proposing to increase the taxes on automobiles and trucks. I believe the Senate will want to put tires and tubes where they belong and consider them as automobile accessories.

By putting them in with the other accessories and taxing them at the same rate as other accessories we ought to save administrative difficulties concerning the refunds, as proposed by the committee, of the tire tax to manufacturers of automobiles, because the tax on tires as proposed by the committee will impose a tax on the manufacturers of automobiles of the difference between the automobile tax and the tire tax, and that, in addition to an added difficulty of administration, imposes another burden on the motor industry, which we ought not to impose, and which will be eliminated if we can agree upon putting tires and tubes among other automobile accessories.

Mr. FLETCHER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Florida?

Mr. BULKLEY. I yield.

Mr. FLETCHER. I understand the Senator is opposed to the committee amendment inserting the words "other than tires and inner tubes" in line 7. If the committee amendment is disagreed to, would that leave the bill satisfactory to the Senator?

Mr. BULKLEY. Yes; except that there are some other amendments of a similar purport that would have to be corrected at other places in the bill; but the principle of defeating the pending amendment would leave the bill exactly the way I think it ought to be.

Mr. President, may we have a vote on the amendment on page 247, so that the Senate may express itself as to whether tires and tubes ought to be included among automobile accessories?

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee. The Senator from Ohio asks unanimous consent to vote first upon the committee amendment proposed on page 247.

Mr. FESS. Mr. President, I hope the chairman of the committee will accede to the request of my colleague to vote on it first.

Mr. SMOOT. Mr. President, I do not think it ought to be done that way. We ought to go forward regularly.

Mr. FESS. Then I want to say something in my own right.

The PRESIDENT pro tempore. The senior Senator from Ohio is recognized.

Mr. FESS. Mr. President, I have gone along with the committee in voting for many excise taxes. I have accepted what appeared to be the lesser of the evils that have been proposed. We are all agreed that we have not any choice. We must make our income somewhere near what the outgo is to be in order to balance the Budget. I have gone along all the way with the committee on that proposition, voting under protest for a good many things that I would like to be relieved of voting for, but the situation is such that I have no choice.

I do not object to putting a tax on higher incomes. I think it is the proper kind of a tax. It strikes me that the only question that should be dealt with here is whether it would raise the revenue and enable us to do what we have to do. That is the only question involved when I come to voting on a matter like that.

The truth of the matter is that too great a proportion of our revenues is dependent upon the income tax. It is an easy way to get the tax when we have the incomes. It is an impossible way when we do not have the incomes. It is only on that basis that I have persisted and gone along with the committee on the income-tax rates, resisting other suggestions.

I have been sympathetic with what the committee is trying to do, but if we do not get the revenue that way, if it seems impossible to get it that way, then it is a question of either the excise tax or the sales tax. There will be some dispute when we reach that point, and no one at this stage can tell what the Senate will decide to do as between the two. But continuing the course that we must necessarily balance the Budget, I have gone along with the committee and voted against what the House recommended and voted with the Finance Committee on what they recommended. I have done that consistently, with the reason for it that ultimately it would balance the Budget.

On automobiles the House fixed a certain rate. The Senate committee increased that slightly, and I voted under protest with the Senate committee to have its rate adopted. I did it as to paragraph (a) and paragraph (b). I want to do it as to paragraph (c), but I am not to be given the opportunity. Because of some representations from some source the committee put into subsection (a) on page 245 a provision against the rubber item. Of course, I would vote against that as I have voted against every item of tariff on the tax bill. I have stated over and over again that if we could take these special elements that need protection and put them into an emergency tariff bill I would not hesitate but would enthusiastically support them, but I have taken the position, and I am going to continue it, that there ought not to be made out of this tax bill a mere tariff bill.

This item, however, that was put here in the form of a tariff item has been rejected and a substitute is being offered by the committee this morning. It is much better than what has been suggested on page 245, and I am glad that change has been made. But now I want to know why the committee, which has resisted the House provision and been turned down upon it as to automobiles, although not turned down by my vote, will not do the same thing with reference to tires that it has done with reference to the various other parts of automobiles. Why should we make one provision for one part of an automobile and a different provision for another part of the same automobile?

The Senator from Pennsylvania [Mr. REED] made the very frank statement that it is simply in order to get the revenue. I appreciate and sympathize with that view, but I do not

think that is the only alternative. On the other hand, time after time this morning we have reversed the recommendations of the committee and taken the House view on different items. We have done that as to more than seven or eight items this morning on the recommendation of the Finance Committee, and the Senate unanimously agreed to the recommendation. Through these votes we certainly have made up a definite amount of revenue that otherwise would be lost, and yet when it comes to the one item on which there is a tremendous effort to inaugurate business in America we are going to penalize it to an enormous percentage above what originally was recommended in the House bill.

In the House bill, on page 245, subsection (c) provided 1 per cent, which was increased by the Finance Committee to 2 per cent for the purpose of this section in subsections (a) and (b), where this percentage is found, including spark plugs, storage batteries, coils, timers, tires, inner tubes, tire chains, and so on. All of those items falling into the category of percentage fixed by the House were included except tires and inner tubes. The committee singles those two items out of the House provision, leaving in all the balance. The only reason they give for it is that we will not get the desired revenue by leaving in spark plugs and other items, so we will strike out tires and tubes in order to put a higher duty on them, leaving the duty on the other items at 2 per cent. In all probability the Senate will reverse it and make it 1 per cent.

Then it is proposed to place in a separate section the two items that we have taken out of this paragraph and impose a tax upon them of 6 or 7 per cent. Not a single reason is given for it except that we can get the revenue there and we are not sure that we can get it anywhere else. Therefore we must leave it in the bill as proposed by the committee. It does not appear to me to be rational that the only exceptions we are to make in the parts of automobiles, taxing them seven or eight times as much as other parts of automobiles, should be these two items. I do not think that lone exception is rational. It is not fair.

In these times when there seems to be an insurmountable wall of an economic tariff over which we can not get, when there is a damming up of all credits and all business activity, it would seem that the venturesomeness that is absolutely necessary if business is to start is being condemned and is being penalized. Everybody is expressing hope. With an enormous amount of money in the country, with the banks filled with money, but nobody else willing to run the risk, here is a group of business men with millions of dollars of investment who are willing to take the risk and to plunge ahead and start the stream over the wall, and in some way or other begin business activity. They are willing to do that, and yet they are to be singled out and penalized for doing the thing we are asking them to do. It is not only inequitable and unfair but it is irrational; it is unsound; and it does not seem to me that it comports with what all of us are attempting to do.

I am reminded of an object lesson that was given to me a few days ago. Some one spoke about a magnificent estate near by that had run down, and when it was asked why that estate had not been improved the reply immediately was made that the owners could not afford to do it; that if that estate were improved, immediately the tax to be imposed would constitute such a penalty that they could not afford to do anything with it; therefore they must leave it unimproved in order to avoid the penalty in the form of taxes which would be imposed by the Government. And that is what is going on here.

I am going with the committee all along in trying to balance the Budget. As I previously stated, I have voted for taxes which seemed to me to be exorbitant, but I had no choice. Now I appeal to my friend from Pennsylvania [Mr. REED], who is as much interested in this matter as am I, that we ought not to make this differentiation in subsection C, where the House put on a 1 per cent tax and we have raised it to 2 per cent; we ought not to make the differentiation by striking out tires and inner tubes and penalizing them by a tax seven or eight times as much merely for the sake of raising revenue. It seems to me it is unjustified and uneconomic, and I am hoping that the committee will agree to let the tires and inner tubes remain in this section subject to a flat tax the same as the other items.

Mr. HAWES rose.

Mr. FESS. I yield to the Senator from Missouri.

Mr. HAWES. While one pays one tax on an automobile he will probably pay endless taxes on inner tubes, so this proposed tax is not only excessive, but it is a pyramiding of the tax.

Mr. FESS. The Senator from Missouri is absolutely right; he made that observation a moment ago, and I thought it a very strong comment. In other words, we insist on penalizing these manufacturers for doing business.

So far as it is possible, I want to put the burden where there is a profit; but where the business is running at a loss and there are sufficient courage and patriotism to take the risk of continuing at a loss, I think the proposal further to penalize these manufacturers is wholly without justification. For that reason, I am going to appeal to the Senate committee to treat tires and inner tubes in the same way that they treat the other items. It seems to me that the revenue will not suffer seriously if we shall do that.

Mr. HARRISON. Mr. President, before we vote on this item I merely desire to say that it seems to me the committee has given proper consideration to those engaged in the manufacture of rubber. When this matter was considered in the House the rubber question did not arise. I think the Senator from Pennsylvania [Mr. REED] was the first one who ever mentioned the subject in the committee. Everyone at that time thought that rubber might be a very good commodity to tax. Consequently there was written into the bill first, I believe, a 5 cents a pound import duty on rubber. Then the thought occurred to us that that was not the best way to deal with the problem. We then changed the duty around to meet the wishes of the tire industry. Their representatives then came before us and we changed the duty again. They again came before us and we once more changed it. I want to read to the Senators a statement which the representatives of the rubber industry presented to the committee. Here is the language they employed:

> We propose to the Senate a plan, and alternates thereof, which will produce the revenue required and which will not destroy industry—
>
> We started out to raise $53,000,000 from this item—
>
> which will not be unfair to the small companies; which will not create monopolies of the large companies by destroying their competition; which will tend to stabilize an industry in great need, and will create a tax which must be passed on to the consumer.

Then it was, following the appearance of the representatives of the rubber industry before the committee, that the rate was fixed by the committee on casings at 3 cents and on tubes at 5 cents. Some question was raised that that might discriminate in favor of some wholesale dealers. The rate was then reduced to what is now recommended, 2¼ cents a pound on tires and 4 cents on tubes. By those reductions made by the committee after hearing from those interested and listening to their suggestions and trying to work out some plan the committee has lost $20,000,000 in revenue already; and if we shall strike out this provision and merely put a tax on accessories, the committee will lose $33,000,000 more in revenue.

Mr. BULKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Mississippi yield to the Senator from Ohio?

Mr. HARRISON. I yield.

Mr. BULKLEY. The Senator from Mississippi refers to our losing $20,000,000 of revenue. He does not mean to suggest that there ever was any proposal before the committee which would have secured that $20,000,000 other than the ill-advised suggestion of an import tax on rubber, which it has been abundantly demonstrated never would have yielded any such revenue.

Mr. HARRISON. It may have been an ill-advised suggestion——

Mr. BULKLEY. It was an impossible suggestion, and the Senator is talking about losing revenue that would never have been received.

Mr. HARRISON. Here is what the Senator from Mississippi is talking about. It may not be pleasing to the Senator from Ohio, but the fact is that when we first put an import duty of 5 cents on rubber we estimated, according to the Treasury figures, a revenue of $53,000,000. In adopting the other plan, following the suggestions of the rubber interests that it would be more equitable, that it would be fairer, we reduced the amount that it was estimated would be received, provided the recommendations of the committee go through, to $33,000,000. That is why I said we lost $20,000,000 by following the suggestions, in comparison with the revenue we originally started out to get.

Mr. BULKLEY. Mr. President, the Treasury estimate of $53,000,000 plus in revenue from import duties was never justified. There never was any possibility of raising any such amount of revenue.

Mr. HARRISON. I do not know; I am stating what the Treasury estimated.

Mr. BULKLEY. The Senator is familiar with the errors the Treasury Department has made.

Mr. HARRISON. I think the Treasury Department has made a number of errors.

Mr. BULKLEY. Yes; and this is one of them.

Mr. REED. Mr. President——

Mr. HARRISON. I yield to the Senator from Pennsylvania.

Mr. REED. I do not think it was an error. The average imports of rubber for several years past have been over 1,060,000,000 pounds per year. There is not one pound of it produced in the United States; we must import it. Of course, if the tariff duty were levied, there would be a temporary check in importations. The companies that have large inventories, which some of them have, would use up their tax-free inventories, but the smaller companies would have to import, and, after a year or so, they would all have to import, and the $53,000,000 estimate would be amply justified.

Mr. HARRISON. It was stated that there were stocks on hand and afloat, I believe, of 378,756,000 pounds, but they were in the hands of the big concerns and not the small ones.

Mr. BULKLEY. But the Budget we are trying to balance is for next year. The Senator from Pennsylvania quite freely admits that importations would be checked; so that there would surely not be $53,000,000, and possibly no revenue at all, from that source during the year for which we are making these valiant efforts to balance the Budget.

Mr. SMOOT. That is why the change was made.

Mr. BULKLEY. I am not taking exception to the change; the change was very wise; but I am taking exception to the presumption that $53,000,000 would be lost. There could not be anything lost in this instance, because we never had that revenue. The entire schedule of taxes in this bill only runs for a 2-year period, and we would not get $53,000,000 the first year, and would not get $53,000,000 the second year. It is perfectly clear that the Treasury in making the estimate of $53,000,000 did so simply on the basis of importations over a period of one, two, or three years—I think it was three years—and did not take into consideration the fact that imports have been exceedingly large during that period owing to the fact that the price of rubber has been going down and purchasers have been fooled several times as to the price level at which it would be a good place to stock up.

Mr. HARRISON. What I say to the Senator is that when we incorporated this item in the bill on the suggestion of the Treasury Department, with an estimate of $53,000,000 of revenue from rubber, that entered into the calculations in balancing the Budget, and when we now strike out $20,000,000 of it, we have got to raise that amount from some other source; and if we strike out $33,000,000 more we will have to tap some other reservoir.

Mr. FESS. Mr. President——

Mr. HARRISON. Already, may I say to the Senator from Ohio, even if we adopt the committee's recommendation on the rubber item, we will still be $30,000,000 short of balancing the Budget; because, although we have adopted various amendments brought in here to-day designed to yield, I think, something between $60,000,000 and $70,000,000, we took off the other day—I may not be exactly correct—about $20,000,000; and the Committee on Finance is going to recommend making the exemption in the case of the tax on admissions 30 cents and under. That will entail a further loss of revenue of $53,000,000. If we continue to strike out this and that, we can see that, after a while, we will have no revenue left. I hope that the amendment as recommended by the Committee on Finance will be adopted.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HARRISON. Yes; I yield.

Mr. FESS. If we should lose the $20,000,000 on this item, I understand that by placing back in the bill the tax on cosmetics we will make up that amount.

Mr. HARRISON. We will make up about $12,000,000 on the cosmetics item.

Mr. FESS. Have there not been put back in the bill a number of other taxes?

Mr. HARRISON. Yes; and in the total, including cosmetics and the other items, the yield will be somewhere between $60,000,000 and $70,000,000.

Mr. LA FOLLETTE. Mr. President, if the Senator will yield, I think he has placed the estimate a little high. I think the amount of revenue which will be obtained from the taxes referred to will be $58,000,000.

Mr. HARRISON. I will accept the suggestion; around $60,000,000.

Mr. FESS. We still have the alternative of putting a tax either on rubber, on the automobile users, or of putting it on the people who go to picture shows.

Mr. HARRISON. May I say to the Senator I voted in the committee to have no exemption on admissions, because I thought that was one source from which we could obtain $110,000,000 of revenue.

Mr. FESS. That is where I would go for it.

Mr. HARRISON. But I realize that the motion-picture people have made such headway that they are going to be able to have the exemption lowered. We had hoped that the committee recommendation of an exemption of 30 cents and under would be accepted by the Senate, and, while by that we would lose $53,000,000 in revenue, if we should accept the House provision of an exemption on admissions of 45 cents and under we would lose $80,000,000. So we are merely trying to get revenue in proceeding in that way.

Mr. FESS. Mr. President, will the Senator yield further?

Mr. HARRISON. The Senator must remember, too, that on yesterday on the two items touching automobiles and trucks we lost $16,000,000 of revenue from that source.

Mr. FESS. I voted with the Senator on those items.

Mr. HARRISON. I know the Senator did.

Mr. FESS. I should like to ask the Senator another question. The House provided a tax on tires and inner tubes of 1 per cent, did it not?

Mr. HARRISON. Yes.

Mr. FESS. Did not the House have before it the facts as to the Treasury situation?

Mr. HARRISON. Oh, I suppose they did; but the Senator will recall that they put on some other taxes to raise revenue which the Senate committee has knocked out. They put on a normal tax on dividends of corporations amounting to $80,000,000. They sought to raise $74,000,000 from stock transfers. We thought that would be unfair to business, and so forth, so we struck out those taxes, and we are trying to deal with the matter in this way. The rubber people say it will not destroy their industry. No doubt they do not want it. Nobody wants it. We do not like to put it on them; but if we strike out this item, we will be striking out a revenue of $33,000,000, and it is going to be difficult to go out and get this money from some other source. I do not know where we are going to get it.

Mr. FESS. Mr. President, if the Senator will yield, I do not mean to strike it out. I mean to include it as the House put it.

Mr. HARRISON. Yes; but we would get only about $3,000,000 from that source if we put it on accessories.

The PRESIDENT pro tempore. The junior Senator from Ohio [Mr. BULKLEY] asks unanimous consent to vote first upon the committee amendment on page 247, and then to vote upon the amendment of the committee proposed this morning. Is there objection? The Chair hears none.

Mr. BULKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Schall
Bailey	Cutting	Jones	Sheppard
Bankhead	Dale	Kean	Shipstead
Barbour	Davis	Kendrick	Shortridge
Barkley	Dickinson	Keyes	Smith
Bingham	Dill	King	Smoot
Blaine	Fess	La Follette	Steiwer
Borah	Fletcher	Lewis	Stephens
Bratton	Frazier	Logan	Thomas, Idaho
Broussard	George	McGill	Thomas, Okla.
Bulkley	Glass	McNary	Townsend
Bulow	Gore	Metcalf	Trammell
Byrnes	Hale	Moses	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hastings	Nye	Wagner
Carey	Hatfield	Oddie	Walcott
Cohen	Hawes	Patterson	Walsh, Mass.
Connally	Hayden	Pittman	Walsh, Mont.
Coolidge	Hebert	Reed	Watson
Copeland	Howell	Robinson, Ark.	Wheeler
Costigan	Hull	Robinson, Ind.	White

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, there is a quorum present.

Mr. PITTMAN. Mr. President, as one Senator, I find it very difficult to vote for these committee amendments.

I may say that I am not satisfied personally with any of the results we are accomplishing. There is no doubt that the charge that we are attempting to pick out special industries for taxation is true. It is quite doubtful in many cases whether it is entirely fair or whether it will obtain the results that we seek.

If I were only satisfied with balancing the Budget as the Budget seems to be anticipated by the administration, it would not be a matter that would be very material to me; but as one of those who feel that it is essential in some way to raise more money to meet destitution in this country and to carry on the productive works of the Federal Government, I feel that this whole process of raising money is going to be unsatisfactory.

I have constantly opposed a manufacturers' tax or a sales tax because I believe that it is in the nature of a per capita tax. I think the fairest tax we ever inaugurated in this country was the income tax. It is based on a sound principle, in my opinion. We are told, however, that there is a limit to the return from an income tax as the rate is raised. That may be true to a certain extent; but I do not believe it is absolutely true in any sense of the word, because I believe that the experience of the income-tax collections in England absolutely refutes it.

I have always wondered how Great Britain could collect income taxes all the way from twice to ten times as high as our income taxes, even during periods of depression far greater than ours at the time they were collected, and without complaint. The theory that if we do not collect income taxes the incomes not collected will go into industry has not proven to be a fact. The enormous amount of capital in the banks of the country to-day is not going into industry. When industry has five times as much money already invested in it as it can earn a reasonable rate upon, no more money is going to be put in it. Industry is not going to borrow money when it can not make a profit on it above the interest. Banks are not going to lend money to industries that can not make a profit on their business.

I realize that this legislation is only emergency legislation that will exist, I believe, for a period of two years—at least, it should be limited to that. We should treat it exactly as war emergency legislation, in my judgment. I believe that the legislators in this body and in the other House will have to reach a compromise. Human nature has manifested itself here in a way that everyone understands. Everyone wants to raise revenue to balance the Budget, and yet the constituents of every Senator here are opposed to a tax on those things that they produce. That attitude is reflected in the votes of Senators, and it is natural that it should reflect itself in their votes.

I wish to state personally that I have arrived at the point where I am prepared and willing to vote for a manufacturers' sales tax along the lines suggested by the Ways and Means Committee of the House, with the exceptions provided in the report of the Ways and Means Committee of the House, provided that those in this body who have opposed an increase in the income taxes over and above those reported in this bill by the Finance Committee are also willing to make concessions and vote for a substantial increase in the income taxes over and above those reported in the bill coming from the Finance Committee.

If that is done, the people of this country will make a sacrifice in bearing an increased burden which they can not well afford to bear, and the capitalists of this country will bear a burden far greater than now for the more rapid balancing of the Budget, and—what to me is far more important—the furnishing of an extra supply of funds to the Federal Government for meeting the tremendous emergency that now confronts this country.

Mr. President, I sincerely hope that the members of the Finance Committee will enter into a conference immediately with those who have most intensely opposed an increase in the income-tax schedules to ascertain whether or not that kind of compromise can be brought about, and let us cease the character of contest that is now going on.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. CONNALLY. Let me suggest to the Senator that it will not do a bit of good to have the Finance Committee reconvene to discuss the income-tax rates. The Finance Committee is against any increase. They tell us, as did the Senator from Pennsylvania yesterday, that the country is facing a tremendous situation, and all that sort of thing, but they will not raise the rates a dollar, because they say that it would drive all the wealth into tax-exempt securities.

That is in the face of the fact, let me say to the Senator, who adverted to the British situation, that in Great Britain the income tax starts with incomes of $800, with a 12½ per cent normal tax, and runs up to as high as 66 per cent. That is what the British do, and the British have not any general sales tax, either.

The committee and the Senate have voted down the rates proposed by myself, and the rates proposed by the distinguished senior Senator from Michigan [Mr. COUZENS], and whatever is done about the income tax is going to have to be done here on the floor of the Senate. There is no sense having the committee kill any more time, because the committee is not going to do what the Senator suggests. I will say, however, that the committee does not represent my views, as the Senator very well knows.

Mr. BINGHAM. Mr. President, will the Senator from Nevada yield?

Mr. PITTMAN. I yield.

Mr. BINGHAM. The Senator from Texas and the Senator from Nevada have both referred to the very high income taxes paid and collected in England. In England there is not an enormous amount of tax-exempt securities on the market ready to be picked up, which in this country exceed $20,000,000,000 in value. That is the reason why it is so easy for those who have to pay very high taxes in this country to escape, and why in England it is easy to collect high taxes, because there are no tax exempts.

Mr. PITTMAN. Mr. President, I am not interested in the question as to whether capitalists can escape in this country and can not escape in England. I am interested only in the question as to whether or not those Senators who are in closest touch with income-tax payers are willing to increase the burdens on them to a reasonable extent, if those who are in touch probably more closely with the poor people in this country are willing to join them in settling this whole ques-

tion of distributed taxation by voting for a manufacturers' sales tax.

Mr. REED. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. REED. Does not the Senator think that when we have raised the income taxes on large incomes to 54 per cent, we have gone up about as far as reason would justify our going?

Mr. PITTMAN. The Senator is dealing with the highest brackets. I am dealing, in my mind, with the intermediate brackets, on which far more income could be raised.

Take, for instance, the amendment offered by the Senator from Texas, called the Connally amendment, based on the 1922 rates. I am not competent to say whether or not that is an ideal scale, but it was in existence in this country for a while. That was proposed and voted down by a vote of 46 to 31. The rates were not nearly as high as those in the amendment offered by the Senator from Michigan [Mr. COUZENS] on the higher brackets. They were just as high, if not higher, on some of the intermediate brackets.

What I want to know now is whether it is impossible for those who feel that they represent the poor people of this country, on account of the localities, we will say, in which they live, where poor people do exist, to meet with those who represent constituencies where the great wealth of the country is in increasing the burdens of both classes so as to avoid the constant skipping around the edge of whether or not we are going to balance the Budget; and, even if we balance the Budget, whether we will have anything left after we balance it with which to meet the real obligations of this Government toward its destitute people and its unemployed. That is what I want to know.

Mr. REED. Mr. President, I think we have already gone more than half way in that direction. We have more than doubled the income taxes which will be paid by all classes of income-tax payers from the smallest to the biggest. We know that if we raise those income-tax rates further on the big incomes the yield will be perfectly negligible. We can tax the big incomes up to 80 per cent if we wish, and we would not add more than four or five million dollars to the revenue of the United States, because those incomes have well-nigh disappeared.

Having more than doubled the income-tax rates, is it unfair or unreasonable to ask the Senate to consider a general manufacturers' excise which will exempt the food of the poor man, which will exempt the clothing of the poor man, which will exempt the medicine he uses, which will exempt the fertilizer and the agricultural implements the farmer buys, which will exempt the tools of the workman? Tell me, pray, after we have excluded rent, food, clothing, and tools, how much there is left in the spending of the average poor man, about whom we are talking, to bear this manufacturers' excise tax? Have we not gone to the extreme of reasonableness when we have made those concessions of which I speak?

Mr. PITTMAN. What does the rich man buy that the ordinary farmer and the ordinary laborer is not entitled to buy?

Mr. REED. What does he have that the ordinary man does not? All that great group of luxuries and comforts which the rich man is able to get for himself; and we tax every one of those. The human stomach is about the same size, regardless of the wealth of its owner. A man can eat only a certain amount, and can wear only a certain amount. But when we get into the class of the luxury purchases, when we get into the class of all the purchases in general industry——

Mr. PITTMAN. What are the luxury purchases? What does the Senator call "luxuries"?

Mr. REED. I should suppose the Senator would know as well as I.

Mr. PITTMAN. The Senator has them in mind. I want to know what is a luxury for a rich man that is not a luxury for a poor man, what a rich man enjoys that a poor man is not supposed to enjoy. Name some of them.

Mr. REED. Think of all the articles which go to decorate the house of the Senator from Nevada, or the homes of the rest of us, for that matter—all the rugs, totally tax free under this bill; all the paintings on the wall, totally tax free under this bill. We are taxing the baby's lollipop, which costs a cent. We tax the chewing gum which some school child will use. But the rich man may fill his house with treasures from around the globe, and he gets them in tax free. All he spends to get himself additional comfort is tax free. The fur coat he wears, if you please, and all such things, we exempt from taxes. Then we tax the humbler things, like the little mechanical refrigerator, perhaps, or the two or three dollar camera, or the $5 watch. Those things we tax, and we think we are making a sound sales tax out of this bill. I say that if we would make it uniform, we could strike out all these wretched nuisance taxes against which Senators, first from one State and then another, are protesting.

I agree with the Senators from Ohio that the tax proposed on tires is a highly unfair tax. It is only made necessary by the refusal of the Senate to do the logical thing and put a low tax on everything.

I agree with the Senators from Michigan that the tax on automobiles is indefensible. There is no reason why their industry should be picked out for slaughter, and every brickyard and tannery and what not should go scot free. There is no sense in that. But it is the way this bill is constructed.

I agree with the Senators from Nevada and the other Western States that there is no reason for singling out silver for an exception in taxation. Everything ought to go in under a very low general tax, such as that proposed by the Senator from Montana. Those Senators are perfectly right when they complain. But their complaint should not be directed to the committee. The committee has been forced to resort to these special taxes. Yet no one can see their unfairness more clearly than I.

Mr. WALSH of Montana. Mr. President, I should like to ask the Senator from Pennsylvania just exactly what class of people he would like to reach by the sales tax who ought not to be reached by increased income taxes?

Mr. REED. Mr. President, I would like to reach that great multitude of the American citizenry which is able to spend for something more than the necessities of life.

Mr. WALSH of Montana. Exactly.

Mr. REED. And that is what the manufacturers' excise tax would do.

Mr. WALSH of Montana. Would not the income tax do just exactly the same thing?

Mr. REED. Absolutely not. We know that it does not.

Mr. WALSH of Montana. Why not?

Mr. REED. Because the figures show that only about half a million people pay the vast bulk of the income taxes.

Mr. WALSH of Montana. The figures given us here show that those having incomes of from $5,000 to $50,000 pay the great bulk of the revenue that would be realized under the amendment proposed either by the Senator from Texas or the Senator from Michigan.

Mr. REED. Yet under that figure of $5,000 go hundreds of millions and billions of dollars of expenditures for luxuries.

Mr. WALSH of Montana. Exactly. It is the people having the small incomes, lower than $2,000, whom the Senator desires to reach.

Mr. REED. Absolutely not.

Mr. WALSH of Montana. Very well. If it is those with incomes above $5,000, then, why are they not reached by the income taxes? They pay only when they have net incomes. These others the Senator desires to reach do not have any net incomes. If they did, they would fall under the income tax laws. He wants to reach those who do not pay on net incomes.

Mr. REED. Perhaps the Senator knows what I want better than I do.

Mr. WALSH of Montana. I should have said, the logical result of what the Senator desires.

Mr. REED. I was not offended. I ought to add that there are to-day in the United States many great fortunes which are utterly untouchable under our income tax laws, and suggestive cases will instantly spring to the Senator's mind, I

know, many very rich men whose capital is so invested that it is beyond our reach in income taxation.

I think, for example, of the William Rockefeller estate, which was almost entirely invested in tax frees. The only way we can reach a man of that sort and make him contribute his fair share toward the cost of government is by taxing his spending, because he and others like him are firmly intrenched behind a mass of more than $20,000,000,000 of totally tax-exempt securities.

When we come to contrast our income tax with the British, there are two things we must bear in mind. The first is that they do not have that problem of tax-free securities that we have. The second is that they do not include in income capital gains in the sense that we do. It is possible for one in Great Britain to create a fortune practically tax free. It is not possible in the United States.

When we talk of taxing the large incomes, I beg the Senator to remember that most of the so-called large incomes that are reached by the higher rates are the products of the labor, the toil, the perseverance, and the risk of the men who are creating wealth. They are not the incomes which are settled returns from invested capital; and experience shows that.

Mr. WALSH of Massachusetts. Mr. President, will the Senator permit me to add just a thought to what he has said?

Mr. REED. Gladly.

Mr. WALSH of Massachusetts. Furthermore, in this country the several States impose income taxes, a situation which is not found in Great Britain.

Mr. WALSH of Montana. Mr. President, if the Senator from Nevada, who has been very kind, will indulge me just a moment further, I desire to say that apparently the one answer to raising revenue from income taxes, so far as it is necessary to do so, is the tax-exempt-security matter.

The Senator tells us that these tax-exempt securities are in the hands of the great wealthy people of the country. The Senator ought to give us some information on the matter. The Senator from Michigan [Mr. COUZENS], it seems to me, really disposed of that contention most effectively the other day when he showed us the total amount of tax-exempt securities in the great estates of the country that pay estate taxes. That is the basis upon which we must form our conclusions, as it seems to me. What have the great estates shown in respect to the ownership of tax-exempt securities? I think it is perfectly gratuitous to say that the tax-exempt securities are held by the great estates and are not held by the small investors, widows, small estates, and that sort of thing.

Mr. REED. No matter by whom they are held they ought to be taxed. The Senator from Michigan gave us a list of several hundred estates the other day.

Mr. WALSH of Montana. My understanding was he gave us all of the estates with all of the tax-exempt securities and pointed out certain estates as indicative of the amount they hold.

Mr. REED. He gave us a list of several hundred, I believe. Perhaps the Senator from Michigan can tell us how many there were.

Mr. COUZENS. There were 285 estates of decedents who died from December 1, 1928, to January 31, 1932, and I gave only those in excess of $3,000,000. Of that amount there was $2,700,000,000 of assets and only $300,000,000 in tax-exempt securities.

Mr. WALSH of Montana. And the Senator gave us the total amount of the assets during that period and the total amount of tax-exempt securities.

Mr. REED. And there were only $300,000,000 of tax-exempt securities. Let us consider that for a moment. There were over $316,000,000 total tax-free securities in those estates. The total assets appraised as of the date of death was $2,700,000,000. At this present moment we all know by our own experiences that the common stocks that made up the great mass of that inflated value have shrunk to about 10 per cent of their value in 1929. If we were to take those same estates to-day, and make the same comparison, I venture to say the tax-frees would constitute over 50 per cent of the net value of the estates.

In many of the States, and I looked over the list, the tax-free securities constituted more than 50 per cent of the total value of the estates even of people who died when their common stocks were selling at boom prices, and to-day they would constitute 90 per cent or more of those same estates.

We have typical cases. Take the Donnelly case in Chicago that has been talked of so much. He died supposedly worth many, many millions. Most of the property of the estate was Montgomery Ward stock. To-day it will not sell for enough to pay the Federal estate tax, but the survivors of that group have very, very large amounts of it.

Mr. WALSH of Montana. It seems to me that when we come to consider what the investor does with his money the big investor who is subject to the income tax, we ought to take into consideration what he does in normal times, and not what he does under these depressed conditions.

Mr. REED. Very good. When we consider that we are now taxing the highest brackets 45 per cent surtax under the bill, plus 9 per cent normal tax; when we consider that we are denying to those taxpayers the right to deduct their losses on securities except in so far as they are matched by capital gains or gains on securities during that year; when we consider that the same taxpayers have to pay in many States income taxes to the separate States, then we realize that the burden of tax that we are piling on the so-called big fortunes approaches confiscation.

Mr. WALSH of Montana. Leaving out of consideration the big taxes, they are obliged to pay the taxes anyway. It is a question of whether we will tax them upon their incomes or upon what they buy. It is simply a question as to where we are going to put the weight of the thing.

Mr. REED. Of course, that is true. The taxes we gather here in Washington are going to come from living beings who constitute the American Nation. The problem is whether we are going to base that tax system solely upon that narrow base which is the net income of a limited number of persons, or whether we are going to put it on the broader and more stable base of the spending of a whole citizenry over and above the necessities of life. It seems to me that a proper tax system may well include both features.

We have seen it proven very clearly that net income tends to disappear entirely in times like this. The base of the tax disappears. The yield of the personal-income tax has fallen this year to something like one-fifth of what it was two years ago—and why? Because the base, the income on which it is founded, has itself disappeared.

I am not pleading for the abolition of the income tax, but I am saying that a sound fiscal system will include also levies upon something more stable than net income. When we come to the spending of the people for those things above bare necessities, we have a more stable base that will stand us in good stead in times of depression like this.

Mr. PITTMAN. Mr. President, I deduce from the entire speech of the Senator from Pennsylvania in answer to my question just two things: The first argument is that we can not collect much. Let us try that. That will end and dispose of that argument.

His argument against the injustice of it has not been very forceful. In fact, I am not sure that we need any argument against the principle of people paying taxes in cases of emergency in proportion to their ability to pay. But I will come back to the proposition of asking him what the farmers as a class, who are very poor now, should not have that the rich should have because it is a luxury. He spoke of a carpet. Nearly every farmer in the country in the past had a carpet. They are entitled to have them even now, but I doubt if they are able to buy any more. He spoke of hangings on windows. Every farmer in the past has had hangings of some kind on windows, probably not as valuable as some other hangings, but nevertheless they had hangings on their windows. I know of nothing—with the exception of a few things we might say like expensive paintings by

fine artists or great pieces of jewelry—which under the manufacturers' tax would not reach most of the poor people of the country. I think the effort to try to distinguish between what the poor people can not have and what the rich people have applies to only a few things.

I think the Senate will conclude—and so will the country, from the colloquy that has taken place here—that if we of the Senate, who are identified with a constituency of poor people, are willing to compromise by submitting to a per capita tax on them in the nature of a manufacturers' tax, then it is our duty to insist that all money necessary above that, for taking care of the destitute in this country and the relief of unemployment, shall be obtained out of the incomes of the people of the country. When we place a manufacturers' tax on top of them, we place on them all that can be placed and therefore we have to seek for the rest of the necessary funds from the income tax.

I would otherwise be totally unwilling to vote to place this burden upon the poor of my constituency—and they are practically all poor to-day because they are farmers and miners, members of destroyed industries. But I would do it if there would be taken out of proposed legislation the cutting down by 10 per cent of the salaries of Federal employees, whose salaries never did move up as did the wages and salaries of private industry. I say when it is attempted to cut down by 10 per cent the salary of the wage earner, it is a proposal to take 10 per cent of his capital, not of his income.

Every wage earner in the employ of the Government spends every cent he has every month because he could not live decently without doing it. When he becomes ill and can not earn a wage his capital is gone. When the man who lends a million dollars becomes ill his capital is drawing interest and an income. Take 10 per cent off that million dollars of capital and we take far more from him than we would by taking all of his income, because we are taking that which earns income. But I say that when we take away 10 per cent of the necessary living expenses of the wage earner we are taking away 10 per cent of his capital, because every cent of it is necessary to his existence.

I am endeavoring to urge the Senate to do something bold, something unselfish, not only for the purpose of taking away the capital tax of 10 per cent on the wage earners of the country, not alone for the purpose of balancing a budget that means bare existence, but for the purpose of balancing a budget that does away with the necessity of this cut of 10 per cent in the wages of those people and, in addition, that which will make available to the Treasury of the United States enough money to meet its necessary duty toward the destitute of the country where the local authorities, the municipalities and the States, have found that they have exhausted all their resources.

I want a sufficient fund for the purpose of enabling the Government to go on with its normal and natural development in the country. It can not be done under the terms of this bill as it is now before us, and we know it is impossible. Therefore I am willing to vote for the per capita tax if Senators on the other side of the Chamber have enough bold and unselfish courage to face the necessity of increasing the income tax upon the income-tax payers of the country. If they are unwilling to meet that compromise, then, of course, I will financially die with the poor constituents of my State like those Senators will probably die with the rich constituents of their States.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Nevada yield to the Senator from Michigan?

Mr. PITTMAN. I yield.

Mr. VANDENBERG. May I say to the Senator that when he is proposing a meeting of minds and joint action between those two schools of thought—the one which believes in a higher income tax, the other which believes in a broader manufacturers' production-tax base—he is reflecting precisely my own state of mind; and I hope he persists in his aspiration. I think the 1922 income-tax rates should be joined with a manufacturers' production tax, with necessities exempted, which would permit the elimination of all special taxes from the bill and create a simplified and equitable and reliable revenue.

Mr. PITTMAN. Then, Mr. President, the rather presumptuous injection of myself into this debate is entirely justified by the statement of the Senator from Michigan. I had been discouraged by the hopeless statement of the Senator from Pennsylvania, but now I know in my own mind that there are enough Senators of a broad and unselfish vision such as the Senator from Michigan on the other side of the Chamber and on this side of the Chamber to get together and reach a compromise whereby we shall do our duty in levying taxes equitably and fairly upon all the people of this country and thus end this foolish talk about balancing an insufficient Budget; to the effect that the credit of the Government is not good; that it can not pay its bonds; that it can not do its normal natural work as a government; that it can not perform its duty toward its destitute. When that shall have been accomplished this whole situation will end. While probably we can not get the Finance Committe to act, because they have reached a distracted condition in which we can not expect them to act, there are individual Senators in this body, such as the Senator from Michigan and Senators on this side, who will meet informally; and I think we have enough votes, including both sides of the Chamber, to pass legislation of the character I have suggested without regard to the pessimistic speeches that have been made on either side of the Chamber.

Mr. LEWIS. Mr. President, I desire the attention of the Senator from Pennsylvania in respect to a query which I wish to make of him. I address myself to the Senator from Pennsylvania, who is, as we know, an eminent and influential member of the Finance Committee. I am attracted by his statement in the colloquy we have just heard that this vast amount of tax-exempt securities ought to be taxed. I am greatly moved to the thought that that suggestion ought to receive affirmance in very high direction; and I should like to ask the Senator from Pennsylvania to inform me if, in his legal opinion, which is respected in this body, he can conceive of a way to tax those securities that have already been issued? How far have we the power to strike out the exemption and put a limitation upon it and impose a tax upon those securities as they now rest in the possession of their owners?

Mr. REED. Mr. President, I am very clear that we have not the power to subject tax-exempt securities to the income tax as such. We, of course, have the power to tax them under the estate tax and under the gift tax, but the income accruing annually on such securities is beyond our power to tax, as has been decided by the Supreme Court of the United States. My thought is that a manufacturers' excise tax—sales tax—does to some extent reach the spending of that tax-free income. That was the thought I was trying to express.

Mr. LEWIS. I will say to my able friend that I conferred with my colleague here at my side, the Senator from Montana [Mr. WALSH], for whose legal opinion we all likewise have great respect, as we have for that of the Senator from Pennsylvania, and I dare offer the thought that these tax-exempt securities nevertheless from now on at the instance of the Government could have a burden laid upon them by the Government in the form of a tax for the enjoyment of income contracted in the body of the bond, and in that manner obtain from them a proportion of tax relief; but lawyers such as my friend the Senator from Pennsylvania [Mr. REED] and my friend the Senator from Montana [Mr. WALSH], I think, do not agree to my idea.

I must therefore say that if the Senator from Pennsylvania, an active and conscientious member of the Finance Committee, can, upon reflection, see no relief in the way of the taxation of such securities as are marked tax exempt, what avail in any way, so far as providing revenue for the Federal Government are the tax-exempt securities issued by our Government in any form whatever?

Mr. REED. The only way we can reach them is through the estate or gift tax.

Mr. LEWIS. Does the Senator mean the Federal estate tax or the State estate tax?

Mr. REED. Both.

Mr. LEWIS. Possibly so. I thank the Senator from Pennsylvania.

Mr. HAWES. Mr. President, it is quite apparent that the Senate Committee on Finance is undergoing to a degree the same treatment which was accorded the recommendations of the Ways and Means Committee in the House. Nobody likes to pay taxes. A program was proposed there, possibly hurriedly, possibly without the alternatives being well understood. The Senate has had the benefit of the discussion in and the experience of the House, and now the Finance Committee is beginning to secure the benefit of the experience of the Members of the Senate.

We have had two income-tax proposals before us, one a very extreme measure, as I thought, offered by the Senator from Michigan [Mr. COUZENS]; then there were the income-tax proposals reported by the committee; but in between there came what was called the Connally amendment. I voted against that amendment; but we are rapidly approaching a time when we must send to the House a definite program. Is it not a fair compromise to put an added burden on incomes to the extent provided in the Connally amendment and then get rid of the "nuisance" taxes? We have seen the injustice of those taxes.

Senators are not going to vote for a tax on checks, in my opinion, when they know what it means. I do not believe they will tax amusements, because if there is ever a period in a nation's history when its citizens want and need amusement it is when the nation is in distress.

I believe that out of this confusion there is going to be evolved a compromise plan that will involve a limited manufacturers' license tax, eliminating medicines, eliminating clothing, eliminating food, eliminating agriculture, and confining it to a few commodities. Such a tax would bring a definite, certain sum of money; the rates of the CONNALLY income-tax proposal would bring another definite sum, and the two together would balance the Budget in the most painless way of which I know, to both the consumers and those who pay income taxes.

Senators may call it a compromise if they please, but to me it is just an intelligent understanding of the situation which has developed through no fault of the House and no fault of the Senate, but because of the unusual emergency that confronts our Nation.

The PRESIDING OFFICER. The clerk will report the pending amendment.

The LEGISLATIVE CLERK. On page 247, line 7, after the word "accessories" it is proposed to insert the words "other than tires and inner tubes."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BULKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Shipstead
Bailey	Cutting	Jones	Shortridge
Bankhead	Dale	Kean	Smoot
Barbour	Davis	Kendrick	Steiwer
Barkley	Dickinson	Keyes	Stephens
Bingham	Dill	King	Thomas, Idaho
Blaine	Fess	La Follette	Thomas, Okla.
Borah	Fletcher	Logan	Townsend
Bratton	Frazier	McGill	Trammell
Broussard	George	McNary	Tydings
Bulkley	Glass	Metcalf	Vandenberg
Bulow	Gore	Moses	Wagner
Byrnes	Hale	Norbeck	Walcott
Capper	Harrison	Norris	Walsh, Mass.
Caraway	Hastings	Nye	Walsh, Mont.
Carey	Hatfield	Oddie	Watson
Cohen	Hawes	Patterson	Wheeler
Connally	Hayden	Reed	White
Coolidge	Hebert	Robinson, Ark.	
Copeland	Howell	Robinson, Ind.	
Costigan	Hull	Sheppard	

The VICE PRESIDENT. Eighty-one Senators having answered to their names, a quorum is present. The question is on the committee amendment on page 247, line 7.

Mr. BULKLEY. Mr. President, I have said all I want to say in the way of argument on the tire-tube tax; but I desire to take one minute to make sure that the Senate understands the question that is being voted upon.

Tires and tubes were taxed, along with other accessories, at 1 per cent as the bill passed the House. The Senate Committee on Finance recommended an increase in that tax to 2 per cent, and last night the Senate voted that increase. Now the pending amendment is proposed by the committee to lift out tires and tubes from the other accessories, with the intention on the part of the committee of proposing a special tax on tires and tubes which runs as high as four times the tax on other accessories as applied to tires, and as high as seven times that tax as applied to tubes.

The effect of defeating the committee amendment now about to be voted upon—which I hope will be defeated—will be to leave tires and tubes as they should be, under the definition of accessories, and tax them at 2 per cent. This will yield a revenue of about $3,500,000 more than the tire and tube tax in the bill as it passed the House.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BULKLEY. Yes.

Mr. KING. Is not this in part, at least, to take the place of the proposed tax upon rubber, which had many advocates?

The Senator knows that before the committee the plan was suggested, and some of the rubber men, as I understand, acceded to it, that there should be an excise tax upon rubber. That was eliminated; and this, in part, takes the place of that.

Mr. BULKLEY. I am familiar, of course, with the fact that a tax was proposed on imports of rubber, and it was advocated by some members of the tire trade—possibly some of those who had large stocks of rubber on hand which would be valorized by an import tax. It was not approved by the majority of the rubber trade and would never have yielded the amount of revenue which the Treasury estimated.

Mr. SMOOT. Mr. President, I simply want to say that this amendment was put in here according to the representations made to the committee by interested parties in the rubber business.

We first imposed on raw rubber a tax of 5 cents a pound. Then the committee ascertained that the amount of rubber on hand was such that we would get no substantial revenue from that tax during the coming year. Then the question arose where we should get the revenue to cover the amount that we expected to get from raw rubber. We discussed this question with the rubber people themselves, and we then decided to put a tax upon tires and tubes.

After that the question came up whether tires and tubes should include the steel rim and other steel parts of the tire. Then we rewrote the amendment and eliminated that and put the tax upon the rubber itself.

I want to say further that this particular amendment appears on page 247, line 7. There are about three or four similar amendments, the wording being "other than tires and inner tubes."

I sincerely trust that after what the committee has done to try to follow, as best it could, the wishes of those interested in this industry, they are going now to support the committee.

The VICE PRESIDENT. The question is on the amendment of the committee on page 247, line 7.

Mr. HARRISON. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a general pair with the senior Senator from Alabama [Mr. BLACK]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and will vote. I vote "yea."

Mr. JONES (when his name was called). Making the same announcement as heretofore with reference to my pair, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). I have a pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote on this question, I withhold my vote. If privileged to vote, I should vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote on this question, I withhold my vote.

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. I am unable to secure a transfer and therefore withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SCHALL] with the Senator from Illinois [Mr. LEWIS];

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY].

Mr. SHEPPARD. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. PITTMAN], and the Senator from South Carolina [Mr. SMITH] are necessarily detained on official business. I also desire to announce that the Senator from Louisiana [Mr. LONG] is paired with the Senator from Illinois [Mr. GLENN].

The result was announced—yeas 39, nays 36, as follows:

YEAS—39

Bailey	George	Kendrick	Reed
Barkley	Gore	Keyes	Robinson, Ark.
Blaine	Hale	King	Sheppard
Borah	Harrison	La Follette	Shipstead
Bratton	Hastings	McGill	Shortridge
Cutting	Hatfield	McNary	Smoot
Dale	Hayden	Metcalf	Thomas, Idaho
Davis	Hebert	Moses	Wheeler
Dickinson	Howell	Norbeck	White
Dill	Kean	Norris	

NAYS—36

Bankhead	Cohen	Glass	Steiwer
Barbour	Connally	Hawes	Stephens
Bingham	Coolidge	Hull	Trammell
Broussard	Copeland	Johnson	Tydings
Bulkley	Costigan	Logan	Vandenberg
Bulow	Couzens	Nye	Wagner
Capper	Fess	Oddie	Walcott
Caraway	Fletcher	Patterson	Walsh, Mass.
Carey	Frazier	Robinson, Ind.	Walsh, Mont.

NOT VOTING—21

Ashurst	Goldsborough	Neely	Townsend
Austin	Jones	Pittman	Waterman
Black	Lewis	Schall	Watson
Brookhart	Long	Smith	
Byrnes	McKellar	Swanson	
Glenn	Morrison	Thomas, Okla.	

So the amendment of the committee was agreed to.

The VICE PRESIDENT. The clerk will report the next amendment.

The CHIEF CLERK. On page 245, strike out lines 5 to 10, both inclusive, and insert in lieu thereof the following:

SEC. 602. TAX ON TIRES AND INNER TUBES

There is hereby imposed upon the following articles sold by the manufacturer, producer, or importer, a tax at the following rates:

(1) Tires wholly or in part of rubber, 2¼ cents a pound on total weight (exclusive of metal rims or rim bases), to be determined under regulations prescribed by the commissioner with the approval of the Secretary.

(2) Inner tubes (for tires) wholly or in part of rubber, 4 cents a pound on total weight, to be determined under regulations prescribed by the commissioner with the approval of the Secretary.

Mr. BULKLEY. Mr. President, I want to ask the Senator from Utah whether we may not have this amendment considered as part of the other section, for the reason I suggested this morning?

Mr. SMOOT. Why not take this up now and vote upon it and follow it with the other section?

Mr. BULKLEY. I see no objection to that course if it is the understanding that the adjustment as to sections is to be made later.

Mr. SMOOT. I have the amendment in my hand I desire to offer, and we might just as well vote on it now and then take up the other section.

Mr. BULKLEY. I want to offer an amendment to the committee amendment, as proposed, to strike out 2¼ cents a pound and insert 2 cents, on tires, and to strike out 4 cents a pound on tubes and to insert 2 cents.

I am assuming, now, that the Senate wants to tax tires and tubes at a poundage rate, and I am suggesting a lower rate than that proposed by the committee.

Mr. SMOOT. What is the Senator's proposed rate?

Mr. BULKLEY. Two cents on both tires and tubes, which will be a substantial increase, as compared with the rates on other accessories, and only slightly less than what the committee proposes.

Mr. SMOOT. I know it is slightly less, but we have already reduced these other rates, and we have tried to balance the whole tax system, beginning with rubber, and going on down to the finished automobile. From all the information we could get, the rates proposed are those necessary to bring about a proper balance, as nearly as possible.

Mr. BULKLEY. Of course, Mr. President, this very morning the Senator from Pennsylvania [Mr. REED] frankly admitted that there was no justice at all in this rate, and that it was only a question of balancing the Budget. If we must stand for a rate that seems too high, at least I hope that these rates on tubes, which run up as high as 14½ per cent of the value of the tubes, will not prevail. A 2-cent-a pound rate seems to be much more equitable, although I think even that is too high.

Mr. SMOOT. This is approximately about 6 to 8 per cent, taking the whole of the amendment.

Mr. BULKLEY. On tires; but on tubes it runs much higher than that. On tubes the lowest rate is 9.36 per cent, and the highest rate runs up to 14.56 per cent.

Mr. SMOOT. This is a great deal less percentage than the original duty proposed on tires.

Mr. BULKLEY. I know that; but I never conceded that there was any merit in the original proposition.

Mr. SMOOT. Thirty million dollars is involved in this.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Ohio [Mr. BULKLEY] to the committee amendment.

Mr. BULKLEY. I ask for the yeas and nays.

The yeas and nays were not ordered, and the amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on agreeing to the amendment proposed by the Senator from Utah to the committee amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. SMOOT. Mr. President, I submit another amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 248, after line 12, insert a new subsection, as follows:

(e) If tires or inner tubes on which tax has been imposed under this title are sold on or in connection with, or with the sale of, a chassis, body, or motor cycle, there shall (under regulations prescribed by the commissioner, with the approval of the Secretary) be credited against the tax under this section an amount equal to, in the case of an automobile truck chassis or body, 2 per cent, and in the case of any other automobile chassis or body or motor cycle, 3 per cent—

(1) of the purchase price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) if such tires or inner tubes were taxable under section 602 (relating to tax on tires and inner tubes); or

(2) if such tires or inner tubes were taxable under section 609 (relating to use by manufacturer, producer, or importer), then of

the price (less, in the case of tires, the part of such price attributable to the metal rim or rim base) at which such or similar tires or inner tubes are sold in the ordinary course of trade by manufacturers, producers, or importers thereof, as determined by the commissioner.

Mr. SMOOT. Mr. President, just a brief statement. This amendment provides that when a car manufacturer has purchased tires from a tire manufacturer who has paid the tax at the pound rates on the tires, and the car manufacturer sells the tires on an automobile or a truck which is taxed at 3 or 2 per cent, this second tax on the tires may be offset by giving the car or truck manufacturer a credit at the rate paid on the car or truck on the price he paid for the tires, or, if he imported the tires himself, based on the price on which the 10 per cent tax was calculated. I suppose the Senator from Ohio does not object to that.

Mr. BULKLEY. Mr. President, I am entirely in accord with this amendment, but I would like to inquire of the Senator whether these rates of refund are correct.

Mr. SMOOT. Those figures have already been corrected in the amendment I have sent to the desk.

Mr. BULKLEY. I am in accord with the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 259, line 12, in the amendment of the committee, after the word "article," insert "(other than a tire or inner tube)."

Mr. SMOOT. That is made necessary in this case on account of the amendment just agreed to by the Senate, and there are one or two other places where the same amendment will have to be inserted.

Mr. BULKLEY. That is consistent.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. I offer another amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 259, line 25, in the amendment of the committee, strike out the words "any article" and insert the words "the sale of any article (other than a tire or inner tube)."

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. SMOOT. I send another amendment to the desk, which I desire to offer.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 261, strike out, in the committee amendment, beginning with line 7, down to and including line 18, as follows:

If any person manufactures, produces, or imports an article for his own use (other than use as material in the manufacture or production of, or as a component part of, another article to be manufactured or produced by him which will be taxable under this title or sold free of tax by virtue of section 607, relating to sale of articles for further manufacture) he shall be liable for tax under this title in the same manner as if such article was sold by him, and the tax shall be computed on the price at which such or similar articles are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the commissioner.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

Mr. SMOOT. Mr. President, I do not know whether the amendment on page 247, lines 11 and 12, to strike out the words "tires, inner tubes," was acted upon.

The VICE PRESIDENT. That amendment has not been acted on.

Mr. SMOOT. I would like to have it agreed to.

The CHIEF CLERK. On page 247, line 11, strike out the words "tires, inner tubes."

The amendment was agreed to.

Mr. SMOOT. The next amendment is on page 257, line 15, under the paragraph relating to retail sales.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 257, the committee report to strike out beginning with line 15, down to and including line 3, on page 258, as follows:

SEC. 617. RETAIL SALES

If any manufacturer, producer, or importer liable under this title for tax based on the price for which any articles are sold by him customarily sells such articles both at wholesale and at retail, the tax in the case of any article sold by him at retail shall be computed on the price for which like articles are sold by him at wholesale.

SEC. 618. SALES FOR LESS THAN FAIR MARKET PRICE

If any person sells an article to any person (otherwise than through an arm's-length transaction) at less than the fair market price, the tax under this title on the sale of such article shall (if based on the price for which sold) be computed on the fair market price of such article.

And to insert:

SEC. 606. SALE PRICE

(a) In determining, for the purposes of this title, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the commissioner, in accordance with the regulations.

(b) If an article is—

(1) sold at retail;

(2) sold on consignment; or

(3) sold (otherwise than through an arm's-length transaction) at less than the fair market price;

the tax under this title shall (if based on the price for which the article is sold) be computed on the price for which such articles are sold, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the commissioner.

(c) In the case of (1) a lease, (2) a contract for the sale of an article wherein it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments, or (3) a conditional sale, there shall be paid upon each payment with respect to the article that portion of the total tax which is proportionate to the portion of the total amount to be paid represented by such payment.

The amendment was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 259, after line 8, to insert:

SEC. 607. SALE OF ARTICLES FOR FURTHER MANUFACTURE

Under regulations prescribed by the commissioner with the approval of the Secretary, no tax under this title shall be imposed upon any article (other than a tire or inner tube) sold for use as material in the manufacture or production of, or for use as a component part of, an article to be manufactured or produced by the vendee which will be taxable under this title or sold free of tax by virtue of this section. If the vendee resells an article sold to him free of tax under this section, then for the purposes of this title he shall be considered the manufacturer or producer of such article.

Mr. SMOOT. That is intended to prevent pyramiding. I think an amendment to this amendment has been agreed to, to add the words "other than a tire or inner tube."

The VICE PRESIDENT. That has been agreed to.

The question is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 259, after line 19, to insert:

SEC. 608. CREDITS AND REFUNDS

(a) A credit against tax under this title, or a refund, may be allowed or made—

(1) To a manufacturer or producer, in the amount of any tax under this title which has been paid with respect to any article purchased by him and used by him as material in the manufacture or production of, or as a component part of, an article with respect to which tax under this title has been paid, or which has been sold free of tax by virtue of section 607, relating to sales of articles for further manufacture.

(2) To any person who has paid tax under this title with respect to an article, when the price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona fide discount, rebate, or allowance; in the amount of that part of the tax proportionate to the part of the price which is refunded or credited.

(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with regulations prescribed by the commissioner with the approval of the Secretary.

(c) In no case shall interest be allowed with respect to any amount of tax under this title credited or refunded.

(d) No overpayment of tax under this title shall be credited or refunded, otherwise than under subsection (a), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations prescribed by the commissioner with the approval of the Secretary, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected the amount of tax from the vendee; or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article, or unless he files with the commissioner written consent of such ultimate purchaser to the allowance of the credit or refund.

The amendment was agreed to.

The next amendment was, on page 261, after line 5, to insert:

SEC. 609. USE BY MANUFACTURER, PRODUCER, OR IMPORTER

If any person manufactures, produces, or imports an article for his own use (other than use as material, in the manufacture or production of, or as a component part of, another article to be manufactured or produced by him which will be taxable under this title or sold free of tax by virtue of section 607, relating to sale of articles for further manufacture) he shall be liable for tax under this title in the same manner as if such article was sold by him, and the tax shall be computed on the price at which such or similar articles are sold, in the ordinary course of trade, by manufacturers, producers, or importers thereof, as determined by the commissioner.

Mr. SMOOT. The Senate has already agreed to a former amendment that makes it necessary to disagree to this amendment. I ask that the amendment be disagreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was rejected.

Mr. BLAINE. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLAINE. It is my desire to enter a motion to reconsider the vote by which the committee amendment, on page 247, line 7, was agreed to. A number of amendments were adopted after the action on that amendment. Will it be necessary to move to reconsider all the other amendments which were related to the same subject?

The VICE PRESIDENT. The Chair is advised that several of the amendments affect the same subject matter and the motion should be to reconsider all of them.

Mr. BLAINE. Then I enter the motion to reconsider.

Mr. BULKLEY. There are several other amendments involved.

Mr. SMOOT. Of course, the whole policy is involved.

The VICE PRESIDENT. It will be necessary to reconsider all the amendments affecting the same subject.

Mr. BLAINE. Very well; I enter that motion.

The VICE PRESIDENT. The motion will be entered.

The next amendment of the Committee on Finance was, on page 261, after line 18, to insert:

SEC. 610. SALES BY OTHERS THAN MANUFACTURER, PRODUCER, OR IMPORTER

In case any person other than the manufacturer, producer, or importer of an article acquires, by operation of law or as a result of any transaction not taxable under this title, the right to sell such article, the sale of such article by such person shall be taxable under this title as if made by the manufacturer, producer, or importer, and such person shall be liable for the tax.

The amendment was agreed to.

The next amendment was, on page 262, line 3, in the title, to strike out "March" and insert "May," so as to read: "Contracts prior to May 1, 1932"; and in line 4 to strike out "March" and insert "May"; and in line 11 to insert "(unless the contract prohibits such addition)."

Mr. SMOOT. Mr. President, on page 262, line 5, I move to strike out the words "with another person" and at the end of line 13 insert a new sentence, which I send to the desk.

The VICE PRESIDENT. Let the amendment to the amendment be stated.

The CHIEF CLERK. On page 262, line 5, strike out the words "with another person," and at the end of line 13 insert a new sentence as follows:

If a contract of the character above described be made with the United States, no tax shall be collected under this title.

So as to read:

(a) If (1) any person has, prior to May 1, 1932, made a bona fide contract for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection, and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price. If a contract of the character above described be made with the United States, no tax shall be collected under this title.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I would like to ask the chairman of the Finance Committee just what are the purpose and object of the provision as stated in the bill.

Mr. SMOOT. Wherever a contract is made before the passage of the act, of course the tax must be carried to the vendee if the sale is made and there is a tax to be imposed upon it.

Mr. TRAMMELL. The point I have in mind is, for instance, in the case of the sale of an automobile. Automobiles are very largely sold on the installment plan, especially the more reasonably priced cars. It is the custom of many of the companies to give the purchaser what is called a sale contract. Under the terms of this sale contract the person does not acquire the title to the automobile. In some States it is held merely as a rental proposition, and before the title passes he has to complete the payments of the installments. The provision here is that on all contracts for a sale made prior to this date, if the vendor does not pay the tax, the vendee shall pay it.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Wisconsin?

Mr. TRAMMELL. I yield.

Mr. LA FOLLETTE. I think the Senator is laboring under a misapprehension. The provision would not apply the tax to any sales made prior to the passage of the act. The only purpose which the section seeks to accomplish is to provide that where a sale is made after the passage of the act, in case the contract has been entered into prior to the passage of the act, then the tax shall be paid by the vendee. So far as the example which has been cited concerning installment sales is concerned, the bill simply provides that the tax shall be paid only on the basis of those installment payments during the two years in which these various taxes would be in effect.

Mr. TRAMMELL. I understand the Senator's position. What if a person has an installment contract relating to property subject to a tax under the provisions of this bill? Perhaps nine-tenths of the installments will not mature until after the enactment of this bill into law. Does the Senator think it is just and right to require that the vendee or the vendor shall pay a tax on that transaction which was entered into at a time when there was no law imposing a tax?

Mr. LA FOLLETTE. If the title should pass after the law becomes effective, then the vendee would only pay the tax on the installments paid after the passage of the act and after the passage of title to him.

Mr. TRAMMELL. The provisions of section 611 are as follows:

SEC. 611. CONTRACTS PRIOR TO MAY 1, 1932

(a) If (1) any person has, prior to May 1, 1932, made a bona fide contract with another person for the sale, after the tax takes effect, of any article in respect of the sale of which a tax is imposed under this title, or in respect of which a tax is imposed under this subsection, and (2) such contract does not permit the adding to the amount to be paid under such contract, of the whole of such tax, then (unless the contract prohibits such addi-

tion) the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price.

(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section 702. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the commissioner, who shall cause collection of such taxes to be made from the vendee.

That is certainly not very clear; but, on the other hand, I think in all probability under that language it would affect all installment propositions that have been entered into at any time prior to this date where the purchaser is purchasing under a sales contract which is not completed and the title has not been delivered until the last installment is paid. That is a matter of great injustice to the people of the country who buy on the installment plan. We know as a rule that people who buy that way do it as a matter of necessity. No one of particular means will buy on the installment plan. Take the case of a person a year ago who was unable to pay cash for an automobile, but bought it under a sales contract. That transaction is not completed until after this law becomes operative. It is the proposal of the committee to make it retroactive upon him and require him to pay a tax. Suppose at the same time some other person bought an automobile and paid cash for it, then he does not have to pay a penny of tax.

Mr. LA FOLLETTE. If the purchaser of the automobile got title to it under his contract after the passage of this act, he would only pay a tax on the installments paid after title was passed to him. Unless some such provision as this is put into the law, all anyone would have to do in order to avoid the tax would be simply to make a contract prior to the time it went into effect and he would have no tax to pay. It is perfectly just and fair, it seems to me, to ask for the payment of a tax upon the portion of the contract not concluded until after the title passes subsequent to the enactment of this tax.

Mr. TRAMMELL. I think that is a great discrimination against the poor, unfortunate person who has bought an automobile on the installment plan instead of paying cash for it. If the man with cash wants to defeat the law, he can go out and buy an automobile and pay cash for it; but if he buys it on the installment plan, he must pay the tax. What are we going to do about the person who is able to pay cash? Can he, in spite of the law, avoid the tax? But the Senator wants to restrict and circumscribe the person who is unable to pay cash and say, forsooth, because he plans to buy an automobile within this time, and pay for it by installments, that a tax is to be imposed upon him because of his inability to pay.

Mr. LA FOLLETTE. There is nothing retroactive about it. He only pays a tax on the installments which it is necessary for him to pay in order to secure title to the automobile after the law goes into effect.

Mr. TRAMMELL. It is retroactive in that it changes the terms and conditions of his contract of purchase. He considered that he had bought under certain conditions. He bought the article at a given price. He has that contract in course of operation, but he is to be told, "Now we are going to come in and make you pay more for that automobile which you had delivered to you under your sales contract 6 or 12 months ago."

On the other hand, if some person, 6 or 8 or 10 months ago, had the ability to pay cash for a similar automobile, he does not have to pay any tax. If he has the ability to pay cash for it six days before the law becomes operative, he would not have to pay any tax. But the unfortunate poor man has a tax imposed on him in the transaction, a transaction which was entered into prior to the enactment of the law.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Texas?

Mr. TRAMMELL. I yield.

Mr. CONNALLY. Let me invite the attention of the Senator to the fact that this is not a retail tax. It is a manufacturers' tax which the manufacturer of the automobile pays. In the case the Senator talks about, in which the dealer has already gotten title to the car, but before the law goes into effect sells it to the ultimate consumer, he would not pay any tax.

Mr. TRAMMELL. That is what I desire to have done. I want the provision clarified. It seems to me the article purchased is followed into the hands of the consumer and a tax is imposed upon him.

Mr. CONNALLY. Oh, no. Under this provision the manufacturer pays the tax. If the title has passed to the retail dealer before the law goes into effect and he owns the car and sells on the installment plan to the consumer, there is no tax paid. In the case the Senator suggests he is not taxed at all. That has been the law for years.

Mr. SMOOT. This is a manufacturers' tax.

Mr. CONNALLY. This is a manufacturers' tax. The retailer has nothing in the world to do with this tax; a retail purchaser has nothing to do with it. This tax is paid by the manufacturer of the car.

Mr. TRAMMELL. That is the point I desire to have made perfectly clear. Under certain definitions in this particular section the idea would be conveyed that the tax would follow the article even into the hands of the purchaser who may have purchased for his own use.

Mr. CONNALLY. Let me ask the Senator a question. If a man buys an automobile before this proposed law goes into effect and pays cash for it, he would not be taxed, would he?

Mr. TRAMMELL. Certainly, he would not be.

Mr. CONNALLY. Very well. If he buys it on installments he will not be taxed, because he buys it from a retailer who has already acquired title to the car, and it is immaterial whether he sells it for cash or sells it on installments; he is selling something that he then owned and which he had acquired from a manufacturer before the tax went into effect.

Mr. TRAMMELL. I think, under the provisions in question, even if it does not apply to the actual user of the automobile, it could very easily work an injustice upon the retail dealer, because if the vendor, the manufacturer, has not paid the tax, then it could be required that on past transactions the vendee should do so, even if it is restricted to dealers. Of course, I want it restricted to dealers; I do not want it to apply to the individual purchaser.

Mr. HASTINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Delaware?

Mr. TRAMMELL. I yield.

Mr. HASTINGS. I call the Senator's attention to section 605, on page 257, which reads:

For the purposes of this title, the lease of an article shall be considered the sale of such article.

I am wondering if that meets the Senator's objection?

Mr. TRAMMELL. To what section does the Senator refer?

Mr. HASTINGS. Section 605 on page 257, which furnishes a definition of sale. It reads:

For the purposes of this title, the lease of an article shall be considered the sale of such article.

Mr. TRAMMELL. I notice that definition, but I would have to construe that in connection with the other paragraph.

I give notice now of a motion to reconsider the vote by which the amendment in this section was adopted, and I now enter the motion.

The VICE PRESIDENT. The motion will be entered. The next amendment will be stated.

The CHIEF CLERK. On page 262, in line 5, the Senator from Utah proposes to strike out the words "with another person," and at the end of line 13 insert a new sentence to read as follows:

If a contract of the character above described was made with the United States no tax shall be collected under this title.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The next committee amendment will be stated.

The next amendment was, on page 262, line 3, after the word "to," to strike out "March" and insert "May," so as to make the heading read:

Contracts prior to May 1, 1932.

The amendment was agreed to.

The next amendment was, in section 611, on page 262, line 4, after the words "prior to," to strike out "March" and insert "May."

The amendment was agreed to.

The next amendment was, on page 262, line 11, after the word "then," to insert "(unless the contract prohibits such addition)."

The amendment was agreed to.

The next amendment was, on page 262, line 17, after the figures "702," to insert "In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the commissioner, who shall cause collection of such taxes to be made from the vendee," so as to read:

(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section 702. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the commissioner, who shall cause collection of such taxes to be made from the vendee.

The amendment was agreed to.

The next amendment was, on page 262, line 25, after the word "him," to strike out "(except tax under section 615, relating to tax on soft drinks)," so as to read:

SEC. 612. RETURN AND PAYMENT OF MANUFACTURERS' TAXES

(a) Every person liable for any tax imposed by this title on sales by him shall make monthly returns under oath in duplicate and pay the taxes imposed by this title to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

Mr. SMOOT. On page 262, line 25, I move to strike out the words "on sales by him" and insert the words "(other than taxes on importation)." It is merely a clarifying amendment.

Mr. HARRISON. Have we disagreed to the committee amendment on line 25, page 262?

Mr. SMOOT. Not as yet.

The VICE PRESIDENT. That amendment has not yet been acted upon. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The VICE PRESIDENT. The question now is agreeing to the committee amendment on page 262, line 25, which will again be stated.

The CHIEF CLERK. On page 262, line 25, after the word "him," it is proposed to strike out "(except tax under section 615, relating to tax on soft drinks)."

Mr. SMOOT. I ask that that amendment be disagreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was rejected.

The next amendment was, on page 264, line 1, after the word "title," to insert:

In so far as it relates to the taxes on articles sold by the manufacturer, producer, or importer. The Secretary shall prescribe and publish all needful rules and regulations for the enforcement of this title in so far as it relates to the taxes which under the provisions of section 601(b) are to be levied, assessed, collected, and paid in the same manner as duties imposed by the tariff act of 1930.

So as to read:

SEC. 614. RULES AND REGULATIONS

The commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title in so far as it relates to the taxes on articles sold by the manufacturer, producer, or importer. The Secretary shall prescribe and publish all needful rules and regulations for the enforcement of this title in so far as it relates to the taxes which under the provisions of section 601(b) are to be levied, assessed, collected, and paid in the same manner as duties imposed by the tariff act of 1930.

The amendment was agreed to.

The next amendment was, on page 264, line 11, after the word "section," to strike out "622" and insert "614," and in line 14, after the figures "1934," to insert "(or after July 31, 1934, in the case of articles taxable under sec. 602, relating to the tax on automobiles, etc.)," so as to read:

SEC. 615. EFFECTIVE DATE

This title shall take effect on the fifteenth day after the date of the enactment of this act, except that section 614, relating to rules and regulations, and this section, shall take effect on the date of the enactment of this act. No sale or importation after June 30, 1934 (or after July 31, 1934, in the case of articles taxable under sec. 602, relating to the tax on automobiles, etc.), shall be taxable under this title.

The amendment was agreed to.

The next amendment was, under the heading "Title V.—Miscellaneous taxes. Part I.—Tax on telegraph, telephone, radio, and cable facilities," on page 265, line 2, after the name "United States," to strike out "and for the transmission of which the charge is more than 30 cents and less than 50 cents, a tax of 5 cents; and if the charge is 50 cents or more, a tax of 10 cents," and insert:

A tax at the following rates:

(A) Telephone conversations for which the charge is 50 cents or more and less than $1, 10 cents; for which the charge is $1 or more and less than $2, 15 cents; for which the charge is $2 or more, 20 cents;

(B) telegraph dispatches and messages, 5 per cent of the amount charged therefor; and

(C) cable and radio dispatches and messages, 10 cents.

The amendment was agreed to.

The next amendment was, on page 265, line 20, after the word "to," to strike out "10 per cent" and insert "5 per cent," so as to read:

(2) A tax equivalent to 5 per cent of the amount paid on or after the fifteenth day after the date of the enactment of this act to any telegraph or telephone company for any leased-wire or talking-circuit special service furnished on or after such date and before July 1, 1934.

Mr. BANKHEAD. Mr. President, before this section is passed I should like to inquire of the Senator from Utah, if the language proposed to be stricken out by the Finance Committee on subsection (b) on page 266 shall be restored, will it exempt newspapers from a tax on their leased-wire service?

Mr. SMOOT. No; this amendment subjects them to the tax.

Mr. BANKHEAD. I asked if the House language was left in would that exempt them?

Mr. SMOOT. The House language would exempt them, I will say to the Senator, but the Senate amendment does not.

Mr. BANKHEAD. So that question may be raised without offering any further amendment?

Mr. CONNALLY. Mr. President, the House language taxes them 10 per cent.

Mr. SMOOT. I said it subjected them to a tax, but I did not state the amount.

Mr. HARRISON. The exemption is on page 266, paragraph (b). It would have nothing to do with this. If the other provision is stricken out, then we would recur to that.

Mr. BANKHEAD. I wanted to ascertain whether the House language exempts newspapers. If not, then it will be necessary to offer an amendment before we pass the section under consideration.

Mr. HARRISON. The House language in paragraph (b), on the next page, does exempt newspapers on their leased-wire service. So it becomes a question of whether or not the Senate will agree to it.

Mr. BANKHEAD. I wanted to get the construction of the committee on that question, because I was in some doubt about its construction.

Mr. COPELAND. Mr. President, I inquire what is now before the Senate?

The VICE PRESIDENT. The question is on the amendment in line 20, on page 265, striking out 10 per cent and inserting 5 per cent.

The amendment was agreed to.

The next amendment was, in section 701, page 266, line 3, after the word "company," to strike out the words "or roadiobroadcasting station or network."

Mr. DILL. Mr. President, I want to call the attention of the Senate to the result which will accrue if the amendment shall be adopted proposing to strike out this language on page 266.

I take it that the viewpoint of the Finance Committee was that radiobroadcasting is an advertising business and that those engaged in it should pay their share of the tax on line charges along with any other business. I want to call the attention of the Senate to the fact that most of the line charges for radiobroadcasting and network—I say most of them; more than 50 per cent of those charges—are for what are known as sponsored programs, which are noncommercial. Every program that is put out from a radio station other than from the studio will be taxed under this provision. That means that all the programs that are not paid for by advertisers will be taxed, and to that extent the public will receive less and less of such service and fewer of such programs.

I have had prepared for me by the officials of the National Association of Broadcasters the figures on this subject, and they are really quite striking. Three-fifths of the money paid for line charges—that is, the use of telephone lines—is for noncommercial programs. They bring no revenue to the station at all. For 186 broadcasting stations—not the networks, not the chain programs—it is shown that in 1921 the average amount spent by each station for leased telephone lines was $4,368. Of that sum $2,607, or 60 per cent, was for noncommercial uses.

The point I am trying to make is this: Every radio station makes its money out of advertising programs. It then takes a certain part of the money received for advertising and uses it to pay for the operation of its station and the charges for telephone lines to put on free programs. Those programs may be church services; they may be reports of baseball games; they may be addresses at banquets; they may be speeches of noted public men or personages, pleas for community-chest work, and almost innumerable kinds of addresses. If we apply this 5 per cent tax to noncommercial programs, we will to that extent diminish the amount of such service to the public. Certainly we do not want to do anything to give the radio stations an excuse for putting any more advertising on the air than they now do.

When we come to the network, the Columbia and the National Broadcasting Cos., we find that from 60 to 70 per cent of the line charges for connecting the stations across the United States are charges for carrying programs that are noncommercial. All of the addresses that we hear over the networks—not advertising—from those of the President down to those of the most ordinary public character are carried as a contribution to the public by the radiobroadcasting chain. The figures show that last year the two big chains, the Columbia and the National Broadcasting Cos., spent $4,724,560, and of this amount $3,229,000, or 68 per cent, was for line charges for carrying noncommercial programs—programs that were not advertising. Take a 5 per cent tax out of that $3,600,000 and we will take from the public to the extent of about $180,000 the programs that are noncommercial.

It seems to me that this provision should be amended so that the charges to broadcasting stations for the wires used in noncommercial programs shall be exempt.

I should like to offer an amendment proposing that the House language be retained, with the words added, after the word "work," on line 4, page 266, "when used for noncommercial broadcasting," so that it would read:

> This paragraph shall not apply to the amount paid for so much of such service as is utilized in the conduct by a common carrier or telephone or telegraph company or radiobroadcasting station or network when used for noncommercial broadcasting.

As nearly as I can figure, the adoption of this amendment would mean a loss in revenue of something around two hundred thousand or possibly two hundred and fifty thousand dollars. It is for the Senate to decide whether it wants to take that money out of the treasuries of radio stations and put it in the Treasury of the United States as a tax, and thereby deprive the public of that much free entertainment without any advertising, or whether it will keep the tax on the noncommercial as well as the commercial broadcasting charges.

Mr. COPELAND. Mr. President, I desire to emphasize what the Senator from Washington has said. As Senators know, I have done a good deal of broadcasting; and when it has been over a commercially sponsored station, the wire charge has been paid by the advertiser.

As the Senator has so well said, if this tax is placed on leased wires it will mean that the broadcasting stations will be forced to discontinue a great deal of their entertainment features and take on more commercial advertising, which, to my mind, would be a distressing thing.

Mr. DILL. Mr. President, I want to add just one thing. I omitted to say that nearly all of the educational programs in this country are put on the air by the big networks and the big stations without charge, and this will necessarily diminish the number of those.

Mr. COPELAND. That will be true of all the sustaining features; and, to my mind, the amendment offered by the Senator from Washington is one which should be accepted by the Senate.

The VICE PRESIDENT. The amendment offered by the Senator from Washington will be stated.

The CHIEF CLERK. On page 266, line 4, after the word "work" and the comma, it is proposed to insert "when used for noncommercial broadcasting."

Mr. SMOOT. Mr. President, the committee amendment has not been rejected.

The VICE PRESIDENT. That can be dealt with after this amendment is voted upon.

Mr. DILL. This is the same procedure that was followed this morning.

The VICE PRESIDENT. If this amendment is agreed to, the committee amendment should be rejected.

Mr. KING. Mr. President, I should like to ask the Senator from Washington if there is any controversy as to what is noncommercial.

Mr. DILL. I do not think there could be any doubt about it.

Mr. KING. Is the terminology understood and recognized in the trade and in the business?

Mr. DILL. Unquestionably.

Mr. COPELAND. Thoroughly.

Mr. DILL. It would merely mean that those programs which were paid for by advertising would pay the tax on line charges between the radiobroadcasting station and the place from which the program was sent, and that those which were not paid for by advertising, which were paid for by the station itself, as a public contribution of radio service, would not pay the charge.

Mr. KING. If political parties, for instance, or a political speaker, desired to disseminate their or his political views, what would happen?

Mr. DILL. If the political speaker paid for the time he used, and there was a wire charge for sending his address from the place where he talked to the station, or if it was a hook-up of stations, the tax would be collected; but if it were a political speech by a President or a Senator or a Congressman that is sent out in these public-forum programs, for which no charge is made to anybody, but which are paid for by the station, it would not apply.

Mr. KING. The Senator from Washington is very familiar with this subject; and I should like to ask him whether any of these broadcasting organizations or companies, local or national, have been furnishing to their political friends, especially to our Republican friends, the use of their facilities without charge.

Mr. DILL. Oh, yes; they do—I think not only to the Republican friends but to the Democratic friends.

I want to say, in a spirit of fairness to the big broadcasting chains, that they are eminently fair in their giving of opportunities to both parties. Of course the fact that the Republicans have charge of the Government, that they have the President, that they have the Cabinet, necessarily causes the chains to give more opportunities to Republican public men, probably in a general way, than to Democrats, but that is not due to the fact that they are Republicans—it is due to the fact that there are more of them holding these high positions. Very naturally Cabinet officers are allowed to talk over these chains, because of the fact that they have things to say of great public interest. Sometimes, probably, they take advantage of it and make political speeches, but I doubt if the Democrats would do any differently if they were in power.

Mr. KING. I have been led to believe, from reports which have come to me, that too often the broadcasting services have been, I will not say prostituted, but employed very largely by political organizations that had abundance of money to pay for them.

Mr. DILL. I remind the Senator that in 1928 neither party could complain of unequal or unfair treatment. I think the candidates of the two parties and their supporters were given as nearly equal treatment as could possibly have been given. I think the broadcasting companies did that, first, because they wanted to be fair, and, second, as a matter of self-defense. They do not dare take sides in a great campaign of that kind.

I want to say to the Senator that I do not defend these companies for many things they do; but I must say that my observation leads me to believe that the great chains are fair in a political fight of this kind.

The VICE PRESIDENT. The question is on the amendment of the Senator from Washington [Mr. DILL].

Mr. TRAMMELL. Mr. President, does not the Senator think there is just as much equity and justice in making this exemption of broadcasts purely for entertainment as there is for exempting newspapers for transmitting press dispatches? It is equally meritorious.

Mr. DILL. Of course, the newspapers are in the business of making money out of their dispatches.

Mr. TRAMMELL. Certainly.

Mr. DILL. And the radio programs that are making money would be required to pay this tax.

Mr. TRAMMELL. Under the House provision the newspapers will not be required to pay a tax upon their press dispatches. They will be exempt.

Mr. DILL. Yes; that is true. They would be.

Mr. TRAMMELL. If that is true, and is a proper policy, I think there is ample reason to justify exempting the entertainment that may be broadcast not for commercial purposes.

Mr. SMOOT. Mr. President, I can not see any reason why this amendment should be offered. I think these broadcasting companies ought to be treated just the same as telegraph and telephone companies.

Mr. COPELAND. Mr. President——

Mr. SMOOT. I know the Senator from New York perhaps thinks otherwise; but does the Senator really feel that they ought to be taken out of this bill entirely, and no tax whatever placed upon them, when we include the telephone and telegraph companies?

Mr. COPELAND. Mr. President, I am sorry the Senator feels that way.

Mr. SMOOT. The committee felt that way. It was unanimous.

Mr. COPELAND. This noncommercial use of the leased wires of the radio is employed to broadcast sermons, dedications of fine churches in Washington and other cities, music, and many entertaining features which are of interest to the people of our country. To put a tax upon the wires under those circumstances is to lessen the amount of instruction and education and spiritual advancement that the people would get and are getting through the present use of the wires.

Mr. SMOOT. I will leave the question to the Senate to decide.

Mr. TRAMMELL. Mr. President, I may state in this connection that more or less of the broadcasting stations in the country are maintained at government expense, or largely so maintained. I know that within my State a few of the broadcasting stations have been provided by the municipalities; and while, of course, they utilize them to try to recover some of the expenditures which they have to undergo, a considerable part of the broadcasting is purely for entertainment purposes.

Mr. SMOOT. If the Senator will look at the next paragraph, he will find that the United States, States, or Territories or political subdivisions thereof and the District of Columbia are taken care of there.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. DILL]. [Putting the question.] The Chair is in doubt.

Several Senators called for a division.

Mr. MOSES. Mr. President, a parliamentary inquiry. May the amendment be stated?

The VICE PRESIDENT. The amendment will be restated.

The CHIEF CLERK. On page 266, line 4, after the word "work," the Senator from Washington [Mr. DILL] proposes to insert the words "when used for noncommercial broadcasting."

Mr. DILL. I demand the yeas and nays.

The yeas and nays were not ordered.

Mr. DILL. I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hull	Robinson, Ark.
Bailey	Costigan	Johnson	Robinson, Ind.
Bankhead	Couzens	Jones	Schall
Barbour	Davis	Kean	Sheppard
Barkley	Dickinson	Kendrick	Shipstead
Bingham	Dill	Keyes	Smoot
Blaine	Fletcher	King	Stephens
Borah	Fess	La Follette	Thomas, Idaho
Bratton	Frazier	Lewis	Thomas, Okla.
Broussard	George	Logan	Townsend
Bulkley	Gore	McGill	Trammell
Bulow	Hale	McNary	Tydings
Byrnes	Harrison	Metcalf	Vandenberg
Capper	Hastings	Moses	Wagner
Caraway	Hatfield	Norris	Walsh, Mass.
Carey	Hawes	Nye	Walsh, Mont.
Cohen	Hayden	Oddie	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Howell	Reed	White

The VICE PRESIDENT. Seventy-six Senators having answered to their names, there is a quorum present.

The question is on agreeing to the amendment offered by the Senator from Washington.

Mr. SMOOT. Mr. President, I did not quite understand what the Senator's amendment was. Will he not repeat it?

Mr. DILL. My amendment proposes, in line 4, page 266, that the House text be not stricken out. I want to amend the House text and insert, after the word "work," in line 4, the words "when used for noncommercial broadcasting," so that the exception would read, "or radio broadcasting station or network when used for noncommercial broadcasting."

Mr. SMOOT. I do not know just what the effect would be from a revenue standpoint, but why not let it go to conference?

Mr. DILL. The effect would be to take this wire charge off programs which are not advertising programs. If the Senator will accept it and let it go to conference, I think that will be agreeable.

Mr. BRATTON. Mr. President, let me ask the Senator from Washington whether under the provision, with his amendment added, a broadcasting station owned and op-

erated by an educational institution, such as an agricultural and mechanical college—and I have a specific instance in mind—would be subject to the tax?

Mr. DILL. If the college is a State or municipal institution, no tax could be collected on anything it might broadcast by the use of a wire; but if it were not a State institution, it would have to pay the tax, the same as any other commercial station.

Mr. COPELAND. Mr. President, the purpose of the amendment of the Senator from Washington is to cover, among other things, the very matters the Senator from New Mexico has in mind. If this were a noncommercial broadcast, an educational program of a college, if this amendment were adopted there would be no tax on the use of the wire for that purpose.

Mr. BRATTON. So that any educational institution not engaged in commercial broadcasting would be exempted under the provision as a whole?

Mr. DILL. With this amendment added.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was rejected.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 266, line 8, after the name "District of Columbia," to strike out the comma and "nor upon any payment received from any person for services or facilities utilized in the collection of news for the public press or in the dissemination of news through the public press, if the charge for such services or facilities is billed in writing to such person," so as to read:

(b) No tax shall be imposed under this section upon any payment received for services or facilities furnished to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the commissioner with the approval of the Secretary may by regulation prescribe.

Mr. BANKHEAD. Mr. President, this amendment involves a subject of very grave public importance. It is proposed by the committee to strike from this section language incorporated by the House which exempts from the tax a leased wire for the dissemination of news through the press. Without expressing any positive opinion upon the subject, I submit to the lawyers of this body that there is involved in this proposition a grave new constitutional question.

Here is involved a tax upon the dissemination of information through the public press. We are all familiar with the provision in the first amendment to the Constitution that Congress shall pass no law abridging the freedom of the press. Of course, the first consideration is, What is included within the term "freedom"?

I submit that that is not limited merely to the expression of views through the editorial columns of newspapers, nor is it limited to the character of the news which a newspaper is authorized to print. Necessarily involved in the question is the right, without abridgment, without limitation, without taxation, to gather the news, to secure the information, and then to disseminate it through the columns of the papers. If a tax may be imposed upon the collection and dissemination of news, I submit that that tax may be so increased as to make it impossible for newspapers to operate.

This does not involve a general tax, to which all business and all property would be subject, but a special tax limited to a special purpose, and that purpose is the collection and dissemination of news through the press.

It may be compared to the subject of the right of Congress to abridge the freedom of speech. Both inhibitions are contained in the same amendment to the Constitution. I am sure that it will be admitted that a tax to make a speech would not be permissible under this provision of the Constitution, because that would be an abridgment of the right of freedom of speech. For just as strong reasons I submit that a tax which may limit the dissemination of information through the public press falls under this inhibition in the Constitution.

Aside from that, Mr. President, there are other considerations why this provision incorporated by the House should be retained in this bill. I make no appeal for the large metropolitan press of this country, but I do assert that, as most members of this body must recognize, the newspapers in the average-sized cities and the smaller towns throughout this country are confronted with the same problem that confronts every other business in this country.

We know that the life of the newspaper is based upon its advertisers. We know that the volume of the advertising is based upon the purchasing power of the public, and with the purchasing power of the public gone, advertisements are disappearing, subscribers are less able to pay their subscriptions than in former days, and I submit that there is no reason for placing a burden upon this great agency of public information and education.

If this tax is imposed, there can be but one of two results. One is that it must bear upon the treasuries of the newspapers, which are not now able to bear this additional burden. Otherwise it must result in the abbreviation of news, it must result in the discharge of many special correspondents here and there, because the newspapers are obliged to balance their budgets, which is as important for them as it is for Congress to balance the Federal Budget.

Mr. SMOOT. Mr. President, I do not know how much revenue would be involved in this, but I would be willing to have a vote on it.

Mr. BANKHEAD. Very well. Those who are opposed to it will vote "no."

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the committee.

The amendment was rejected.

Mr. COPELAND. Mr. President, I call to the attention of the Senator from Utah the fact that in line 9 the word "person" is used. I assume that would include corporations?

Mr. SMOOT. Yes.

Mr. COPELAND. That is, there would be no charge made to a person or corporation under these circumstances?

Mr. SMOOT. That is correct.

The PRESIDENT pro tempore. The clerk will state the next amendment.

The next amendment was, on page 267, line 6, after the word "prescribe," to insert "The commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe, with the approval of the Secretary, but no such extension shall be for more than 90 days," so as to read:

SEC. 702. RETURNS AND PAYMENT OF TAX

(a) The taxes imposed by section 701 shall be paid by the person paying for the services or facilities.

(b) Each person receiving any payments specified in section 701 shall collect the amount of the tax imposed by such section from the person making such payments, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay the taxes so collected, to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall contain such information and be made in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe. The commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe, with the approval of the Secretary, but no such extension shall be for more than 90 days.

The amendment was agreed to.

Mr. TRAMMELL. Mr. President, I voted in favor of retaining the provision to exempt press lines from a tax, and I think that is very proper; but I do not want it understood that I agree with the suggestion made by the Senator from Alabama that it would be in violation of the constitutional provision affecting the freedom of the press. As a matter of fact, I do not think that would have any bearing upon the question. The press enjoys freedom under the Constitution, but it should not enjoy immunity under the Constitution from impositions of taxation which may be applied to other citizens. I think those are two entirely different ques-

tions, although I voted for exempting the press from this provision.

The next amendment was, on page 267, after line 10, to strike out:

(c) The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time the tax became due until paid.

The amendment was agreed to.

The next amendment was, on page 267, after line 16, to strike out:

(d) The provisions (including penalties) of section 1114 of the revenue act of 1926 shall be applicable with respect to the tax imposed by section 701.

The amendment was agreed to.

The next amendment was, on page 267, after line 19, to strike out:

SEC. 703. REFUNDS AND CREDITS

(a) No credit or refund of any tax imposed by section 701 shall be made unless the person who paid the tax to the United States shall establish, to the satisfaction of the commissioner, under such regulations as the commissioner with the approval of the Secretary may prescribe, that he has repaid the amount of such tax to the person from whom he collected it, or obtained the consent of such person to the allowance of such credit or refund.

(b) Any person entitled to refund of tax under section 701 paid by him to the United States may take credit therefor against taxes due upon any monthly return.

(c) Any person making a refund of any payment on which tax under section 701 has been collected, may repay therewith the amount of tax collected on such payment, and the amount of tax so repaid may be credited against the tax under any subsequent return under section 702.

The amendment was agreed to.

The next amendment was, on page 268, after line 11, to strike out:

SEC. 704. REGULATIONS

The commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this part.

The amendment was agreed to.

Mr. HARRISON. Mr. President, the Senator from Utah has an amendment to section 711.

Mr. SMOOT. Yes. The committee met this morning and decided to offer an amendment to section 711.

The PRESIDENT pro tempore. In lieu of the amendment proposed by the committee in the printed text of the bill, the committee proposes the following amendment, which will be stated.

The CHIEF CLERK. On page 269, line 1, and again in lines 13 and 14, and again in line 1, on page 271, strike out "11 cents" and insert in lieu thereof "31 cents."

The PRESIDENT pro tempore. May the Chair suggest to the Senator that that leaves the amendment in lines 21 and 22, on page 268.

Mr. SMOOT. We want to disagree to that.

Mr. COUZENS. The committee agreed to ask that the Senate disagree to the amendment in lines 21 and 22.

The PRESIDENT pro tempore. The purpose of the Chair is to proceed in an orderly way and in sequence, and therefore the Chair propounded the question to the Senator from Utah. The question is on agreeing to the amendment in lines 21 and 22, on page 268, to which the committee wishes to disagree, and which will be stated.

The amendment was, under the subhead "Part II—Admissions Tax," on page 268, line 21, after the word "thereof," to insert "(or, in the case of admission to a horse or dog race, 25 per cent)," so as to read:

SEC. 711. ADMISSIONS TAX

(a) Paragraph (1) of section 500 (a) of the revenue act of 1926, as amended, is amended to read as follows:

"(1) A tax of 1 cent for each 10 cents or fraction thereof (or, in the case of admission to a horse or dog race, 25 per cent) of the amount paid for admission to any place, including admission by season ticket or subscription, to be paid by the person paying for such admission;

Mr. JOHNSON. Mr. President, are we proposing to put a tax upon horse or dog races?

Mr. COUZENS. That is to be taken out because it is higher than the other admissions.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in lines 21 and 22, page 268.

The amendment was rejected.

The PRESIDENT pro tempore. The amendment offered by the Senator from Utah will be again stated.

The CHIEF CLERK. The Senator from Utah proposes, under "Admissions tax," on page 269, line 1, and again in lines 13 and 14, and on page 271, line 1, to strike out "11 cents" and insert in lieu thereof "31 cents."

Mr. JOHNSON. Mr. President, I move to amend by striking out "31 cents" and inserting in lieu thereof "41 cents." As I understand it, the committee this morning changed the rate of amusement taxes and has increased the exemption from 11 cents to 31 cents. I am moving to make it 41 cents instead of 31 cents.

I want to congratulate the Committee on Finance upon receding from the position of taxing 10-cent shows 10 per cent. I am endeavoring to increase to 41 cents what they have done by making it 31 cents.

Mr. TYDINGS. Mr. President, is a substitute in order for the Senator's amendment? I want to raise it to 51 cents.

Mr. JOHNSON. May I suggest to the Senator from Maryland that instead of that I would prefer to leave it as the House fixed it, but I am proposing to fix it at 41 cents because I thought that with the committee action increasing it to 31 cents, there could be no logical objection to making it 41 cents and then permitting the House and the Senate in conference to determine as between 41 and 46 cents. I would prefer what the amendment of the Senator from Maryland suggests, or taking the House rate. I was endeavoring to do that which I thought would be easy of accomplishment.

Mr. TYDINGS. Mr. President, I feel that this industry is perhaps in as bad straits as any other industry in the country. I see no reason for picking out this one industry and "soaking" it with this terrificly high tax simply because a lot of poor people congregate in its places of entertainment. So far as I am concerned I would like to strike it all out.

Mr. WALSH of Massachusetts. Mr. President, for the RECORD I would like to have the Senator from Utah state what revenue will come to the public treasury from the original committee amendment, what revenue will come from the modified committee amendment of 31 cents exemption, and what revenue will come from the proposal now made by the Senator from California of 41 cents.

Mr. SMOOT. Under the 11-cent exemption the revenue would be $110,000,000. Under the 31-cent exemption there would be $57,000,000.

Mr. WALSH of Massachusetts. That is the committee proposal?

Mr. SMOOT. Yes. In other words, there would be a reduction from $110,000,000 down to $57,000,000, or $53,000,000.

Mr. JOHNSON. Can the Senator tell us the amount that would be realized under a 41-cent exemption?

Mr. GORE. I think it would be $17,000,000 less.

Mr. SMOOT. One estimate sent to the committee was $44,000,000 and another estimate was $46,000,000.

Mr. WALSH of Massachusetts. Will the Senator state what revenue will be received under the House provision?

Mr. SMOOT. It is estimated at $40,000,000.

Mr. ASHURST. Mr. President, I earnestly wish to assist in balancing the Budget and am sorry to disagree with the committee on this item. I have gone along with the committee on practically everything, but I invite attention to the deplorable fact that the spoken drama in the United States is now almost extinguished. I do not believe we have reached such a deplorable place in our history that we would be willing unfairly to tax or to penalize the spoken drama or the talkie movie.

Mr. WAGNER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arizona yield to the Senator from New York?

Mr. ASHURST. I yield.

Mr. WAGNER. I hold in my hand an amendment which I propose to offer to exempt the spoken drama from the imposition of this tax. As soon as the pending amendment is disposed of I shall offer it.

Mr. ASHURST. I am glad to hear that. Mr. President, I am opposed to admission taxes, whether for the spoken drama or the talkie movies. Such taxes are only an irritant—they are like unto a dash of tabasco sauce in the eye and will be deeply resented by the American people. Some well-informed persons argue that the theaters and talkie movies are luxuries and amusements only. That they are, from one angle, "amusements" is quite true; that they possess facilities for disseminating interesting information of much practical value, especially to those persons who can not spare the time or money to travel, is none the less true.

It is also true that the theaters and the talkie movies make contributions to art, belles-lettres literature, music, science, and philosophy, and appeal to and help to gratify that inborn cultural and artistic yearning inherent in every normal person, although in some breasts this yearning is meager and obscure, and sometimes is deeply hidden.

Robert Burns, during a flash of his shining genius, wrote, in his address to the Unco Guid, or in his address to a Louse, I do not for the moment remember which, "Oh, wad some power the giftie gie us to see oursel's as others see us."

The stage artists, the screen artists, and the vaudeville artists hold the mirror up to nature and only through them do we ever see ourselves as others see us.

On the stage and on the screen we see our own weaknesses, foibles, and pretensions made plain and then corrected. On the stage and on the screen the richness of human experience is laid before us, and all that is beautiful, all that is tragic, and all that is mournful in man's destiny are clearly shown.

The penetrating skill, the Attic salt, and the humor of the screen artist and the stage artist expose the shams and frivolities of a particular epoch and not infrequently teach a nation the way of truth.

The plays of Æschylus and of Euripides taught the Greeks to meet disaster becomingly and to realize that, although Fate spins a strange pattern and motif into every career, such circumstance affords no reason for a refusal to meet life courageously and cheerfully.

The comedies of Shakespeare enriched England, softened the cruelties of his time, and gave seasonable advice and admonition to monarch, to lords, and commons. There would have been no polished Elizabethan England except for Shakespeare, who appeared personally in some of his own plays, notably his Twelfth Night, which he acted in 1602, and from the stage poured gentle satire upon vanity and injustice.

I do not doubt that Schiller and Goethe helped Germany, and I am certain that Molière and Rostand and Bernhardt enriched France. Who can measure the joy and the emotional sympathy that Dion Boucicault gave to the world? He was called the scribe of the American and English stage and had 124 dramas to his credit.

Unnumbered thousands of our own generation have been charmed by the melodious airs and clever rhymes of the Gilbert and Sullivan light operas and the talent of those two gentlemen was so exceptional and their criticisms of official smugness and complacency were so deft and subtle that their productions were given audition and applause by the most prim and rigid of the Mid-Victorians.

It would be impossible to estimate the ennobling influence showered upon our Nation by such characters as Edwin Booth and David Belasco.

Amidst the gloom of the depression and out of the darkness of the country's financial and industrial misfortune, there suddenly beamed forth, last winter, when the clouds were lowering, five stars, five distinguished Thespians to tour our country: The superb Maude Adams and the well-beloved Otis Skinner revived the Merchant of Venice; William Gillette came back to us in Sherlock Holmes; Ethel Barrymore reproduced Sheridan's School for Scandal; and Walter Hampden gave us again glorious Cyrano de Bergerac, the fascinating yet futile lover, poet, duelist, and hero of seventeenth century France. How many weary hours these artists beguiled; how many desolate hearts they encouraged; how many of our citizens learned anew from them that moderation, forbearance, and restraint are the virtues of victory and prosperity and that fortitude, patience, and courage are the virtues of disaster and defeat.

The drama is coextensive with the people and of all the arts, save music, it is probably the dearest to the human race. The stage is akin to poetry in that it is a great expression of human emotion. The stage is a vision of the romance inseparable from every human life; it is a magical place, breathing the inspiration of color and sound; a place for high thoughts, splendid truths, and beautiful words, for objects vividly observed and gorgeously imagined.

The stage is art. Art is truth, and in the final sum of worldly things, only art endures; the sculptures outlast the dynasty, the colors outlive DaVinci, "the coin outlasts Tiberius."

When Hamlet, Prince of Denmark, desired a rehearsal of the play which was to confound his uncle the king he said to the players: "Come, give us a taste of your quality." After the players had recited, Hamlet turned to Polonius, the lord chamberlain, and said:

> My lord, will you see the players well bestowed? Do you hear, let them be well used, for they are the abstracts and brief chronicles of the time; after your death you were better have a bad epitaph than their ill report while you lived.

So, Mr. President, when our citizens, after a day devoted to the duties and claims of this fevered life, go to the theater or to the talkie movies, there to renew their exhausted strength, there mayhap to escape for an hour from the specter of their baffled hopes, from their broken ideals or evaporated illusions, so common in this complex machine age, or there to be spared for an evening from the fardels and the clangor of a bewildered world, let them not be met with a Federal admission tax, which, as I said before, is a vexatious, corrosive, pestiferous irritant.

Mr. SHORTRIDGE obtained the floor.

Mr. DILL. Mr. President, does not the Senator from California think it might be well to vote before the effect of the beautiful and oratorical address of the Senator from Arizona has lost its influence?

Mr. SHORTRIDGE. I quite agree with the Senator, but I should like also to pay tribute to the address to which we have just listened. It does credit to one who already has a splendid reputation for learning and for oratory in its nobler phases.

Mr. President, I propose delaying the Senate but for a moment. I wish merely to observe that the House Ways and Means Committee gave to the subject very careful and thoughtful consideration and reported in favor of exempting from this proposed tax admissions up to 46 cents. The Committee on Finance has now suggested an amendment to the bill as it came to us fixing the exemption on admissions at 31 cents. My colleague has made a motion that the exemption be fixed at 41 cents. I very heartily concur that that should be the action of the Senate.

I merely wish to add that I have made every effort not only to uphold the action of the House but, indeed, I went somewhat further and urged the committee to fix the exemption of admissions at 51 cents.

I can add nothing to what has been said by my colleague; certainly I would not presume to add anything to the masterly remarks of the Senator from Arizona. I am hopeful, therefore, that, without further delaying the matter, the Senate will agree to the proposed amendment offered by my colleague and fix the exemption at 41 cents, and I express the hope that the Senate conferees will not stand adamant but will yield to the views of the House, so that admission tickets sold for less than 46 cents shall be exempted from paying a tax.

Mr. GORE. Mr. President, only a few minutes ago in effect we paid the Senator from Alabama [Mr. BANKHEAD] $1,000,000 to stop speaking. I do not think we ought to pay the Senator from Arizona more than $44,000,000 for the speech he has just made, although it might well be worth the money.

The senior Senator from California [Mr. JOHNSON] has suggested an exemption from the tax on admissions up to 41 cents. That will still raise some forty-five or forty-six million dollars as against $110,000,000 which would be realized if the committee amendment were adopted.

It seems to me that we might well compromise on that figure, as I have been assured by some who represent the industry and who are in a position to know—whose judgment I respect—that the industry can stand a tax if admission charges up to 40 cents are exempted from it. Under the committee's amendment the exemption stops at 31 cents. I have made it a rule to stand by the committee, but in this instance I feel constrained to support the amendment of the Senator from California [Mr. JOHNSON]. His amendment raises the exemption from 31 to 41 cents. This may mean the difference between life and death.

Mr. GEORGE. Mr. President, before the vote is taken upon this question, and in view of the fact that I have generally sustained the committee, allow me to say that in the committee I reserved the right to vote for such an amendment as that offered by the Senator from California, and I shall so vote in this instance.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from California.

Mr. KING. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Jones	Schall
Bailey	Davis	Kean	Sheppard
Bankhead	Dickinson	Keyes	Shipstead
Barbour	Dill	King	Shortridge
Barkley	Fess	La Follette	Smoot
Bingham	Fletcher	Lewis	Steiwer
Blaine	George	Logan	Stephens
Bulkley	Glass	McGill	Thomas, Idaho
Bulow	Gore	McNary	Thomas, Okla.
Capper	Hale	Metcalf	Townsend
Caraway	Harrison	Moses	Trammell
Carey	Hastings	Norris	Tydings
Cohen	Hatfield	Nye	Vandenberg
Connally	Hayden	Oddie	Wagner
Coolidge	Hebert	Pittman	Walsh, Mass.
Copeland	Howell	Reed	Walsh, Mont.
Costigan	Hull	Robinson, Ark.	Watson
Couzens	Johnson	Robinson, Ind.	White

Mr. FESS. I desire to announce that the Senator from North Dakota [Mr. FRAZIER], the Senator from Wyoming [Mr. KENDRICK], the Senator from Montana [Mr. WHEELER], and the Senator from Connecticut [Mr. WALCOTT] are in attendance upon a meeting of the Committee on Indian Affairs.

Mr. McNARY. I desire to announce the necessary absence of the Senator from South Carolina [Mr. BYRNES] and the Senator from New Mexico [Mr. BRATTON] in the meeting of the Committee on Appropriations.

The PRESIDENT pro tempore. Seventy-two Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I offer a substitute for the amendment of the Senator from California [Mr. JOHNSON]. In place of the figures "41" I move to insert the figures "46."

Mr. HARRISON. Mr. President——

Mr. LA FOLLETTE. A point of order, Mr. President. That would be an amendment in the third degree.

Mr. TYDINGS. This is a substitute, not an amendment to the amendment.

The PRESIDENT pro tempore. The Chair holds that it comes to the same thing; and the point of order made by the Senator from Wisconsin is sustained.

The question is on agreeing to the amendment proposed by the Senator from California [Mr. JOHNSON] to the amendment of the committee.

Several Senators called for the yeas and nays.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded.

Mr. HARRISON. Mr. President, so that the Senate may know how much revenue is involved in this matter, under the amendment that was adopted originally by the Committee on Finance we would have raised $110,000,000 from admissions. If the 45-cent provision should be adopted, we would lose $70,000,000 from the original action of the committee.

This morning the Committee on Finance, in order to try to reconcile our differences, met and agreed to accept admissions of 31 cents. When we did that we entailed a loss of $53,000,000. That ought to take care of the smaller theaters.

Those are the facts with reference to the matter. It seems to me that we have gone pretty far.

Mr. JOHNSON. Mr. President, I recognize exactly what the Senator from Mississippi has said; and if the raising of this revenue were of such tremendous importance, I can not conceive that the Finance Committee, in meeting this morning, would have changed its view as written into this bill. But inasmuch, sir, as the Finance Committee this morning saw fit to rewrite this bill and again to fix rates in this bill at variance with those which have been presented, those of us who have some knowledge of the situation certainly have the right, without being chided for doing it, to present any kind of an appropriate amendment to the action that this morning was taken.

I have grown sick and tired, anyway, of being lectured concerning this bill. It has been said again and again upon this floor that for two weeks and a half—three weeks, I believe it was stated last night—the Finance Committee did its work upon this bill, and wrote a bill; and then when the superman, the Secretary of the Treasury, came into the Finance Committee, in 15 minutes it threw its work out of the window, as was asserted—I use the very term used repeatedly last night—and accepted what the superman, the Secretary of the Treasury, said should be written into the bill.

So, sir, I say that an increase of the exemption upon a cheap theater, such as is asked here, commends itself to those of us who are familiar with the situation, with the class of entertainment that is given, with the necessity that exists for it among our people, particularly at times like these; and I trust the fact that revenue was stricken from the bill by the Finance Committee itself this morning will not interfere with the amendment being adopted by the Senate.

Mr. LA FOLLETTE. Mr. President, I very much dislike to disagree with the Senator from California [Mr. JOHNSON]; but it was largely in order to make up the revenue which will be lost by raising the exemption from 11 to 31 cents that the committee put back into the bill many of the taxes on certain items which, as I stated last night, had been thrown out of the window.

As a result of our action in reinstating those items, according to the Treasury estimates, we provided for an additional $58,000,000 to be raised by the bill as it now stands.

However, in raising the exemption from 11 cents to 31 cents we sustained a loss of $53,000,000 as compared with the estimates given concerning the admissions tax as reported by the committee originally.

Therefore, there is a net gain of $5,000,000 in so far as the transactions I have just mentioned are concerned. However, prior to the meeting of the committee the action of the Senate had reduced the revenue from automobiles $16,000,000, and reduced the revenue from rubber $20,000,000. So, even if the committee amendment prevails, we will still have a lack of $31,000,000, as estimated by the Treasury, for the balancing of the so-called Budget.

I recognize the appeal which is made on behalf of this industry. I recognize that amusements are an essential part of the life of our community. However, it does seem to me that in view of the urgency which is compelling the Senate to levy these taxes, we have provided for exemption of the lower-priced movies when the committee recommended 31

cents. That means that all of the 10, 20, 25, and 30 cent admissions will be tax free; and on admissions in excess of that the tax will be only 10 per cent.

It does seem to me that under all the circumstances the committee has recommended a fair compromise upon this matter; and may I say that in order to arrive at this compromise we have, as mentioned before, reinstated taxes upon some ten or a dozen items which had previously been eliminated from the bill.

Of course, I do not hope to appeal to the Senators who have already determined their course upon this question; but before the vote was taken I did want to place in the RECORD the exact facts as they now exist.

Mr. ROBINSON of Arkansas. Mr. President, I do not see that there is any occasion for resentment on the part of the Senator from California [Mr. JOHNSON] of the action of the committee in making this concession, nor for the statements that have been made regarding the reasons for it.

We all realize that it is distasteful to impose a tax on amusements; but the arrangement that the committee now proposes addresses itself to my mind as fair.

I should not have favored a proposal to impose a tax on 10-cent admissions; but this proposition, as stated by the Senator from Wisconsin, eliminates all 30-cent admissions and under, and imposes a comparatively small tax on those above that amount.

I do not believe that the Senate will be justified in abandoning the revenue that is sought to be obtained by this amendment.

Of course, it is really comprehensible that it is not a pleasant thing to impose this tax. The same thing applies to a great many other taxes in the bill; but the difficulty of yielding to the persuasive appeals that are made with respect to the elimination or modification of these duties is that if we do yield to them we are likely to find the amount of revenue which will be raised by the bill wholly inadequate for the purposes in mind.

I think this adjustment is a fair compromise and I am going to support it.

Mr. JOHNSON. Mr. President, there was no resentment upon my part concerning the action of the committee this morning, and I complimented the committee when I made this motion upon the fact that it acted as it did. I am resenting, however, another aspect of the situation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JOHNSON. Yes.

Mr. ROBINSON of Arkansas. My remarks were based on the statement that I heard the Senator make just a moment ago.

Mr. JOHNSON. Certainly; and I do not resent the fact that the committee increased the exemption, because, as I repeat, I complimented the committee when I made this motion upon that action. I still congratulate them. I do not, however, relish being read lectures concerning activities that may be taken here in a matter with which I am familiar, as I believe I am familiar with this particular thing.

Mr. ROBINSON of Arkansas. It was that particular remark that I had in mind. I had not heard anybody read a lecture to the Senator from California.

Mr. JOHNSON. That is all right, sir. If anybody does, I will answer—that is all—and it is immaterial who does.

Mr. ROBINSON of Arkansas. Yes; but my remarks were in reply to that statement. I had not heard anybody read, or attempt to read, a lecture to the Senator from California, so I did not think there was any occasion for resentment.

Mr. JOHNSON. Well, I did, sir. There is where we differ. I heard it. The Senator probably was out of the Chamber, or did not hear it, or maybe he heard it differently from me; but, at any rate, when I conceive that a lecture is read by any person to me in this particular body, I respond as best I can and in appropriate parliamentary fashion.

Now, let us see. Here is what is presented:

We have here a bill that is presented by the Finance Committee with a 10 per cent charge upon 10-cent theaters. The Senator from Arkansas says that he was not satisfied with that. I was not. Many others here were not satisfied with it.

After that bill has been in our possession and upon this floor for a considerable period of time, this morning the Finance Committee meets and raises the exemption in the bill concerning amusements, upon the theory, as stated, as I understand, by the Senator from Wisconsin, that it is a compromise. That is all right. That is the compromise that was agreed upon by the members of the committee, as is their right. But the just thing from the standpoint of those who think they are familiar with this situation is that that exemption should be higher than the compromise that has thus been effected.

While it is asserted that the compromise loses a certain revenue unto this bill and unto the Treasury of the United States, I have heard nobody yet say what is the amount of revenue that is lost by increasing the exemption from 31 cents to 41 cents. But whatever that amount might be, if the 31 cents were a compromise, and 41 cents is the appropriate and the just sort of exemption that should be had, the latter, of course, should prevail, and I ask that the Senate adopt the amendment.

Mr. SHORTRIDGE. Mr. President, I beg pardon for repeating perhaps some words uttered a few moments ago; but I repeat them for the benefit of those Senators who were not then in the Chamber.

It will be recalled that under the act of 1926 the law read:

> A tax of 1 cent for each 10 cents or fraction thereof of the amount paid for admission to any place, on or after said date, including admission by season ticket or subscription, to be paid by the person paying for such admission, but where the amount paid for admission is 75 cents or less, no tax shall be imposed.

The act was amended in 1928 and it was provided that no tax should be paid on tickets sold for less than $3.

I repeat particularly that when the House Ways and Means Committee had this matter under consideration they gave to it careful thought. They investigated it from all points of the compass and agreed to exempt from tax all admission tickets sold for less than 46 cents, and in that form the bill came to us.

I made an effort in the committee to have the exemption raised to 51 cents. The committee, however, for some time adhered to the rates fixed by the House, but later, I recall, the senior Senator from Michigan [Mr. COUZENS] suggested 45 cents instead of 46 cents. That figure remained for some time, when, upon later consideration, the committee did, as stated change the figure and fixed it at 11 cents.

Upon further consideration and after some additional facts were brought to its attention, for good and sufficient reasons, the committee agreed—and reports—to exempt from the tax all such tickets sold for less than 31 cents.

Mr. President, I am tempted to enlarge upon this subject, being somewhat familiar with it. I am not speaking for the producers of pictures, I am not speaking for the theaters as such, or their interests. I am pointing out, however, that this tax, whatever it be, falls upon the patrons of the theaters, and, indeed, falls upon what I may call the great mass of our people, who certainly do need release from troubles and cares in the way suggested by the Senator from Arizona. The burden of this tax will fall upon the poor, upon the great mass of our people.

Moreover, if I may impress this thought upon those who do me the honor to listen, I have authoritative information that, due to the national depression, nearly 5,000 small theaters, in villages, towns, and cities throughout the country, have closed their doors during the last year or two. From the same authoritative sources I am advised that if this tax is placed upon admission tickets there will be thousands of other theaters that will close their doors. I may be asked why I make that statement. It is because of the anticipated and certain falling off of patronage due to this tax proposed to be imposed on admission tickets.

Mr. KING. Mr. President, will the Senator yield?

Mr. SHORTRIDGE. I yield.

Mr. KING. Does the Senator think he is entirely justified in the statement just made, in view of the comparisons which were the basis of the action of the committee, instituted between conditions now and conditions in 1920, 1921, and 1922, based upon conditions then, the great depression that existed, the great fall in commodity prices, the thousands of people who were out of employment, indeed, so many that the Republican Party in their platform denounced the Democrats for precipitating a great panic—I repeat, does the Senator think he is justified in the statement he makes, when the committee and the Treasury Department and their experts predicated the facts which were the basis of the action of the committee upon conditions then existing, which were comparable with the conditions which exist now?

Mr. SHORTRIDGE. Mr. President, I do think I am justified in making that statement; otherwise I would not have made it, I may say to my learned colleague from Utah.

I am aware of the information brought to the attention of the committee. I am aware of the different views expressed by the several members of the committee. I do not wish to prolong discussion of this matter, but I remember full well the facts as disclosed and the views of different members of the committee. However, at the expense of the time of the Senate, I repeat that for reasons which I will not enlarge upon, there has been a great closing of the doors of theaters throughout the United States; and, from sources which I think reliable, from those engaged in the industry, I feel warranted in making the statement that if this burden is put upon the patrons of the theaters there will be many more doors closed.

I am hopeful, therefore, that the Senate will be disposed to vote for the amendment proposed by my colleague.

To repeat, again and yet again, for those who are not members of our Finance Committee, we first agreed with the House. Later there were changes. To-day we find the committee reporting in favor of exempting from the tax all tickets sold for less than 31 cents. I am earnestly asking that the amendment proposed to the committee's amendment by my colleague be agreed to.

In conference there may be a compromise or the House may stand firm and the Senate recede, or vice versa. Whatever may be done in conference, I am hopeful that the pending amendment will be adopted.

Mr. KING. Mr. President, does not the Senator appreciate the fact that a number of tentative agreements were entered into early in the discussion of the tax bill before the committee? That is to say, for instance, when the subject of the tax on furs or on other products came up, there would be a discussion and it would be said, "We will accept tentatively the action of the House, and after further consideration we may then make a change." Is it not a fact that with respect to the 45-cent agreement it was not a positive, fixed determination but was just a tentative understanding until we had further canvassed the bill and the sources of revenue which might be available?

Mr. SHORTRIDGE. I grant that so long as the bill was before the committee Senators felt at perfect liberty to change their views. It was not as a law of the Medes and Persians. But there is one thing that we ought to bear in mind. We are looking for revenue. We will not get revenue from closed theaters.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. SHORTRIDGE. I yield the floor. I do not wish to prolong the matter.

Mr. COPELAND. Mr. President, I merely wanted to say that this question does not involve alone the closing of the theaters by any means. There is involved the question of the welfare of the people. We seek to avoid any necessity for placing a tax on medicine. I do not think a better sedative for the suffering or a better stimulant for the depressed can be afforded than through enjoyment of the theater. So, because of my interest in the welfare of the people, I think that we are imposing an undue tax upon them when we seek to find revenue from this particular source.

Mr. HARRISON. Mr. President, it is inconceivable to me that I could have been the cause of the remarks of the Senator from California [Mr. JOHNSON], and I am not now sure whether I was or not. When I came into the Chamber I had not heard what other speeches had been made, and I understood that no one had stated what the loss of revenue would be by virtue of the suggested amendment. I am sure that no Senator who heard me in the discussion of this matter, in the wildest flights of his imagination, would think that I was lecturing anybody or giving cause for any remarks, if the remarks of the Senator from California were directed to me, because I merely stated what revenue would be received from the various percentages which might be employed.

Mr. COUZENS. Mr. President, I do not want to delay the Senate, but I do desire to state that when the Finance Committee had concluded its consideration of the bill, on the Thursday night referred to, there was in the bill $125,000,000 more in revenue from income taxes and $70,000,000 less in revenue from admission taxes.

What the Secretary of the Treasury did was to have the committee take out $125,000,000 of taxes to be paid by the income-tax payers receiving incomes in excess of $3,000, and to put back into the bill $70,000,000, to be paid by the theater goers who visit theaters where the admission charge is 10 cents or higher. So that the great care and the great conservation advocated for revenue was wholly disregarded when it came to the sources from which the revenue was to be obtained.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the senior Senator from California [Mr. JOHNSON] to the amendment of the committee.

Mr. JOHNSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I transfer my pair with the senior Senator from Alabama [Mr. BLACK] to the senior Senator from Colorado [Mr. WATERMAN] and vote "nay."

Mr. THOMAS of Oklahoma (when his name was called). I again announce my general pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote, I withhold my vote. If privileged to vote, I would vote "yea."

Mr. TOWNSEND (when his name was called). I again announce my general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from South Carolina [Mr. SMITH]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. If he were present, I understand he would vote as I expect to vote, and therefore I am at liberty to vote. I vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Louisiana [Mr. LONG] is paired with the Senator from Illinois [Mr. GLENN].

Mr. SHIPSTEAD (after having voted in the affirmative). Has the junior Senator from Arkansas [Mrs. CARAWAY] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. SHIPSTEAD. I have a special pair with that Senator. Not knowing how she would vote, I withdraw my vote.

Mr. BYRNES. I have a pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY].

Mr. KING. Mr. President, for the purpose of later entering a motion to reconsider, I change my vote from "nay" to "yea."

The result was announced—yeas 44, nays 33, as follows:

YEAS—44

Ashurst	Copeland	Hull	Oddie
Bankhead	Costigan	Johnson	Robinson, Ind.
Blaine	Couzens	Jones	Schall
Bratton	Davis	King	Shortridge
Broussard	Dill	Lewis	Steiwer
Bulkley	Frazier	Logan	Stephens
Bulow	George	McGill	Trammell
Capper	Glass	Moses	Tydings
Cohen	Gore	Norbeck	Wagner
Connally	Hawes	Norris	Walsh, Mass.
Coolidge	Howell	Nye	Wheeler

NAYS—33

Bailey	Fess	Kendrick	Smoot
Barbour	Fletcher	Keyes	Thomas, Idaho
Barkley	Hale	La Follette	Vandenberg
Bingham	Harrison	McNary	Walcott
Borah	Hastings	Metcalf	Walsh, Mont.
Carey	Hatfield	Patterson	White
Cutting	Hayden	Reed	
Dale	Hebert	Robinson, Ark.	
Dickinson	Kean	Sheppard	

NOT VOTING—19

Austin	Glenn	Neely	Thomas, Okla.
Black	Goldsborough	Pittman	Townsend
Brookhart	Long	Shipstead	Waterman
Byrnes	McKellar	Smith	Watson
Caraway	Morrison	Swanson	

So Mr. JOHNSON'S amendment to the amendment was agreed to.

Mr. KING. Mr. President, was the announcement I made a moment ago a sufficient notice of my purpose to enter a motion to reconsider?

The PRESIDENT pro tempore. That notice will be entered.

Mr. WAGNER. Mr. President, I desire to offer an amendment to the paragraph now under consideration.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 269, line 2, after the word "imposed," strike out the period and insert a semicolon and add——

The PRESIDENT pro tempore. The Chair will state to the Senator from New York that the amendment is not in order now. We must first dispose of the amendment of the senior Senator from Utah as amended by the vote of the Senate just taken.

Mr. WAGNER. I ask that my amendment may be considered as soon as we dispose of the amendment referred to by the Chair.

The PRESIDENT pro tempore. The Senator may offer it at that time.

Mr. ODDIE. Mr. President, I have an amendment that I ask may be considered immediately following the amendment of the Senator from New York.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Utah as amended by the vote of the Senate just taken.

The amendment as amended was agreed to.

The next amendment of the Committee on Finance was, on page 269, line 1, to strike out "11 cents" and insert "41 cents," and in line 13, to strike out "11 cents" and insert "41 cents," so as to read:

(a) Paragraph (1) of section 500 (a) of the revenue act of 1926, as amended, is amended to read as follows:

"(1) A tax of 1 cent for each 10 cents or fraction thereof of the amount paid for admission to any place, including admission by season ticket or subscription, to be paid by the person paying for such admission; except that in case the amount paid for admission is less than 41 cents, no tax shall be imposed. In the case of persons (except bona fide employees, municipal officers on official business, and children under 12 years of age) admitted free or at reduced rates to any place at a time when and under circumstances under which an admission charge is made to other persons, an equivalent tax shall be collected based on the price so charged to such other persons for the same or similar accommodations, to be paid by the person so admitted. Amounts paid for admission by season ticket or subscription shall be exempt only if the amount which would be charged to the holder or subscribed for a single admission is less than 41 cents."

The amendment was agreed to.

The next amendment was, on page 270, line 25, after the word "than," to strike out "46 cents" and insert "41 cents," so as to read:

(e) Effective July 1, 1934, section 500 (a) (1) of the revenue act of 1926, as amended by subsection (a) of this section, is amended by striking out "less than 41 cents" wherever appearing in such paragraph, and inserting in lieu thereof "$3 or less."

The amendment was agreed to.

The PRESIDENT pro tempore. The Senator from New York is recognized.

Mr. WAGNER. I give way so the Senator from Kentucky [Mr. BARKLEY] may address the Chair.

Mr. BARKLEY. Mr. President, on page 268 the Finance Committee originally inserted an amendment in line 21 fixing a tax of 25 per cent on admissions to horse or dog races, which was different from the regular 10 per cent tax.

Mr. COUZENS. Mr. President, that amendment was rejected.

Mr. BARKLEY. I was going to inquire what had been done with it.

The PRESIDENT pro tempore. It has been rejected. The Senator from New York [Mr. WAGNER] offers the following amendment, which will be stated.

The CHIEF CLERK. On page 269, in line 2, after the word "imposed," strike out the period, insert a colon, and add:

Provided, That in the case of legitimate spoken drama, if the amount paid for admission is less than $3, no tax shall be imposed. As used in this subdivision, the term "legitimate spoken drama" means a spoken play, whether or not set to music or with musical parts or accompaniments, which is a consecutive narrative interpreted by a single set of characters, all necessary to the development of the plot, in two or more acts, the performance consuming more than 1 hour and 45 minutes of time.

Mr. WAGNER. Mr. President, the amendment would retain the law as it is now so far as the spoken drama is concerned by exempting admission charges up to $3 and imposing a tax of 10 per cent on admissions above $3. The senior Senator from Arizona [Mr. ASHURST] made such an intellectual and persuasive presentation of the subject a moment ago that anything I say would be merely an anticlimax.

I would like to have read at the desk, however, a letter which I received from a number of producers interested in this industry which explains the economic situation with reference to the theater.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

DEAR SENATOR:

* * * * * * * *

The legitimate theater has never objected to a tax on tickets costing $3 and over. Such a tax is still in force. It desires to be taxed no further. The contemplated tax will affect the occupants of balcony and gallery seats, the poorer playgoers who will be deterred from attending by a 10 per cent admission tax on the box-office price.

It is estimated the additional amount to be obtained from this tax will be less than $1,000,000, one one-thousandth of the total revenue needed. This is a mere bagatelle from the standpoint of taxation, but it represents a very decided handicap to an institution which is tottering and moribund. We need only call your attention to the fact that 70 per cent of the legitimate theaters throughout the country are closed, that over 60 per cent of the musicians, stagehands, and actors are unemployed, that important managers whose names have been a household word throughout the Nation for the past three decades are bankrupt, and that many parts of the country have on account of the dark theaters been denied the entertainment and the experience of the legitimate drama, so that there are parts of the country to-day where the traditions of Shakespeare, Barrie, the great classic dramatists of all literature, are unknown to them.

The contemplated tax of 10 per cent on the legitimate drama is a tax on culture. Civilized countries throughout the world have subsidized their theaters on the ground that they are necessary to the cultural life of the people. Especially in times of depression is the legitimate theater a necessity. Woodrow Wilson declared the legitimate theater throughout the World War an essential industry. Surely in times of depression, when the morale of the people should be bolstered up, a tax which will add to the

economic debacle of the living, flesh and blood theater is undesirable.

We therefore urge you to support Senator WAGNER'S amendment on the floor of the Senate, and thereby merit the gratitude of all lovers of the theater, of whom there are legion.

Respectfully,

Arthur Hopkins, president the League of New York Theaters (Inc.); Frank Gillmore, president Actors' Equity Association; Owen David, the Dramatists' Guild of the Authors' League of America (Inc.); Luise Silcox, the Dramatists' Guild of the Authors' League of America (Inc.); Edward Childs Carpenter, president American Dramatists; Fred J. Dempsey, secretary-treasurer International Alliance Theatrical Stage Employees; James Brennan, president Theatrical Protective Union No. 1; Joseph N. Weber, president American Federation of Musicians of the United States and Canada; Edward Canavan, chairman American Federation of Musicians, Local 802; Walter R. Percival, president United Scenic Artists of America; Lee Shubert; Charles B. Dillingham; Gilbert Miller; Marcus Heiman; L. Lawrence Weber; Lawrence Langner; Brock Pemberton; Sam H. Harris; Kenneth Macgowan; Rowland Stebbins; Max Gordon; Winthrop Ames; Judge Mitchell L. Erlanger; Arch Selwyn; Herman Shumlin; William A. Brady; Morris Gest; Jed Harris; Dwight Deere Wiman; George White; Earl Carroll; Alexander McKaig; Doran, Ray & Hewes; Ed Wynn; Mary Boland; Laurette Taylor; George Jessel; Donald Brian; Jane Cowl; Selena Royle; Ernest Truex; Paul Muni; Leslie Howard; Henry Stephenson; Alice Brady; Ruth Gordon; Osgood Perkins; Eddie Dowling; Frank Craven; Basil Rathbone; Fannie Hurst; Heywood Broun; Austin Strong; Bob Sherwood.

Mr. WAGNER. Mr. President, I do not want to reiterate what has been said already so eloquently in behalf of the spoken drama. I would like to reiterate some statistics which were presented as to the stifled condition of the industry, or institution, as I prefer to call it, because undoubtedly it is one of the vehicles for our cultural heritage, and while we tax it in our country the European countries regard it so important as a cultural influence upon their people that not only do they not tax it but actually subsidize so as to preserve and insure its continued life.

Mr. Frank Gilmore, president of the Actors' Equity Association, stated before the committee that in 1929 there were 7,466 actors employed; that in 1931 the number had decreased to 3,730. In 1928 there were 20,000 musicians employed in the theaters of the United States. To-day there are probably not more than 8,000 employed.

The secretary of the Theatrical Protective Union, an organization of stage hands in the New York district, states that fully half the membership of that organization is now unemployed.

Even the most optimistic calculation, I think, will show that less than a million dollars in revenue are involved, and yet, for the sake of exacting a million dollars, and perhaps not getting more than half of it, we are to destroy the spoken drama, the legitimate stage, when it is so badly needed as a cultural influence.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Mississippi?

Mr. WAGNER. I yield.

Mr. HARRISON. I may say to the Senator that there was no group that appeared before the Finance Committee who made a stronger impression on the committee, in my opinion, than the group referred to. Their appeal was a powerful one, and when the question was voted on the committee divided, I think, 9 to 8, whether or not the proposal would be carried out.

Mr. WAGNER. Mr. President, I suppose when the court is with the advocate he should stop talking.

Mr. HAWES. Mr. President, my mind goes back to the period of the World War, when the spoken word in the theater was an inspiration to our people. Now the drama is in distress; the keen competition of the radio, the moving picture, canned music, and canned oratory has almost destroyed the profession of the actor in America.

As the distinguished Senator from New York has said, in other countries especial attention is given to the development of this talent, which is employed to entertain and amuse the people. As it is, in our country the actors' profession is almost a dying one, largely because of the competition of mechanical devices.

What is a million dollars in taxes compared to the preservation of the stage and of the fine actors who portray for our people stories of the past and visions of things that are to come, and entertain them when they ought to be entertained in these days of depression? I hope the amendment will be adopted.

Mr. COUZENS. Mr. President, I should like to ask the Senator from New York how we can justify ourselves in exempting from tax a man who pays $2.50 to go to the theater to witness the spoken drama, while we tax a man 10 per cent who goes to see a moving-picture show? What justification is there for Congress taking such action?

Mr. WAGNER. Mr. President, of course admission fees are higher in the case of the spoken drama because it is so much more expensive to produce; but what we may call the poorer classes, who are still thirsting for the literature of the stage, will pay $3 for admission to the balcony and a little less for gallery seats. It is that class of people who under my amendment would be exempt from the payment of the tax. For orchestra seats, as a rule, in the better-type theaters the admission charge is more than $3, and those who buy such seats would, of course, under the bill be taxed.

Mr. COUZENS. Does the Senator mean that the man who pays $2.75 to go to see the spoken drama can not pay a 10 per cent tax?

Mr. WAGNER. That has been the experience, I will say to the Senator.

Mr. COUZENS. Just how can we afford to tax to the extent of 4 cents the man who goes to the moving-picture show and has only 40 cents to spend and exempt the man who pays $2.50 for a ticket in order to attend a performance of the spoken drama?

Mr. WAGNER. The cost of producing the talking moving pictures is very much less than the cost of producing the spoken drama, so that of necessity a higher fee has to be charged for the latter.

Mr. COUZENS. That is true, but one must pay the price or he can not go.

Mr. WAGNER. A tax by increasing the price has the same effect upon the theatergoer that a tax on automobiles has on the purchasers of automobiles, for whom the Senator pleaded the other day.

Mr. COUZENS. Both Senators from New York have voted to tax the farmer and the little merchant from $25 to $30 on their cars; they voted against the amendment offered by my colleague proposing a reduction in the tax on automobiles and they said that the addition of $25 to the price of an automobile was "the bunk." The senior Senator from New York said that it did not deter sales, and yet his colleague rises in the Senate and insists that a tax of 25 cents in addition to the admission charge for the spoken drama will deter theatergoers. I think the Senators had better analyze their own voting records when they say that in one instance a tax of $25 does not make any difference to the farmer or the little merchant who has to buy a motor car, but that a tax of 25 cents will deter a man from going to a theater.

Mr. WAGNER. As a matter of fact, I voted with the Senator for the reduction in the tax proposed by the committee.

Mr. COUZENS. The senior Senator from New York did not.

Mr. WAGNER. If the Senator will examine the RECORD he will find that I voted with him for a reduction in the tax.

Mr. COPELAND. Mr. President, will my colleague yield?

The VICE PRESIDENT. The Senator from Michigan has the floor.

Mr. COUZENS. I yield.

Mr. COPELAND. I voted against the amendment of the committee.

Mr. COUZENS. Yes; but the Senator voted to retain the tax in the bill.

Mr. COPELAND. I did, and I am very much interested to hear the Senator admit that the consumer is going to pay the tax. He was here to defend the manufacturer; he was here to take care of the manufacturers of motor cars in Detroit, and argued that the tax would be a great burden on them. I never heard the argument that the consumer, the poor consumer, was going to pay the tax. That is entirely new.

Mr. COUZENS. Mr. President, just a moment. The Senator has overlooked the argument made by my colleague that the tax would be passed on and that the consumer would pay it; it always has been passed on. When the tax was in force before it was added to the purchaser's bill.

Mr. COPELAND. If that is the attitude of the Senator from Michigan, and he wants to protect the man who pays the tax, he will certainly vote for my colleague's amendment in this instance in order to save the man from paying the tax.

Mr. COUZENS. In other words, I should vote to save 25 cents to the man who has $2.50 to spend to go to the spoken drama, but I should vote for a $25 tax on the man who has to buy a truck with which to make his living.

Mr. COPELAND. He pays that tax on a car only once in five or six years. I hope he is going to go to the theater a good many times each year, for no matter how poor a man may be, he has the same aspirations for culture, spoken of so eloquently by the Senator from Arizona [Mr. ASHURST] a little while ago, as has the rich man.

Mr. COUZENS. I do not find any fault with that, but why should we impose a tax of 10 per cent on a man who has only 45 cents to spend with which to go to a movie, and refuse to put a 10 per cent tax on a man who has $2.50 with which to go to see the spoken drama in a theater? I do not see the consistency of it.

Mr. WAGNER. May I say to the Senator I have not refused to do any such thing; I voted for the amendment as it was presented, which increased the exemption.

Mr. COUZENS. That is quite true.

Mr. WAGNER. I have not said that I would not vote for a still further exemption in the case of the moving-picture admissions.

Mr. COUZENS. But in the condition in which the bill now is, everybody who goes to any amusement to which the admission costs more than 45 cents pays a 10 per cent tax. Why should particular forms of entertainment be exempted when a tax of 10 per cent is placed on admissions to most of the little moving-picture theaters throughout the Nation?

Mr. WAGNER. Mr. President, the condition of the industry now is such that it is pretty nearly stifled because of the depression and because of terrific competition which it is undergoing, and the question is, Shall we, for the sake of raising possibly less than a million dollars, take the chance of destroying this cultural institution? Furthermore, the Senator knows that nearly all the great literature of the English language was written primarily to be produced upon the stage, and that it will be a sad day for this country when the spoken drama goes out of existence. I do not think we ought to take the chance of destroying this great influence for culture.

Mr. HAWES. Mr. President, it is not a question of taxation; it is not a question of drawing a distinction between a moving-picture show and a $3 entertainment; the issue is different from that. It is whether we are going to preserve the profession of the actor, the old stage, the men and women who portray Shakespeare, the men and women who follow the traditions of Florence, and the other great actors and actresses of the past. It is not a question of taxation; it is a question of preserving that fine artistic industry in America. That is the viewpoint that I take, and that is why I shall support the amendment of the Senator from New York.

Mr. NORRIS. Mr. President, of course all taxes are burdensome. I would like very much to see admissions to all theaters free of taxes; I do not think there is any question that all would like to see that situation. I do not think the particular industry for which the Senator from New York [Mr. WAGNER] speaks so eloquently is in any worse condition than is any other industry. The letters that come to me from all over the United States in behalf of the moving-picture industry tell the same story that the Senator from New York now is telling us about the spoken drama. The same story comes from everybody who is being taxed in this bill, and, while some of them are perfectly selfish and sometimes unreasonable, the great majority of them make a good case. Industries are all languishing; they are all suffering. The story the Senator from New York tells about the dying industry of the stage is the same story told over and over again by every other industry.

Mr. President, while we had rather not levy the tax, I myself can not understand why we should permit the theaters covered by this amendment to be free from tax where the admission is less than $3, and then tax to the extent of 10 per cent those theaters where the admission is 50 cents. The moving picture is a little different, but it is languishing just the same, and the plea comes every day from all over the United States not to tax it. There is no difference that I can see so far as the suffering of the industry is concerned.

Mr. President, a person who is able to pay $3 to go to a theater is better able to pay a 10 per cent tax on admission tickets than is the person who goes to a movie show where the admission is 50 cents able to pay the 10 per cent tax upon his admission.

One reason why the spoken drama is passing out and having the hardships so well described by the Senator from New York is that the admission fee is too high. If the price of admission were reduced, thousands of people who are not able now to go would be glad to go. It is the price the ordinary person has to pay for admission to these theaters that keeps him from patronizing them.

The Senator from Missouri said that his mind went back to the days of the war, when all these various sorts of entertainments were brought out. Mr. President, my mind goes back away beyond the war, probably to a time before the Senator from Missouri was born. I recognize what an effort it was to go to see Hamlet, or Julius Cæsar, or Macbeth, or The Merchant of Venice. I have seen them all in those days to which my mind goes back; and in those days I never paid more than a dollar to see them. I was not able to get the best seat. I did not get quite as good an education from seeing them in the way of developing culture and higher sentiments as the person who was able to pay $1.50 to get a better seat; but a dollar was all that thousands of people could afford, and now they can not afford to pay the dollar. The only way to get relief is to reduce the price of admission.

I do not believe that those who are advocating the exemption from taxation of admissions up to $3 are justified in making the claim that they do. I do not believe we would be justified in taxing the lower-priced admissions and letting the higher-priced admissions go. It would be like levying an income tax on the man with the $1,000 income and levying no income tax upon the man who had an income of $10,000.

I recognize the propaganda that has gone on in favor of this amendment. I presume all Senators, if they have read what has come to them, have read volumes along the line of the argument made by the Senator from New York [Mr. WAGNER]. It probably appealed to all of us, as I know it did to me. But since we must tax, since we must have revenue, it is far better to get the revenue from the man who is able to pay $3 admission than it is from the poor fellow who has only a half dollar, and has to content himself with going to a spoken movie. That is a method of education that is newer than the spoken drama. It is getting better all the time. Everybody recognizes its educational value. Why levy a tax upon it, and not levy a tax upon those theaters where the admission is higher?

To my mind, Mr. President, we are unreasonable and illogical if we exempt from taxation these higher admissions. If the Senator's amendment had a limitation on it that was somewhere within the ability of the ordinary person in these times to buy a ticket and pay for it, I might feel a little differently about the matter; but if we will take care

of the fellows who have only 40 cents to buy a theater ticket, the fellows who have $3 to buy a ticket will take care of themselves.

The VICE PRESIDENT. The question is on the amendment of the Senator from New York [Mr. WAGNER]. [Putting the question.] The Chair is in doubt.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). I have a pair with the senior Senator from Alabama [Mr. BLACK]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN] and will vote. I vote "nay."

Mr. TOWNSEND (when his name was called). I am paired with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote on this question, I withhold my vote.

Mr. WATSON (when his name was called). My general pair, the Senator from South Carolina [Mr. SMITH], is absent from the Chamber; therefore I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. DAVIS. Has the junior Senator from Kentucky [Mr. LOGAN] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. DAVIS. I have a general pair with that Senator, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. JONES. Making the same announcement as heretofore with reference to my pair, I find that I can transfer it to the Senator from West Virginia [Mr. HATFIELD]. I do so and will vote. I vote "nay."

Mr. BYRNES. I transfer my pair with the junior Senator from Vermont [Mr. AUSTIN] to the junior Senator from South Dakota [Mr. BULOW] and will vote. I vote "yea."

Mr. SHIPSTEAD (after having voted in the negative). I have a pair with the junior Senator from Arkansas [Mrs. CARAWAY]. Has that Senator voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. SHIPSTEAD. Not knowing how the junior Senator from Arkansas would vote, I withdraw my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY];

The Senator from Maryland [Mr. GOLDSBOROUGH] with the Senator from Oklahoma [Mr. THOMAS]; and

The Senator from Connecticut [Mr. BINGHAM] with the Senator from Virginia [Mr. GLASS].

Mr. SHEPPARD. I wish to announce that the Senator from Mississippi [Mr. HARRISON] is paired with the Senator from Oregon [Mr. MCNARY]. Both these Senators are necessarily absent on official business.

The result was announced—yeas 28, nays 39, as follows:

YEAS—28

Ashurst	Copeland	Lewis	Shortridge
Barkley	Cutting	Moses	Steiwer
Broussard	Dale	Oddie	Stephens
Bulkley	Fess	Reed	Trammell
Byrnes	Hawes	Robinson, Ark.	Tydings
Connally	Johnson	Robinson, Ind.	Wagner
Coolidge	Keyes	Schall	Walsh, Mass.

NAYS—39

Bailey	Dickinson	Hull	Nye
Bankhead	Fletcher	Jones	Patterson
Barbour	Frazier	Kean	Sheppard
Blaine	George	Kendrick	Thomas, Idaho
Bratton	Gore	King	Vandenberg
Capper	Hale	La Follette	Walcott
Carey	Hastings	McGill	Walsh, Mont.
Cohen	Hayden	Metcalf	Wheeler
Costigan	Hebert	Norbeck	White
Couzens	Howell	Norris	

NOT VOTING—29

Austin	Borah	Caraway	Glass
Bingham	Brookhart	Davis	Glenn
Black	Bulow	Dill	Goldsborough
Harrison	McNary	Smith	Waterman
Hatfield	Morrison	Smoot	Watson
Logan	Neely	Swanson	
Long	Pittman	Thomas, Okla.	
McKellar	Shipstead	Townsend	

So Mr. WAGNER's amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 3111) validating certain applications for and entries of public lands, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 406. An act to validate a certain conveyance heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, to Pacific States Box & Basket Co., a corporation, involving certain portions of right of way in the vicinity of the town of Florin, county of Sacramento, State of California, acquired by the Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat. L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat. L. 356);

H. R. 1133. An act to provide for the relinquishment by the United States of certain lands to the city of Coeur d'Alene, in the county of Kootenai, in the State of Idaho;

H. R. 1226. An act for the relief of Edna M. Gilson;

H. R. 1279. An act for the relief of Frank Kanelakos;

H. R. 1383. An act for the relief of certain United States naval officers;

H. R. 1907. An act for the relief of Nolen N. Reynolds;

H. R. 2065. An act for the relief of the Great Western Coal Mines Co.;

H. R. 2161. An act for the relief of Nelson E. Frissell;

H. R. 2418. An act concerning the claim of Jacob Landry;

H. R. 2686. An act granting six months' pay to Annie Bruce;

H. R. 2695. An act for the relief of David Albert Robeson;

H. R. 2707. An act for the relief of William Alexander Keys;

H. R. 3422. An act for the relief of Michael F. Calnan;

H. R. 3540. An act for the relief of Charles Beretta, Isidore J. Proulx, and John J. West;

H. R. 3604. An act for the relief of Same Giacalone and Same Ingrande;

H. R. 3624. An act for the relief of Minnie Hopkins.

H. R. 4226. An act for the relief of Joe G. McInerney;

H. R. 4230. An act for the relief of Genevieve M. Heberle;

H. R. 4264. An act for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired;

H. R. 4925. An act for the relief of John L. Friel;

H. R. 5058. An act for the relief of Mary F. Crim;

H. R. 5149. An act for the relief of Laura Goldwater;

H. R. 5362. An act for the relief of Maj. Thomas J. Berry;

H. R. 6336. An act for the relief of George W. Steele, jr.;

H. R. 7449. An act for the relief of the heirs of Jacob D. Hanson; and

H. R. 8777. An act for the relief of J. N. Gordon.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 31) to print and bind the proceedings in Congress and in Statuary Hall upon the occasion of the unveiling of the statue of Charles Brantley Aycock presented by the State of North Carolina, in which it requested the concurrence of the Senate.

STATUE OF CHARLES BRANTLEY AYCOCK

The PRESIDENT pro tempore. The Chair lays before the Senate a concurrent resolution from the House of Representatives, which will be read.

The Chief Clerk read the concurrent resolution (H. Con. Res. 31), as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed with illustrations and bound 5,000 copies of the proceedings in Congress, together with the proceedings held at the unveiling in Statuary Hall, upon the acceptance of the statue of Charles Brantley Aycock, presented by the State of North Carolina, of which 1,000 copies shall be for the Senate

and 2,500 copies for the use of the House of Representatives, and the remaining 1,500 copies shall be for the use and distribution of the Senators and Representatives in Congress from the State of North Carolina.

The Joint Committee on Printing is hereby authorized to have the copy prepared for the Public Printer and shall procure suitable illustrations to be published with these proceedings.

Mr. BAILEY. I ask unanimous consent that the concurrent resolution be agreed to by the Senate.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the concurrent resolution was considered and agreed to.

PUBLIC LAND ENTRIES

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 3111) validating certain applications for and entries of public lands, and for other purposes, which was, on page 3, after line 7, to insert:

SEC. 5. Patents issued hereunder shall contain reservation in usual form of all oil, gas, and other minerals to the United States.

Mr. NYE. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 406. An act to validate a certain conveyance heretofore made by Central Pacific Railway Co., a corporation, and its lessee, Southern Pacific Co., a corporation, to Pacific States Box & Basket Co., a corporation, involving certain portions of right of way in the vicinity of the town of Florin, county of Sacramento, State of California, acquired by the Central Pacific Railway Co. under the act of Congress approved July 1, 1862 (12 Stat. L. 489), as amended by the act of Congress approved July 2, 1864 (13 Stat. L. 356);

H. R. 1133. An act to provide for the relinquishment by the United States of certain lands to the city of Coeur d'Alene, in the county of Kootenai, in the State of Idaho;

H. R. 2418. An act concerning the claim of Jacob Landry;

H. R. 2707. An act for the relief of William Alexander Keys; and

H. R. 8777. An act for the relief of J. N. Gordon; to the Committee on Public Lands and Surveys.

H. R. 1226. An act for the relief of Edna M. Gilson;

H. R. 1279. An act for the relief of Frank Kanelakos;

H. R. 2065. An act for the relief of the Great Western Coal Mines Co.;

H. R. 2161. An act for the relief of Nelson E. Frissell;

H. R. 3540. An act for the relief of Charles Beretta, Isidore J. Proulx, and John J. West;

H. R. 3604. An act for the relief of Same Giacalone and Same Ingrande;

H. R. 4230. An act for the relief of Genevieve M. Heberle;

H. R. 4264. An act for the relief of Lieut. Col. H. H. Kipp, United States Marine Corps, retired;

H. R. 4925. An act for the relief of John L. Friel;

H. R. 5058. An act for the relief of Mary F. Crim;

H. R. 5149. An act for the relief of Laura Goldwater;

H. R. 5362. An act for the relief of Maj. Thomas J. Berry; and

H. R. 7449. An act for the relief of the heirs of Jacob D. Hanson; to the Committee on Claims.

H. R. 1383. An act for the relief of certain United States naval officers;

H. R. 1907. An act for the relief of Nolen N. Reynolds;

H. R. 2686. An act granting six months' pay to Annie Bruce;

H. R. 2695. An act for the relief of David Albert Robeson;

H. R. 3422. An act for the relief of Michael F. Calnan;

H. R. 3624. An act for the relief of Minnie Hopkins; and

H. R. 6336. An act for the relief of George W. Steele, jr.; to the Committee on Naval Affairs.

H. R. 4226. An act for the relief of Joe G. McInerney; to the Committee on Commerce.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 270, after line 5, to strike out:

(e) The exemption from tax provided by subdivision (b) (1) (A) shall not be allowed in the case of admissions to wrestling matches, prize fights, or boxing, sparring, or other pugilistic matches or exhibitions. The exemption from tax provided by subdivision (b) (1) shall not be allowed in the case of admissions to any athletic game or exhibition the proceeds of which inure wholly or partly to the benefit of any college or university (including any academy of the military or naval forces of the United States).

And in lieu thereof to insert:

The exemption from tax provided by subdivision (b) (1) (A) shall not be allowed in the case of admissions to wrestling matches, prize fights, or boxing, sparring, or other pugilistic matches or exhibitions, except in the case of admissions the proceeds of which inure exclusively to the benefit of educational institutions.

The amendment was agreed to.

The next amendment was, on page 271, after line 2, to insert:

SEC. 712. ADMISSION TO OLYMPIC GAMES

The tax imposed by section 500 of the revenue act of 1926, as amended, shall not be imposed in respect of admission to the games of the Tenth Olympiad, to be held in the United States in the calendar year 1932.

Mr. TRAMMELL. Mr. President, while we are passing upon the question of admission charges I desire to ask the chairman of the Committee on Finance if an exemption is made on admissions to agricultural and industrial fairs?

Mr. SMOOT. The existing law provides for that.

Mr. TRAMMELL. This bill does not make any alteration in the existing law in that exemption?

Mr. SMOOT. None whatever.

Mr. TRAMMELL. I thank the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

Mr. ODDIE. Mr. President, I send an amendment to the desk which I desire to offer.

The VICE PRESIDENT. The amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 243, after line 13, the Senator from Nevada proposes to insert:

(4) An excise tax of 1 cent per pound shall be levied on the metallic manganese content of all imports into the United States of manganese ore (including ferruginous manganese ore) or concentrates and manganiferous iron ore, all the foregoing containing in excess of 10 per cent of metallic manganese; and an excise tax of 1⅞ cents per pound shall be levied on the metallic manganese content of all imports into the United States of manganese metal, manganese silicon, ferromanganese, and spiegeleisen.

Mr. ODDIE. Mr. President, on April 11, 1932, I introduced an amendment to H. R. 10236 providing for an excise tax of 1 cent per pound on manganese imported into the United States. The reference in the proposed amendment was to page 232 between lines 15 and 16 in the bill as passed by the House. This reference should now be changed to page 243 after line 13 of the bill as reported by the Senate Committee on Finance.

When the 1922 tariff bill was under consideration, American manganese producers requested a duty of 2 cents per pound, and the Congress reduced that to 1 cent per pound, which proved to be inadequate protection to the domestic industry. Imports continued to increase, and these facts I made available to the Senate when the 1930 tariff bill was being considered.

The Congress in the 1930 tariff bill again provided a 1-cent duty on manganese, and since this act went into effect almost the entire American market has been monopolized by foreign manganese producers, principally Soviet Russia,

where the costs of production under the communist system are nominal.

The American manganese industry to-day is very largely shut down, contributing materially to unemployment, and I have consequently offered an amendment to the tax bill now before the Senate to impose an excise tax on manganese imports into the United States.

From my intimate knowledge of American manganese developments in the United States since 1922, I am more convinced than ever of the need for the additional protection which will be afforded by the enactment of the proposed amendment which I have introduced, providing for a tax of 1 cent per pound on manganese imports. I am also certain that the amount of protection thus afforded will be no more than sufficient to allow the manganese industry of the United States the opportunity to compete for one-third of the domestic market requirements.

In brief, this excise tax will not be prohibitory, but will probably result in a revenue to the Government based upon two-thirds of the manganese imported into the United States.

In 1931 there were 502,518 gross tons of manganese ore and 22,000 tons of ferromanganese and other manganese alloys imported into the United States. With a tax of 1 cent per pound on the metallic manganese content of the ore and with 1⅞ cents per pound on the metallic manganese content of ferromanganese, covering only two-thirds of the total imports in 1931 as stated above, the revenue to the Government would be $4,069,648.

The manganese industry to-day is well equipped to supply one-third of the domestic requirements and is asking for no more than sufficient protection to give it this small share of the business. It is to be expected, and it will naturally follow that if the American manganese industry is afforded this tax protection that it will grow in size and that metallurgical improvements will tend to reduce the cost of American production so as to enable the industry in the years to come to obtain a larger share of the domestic market.

In all of the tariff campaigns the importance of manganese as a war essential material has been stressed, and if the American industry is compelled to remain shut down and the incentive of the American producers is to be killed, this country will continue to be dependent upon foreign sources of manganese supply.

Manganese has come to occupy an ever-increasing importance in the manufacture of steel, and this to-day constitutes the principal demand for it, and this country should be absolutely independent of foreign manganese.

With the enactment of the amendment which I now propose, I believe that the American manganese industry will be given a reasonable opportunity to develop and ultimately to satisfy all the Nation's requirements.

The ore resources of this country are distributed in some 34 States and are unlimited in volume, and there is no reason why this country should not be obsolutely independent of foreign sources of manganese.

The War Department on several previous occasions has called the Nation's attention to the importance of manganese in our Nation's defense, and that department is still greatly concerned over the situation.

I wish to offer for the RECORD a letter of the Hon. F. H. Payne, Assistant Secretary of War, to Mr. Howard H. Cook, secretary of the American Iron and Steel Institute, on February 12, 1932, which I quote, as follows:

FEBRUARY 12, 1932.

Mr. HOWARD H. COOK,
Secretary American Iron and Steel Institute,
New York City.

MY DEAR MR. COOK: The question of assuring during war time an adequate supply of manganese ore to maintain the production of the steel industry at the rate demanded by any military program is one that has received much thought in the War Department. This question resolves itself into a situation in which foreign sources of this ore are denied to this country, and reliance must be placed on domestic or near-by producers.

It has come to the attention of the War Department that the Cuban American Manganese Co., a subsidiary of the Freeport Texas Co., has expended considerable effort and capital to determine methods to produce from Cuban manganese ores a product which will be the equal in every way of foreign ores now largely used by the steel industry and which can be marketed in this country on a price basis comparing favorably with foreign ores. The department is informed that both of these objectives have been attained.

In view of the dependence of the military requirements upon steel products and of the supreme importance of manganese in the making of sound steel, it is deemed essential to have available at the beginning of a major war a domestic or near-by operating source of manganese ore.

To create such an operating source during peace time the producers must have a market for their output. It is therefore suggested that you bring to the attention of the members of the institute, who are consumers of manganese ore, the viewpoint of the War Department and its hope that the domestic and Cuban projects may possess sufficient merit to warrant their assistance in encouraging the development during peace time of these sources of manganese supply for war-time needs.

Because I know of their interest in this matter, I am taking the liberty of sending a copy of this letter to Mr. Farrell, of the United States Steel Co.; Mr. Grace, of Bethlehem Steel Co.; Mr. Ricks, of the Union Carbide Co.; and Mr. Lavino, of Lavino & Co.

Sincerely yours,

F. H. PAYNE,
The Assistant Secretary of War.

Secretary Payne also addressed a letter on the same day to the principal manganese consumers in the United States requesting their cooperation, and I introduced the same for the RECORD:

FEBRUARY 12, 1932.

Mr. JAMES A. FARRELL, *71 Broadway, New York City;* Mr. EUGENE G. GRACE, *25 Broadway, New York City;* Mr. J. J. RICKS, *President Union Carbide & Carbon Co., 30 East Forty-second Street, New York City;* Mr. E. M. LAVINO, *Philadelphia, Pa.*

MY DEAR MR. FARRELL: The question of assuring during the war an adequate supply of manganese ore to maintain the production of the steel industry at the rate demanded by the expected military program is one that has received much thought in the War Department. Recently there has been brought to our attention the effort of the Cuban American Manganese Co. to produce from Cuban manganese ores a product which will, to a large extent, meet our war-time requirements.

In order to bring to the attention of the manganese consumers the interest of the War Department in domestic and near-by production I have written a letter to the secretary of the American Iron and Steel Institute, copy of which I inclose. I shall very much appreciate whatever attention you may desire to give to this matter.

Sincerely yours,

F. H. PAYNE,
The Assistant Secretary of War.

Assistant Secretary of War Payne, in his letter to the American Iron and Steel Institute, which I have just placed in the RECORD, makes the following statements concerning the importance of manganese to the national defense:

The question of assuring during war time an adequate supply of manganese ore to maintain the production of the steel industry at the rate demanded by any military program is one that has received much thought in the War Department. This question resolves itself into a situation in which foreign sources of this ore are denied to this country and reliance must be placed on domestic or near-by producers.

In view of the dependence of the military requirements upon steel products and of the supreme importance of manganese in the making of sound steel, it is deemed essential to have available at the beginning of a major war a domestic or near-by operating source of manganese ore.

On April 19, 1932, I appeared before the Senate Committee on Finance and made a statement in behalf of this amendment. Mr. J. Carson Adkerson, the president of the American Manganese Producers' Association, on the same day presented detailed information concerning the condition of the industry and its ability to meet domestic requirements if afforded this additional protection.

His statement emphasized the fact that the industry could no longer survive unless it received the relief afforded in this emergency tax provision, and that such mines as have been opened would be compelled to shut down and fill with water and the plant and equipment, which has been established, either to be dismantled or to disintegrate. On a subsequent occasion, at the request of Senator SHORTRIDGE, the Assistant Secretary of War Payne appeared before the Committee on Finance in executive session and there presented a complete statement, setting forth the reasons why the Government's national defense required a domestic manganese supply.

Mr. President, with this effort on the part of the War Department adequately to protect the welfare of the Na-

tion by requesting the cooperation of the steel industry with the domestic manganese producers, there should be encountered no opposition to the imposition of the small tax proposed. The proposed amendment should be construed as one-third protection and two-thirds revenue, which at this time should be welcome to those who are seeking ways and means to increase the income of the United States and to balance the Budget. The stimulus afforded to the American manganese industry will also result in the employment of some 50,000 men and in increasing the sources from which income taxes may be derived.

There is no item in the tax bill now before the Senate which is more important from a national standpoint and none which can claim more importance to the national defense than the proposed tax on manganese imports.

At the present time the United States is dependent upon foreign sources of supply and is receiving the larger portion of its manganese ore from Soviet Russia. No longer should this Nation's safety be dependent upon foreign sources of manganese supply.

I feel sure the Senate will appreciate that this issue is one which transcends partisan consideration, and I make the broad appeal that the Senate unite in the adoption of this amendment.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. NORRIS. I want to ask the Senator about the production of manganese. How much is produced in the Senator's State?

Mr. ODDIE. There is none produced there now.

Mr. NORRIS. Would the tariff which the Senator is proposing result in building up the industry in the Senator's State?

Mr. ODDIE. It will be the means of bringing an industry into 34 States of the Union. Manganese is found in 34 States. Some of the deposits are exceedingly large and important; others are smaller.

Mr. NORRIS. Are the other places of production all closed up?

Mr. ODDIE. They are all closed up now.

Mr. NORRIS. Then there is no manganese produced in this country?

Mr. ODDIE. No; because all we use is being brought in from foreign countries.

Mr. NORRIS. What are the importations?

Mr. ODDIE. I have just given the statistics as to the importations. In 1931 there were imported 502,518 gross tons.

Mr. NORRIS. Was there any domestic production at all?

Mr. ODDIE. There was a small production before that, less than 300,000 tons, before this large importation started. These foreign importations have resulted in practically closing down the entire American manganese-producing industry.

Mr. NORRIS. The idea of this bill is to raise revenue, as I understand it. Would this tariff increase the revenue?

Mr. ODDIE. Yes; it would increase the revenue something over four million dollars.

Mr. NORRIS. In order to be of any benefit to the industry the Senator wants to revive, would we not have to make the tariff high enough to amount practically to an embargo?

Mr. ODDIE. It would take some years for the American manganese industry, with the proper protection, to reach a point where it could produce all that is consumed in the United States.

Mr. NORRIS. Was not the matter fought out fully in connection with the consideration of the last tariff bill?

Mr. ODDIE. Yes; but the tariff imposed at that time has since been found to be inadequate.

Mr. NORRIS. What is the tariff now?

Mr. ODDIE. One cent on ores containing over 10 per cent metallic content of manganese.

Mr. NORRIS. What is the revenue now?

Mr. ODDIE. I do not know off-hand what the revenue is.

Mr. NORRIS. Does the Senator think by keeping out some of the imports we will increase the amount of revenue?

Mr. ODDIE. By imposing the tax which I am suggesting, the American manganese industry can come into production again.

Mr. NORRIS. That is the point I am trying to bring out. In other words, it is a protective tariff the Senator wants applied?

Mr. ODDIE. Not altogether. I should like to see an adequate protective tariff, but this 1-cent excise tax will be a step in the right direction. This tax will enable the American manganese industry to produce, at the start, one-third of what we consume, and it will raise a revenue from the other two-thirds of the consumption in this country from importations and thereby produce a revenue of something over $4,000,000.

Mr. NORRIS. May I ask the Senator how he voted on the other tariff items, for instance, the amendment reducing the tariff on aluminum offered by the Senator from Maryland [Mr. TYDINGS].

Mr. ODDIE. My recollection is I voted against that amendment.

Mr. NORRIS. Does the Senator think that we ought to vote down all other tariff items and permit this item of his to go in the bill, as we did the coal and lumber and oil and copper tariffs?

Mr. ODDIE. No; I do not think so, because the Senate has already voted to put oil and copper, lumber and coal in the bill.

Mr. NORRIS. How did the Senator vote on those items?

Mr. ODDIE. I voted for them.

Mr. NORRIS. Does that mean the Senator was in on the combination?

Mr. ODDIE. I was in on no combination at all.

Mr. NORRIS. Was his vote an attempt to get in on the combination?

Mr. ODDIE. I can not answer that question. I voted on each one of these items as I think I should have, just as the Senator from Nebraska votes his own convictions.

Mr. President, this matter has been thrashed out time and again on the floor of the Senate.

Mr. NORRIS. Mr. President, may I interrupt the Senator to propound a further question? How did the Senator vote on the farmers' effort to get the equalization-fee amendment adopted?

Mr. ODDIE. It is a debatable question whether that particular item is the wisest way of helping the farmer. I have voted time and again for measures that would help the farmer.

Mr. NORRIS. That is the only opportunity the Senator has had in this case and he voted against it, did he not?

Mr. ODDIE. I felt that other measures would be of more benefit to the farmer. I felt there were certain features in that particular item to which the Senator from Nebraska refers that were not economically sound. We differ on some of these matters, but this manganese amendment is a clear-cut proposition. I think I have stated it plainly. It has been stated time and again on the floor of the Senate, and I think we will be able to agree to it. It will mean much to American industry. It will put thousands of men back to work and help to start us on the road to being economically independent. It will help us from the standpoint of the national defense.

Mr. President, on my amendment I ask for the yeas and nays.

Mr. SCHALL. Mr. President, Minnesota has over 50,000,000 tons of known reserves of low-grade manganese ores. Processes have been developed at the Minnesota School of Mines for the successful recovery from these low-grade ores of the highest-grade manganese ore known in the world's market. The practicability of these processes has been attested to by the United States Bureau of Mines and the United States War Department.

The attention of the Senators should be forcibly called to the serious situation during the last war arising from a shortage of manganese. The situation is best expressed in the language of Maj. Alfred H. Hobley, now in charge of the Raw Materials Division of the War Department, in a meeting

recently held in Washington between the manganese producers and the War Department, at which time he said:

Everything was going along smoothly then until something interfered with the shipping, and that something was both a shortage of shipping and the sinking of vessels. In one case the situation became sufficiently critical for the Navy to agree to send the naval collier *Cyclops* to Brazil for a load of manganese that was particularly necessary, and unfortunately the *Cyclops* was sunk en route, never heard of after its departure from the port in Brazil. So that the steel people became very much concerned about how they were going to continue their manufacture of steel and obtain the necessary quality and grade required for the manufacture of military munitions.

I would like the privilege of inserting into the RECORD a copy of resolutions passed by the Republican convention in Minnesota with 15 Minnesota counties represented.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

Resolutions passed by the Sixth District Republican Convention, Minnesota, with 15 Minnesota counties represented, April 30, 1932

Whereas manganese is a mineral recognized by the War Department as most essential to this country's preservation in times of war, and whereas it has been shown that Minnesota is one of the sources of a domestic manganese supply more than sufficient in quantity for the manufacture into steel of all of the known United States reserves of iron ore; and

Whereas the existing tariff on manganese has ceased to be an effectual protection to domestic supplies of this essential mineral because of the dumping in the United States of Russian ores, produced by the convict or forced labor of the soviet régime, at prices far below cost of domestic production; and

Whereas the State of Minnesota contains in excess of a proven 50,000,000 tons of low-grade manganese or manganiferous iron ores at present nonmerchantable and with their development at a standstill due to inadequate protection; and

Whereas ore-treatment processes have been perfected (the practicability of which is attested to by our University School of Mines, the United States Bureau of Mines, and the United States War Department), which will provide a conversion of these ores into merchantable manganese if and when vicious foreign competition is eliminated; and

Whereas it is believed an internal tax on manganese imports will effect a cessation of foreign dumping and a rehabilitation of the local industry, thus providing increased employment and increased tax revenue to our district and to the State of Minnesota: Therefore be it

Resolved, That manganese-ore production constitutes an infant industry of this State and the United States which it is imperative to foster and to adequately protect; and be it further

Resolved, That we accordingly indorse Senator ODDIE's amendment to the revenue bill for an excise tax of 1 cent per pound on the metallic manganese content of imported ores, and that we emphatically urge our Senators and Representatives in Congress to exert their untiring efforts toward an early enactment of said measure.

Mr. SHEPPARD. Mr. President, I desire to enter a motion to reconsider the vote on the question of the disagreement of the Senate to the committee amendment on the spoken-drama tax.

The VICE PRESIDENT. The motion will be entered.

Mr. METCALF. Mr. President, I desire to submit to the Senate a resolution adopted to-day in Washington by the National Wholesale Jewelers Association, as follows:

The National Wholesale Jewelers Association, in convention assembled, unanimously beseeches Congress to adopt the small manufacturers' sales tax in order to balance the Budget instead of a discriminatory excise tax on a few industries.

Mr. PITTMAN. Mr. President, I feel that I should state my reasons for voting against the amendment submitted by my colleague. In doing so I do not raise the question of whether an increase in tariff is justified or not.

In voting for certain tariffs on the revenue bill, which it is admitted will raise revenue, I did so because I hold the view that when substantial industries of the country—that is, large industries which are more or less universal throughout the country—are suffering destruction by reason of sudden and overpowering competition from abroad, they demand our attention. The House of Representatives had certain industries called to its attention that seemed to come within that category. The committee which prepared the bill now under consideration was certainly opposed to an increase in tariff duties on imports into this country. In my opinion nothing could have induced the committee to have recommended an import duty upon those articles which it did recommend except the most extradordinary conditions.

With one of those items I am familiar, and probably my familiarity with the condition of that particular commodity caused me to listen to the debate in regard to the others and to admit in my own mind, even if I did not come to a definite conclusion, that possibly the same condition applied to them. For instance, I will illustrate my meaning, if possible, by a reference to that industry with which I am personally familiar. I am speaking of the copper industry.

The question of placing copper upon the dutiable list, of course, was brought up during the time the last general tariff act was being considered. It was considered unnecessary at that time to place any tariff on it for equalizing competition between the industry at home and abroad. Revenues were not needed then as they are now and therefore there was no serious effort made to place copper on the dutiable list. But conditions since that time have entirely changed, and those who will not change their position with changing conditions are not valuable judges or legislators, nor do I feel it worth while for any Senator to waste his time talking to them.

As a matter of fact, when the tariff bill was passed copper was selling at a good price. It has dropped since from 23 cents a pound to 5½ cents a pound. That drop possibly has been similar to the drop in other industries, it may be said, but not with the same effect. All industries are suffering from the low prices of their products and many of them are making no profit; but the condition of the copper industry is worse. For two years the copper industry has been producing copper at a cost of twice its selling price.

Is there any distinction in that? For two years the copper industry, for the purpose of keeping its mines and its smelters operating and maintaining its organization and supporting its miners and their families, who have been with them for 20 or 30 years, has been operating at a deficit. Copper companies have been operating by spending their cash reserves.

The Nevada Consolidated Copper Co., which is one of the largest copper companies in the United States, has exhausted nearly $500,000 of its cash reserve in attempting to keep its plant running at 20 per cent capacity. It can not do it any longer unless it assesses its stockholders. The directors would like to keep the plants going for the reasons I have stated. The stockholders will not be assessed unless they know there is some hope. But what is the hope? I do not know that the 4 cents tariff duty which has been placed on that product will be of any great advantage. I do know that it will allow them to continue their plants on a basis of 20 per cent operation without shutting down, and I conceive that to be a very laudible accomplishment.

As I said, there has been a change in conditions since the last tariff act was passed. When that act passed, copper was selling at a good price. According to the Bureau of Mines the cost of the production of copper in this country, taking the lowest and the highest prices, is about 12 cents a pound. There are one or two copper mines in the United States, for instance the copper mine in my State, the Nevada Consolidated, which I believe can produce copper at 9 cents a pound. I think the Utah Copper Co. can produce copper at 9 cents a pound. I know the Anaconda Copper Co., one of the largest in the United States, can not produce it below 13 cents a pound, and they are trying to produce copper to sell at 5½ cents a pound, so they can keep running.

What good will it do? First let us see what happened. Since the last tariff act there have been opened up in Africa copper deposits that the world never dreamed of. It has three times as much copper metal in a ton of rock as any ore we have in the United States. It is cheaply worked because it is found in enormous bodies that may be easily quarried. The labor there receives from 10 to 20 cents a day, which is practically the cost of food; and, of course, it is native labor. According to the reports of the companies themselves, they can lay copper down in New York and Boston at a profit for 6 cents a pound.

But it is said they have not imported much copper into this country. The importations have practically doubled in the last year. Measuring them, however, by value in dollars they do not mean much, but measuring them in tons they mean a great deal. When copper was imported into this country at 23 cents a pound, it seemed as if a tremendous volume was coming in; but when it is imported at 6 cents a pound, it means many pounds of copper without much increase in value.

Mind you, Mr. President, the copper companies of this country have an enormous surplus of copper on hand. Every time they start to dispose of that copper they are met by a bid from the African copper companies, which can underbid the American companies no matter the price they may offer. Practically all that these companies have asked is an opportunity to run on a 20 per cent basis without shutting down and to dispose gradually of their surplus copper at cost of production instead of at half the cost of production. If they have to dispose of it at half the cost of production, the stockholders will say, "Shut down; we can not afford to lose that much; we will wait for two years and get cost of production instead of half cost of production." That was the situation. Here was a great industry, in which hundreds of thousands of men are engaged, whose taxable property contributes largely to the support of many States and helps to maintain the credit of their bonds and other securities, and who constitute in some States half of the gainfully employed labor. So copper is a major industry, affecting economically and physically the people of many large States. I thought, therefore, that the question of a tariff on copper should come up for consideration in an emergency of this kind; I insisted that action should be taken; and I voted for it.

I have regretted that during this debate pride of authorship and pride of opinion have gone so far as to cause Senators to reflect upon the sincerity of each other, to question their motives, and in some cases to charge that anyone who might vote for this or for that amendment was unpatriotic. As a matter of fact, I do not think there is an inconsistent Senator in this body, and I know that there is no unpatriotic Senator in this body. I think the Senators who used those words of vituperation and criticism will be very glad in the future to apologize for them and to withdraw them.

Mr. President, I have indicated those industries which I call major industries and which are suffering in so extraordinary a manner that they threaten bankruptcy to bankers and business and further unemployment. As to those industries I think there is an emergency.

I have heretofore supported a duty on manganese and have voted for it. The arguments made at the time of the passage of the tariff bill justified my belief that it was entitled to come within the system of high protective tariffs for which that bill provided and which now prevail in this country. I do not want any discrimination against any industry. Whether that industry is engaged in the production of raw materials or manufactured materials, the same rule of justice should apply; the same principle should apply. I feel that the change of conditions in the world, the cessation of trade and commerce, is going to necessitate in the near future an entire revision not only of tariffs but of economics, exchange, monetary systems, and financial relations. We have no time to do that now and we are not prepared to do it now.

So far as this amendment with regard to manganese is concerned, I am not so thoroughly advised concerning it as is my colleague, the junior Senator from Nevada [Mr. ODDIE]; he has made a particular study of it and the necessity for a duty which may exist; but I can not bring it within the classification that I have indicated of the major industries, whose destruction will bring destruction on the whole country. I am willing at any time to consider, on a tariff measure, the question of imposing a duty on manganese or on a thousand other items; but, to my mind, we have acted on the only major items that have been brought before the House committee and before the Senate committee. Even before I ever thought of supporting a duty on copper in this body I conferred with members of the House committee. I knew that they had taken a vote on it in the House committee and were unanimous in favor of a duty on copper, with the exception of one member.

The only reason they did not impose the duty in the House at that time was because they had not worked out the compensatory duties. After they had worked out compensatory duties which were satisfactory to the manufacturers, then the bill had passed the stage where such an amendment could be offered in the House; but it was presented and incorporated in the bill by the Finance Committee of the Senate. I supported it, and I think I was right in supporting it. I can not, however, bring manganese within the scope of the industries of the description and character I have mentioned, which require emergency legislation by way of the imposition of a duty.

Some of the other commodities, including copper, were on the free list; but manganese is now on the dutiable list. Whether the duty should be raised or not I do not know, but I can not vote for a duty on manganese or other tariff items of the same character to be attached to this bill. In fighting against the elimination of the copper duty from this bill, I must maintain the principle I have asserted.

Mr. SHIPSTEAD. Mr. President, I think manganese comes within an entirely distinct category of its own. Until the last few years there was no manganese produced in the United States, although there were some low-grade manganese ore bodies here. The Congress of the United States about four years ago took notice of the necessity of developing a method for making it possible to utilize the low-grade manganiferous ores, and appropriated $25,000 to be used by the Bureau of Mines for the purpose of developing a process to accomplish that result. Such a process has been developed at the University of Missouri. That action was taken at that time particularly on account of the urgent plea of the War Department, which found it necessary that we should have a domestic production of manganese in order not to have to continue to depend upon foreign governments for a supply of that commodity. Incidentally the development of the low-grade ores has, to some extent, helped some communities in the United States.

To show the necessity of having a domestic supply of manganese I need only to bring to the attention of the Senate the fact that France has no manganiferous ores and does not produce any manganese. She does produce, however, about 10,000,000 tons of steel a year and must buy her manganese abroad. The United States produces about 50,000,000 tons of steel a year. In spite of the fact that we produce five times more steel than France, the French purchases of manganese abroad have far exceeded those of the United States, showing that France is storing up manganese in view of a possible national emergency. In case the United States should be confronted with such an emergency, it would be within the possibilities that foreign supplies might not continue to be available to us, and we could not have manganese shipped in here. On that account the Congress appropriated the sum that I mentioned, and a method for the development of these ores has been found.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator yield to the Senator from Utah?

Mr. SHIPSTEAD. I yield.

Mr. KING. I think the Senator is in error, if I properly interpret his remarks, when he states that only within the past few years had Congress taken cognizance of this matter.

Mr. SHIPSTEAD. According to my knowledge, that is so.

Mr. KING. The Senator will recall, if he will think for a moment, that when the Fordney-McCumber bill was under consideration representatives of the so-called manganese industry appeared before the committee of the Senate, and I think before the Ways and Means Committee of the House, and represented that, though they had but limited production—indeed, it was insignificant—they believed, if

Congress would give them a tariff of 1 cent that they would develop an industry. They only wanted two or three years, and promised that within the period specified—I may be inaccurate as to the limit of time, but I am sure that it was within four or five years—they would produce all the manganese that was required by the industries of the United States. Congress acceded to their wishes and gave them the tariff that was requested, as I now recall.

When the Smoot-Hawley bill was under consideration I happened to be one of the subcommittee of three, the Senator from Pennsylvania [Mr. REED] and the Senator from New Jersey, Mr. Edge, now our Ambassador to France, constituting the other members of the subcommittee. The representatives of the so-called manganese industry appeared and confessed that they had not developed the manganese industry in the United States to satisfy the needs of the country; indeed, they had made but very little progress during the period following the imposition of the tariff. We were very sympathetic to the pleas which were made and went into the question with the utmost care. After listening to them and to other witnesses who appeared, including one or two geologists of standing who submitted their report, the committee was unanimous of the view that no additional tariff should be granted.

As I say, I was extremely sympathetic to the proposition, because some of my own constituents were urging an increased tariff upon manganese, claiming that it would be a very great benefit to the State of Utah; but I felt constrained, in view of the testimony, to vote against any increase in the tariff. I believed then, as I believe now, that there is not sufficient production to meet the demands of the steel industry and such other demands as are made in the United States. I think it would be a tax upon industry to grant the tariff at the present time, without any corresponding benefits. It would, of course, increase the price of manganese to the steel industry, and there would be no corresponding benefits.

Moreover——

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. KING. Just let me complete the sentence. I am trespassing upon the Senator's time. Moreover, at this particular juncture, just as stated by the able Senator from Nevada, I should feel that it was a most inopportune time to raise the question of the advantage or necessity of a tariff upon manganese.

I thank the Senator for the interruption which he has permitted.

Mr. SHIPSTEAD. Mr. President——

Mr. ODDIE. Mr. President, will the Senator yield for just a moment?

Mr. SHIPSTEAD. I will yield the floor in a second. I am informed that the adoption of this amendment would increase the price of steel 60 cents a ton, and would increase the price of the steel in an automobile about 10 cents.

Mr. ODDIE. Mr. President, in the last few years the processes for treating manganese ores have been developed to a very marked extent. These processes were comparatively unknown a very few years ago. To-day, if given the opportunity and necessary protection, the American manganese industry will develop to a point where it can supply the needs of the United States.

In debates heretofore the importance of manganese to agriculture has been brought out very clearly. It has been shown that the yield of certain agricultural crops is increased to a large extent by the use of manganese as fertilizer. I shall not go into that question now. I ask that we have a vote on this question, and I ask for the yeas and nays.

Mr. JONES. Mr. President, I have already submitted an amendment intended to cover the difference in the value of currency of other countries and our own. My colleague on the committee, the Senator from Pennsylvania [Mr. REED], has also introduced an amendment on the same subject.

I have made some corrections in my amendment, and I desire the opportunity, out of order, to offer and have printed an amendment covering those corrections.

The VICE PRESIDENT. Without objection, the amendment will be received and printed.

The question is on the amendment of the Senator from Nevada [Mr. ODDIE], on which he requests the yeas and nays. Is the request seconded?

Mr. WALSH of Montana. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Robinson, Ind.
Bailey	Cutting	Johnson	Schall
Bankhead	Dale	Jones	Sheppard
Barbour	Davis	Kean	Shipstead
Barkley	Dickinson	Kendrick	Shortridge
Bingham	Dill	Keyes	Smoot
Blaine	Fess	King	Steiwer
Borah	Fletcher	La Follette	Stephens
Bratton	Frazier	Logan	Thomas, Idaho
Broussard	George	McGill	Thomas, Okla.
Bulkley	Glass	McNary	Townsend
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Moses	Tydings
Caraway	Harrison	Norris	Vandenberg
Carey	Hastings	Nye	Wagner
Cohen	Hatfield	Oddie	Walsh, Mass.
Connally	Hawes	Patterson	Walsh, Mont.
Coolidge	Hayden	Pittman	Watson
Copeland	Hebert	Reed	Wheeler
Costigan	Howell	Robinson, Ark.	White

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Nevada [Mr. ODDIE], on which he asks for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). As heretofore announced, I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the senior Senator from South Dakota [Mr. NORBECK], who, I understand, would vote "yea" if present, while the Senator from Virginia would vote "nay." I am at liberty to vote and vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. GOLDSBOROUGH]. Not knowing how he would vote, I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate by illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. WATSON. I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from West Virginia [Mr. HATFIELD] and will vote. I vote "nay."

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I transfer that pair to the junior Senator from South Dakota [Mr. BULOW] and will vote. I vote "nay."

Mr. LOGAN. Has the junior Senator from Pennsylvania [Mr. DAVIS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. LOGAN. I have a general pair with the junior Senator from Pennsylvania. I do not know how he would vote on this question and therefore withhold my vote. If at liberty to vote, I should vote "nay."

Mr. FESS. I desire to announce that the Senator from Colorado [Mr. WATERMAN] is necessarily absent. He is paired on this question with the Senator from Alabama [Mr. BLACK]. If the Senator from Colorado were present, he would vote "yea," and I understand that the Senator from Alabama, if present, would vote "nay."

I also desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Washington [Mr. DILL].

Mr. SHEPPARD. I desire to announce that the Senator from Illinois [Mr. LEWIS], the Senator from Washington [Mr. DILL], and the Senator from South Carolina [Mr. SMITH] are detained on official business.

I also wish to announce that the Senator from Alabama [Mr. BLACK], the Senator from Virginia [Mr. SWANSON], and the Senator from South Dakota [Mr. BULOW] are necessarily out of the city.

Mr. LOGAN. I find that I can transfer my pair with the Senator from Pennsylvania [Mr. DAVIS] to the junior Senator from Illinois [Mr. LEWIS]. I do so, and vote "nay."

The result was announced—yeas 22, nays 53, as follows:

YEAS—22

Ashurst	Hastings	Oddie	Steiwer
Bailey	Hayden	Patterson	Thomas, Idaho
Broussard	Johnson	Schall	Walsh, Mont.
Caraway	Jones	Sheppard	Wheeler
Carey	Kendrick	Shipstead	
Dale	McNary	Shortridge	

NAYS—53

Bankhead	Costigan	Howell	Robinson, Ark.
Barbour	Couzens	Hull	Robinson, Ind.
Barkley	Cutting	Kean	Smoot
Bingham	Dickinson	Keyes	Stephens
Blaine	Fess	King	Trammell
Borah	Fletcher	La Follette	Tydings
Bratton	Frazier	Logan	Vandenberg
Bulkley	George	McGill	Wagner
Byrnes	Glass	Metcalf	Walsh, Mass.
Capper	Gore	Moses	Watson
Cohen	Hale	Norris	White
Connally	Harrison	Nye	
Coolidge	Hawes	Pittman	
Copeland	Hebert	Reed	

NOT VOTING—21

Austin	Glenn	Morrison	Townsend
Black	Goldsborough	Neely	Walcott
Brookhart	Hatfield	Norbeck	Waterman
Bulow	Lewis	Smith	
Davis	Long	Swanson	
Dill	McKellar	Thomas, Okla.	

So Mr. ODDIE'S amendment was rejected.

Mr. GLASS. Mr. President, I want to say now what I had not an opportunity to say before the vote was taken, that in the consideration of an ordinary tariff bill I would have voted to impose a just and reasonable tariff upon manganese upon the theory that it is infinitely more entitled to protection than any one of the articles which have been placed in the revenue bill, and very much more entitled to protection than scores of articles which are found in the existing tariff law.

Having taken the position that, from my point of view, it was indefensible to put any tariff items upon this revenue bill, I have voted against this tariff. The only beneficiary of free trade in manganese, or trade under existing circumstances in manganese, is the United States Steel Corporation.

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD numerous editorials, one from the Minneapolis Journal entitled "The Tariff Lunacy at Washington," another from the New York Journal of Commerce, and editorials from several other papers dealing with the placing of tariff items in the revenue bill.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE TARIFF LUNACY AT WASHINGTON—A CALL FOR THE PRESIDENT TO SUMMON THE SENATE BACK TO ITS PARAMOUNT DUTY OF BALANCING THE BUDGET

The prime present need of the United States to-day is to balance its Budget. Restoration of business confidence waits upon restoration of confidence in the financial status of the Government itself. Until Congress achieves Budget balancing, through a combination of increased taxes and reduced outgo, every other attack upon unemployment and business depression is crippled, if not frustrated. Every day of delay means not only a loss of $7,000,000 to the United States Treasury but also 24 more hours of needless prostration.

There are now pending in Congress measures that promise to meet this urgent and immediate need. But the stubborness of powerful Senate logrollers may force these measures to travel through the labyrinth of an endless tariff controversy before they finally become law. Months and months may pass, with the deficit increasing at the rate of seven millions a day, with business and employment hopelessly marking time, before such a battle ends.

This tariff battle has been precipitated by the Senators of the oil States, the lumber States, the coal States, and the copper States. Joining forces to squeeze into a revenue-producing measure tariff rates that are frankly protective and promise a decrease in revenue instead of an increase, these Senators have brought the present session to a welter of filibustering, endless delay, senseless conflict.

The result may be a deferment of Budget balancing until next fall, or even an abandonment of all hope of Budget balancing, and a slide toward the swamp of governmental insolvency with disastrous inflationary measures urged as the remedy.

The way out of all this confusion, of course, is to divorce tariff tinkering entirely from the Budget balancing—to drop the four controversial tariff rates out of the revenue bill, and thus clear the track for that bill's speedy passage; to formulate an agreement by which both friends and foes of protection will agree that the need for prompt restoration of Federal solvency transcends any possible need for either higher or lower tariff rates.

REED SMOOT, as chairman of the Senate Finance Committee, is something more than just the representative of Utah, a copper State. JAMES WATSON, as Republican floor leader in the Senate, is something more than just the spokesman of a party faction that believes in high protection. These men are the guardians of the Republican Party's prestige and repute out over the land. Upon the way they exercise these powers of stewardship largely depends their party's fate at the polls next November. When they permit their stubbornness to threaten the wreck of all the painfully worked out plans to pull the Treasury from the shadow of bankruptcy, they tempt the lightning and dare the hurricane.

"I best serve my district when I serve my country."

The words are those of Representative CHARLES R. CRISP, Democratic acting chairman of the House Ways and Means Committee. We commend them to the attention of the Republican chairman of the Senate Finance Committee and all his Republican and Democratic allies in the oil-lumber-coal-copper coalition.

In times like these, "Times that try men's souls," the prompt balancing of the Federal Budget is tremendously more important—even to the people of the oil States, the lumber States, the coal States, and the copper States—than any conceivable increase in the protection accorded to their products. The welfare of the Nation, as in time of war, far transcends the welfare of any industry in any State.

If higher tariff rates on any of these four basic commodities are warranted, let the measure to effectuate them be introduced into Congress by itself and on its own merits. Meanwhile, let the desperately needed revenue bill travel to prompt passage on its own merits.

President Hoover has lately, with signal success, adopted the methods of Roosevelt and Wilson, in demanding that Congress act for the welfare of the Nation, and in appealing to the people themselves for the supporting pressure needed to make Congress act for the welfare of the Nation.

The time has come for the President to speak once more. His whole program of economic salvation is threatened by this tariff impasse.

Let him speak now, vigorously and emphatically, in insistence that the controversial tariff rates be dropped from the revenue bill.

Let him carry to the people themselves a determined fight to rescue his program from the menace of a long battle over tariff revision.

He has already forced Congress, somewhat against its will, to set about the task of balancing the Budget. The time is here when, by the same means, he should force Congress to complete that task.

[From the New York Journal of Commerce, May 23, 1932]

TARIFF EMBROILMENTS

When the House passed a revenue bill carrying import duties on coal and oil, unostentatiously and misleadingly entered under the heading, "excise taxes on certain articles," it was evident that trouble and delay in passage of the tax bill would arise in the Senate unless the Finance Committee deleted these items. Various Senators, Republican and Democratic, urged omission of the duties on imported oil and coal, knowing full well that their retention would release a flood of tariff amendments whose proponents felt they had equally good reason to urge increased protection for their favorite industries.

Even Senator SMOOT seemed disposed for a time to remove the House duties from their incongruous setting, but in the end unwise counsels prevailed. The Finance Committee first decided to drop all tariff items; then it reversed itself, reinstated the coal and oil duties, and added a few others. The result is that the expected has happened and the country is witnessing the disheartening spectacle presented by the logrolling, time-consuming, and selfish maneuvering that is inseparable from discussion of all kinds of tariff measures.

[From the Washington Star, May 21, 1932]

TARIFF AND REVENUE

Supporters of tariff duties on oil, coal, lumber, and copper have seized opportunity by the forelock. With the whole country demanding the enactment of a revenue bill designed to balance the Government's Budget, a coalition of Members of the Senate—following in the footsteps of a similar coalition in the House—has forced these tariff items into the revenue bill. During the con-

sideration of the Smoot-Hawley tariff bill, now the law, proposals to levy duties on oil imported into this country were defeated, as well as proposals to levy duties now carried in the revenue bill on coal, copper, and lumber. Since the passage of the Smoot-Hawley Tariff Act the Democrats have won to almost equality in numbers in the Senate with the Republicans. Eighteen Democratic Senators, as a matter of fact, were recorded yesterday as voting to sustain the tax on imports of oil. Twenty-five Republicans voted for the tax, while 20 Democrats, 16 Republicans, and 1 Farmer-Laborite voted against it. Obviously party lines on the tariff have been smashed.

Supporters of the tariff amendments to the revenue bill give as a reason for imposing these import taxes the depressed conditions of the oil, coal, lumber, and copper industries. They, however, are not the only depressed industries in this country, many of which could demand further tariff protection for the same reason. It has been obvious for weeks that without a coalition of the supporters of the taxes on imported coal, oil, copper, and lumber the adoption of any one of them would be impossible. In the House supporters of the oil and coal taxes alone were sufficient to put tariff taxes on those commodities into the bill. When the bill reached the Senate, however, it became necessary to add to the list of interests to be protected. Lumber and copper were brought in, and with them the votes of several Democratic Senators from States producing those commodities.

Opponents of these protective taxes shout to the housetops that their advocates have taken advantage of the people in their need. The supporters of the taxes reply that these industries they now propose to protect from foreign competition are as worthy of protection as the steel and automobile industries. Under the theory of the protective tariff perhaps they are right, except in so far as the proponents of the protective system have opposed levying tariff duties on imports of raw materials except for revenue purposes. It has been rather clearly demonstrated that the tariff taxes on oil, coal, copper, and lumber will raise little, if any, revenue, but will act as embargoes. Their opponents insist that the result will be to increase the prices paid by the American people for coal and oil, for copper and lumber.

Politically, inclusion of these tariff taxes in the revenue bill may have a far-reaching effect. Democratic leaders have indicated that they intend to make the Republican protective tariff a major issue in the coming campaign. The record which the House and Senate Democrats have recently written in connection with the oil and coal tariff taxes will make it difficult, however, for the Democrats to bear down heavily on the Republicans on this issue. On the other hand, the Republicans in a clash with the Democrats over the tariff issue have usually won at the polls, and perhaps the willingness of the Democrats to support protective tariffs may react favorably in the interest of the Democratic Party next November. This would be a strange quirk of political fortune, if it happened.

An unfortunate circumstance attached to the fight over the tariff taxes in the revenue bill is the delay it is causing. Prompt passage of a revenue measure capable of raising sufficient income to balance the Budget and maintain the financial credit of the Government is imperative.

[From the Washington Herald, May 22, 1932]

HARRISON RAPS TARIFF FIGHT

Inclusion of tariff duties was blamed in a radio speech last night by Senator HARRISON, Democrat of Mississippi, for the embroiled situation now confronting the Senate over the tax bill.

While the measure contains obnoxious taxes, it was framed in a spirit of nonpartisan compromise and should be enacted promptly to end business uncertainties, HARRISON said.

HARRISON denounced lobbyists, who, he said, are attempting to wreck the bill to satisfy selfish interests. He declared:

"For three days now the bill has been held up because of tariff discussions, and there is now created in the Senate an ugly situation, the repercussions of which it is feared may be reflected in the votes upon other items, important in character, which are to be considered when the tariff items are finally out of the way."

[From the Chicago Tribune, May 22, 1932]

FOUR NEW TARIFFS

The Finance Committee of the Senate has included four tariffs in the proposed tax bill, which are now being debated on the floor of the Senate. None of them will yield enough revenue to justify a moment's consideration as tax-raising measures. The proposed duties on petroleum, lumber, copper, and coal are intended solely for the purpose of preventing imports of these items.

It is a striking fact in connection with each of these commodities that the United States is normally an exporting Nation. That being so, it can hardly be maintained that American costs of production are markedly higher than those of foreign nations and that, therefore, the American market must be protected from cheap foreign labor. Nor can it be successfully maintained that the American market to-day, because of extraordinary business conditions, is being flooded with these products from abroad. It would be hard to find four commodities of which we import a smaller percentage in relation to the whole consumption in this country.

These tariffs have been written into the committee's bill as a result of successful logrolling by special interests. They hope—and even the hope is not well founded—that they can increase the price of their goods in this country if the threat of potential foreign competition is removed. They seem not to realize that the depression in the prices of their commodities is the consequence of slack demand and that the imposition of tariffs can hardly serve to increase demand. If anything, it may be expected to decrease it somewhat.

The exports of the United States in 1931, a year of profound depression, were in excess of $2,300,000,000. These exports were paid for by foreigners in part in gold, in part in services, but chiefly in goods which we imported. As the United States shuts its gates to imports it automatically shuts off a part of its market for exports.

In 1930 the United States imported only 675,000 tons of hard coal and 241,000 tons of soft coal, a wholly negligible proportion of our total consumption of 700,000,000 tons, but enough to create a few million dollars of purchasing power for American commodities abroad. It may be argued that the gain or loss of those few millions of exports can mean little to the American people, and that would be true were it not for the virtual certainty that any new tariffs written into our schedules will result in retaliatory tariffs abroad against our exports.

Certainly none of the Illinois delegation has any interest in these proposed tariffs. Illinois is one of the great exporting States of the Union. Only four other States have a larger stake in foreign trade. In the good year of 1929 the exports from Illinois had a value of $238,000,000. Even in 1931 Illinois' exports were valued at more than $140,000,000. The three leading items in the State's export list were tractors, lard, and wheat. The farmers and factory workers of Illinois stand to lose upward of $75,000,000 a year of income if our export trade is cut off. Even if every ton of coal which is now imported were to be mined in Illinois (and next to none of it would be) and every drop of oil which is imported were to be drawn instead from Illinois wells (and that is also an absurd assumption), Illinois might well lose more from these tariffs and the inevitable retaliations than this State can conceivably gain from the new duties.

The position of Illinois in this matter is typical of that of all the States of this region. Indiana, Iowa, Missouri, and Kansas, for example, each exported anywhere from ten to thirty million dollars' worth of their products.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, under the subhead "Part III.—Stamp taxes," on page 271, line 12, after the figure "10," to strike out "cents" " and insert "cents", and by inserting at the end thereof a new sentence to read as follows: "The tax under this subdivision shall not apply to any instrument under the terms of which the obligee is required to make payment therefor in installments and is not permitted to make in any year a payment of more than 20 per cent of the cash amount to which entitled upon maturity of the instrument," so as to read:

SEC. 721. STAMP TAX ON ISSUES OF BONDS, ETC.

(a) Subdivision 1 of Schedule A of Title VIII of the revenue act of 1926 is amended by striking out "5 cents" and inserting in lieu thereof "10 cents," and by inserting at the end thereof a new sentence to read as follows: "The tax under this subdivision shall not apply to any instrument under the terms of which the obligee is required to make payment therefor in installments and is not permitted to make in any year a payment of more than 20 per cent of the cash amount to which entitled upon maturity of the instrument."

The amendment was agreed to.

The next amendment was, on page 272, line 15, after the word "thereof" to insert: "of the certificates issued by such corporation or by such investment trust or similar organization (or of the shares where no certificates were issued)," so as to read:

SEC. 722. STAMP TAX ON ISSUES OF STOCK, ETC.

(a) Subdivision 2 of Schedule A of Title VIII of the revenue act of 1926 is amended to read as follows:

"2. Capital stock (and similar interests), issue: On each original issue, whether on organization or reorganization, of shares or certificates of stock, or of profits, or of interest in property or accumulations, by any corporation, or by any investment trust or similar organization (or by any person on behalf of such investment trust or similar organization) holding or dealing in any of the instruments mentioned or described in this subdivision or subdivision 1 (whether or not such investment trust or similar organization constitutes a corporation within the meaning of this act), on each $100 of par or face value or fraction thereof of the certificates issued by such corporation or by such investment trust or similar organization (or of the shares where no certificates were issued), 10 cents."

The amendment was agreed to.

The next amendment was, on page 272, line 24, after the word "thereof," to insert "of such certificates (or of the shares where no certificates were issued)," and on page 273, line 2, after the word "fraction," to strike out "thereof"

and insert "thereof, of such certificates (or of the shares where no certificates were issued)," so as to make the proviso read:

Provided, That where such shares or certificates are issued without par or face value, the tax shall be 10 cents per share (corporate share, or investment trust or other organization share, as the case may be), unless the actual value is in excess of $100 per share, in which case the tax shall be 10 cents on each $100 of actual value or fraction thereof of such certificates (or of the shares where no certificates were issued), or unless the actual value is less than $100 per share, in which case the tax shall be 2 cents on each $20 of actual value, or fraction thereof, of such certificates (or of the shares where no certificates were issued).

The amendment was agreed to.

The next amendment was, on page 274, line 7, after the word "thereof," to insert "of the certificates of such corporation or other organization (or of the shares where no certificates were issued)," so as to read:

SEC. 723. STAMP TAX ON TRANSFER OF STOCK, ETC.

(a) Subdivision 3 of Schedule A of Title VIII of the revenue act of 1926 is amended to read as follows:

"3. Capital stock (and similar interests), sales or transfers: On all sales, or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to any of the shares or certificates mentioned or described in subdivision 2, or to rights to subscribe for or to receive such shares or certificates, whether made upon or shown by the books of the corporation or other organization, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such share, certificate, interest, or rights, or not), on each $100 of par or face value or fraction thereof of the certificates of such corporation or other organization (or of the shares where no certificates were issued), 4 cents, and where such shares or certificates are without par or face value, the tax shall be 4 cents on the transfer or sale or agreement to sell on each share (corporate share, or investment trust or other organization share, as the case may be)."

The amendment was agreed to.

The next amendment was, on page 274, line 14, after the word "That," to strike out "in no case shall the tax imposed by this subdivision be less than one-fourth of 1 per cent of the selling price, if any, of such shares, certificates, or rights: *Provided further*, That," and in line 21, after the word "so," to strike out "deposited" and insert "deposited, nor upon mere loans of stock," so as to make the proviso read:

Provided, That it is not intended by this title to impose a tax upon an agreement evidencing a deposit of certificates as collateral security for money loaned thereon, which certificates are not actually sold, nor upon the delivery or transfer for such purpose of certificates so deposited, nor upon mere loans of stock, nor upon the return of stock so loaned.

The amendment was agreed to.

The next amendment was, on page 275, line 3, after the word "facts," to insert a colon and the following additional proviso:

Provided further, That the tax shall not be imposed upon deliveries or transfers from a fiduciary to a nominee of such fiduciary, or from one nominee of such fiduciary to another, if such shares or certificates continue to be held by such nominee for the same purpose for which they would be held if retained by such fiduciary, or from the nominee to such fiduciary, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts.

Mr. BLAINE. Mr. President, the Senate is about to consider an amendment in which several Senators who are not at the present time in the Chamber are interested. I am rather under the impression that several Senators had asked that they be notified when we reached some amendments which have just been agreed to, but I do not expect the Senate to suspend while they are coming, and I therefore suggest the absence of a quorum.

Mr. HARRISON. Mr. President, will not the Senator just let the pending amendment be passed over and allow us to take up the next item and we can recur to this?

Mr. BLAINE. I do not want the issue confused. Senators desire to be present when this section is taken up and may ask to have reconsidered the votes by which the amendments just agreed to were passed. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Hull	Schall
Bailey	Cutting	Johnson	Sheppard
Bankhead	Dale	Jones	Shipstead
Barbour	Davis	Kean	Shortridge
Barkley	Dickinson	Keyes	Smoot
Bingham	Dill	King	Steiwer
Blaine	Fess	La Follette	Stephens
Borah	Fletcher	Logan	Thomas, Idaho
Bratton	Frazier	McGill	Thomas, Okla.
Broussard	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Wagner
Carey	Hastings	Oddie	Walsh, Mass.
Cohen	Hatfield	Patterson	Walsh, Mont.
Connally	Hawes	Pittman	Watson
Coolidge	Hayden	Reed	Wheeler
Copeland	Hebert	Robinson, Ark.	White
Costigan	Howell	Robinson, Ind.	

The PRESIDENT pro tempore. Seventy-nine Senators having answered to their names, there is a quorum present.

Mr. BLAINE. Mr. President, I ask unanimous consent that the votes by which the amendments on page 274 were agreed to be reconsidered.

The PRESIDENT pro tempore. Does the Senator wish to enter a motion or does he want to make the motion now?

Mr. BLAINE. I ask unanimous consent that the votes by which the amendments were agreed to be reconsidered. Then I shall ask that the entire section go over until the Senator from Washington can be present.

The PRESIDENT pro tempore. The Chair understands the Senator asks unanimous consent to reconsider, awaiting the presence of the Senator from Washington. May the Chair suggest that if the Senator will enter a motion to reconsider, the motion can be made at any time by the Senator from Washington when he is present?

Mr. SMOOT. I am perfectly willing that unanimous consent be granted, if the Senator insists upon it. There is no reason whatever for trying to stop discussion of the amendments, other than to save time. I have no objection.

Mr. BLAINE. I appreciate what the Senator says. I ask unanimous consent for the reconsideration of the votes.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the votes by which the amendments on page 274 were agreed to are reconsidered, and the Senator from Wisconsin asks unanimous consent that action upon the three amendments be deferred.

Mr. BLAINE. I ask that action on all amendments to section 723 be deferred for the present.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order will be entered.

The Senator from Wisconsin means the amendments in section 723 which have thus far been agreed to, because we are now considering an amendment on page 275 in the same section.

Mr. BLAINE. I was asking that the consideration of the whole section be deferred.

Mr. SMOOT. Does the Senator mean section 722 and section 723?

Mr. BLAINE. No; section 723, relating to stamp tax, transfers of stock, and so forth.

I was asking that consideration of the whole question go over.

The PRESIDENT pro tempore. Is there objection?

Mr. SMOOT. Does the Senator mean section 722 or section 723?

Mr. BLAINE. Section 723, relating to the stamp tax on transfer of stocks.

The PRESIDENT pro tempore. The Chair understands the request of the Senator from Wisconsin to be that reconsideration be had of the votes thus far taken on the amendments adopted to section 723 and that all action upon section 723 be passed over. Is that correct?

Mr. BLAINE. That is correct.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the next amendment.

The next amendment was, on page 278, line 8, after the figure "1," to insert "and of a kind the issue of which is taxable thereunder," and, in line 14, after the word "thereof," to strike out "2 cents" and insert "4 cents," so as to read:

SEC. 724. STAMP TAX ON TRANSFER OF BONDS, ETC.

(a) Schedule A of Title VIII of the revenue act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"9. Bonds, etc., sales or transfers: On all sales, or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to any of the instruments mentioned or described in subdivision 1 and of a kind the issue of which is taxable thereunder, whether made by any assignment in blank or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such instrument or not), on each $100 of face value or fraction thereof, 4 cents."

The amendment was agreed to.

Mr. BLAINE. Mr. President, section 724 relates to the same subject matter. I think consideration of that section should go hand in hand with the consideration of section 723, and therefore I ask unanimous consent that consideration of section 724 go over.

Mr. SMOOT. Yes; let it go over.

The PRESIDENT pro tempore. The Senator from Wisconsin asks unanimous consent for reconsideration of the vote by which the amendments just agreed to were adopted and also asks unanimous consent in that connection that consideration of section 724 be passed over. Is there objection?

Mr. SMOOT. Mr. President, I have no objection; but I am quite sure the Senator from Wisconsin will allow us to make a mere verbal correction in the wording of the section. On page 278, line 25, strike out the words "the entire amount" and insert the words "any of the," so it will read "if any of the gain or loss," and so forth. It is a mere correction of the wording.

The PRESIDENT pro tempore. Does the Senator from Wisconsin modify his unanimous-consent request to that extent?

Mr. BLAINE. That is perfectly satisfactory.

The PRESIDENT pro tempore. Without objection, the unanimous-consent request is entered into, with the exception of the amendment stated by the Senator from Utah, which, without objection, is agreed to, and all further consideration of section 724 is passed over. The clerk will state the next amendment.

The next amendment was, on page 280, line 24, after the figures "1934," to insert "(unless deposited in escrow before April 1, 1932)," so as to make the section read:

SEC. 725. STAMP TAX ON CONVEYANCES

Schedule A of Title VIII of the revenue act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"8. Conveyances: Deed, instrument, or writing, delivered on or after the 15th day after the date of the enactment of the revenue act of 1932 and before July 1, 1934 (unless deposited in escrow before April 1, 1932), whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred, or otherwise conveyed to or vested in the purchaser or purchasers, or any other person or persons, by his, her, or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale exceeds $100 and does not exceed $500, 50 cents, and for each additional $500 or fractional part thereof 50 cents. This subdivision shall not apply to any instrument or writing given to secure a debt."

The amendment was agreed to.

The next amendment was, on page 281, after line 9, to strike out:

SEC. 726. STAMP TAX ON SALES OF PRODUCE FOR FUTURE DELIVERY

(a) Subdivision 4 of Schedule A of Title VIII of the revenue act of 1926 is amended by striking out "1 cent" wherever appearing in such subdivision and inserting in lieu thereof "5 cents."

(b) Subsection (a) shall take effect on the fifteenth day after the date of the enactment of this act.

(c) Effective July 1, 1934, such subdivision 4, as amended by subsection (a) of this section, is amended by striking out "5 cents" wherever appearing in such subdivision and inserting in lieu thereof "1 cent."

Mr. FRAZIER. Mr. President, I would like to have the chairman of the committee give a brief explanation of the reason for striking out that provision.

Mr. SMOOT. This has reference to dealing on the stock market in farm products.

Mr. FRAZIER. Yes.

Mr. SMOOT. Does the Senator object to striking it out?

Mr. FRAZIER. I want to know the reason why it was stricken out.

Mr. HARRISON. There were several witnesses who appeared here on this matter. One of them was Mr. T. R. Keane, representative of the grain committee of Jacksonville, Ill. He said that he lived on a farm and appeared before us as president of the Illinois Grain Dealers' Association and as president of the National Grain Dealers' Association. He opposed this provision very much.

Mr. SMOOT. The present law provides 1 cent. The House provision increased it from 1 cent to 5 cents. The farm organizations of the country protested against it, so we struck it out and left it as it is.

Mr. FRAZIER. The farm organizations protested?

Mr. SMOOT. Yes; and it was done at their request. In other words, the tax was increased from 1 cent to 5 cents, and we strike it out and leave it as it was.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. FRAZIER. Mr. President, I would like to give notice of my intention to move to reconsider that vote, so I may have a chance to look up the matter.

The PRESIDENT pro tempore. That motion will be entered, and the clerk will state the next amendment.

The next amendment of the Committee on Finance was, on page 281, line 25, after the word "of," to strike out "oil" and insert "crude petroleum and liquid products thereof," so as to read:

PART IV—TAX ON TRANSPORTATION OF OIL BY PIPE LINE

SEC. 731. TAX ON TRANSPORTATION OF OIL BY PIPE LINE

(a) There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipe line originating on or after the fifteenth day after the date of the enactment of this act and before July 1, 1934—

The amendment was agreed to.

Mr. TYDINGS. Mr. President, I may be out of the Chamber when the amendment on page 286 comes up. In order to save time may I ask the Senator from Utah if he will look at page 286 for a moment, that has to do with the tax on checks? In section (b), page 286, line 11, it is provided that such taxes shall be payable "to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Md."

Mr. SMOOT. That appears in all of the tax provisions.

Mr. TYDINGS. I can see some necessity for a provision of that kind, but I was wondering how Baltimore, Md., happened to be selected.

Mr. SMOOT. Outside of the District of Columbia, Baltimore is the nearest collector's office, and perhaps more taxpayers who have no residence at all in any of the States pay their taxes there than at any other office.

Mr. TYDINGS. I was not objecting, but I wanted the information.

Mr. HARRISON. Is it not also because of the fact that there is no collector here and the nearest place is Baltimore?

Mr. SMOOT. Yes; that is true.

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment of the Committee on Finance was, on page 282, line 3, after the word "to," to strike out "8 per cent" and insert "3 per cent," and in line 6, after the word "person," to strike out "paying for such transportation and to be collected by the person," so as to read:

(1) A tax equivalent to 3 per cent of the amount paid on or after the 15th day after the date of the enactment of this act for such transportation, to be paid by the person furnishing such transportation.

Mr. TYDINGS. Mr. President, I have no objection to the amendment, but I do think we are entitled to an explanation as to why 8 per cent was stricken out and 3 per cent inserted, and why lines 6 and 7 were stricken out. I do not like to vote on these amendments without having some information.

Mr. SMOOT. It merely makes it easier as a matter of administration in the collection of the tax.

Mr. BANKHEAD. Can the Senator tell me how much revenue will be collected under the House provision and under the amendment proposed by the Finance Committee?

Mr. HARRISON. Under the House provision probably $20,000,000, and under the provision adopted by the Senate Finance Committee it will bring in only $6,000,000.

Mr. BANKHEAD. What is the purpose of the change?

Mr. HARRISON. Because some of us were outvoted in the committee.

Mr. BANKHEAD. Then, let us outvote the committee.

Mr. GORE. Mr. President, of course the Senator from Mississippi puts that in rather an epigrammatic way, but perhaps with as much emphasis as accuracy. The point was that this tax would be shifted back. Originally it was placed on the shipper of crude petroleum through the pipe lines and imposed on the shipper in express terms. It was universally recognized that the tax would be shifted back on the producer of oil, the price of which is sometimes fixed by the larger concerns—sometimes referred to as a monopoly, I may say. They fix the price from time to time. It was thought that they could reduce the price of crude oil sufficiently to cover the cost of the transportation, and not only that much but to reimburse themselves entirely for this transportation tax.

It is generally known, whatever Senators' attitude touching a tariff on oil may be, that the oil industry is a stricken industry, not only suffering from the general depression, but suffering from a depression peculiar to the oil industry. It was in the depths of a depression before the general depression began. It was staggering then. It was an invalid industry then. It was felt that an 8 per cent tax was too heavy to bear. For that reason it was reduced to 3 per cent and it was imposed on the pipe-line companies rather than on the shipper; the House made it expressly collectible from the shipper of oil. I think it is necessary to the rescue of the industry.

Mr. FLETCHER. Mr. President, may I inquire whether the pipe lines are not almost entirely owned by the large oil companies?

Mr. GORE. They are. For that matter, it is rather a nominal transfer to impose it on the pipe-line companies rather than the shipper, because the pipe-line companies will, of course, collect it from the shipper—shift it back to the shipper of the oil.

Mr. WALSH of Montana. Mr. President, I should like to inquire of the Senator from Oklahoma or the Senator from Utah whether the charge is made against the shipper owning the pipe line?

Mr. GORE. I think it is against the company owning the pipe lines.

Mr. WALSH of Montana. In case no charge for transportation is made, then there is no tax?

Mr. SMOOT. No.

Mr. GORE. I do not think it relates to the short pipe lines that are used for local purposes. I think those are excepted.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

Mr. BANKHEAD. Mr. President, as I understand the situation as stated by the Senator from Mississippi there is a difference of $14,000,000 between the revenue-producing qualities of the House provision and the recommendations of the Finance Committee. It is my further understanding that the pipe lines are owned by the large oil companies. So I submit to the Senator that we ought to save that $14,000,000, sustain the action of the House, and vote down this amendment. It calls for the yeas and nays.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

Mr. BANKHEAD. I call for the yeas and nays.

The PRESIDENT pro tempore. The yeas and nays are demanded. Is the demand seconded?

The yeas and nays were ordered.

RELIEF OF AGRICULTURE

Mr. HOWELL. Mr. President, on yesterday an amendment to the pending tax bill was offered by the senior Senator from Minnesota [Mr. SHIPSTEAD] for the benefit and protection of agriculture. It provided for an adequate tariff on copra, oil seeds, coconut oil, and so forth. On motion of the senior Senator from Missouri [Mr. HAWES] it was amended so as to exclude from the operation of the proposed tariff any of the products named coming from our island possessions. Thereupon the original amendment was voted down although, in its amended form, it would have been of great advantage to the farmer.

The effect of the amendment of the Senator from Missouri to the amendment of the Senator from Minnesota to the pending revenue bill was to exempt imports of vegetable and animal oils and fats from the Philippines into the United States from any of the excise taxes assessed by the Shipstead amendment. Practically, however, the amendment of the Senator from Missouri would have had little or no effect except with regard to coconut oil and copra, as they are the only products covered by the Shipstead amendment which are imported from the Philippines and our other possessions.

Coconut oil and copra are imported in large quantities from the Philippines. In fact, most of our imports of these commodities come from the Philippine Islands. Our farmers are entitled to protection from these products; but the elimination of the tax on those of them which come from the Philippines and our other possessions did not destroy the value of the amendment of the Senator from Minnesota. The estimated revenue from coconut oil and copra from the Philippines under the Shipstead amendment was approximately $9,000,000. The effect of the Hawes amendment would have been to reduce the revenue under the Shipstead amendment by approximately this amount. The estimated revenue from the other items in Senator SHIPSTEAD's amendment would total approximately $15,542,000. I submit a table showing the imports of the articles listed in the Shipstead amendment and showing the estimated amount of revenue under the proposed rates.

Mr. President, I ask that the table to which I have referred may be inserted in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table referred to is as follows:

Computed annual income to United States Treasury that would be derived from an excise tax on fats and oils as embodied in the proposed Shipstead amendment to the House revenue bill

	Volume entering free of duty, 1931 [1]	Excise tax embraced in proposed amendment	Income to U. S. Treasury, based on 1931 imports
Oil seeds and oil-bearing materials:	*Pounds*		
Copra, from Philippine Islands	267,471,227	1 cent per pound	$2,674,712.27
Copra, from other countries	190,475,551	do	1,904,755.51
Sesame seed	139,596,870	do	1,395,968.70
Miscellaneous	46,444,082	do	464,440.82
Total	643,987,730		6,439,877.30
Oils, vegetable:			
Rapeseed oil	7,109,497	2 cents per pound	142,189.94
Coconut oil (product of Philippine Islands)	325,174,560	do	6,503,491.20
Palm-kernel oil	12,928,255	do	258,565.10
Palm oil	258,155,809	do	5,163,118.18
Perilla oil	13,285,492	do	265,709.84
Sesame oil	832	do	16.64
Tung oil	79,311,155	do	1,586,223.10
Olive oil	48,969,197	do	979,383.94
Miscellaneous	1,255,790	do	25,115.80
Total	746,190,587		14,923,811.74

[1] Except fish oils, which were dutiable.

Computed annual income to United States Treasury that would be derived from an excise tax on fats and oils—Continued

	Volume entering free of duty, 1931	Excise tax embraced in proposed amendment	Income to U. S. Treasury, based on 1931 imports
	Pounds		
Oil, fish:			
Whale oil	139,692,757	2 cents per pound	$2,793,855.14
All other fish oils	23,649,157	do	472,983.14
Total	163,341,924		3,266,838.28
Grand total			24,630,527.32

Mr. HOWELL. Mr. President, I submit that any new source of revenue which will yield more than $15,000,000 annually is worth favorable consideration, particularly in these days when it is difficult to find new sources of revenue.

I call the attention of the Senate to the fact that, with the exception of whale oil, fish oil, and coconut oil, which comes mostly from the Philippine Islands, all of which now carry very low rates of duty, the articles proposed to be taxed now enter free of duty. They pay practically nothing in taxes for the support of this Government, and yet have the privilege of our markets.

EFFECT OF IMPORTS UPON AGRICULTURE

The importation of palm oil in the United States has increased from 41,948,000 pounds in 1920 to 287,492,000 pounds in 1930. It is produced chiefly in West Africa and Netherland East Indies. It has displaced the use of domestic oils and fats in the manufacture of soap. In 1912 imported palm oil represented 1 per cent of the total consumption of oils in soap making, whereas in 1929 it represented 11.4 per cent of the total consumption. In contrast with this increase in the use of palm oil for soap purposes, the use of domestic products decreased. Domestic inedible tallow in 1912 represented 32.1 per cent of the total consumption of oils for soap making, whereas in 1929 it represented only 29.1 per cent of the total consumption. Domestic cottonseed oil represented 17.8 per cent of the total consumption in 1912 and only seven-tenths of 1 per cent of the total consumption in 1929. Domestic cottonseed oil represented 12 per cent of the total consumption in 1912, but only 6.4 per cent of the total consumption in 1929. Corn oil, peanut oil, and miscellaneous oils represented 4.7 per cent of the total consumption in 1912, and only 2.5 per cent in 1929.

Palm oil is a direct competitor of tallow in the manufacture of soap. Palm oil does not yield a quick-lathering soap, such as coconut oil, consequently the arguments of the soap interests on this point are invalid when applied to palm oil. Why should we import palm oil from Africa and Netherland East Indies when we produce a surplus of tallow and oleo oil? Why should not the livestock producers of this country be given the benefit of this market for their by-products? Why should not our cotton farmers also have the privilege of this market for the lower grades of cottonseed oil and cottonseed-oil foots? Why should not the corn farmers and peanut producers likewise have the benefit of this outlet for corn oil and peanut oil, particularly the lower grades of these oils?

Palm-kernel oil, sunflower oil, sesame oil, rapeseed oil, and olive oil are all used for soap when rendered inedible. The proposed amendment would place a tax of 2 cents per pound on these oils in inedible form, which now enter free of duty. The proposed amendment would not only afford some revenue but would help to give our farmers the benefit of the domestic market, now displaced by the imports of these oils.

Sesame seed would also be taxed under this amendment. The tariff act already provides a duty of 3 cents per pound on sesame oil, but failed to provide any duty on sesame seed from which the oil is extracted. Sesame oil, when rendered inedible, however, is free of duty. Obviously it is a simple matter to bring the oil in the form of seed, thereby evading the duty, whenever the price situation warrants such a procedure. Sesame oil is suitable for use in the manufacture of margarine, salad oils, mayonnaise, lard substitutes, and soaps. About three-fourths of the imports of sesame oil are used in the manufacture of edible products and about one-fourth in the manufacture of soap.

Why should we import inedible sesame oil and allow it free entry to our markets when ample supplies of corn oil, peanut oil, cottonseed oil, and tallow are available for soap manufacture? Why should we import it or import sesame seed for oil production for the manufacture of salad oils, mayonnaise, margarine, and lard substitutes when ample quantities of domestic corn oil, peanut oil, cottonseed oil, soybean oil, and tallow are available?

The imports of whale oil, seal oil, herring oil, and pilchard oil for the manufacture of soap and edible products also displace the use not only of similar domestic products of American fisheries but tallow, lard, butter, cottonseed oil, corn oil, peanut oil, and soybean oil, produced from the products of American farms, which otherwise might be utilized.

The Shipstead amendment would have benefited either directly or indirectly a large number of farmers in the United States. The imports of duty-free oils and fats affect the markets either directly or indirectly for the products of millions of American farms.

I have before me a table compiled from information furnished by O. E. Baker, Bureau of Agricultural Economics, United States Department of Agriculture, which shows the large number of farmers who have a material interest in this question by reason of their production of oil-bearing materials. I ask unanimous consent, Mr. President, that this table may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The table referred to is as follows:

Comparative number of citizens benefited

Commodity	Number of farmers producing crop named, census of 1924
Soybeans	284,384 in Illinois, Ohio, Indiana, Iowa, Tennessee, North Carolina, Alabama, and Virginia.
Lard	4,565,000 reported hogs slaughtered on farms. 4,850,807 reported swine on farms.
Peanuts	250,847, mostly Georgia, all Southeastern States, and Arkansas.
Cottonseed	1,931,307 Southern States.
Tallow	[1] 538,593 reported sheep on farms. [1] 434,608 reported sheep and lambs slaughtered. 2,051,925 reported beef cattle on farms.
Flaxseed	104,405 reported flaxseed harvested in North Dakota, Minnesota, South Dakota, Montana, and Wisconsin.
Dairy products	2,761,911 reported dairy cattle on farms.

Mr. HOWELL. Mr. President, the action of the Senate in rejecting this perfected amendment that would assure $15,000,000 of revenue and at the same time greatly benefit the agricultural industry is incomprehensible, in view of the fact that tariffs have been inserted for the protection of the coal, copper, petroleum, and lumber industries—tariffs that will produce little revenue, intentionally protective tariffs, not germane in connection with this bill, while the Shipstead amendment was germane.

Mr. President, why such discrimination against agriculture? Agriculture is entitled upon the floor of the Senate to the same consideration to which copper is entitled, to which coal is entitled, to which lumber is entitled, and to which oil is entitled. The industries producing those commodities have been enjoying a considerable prosperity during the last 10 years, but agriculture has been at the bottom of the economic scale.

Mr. President, we must do something for agriculture. We can not turn away from amendments for the benefit of agriculture in this manner without some excuse. There were those who seemed to think when the amendment offered by the senior Senator from Missouri [Mr. HAWES] to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD] was adopted that the amendment of the latter Senator would be worth nothing to the farmer; but, Mr. President, that is not the fact. If it were adopted, it would be of great benefit to the farmer, and at the same time would

[1] Census of 1920.

produce $15,000,000 of revenue for the Treasury. What are we to say to the farmer when we return home—that the Senate did not have the will to act in his behalf; that we could aid copper, we could aid coal, we could aid oil, we could aid lumber, thus increasing the costs which the farmer has to pay for those commodities, but that we would not do anything for him, although his industry was in the depths of despond?

Mr. President, we must act for agriculture. We must do something for agriculture; agriculture must be rescued.

Now, Mr. President, I enter a motion to reconsider the vote whereby the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD], as amended, was rejected.

The PRESIDENT pro tempore. The Senator from Nebraska enters a motion to reconsider the vote by which the amendment mentioned by him was rejected.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. HARRISON. Mr. President, referring to the item that we were considering in regard to the tax on pipe lines, would it be agreeable to the Senator from Oklahoma and to those who are interested to pass this over for the present, and take no action on it at this particular time?

Mr. GORE. It would be satisfactory to me. In fact, I should like to have that course taken.

The PRESIDENT pro tempore. The Chair understands the Senator from Mississppi to make that request.

Mr. HARRISON. Yes; I ask unanimous consent that it may be passed over for the present.

The PRESIDENT pro tempore. Very well. The Senator from Mississippi asks unanimous consent that the Senate pass over section 731 in its entirety. Is there objection? The Chair hears none, and that order will be entered. The clerk will state the next amendment of the committee.

The next amendment was, on page 284, after line 11, to strike out:

PART V.—TAX ON LEASES ON SAFE-DEPOSIT BOXES

SEC. 741—TAX ON LEASES OF SAFE-DEPOSIT BOXES

(a) There is hereby imposed a tax equivalent to 10 per cent of the amount collected on or after the 15th day after the date of the enactment of this act and before July 1, 1934, for the use during such period of any safe-deposit box, such tax to be paid by the person collecting such amount.

(b) For the purposes of this section any vault, safe, box, or other receptacle, of not more than 40 cubic feet capacity, used for the safekeeping or storage of jewelry, plate, money, specie, bullion, stocks, bonds, securities, valuable papers of any kind, or other valuable personal property, shall be regarded as a safe-deposit box.

(c) Every person making any collections specified in subsection (a) shall on or before the last day of each month make a return, under oath, for the preceding month, and pay the tax imposed by subsection (a) to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such returns shall contain such information and be made in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

(d) The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time the tax became due until paid.

(e) The provisions (including penalties) of section 1114 of the revenue act of 1926 shall be applicable with respect to the tax imposed by subsection (a).

Mr. SMOOT. Mr. President, if there is no objection, I desire to propose certain amendments to the House text. Will I have to ask unanimous consent that the amendment of the Senate committee be rejected temporarily?

The PRESIDENT pro tempore. The Chair has been proceeding through the day upon the assumption that all of these amendments which have been proposed, one by one, by the Senator from Utah are committee amendments and therefore take the place of whatever is printed in the bill. Under that assumption, the Chair will hold that any amendment which the Senator now wishes to offer will be in lieu of the amendment as printed in the bill.

Mr. SMOOT. Very well.

On page 284, lines 16 and 17, I move to strike out "and before July 1, 1934."

The PRESIDENT pro tempore. May the Chair make an inquiry? Does that include the whole matter, or is that merely a perfecting amendment?

Mr. SMOOT. Is is a perfecting amendment.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. I have two other amendments.

Mr. JOHNSON. Mr. President, a parliamentary inquiry, if you please. This section is proposed to be entirely stricken out by the committee amendment.

The PRESIDENT pro tempore. Yes. The Chair understands the Senator from Utah, however, to be offering certain perfecting amendments to the House text, with a view then to asking that the committee amendment striking out the entire paragraph be rejected.

Mr. JOHNSON. Is that the purpose?

Mr. SMOOT. Yes.

Mr. JOHNSON. That is, the House text will be ultimately revived, with the amendments which the Senator is now presenting?

Mr. SMOOT. That is what we hope to do, Mr. President.

The PRESIDENT pro tempore. That is the understanding of the Chair.

The CHIEF CLERK. Also, on page 284, line 17, it is proposed to strike out "during such period" and to insert in lieu thereof "after such date."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

The CHIEF CLERK. On the same page, lines 18 and 19, it is proposed to strike out "collecting such amount" and insert in lieu thereof "paying for the use of the safe-deposit box."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

The CHIEF CLERK. On the same page, 285, in line 2, after the word "shall," it is proposed to insert "collect the amount of tax imposed by such subsection from the person paying for the use of the safe-deposit box, and shall."

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. SMOOT. Now, with those amendments, I ask that the wording of the House text be agreed to.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. What the Senator really desires is to have the amendment of the committee rejected.

Mr. SMOOT. Yes; that will be the easiest way.

Mr. LA FOLLETTE. That is correct.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee striking out Part V.

The amendment was rejected.

The CHIEF CLERK. On page 285, after line 19, it is proposed to insert:

Part V.—Tax on checks, etc.

Mr. TYDINGS. What became of the oil amendment?

The PRESIDENT pro tempore. That was passed over.

Mr. LA FOLLETTE. Mr. President, may I suggest to the Senator from Utah that the next part of the bill go over?

Mr. SMOOT. I ask that that go over. I want Part V, tax on checks, and so forth, to go over.

Mr. NORRIS. Until to-morrow?

Mr. SMOOT. Until to-morrow.

The PRESIDENT pro tempore. Without objection, Part V, tax on checks, and so forth, will be passed over.

Mr. HARRISON. Mr. President, instead of taking up these controversial propositions dealing with increased postage, the tax on checks, and so forth, I desire to ask the Senator from Utah why we can not take up the administrative changes for the rest of the afternoon?

Mr. SMOOT. That is what I intended to ask. I was going to propose that we begin now with Part VII, Administrative Provisions.

The PRESIDENT pro tempore. What about Part VI? No action has been taken on that yet.

Mr. BARKLEY. Mr. President, will not the Senator wait until we act on this next amendment before doing that? We are just down to it.

Mr. TYDINGS. Mr. President, if the Senator from Utah will yield for a moment, I should like to ask him a question.

In section 23 (r), at the bottom of page 32, paragraph (3) reads as follows:

(3) This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers, nor to a bank or trust company incorporated under the laws of the United States or of any State or Territory.

I am wondering if the Senator and the Senate would consent to an amendment of that section by striking out the period on line 2, page 33, and adding these words:

Nor to persons carrying on the banking business, where the receipt of deposits constitutes a substantial part of such business, in respect of transactions in the ordinary course of such banking business.

Mr. SMOOT. That is the private bankers' amendment.

Mr. TYDINGS. For example, in my State and in every State in the Union there is a concern known as Alexander Brown & Sons, the oldest banking firm in the United States. It is a partnership. Those men have not only the partnership responsibility but their own personal responsibility back of the banking business.

Mr. SMOOT. That is known as the personal provision in the limitation of stock losses, and I see no reason why it should not be agreed to.

Mr. LA FOLLETTE. O Mr. President——

Mr. TYDINGS. Just a moment; let me point this out to the Senator:

If these men were incorporated, all that would be back of their business would be the corporation. They are not incorporated, however, and all of their partnership property and their own personal property in addition thereto is back of the business. Yet we give an incorporated partnership a special preference which we will not give to a man who is willing to risk every cent he has to support the partnership; and it does seem to me that a great many of these older banking houses—and this one is over 100 years old—ought to have just as much exemption as would be given to an incorporated partnership.

For example, the partnership is liable for the debts of each of the partners and for the debts of the business; but if they are incorporated, only the corporation is liable. There is no justice in that. There is no fairness in that. You take away from the man who does business with the partnership an additional security.

I hope that the committee will consent to this amendment and that the Senate will agree to it.

Mr. LA FOLLETTE. Mr. President, the Senator from Utah has stated that he sees no reason why this amendment should not be accepted. I should like to say that if the Senate accepts this amendment it will exempt every private banker in the United States from the imposition of this tax. All the investment bankers and all the private bankers in the United States will be exempted from the imposition of this tax.

The Senator from Utah says he sees no objection to the acceptance of that amendment and says that the Treasury recommends it; but, as far as my understanding is concerned, the committee threshed out all this matter and decided that it was not in favor of exempting the private bankers from the application of this tax. If that matter is coming up, I think it should come up at a time when there is a more full attendance of the Senate, and that an amendment of that kind should not be adopted at this time of the day.

The PRESIDENT pro tempore. May the Chair make a statement of fact?

This whole matter, beginning on line 8 of page 32 and going over into the second line of page 33, was passed over at the request of the present occupant of the chair, who was acting not only in his own behalf but in behalf of the Senator from Rhode Island. The Chair feels certain that neither the Senator from Rhode Island nor himself would like to have the matter taken up unless there is a full attendance of the Senate.

Mr. TYDINGS. Under the circumstances, then, I will ask that it go over. It was my thought when I rose that perhaps here was something we could get out of the way without any great amount of debate; but, in view of what the Chair has said, I withdraw the proposal.

The PRESIDENT pro tempore. On behalf of himself and the Senator from Rhode Island, the Chair thanks the Senator from Maryland.

Mr. SMOOT. Mr. President, in answer to the Senator from Wisconsin, I desire to say that the amendment provides that the majority of the business of such a bank must consist of deposits in the bank.

Mr. LA FOLLETTE. Why, certainly. The amendment says they must have substantial deposits; but does the Senator think he can go to any of these big private bankers in New York or Philadelphia and get them to finance or float an issue of securities without putting in a substantial deposit? All these private bankers have large deposits of funds in their custody, and the amendment will let them all in. That is the point I am making.

If the matter is going over, however, there is no use of debating it further at this time.

Mr. SMOOT. No; there is no need of discussing it any further to-night, since it is going over.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 286, after line 19, to insert:

PART VI.—TAX ON CIGARETTE PAPERS

SEC. 751. TAX ON CIGARETTE PAPERS

Section 402 of the revenue act of 1926 is amended by inserting after "importer" a comma and the following: "or removed for consumption or sale," and by striking out "more than twenty-five but."

Mr. BARKLEY. Mr. President, I desire to make a very brief statement with reference to that amendment.

In the first place, the Treasury estimates that the amount of revenue derived from it would be negligible, that it would not amount to anything, because if this one-half cent tax were put on cigarette-paper packages of less than 25 sheets the result would be that practically none of them would be made.

There has grown up in the last two or three years quite an industry in making tobacco for the use of those who, as it is said, "roll their own" cigarettes. It is a kind of tobacco that is used by the poorest people of the country, who can not afford to buy expensive cigarettes and who buy a package of this tobacco and are given a package of 25 cigarette papers which they take home with them and roll the cigarettes and smoke them. They already pay a tax of 18 cents a pound on that tobacco.

In an ordinary pound of tobacco there are about 16 packages of 1 ounce each. This tax will amount to an increase in the tax on that tobacco from 18 cents a pound to 26 cents a pound; so that it affects the poorest class of smokers in the United States, who can not afford ready-made cigarettes but who do buy this cheaper class of tobacco, and have a package of cigarette papers thrown in, in order that they may roll their own cigarettes and enjoy a smoke.

In view of the fact that no revenue is involved here to amount to anything, it seems to me that this amendment ought not to be agreed to, because it will be a hardship on the poorer class of smokers, and will, in fact, interfere with an industry that has grown up in this country of manufacturing the type of paper that goes into these free packages of cigarette paper.

Mr. HULL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Tennessee?

Mr. BARKLEY. Yes; I yield to the Senator.

Mr. HULL. Would not this amendment really reduce the consumption of these cheap, and in many instances practically worthless, grades of tobacco, so that in the end there would be more taxes lost than gained?

Mr. BARKLEY. Yes; I am glad the Senator has called my attention to that fact. The amount of this cheaper tobacco that is consumed will be decreased to such an extent that it will offset the revenue of 18 cents a pound now received on that tobacco, which will amount to more than the negligible amount that will be derived from the tax.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. BARKLEY. I do.

Mr. NORRIS. From what little I know about this matter, I am in sympathy with what the Senator says; but I can not get any clear idea of what is proposed.

Mr. BARKLEY. I will explain the matter to the Senator.

Under the act of 1926 there is a tax of one-half cent on all cigarette-paper packages of between 25 sheets and 50 sheets. In books of above 50 sheets there is a 1-cent tax on each package. This language takes out the limitation, and puts a half cent tax on all packages of cigarette paper regardless of the number of sheets; that is, where the number is below 25. That is what it amounts to.

Mr. NORRIS. In other words, under existing law the people who make their own cigarettes enjoy a reduction in tax, and this will take it away from them?

Mr. BARKLEY. This will take it away from them. In other words, packages of cigarette paper of less than 25 sheets bear no tax; and if this amendment is agreed to, they will bear a tax of half a cent.

Mr. SMOOT. Mr. President, under existing law cigarette papers in books of 25 or less are exempt from tax. This is to permit free distribution of such books with packages of tobacco. This privilege is being abused and the tax evaded by giving with one package of tobacco two or more books of 25 papers each. To eliminate this practice the exemption of the small books is eliminated and the tax is made applicable to withdrawals for consumption or sale as well as to sales.

That is what is being done and that is why the Treasury wanted this hole stopped up.

Mr. BARKLEY. Mr. President, this is the situation. All the cigarette papers used for ready-made cigarettes are imported. The paper is made abroad and is brought into the United States. The industry to which I have referred is an American industry, and this amendment was put into the bill at the request of the importers of foreign-made cigarette paper in order to keep out any competition in the United States. There is a large factory in Massachusetts which makes the very type of paper used in these very packages of 25 sheets and less. It is not a revenue matter. It was done simply to protect importers of foreign paper against an American industry.

Mr. NORRIS. Mr. President, may I ask the Senator a question?

Mr. BARKLEY. I yield.

Mr. NORRIS. What has the Senator to say in reply to what the Senator from Utah stated, that the law is being evaded?

Mr. BARKLEY. I have here information which, if the Senate is patient enough to listen to it, will show that that is not accurate. I know an importer came before the Committee on Finance and said that the law was being evaded, but it is not being evaded.

Mr. SMOOT. Mr. President, the Senator will admit that the importer did not say it any more than the Treasury Department has said it. I have referred to the statement of the Treasury Department.

As far as this matter is concerned, it is a very little thing—it is not worth while talking over to-night—so let us have a vote and decide it one way or the other.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

On a division, the amendment was agreed to.

Mr. BARKLEY. Mr. President, I desire to enter a motion to reconsider the vote by which this amendment was agreed to.

The PRESIDENT pro tempore. The motion will be entered. The clerk will state the next amendment.

The next amendment was, at the top of page 287, to insert:

PART VII.—ADMINISTRATIVE PROVISIONS

SEC. 761. PAYMENT OF TAXES

The taxes imposed by Parts I, IV, and V of this title shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time the tax became due until paid.

The amendment was agreed to.

The next amendment was, on page 287, after line 9, to insert:

SEC. 762. REFUNDS AND CREDITS

(a) Credit or refund of any overpayment of tax imposed by Part I or V of this title may be allowed to the person who collected the tax and paid it to the United States if such person establishes, to the satisfaction of the commissioner, under such regulations as the commissioner with the approval of the Secretary may prescribe, that he has repaid the amount of such tax to the person from whom he collected it, or obtained the consent of such person to the allowance of such credit or refund.

(b) Any person entitled to refund of tax under Part I, IV, or V of this title paid, or collected and paid, to the United States by him may take credit therefor against taxes due upon any monthly return.

(c) Any person making a refund of any payment on which tax under Part I has been collected may repay therewith the amount of tax collected on such payment, and the amount of tax so repaid may be credited against the tax under any subsequent return.

The amendment was agreed to.

The next amendment was, on page 288, after line 3, to insert:

SEC. 763. REGULATIONS

The commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of Parts I, IV, and V of this title.

The amendment was agreed to.

The next amendment was, on page 288, after line 7, to insert:

SEC. 764. APPLICABILITY OF ADMINISTRATIVE PROVISIONS

All provisions of law (including penalties) applicable in respect of the taxes imposed by section 500 of the revenue act of 1926 shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the taxes imposed by Parts I, IV, and V of this title.

The amendment was agreed to.

Mr. REED. Mr. President, I ask unanimous consent that the clerks at the desk be authorized, in lines 7 to 13 on page 288, and in other similar passages in the bill, to change the numbers of the parts to conform with the action already taken by the Senate in inserting new parts.

The PRESIDENT pro tempore. That has already been voted by the Senate.

Mr. JOHNSON. Mr. President, I suggest to the Senator from Utah that, having passed over many of the provisions, and important provisions of the bill, upon which there will be discussions, arguments, and the like, that we take our recess now until to-morrow morning.

Mr. SMOOT. I am perfectly willing that that should be done, and I want to thank Senators for the attention they have given this afternoon and for the work that has been performed by the Senate.

Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it take a recess until to-morrow morning at 10 o'clock.

Mr. BARKLEY. That is the regular order under the agreement entered into yesterday.

The PRESIDENT pro tempore. No; the only matter covered in the agreement entered into last night was that the Senate would meet at 10 o'clock a. m., and sit until 7.30 p. m. Is there objection to the request of the Senator from Utah? The Chair hears none, and it is so ordered.

CONFIRMATION OF ARKANSAS POSTMASTERS

As in executive session Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably the nominations of John H. Magee to be postmaster at Corning,

Ark.; Rhetta L. Cooper to be postmaster at Hughes, Ark.; Elmer B. Wacaster to be postmaster at Mount Ida, Ark.; and Forrest L. Downs to be postmaster at Norphlet, Ark.

Mr. ODDIE. Mr. President, as in executive session, at the request of the senior Senator from Arkansas [Mr. ROBINSON], I ask for the confirmation of the postmasters whose nominations I have just reported.

The PRESIDENT pro tempore. Without objection, the nominations of postmasters in Arkansas just reported by the Senator from Nevada are confirmed. The Senate resumes legislative session.

TARIFF AND UNEMPLOYMENT

Mr. COPELAND. Mr. President, I ask unanimous consent to have printed in the RECORD a radio speech of Hon. Howard S. Cullman, Commissioner of the Port of New York Authority, over the Columbia network on Thursday, May 26, 1932, on Tariff and Unemployment.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Since the earliest days of American industrial supremacy we have heard the words "government" and "business" significantly coupled together. It has become usual for aspirants to public office to declare that the United States of America is the greatest corporation in the world, in which every citizen is a stockholder. This pronouncement went pretty well in the old days. While things ran smoothly citizens, like other shareholders, were content to send in their proxies and receive their dividends in prosperity.

To-day, with unemployment, hunger, and destitution stalking at our doors, with the powers in Washington answering the pleas of millions with hollow and meaningless gestures, the average citizen begins to question the ringing phrases of politicians. "If this Government is a corporation," he says, "then I must have drawn some of the nonvoting stock, so far as making my needs heard in the national councils. If this Government is a business," he concludes, "then I don't think much of business."

We have often been told by the more skeptical that our Government is run by and for business; that large industrial interests dictate and regulate our national policies. Certainly a glance at our tariff scale and the heavy burden it places on the consumer—a consideration of the various doles which during the past year have been distributed to our starving corporations—lends fuel to this contention. And yet, the desperate plight of some of our major industries seems to indicate that if business interests are running the Government they are not making a very thorough or successful job of it.

The plea is often advanced that business principles be applied to government. This sounds off-hand like a useful slogan. Lately, however, I have begun to question its validity, and for two reasons. I am not at all sure of what is meant by "business principles," and I doubt the analogy of government to business. Are business principles the high-pressure methods, born of optimism, nurtured by mechanical ingenuity, and the greed for gain which have landed our leading industrial enterprises in their present unenviable plight? If these are the methods of business, preserve our Nation from them.

Further, how far do the purposes of government really parallel those of business. A government is a nonprofit making, noncompetitive enterprise. It is designed to serve, not to exploit. Behind the complex mechanism which time and national growth have developed is a purpose forthright and direct—a purpose which I think I have heard mentioned somewhere before. The government is for the people.

Just how the people can best be served under the complex conditions of modern society is a grave problem. Vague sentiments about business and business methods will not achieve that end. I should like to submit a simple suggestion which I believe would serve as a handy weapon to battle the many difficulties now upon us. It is this: "Realism in government."

This does not, I know, sound very startling. Yet the consequences of facing facts realistically and meeting them squarely would be profound and far-reaching. Certainly at no time during the past three years has the Government attack on the pressing problem of unemployment been in any sense realistic. We do not ask our Government to perform miracles. We are aware that no human agency can, with a single gesture, lift the terrible burden of the depression from the earth, but we do ask our Government to realize that we no longer believe in miracles—that denying facts, evading issues, handing out haphazard relief will not help.

This is the situation so far as unemployment is concerned. Palliatives of all kinds have been tried, and we face problems more grave than ever. Local committees and communities have contributed to their limit. State appropriations have been distributed on a quasi-dole basis without any fundamental plan or motivation. Looking ahead, we face a critical period. Unemployment continues, savings have been dissipated, wages reduced. The resources of private philanthropic and welfare organizations are substantially reduced. States and cities, faced with disappointing tax receipts are having difficulty in balancing their budgets.

In the face of these facts it is plain that only drastic and fundamental measures will be of any value. We ask our Government to delve down into our national problems and find the reality beneath. Certainly, any economic diagnostician would at once discover a number of remediable ills. Among them, and of major importance, would be found the tariff malady—a deep-rooted disease, but one that would respond rapidly to sound and scientific treatment.

Any resident of a port district knows that it is not the depression alone that is responsible for the decline of international trade. Here in New York we have a port authority engaged in planning and developing facilities for trade and shipping as fast as modern ingenuity devises them. Yet the task of the port authority has turned out to be another labor of Hercules. For as fast as great mechanical and engineering achievements open up new commercial possibilities, they are nullified by tariff barriers which are stifling and exterminating the very trade for which our port is so admirably equipped.

The curtailment of foreign trade is a problem real and close to every citizen of the Nation. Illogical tariffs must answer not only for increased prices on protected commodities but for unemployment to millions of men and women directly or indirectly engaged in manufacturing or transporting exportable goods. The port of New York is the gateway of the United States through which 42 per cent of its foreign commerce passes. Nearly a billion dollars is invested in piers, warehouses, dry docks, and other harbor equipment. The railroads engaged in carrying imports and exports to and from the port represent an investment of $5,000,000,000 and normally furnish employment to 500,000 persons, more than the total number of wage earners in the city of New York.

With a view to organizing and coordinating the facilities of this great port for maximum shipping efficiency the Port of New York Authority was established 10 years ago. Under its auspices great bridges have been built; a giant vehicular tunnel links together sections of the port district. Plans are in progress for belt lines and all the other physical structures which make a port more serviceable. This summer will see the opening of a gigantic package-freight post office—inland terminal No. 1—which should result in great economies to domestic shippers, importers, and exporters. The port authority is continually on the watch against attempts to divert tonnage by means of freight-rate handicaps and other devices.

Modern warehouses, 1,100-foot piers, deep channels, favorable freight rates, and one of the finest natural harbors on earth—all these stand in readiness. But does foreign trade flourish in this ideal setting? Choked at the source, commerce languishes. With each added tariff barrier conceived by the petty and shortsighted interest of some monopolistic group another blow is dealt to international trade.

It is not alone that we are squandering our patrimony in leaving idle the great harbor which is our heritage. We are taking away the daily bread of the hundreds of thousands of men and women whose livelihood depends upon the activity of international commerce.

In New York there are, normally, 20,000 men at work as stevedores. The overseas shipping business represents an investment of about two and a half billion dollars and formerly employed over 50,000 seamen. Railroad workers, warehouse employees, lightermen, truckmen, freight forwarders, clerks in import and export houses, clerks in banking houses which finance foreign trade, sailors, stevedores—all these are threatened by restrictive trade policies.

Further, we must take the toll of workers in industries which once did a thriving export business. The inevitable result of our own short-sighted trade policy has been the setting up of retaliatory tariff measures by other nations. In this way our foreign markets have been greatly curtailed, if not altogether destroyed. In former years workmen in our automobile factories spent one day in six and in our typewriter industry three days in six in supplying export demand.

To-day, thanks to rising tariff barriers and the impoverishment of foreign consumers, our automobile exports are cut in half, our typewriter exports to one-third. Government statistics show that our agricultural exports have been reduced 44 per cent in two years. Italy, Austria, Poland, Finland, South Africa, and Egypt have recently increased their duties on wheat. Five countries have joined the six already maintaining a quota on the importation of wheat. The agricultural countries of southeastern Europe and the industrial countries of western Europe are moving toward a system of preferential agreements among themselves, aimed against the United States.

It is such facts as these that we ask our Government to face and to face realistically. It is plain that if we refuse, by creating prohibitive duties, to allow other nations to sell their goods to us, they not only can not but will not buy our products. The result will be the progressive crippling of international trade with unemployment and suffering to millions of Americans the inevitable consequence.

The way out of our dilemma is plain. Tariff regulation must be taken from the hands of shortsighted politicians and industrial panhandlers and recognized for the world problem it is. We must have an international tariff conference in which problems of trade regulation may be discussed and solved in the light of reason and reality.

It is not my contention that tariff revision alone will cure the ills of the world. I have neither the time to-night nor the prophetic wisdom to evaluate all the other proposed constructive measures of relief. The repeal or modification of the Volstead Act, further Federal bond issues, public-works programs—these

and other sound economic measures will undoubtedly contribute to recovery.

I shall not attempt to name any precise tariff scale or policy which will solve our trade dilemma. Study, experimentation, and a broad perspective will be needed before we can be sure of embarking on the right road. There is little doubt, however, that the course our national mentors have now charted for us, so far as the tariff goes, is the wrong one. We have to-day a tariff that is neither for revenue nor for protection, in any true sense. It is a tariff for destruction. A tariff that is fast obliterating our international trade, that threatens to bring us into an abyss of industrial stagnation, of unemployment and suffering.

It is time that this disastrous course was checked. We have had enough of misleading statistics, prognostications and quixotic arguments. We have a right to ask our Government to look at the facts and to act upon them, and we have a right to say: "You people in Washington have been looking for constructive methods of creating employment. Here is a way. We will regard your response to these facts as a test of your sincerity."

THE CRISIS IN NATIONAL DEFENSE

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD copy of an address of Capt. Garrett B. Drummond, Field Artillery Reserve, president Department of Oklahoma, Reserve Officers' Association of the United States, at a rally of reserve officers at Cushing, Okla., March 9, 1932, on the subject "The Crisis in National Defense."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

There is always an inspiration to be derived from such a gathering as this, for it is in these voluntary meetings of reserve officers throughout this country that there is maintained in the large mass of the citizenry that spark of military knowledge which is so essential in time of emergency. More than that, it is here among all of us that is found the best guaranty that there shall never exist in America that so-called "military class" which our forefathers feared. We are a part of this great democracy, and there is nothing more democratic than our coming together, without pay or reward, and with only one thought—to prepare ourselves individually to render the greatest service to our country.

Of course, it is true that we derive the authority for the Officers' Reserve Corps from the provisions of the national defense act. But I like to think of the Army of the United States as it is created in that momentous law as being the final realization of that spirit expressed by George Washington when he assumed command of the Continental Army before Boston. Here is what he said: "The Continental Congress having now taken all the troops of the several colonies, which have been raised, or which may hereafter be raised, for the support and defense of the liberties of America, into their pay and service; they are now the troops of the United Provinces of North America; and it is hoped that all distinctions of colonies will be laid aside, so that one and the same spirit may animate the whole, and the only contest be, who shall render, on this great and trying occasion, the most essential service to the great and common cause in which we are all engaged."

You are familiar with the years of tragic errors which have marked our military history. You have learned the lessons to be deduced from the reliance upon ill-trained volunteer troops in the War of 1812. You understand the folly of divided responsibilities and lack of unity of command as demonstrated in our Civil War. There are among us to-night those who remember how a well-trained force in the field terminated successfully the Spanish-American War in 109 days. And all of us look back upon the World War wherein we gave the greatest example ever recorded in the history of the world of the improvisation of an army in the course of a war. As our thoughts dwell upon this chain of events we take pride in the national defense act as being the culmination of a long series of efforts to establish by law a sane and reasonable policy of national defense.

History also records the reasons for our delay in achieving this Army of the United States. In spite of defeat in battle and the enormous loss of life and prolonged cost of struggle, the American people have been too quick to forget in the days of peace the lessons to be learned from their trials of battle. Not until 1903 were we able to create the General Staff, and as late as 1913 it still was struggling for existence. The national defense act of 1916 practically destroyed its effectiveness. It was only in the revised national defense act of 1920 that we produced this Army of the United States of which we are justly proud.

Now, I am here to-night to tell you that again there is danger of disregarding the lessons of our past experiences. I want to tell you that to-day a very critical situation exists and that under the guise of misdirected economy there is a move to so cripple the components of our Army as to render the provisions of the national defense act null and void. If these efforts reach a successful conclusion, it will result in the destruction of our scheme of national defense, which to-day is being held together by the patriotism and devotion of thousands of loyal reserve officers who receive no pay for their efforts.

Last week, on the floor of Congress, in the progress of a debate dealing with the provisions of a bill which would result in a slight appropriation for the Navy, here is what a very prominent and influential Congressman said: "I want to say to my friend that the time will never come when America will pay tribute to any foreign power. I believe in an Army and Navy; but you can abolish your Navy, you can abolish your Army, to-morrow, and if any foreign power should undertake to assume jurisdiction over this country there are enough manhood and courage in the men and women of America to maintain their independence."

Gentlemen, those words are tragic. One could almost smile at the exhibition of ignorance of our history upon the part of a man high in public service. But when he speaks of the manhood and the courage of the men and women of America, he is talking about you and me, and mothers whose sons we will some day lead in battle. Here is one who advocates in the highest law-making body of our Nation that appropriations be denied the armed forces of America because it makes no difference whether they know how to take care of themselves in battle, neither does it matter whether they have the equipment with which to protect themselves, the manhood of America will respond to the defense of their homes. But when that hour comes, it is you and I who shall lead them into battle, and it is you and I who will see them suffer and die when proper training back in the days of peace would have preserved them.

Let me interpret to you briefly the attitude of the department of Oklahoma, Reserve Officers' Association of the United States, toward this matter of national defense.

We are agreed that it is contrary to the American principle of government to maintain a large Regular Army. But our associations with those officers of the Regular Establishment convince us that to-day we have reached that condition which George Washington called ideal: "A good Army rather than a large one." The officers of the Regular Army to-day are efficient and conscientious, and the evidences of their good work is in our midst. Yet we know that the Regular Army should be maintained at its present strength without a single reduction in officers or enlisted men. If any officers are eliminated from the Regular Army, it would mean that the civilian components of the Army of the United States would suffer by the loss of their instructor personnel. And without these officers of the Regular Army to guide us and to teach us and to encourage us, the Officers' Reserve Corps would degenerate into a mass of untrained individuals. So we are asking our representatives in Congress that the Regular Army be maintained at its present strength.

Our next thoughts extend to our comrades of the National Guard. You will remember that the Regular Army is not to-day at the strength authorized by the national defense act. Consequently, the National Guard, equipped as it is, and possessed of a certain amount of training, clearly has become a part of the first line of defense. But there is a move now to so reduce appropriations that the National Guard will be denied a part of its armory-drill training, and only 75 per cent of its personnel will be allowed to participate in field training. Not only would these blind economists cripple the Regular Army in its labor, but they would extend their blight to the only remaining element of our scheme of defense capable of almost immediate mobilization. The department of Oklahoma is firmly supporting the National Guard in its efforts to maintain its present allowances for drills and other training.

For ourselves we ask sufficient opportunity for active-duty training that we shall keep ourselves fit for the responsibilities commensurate with our various commissions. It is not sufficient that we learn military theory from the textbook and apply it only on the map. Yet that is the condition which the Officers' Reserve Corps is fast approaching. The last report of the Secretary of War shows that over 24,000 officers of the Reserve Corps were enrolled in correspondence courses, yet only 21,000 of them received active-duty training, and of this latter group only 15,000 were of the combatant arms. History is too full of the ill-fated ends of soldiers who knew only theory. Therefore, we plead that the recommendations of the Budget as regards the organized reserves be not reduced one cent.

Here in Oklahoma we are quite proud of the units of the Reserve Officers' Training Corps at the university and at the Agricultural and Mechanical College. The young men being trained at these institutions not only will become useful citizens of this State, but they are coming into the lower grades of the Officers' Reserve Corps with a freshness and an enthusiasm that is a bracing tonic to the rest of us. Up at the Agricultural and Mechanical College they have been forced during the present session to turn away men who desired to enroll in the advanced course. At the end of the present academic year the university will deliver to our ranks 116 newly commissioned officers of Field Artillery and the Agricultural and Mechanical College will commission 47 in the Infantry. The future of the reserve component of our Army will rest with these young men, and this department is maintaining a close liaison with the Reserve Officers' Training Corps units within the State, and we are hoping that no student who wishes to prepare himself for service to his country will be turned away because of lack of funds.

In conclusion, it is proper to state the attitude of the reserve officers in this present economic crisis. Our helpful and sympathetic aid belongs to those who are endeavoring to balance a greatly warped Budget. But we are firm in our convictions that no reductions should be made in the appropriations for the Army. It is not economy to deny funds to the military establishment, for the effectiveness of the Army of the United States in time of war will depend upon the continuity of our peacetime efforts and training. If to-day we are denied the opportunity for active-duty training, or if we lose our leaders and instructors by a reduction in the officer personnel of the Regular Army, it

is true that a comparatively few dollars will be saved presently, but the balance will be struck in the future, payment will be made under the stress of war, and then not only will it cost us dollars, but there will also be demanded the blood and the lives of hundreds of our young men.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. KING. Mr. President, this afternoon I gave notice that I would enter a motion to reconsider the vote by which an amendment to a committee amendment was agreed to on page 269, line 1, by which the figure "11" was stricken out and the figure "41" inserted.

Upon examining the RECORD I find that on page 269, line 13, and on page 270, line 25, the same figures, "11" and "41," appear, and the same amendment was made.

The PRESIDENT pro tempore. The Senator is referring to the vote whereby the action was taken with reference to the admission tax?

Mr. KING. Yes.

The PRESIDENT pro tempore. The Chair will state to the Senator that those amendments were all voted on en bloc.

Mr. KING. So it is understood that I am entering a motion to reconsider the vote by which the amendments to the committee amendments were agreed to, with respect to the amendments on page 269, line 13, and page 270, line 25.

The PRESIDENT pro tempore. The Chair understood a motion to reconsider to have been entered as to all three of the sets of figures, because the Chair understood the motion in the first place as made by the senior Senator from Utah to apply to all of them.

Mr. KING. If that is the case, I withdraw the request.

RECESS

Mr. SMOOT. Mr. President, it is not yet 7.30 o'clock, the hour mentioned in the agreement entered into as the time to which the sessions might continue, but I ask unanimous consent that the Senate take a recess at this time until 10 o'clock to-morrow.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and by unanimous consent the Senate stands in recess until to-morrow at 10 o'clock.

Thereupon (at 6 o'clock and 55 minutes p. m.) the Senate took a recess until to-morrow, Friday, May 27, 1932, at 10 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 26 (legislative day of May 9), 1932

POSTMASTERS

ARKANSAS

John H. Magee, Corning.
Rhetta L. Cooper, Hughes.
Elmer B. Wacaster, Mount Ida.
Forrest L. Downs, Norphlet.

HOUSE OF REPRESENTATIVES

THURSDAY, MAY 26, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, we come to Thee in the one universal name—"Our Father." We begin our prayer with this name. In Thee may we share the fullness of Thy mercy and power. Our needs are so countless; do Thou impart unto us wisdom, courage, and discretion, and may we perform our duties with excelling vigilance and earnestness. Let our whole lives overflow in service and sympathy for others. Just let us be burdened with every good thing that shall splendidly serve our country. In the might and glory of self-sacrifice and devotion, in the strength of faith and hope, lead us forward to our tasks. May we do nothing this day that can not bear the brave light of reason and scrutiny of conscience when we sit in the quiet hour of evening time. Amen.

The Journal of the proceedings of yesterday was read and approved.

FEDERAL FARM BOARD

Mr. NELSON of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a copy of a radio address which I delivered.

The SPEAKER. Is there objection?

There was no objection.

Mr. NELSON of Missouri. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered under the auspices of American Taxpayers League (Inc.), Wednesday, May 25, 1932:

While my subject is one dealing first with the farmer, it should also appeal to city folk. The problem of the farmer is the problem of all the people. The $500,000,000—say half a dollar every minute since the birth of Christ—appropriated to the Federal Farm Board under the farm marketing act came from all the people.

In the beginning permit me to make it plain that I do not question the honesty or sincerity of the members of the Farm Board. As they attempt the impossible they are more deserving of sympathy than censure. Frankly, though, I believe that it would have been better had the public—and the public pays the bill—been taken more into the board's confidence. Secrecy breeds suspicion. Then open acknowledgment of mistakes—and he who makes no mistakes makes nothing—would have helped. Again, the board should know that not all the complaints against it are inspired by selfish private interests. If the efforts of the board had helped the farmer as much as the most ardent advocates of the plan once thought possible, then all the grain men, all the commission men, and all other private interests combined could not have turned farmers from the Farm Board.

My lack of faith in the Farm Board plan was expressed long before any member had been named. Down deep in my heart I felt that the plan would not work; and, feeling so, I could not vote to give to the farmer a "gold brick of purest brass serene," as John W. Davis has expressed it. I remembered, too, although I did not understand, the words of another distinguished American, Herbert Hoover, then Secretary of Commerce, who had said: "Evolution of economics as applied to problems of the American farmer can not be accomplished by legislation, but must be accomplished by scientific investigation of facts followed by application and cooperation of forces involved."

In this connection, and as the board will soon have its third birthday, let us turn to its beginning. During the presidential campaign of four years ago the promise was made for Mr. Hoover that, if elected, Congress would be called in special session to enact farm-relief legislation and to bring about a limited revision of the tariff. Accordingly, Congress convened on April 15, 1929. Previous to that the House Agricultural Committee, of which I am a member, met and heard many witnesses. A special committee of five was named to draft a farm-relief measure. With few and generally unimportant changes this was reported from the committee, but not by unanimous vote. On April 25 it passed the House, only 35 Members voting against it, 5 of these being Missouri Democrats who, according to the Kansas City Star, "contended that the legislation offered the farmers of the country would fail to remedy the situation." Later the bill passed the Senate, and on June 15 was approved by the President. Announcement was made that the measure as enacted into law was "the embodiment in statute form of the promises and pledges of the party platform and of the presidential candidate elected upon that platform." A month later the Federal Farm Board was organized and went to work, being provided with ample funds (for which I have always voted), and being allowed to proceed along its own lines.

Following the adjournment of the special session of Congress, I returned to my home at Columbia, Mo., and gave out an interview in which I stated that, because we can no more suspend the law of supply and demand than the law of gravity, the plan could not be of benefit to the general farmer engaged in grain growing and in the feeding and breeding of livestock; that benefits, if any, must largely be confined to the growers of specialized crops, for instance, citrus fruits and raisins. An early loan was made to the grape growers in California, and loans now amount to many millions of dollars.

Without going into the history of the Farm Board subsidiaries or discussing salaries further than to say that some are excessive, I would merely mention the grain stabilization cooperation and the farmers' national, the salary of the general manager being $4,166.66 per month. Large loans were made in an effort to stabilize prices and through the Farm Board set-ups millions were invested in wheat and cotton. At one time wheat holdings, now reduced to ninety-odd million bushels of cash wheat with some "futures" in addition, amounted to just about a third of a billion bushels, while cotton holdings are understood to be approximately one and one-third million bales. In addition to the price paid for the wheat now held, there is a storage charge of about 36 cents per bushel, so that the loss must be very heavy. Big, though, as the direct losses may be, they become of secondary consideration

when we bear in mind the depressing influence of crops held in storage, whether owned by individuals or by Uncle Sam himself, as was shown with wheat during the 1931 selling season.

This leads me to say something concerning unfortunate advice given by the Farm Board. Two years ago the American farmer was advised to hold wheat, even to build granaries. Those who took that advice did so to their sorrow. The board, though, was entirely honest. It practiced what it preached. It went out and bought and lost. So last year's wheat established new low prices, resulting in wreck and ruin.

Occasionally somebody points with pride to the fact that the wheat price is the only price that has been maintained during the last 12 months. Perhaps this is true. Wheat early hit the toboggan; hit the bottom and hit it hard. I quote from a home paper, "Local wheat at 75-year bottom." And this from Kansas, "Wheat below a quarter; a 24-cent figure is reached." So if wheat prices have not gone down during the last year it is easy to understand. Who ever heard of anything falling off the bottom of a basement?

The farmer has had a lot of advice; what he needs is price. The cotton farmer was advised to "plow up every third row." A more silly proposal was never made by a Federal agency. The farmer has been lectured, too; lectured against "blind production for an unknown demand," just as if anybody in the world could know what a given number of acres would produce, or know a year in advance what the season was to be.

Daily he was lectured about overproduction, while advocates of this program professed to see a "happy side" as the drought of 1929 destroyed the corn crop. If the farmer had nothing to sell he would get a good price for it. This was putting the bridle on the wrong end of the horse, and the farmer knew it—knew that it takes something to sell to pay interest and taxes. He was advised to turn from wheat growing and to engage in other lines of farming—poultry raising, dairying, and pork production, for instance. Some did so. It is fortunate that more did not, for eggs at 7 cents a dozen, choice hogs below 3 cents a pound on the farm, and butterfat at 13 cents per pound are far below cost.

Other countries have tried stabilization. The disastrous story is written in rubber, cotton, and coffee. Still refusing to learn the lesson, we persist. Can stabilization succeed? The answer is, yes and no. Yes; if instead of a Treasury into which there has been dug a hole more than $2,000,000,000 deep, we had an inexhaustible supply of money. Who, though, wants to try it further? In view of our own experience and the experiences of other nations with other crops, can we at a time when additional taxes amounting to more than a billion dollars are being levied, and when an overburdened people are calling for relief, afford to put more money into this project? Let those who hear answer that question.

In fairness, I would say that if it can be shown that because of the more than half a billion dollars taken out of the Federal Treasury and made available for the Farm Board the American farmer has not suffered losses as have the farmers of other countries, then the vast appropriations, including more than a million dollars annually for expenses and salaries of members and employees, may be justified. Regardless of cost, it would be worth all it cost if agriculture, the basic industry, could be made permanently profitable.

Market reports, however, show that the spread between peak prices and present prices for livestock, grain, and other products from the American farm is greater than for any other leading nation. In fact, we need not go back to the peak prices paid when hogs reached $23.40 a hundred pounds and wheat was selling at eight or ten times as much as it brought last season. It is sufficient to quote some prices the day the agricultural marketing act became a law: "Eggs, 27 cents a dozen; sweet cream, 44 cents; hogs, in St. Louis, $11.15; cattle, $14.75; and sheep, $15.25; July wheat, in Chicago, $1.08; corn, 92 cents; and oats, 45 cents." Compare with present prices.

Believing that the taxpayers of the country can not afford to continue indefinitely this agricultural marketing experiment, I have introduced a bill to prevent further efforts at stabilization by the Farm Board, to prohibit further appropriations for salaries (the House having approved of salaries for the next year), and directing that at the end of the fiscal year, June 30, 1933, the unfinished work of the board shall be turned over to the Department of Agriculture, where every proper assistance to agricultural cooperation would be given. It is the effort at stabilization that would be stopped. I digress here to say that the Secretary of Agriculture ought to be a man who is an actual farmer or one who throughout his life has been directly interested in agriculture, just as the Secretary of Labor comes from the ranks of labor.

The legislation I have in mind would represent an immediate saving of approximately $1,000,000 a year in Farm Board salaries and expenses alone (in this no reference is made to the large salaries paid by subsidiaries) and would, I believe, put an end to further heavy losses. One full year is provided in which the board may get ready for the change, so no sudden or summary action is suggested.

It represents a sensible consolidation designed to discontinue conflicting advice offered by two agencies, both of which are paid out of the same pocketbook. One of these agencies, the Farm Board, warns the farmer against overproduction, while the other, the agricultural colleges and experiment stations, the worth of which has long been demonstrated, contributes toward larger acre yields and better farming methods. The Government would no longer give warning to the father to beware of overproduction while at the same time awarding a prize to the son for a 100-bushel acre yield.

So I urge consolidation and unity where there is now division and conflict. This will make for efficiency and contribute to tax relief. In these days of high taxes and widespread unemployment, bad business, bank failures, and farm losses, the assured saving of a million dollars and the probable saving of many more millions in Government costs ought to interest everybody.

JOINT RESOLUTION AUTHORIZING ADDITIONAL DISTRIBUTION OF GOVERNMENT-OWNED WHEAT BY THE RED CROSS

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by referring to House Joint Resolution 403, which I introduced this week, authorizing the additional distribution of Government-owned wheat to the American Red Cross and other organizations for relief of distress. In that connection I also desire to introduce a letter from the Federal Farm Board upon this joint resolution, and a statement from the American Red Cross showing requisitions that have been made and the number of barrels of flour that have been distributed under the existing law.

The SPEAKER. Is there objection?

There was no objection.

Mr. LONERGAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following House Joint Resolution No. 403, introduced by me, authorizing the additional distribution of Government-owned wheat by the American Red Cross, together with a letter received by me from the Federal Farm Board upon this resolution, and a statement from the American Red Cross showing requisitions that have been made and the number of barrels of flour that have been distributed under the existing law:

House Joint Resolution 403

Joint resolution authorizing the distribution of Government-owned wheat to the American National Red Cross and other organizations for relief of distress

Resolved, etc., That the Federal Farm Board is authorized and directed to take such action as may be necessary to make available, at any time prior to May 1, 1933, to the American National Red Cross, or any other organization designated by the American National Red Cross, 40,000,000 bushels of wheat of the Grain Stabilization Corporation, for use in providing food for the needy and distressed people of the United States and Territories, and in the 1931 crop-failure areas for feed for livestock. Such wheat shall be delivered upon any such application only upon the approval of the President of the United States, and in such amounts to each organization as the President may approve.

SEC. 2. No part of the expenses incident to the delivery, receipt, and distribution of such wheat shall be borne by the United States or the Federal Farm Board. Such wheat may be milled or exchanged for flour or feed, but if processed it shall be without profit to any mill, organization, or other person. In cities of over 25,000 population the American National Red Cross, or any organization designated by it, may have said flour obtained in accordance with section 2 baked into bread or processed into food for distribution: *Provided*, That no part of the expense incident to such baking or processing shall be paid out of said wheat or flour, and no part of said expense shall be borne by the United States or the Federal Farm Board.

SEC. 3. That is so far as wheat is donated to relief agencies by the Grain Stabilization Corporation under the terms of this resolution, the Federal Farm Board is authorized to cancel such part of its loans to the Grain Stabilization Corporation as have already been made with such wheat as security to the amount that such loans are in excess of the current market value of the wheat; and to deduct the amount of such loans canceled from the amount of the revolving fund provided by the agricultural marketing act. To carry out the provisions of this resolution the sum of $—— and such additional funds as may hereafter be found necessary is hereby appropriated and made immediately available to the Federal Farm Board, to be used solely for the following purposes:

(a) For advancing to the Grain Stabilization Corporation to repay loans held by commercial or intermediate-credit banks against wheat which would be released for donations under this resolution.

(b) For reimbursing the Grain Stabilization Corporation for its net equity in the wheat used for donations under this resolution, according to the current market value at the time of the donation.

These operations are to be carried on by the Federal Farm Board through its usual administrative staff and such additional clerical assistance as may be found necessary, without additional appropriations beyond its usual administrative appropriation under the agricultural marketing act.

FEDERAL FARM BOARD,
Washington, May 19, 1932.

Hon. AUGUSTINE LONERGAN,
House of Representatives.

DEAR MR. LONERGAN: Following our telephone conversation, I have checked with the Grain Stabilization Corporation and the

American Red Cross about the quantity of stabilization wheat thus far actually used for relief purposes under the provisions of Public Resolution No. 12, Seventy-second Congress.

I find that up to Saturday night of last week the Red Cross had taken from the Grain Stabilization Corporation 17,696,109 bushels of wheat. From this wheat 1,627,231 barrels of flour were being ground and distributed throughout the United States and approximately 7,000,000 bushels diverted for feed use in last year's drought areas.

In releasing the more than seventeen and one-half million bushels of wheat to the Red Cross the Grain Stabilization Corporation had called for $8,225,000 of the $20,000,000 set aside by the Farm Board to meet the expenses involved in turning over the 40,000,000 bushels of wheat for relief purposes.

The Red Cross advises that present plans are to discontinue distributing wheat for feed purposes after May 31.

Thus far the Red Cross has had orders approved by the President for 25,000,000 bushels of wheat, approximately 7,300,000 bushels of which are yet to be obtained from the Grain Stabilization Corporation. They expect that sufficient requests will be received to use all of this 25,000,000, but at this time do not seem to be in position to make an estimate of how much, if any, of the remaining 15,000,000 bushels will be required. Based on the quantity of relief wheat called for since the resolution was adopted by Congress, it does not appear unreasonable to assume that the supply will be exhausted by the end of the summer unless there is a marked slack in the demand.

Unquestionably the donation of wheat by Congress has done much to relieve human suffering. Failure of Congress, however, to compensate the Farm Board for the wheat thus donated has seriously impaired the revolving fund from which loans are made to cooperatives and stabilization corporations. This impairment is to the point where the board will be unable to carry out the loan commitments already made if further obligations of that character are imposed by Congress.

In answer to your question, we are in hearty sympathy with your suggestion of donating additional wheat stocks for relief purposes, but if this is done it will be necessary for Congress to compensate the revolving fund for the wheat thus given away. In the present state of the revolving fund we would not be in position to authorize the release of the wheat from storage unless money were provided for that purpose. This would not be the situation had Congress seen fit to adopt the provision contained in your bill to compensate the revolving fund for the wheat given away.

You also asked my opinion relative to donating for relief purposes some of the coffee that was obtained from Brazil in exchange for wheat. This coffee can not be disposed of until fall. It is my opinion that serious difficulties would result from an attempt to distribute the coffee on the same basis as the wheat, and that it, therefore, should not be undertaken.

Sincerely yours,

JAMES C. STONE, *Chairman.*

EASTERN AREA

State:	Barrels of flour approved
Alabama	41,895
Connecticut	16,835
Delaware	600
District of Columbia	1,252
Florida	21,309
Georgia	47,776
Indiana	46,611
Kentucky	39,861
Louisiana	15,002
Maine	11,297
Maryland	19,049
Massachusetts	35,644
Mississippi	20,763
New Hampshire	6,618
New Jersey	38,743
New York	60,849
North Carolina	36,715
Ohio	130,289
Pennsylvania	206,843
Rhode Island	14,115
South Carolina	16,520
Tennessee	37,470
Vermont	4,732
Virginia	20,051
West Virginia	35,254
Eastern area total	926,093

MID-WESTERN AREA

Arkansas	12,190
Colorado	14,517
Illinois	42,943
Iowa	15,348
Kansas	8,814
Michigan	84,820
Minnesota	25,794
Missouri	24,369
Montana	21,456
Nebraska	15,573
New Mexico	7,439
North Dakota	18,378
Oklahoma	56,298
South Dakota	33,685
Texas	47,240
Wisconsin	45,134
Wyoming	3,351
Total mid-western area	477,349

PACIFIC AREA

Alaska	726
Arizona	5,870
California	52,190
Idaho	7,669
Nevada	2,227
Oregon	8,470
Utah	25,809
Washington	21,448
Total Pacific area	124,409
Total all areas	1,527,851

GUARANTY FUND FOR BANK DEPOSITS

Mr. STEVENSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 11362, with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Yesterday afternoon the time for general debate was extended one hour, which gives the gentleman from South Carolina [Mr. STEVENSON] 1 hour and 8 minutes, and the gentleman from Pennsylvania [Mr. MCFADDEN] 1 hour and 6 minutes under general debate.

Mr. MCFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Chairman, in the brief time I have at my disposal I want to direct attention to two statements made by the distinguished chairman of the Banking and Currency Committee, who is the proponent of this bill. He said yesterday, as he has said in the hearings and as he said in his report, that the principle that underlies the bill providing for the guaranty of bank deposits "is accepted as sound on every hand by the Government, by the public, and by the banks themselves." It is impossible to speak for the public, but as for the Government, I have gone through the hearings before the committee on this bill and can not find a scintilla of evidence that any Government official indorses the principle of the bill.

The Treasury is called upon to contribute $150,000,000 to this fund. The Treasury is also interested in the $500,000,000 which can be levied on the Reconstruction Finance Corporation for the fund, as the Treasury must underwrite any borrowings of the Reconstruction Finance Corporation for that purpose. Nevertheless, the Secretary of the Treasury was not called before this committee. There is no evidence in the hearings of his opinion, but I do find that he sent a letter to Senator NORBECK, chairman of the Senate committee, about a similar bill, in which he expressed complete disapproval of it. Secretary Mills, in this letter dated March 12, said:

> Such a plan would encourage incompetent and careless management of banks to the prejudice of sound and conservatively operated institutions. In the end, the plan would be hurtful rather than helpful to the best interests of the whole group of depositors.

It would seem natural that some members of the Federal Reserve Board should have been asked for their opinion in regard to this bill, inasmuch as half of the surplus of all the Federal reserve banks is to be commandeered and all of the member banks are to be levied upon, and it is of profound concern to the whole banking system. Yet only one member of the board, an ex officio member, Mr. Pole, Comptroller of the Treasury, appeared before the committee. On page 6 of

the hearings you will find his opinion of this measure. He said that he was "unequivocally and unalterably opposed" to it. He says:

In my opinion the enactment of this bill would destroy the Federal reserve system by driving the strong banks from it. It would lead to the closing of thousands of small State banks which can not qualify as members of the Federal reserve system; it would put a premium on incompetency and irresponsibility by rendering it no longer necessary for the country banker to be concerned for the safety of his depositors.

Aside from the Comptroller of the Currency, not a single member of the Federal Reserve Board was heard by the committee. Moreover, not a single member of the Reconstruction Finance Corporation was heard by the committee, and we have no evidence as to what they think of a plan which has within it the possibility of levying upon the Reconstruction Finance Corporation one-third of all of the resources which are put at its disposal by existing law.

Mr. MAPES. Mr. Chairman, will the gentleman yield?

Mr. ANDREW of Massachusetts. For a moment.

Mr. MAPES. In looking over the hearings I was impressed with the same thought the gentleman is expressing, that there was no public official, prominent or otherwise, called before the committee except the Comptroller of the Currency, and he absolutely opposes this legislation.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Massachusetts five minutes more.

Mr. ANDREW of Massachusetts. Not only is that true but bankers occupying positions of importance in the country were not called before the committee. Neither the governor nor a single member of the Federal Reserve Board or of the Federal advisory council of the reserve system, nor any officer of any Federal reserve bank appeared.

Beyond all that, very few presidents of State banking associations, who are naturally concerned with this issue, were asked for their opinions. I find there were only two presidents of State banking associations called before the committee. One of them was Mr. Ransom, the president of the Georgia State Bankers' Association.

Although I do not have time to read to you what he said in extenso, I would like to quote what the president of the Georgia bankers said on page 176 of the hearings:

All of us believe that there should be extra precaution, as you say, for the depositor; and as I see it, the double liability of the stockholder is the answer.

That is the double liability which is stricken out of this bill.

He said further:

You set up a guaranty fund that comes out of the other banks, and you are going to penalize the other banks for the failure of the particular bank that goes under. I do not think we ought to have imposed on us the added burden of being financially responsible for the faults of other institutions.

There was only one other head of a State banking association called before the committee, and that was Mr. Wiggins, of South Carolina. On page 227 of the hearings you will find that he said:

In calling on the banks to provide the money to guarantee the deposits of each other, it requires a heavy expense and a heavy burden on the sound institution for the benefit of the weaker institution. That burden is not one of investment but one of an expense. * * * In a bank of a million dollars deposits, the initial outlay would be something like $7,000, and the annual maximum that that bank might be called upon to pay would be approximately $3,500 per year. That, in most cases, is more than those banks are paying out in dividends and, in some cases, is more than those banks are earning under present conditions.

As I said in the beginning, there is not a scintilla of evidenc for the chairman's statement that the principle of the deposit guaranty "is accepted as sound on every hand by the Government and by the banks." Now, I want to call attention to another statement made by the chairman of the Committee on Banking and Currency, which will be found on page 7 of his report. He said:

The experiences of the States having guaranty laws show that it is practical and advisable to adopt a guaranty plan for the Nation.

I do not know what experience of the States the gentleman may have had in mind, but for more than a hundred years the States of this country have experimented with deposit guaranties. I think that it was about 1830 that an experiment was made with what was known as the banking "safety fund" in New York State. Although I can not go into the details of the matter, it ended in disaster.

A similar experiment was made in Ohio shortly after the panic of 1837. It also ended in insolvency. Twenty or more years ago, after the great panic of 1907, one State after another attempted to experiment with similar measures for a joint guaranty of bank deposits. It was tried in eight different States, and every one of those experiments came to a disastrous end. It was tried first of all in Oklahoma in 1907. In Oklahoma the fund became insolvent, with a deficit of about $6,000,000, and in 1923 it was brought to an end. It was tried in Kansas in 1909, and after 20 years that experiment also came to an end with an unpaid deficit of approximately $7,000,000. It was tried in Texas in 1910, and in a few years that experiment also came to an unfortunate end. It was tried in Nebraska in 1911, and within 20 years that law was repealed, when there remained a deficit of $20,000,000 in the fund. It was tried in Mississippi, with a similar result. It was tried in South Dakota, and repealed subsequently, with a deficit in the fund of more than $30,000,000. It was tried in North Dakota, and the same experience was repeated, and the act was repealed in 1929, with a deficit remaining to be paid to the depositors of $25,000,000. It was tried in the State of Washington, with a similar loss.

So that it is hard to know just what the chairman of the Committee on Banking and Currency means when he says that—

The experience of States having guaranty laws shows that it is practical and advisable to adopt a guaranty plan for the Nation.

[Applause.]

We have had in this country sufficient experience with compulsory Government-administered insurance of deposits to demonstrate beyond possibility of question that it is dangerous and unworkable. It is not a new experiment that we are asked to test out. It is a demonstrated failure, which has been repeatedly weighed in the balance and found wanting.

I am opposed to the bill, not only because of this abundant experience but on equally convincing grounds of principle. As I indicated yesterday, the Steagall plan, if adopted, would remove from banking all of the advantages that accrue to honesty, care, and skill. It would penalize the well-managed banks for the benefit of those that are incautiously managed. It would put a premium on unsound banking. So much so that in my judgment the bill might very appropriately be entitled "A bill to encourage reckless and unsound banking." [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. STEVENSON. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. GAVAGAN].

Mr. GAVAGAN. Mr. Chairman, where I was reared I was brought up to believe in the omniscience of bankers, both domestic and international. That belief was so strong and inherent in me that I believed it was possible for those bankers to pull themselves and the country up by their and its own bootstraps. But the depression came, and lo and behold, we find these master minds, these men who boasted of holding the destiny of civilization in the palm of their hands, bereft of ideas, bereft of any plan, and in a great many instances unable to tell us the cause of the cataclysm. Their only remedy seemed to be to rush to this Congress pleading and imploring us to resurrect the tottering financial system erected by them. And we acted as an ambulance company. We rushed the oxygen tanks, poured into the dying body the life-giving gas, and have tried in every possible way to aid and assist the money interests and the domestic and international bankers. Now it is time that this Congress take heed and pay a little attention to the depositors, who make this financial system possible. [Applause.] Why any banker, individual, or any group should

oppose this legislation is beyond my wildest imagination, unless perchance it may be that they did not wish the stricter regulations and supervision that the bill provides.

If I were a banker—and I am not, although my good friend who preceded me from New York [Mr. CELLER] is—I am not and I am very happy that I am not; but if I were a banker, what possible objection could I have to legislation that seeks to guarantee and protect the deposits of people who trade with me? It would be to my own benefit, unless I had some deeper and more ulterior motive.

The argument has been made that this bill will encourage or cause bank failures. To my mind that is ludicrous. This bill does not attempt or intend to prevent bank failures, but without this bill, in every hamlet, in every town, city, and State of this Nation we have had bank failures, leaving in their wake a pitiful, saddening, and horrible story. Oh, no. This bill will not occasion or even prevent bank failures, but the passage of this bill will, if you please, protect the deposits and life savings of men and women who place their money in trust in these banks, without any control or possibility of control of the management of the banks. That is what this bill will do.

Furthermore, present economic conditions, no matter what the causation, are still bad and will continue to remain bad until fear is removed and dispelled. Fear to invest, fear to take money out of hoarding and place it again into the channels of trade. The banks are—and of necessity must continue to remain—the main source of credit upon which trade is dependent.

This being true, no greater boon to confidence can be given by a legislative body than the passage of this bill. It provides greater safeguards in the supervision of the Federal reserve member banks and at the same time protects the depositors. This protection in and of itself will encourage deposits, create credit, and stimulate trade without which the depression will indefinitely remain.

Ladies and gentlemen of the House, I see in this bill the silver lining in the dark cloud of depression, and in yonder sky, by reason of its passage, I perceive the rainbow of American hope, happiness, and prosperity.

[Here the gavel fell.]

I sincerely hope the bill will pass. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield such time to the gentleman from Georgia [Mr. COX] as he may wish.

Mr. COX. Mr. Chairman, the chairman of the Banking and Currency Committee stated on the floor yesterday material amendments would be proposed by the committee.

I would like to suggest if the gentlemen sponsoring the bill hope to get anything out of it, it is time they were informing the House as to what amendments they intend to propose, which will soften the blow the legislation intends to bring down on the heads of the State banks of the country. I think the House would like to be advised as to what the committee will propose in that respect.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, ladies, and gentlemen, though I do not remember the individual members of our committee expressing themselves in the committee with respect to this bill, as one of the Democratic members of the committee, I find myself in disagreement with its leading members. Their views may be right and mine may be wrong with respect to H. R. 11362, and especially in its present form. I do have certain very positive convictions regarding the wisdom and expediency of this measure. I shall try to make my remarks very brief and they will be directed toward the prime purpose of the bill, which is to provide a guaranty fund out of the Federal Treasury for the protection of depositors in certain classes of banks in the country.

Upon careful analysis of this bill it would seem to me that practically every Member of the House would entertain serious misgivings as to its soundness. During these critical times many ill-conceived and dangerous proposals are being offered as solvents, and in the majority of cases a thorough study of them will reveal their fallacies. By eliminating the veneer and artificiality with which they are generally covered we clearly see that their effect would be worse on the public than the evil which they undertake to cure and remedy.

All of us know that the practices of many of the large banks have been responsible in no small degree for the present economic evils, industrial and agricultural dislocations, and human sufferings and anxieties. We all admit, too, that emergency conditions warrant emergency measures, but such measures should be sound, though extraordinary, and not mere socialistic panaceas.

It is, of course, possible that guaranty of bank deposits may sometime become a reality. If some equitable and sound system could be worked out which would take care of all the banks by the formation of a movable pool of funds contributed by the banks themselves, without Government assistance and involvement, I would be inclined to approach it favorably. With respect to this bill, however, it is my candid opinion that it is largely a political gesture which will arouse false hopes and threaten the banking structure of the Nation. In my opinion, its ultimate effect will be Government ownership of banks, and if it is wise at this time to consider such revolutionary legislation as this, it should be approached with that purpose in mind and by direct action. I confess that I have never seen any justice in the practice which affords a guaranty of Government, State, municipal, and certain fiduciary deposits, when the average individual is not given the same protection. I recognize that the proponents of this measure are actuated by a devotion to public service and that they believe the passage of this bill would be in the interest of the public welfare. I can not see it that way, for I believe that its passage would mean the destruction of thousands of State banks throughout the Nation, and especially the smaller banks which have in many instances rendered the greatest service. The soundness of a bank does not depend upon its size. It depends largely upon the character and integrity of its management. My chief reasons for doubting the wisdom of this legislation might be summarized as follows: First, it will result in a further concentration of commercial banking power at a time when the country needs a separation of the different types of banking rather than a further merging of them; second, though an effort is made to extend the benefits and privileges of the guaranty provision to State banks, under the present situation it is known of all men that thousands of them would not be able to qualify and would therefore be left out in the cold and at the mercy of the bigger banks.

Those whose financial condition, because of no mismanagement, might not pass muster with the central board to be set up in Washington, would have to liquidate. Third, the effect of the principle of this bill would put a premium on bad management and a reward on incompetency and irresponsibility and would be conducive to recklessness rather than caution and prudence. It is in direct conflict with all the traditions of this Nation with respect to individualism as against compulsion. Fourth, many mismanaged big banks could by political favoritism push themselves into the guaranty system and unload on the Government.

If it is wise and advisable that the Government shall guarantee the investment policy of our commercial banks, why not frankly go into the banking business and make the function of credit a public matter rather than a private one? If this bill is passed, the Government would be assuming the obligations while still leaving in the hands of the bankers the benefits. In my opinion, bank failures have been due to improper investment policies rather than inadequate capital structure, although increased minimum capital requirement is surely desirable. The limited demand on the part of national banks for legislation of this kind is based upon the plea that it will restore confidence. In my judgment, it will not only fail to restore confidence, but it will most surely increase the lack of confidence which we hope has been largely restored in our banking business. Though I am sure it is not the purpose of those who are sponsoring this legislation, I am satisfied that its enactment would give the

national bank a certain advantage over the State bank and ultimately destroy our dual system of banking. It is an indirect and insidious way to do indirectly that which they dare not attempt to do directly. In my candid opinion, there never was a more inappropriate and inopportune time to tinker with our bank system than the present. Even the mere consideration of legislation of this character sends a tremor through the business circles of the country at a time when its nerves are on a ragged edge.

I know that the Federal reserve system has not measured up fully to the present situation and that by the adoption of a more liberal policy many banks that have closed could have kept open. It is, however, to-day the last bulwark of financial safety and security in this Nation, and nothing should be done at this time that might weaken its strength and prestige. I am in perfect harmony with the idea that the Federal reserve banks should not operate primarily for profit, and I also believe that their earnings, after the payment to the Government of a just tax for the use of its credit, should be equitably distributed among its members. No provision is made in this bill to take care of mutual savings banks with assets of over $11,000,000. Is it reasonable to suppose that these banks could retain their deposits in competition with banks whose deposits are guaranteed by the Government? Of course, I know that the proponents of this measure say that the bill does not contemplate Government guaranty but I can not read it any other way. A part of the initial guaranty fund comes from the Government, and authorization is made in the bill whereby the Reconstruction Finance Corporation can be drawn upon for $500,000,000. All of this money, in my opinion, would not last 12 months, and instead of guaranteeing deposits it would practically mean a sale of the assets of many banks to the Government. Although provision, as heretofore stated, is made for the admission of State banks into the guaranty system set up in the bill, I desire to direct your attention to line 24, on page 17, under section 208, which gives the new board here in Washington authority at any time to require an admitted bank to withdraw from participation in the benefits of the fund or to go into liquidation and receive the benefits from such participation. It is rather significant that the name of the board given these broad powers and control over all the banks is "the Federal Bank Liquidating Board." In the event of liquidation the affairs of State banks would be taken away from State authorities and turned over to the Federal board here in Washington. This board would also have the authority to dismiss any director or officer of a bank under the system at its will and pleasure. Such a concentration of power and authority in the hands of a few would seem to me to be unwise, unjustified, and against public policy.

I am reasonably confident that the more you study this bill the more convinced you will be that my conclusions are correct. If it is desirable that we should have a unified system of banking, as many of our leading bankers and economists think wise and advisable, surely such a plan should be carefully and studiously worked out and approached in the proper legislative way.

Just one further observation and I shall have finished. This depression started in the agricultural sections, and thousands of banks toppled. The life savings of men, women, and children were wiped away, reducing many of them to utter poverty and desolation. Aside from the other objectionable features of the bill, is there not an element of fairness involved, with respect to those who have lost during the past 18 months, when we consider now taking the taxpayers' money to guarantee the present depositors against loss?

Of course the plan of liquidating banks, contemplated by this bill, which would be the means of more prompt payment to depositors of a substantial part of their equity as soon as the bank is closed, is highly desirable. This is not a guaranty of banks deposits, although it may point in that direction. I trust that my thoughts and observations will be helpful to you in your effort and desire to reach a just and sound conclusion with respect to this bill. [Applause.]

Mr. Chairman, I yield back the remainder of my time.

Mr. STEAGALL. Mr. Chairman, I make the point of no quorum.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and fifteen Members are present, a quorum.

Mr. STEAGALL. Mr. Chairman, I yield 20 minutes to the gentleman from South Carolina [Mr. STEVENSON]. [Applause.]

Mr. STEVENSON. Mr. Chairman, before I enter into my discussion of this bill as it stands, I want to state candidly to the committee, in deference to the inquiry of the gentleman from Georgia and in deference to the speech made by the gentleman from North Carolina, that the committee will propose an amendment as to the State banks which will read as follows (this amendment will be proposed to section 208, page 16):

> Any bank which is not a member of the Federal reserve system shall be permitted to contribute to the fund and to share in the benefits provided in section 206 upon the certificate of the duly constituted State examining authorities that such bank is in sound financial condition.

Then, in the concluding paragraph strike out the word "twice," following the word "to," in line 14, and strike out the word "twice," following the word "be," in line 17. That puts every State bank, big or little, that can get a certificate of health from its State banking department, in a position to be protected under this provision and become a participant in it.

The gentleman from North Carolina was very much concerned about that particular matter. I regret he did not study it more carefully before he participated in the drawing of that provision, which provided for State banks, to which he and others have been objecting, because he was the coauthor of it, and at least he ought not to turn his back upon his own offspring. But we will take away his objection by putting State banks in exactly the same position as member banks. If they are sound, they can become participants; but if they are not sound, we do not want to have them in this system.

Mr. COX. Will the gentleman yield?

Mr. STEVENSON. No; I will not yield. I have a speech to make and I do not want to have it broken up by interruptions.

Mr. COX. I wanted to ask the gentleman if he had given any consideration to the striking out of section 3, which deals with the double-liability provision?

Mr. STEVENSON. I will discuss that at the proper time.

Gentlemen, the arguments which have been presented against this measure have been directed at the question of what is good for the banks, and from the standpoint of the banks. Everybody is talking about the banks, but nobody seems to recognize that it is the great body of citizens for whom we are legislating, the people who put their money in the banks, and who are entitled, when we have supervision over those institutions, to have some consideration when it comes to dealing with the money which the people have deposited.

Somebody has compared the banks to grocery stores. Why are banks regulated? Simply because they have millions of dollars of the people's money which they are authorized to loan, to use, to invest, and are directed to return to the depositors when the depositors call for the money. That is why they are regulated.

Why does the Government have a corps of trained experts examining them and a Comptroller of the Currency to deal with them? It is because they are authorized to take the savings of the people, to invest them, to deal with them, take interest on them, and pay interest on the deposits. That is why, and we are attempting to do something for them.

But our friends say it is uneconomic and unsound. I want to call your attention to one thing. The Congress of the United States long ago recognized the fact that the people who deposit money in banks are entitled to security.

I want to direct your attention just for a minute to the terms of our own statute, and I will not read much of it. The United States Code provides for the deposit of public money. It provides that the Secretary of the Treasury shall require associations thus designated to give satisfactory security by depositing United States bonds or otherwise for the safekeeping and prompt payment of the public money deposited with them and for the faithful performance of their duties as financial agents. Then when they came to adopt the farm loan act, they were so afraid that the money they deposited would not be properly secured that they put this in the law:

And the Secretary of the Treasury shall require of the Federal land banks and joint-stock land banks thus designated satisfactory security, by the deposit of United States bonds or otherwise, for the safekeeping and prompt payment of the public money deposited with them.

Therefore, gentlemen, the security of public money is provided for.

Gentlemen, if it is not uneconomic and unsound to provide that the Government shall get its money back regardless of what happens it is not uneconomic and unsound to provide for security for private depositors. It is not uneconomic and unsound to provide that the money put in these institutions shall have the same security back of it as that which is back of public money.

The reason this bill is here is because that very provision has been followed by States, municipalities, school districts, townships, and counties. The result is that in all of the cataclysms of bank failures we have had the first thing that happens is a receiver appointed. The next thing is that Uncle Sam comes along and he gets the cream of the assets. Then the State comes along, and it gets a little lower grade of assets. Then the counties, townships, towns, and school districts come along and they take the balance, and the people who have gone to the banks—trusting in the sign of the Government which is over the door—and asked for their money are told, "Oh, well, the assets are all taken up by people who had security."

Now, the question naturally arises—and it is going to confront many of you during the coming summer—as to why something has not been done for the protection of the ordinary citizen while we are protecting not only the deposits of the Government but the deposits of all governmental institutions.

Why has this become a burning question? You know how the deposits have shrunk in the last 12 or 18 months. Here is what has happened. On December 31, 1930, there was $53,000,000,000 on deposit in the banks of the United States. On December 31, 1931, there was $46,000,000,000. Did you ever think about that? Do you know how much money is in circulation in the United States? Five billion four hundred million dollars is all the money, according to the report of the Secretary of the Treasury, that is in actual circulation to-day in the United States. More than all the money in circulation in the United States has been withdrawn as deposits from the banks in 12 months, and this is going on. It is not as high as $46,000,000,000 to-day. Why has this money been withdrawn? Because of the very thing I have told you about.

The people have found that when a bank gets into trouble and they go to the bank for their money all the good assets are held by the Government and by Government instrumentalities and by the Federal reserve bank, which requires gilt-edged security and has a preferred lien upon most of the assets of the bank, and the people get nothing. Therefore the people say that they do not want to risk their money in this way, and if you go out into the country to-day and suggest to a man, "Why do you not deposit your money in the bank?" the answer is, "We have had enough of that. We do not get anything when the bank goes down," and the banks have been going down.

Not only this, but there has been a state of unrest and a state of suspicion and of fear that has paralyzed the communities of this country. You have seen the depositors in banks of undoubted solvency mass themselves in front of the door demanding their money and closing the doors of hundreds of perfectly good banks of this country, and yet you say that even if this measure will allay that fear it is not a good thing, because some banks may have to contribute a little to some other banks.

It is curious how these things come up. On yesterday in the Senate of the United States, or I will say in another body, a distinguished Senator was discussing international business. I am not criticizing, I am quoting with approval what he has said, and I stand with him 100 per cent in the position which he then took.

The world is cynical of our ability to stay on the gold basis. Our foreign creditors are withdrawing gold—

They just have it on deposit here—

Last week $127,000,000 was taken out of this country. Our foreign creditors are like a frightened queue of bank depositors—and you have all seen them.

We can stand the run a much longer time than our depositors think we can, but there is a limit. There is a limit to the ability of any bank to withstand a run. Not the greatest bank in the world could withstand a run if every one of its depositors appeared before its doors on a particular morning and demanded 100 per cent of his deposits.

This process of withdrawal will stop the very instant the world knows we have the will and the ability to balance our Budget on the gold basis. What we do in this room shall determine the outcome.

This is Senator DAVID A. REED, of Pennsylvania, speaking, and I translate his language into this statement. The runs on the bank, the unrest, the great panics that strike the people in different communities will be allayed the very minute it is understood the Government of the United States has provided a fund of $500,000,000 with which to guarantee that every depositor who puts his money in the bank will be able to get it out, and that there will not be a preference given to all these classes who have the right to take security and in the event of failure allow the depositors to take the shell while this preferred class takes the kernel.

This is the answer to the proposition as to what it will do.

Then, there is another matter involved, and that is the question of the insurance fund. Where does it come from, and is there any inequity in it?

You probably have not studied the question of where the Federal reserve bank gets its funds with which to operate. A bank with a million dollars of deposits has to carry $70,000 as a reserve with the Federal reserve bank. The reserves for this month, or the money on deposit from the banks of the country with the Federal reserve banks as reserves, amount to $2,123,827,000.

The Federal reserve banks use this money as they please, and they do not pay a cent of interest on it. Think of the banks of this country with $2,000,000,000 idle to-day in the Federal reserve banks, and think of the Federal reserve banks, with their great open-market powers and their power of discount and their power to raise and lower the interest rate, using this fund with which to operate. Why, the Federal reserve system is making money by the millions every year, and it has made money until to-day; it has a surplus of $257,000,000 and $165,000,000 of capital, which is nearly 200 per cent. They paid $147,000,000 into the Treasury of the United States as what they call a franchise tax. This was just a way Congress had of taking the money away from the banks and giving it to the Government. The banks of the country furnished this money, and it was furnished on the basis of the deposits in the banks. As I said a moment ago, $1,000,000 of deposits in a bank requires $70,000 to be carried in the Federal reserve bank.

So you see the money the Federal reserve banks have made has been the direct earnings of the deposits that were in the banks of the country. Therefore it is not unrighteous, it is not inequitable, it is eminently just that this great fund should be made to guarantee that when a depositor wants his money he can get it; and that is what we propose to do here.

Oh, well then, they say, that is giving the security to the fellow who manages his bank badly at the expense of the man who does not.

We are all more or less taxed that way. Most of us own homes and pay fire insurance. People are made up of three classes—the honest careful people, the honest careless people, and the dishonest scoundrels. Those are the classes when you come to deal with them in fire insurance.

When you write a fire-insurance policy, it is written on the basis of the general average, and the fellow who is a rascal and burns his house maliciously to get the insurance is taken into consideration in making up the premium that you pay.

This insurance is an illustration of that, except that we are providing the most stringent regulations, the most stringent rules, providing that the bank shall be properly managed, and we provide that if a bank official refuses to manage his bank properly he can be brought before the board, and the bank can be directed to correct that and put somebody there who will run it properly.

That is what the people of the country are calling for. You do not want to look your constituents in the face this summer and say, "I refused to protect the little bank and provide that every man who put his money in there should get it out again."

Now, gentlemen, what has happened? You talk about the guaranty fund and ask where it comes from. It comes from the earnings of the Federal reserve system—the $300,000,000 assessment on the basis of the amount of deposits that the bank has had the year before. The average deposit. That assessment would be about one-quarter of 1 per cent.

When it gets up to $500,000,000 in my judgment there would be very little danger of its being impaired.

[Here the gavel fell.]

Mr. STEVENSON. I yield myself 10 minutes more. The situation is this: If the Federal reserve banks continue to make money, 45 per cent of their profits go into that fund. Suppose it amounts to $10,000,000 a year. Four million dollars or a little more would go into the fund. The interest on the $500,000,000 required to be invested in United States bonds, making another $20,000,000, and there is $25,000,000 without touching the guarantee fund at all. That is simply to take care of the ordinary incidents of a year in which the banks do not fail oftener than usual.

For the last 11 years the total deposits tied up in failures have been $1,227,000,000. That is $102,000,000 a year. And of that there is about 25 per cent that is lost. In other words, there is saved 75 per cent. But suppose it was 50 per cent, that would be $51,227,000.

Now, I have shown you where the income will come from without assessment of the banks of more than $25,000,000 a year.

When you have put this on the statute books, with proper administration, and the funds provided are back of it, you will see the deposits coming back, and instead of forty-six billion you will have seventy-five billion in the banks inside of six months.

That increase increases the money the Federal reserve bank has to do business with and, therefore, it directly increases the earnings which will be apportioned to this fund, and under proper management there will never be any serious depletion of the $500,000,000.

There are many other phases of this question which I would like to discuss, but I do not want to take all of the time, because other men want to talk about the bill. I make this last appeal to this House, to remember that to-day everyone says that want of confidence is the trouble. That want of confidence begins with the farmer, with the washerwoman, with the blacksmith, with the railroad laborer, and all those people who have put their money into banks and lost it and found that the preferred interests have gotten the money instead of them when the bank fails. If you want to inject confidence into the people of the country and into the community, go back to your people and say to them that you have provided that when they put their money into a bank, there is a guaranty that they will get it out when they want it, and that they will not be required to take the pittance that is left after the preferred interest, the great United States Government, has taken the cream of the assets and left them with a very small amount of skim milk in the bottom of the pan. This is the proposition here, and our opponents all say that it has been a failure everywhere. That speech has been sent to at least 150 Congressmen, and we have heard it three or four times already; but, gentlemen, you can not bottom the defeat of this bill on that excuse. We have left you none, and why? For two reasons. We have provided a fund that will be ample and sufficient to take care of any call that may come, and the other reason is that the banks are not to be organized on any fly-by-night basis. The reason Nebraska failed was because they let everybody who wanted to do it establish a bank. We do not provide for their doing that. The safeguards that are put into this bill with the fund put behind it make it as different from the State systems that were set up as the United States is different from the town of Chesapeake Beach over here. That is about the comparison.

Mr. GREEN. How would the new bank be established?

Mr. STEVENSON. A national bank would not be established with less than $50,000 of capital and 10 per cent of surplus. We have abolished the 100 per cent stock liability in this bill so far as banks hereafter organized are concerned, and why? Because in the first place, in my experience, it has been a futile thing, and when you got down to litigating about it the lawyers had all that was recovered, and I have been in many of those cases myself. In the next place, we have provided a $500,000,000 guaranty fund to take the place of it. We say to depositors, "You can do as you please; if you would rather risk your money with the 100 per cent stockholders' liability than risk the great fund provided and to be maintained by the United States Government and controlled by a board that is calculated to sustain it and enforce it with absolutely honesty, well and good, you can take your money and put it into the bank where you are going to rely on the stockholders' liability, but I will put mine in the bank where we have a fund behind it that insures that I shall get that money out again." If any of you want to question that proposition, go out into the highways and byways and 9 out of 10 men will say to you, "What are you going to do, when we put our money into a bank? Are you going to provide for a better care or leave us as we are? If you do the latter, then our sock is our bank, and the potato hill is our place of safety." [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from West Virginia [Mr. HOGG].

Mr. HOGG of West Virginia. Mr. Chairman, the most widely discussed question which has received the attention of Congress during the present session has been that of banking. Over the past year and a half, with the rapid collapse of thousands of banking institutions throughout the country, it is but natural that the people should turn to Congress for relief in two respects. The unfortunate depositors whose funds are now tied up in some defunct institution, awaiting a slow liquidation, are naturally entitled to a great deal of consideration. Congress has endeavored to deal in a constructive manner with this class of our citizens by making it possible for the receivers of these defunct institutions to obtain loans from the Government with which to make prompt distribution of dividends among the depositors. This is a very proper undertaking, but at the same time such a program does not offer a great deal of encouragement for the prevention of future bank failures. It is true that it is possible for a banking institution, when threatened with a run or other unforeseen contingency, to borrow funds from the Government with which to meet a temporary stringency. However, little has yet been done to analyze the factors back of the recent failures, nor to enact legislation to safeguard against further collapse of our banking structure.

Through a conservative estimate which I have made, I am convinced that there are approximately 15,000 people in my own district who have suffered loss, or at least whose funds have been involved, through the failure of some financial institution. I further believe that I am safe in saying that none of the institutions in my district, with one or two exceptions, would have been forced into liquidation had it not

been for a perfect hysteria or collapse in banking institutions generally. Our banks were practically all victims of fear brought about through collapse of banking institutions in neighboring communities or neighboring States, but regardless of the reason or the cause for a bank's suspension of business, whether through an unfortunate and unjustified run on the bank or through mismanagement, the losses suffered and the calamity caused to a community are equally as distressing.

Over the past few months I have endeavored to obtain a fair cross section of the sentiment in my district with reference to what the average citizen thinks of the cause of the collapse of these numerous banking institutions. I further sought opinion along this same line as to what could or ought to be done by Congress in the way of remedial legislation.

Practically all responses which I have received have been devoted to two particular lines of suggestion. A considerable number of well-considered communications stress the importance of Government guaranty, but this guaranty was not intended to be in every instance an absolute assurance upon the part of the Government that in the event of the failure of the bank the Government itself would undertake the repayment to a depositor of all his funds. It went farther than that. It was insisted that the Government should maintain adequate supervision over a bank and set up a guaranty not of the funds but of the practices and policies of the institution itself.

The bill which is now before the House for consideration, H. R. 11362, known as the bank guaranty bill, has for its purpose an absolute guaranty, backed by the moral responsibility of the United States Government, that a depositor of funds in a national bank or a State institution which is a member of the Federal reserve system can at any time have his funds returned to him upon demand. This is an absolute guaranty of deposits and embodies the ideas of a number of the persons with whom I have corresponded.

There is another feature of the idea of guaranty, however, which is not stressed in the bill which is now before the House. This relates to the matter of a closer Government supervision of national banks and State banks claiming membership in the Federal reserve system, and, to my mind, this question of supervision is the most important angle which should receive the attention of this Congress. The first remedial legislation, in my opinion, should be in this direction.

PURPOSE OF EXAMINATION

An examination of a bank is primarily for the protection of the depositors. A stockholder or a director has ready access to the books and records of the bank, and if he so desires he can learn of the true condition of the institution from first-hand sources. On the other hand, an individual deposits his funds in the bank and for his protection must rely upon two things:

First. The integrity and business judgment of the officers and directors.

Second. The examinations and supervision made by the Comptroller of the Currency and his examiners.

A depositor, in practically every case, believes that even if the judgment of the officers and directors should be bad he still has protection in Federal examinations. This is a natural supposition. Else why have examinations at all?

ERRONEOUS CONCEPTION OF AUTHORITY OF EXAMINER

The popular conception is that the Comptroller of the Currency and his corps of examiners are virtually dictators in the field of national banking. They are pictured as possessing unlimited powers, when as a matter of fact they have little or no power.

The prevalent idea of an examination is a critical investigation of all its affairs coupled with regulatory power to compel National banks and State banks with membership in the Federal reserve system to comply with all directions given by an examiner.

A great deal of criticism has recently been directed toward the examination of national banks, and the attitude of the general public can not be any better illustrated than the statements made by the chairman of the Senate Subcommittee on Banking and Currency in the Seventy-first Congress when he said:

> I have received numerous letters from various parts of the country where there have been bank failures asking to be told how it could happen that in some cases within 60 days after national bank examiners reported a bank in a solvent condition it would fail disastrously; and, to be specific, I have had many complaints from Kentucky about a large bank failure in that State, saying that your examiners had at a quite recent date reported the bank in a perfectly sound condition, and yet it failed and has created consternation throughout the State.

That statement typifies the attitude and conception of the general public. This criticism involves two questions:

First. Are the examiners of national banks clothed with adequate authority under existing Federal statutes?

Second. If they are clothed with adequate authority, are they discharging their duties efficiently?

Let us see just exactly what the United States statutes provide with reference to the examination of national banks.

Section 481 of Title XII of the Code of Laws of the United States, dealing with the question of the appointment power and duties of national-bank examiners, reads as follows:

> The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if necessary. * * * The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank, and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

EXAMINER WITHOUT POWER TO ENFORCE HIS RECOMMENDATIONS AND FINDINGS

The foregoing provision is all that can be found with reference to the examination of national banks. It authorizes only "a thorough examination of all of the affairs of the bank." It does not give authority to anyone to do anything to correct any irregularities that may be found.

The examination made under the direction of the Comptroller of the Currency may disclose many irregularities and unsound practices, but power exists in no one to correct them. This is indeed startling, but is in conformity with the weakness of the present Federal statutes. In support of this statement, I quote the following from the testimony of J. W. Pole, Comptroller of the Currency, before a subcommittee on Banking and Currency, which was presided over by Hon. CARTER GLASS, a former Secretary of the Treasury under President Wilson, in connection with hearings in the Seventy-first Congress on Senate Resolution No. 71:

> The CHAIRMAN. Right upon that point: Can you tell the committee what, if anything, is the matter with the examination system of the comptroller's office * * *?
>
> Mr. POLE. The one weakness, perhaps, is the fact that notwithstanding an examination may develop certain practices in banks which are objectionable, we have very little beyond moral suasion to enable us to correct those conditions except for direct violations of law, as distinguished from bad practices which may eventually bring the bank into trouble * * *.
>
> The CHAIRMAN. I had long labored under the impression that the powers of the Comptroller of the Currency were rather autocratic * * *.
>
> Mr. POLE. He has the right, Mr. Chairman, to summon boards of directors, which is very frequently done. But he has no power beyond exacting from them a promise to do certain things which might be necessary to improve the condition of the bank * * *.
>
> Where the bank may be under the domination of a single person, which is very often the case, you can exact any sort of promise, but performance is another thing * * *.
>
> The CHAIRMAN. As I understand it, your only suggestion for the correction of a situation of this kind is that somebody—either the Comptroller of the Currency or some other official or body—be given authority to remove officers of individual banks.

Up until a comparatively few months ago I shared the popular conception that the Comptroller of the Currency and his corps of examiners were virtually dictators in the field of national banking. I pictured them as possessing unlimited power, when as a matter of fact they had little or no power. I joined in the prevalent idea that an examination meant a critical investigation of all the affairs of a

bank, coupled with adequate regulatory power to compel national banks to comply with all directions given by an examiner. I now learn that all of this is a myth, but I derive some consolation in the knowledge that my fallacy was shared by no less a distinguished man than Senator CARTER GLASS, a former Secretary of the Treasury of the United States, in direct supervision and charge of national banks. If a former Secretary of the Treasury, under whom the Comptroller of the Currency carries on his work of supervision, was unaware of the lack of power upon the part of these examiners, how could the general public be expected to have any different conception of the question?

Mr. GARBER. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. GARBER. Does not the bill authorize the comptroller to file a charge against any bank official, which subsequently will be heard and disposed of by the board?

Mr. HOGG of West Virginia. This particular bill does. I am speaking of the general fault of examination of national banks. A national-bank examination at the present time, resulting in a certificate by an examiner, does not certify anything. It says that they certify that the following is the true condition of the bank. That is true enough. They may list so many deposits; they may list certain securities, but it does not certify a thing as to the soundness of that bank. Now, it seems to me that is the first thing that should be remedied.

AUTHORITY TO APPOINT RECEIVER LIMITED

It may be suggested that as an indirect means of enforcing the recommendations of the Comptroller of the Currency he could upon refusal to comply with such recommendation appoint a receiver for the bank and liquidate its affairs. This observation directs our attention to the instances wherein a receiver for a national bank can be appointed. Such authority is contained in section 1 of the act of June 30, 1876, Nineteenth Statutes at Large, page 63, which provides:

> That whenever any national banking association shall be dissolved, and its rights, privileges, and francises declared forfeited, as prescribed in section 5239 of the Revised Statutes of the United States, or whenever any creditor of any national banking association shall have obtained a judgment against it in any court of record, and made application, accompanied by a certificate from the clerk of the court stating that such judgment has been rendered and has remained unpaid for the space of 30 days, or whenever the comptroller shall become satisfied of the insolvency of a national banking association, he may, after due examination of its affairs, in either case, appoint a receiver, who shall proceed to close up such association, and enforce the personal liability of the shareholders, as provided in section 5234 of said statutes.

The only other provision of the Federal statutes with reference to the appointment of a receiver for a national bank is found in section 192, title 12, of the Code of Laws of the United States, providing:

> On becoming satisfied, as specified in sections 131 and 132, that any association has refused to pay its circulating notes therein mentioned and is in default, the Comptroller of the Currency may forthwith appoint a receiver and require of him such bond and security as he deems proper. * * *

In light of the above reference to the Federal statutes it is apparent that the appointment of a receiver for a national banking association is limited to the following cases:

First. Where an association has failed to pay its circulating notes.

Second. Where the Comptroller of the Currency is satisfied as to the insolvency of an association.

Third. Where the directors themselves violate or permit the officers to violate positive provisions of law; but even in this case a receiver can not be appointed until the Comptroller of the Currency has instituted a suit in chancery for the forfeiture of the charter of the institution. He can not of his own motion take over the affairs of the bank.

It is therefore certainly apparent that the laws with reference to the examination of national banks are very inadequate to meet modern business conditions. It is unfortunate that under the existing law all that an examiner can do is to make his examination and report his findings. His jurisdiction practically ends there.

PRESENT EXAMINATION ONLY AN AUDIT

As I have previously stated, an examination of a bank is made primarily for the benefit of the depositors; yet under our system of examination of national banks the depositor is never permitted to be informed of the business practices of his bank. An examiner can only go into a bank and make an examination of the books of the institution and verify its assets. For example, the executive officer of a bank lists certain securities or certain bills and notes receivable. The examiner can check over these items for the purpose of verification only. This same examiner can see improvident loans and poor business practices carried on through the bank and until the bank actually becomes insolvent, yet he is powerless to correct them. The examiner can see in operation practices of a national bank that will absolutely result in the collapse of the institution, yet he can do nothing until it actually does become insolvent, and then he can appoint his receiver. He must "wait until after the horse is stolen before looking to the security of the barn."

Even under these circumstances, all of this goes on without any knowledge on the part of the depositors. It is expressly forbidden that an examiner should divulge to anyone, except the officers of the bank and the Comptroller of the Currency, the findings and conclusions which he has reached. In one particular, of course, this is proper, because otherwise a very trivial irregularity might unduly disturb public confidence, with the result that the collapse of the bank would be brought about by hasty action on the part of depositors.

On the other hand, where there has been a willful refusal of a banking institution to correct practices which the Comptroller of the Currency and his corps of examiners are convinced are improvident and unwise, certainly there should be some means of warning a depositor or future customer of a bank so that additional funds may not be placed in jeopardy. Yet, due to the present state of our Federal laws on examination, just this very thing can happen. National-bank examiners may be convinced that a certain bank is engaged in practices which are going to result in the collapse of the institution. Yet they must stand by and watch, powerless to prevent a catastrophe. They must permit these sums to be deposited so long as the institution is solvent. Only when insolvency occurs can the Government, through its examining agencies, step in and appoint a receiver for the purpose of liquidation.

EFFECTIVE EXAMINATIONS WILL ASSIST IN THE RESTORATION OF CONFIDENCE

During the past few months I have been especially active in obtaining the views of a number of people in my district with reference to some of the underlying causes of bank failures. A vast majority of them have specifically mentioned inadequate examination. At the same time I am confident that not one of these people fully realized that a national-bank examiner has no real power. I have often heard the statement made that the examination of a bank really meant nothing. I discounted this statement until I took occasion to make a critical examination of the Federal statutes covering the subject, and I now rather respect these statements as to inadequacy of examinations.

Banking is the only field of activity where Federal inspection exists without adequate means of carrying out the findings of examiners. Every examining and regulatory agency of the Federal Government, with the exception of the office of the Comptroller of the Currency engaged in the examination of national banks, is possessed of unlimited power. Congress never passes a quarantine law with reference to the Department of Agriculture without placing in it the most stringent means of enforcing findings made upon results of inspection.

Here, we are facing a situation where all of a citizen's property may be involved. He deposits his money by reason of the implicit confidence which he has in his Government, which should safeguard his interests through inspection. Yet, we have fallen far short of the discharge of our duty in this particular.

There is now pending in the Senate a measure introduced by Senator GLASS dealing with the whole field of banking. Senator GLASS in his measure has recognized the inadequacy of our inspection and seeks to cover it in his measure. His bill, however, contains so many different provisions and is so highly controversial that I fear it is not going to receive speedy attention at the hands of Congress. For that reason, I have to-day introduced a separate measure dealing exclusively with the subject of examination of Federal banks. This measure is amendatory of the regular section of the Revised Statutes touching examination of Federal banks. I have confined my bill to this one feature, because I feel that it is a subject which will receive universal recognition. It is difficult to see how any opposition could be developed and, certainly, now is the time for us to give every effort toward adequate inspection of these Federal institutions.

We have done everything that we possibly can to stimulate and revive confidence in the banking institutions in this country. We have endeavored in every way possible to aid depositors in institutions in the process of liquidation. Yet up to the present time little has been done in the way of preventing a recurrence of the epidemic of bank failures which we have just witnessed. A great campaign has been in progress for some time calling upon the people to withdraw their money from hoarding. It is going to require something more than an appeal to a man's patriotism to cause him to place his money in a banking institution in which he has a violent distrust. The greatest step toward convincing him of the soundness of banking institutions in this country will be a thorough, adequate, stringent, and complete system of examination. Let him see that Congress has passed a bill giving to the Comptroller of the Currency and his inspectors authority to correct any practices which do not conform with sound business judgment. This simple legislation will do more than anything else both to restore confidence in banking institutions and to withdraw money from hoarding.

My measure applies only to national banks and makes no attempt to include even State banks which are members of the Federal reserve system on account of the possible constitutional question involved. My bill is reasonable and fair. Provision is made that when the Comptroller of the Currency, through an accredited examiner, has ascertained that questionable or improper business practices or policies are engaged in he can call upon the officers and directors of the institution for immediate correction; and in the event of their failure to comply with the direction of the Comptroller of the Currency a notice is served on the officers or directors who are responsible for this inaction calling upon them to show cause why they should not be removed. After a hearing provided for before the Comptroller of the Currency, he shall have authority to summarily dismiss and remove from office these directors or officers.

In my opinion, it will scarcely be necessary for the Comptroller of the Currency to exercise this power. As the situation now stands, those who are engaged in these improper practices are fully aware of the existing provisions of the Federal statutes. They know that so long as actual insolvency does not exist that the Comptroller of the Currency is powerless. For that reason examinations can now be treated with contempt. However, on the enactment of the bill which I have introduced it will serve formal notice upon all those engaged in these practices that the Comptroller of the Currency is now clothed with immediate authority for correction.

To outline this situation is all that is required to convince anyone that this present law should be strengthened. Some real power should be given to an examiner of a national bank. When an examination has been made and unwise business practices disclosed one of two things should happen: Either the Comptroller of the Currency should compel, with ample power conferred upon him by Federal statutes, the officers of the bank to correct these irregularities, or, if this can not be done, the public generally should be warned as to exactly what will take place in that particular institution, so that citizens of a community might safeguard and protect their own interests immediately without waiting for conditions to go from bad to worse. I believe my measure will correct the present unsatisfactory conditions surrounding examinations of national banks.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I desire to invite attention to one proposition about this bill that has not been discussed. Yesterday when the distinguished chairman of the committee, Mr. STEAGALL, was discussing the bill I asked him if it was not true that the Federal reserve act contemplated that an interest charge should be made to the Government for the use of the Government's credit when Federal reserve notes were issued. I invited the gentleman's attention to section 16, which reads:

> And such banks shall be charged with the amount of notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board on that amount of notes, over and above the gold security.

The big question involved in this bill is not the guaranty feature. That is a mere detail. This bill involves billions of dollars, I would say. I make that statement for this reason: That it is a question whether or not the Government is willing to give its credit to bankers to use forever. Federal reserve banks have a perpetual charter. The question is whether or not the Government credit will be given forever to the Federal reserve banks without compensation of any kind.

When the Federal reserve act was under discussion President Wilson, I am informed, took the view that bank notes should be issued; that the credit of the Government should not be behind the notes, but just the credit of the banks. Mr. Bryan entertained a different view. He said it should be a Government obligation, and then Mr. Wilson said:

> If you are going to issue a Government obligation, the Government should be paid for the use of its credit.

There was a compromise effected, and there was inserted in the Federal reserve act a mandatory provision which has never been carried into effect, that when these Federal reserve notes are issued the Government shall receive an interest charge for the use of those Federal reserve notes.

Now, this is not a new question. The question involved here is whether or not the banks shall use the credit of the Nation and not pay a penny for the use of that credit. This same question came up in 1920. I have a letter from Mr. W. P. G. Harding in which he states that the Government should receive compensation for its credit, and opposed the move at that time.

Mr. STEAGALL. Will the gentleman yield?

Mr. PATMAN. I can not. I will if the gentleman will give me some more time.

Mr. Edmund Platt, who was a Member of the House at that time, suggested that the Federal reserve banks should receive more of the profits; and he took it up with the Federal reserve banks, and he received letters from Federal reserve agents, according to my information, that the Government should receive compensation for the use of its credit.

I desire to invite attention particularly to one letter from Mr. John H. Rich, chairman and Federal reserve agent of the Federal Reserve Bank of Minneapolis. I wish to read this letter.

> FEDERAL RESERVE BANK OF MINNEAPOLIS,
> *February 13, 1920.*
>
> Mr. PIERRE JAY,
> *Chairman Federal Reserve Bank, New York City.*
>
> MY DEAR MR. JAY: I acknowledge receipt of your letter of the 7th instant, inclosing copy of your letter of the same date to Chairman Platt of the Committee on Banking and Currency of the United States Senate, proposing an amendment to the Federal reserve act under which boards of directors of the Federal reserve banks would be given the right to declare extra dividends to member banks.
>
> I regret to say that I am in no wise in accord with your views. This subject has had careful and anxious attention at this bank for a long period. My views reflect the position of former Governor Wold and Governor Young, with whom I have talked this matter over a number of times. It has not yet come up for consideration by our board of directors, but I am inclined to think that our directors will take about the same position that I do.

I should say in the first place that the reasons generally advanced for the payment of extra dividends to member banks are based on false assumptions. It is not true that the extraordinary earnings of the Federal reserve banks during the past two years are derived from business with the members or entirely from their balances with us. As everyone knows, these earnings are largely a product of war financing. I call your attention to the fact that on January 30, when the earning assets of the Federal reserve banks were $3,033,000,000, the balances due member banks were only $1,859,000,000. If only the balances of members with us had been employed on that date for the purpose of making a profit, the aggregate earning assets would have been cut one-third or reduced by the amount of $1,174,000,000.

The $54,900,000 of capital paid in needs no consideration because on that the members are receiving 6 per cent dividend, which, as you know, is a better rate of earnings than national banks in the eastern United States average on their loans, and as good a rate as most western banks are apt to average in a normal year.

Member banks enjoy four distinct sources of profit from a Federal reserve bank. The first is their dividend upon their capital stock on which they receive a return of 6 per cent per annum. The second source of profit is represented by the service which we give them for nothing. This represented, in the case of this bank last year, more than the equivalent of a 6 per cent dividend. The members enjoy a third source of profit from the spread between the Federal reserve bank discount rates and their own loan rates, and the aggregate of this profit in one year is by no means inconsiderable. They enjoy a fourth profit, which in many cases that I have investigaed is more substantial than the dividend payment, out of lower reserves and the ability to increase their loanable funds. With four distinct sources of profit available to them already, I can see no possible reason why we should deliberately give them a fifth.

It is clear to me that, from the standpoint of profit, member banks have not only been treated fairly but have been dealt with on a basis of liberality and generosity. It is well known that national banks have never made so much money as since the creation of the Federal reserve system. They have never enjoyed such safety or protection. While the latter benefits can not be translated directly into terms of dollars and cents, they are as valuable as anything that can be expressed in money terms. In the face of this many of them insist that they should receive further consideration and further profit. I should say that such an argument is without reason. I have observed this disposition to ask for interest on balances or extra dividends with the keenest interest. My opinion is that it is a manifestation of greed which ought to be treated as it deserves.

National banks have always operated under a franchise from the Government. They obtained it cheaply. They have paid comparatively little for the valuable rights the Government has given them over a period of half a century. The Federal reserve banks operate under a franchise, and but for this franchise the Federal reserve system would not have been possible.

It was clearly understood when the Federal reserve act was passed, and was so provided for in the act, that after expenses and reasonable dividends to members, the excess earnings should pass to the Government as a franchise tax. Undoubtedly the public support given the Federal reserve act was largely due to the fact that the people of this country believe that while in the public interest a franchise should be granted, that there should be a compensation to them. A division of the excess earnings was their compensation for granting very valuable rights. The fairness and justice of compensation by a franchise tax was clearly established and admitted in the beginning. To amend the act at this time and withhold from the Government a part of the profit which it has a right to expect, is to repudiate in part the understanding with the public on which the Federal reserve act was passed. I should be unalterably opposed to any plan of taking from the Government any part of the franchise tax to which it is justly and rightfully entitled, which it was promised in the beginning, and which is expressly provided for in the act, and turning it over to member banks which are already sufficiently compensated, and which are in no respect entitled to it.

I see no reason to buy the membership of unwilling nonmember banks by the bait of extra dividends. If nonmembers are unwilling to take a view that is broad and intelligent, and come in because they recognize the value of the advantages that member banks have enjoyed for five years, there is a serious question whether we want them in the Federal reserve system until they experience a change of view. Certainly there can be no profit in augmenting the membership by adding banks that have no possible interest except in what they can get out of us.

If I correctly understand this proposal, it means that a board of directors can independently and at its discretion declare an extra dividend at such a rate as it may determine.

It seems to me that nothing could be more dangerous than to permit 12 boards of directors to independently declare such dividends as they may see fit, with the unavoidable result that the least favorably situated bank will have to meet the dividend rate of the most favorably situated or encounter dissatisfaction among its member banks to which any present complaints would only be a circumstance.

It is unsafe to assume that the normal peace-time earnings will compare with the earnings of the last two years. As conditions adjust themselves, earnings will go back to something like the former basis. I anticipate that we will make enough to care for the continually increasing expense of operation, due largely to the increasing amount of free service that we render, to pay dividends, and to add, according to law, to our surplus. There will probably be something left over to divide with the Government, but I think it is wrong to assume that the excess will be large. If the surplus earnings in the future reach sums to compare in any way with the amounts during the last two years, it will be because the Federal reserve banks have departed from the sound policy which they have followed since the beginning and have entered the market as money-making institutions competing for business.

The payment of interest on balances due members is, in my view, as unsound as the payment of extra dividends, and for the same reasons. If this bank had paid 2 per cent on balances since organization, the amount of such payments would have reached within $300,000 of its total earnings. Obviously, we never would have been able to pay a dividend. It is clear that if we paid interest on balances, we would be forced into the market as competitors with our own members. If we were forced into the market, undoubtedly we could get the cream of the business. I think if you will suggest this to any bank that is anxious for interest on balances, you will find that they will immediately recede from their argument.

Our earnings during the last two years have been very good, but we need the excess for purposes which are more important than extra dividends to members who have already been liberally compensated. We have been able to substantially improve our surplus, which is a direct protection and of positive value to every member bank. I call your attention to this for the purpose of pointing out that the surplus is to increase, after it becomes equivalent to our capital, at the rate of 10 per cent per year. I expect to see the surplus reach a very large figure. It will be employed, as the capital is employed, for earning purposes. Would you take the position that member banks have a right to a profit derived from the employment of surplus? Such a position, it seems to me, would be very unsound.

I realize that this subject is being discussed in many banks, and I think it is perfectly natural. Some of the reserve banks have given considerable publicity to the very large amounts of money they have earned. Members who understand the situation imperfectly are naturally impressed and wonder why, if money is so easily made, they can not have some of it. We have found no difficulty in counteracting this disposition to criticize us for not giving them larger dividends.

I have long entertained a conviction that we treat member banks with great liberality. I have been somewhat apprehensive that radical agitators, of the kind that we are so familiar with here in Minneapolis and in other parts of this district, might pick up this subject and make a close analysis of exactly what profits members derive from the Federal reserve system. Such figures in the hands of men of the type that I refer to might easily be used in such a way as to cause a great deal of trouble. In fact, such men have already made the statement here in Minneapolis that the big banks are using the Federal reserve system for capital purposes, and that the Guaranty Trust Co. had borrowed from the Federal Reserve Bank of New York nineteen times its capital stock. I immediately looked up their last statement and found that this assertion was grossly exaggerated, but at that time the Guaranty Trust Co. had actually borrowed from you approximately four and one-half times its capital stock.

It is clear that if the Guaranty Trust Co. is making the difference between your rates and their own on an amount equal to four and one-half times its capital stock, that it is deriving therefrom a good deal more than an extra dividend out of the New York Federal Reserve Bank. Statements of this kind are afloat among country banks. Critics of the system are saying that the banks in the great financial centers are deriving undue advantage. They refer to the heavy borrowing of certain banks in substantiation of this statement. It seems to me that talk and agitation of this kind is far more difficult to meet than any question of fairness in granting members additional compensation, which can, I think, be met squarely upon its merits. I cite the incident referred to only to indicate that if we are to treat member banks with greater liberality than at the present time, there are some things that we must consider before we adopt any plan for extra dividends, and one of them is the effect on the public, which is already too apt, without any encouragement, to believe that the profits of all banks are unduly high.

This suggestion for extra dividends is one of the most important that has come to my attention since the organization of this bank. I sincerely trust that no proposals will be made in Congress for an amendment, or any serious attempt made to interest Congressmen or Senators in offering an amendment, until it has had the most careful study of Federal reserve agents and governors, and until the responsible officers of these banks and the members of the Federal Reserve Board find themselves in complete accord, on a policy to be followed.

I realize this question comes up frequently in your district, and that it is embarrassing to you. This is because of the peculiar situation surrounding your particular bank. Your earnings have always heavily overshadowed those of other Federal reserve banks and will naturally excite a proportionate interest. While the adoption of a plan involving extra dividends might seem reasonable to you, it might not appear in the same light to other banks. If this question is raised in Congress, I shall be apprehensive. To my mind, an extra dividend is simply an entering wedge, and I can readily see that with the encouragement so offered we will be flooded with applications from banks that want membership because they will be paid for entering the system. With such a

result I do not see how a board of directors will be able to withstand the pressure that will come from the members when the time comes around to decide the amount of extra dividends. I think that instead of avoiding embarrassment we will simply get ourselves into a great many more difficulties than we have ever encountered so far. In a year of large earnings it is very easy to see that the pressure put upon the reserve banks and the Federal Reserve Board by members, for an undeserved share, might become in the highest degree burdensome and perhaps very difficult to withstand.

Very truly yours,

JOHN H. RICH,
Chairman and Federal Reserve Agent.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE. Mr. Chairman, probably there is no feeling in the human heart that is as sweet as that of security, of safety. There is probably nothing for which we strive as much as we do for that. When we get it we always have to pay for it. It seldom comes gratis. Few things do. In this bill I am looking for the person who is to pay for that security as well as the benefactor of that security.

I find the initial cost falls principally upon the taxpayers of the United States, and there is no direct identity between the taxpayers and the bank depositors or the bankers. Consequently, I believe it is placing the price for this security in a place it does not belong.

Another question which arises in connection with the bill as far as I am concerned, is whether or not it does make security and what will be done with this security. In confidence itself there is a great danger. I may call to your attention the fact that our present condition was largely brought about because we had too much confidence in another period. The confidence and the foolish expansion of confidence during 1928 and 1929, and the height we reached in making investments at that time is one of the reasons we are where we are. We have been told banks were closed because of lack of confidence. There is no doubt about that in many cases; but if we had had still further confidence and gone further in our investments, if there had been no real responsibility on the part of the bankers who made the investment of other people's money, as there will not be if this measure goes into effect, what would have happened to us? How far may we go in the expansion of this thing we call confidence? How far may we go in the use of other people's money and not have the same proportional, or even greater proportional, decline that we have had?

I should like very much to have an opportunity to vote for legislation that would make banking in this Nation more secure, but I am very much in doubt as to what this measure will do. There are some things in it which I like; there are other things in it I consider very dangerous; but I certainly should like to see a change in the banking laws which would make banks secure, which would make them safe.

There is no question of the great public nature of banking. Nevertheless, there is also in it an element of private management and private investment. I think this bill places a reward upon the man who gambles with banking. It does not place the price upon the gambler; it places the price upon the public and those banks which carry through and manage sanely.

Mr. GARBER. Will the gentleman yield?

Mr. WHITE. I will yield in a moment.

In my district there is one bank that has carried through the terrible situation we have experienced in the last two years, yet it will cost that bank, on top of the penalty it has already paid, $200,000 immediately to qualify for the security provided here. Be reminded, this bill does not save anyone who has lost his money in the present depression. I think we have gone through the worst part of it. If we have, the banks which have survived so far certainly can survive to the end, or at least the most of them can. If we have not gone through the worst of it, then may God help us.

Who would be the benefactor under this law? It is proposed and suggested that the depositor receive the total benefits of this plan, but I am seriously in doubt about that. This measure, it has been pointed out, is intended to fill the vaults of the banks with money deposited there in confidence. Thus far all bankers will benefit. The faithless banker, who would be especially invited into business, as I shall show later, would especially benefit. He would be the most careless and most speculative investor of these deposits. If luck were with him, he would become the profiteer of the system. If his luck were ill, the taxpayer and the careful, conservative, faithful guardian of bank deposits would pay the costs of this improvidence and gambling. Nor is there any provision that he shall pay a penalty for his carelessness with the funds of others.

It is interesting to note that banks pay into this fund in proportion to its needs. Thus it appears reasonable if the plan is successful that the initial members shall pay the principal cost of the establishment of the system. Newcomers will then be required to pay only for its maintenance. Unless a great public demand were created, the bank which is inclined to drive advantageous bargains would undoubtedly wait until the initial year of the experience of this institution had passed and the initial costs had been paid, when it would come in at a reduced rate, as far as any part of the bill implies.

Let us now consider the bank which has faithfully joined and paid in full that may wish to withdraw from the banking business. That bank is in no way recompensed for its good faith nor for its steadfastness in this organization. It leaves behind it all but a proportional part of its final year's payment.

It is argued that public funds to-day deposited in banks require a guarantee of their security. Who pays for this guarantee? Unquestionably, the depositor pays for it, because the bank would return a lower rate of interest upon these public funds if it were not required to make security deposits against them.

The advocates of this measure dwell at great length upon the provisions for the examination of member banks. What examiner can determine the value of real estate upon which loans are made and the value of corporate stocks and bonds? No examiner can determine with any very great degree of certainty without spending months at the task whether or not banks are investing safely and sanely.

We are further assured of the guarantees of this plan by authority granted to the Comptroller of the Currency for the removal of "any officer or director of any national bank detrimental to the safe operation of such banks." Probably in all the range of our laws, at no place is such dictatorial power given any other official. The Comptroller of the Currency, without making a single definite charge, without finding one specific fault, is given authority to ruin the life career of any banker who incurs his displeasure or his critical opposition. True enough, we are attempting to protect the most sacred interests of the public, a most important interest of a most important wing of society—I mean the bank depositors. To do so, we place every banker, regardless of his worth, at the mercy of the fancies and whims of a politically appointed public official, without the assurance that that public official shall exercise the greatest discretion in the use of that power. It would not be necessary to prove the bank official incompetent. Once the public knew the Comptroller of the Currency had so accused him, the public confidence and his career which would depend upon that confidence would be under such serious question that both would end.

This House can pass no law which will take the place of good faith and conscientious, careful management of the depositors' funds by the banker. The value of the collateral upon which he lends unquestionably always will remain a problem of human judgment. Whether the banker is permitted to continue to make his loans upon his own judgment, or upon that judgment reassured by the supplementary judgment of public officials, the careful and most thoroughly protected interests in the real value of these investments upon a basis of knowledge is all they can depend upon in the final analysis for security.

It is my humble opinion that this Nation's greatest security, whether in banks or public trust or business management, must find its final defense in the character of the citizenship and not in self-enforcing and foolproofing laws. I do not deny that our banking laws can be improved. I do not deny that greater security in bank savings can be attained. I shall be pleased to have an opportunity here, as I have said earlier, to vote for laws which will protect the funds and the business of such public institutions. But no additional burdens should be laid upon the back of the taxpayer for the purpose of an experiment which has been a failure in many of our States over the period of the last century.

I am pleased to assure the House that I have had not one word of information or suggestion upon the merits or demerits of this legislation from any banker.

In my opinion, this legislation would create a paradise for swindlers. Let us imagine this proposal in operation, having been put in that state at the expense of the banks which have been sufficiently sound to have withstood the present financial storm. Then imagine the conscienceless schemer for easy profits setting up a bank which meets in every way with the provisions of this law. He applies for a charter and membership in the organization. There is no law to exclude him. Every evidence of good faith is present. Finally he qualifies. He may accept one or twenty million dollars in deposits. Why should any depositor hesitate to place his funds in this man's bank? Why should he examine the record of this bank or the character of the banker? Why should he be apprehensive of the slightest danger? The swindler chooses to lend to his associates in his nefarious scheme upon real estate or other eligible security which his own appraisers report to be worth many times its real market value; or, if he prefers to be a little careful about his own freedom, twice or three times its real value. Who could convict any of them of fraudulent intent? The ring would have the entire investment of the institution, the depositor would be protected by the bank-guaranty fund, there would be no special loser except those who paid their money into the guaranty fund. Who could be looked to to prevent such a swindle?

It is noted, too, with a great deal of interest that this bill provides for a new Federal board with three $10,000-a-year members, whose clerk hire and assistants would unquestionably be obtained at a mounting expense as the years pass, without any ground upon which to estimate the final cost. There is no excuse for making anyone responsible for the operation of this or any other such system besides the Federal Reserve Board.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Chairman, it is with a great deal of reluctance that I am taking the floor against some of the provisions of this bill. If there is one thing more desirable than any other in connection with the banking system of the country, it is to find some means of guaranteeing deposits and making it certain that the customers of a bank can withdraw their money when they need it. But there are several things in connection with this bill that seem to me of a highly dangerous character.

I want to refer just a moment to the fact that the guaranty provided here is not a guaranty by the banks involved but, in the main, is a guaranty by the Federal Government, by taking $150,000,000 out of the Treasury in the first instance and adding to that $150,000,000 more of the surplus in the Federal reserve system, which is the property of the Federal Government, making $300,000,000 as the Federal contribution toward the initial fund for the guaranty of the deposits of member banks of the Federal reserve system. If there is one thing that should be avoided, it is the loading down of the taxpayer by further drafts upon the Federal Treasury. It is not the business of government to assume liability for private institutions. If we are going to do that, better have the Government enter the banking business.

There is another feature of the bill, however, which, to my mind, is equally serious, and that is that the guaranty here proposed will have the inevitable result of centralizing the entire banking system of the country in the Federal reserve system, placing it immediately under its direction and making it subject to its dictation. There is no escape from that conclusion.

Mr. KELLER. Why?

Mr. WILLIAMSON. Because the banks that do not come within the system and whose deposits are not guaranteed would eventually have to go out of business. People are going to do their business with institutions that have their deposits guaranteed.

It will mean, so far as the State banking system is concerned, upon which most of the country is dependent, that the system will disappear entirely, and eventually a group of institutions will take its place that will be entirely dominated and controlled by the Federal reserve system. That will be centralization with a vengeance. Our experience with the Federal reserve banks has not been such as to make us look forward to such a development without apprehension.

The portion of the earnings of the Federal reserve system that goes into the Federal Treasury is paid in lieu of a franchise tax. It ought to be paid in as a franchise tax. The Federal reserve system has outstanding $2,700,000,000 in currency. The national banks, when they issue currency, not only have to deposit Government bonds to secure it but must pay one-half of 1 per cent upon this currency. In other words, if a national bank has $100,000 in currency outstanding, it pays to the Federal Treasury $500 annually as a franchise tax. If the Federal reserve system should pay an equal franchise tax of one-half of 1 per cent upon its outstanding notes, which it uses for the purpose of profit, it would have to pay $13,500,000 annually. This is considerably more than the Federal reserve system has paid into the Federal Treasury as an annual average.

Another thing, the creation of a fund of $500,000,000, in my judgment, is wholly inadequate to guarantee the deposits involved. The total deposits of the banks that have closed since 1921 is $4,345,872,000. The probable loss to the depositors, based upon the ratio of loss to total deposits of the closed banks that have been completely liquidated, has been placed by the former chairman [Mr. McFADDEN] of the Banking and Currency Committee, and now ranking member, at $688,357,170 for the Federal reserve member banks alone, and for the potential load of all closed banks that might come in under the guaranty at $1,542,143,941.

Had the proposed bank deposits guaranty law been in effect the last 10 years, it would have been swamped and gone the way of the bank guaranty laws of the eight States that have tried out the system.

The law now proposed is very closely akin to the bank guaranty laws of the several States that have so far tried out the system. In view of the experiences of these States, it seems to me clear that the $500,000,000 fund proposed in this bill is wholly inadequate to protect deposits that aggregate $54,000,000,000.

Another feature of this bill to which I am very much opposed is contained in section 3. This section repeals the double liability of stockholders. I think every State in the Union has a provision in its banking act fixing a double liability upon all stockholders in State banks. The proposed repeal reverses a policy of the Congress which I think has obtained from the beginning of our national-banking system. If anything further could be done to encourage banking by speculators and promoters and to destroy the State banks where double liability is required, I do not know what it is. The double liability has been an instrument of stability and security that should not be lightly thrown away. The fact that all stockholders have been liable for the face value of their stock, in addition to the value of such stock, has tended to conservatism and care in bank management.

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Chairman, I recognize the fact it is rather difficult to discuss this bill. Most every one of us knows what he intends doing when it comes to a vote, and,

therefore, we engage in so many private conversations on the side that we scarcely take note of the individual who happens to have the floor. I do not expect to fare any better than the others.

I would call your attention to the fact, if you will listen just a moment, that the banking systems in this country are composed of individuals that we call separate banks. One bank can not operate by itself or operate independently of the other banks. The national banks are in one system, we say, and the State banks are in several systems under different State laws or set-ups. They all do business with each other, and the several systems intermingle in many different ways because their interest is a common one.

During the past few years we have had a great many bank failures in this country. For the 11 years and 4 months ending with April there were 8,664 bank failures. There was $4,096,041,000 on deposit in these banks. This is the reason for our considering legislation of this kind at this time.

I believe that the bank set-ups in this country, national and State, are just half of the proposition. It is a financial set-up to be recommended and sponsored by the Government of the United States and the several States to induce people to deposit their funds with these institutions for safekeeping.

The President very recently made a strong appeal to the entire country to bring their private dollars, their individually owned money, and put it in these banks so that the banks of the country might use this property which belongs to the people. People responded nobly to this appeal and placed their money in the banks, some of which failed, because banks were failing rapidly. The people did this in order to help out. They did it out of patriotic motives.

This is one side of the proposition, and the other side is composed of the people who trusted these institutions, and there is no sort of guaranty or assurance on the part of the Government or the banks that they will be repaid their money when it is once placed in the banks.

I am not speaking particularly to the terms of this bill but to the general principle that if the banks are worthy of trust they ought to have some means of assuring the people that this trust is well imposed. There ought not to be such a thing as an institution sponsored by the Government which the Government could not sponsor back to the people, and that is why I am for a bank guaranty law.

I am not against State systems and in favor of a National system; I am not in favor of a National system as against the State systems—but I am in favor of a system that assures security to the depositors.

I believe this to be the fact: Many of the banks throughout the country have failed because of a lack of such a law as we are now considering. Perfectly sound institutions have had deposits taken out by the owners of the money and this has left such institutions without the ability to carry on, although they were perfectly solvent. This is one of the causes of so many bank failures in the last few months—lack of faith in the bank set-ups.

I said one bank does not stand alone. You know that the little banks out in the country are affiliated with the larger institutions. They call them their "correspondents" in the city. This correspondent works with these little banks throughout the country and it siphons the holdings out of the little banks and gets the people's savings out of the little banks. You ask me how? They will recommend, perhaps, South American bonds as a good, liquid investment, and sell them to the bank and the bank will sell them to a depositor for time deposits, and then it develops that they are practically worthless.

Then the big bank says to the little bank, "You sap, you do not know how to run a bank. You ought not to be in business." The big institutions, therefore, eat up the little fish. It is just like a lot of fish in a great pool—the big fish eat up the little ones.

All banks are credit sellers, and every bank is looking for advantage in selling credit, where they can get the most. They are not in it for the love of their country.

Now, they say the big institutions have to sponsor and pay for the failure of the small institutions. In many instances they rob the small institutions through business methods. A depositor in the smaller institutions ought to be recompensed for loss or damage.

Now, it is not the smaller banks that fail altogether. There was one metropolitan bank in the city of New York failed for $200,000,000. There was one in Philadelphia and one in St. Louis. It is the big institutions that are creating the greatest crisis.

They have different methods of dealing with the smaller banks. The big-city correspondent banks have "underwriting syndicates." They have "security affiliates," they have "investment trusts," and "holding companies," sponsored by banks, in order that they may reach out and get hold of business. The results on the whole have not been very helpful. What the people want is a safe place to deposit their money and get it when they call for it.

Now, let me call your attention to the growth of the postal savings.

On June 30, 1925, the postal savings amounted to $132,000,000; on June 30, 1928, it was $152,000,000. On June 30, 1929, it was $152,000,000; in June, 1930, it was $175,000,000; and in December of that year it was $245,000,000. On June 30, 1931, it was $387,000,000; and on December 30 of that year $605,000,000. Now, according to the estimates by the department for April of this year, there are $732,000,000 on deposit at the present time in postal savings.

It is not the 2 per cent that the people are getting on postal savings that caused this increase, but it is a place of deposit where the people are putting their money with the assurance that they can get it when they call for it again.

Now, it is said that the banks are against the bank guaranty law. Why? Because if they have to pay nothing into a fund to make good the losses, they are in that much. The people take the risk. The result is that individuals and separate institutions are against a law requiring banks to contribute to the common fund.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. BUSBY. I yield.

Mr. TAYLOR of Tennessee. Has the gentleman made any investigation as to the amount of money that is hoarded?

Mr. BUSBY. I have not gone into that. It is said that eight States have had bank guaranty laws and have given it up. Why, surely, they have given up that tremendous undertaking because of the fact that only a small part of the great community of States can not operate independently of the other part.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. BUSBY. For a question.

Mr. JOHNSON of Oklahoma. I have been very much interested in the gentleman's able discussion, and would like to support a sound banking measure, but does not the gentleman think that the pending bill in the present form is decidedly unfair to the State banks of the country?

Mr. BUSBY. No; I do not think so. The State banks are entirely provided for. The bill provides that as to State banks:

Provided however, That for a period not exceeding three years after the passage of this act banks that are not members of the Federal reserve system shall be permitted to contribute to the fund and to share in the benefits provided in section 206 upon certificate of the duly constituted State examining authorities that such bank is in sound financial condition.

I proposed that provision to the bill in committee because I wanted to take care of the State banks.

I am just talking in a general way about a bank guaranty law. The State bank can come under this act if it wants to; and if it does not want to, it can stay out. Any bank that is set up that is not strong enough to assure the people it is entitled to the confidence of the people ought to get strong enough or go out of business, because the people have to be protected if we are to remedy such catastrophes as we have now.

Mr. CAMPBELL of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. CAMPBELL of Iowa. I am in sympathy with the bank guaranty; but does the gentleman not think that this is a bad time for us to try to start it?

Mr. MAY. It is the only time.

Mr. BUSBY. Any time is a "bad time" for the legislation if the bankers of the country are to decide, because they will have to pay to the fund that guarantees the losses, and the losses are incident to their system, which is the very system out of which they get their profit money. As a result, they are to assure the depositors that they are going to get their money back. Banks can not do business without the money of the depositors. Does any Member expect to say that they are going to be afraid and put that fear with all these other impediments in the way and say that we can not do that because conditions are not bad enough? We have been banker-managed for 10 or 12 years, we have been managed by institutions that raised their hands against the Federal reserve system 3 or 4 years ago, because it then suggested that we get on a saner basis than the situation to which they were driving. We are banker-managed and we have had no other kind of fiscal management for the last several years, and it is time that the people who have contributed the $4,000,000,000 in deposits to the failed banks were taken care of and somebody looked after their welfare. Where have we gotten up to the present time by letting the bankers dictate the policy and manage the credit and finance of the country? Is it satisfactory to you? Is it satisfactory to your farmers? Is it satisfactory to your manufacturers, who, if they should run their machinery for 30 days, would glut the market because people have no buying power? You can not sell goods when the people have nothing with which to buy them.

Is it satisfactory to you to say, "I am going out here and I am going to oppose this legislation for the simple reason that it is not what I want—in other words, conditions are not bad enough." Do you think we must take "a little more sleep, a little more slumber, a little more folding of the hands to rest" until we reach that happy Elysian shore at which we hope to arrive, which is just "around the corner," when the promises all come true?

Mr. OLIVER of Alabama. In reference to postal savings, where the Government deposits the same in banks, the Government requires security for such deposits, does it not?

Mr. BUSBY. Surely it does.

Mr. STEAGALL. Not only the Government but all State governments.

Mr. BUSBY. All municipal entities; and I am informed that in the State of Oklahoma it is a felony for a public officer to deposit funds in the bank where he does not take security specifically for those funds.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Chairman, I yield ten minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. STEAGALL. Mr. Chairman, I yield the gentleman five minutes.

Mr. LAGUARDIA. Mr. Chairman, the principles contained in the bill now before the House carry out a wholesome necessary change in our national-banking system. I am indeed gratified that finally the House will have the opportunity of voting for a bill which will place on the statute books of the land real material, substantial support back of every bank which boasts of its affiliation with the national-banking system. May I pause for a moment to point out that this is another instance where progressives can see their ideas and their reforms being taken up, accepted, and written into law. We have had many instances like this in the last year; and as this terrible, cruel depression continues, all of which we foresaw, all of which we anticipated, we will see many of our proposed remedies, changes, and policies accepted and written into the law—though, alas, 10 and 15 years too late.

The older Members here, my colleagues of 10 years ago, will remember, and also as late as 2 and 3 years ago, may I be permitted to say to the younger and new Members, guaranty of bank deposits was advocated by the progressives in the House and Senate as well as progressives out of Congress. I advocated it with others, and during the last Congress I again urged it. I have had a bank-deposit guaranty bill before the committee for a long time. I can not permit this opportunity to escape without recalling our advocacy of this necessary legislation. I do so not in a spirit of "I told you so" but as a kindly admonition to the younger Members. Do not permit the old standpatters, those willing always to be of service to powerful interests, to discourage you. I know that certain leaders in this House, particularly on the Republican side, point to us progressives as terrible examples and warn you younger Members against what they call "insurgency," yet these same leaders plead and beg for our aid during times of campaigning and election.

Do you ever hear of any candidate during election time saying that he is a standpatter, that he is not for the people, that he is for the big powerful bankers, that he does not believe in individuals expressing their opinions, that he does not believe in progressive legislation, and that he stands for voting anything and everything regardless of conscience and judgment? Why, not at all. Just the reverse is true. And all that we progressives of the House are doing is living our legislative lives in accordance with sacred promises and pledges made to our constituents and made to the people of this country. It will only be a few months before the next election. I defy any man here to-day or in Congress to-day to take the stump and say that he is against the principle of guaranteeing to depositors their money deposited in the banks.

Not one will do it. Every Member who to-day spoke against this bill and who will vote against this bill—and some who have spoken against this bill have already begged me not to ask for a roll call—will take the stump and proclaim how he stands for the protection of depositors and then a lot of "ifs" and "buts" and "buts" and "ifs." The usual political bunk. Promises always, alibis constantly, and flopping when the real opportunity comes to do something. Now here is the chance, and the first chance, to vote for a law guaranteeing to depositors their own money placed in banks for safekeeping. It is my duty to briefly refer to the pioneer and yeoman service rendered on this subject and for this cause by our distinguished colleague from Nebraska, Governor SHALLENBERGER. Not only as a Member of the House but as a leader in his State and as governor of his State he obtained a bank-deposit guaranty law. He was opposed by vicious greedy bankers of his own State.

Many have since passed into oblivion, and some through the portals of the penitentiary. He was opposed by powerful—yes, politically powerful in those days—bankers of the East and Middle West. They fought him all along the line, and Governor SHALLENBERGER fought them right back and beat them at every stage of the fight up to the Supreme Court of the United States. And now these same financial bandits have passed on to a lot of babbling opponents, parroting the cry that the "law failed in Nebraska." It failed in Nebraska partially by reason of the misdeeds of some of these very men in the financial circles who are opposing this measure, and by reason of the necessarily limited field of a State system. Naturally, the confines of a State is too small for an insurance system of this kind. Not even a fire or life insurance company could survive if it had to limit its business within a circumscribed territory. Every insurance company of every kind reinsures its risks. That is the basis of every insurance plan. That is all that insurance is. The pooling of risks and the contributions to this pool to pay the loss suffered by any of the subscribers. It may be described in other language. It may be defined in nice legal phraseology, but it is only that. All this bill seeks to do is to bring all solvent, honestly conducted, well-regulated banks of the United States into an insurance system where all will

contribute in the event any one of the banks becomes impaired, and through this contribution protect the depositors and save them harmless against loss.

The Committee on Banking and Currency has earned the gratitude of Congress and the gratitude of this country in its initiative in considering, preparing, and reporting this bill. The distinguished gentleman from Alabama [Mr. STEAGALL] is to be congratulated for his labors and great work toward this end. Mr. STEAGALL for a long time has been advocating the necessity of securing depositors and of establishing a national system of insuring bank deposits. We have conferred on this subject for several years and on many instances. The distinguished chairman and his committee are entitled to and I am sure will receive the support of the majority of the Members of this House.

Mr. Chairman, it seems almost unbelievable that in a discussion of our banking system in the House of Representatives references to bank failures are made as if they were matters of course. Have we become so callous, so indifferent as to accept bank failures as a matter of course? We talk about bank failures here as if we were talking about mortality, something that could not be avoided. It is the highest function of government to so regulate its banking system as to make bank failures impossible. [Applause.] How are we going to do it? Let us understand each other clearly. All of the opposition to this bill has been on behalf of bankers. What will it do to the big or the small banker? That question seems to be troubling some of the Members. This is not a bankers' bill; this is a depositors' law. This is a law for the protection of depositors, and you must approach it from that angle and that angle alone. Who are opposed to this bill? Every big banker in my city is opposed to it and every large chain-banking system in the United States is opposed to it and every little bit of a tottering, weak, small bank is opposed to it.

Gentlemen take the floor and ask what is going to happen to the little bank that can not qualify. What are the qualifications? A certificate of solvency from their own State department and a willingness to submit to proper bank inspection, and any bank that can not qualify under that is not worth saving. Are you gentlemen going to take the floor or by your vote refuse to protect depositors and assume responsibility for those little tottering banks which you are championing here by your opposition to this bill? This is depositors' insurance.

Mr. COX. At Government expense.

Mr. LAGUARDIA. Not at all. We will get to that. This is an insurance of deposit. How much confidence have you in your bankers? We have accepted burglary insurance, and we have accepted larceny insurance, fire insurance, accident insurance, and even weather insurance. There is nothing new in the idea of a mutual insurance system. That is all this bill is. It is not at Government expense at all. It is at the expense of the banks—out of their profit—and their profits come from one source, and one source alone, and that is from the depositors' money.

If all sorts of insurance is now a permanent, inseparable part of our industrial, commercial, and social world, why not apply it to bank security and bank solvency, and bank honesty?

Do opponents of this principle desire to say it is safer to insure against burglary and robbery than it is against banking? You say the risk is too great. What a terrible commentary on the banking system of the country that the risk is too great.

It is stated that it will destroy small banks. How many failures of small banks have there been in the last two years? The list is a long one and the toll terrible. That is the answer to that.

It will put a premium on incompetency and dishonesty, say others. Not at all. The contrary is true. The gentleman from Mississippi [Mr. BUSBY] referred to the system of selling worthless securities by the larger banks to the smaller banks. When the larger banks know they will have to put their hands in their pockets and pay the assessments on the failure of the small banks because they sold them worthless securities, they will not sell them that kind of securities. [Applause.] This law will make the bankers careful. Why? Because for the first time we are going to make them pay for their own misdeeds. What happens now if a bank goes under? In a few years you will see the same group of gentlemen back in business under another bank. When the whole banking system of the country will have to pay for it, dishonest and incompetent bankers will be driven permanently out of the banking field. Bond pluggers and fake security mongers will not be able to survive. They, too, will be driven from honest and insured banking circles.

Now let me say something to my friends on the Republican side of this House. Are you not going to support the President? Of course you are. Do you not go after me in the cloakroom out there? Do you not get after me around the lobby any time I dissent? I dissent when the President is wrong. I stand by him when he is right. [Laughter and applause.]

On December 8, 1931, in his message to the first session of the Seventy-second Congress, this Congress, House Document No. 1, the President stated:

> Our people have a right to a banking system in which their deposits shall be safeguarded.

That is exactly what this bill does. He could not have meant anything else. Safeguard the depositor! He meant just this: "That our people are entitled to a banking system in which their deposits shall be safeguarded."

He said further in the same message:

> I recommend the prompt improvement of the banking laws.

That is exactly what we are doing with this bill. But that was not all. On January 4, 1932, in a special message to Congress (H. Doc. 221), the President said in the seventh recommendation:

> Revision of banking laws in order to better safeguard depositors.

Mr. STEAGALL. Will the gentleman yield?

Mr. LAGUARDIA. Certainly.

Mr. STEAGALL. And the present administration has a bill pending in Congress dealing with the deposits in closed banks, and the funds to do the work are taken out of the surplus of the Federal reserve banks and out of the Treasury of the United States, as a part of the funds paid in there by the Federal reserve banks.

Mr. LAGUARDIA. In other words, we are using public funds to pay for the incompetency and dishonesty of closed banks, and now we hear a protest when we are trying to insure against such failures. Our present bill is preventive. The gentleman is right. I have his statement in reference to closed banks right here. The President said, in signing the Glass-Steagall bill on February 27:

> I am confident that the further nonpartisan measures of reconstruction to assist the earlier payment of depositors in closed banks—

And so forth.

That carries out that idea.

On June 15, 1931, in the President's speech before the Indiana Republican Editorial Association he said:

> It is obvious our banking system must be organized to give greater protection to depositors against failures.

Now, I ask my Republican colleagues, are you going to stand by your President?

Of course, it is easy to take the floor and criticize a bill as intricate and technical as this—yes, object to a comma or a semicolon. This is a very involved bill. What we are interested in is to have the House of Representatives adopt the principle that we are going to have insurance of deposits and that we are going to put the full credit of the United States back of that system, and that we are going to have a proper system of banking inspection, so as to make failures almost impossible in the future and the money of depositors always secured. [Applause.]

Of course, a bill as comprehensive as this may have a few bugs in it, but we will take care of that. When the Federal Reserve Board and the comptroller and the administration

realize that the House of Representatives means business, just let me assure you they will come forward; and if they have any constructive suggestions to make, I know the Committee on Banking and Currency in this House and in the other body, and the conference committee, will be willing to hear any constructive and helpful suggestions to improve the bill.

What constructive suggestions have the opponents of this bill made? None at all, except to cry for the weak, tottering little banks. I repeat, what we have in mind is the depositor, and the Members from rural districts, where you have small banks, should keep that in mind. I can not see how those gentlemen can join hands with the large banks of the money centers of the world in taking a stand against depositors in favor of those banks.

Mr. SCHNEIDER. Will the gentleman yield there?

Mr. LAGUARDIA. Certainly.

Mr. SCHNEIDER. As a matter of fact the bill as reported to the House was not for the benefit of the small banks at all.

Mr. LAGUARDIA. Why?

Mr. SCHNEIDER. They were left out entirely.

Mr. LAGUARDIA. No, no. Is anyone going to take the stand that any bank, regardless of its financial condition, can come into this system? If the gentleman goes for life insurance, they will put a stethoscope to his breast and listen to the tick of his heart and ask him a lot of questions about himself before they insure his life. If the gentleman wants to insure his property, they first find out something about that property. Do not forget that that banker is not dealing with his property. He is dealing with the depositors' money, and he must submit to certain regulation and supervision; and all this system does it this—whether you are a national bank, whether you are a member of a Federal reserve bank, or a State bank, all that is required is that you submit to proper inspection, and as long as you keep up to the required standard, as long as you are an honest, clean banker, you can stay in the system; but if you are not that, you do not deserve to be in the system, and we will let the whole world know it, so that the depositors will not lose their money through your knavery or through your incompetency.

Mr. SCHNEIDER. But if the small bank is allowed to come in, would it not come in on the same payment as the large bank and not be charged twice as much as the others already in the system?

Mr. LAGUARDIA. We are not going to charge twice as much.

Mr. STEAGALL. If the gentleman will yield, I may say the committee has agreed upon an amendment which will permit State banks to come in on equal terms with national banks.

Mr. LAGUARDIA. The gentleman from Wisconsin is one of the most careful legislators on the floor of the House. By the time the bill is amended and completed we can depend upon the gentleman's support, because he is that kind of intelligent and conscientious legislator. [Applause.]

Mr. MICHENER. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. MICHENER. Is it not true it is contemplated by the terms of the bill that no bank without the system can come within the terms of the bill until that bank qualifies for admission into the system?

Mr. LAGUARDIA. Of course.

Mr. MICHENER. If that be true, is it not also true there are possibly not 5 per cent of the banks in the Federal reserve system to-day which could qualify to get into the system? Is that not true?

Mr. LAGUARDIA. No. If I should make such a statement as that the gentleman from Michigan and BERT SNELL, from New York, and a couple of standpatters over there would get up and shout: "You are destroying the confidence of the country."

The gentleman knows I would not make such a statement.

Mr. MICHENER. Now, wait a minute; I do not want the gentleman to go into hysterics.

Mr. LAGUARDIA. No; but the gentleman is hysterical.

There are only two sides to this question: Are you for a strong, safe banking system protecting the depositors, or are you for a loose banking system permitting banks to indulge in wild speculation, buy worthless securities, and dissipate the money of the depositors? The latter system has been suffered too long. As between the two I am going to stand by the bill. The time has come to do some legislating for the depositors.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. OLIVER of Alabama. If the statement of the gentleman from Michigan is correct, what is the moral obligation of the President in encouraging people to deposit their money in banks now, if they are in danger of losing it hereafter?

Mr. LAGUARDIA. I make the statement that if the gentleman from Michigan is correct then the President of the United States immediately must declare an emergency, must declare a moratorium, must stop all payment of principal and interest, and must put all the resources and power of the United States in building up of an entire new economic system.

Mr. STEAGALL. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. STEAGALL. I must repudiate the imputation against the banking system of the country. That statement is utterly unfounded. There is not an informed man in the United States who would support that statement. The truth is the banks are solvent, but they are suffering from lack of confidence on the part of depositors.

Mr. LAGUARDIA. If this bill is enacted into law, it will establish security and security creates confidence.

Mr. MICHENER. Will the gentleman yield right there?

Mr. LAGUARDIA. No; I have got to answer a question that has been asked me. Just a moment more and I will finish. Congress has already legislated for the banks. In fact, to date all the legislation seems to have been for the banks. I repeat again, this is legislation for the depositors. It can not possibly be objected to by any reputable, sound banking institution which is properly administered. The gentleman from West Virginia [Mr. HOGG] referred, and quite properly so, to the meager provisions in the law requiring bank inspections. We are writing into the law in this bill volumes on the subject of bank inspection. Heretofore and under our present system, as the gentleman pointed out, inspection is required and then the examiner certifies the conditions he found. These inspections are too few and too far between. Under the system of deposit insurance provided for in this bill, frequent minute inspection would be mandatory, constant supervision required, and the moment any bank failed to keep up to the standards demanded or to the conditions required, depositors would be notified and the bank put out of the system, and that would be the end of that bank. Why? Because every other bank in the country has an interest, would have to pay, and the entire banking system would hold the board responsible if they suffered any bank to continue to the extent of entailing large losses to the fund.

So you see, gentlemen, that here first we are protecting the depositors, insuring them against loss, and we are establishing a more sound banking system than we have ever had. Of course, some banks will not be able to qualify. That is the kind of bank that has been failing and will continue to fail, losing the money of its depositors. Should we stop legislating for a better banking system on its account? Are Members opposing this bill defending that kind of a bank as against the security of the depositor? It must be one of the two. Why, this is the salvation of the small but honest and well-managed bank. Though a bank may be small in any locality, if it is sound, if it is well managed, it is entitled to join the system and its depositors are insured. That removes unfair competition from the larger banks, the chain banks, against the small but sound bank by means of gossip and whispering sales talk of the greater, better security of the larger bank or chain banks. So I repeat, at the risk of becoming tiresome, that no matter how small the

bank may be, as long as it is sound and honestly managed this bill is to its advantage just as much as to the advantage of the depositors. That is why the bill is being opposed by the largest banking institutions in the country. The bill is fair in that the assessment is in proportion to deposits. It treats them all, therefore, alike. The inspection and supervision will be the same for large and small banks.

It is amusing to hear talk about malappropriating $150,000,000 out of the Treasury from the moneys heretofore paid into the Treasury by the Federal reserve system. And permit me to say that when the Federal reserve system paid this money into the Treasury it was not the money of the system; it was the profits of the system made from the money of the depositors. And, is the memory of this House so short that it has forgotten that only recently we appropriated $500,000,000 for these same banks, and in addition thereto authorized and placed the credit of this Government to the extent of $1,500,000,000 to further aid these same banks? When a bank fails and the depositors lose their all, not only are homes destroyed but business and industry crippled. The loss, therefore, to the community and to the Government in one year is more than it will ever cost the Government by a plan of this kind in a hundred years. Why, the loss to depositors in the last two years is so great and tremendous that it can not even be calculated. I therefore insist that it is high time that we come to considering the necessity of securing depositors in legislating for the banking system of this country. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Connecticut [Mr. TIERNEY].

Mr. TIERNEY. Mr. Chairman, I rise as a member of the Banking and Currency Committee to oppose the passage of the Steagall bill to amend the national banking act, to provide a guaranty fund for depositors, House bill 11362.

I consider this bill economically unsound, wholly unsuited to accomplish the purpose of its title; a vicious long-ago exploded species of legislation; and at this time when we are attempting to balance the Budget and arrive at a tax bill a measure which calls for a drain of $295,000,000 on the United States Treasury.

We passed through such of the depression which saw the downfall of so many banks, and the awful losses to thousands of depositors. A few months ago these failures were stopped and our banking system and depositors protected by the passage of the reconstruction finance act and the Federal reserve gold expansion bill. We seemed to have arrived at a point where the remaining banks and the bank deposits of the depositors were reasonably safeguarded.

Looking back, we know our banking system has needed and no doubt to-day needs improvement. Guaranty banking is a fine-sounding expression. In fact, the best and to my mind the only part of the bill worthy of the great mass of the public is the title.

In the first place the United States Government under this bill, while it is milked for $295,000,000, does not guarantee a penny. This bill carries no direct Government guaranty, as many suppose.

Approximately one-half million dollars is raised to protect against the failure of a system of banking which has in its American banks the sum of $30,000,000 of American depositors. Twenty-one thousand seven hundred banks, large and small, Federal and State, would come under the guaranty plan.

The Federal reserve bank would contribute $160,000,000 out of its reserve, money due the United States, and thereby weaken its reserve banking structure. The Government would have to raise, through taxes or loan, $147,000,000 from the Treasury Department; two hundred millions raised by assessing these banks, and the Federal reserve, and the banks would be assessed another $100,000,000 a year.

Eighty-six per cent of the bank failures in the last 10 years came from the smaller banks under $100,000 capital.

Over 50 per cent of the bank failures were in banks averaging from $25,000 down to ten and five thousand dollars capital.

This bill excludes from the protection of the so-called guaranty banks under $25,000, leaving them to perish in competition with the other banks who are able to advertise their guaranty facilities.

Many of these small country banks with capital of $25,000 to $100,000 would be unable to pay their share of this huge annual contribution of $100,000,000. They would either fail or be carried by, and be a load on, the larger country or city banks, such as we are accustomed to meet in the towns and cities.

One failure like the Bank of the United States with its 60 branches for over $800,000,000, or a group of a few banks failing aggregating that sum, would, on the basis of guaranteed contributions of 50 cents on the dollar, wipe out this whole guaranty or insurance fund planned to safeguard the depositors of the 21,000 banks in the 49 States.

In other words, no matter how praiseworthy the efforts of the sponsors of this bill, at best they are creating from whatever source it may come a ridiculously inadequate sum in their effort to protect thirty billion with one-half billion dollars. No bonding company, no actuary of a standard insurance company could or would undertake such a task.

Another weakness in the bill is that it releases the bank stockholders from their double liability to the depositors of the bank in the event of the failure and insolvency of the bank as now provided by law.

Such change would also affect State banks, for many of the State bank stockholders are so obligated.

This stockholders' liability is now a part of the assets of a bank to-day and would by this bill be lost. A reissue and refinancing plan carried out to the disturbance and unrest of hundreds of our soundest banking institutions would be necessitated.

The drastic struggles and evolution of the survival of the fittest, which has left our surviving banks in good financial position and now protected by the Finance Corporation and drastic reforms, has brought out a stronger and better banking system in this country.

To-day there is room for improvement; I am sure improvements will come in time, but a bank guaranty law will not make for stronger, safer, or more careful banking. It rather affords an opportunity for the careless bank and the unsafe bank speculator to operate and get by and fail to pay his share, while the conservative, safe, and strong banker has to carry the other fellow and still maintain the fine standard of high-grade banking so many of our old-time banking institutions all over the land are known for.

We have had remarkably few bank failures in my State of Connecticut. In answer to inquiries this week to some 48 bank presidents all over my State of Connecticut on this bill I received 40 answers, every one condemning this bill.

The National Bankers Association of America, as well as State banking associations of a large number of States, have come out drastically against this bill, emphasizing its unsoundness, its tendency to upset in standards and its radical departure from traditional safe methods of handling the funds of depositors.

The testimony of John W. Pole, Comptroller of the Currency, before our subcommittee, appearing on pages 6, 7, and 22 of the minutes, sounds convincing. He says:

I have been invited by your chairman to appear this morning before your committee to express my views on H. R. 10241, the principal purpose of which is to attempt to revive the system of small country banks through a guaranty of bank deposits imposed by Federal authority.

This bill presupposes that our system of country banking stands in urgent need of a pronounced reform. With that diagnosis I am in complete accord. This bill also raises an implication of unification of our country banking system under Federal supervision and control. I am in favor of that in principle. But as to the method proposed by the bill to accomplish these results, namely, a guaranty of deposits in banks, I am unequivocally and unalterably opposed.

In my opinion, the enactment of this bill would destroy the Federal reserve system by driving the strong banks from it. It would lead to the closing of thousands of small State banks which can not qualify as members of the Federal reserve system. It would put a premium upon incompetency and irresponsibility by rendering it no longer necessary for the country banker to be concerned for the safety of his depositors.

A system of banking, with a deposit guaranty superimposed upon the local bank by governmental authority, under which some other instrumentality than the bank itself undertakes to insure the safety of deposits, will not prevent the local bank from failing, if it can not maintain a successful operation as a business enterprise. If local economic conditions are unfavorable to such a bank and if the loans are not properly made or become frozen after they are made with reasonable care, the bank will have to close its doors. No system of guaranty of deposits under such conditions will serve to keep the bank open.

I should say that to guarantee the deposits of 7,500 banks, with the possible result of closing 13,700 banks, would by no means be a remedy for the present banking situation.

This bill will not stop bank failures if we have another depression. It may force a centralization of all banks in a system unpopular and undesired. Whatever improvement we need in our banking system should be had by starting some basic system at the bottom to create and improve, rather than by starting at the top and trying to spread something over. This bank-deposit guaranty idea is not new. It has met disaster in several States.

In New York the legislature on April 2, 1829, passed what was called a bank-safety fund system. It worked along in a small way until the panic of 1837 wiped out the depositors of many banks so allegedly protected by the guaranty that also ended the law itself.

In the period between 1907 and 1917 there were enacted bank depositor guaranty laws in the States of Oklahoma, Kansas, Nebraska, Texas, Mississippi, South Dakota, and Washington. All have been unsuccessful and since repealed or became inoperative and abandoned, as the following from page 34 of the committee hearings show:

Oklahoma: Enacted in 1907 panic; inoperative in 1921, due to fund being practically insolvent; repealed March 31, 1923; deficit between $7,000,000 and $8,000,000.

Kansas: Enacted in 1909; a voluntary system, not requiring payment in full balance assessed after full liquidation; repealed, 1929; deficit, $7,000,000; inoperative since 1926.

Texas: Enacted in February, 1925; made optional bond security system, guaranteeing system; became practically inoperative in that year; repealed, 1927; deficit, $16,000,000.

Nebraska: Enacted, 1911; repealed, March 3, 1930; deficit, $20,000,000.

Mississippi: Enacted, 1914; suspended, March 11, 1930, due to deficit of $3,000,000 to $4,000,000.

South Dakota: Enacted in 1915; repealed in 1925 by legislature; reinstated by moratorium in 1926; finally repealed in 1927; deficit, $32,000,000.

North Dakota: Enacted in 1915; repealed in 1929; deficit, $14,000,000.

Washington: Enacted in 1917; voluntarily canceled when Scandinavian Bank in Seattle failed, with deposits of $9,000,000, and then all of banks in system withdrew warrants issued and not paid; inoperative since 1921.

It is argued that failures in State bank guaranty efforts should not be used as a precedent against United States Government guaranty. This is a fallacy. If this guaranty plan did not succeed in the State as to a few banks, how can it succeed in the whole United States, which is only relatively larger. In fact, the analogy is not correct. In case of the State we had the strong unit of the State guaranteeing a few, while the United States guarantees none. The bank group unit attempts to guarantee not only the units of State banks but Federal banks as well; proportionately a greater obligation and risk.

There is no doubt that the public would like a bank guaranty if such was possible.

There is no doubt that a real solid economy bank guarantee would be most welcome, yet we can not experiment with our banking structure. We can not fly in the face of experience; we can not risk the present status of our depositors, and endanger their holdings by a writing in on the statute books of the land a so-called guaranty banking law that really does not guarantee.

This law is unsound, uneconomic, perilous to the safety of existing deposits, tried and found wanting; costing our taxpayers close to $300,000,000 at a time when we are trying desperately to balance the Budget by cutting our present taxes and avoiding new ones. I want to close with an expression of confidence in American banks—especially the banks of my State. I want to say if this bill had even a so-called long-shot chance to aid the small depositor I would vote for it.

They are the people by all means we in Congress should give our first and best efforts to. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Chairman, I was one of those who, with some reluctance, voted this bill out of the committee in order that it might find its way to the floor of this House and have action taken on it. My doubts have grown during the course of the general debate. I have not yet wholly made up my mind whether I will vote for the bill or not. I will resolve that question later on during the course of its consideration.

I think, Mr. Chairman, that much has already been done in a very concrete and substantial way for the depositors in banks throughout the United States. Whether or not this bill passes, I hope that at some future time some still more carefully thought out and more scientific method of protecting depositors will be attained. [Applause.]

From some things said during the course of this debate it might seem that nothing has been accomplished for the protection of the depositors, nothing for the protection of the smaller banks during this session of Congress. This is far from the truth. The constructive legislation enacted this session and now in effect has already worked a vast amount of good, both to the small bank and its depositors.

On the 1st of January, 1931, there were $55,000,000,000 on deposit in the banks of the United States. This represented the accumulated purchasing power of the American people. By February 2, 1932, when the Reconstruction Finance Corporation was established to restore confidence, check withdrawals, and make liquid the frozen assets of banks the deposits in the 20,000 banks of the country had shrunk to $46,000,000,000. Thus $9,000,000,000 had disappeared and hoarding was continuing at the rate of $250,000,000 a week. Banks were failing at the rate of almost 100 a week.

With the restoration of confidence that has come through the Reconstruction Finance Corporation hoarding has been checked, bank deposits have increased, and a new spirit of confidence characterizes the banking institutions. Bank suspensions have decreased until they are now no larger than the ordinary run of casualties in normal times. They do not average above one-half dozen a week.

The Reconstruction Finance Corporation has loaned something like $400,000,000 to 3,000 banks. The record of the distribution of these loans gives emphatic negation to the claims of some political orators who have insisted that the loans do not get down to the little institution but are confined to the great financial concerns and corporations. Out of something like 3,000 borrowing banks, 70.4 per cent are located in towns of 5,000 in population or under; 84 per cent of the borrowing banks are located in cities of 25,000 and under; of the entire amount of money loaned to banks 4.5 per cent only has gone to institutions in cities of 1,000,000 in population and over. In addition, over 100 banks have been either reopened or liquidated. Most of these are smaller institutions and the relief has gone directly to the depositors, mostly in smaller communities. The Reconstruction Finance Corporation has loaned over $25,000,000 to 46 insurance companies in order that they might extend loans to their policyholders upon the loanable value of their policies. There are in this country to-day 70,000,000 holders of live policies, so that the Reconstruction Finance Corporation has brought to over one-half the population of the country a means of direct borrowing. Several million dollars have been loaned to agricultural interests through livestock and agricultural finance corporations. Millions have been loaned to building and loan institutions to enable them to extend credits to the investors in small homes who could not keep up their amortizations.

One hundred millions have gone to railroads, in some cases to prevent receivership, in some instances to extend operations, but in every case the benefits of these loans have been distributed to employees, small investors in railroad securities, and the trustee institutions which have held railroad bonds as a part of their reserve for the small investors whom they represented. In addition, from the

Reconstruction Finance Corporation capitalization, through the Agricultural Department, direct loans have been made to 500,000 farmers in an aggregate sum of over $60,000,000.

This surely is a complete rebuttal of the charge that only great and powerful institutions have received benefit from this legislation. Its beneficent effects are being felt from one end of the Nation to the other, and the average citizen is the ultimate recipient of those benefits.

Mr. McFADDEN. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Chairman, I am taking this time simply to straighten out a matter which occurred a short time ago when my usually courteous friend from New York [Mr. LAGUARDIA] was on the floor. I am sure that if he could have seen and heard himself at the time, he would have appreciated that he should have yielded to me. I asked the gentleman if it was true that not more than 5 per cent of the banks within the Federal reserve system to-day could qualify for the system if they were not already in. I asked that question because when the chairman of the committee was before the Rules Committee asking for a rule on this bill, as I recall, the matter was discussed. I made no such an assertion, have no knowledge on the subject, and was inquiring. If it is true that there are to-day within the Federal reserve system banks which could not qualify to get into the Federal reserve system, and if this bill does give those banks the benefit of the guaranty and does deprive the State banks which are not within the system of the right to get within the system, then there would be a rank discrimination, and it would absolutely work to the detriment of the banks which are not within the system even though they are as sound financially.

So far as my personal attitude is concerned, I happen to be one of those who for a number of years have felt—progressive, radical, or whatever it might be—that the time should come, and I believe the time will come, when there will be some kind of a guaranty of bank deposits. However, I do not know whether this is the opportune time or not. I am sure that if the depositors of the country were assured at this time that bank deposits were guaranteed, much of the fear now so prevalent would be allayed. I am not on the Banking and Currency Committee and consequently have not given intensive study to this problem, and it is regrettable that the committee itself is so split up. As I read the situation but few members of the committee are enthusiastically for this bill. Others tell us that they will support it in the hope that it may be made better, and none seem to be thoroughly convinced that the bill is sound in all its provisions.

A plan to guarantee bank deposits could be readily and scientifically worked out if we had but the national-bank system to contend with; however, we must not forget the State banks and there are many more of them. In our effort to protect depositors in national banks and State banks within the Federal reserve system, we must not destroy nonmember State banks. I said destroy, and I mean not only destroy the stockholders of these banks, but I mean destroy the depositors in the bank. We all know that if there is a bank on one corner where the deposits are guaranteed by the Federal Government and a bank on the other corner where the deposits are not so guaranteed, this latter bank might as well go into the hands of a receiver at once.

Goodness knows we have had enough bank failures, and in the long run this legislation might work out beneficially, but I am just as sure that the rank and file of the people of the country do not want us to pass any legislation that will retard recovery, or ruin additional banks, their stockholders, and depositors, and in the final analysis the communities in which they exist.

I realize that in every instance where States have attempted to guarantee bank deposits the experiment has been a failure, and I am wondering whether the Federal Government can adopt a sound guaranty law as long as we have the Federal system and the systems in the several States. There must be a point somewhere where these two systems meet, or at least comply with certain general requirements. In this bill, this requirement is attempted to be met, in the provision that all banks getting the protection of the law must qualify for the Federal reserve system. If times were normal and prosperous it might be well to provide that only banks able to so qualify might operate as banks. I have been opposed to private banks for a long time, and I approve of proper regulation of all banks by the Government, but doubt the wisdom of guaranteeing, out of the Federal taxpayers' money, all depositors in all State banks where the Federal Government does not have supervision over the manner in which the bank business is conducted is questionable.

I am sure that the consideration of this bill at this time will be helpful, because it will bring forth discussion, which means further consideration, yet we all know that there is no possibility of this bill becoming a law at this session of Congress. It may pass the House, but it will not pass the Senate. The gesture may be effective as showing our desire to do something along this line, but it will not protect the depositors unless it becomes a law. We all appreciate that the Banking and Currency Committee has worked untiringly and the committee is not to blame because the bill is not perfect. The subject is a large one, a controversial one, and one which must be met in time. Therefore, as a Member of this body, believing that the American people will eventually demand proper bank-deposit guaranty, I caution this body about acting hastily, and thereby putting into effect a law which will fall of its own weight and that the Federal Government will repeat the experience of guaranty experiments tried in some of the States.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I yield three minutes to the gentleman from Connecticut [Mr. TILSON].

Mr. TILSON. Mr. Chairman, I admit at the outset that I am not capable of throwing a great flood of light upon this very important but somewhat technical bill. I have sat through the entire general debate and have heard almost every word that has been spoken for and against the bill. With all of this help, I must admit that up until this good hour I am still in a fog as to just what this bill will do. Some of its proponents are very insistent that it provides for a thoroughgoing guaranty of bank deposits and proceed upon that theory. They insist that regardless of all other considerations, depositors should be safe beyond all question when they put their money in a bank. If safety is all they are looking for, we have the Postal Savings bank, and Government bonds are still good.

It must be taken into consideration, however, that banking is a business; it is not only holding the money in safety, but the money must be put to some use. If it is put to use, the element of safety is not the only thing that must be considered.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. GOLDSBOROUGH. What would become of our credit currency if depositors' money were put into the Postal Savings bank?

Mr. TILSON. I do not advocate it at all; but some people seem to think that is the only safe place, and looking for safety alone they deposit their money in the Postal Savings bank. But the banking business must be broader than simply furnishing a safe-deposit vault. In order to be productive money must be used when it is deposited.

This bill as originally reported, and still seems to carry that provision, calls for the immediate use of a considerable sum of Government money—$150,000,000, in fact. It is said that this sum came from earnings of the Federal reserve system as a sort of franchise tax, but I agree with both the gentleman from Texas [Mr. PATMAN] and the gentleman from Ohio [Mr. WHITE], who have said that the Government is entitled to some compensation for the use of its credit. At any rate, the money has been paid into the Treasury and spent. As the bill was originally drawn it provided, as it seems to me, for the taking of this very substantial sum of Government money to protect the depositors in a very limited number of banks. Banks outside of this sacred pale would, of

course, be in a very sorry plight, but no account seems to have been taken of them.

In addition to the original contribution provided for the tax—and that is what we should call it—the franchise of the Federal reserve bank was to be obligated in the future as a guaranty. The net result would be that at a considerable expense to the Public Treasury, both now and hereafter, the Government would be guaranteeing the deposits of a limited number of banks.

Now we are informed that committee amendments will be offered letting down the bars and making it easy for all sorts of banks to get in. No one has thus far attempted to explain what effect this will have. If all are admitted, the standard may be so much lowered that the better grade of banks may prefer to get out rather than take the increased risk. If any are left out as not up to the standard set, what is to become of their depositors?

Everyone agrees that the greatest vigilance should be exercised in connection with the supervision of banks. No reasonable precaution should be omitted in an effort to make them safe; but so far as this bill is concerned, it would seem to be a leap in the dark. [Applause.]

Mr. McFADDEN. Mr. Chairman, I have listened with a great deal of interest to this debate. There is not a man in this House who does not want the depositors of the banks protected, but there is a right way and a wrong way. This is the wrong way.

As the matter has been presented in the arguments on both sides, I have been impressed by the discussion of lack of confidence in the banks of the country, and it is principally on that ground that this particular legislation is proposed at this time.

You can not restore confidence in bankers by the passage of this kind of a bill. You are dealing with effects and not with causes. The cause of loss of confidence in the banks of this country is the fact that the people have been exploited by the bankers. The people of this country know that the Federal reserve system has been mismanaged. Why do we not look at this matter in the proper way and go back and deal with the causes?

What is going on here now? For the past five years I have been pointing out various angles of this situation from the floor of this House, without any attention being paid to the seriousness of what I was saying in regard to the exploitation of the American people and the investors and the banks by these bankers to whom I have referred. You can not correct the situation unless you go to the very bottom of the cause of the trouble. I am not referring to the little bankers.

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I can not yield. I only have a few minutes and I want to make a connected statement.

We have had the example in the present session of Congress of an examination being made of certain phases of the situation at the other end of the Capitol by the committees in charge over there. I refer first to the Johnson subcommittee in the Finance Committee of the Senate, where they looked into one phase of this exploitation of the American investing public and the banks, where the banks were found to be loaded with South American and European securities sold them by bankers principally located in the city of New York, with the acquiescence of the Federal reserve system and with the acquiescence of the Treasury of the United States and the Department of State.

I refer also to the Senate Committee on Banking and Currency, who are now investigating the exploitations of the public through the New York Stock Exchange in other than the sale of bonds to investors. It is unfortunate that certain influences so predominate that these hearings can not proceed in an orderly manner without interruption and to the point where responsibilities can be fixed and the guilty be made to pay. There is no question in my mind that, if this Congress decides to do so, it can fix responsibilites definitely, and this should be done. The game of these bankers and the New York Stock Exchange at the present time is to avoid the fixing of responsibilities. The public are beginning to know and understand just how they have been exploited.

If you want to correct this system and restore confidence in the United States, you will have to deal with the fundamental situations which have permitted this condition to exist and to continue.

The same situation exists to-day and the same situation is going to continue to exist, because the same people are in control of the operation of these institutions and the departments of Government which should have checked and prevented this entire trouble.

I want again to remind you and remind the responsible leadership of this House that on the 18th of last December I put in a resolution calling for an investigation and an audit of the Federal reserve system in connection with its international financial operations and with reference to the use to which the money of the depositors in the banks of this country had been put by them in transferring these credits and moneys to foreign countries for the benefit of the foreigners, entirely outside of what was intended by the Federal reserve act. Has this had any attention? In the last few weeks I have been asking the Committee on Rules where this resolution is resting and requesting them to give it some attention. I have also asked for a hearing; but have I been given any hearing? No. Gentlemen of the responsible majority in this House, you are playing with fire. I am not asking for this investigation on my own account. I know what has happened, and I know what is going to happen; but I want to say to the responsible leadership here that consideration should be given to this matter.

Mr. GOLDSBOROUGH. Will the gentleman yield now?

Mr. McFADDEN. I am sorry I have not time to yield.

Mr. Chairman, I ask unanimous consent to print in the RECORD a copy of the resolution which I have introduced and also a letter which I have addressed to the Secretary of the Treasury and a letter to the Federal Reserve Board, both of which letters remain to this day unanswered. I shall insert them at the end of these remarks. These letters were written by me, I would call to your attention, when I was chairman of the Committee on Banking and Currency. I am now the ranking member of that committee, and here are the Secretary of the United States Treasury and the Federal Reserve Board refusing to answer vital queries, not only important to the matter of the moratorium but important also to the very existence of the Federal reserve system. No more convincing argument, I submit, could be offered in support of my resolution calling for this investigation than this particular matter.

Mr. GOLDSBOROUGH. Mr. Chairman, I reserve the right to object. The gentleman is not addressing himself to this bill. The situation is that I sympathize with practically everything the gentleman is saying, but I would like to know from the gentleman what relation the statement he is now making about the Federal Reserve Board has to this emergency legislation?

Mr. McFADDEN. I will say to the gentleman that it is very material, because the basis of this whole discussion here has been "the matter of confidence in the banking system of this country" and I am attempting to point out why there is a lack of such confidence.

Mr. GOLDSBOROUGH. What does the gentleman suggest as an emergency measure or as an alternative for this measure?

Mr. McFADDEN. Some properly considered legislation that will deal with the causes of the situation rather than the effects of the situation.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HASTINGS. What is the date of the gentleman's letter to the Secretary of the Treasury?

Mr. McFADDEN. November 21, 1931.

Gentlemen, we face a very interesting situation as regards this proposed legislation. I have no authority to speak for the administration on this matter, but I do happen to know

that there is not a responsible administrative officer of this Government who is in favor of the passage of this bill. Only one, so far as I have observed, appeared before the committee in connection with the bill, and he opposed it. This was the Comptroller of the Currency.

We have a peculiar situation at this time. There is other legislation pending and that is affecting the passage of this bill. I refer to the bill which has just been reported out of our committee, the home loan bank bill. It is interesting to note that the members of our committee, when they should be standing up here voicing their sentiments against this unsound piece of legislation, particularly those on the Republican side, are absolutely silent. [Applause.] It is suggested that in order to pass the home loan bank bill they should not oppose this particular bill. It is very unfortunate because a great principle is involved here in this particular bill.

[Here the gavel fell.]

The matter referred to follows:

House Resolution 68

Resolution 68, to provide for an investigation with respect to certain activities of the Federal Reserve Board, Federal reserve banks, and member banks of the Federal reserve system

Resolved by the House of Representatives, That for the purpose of obtaining information necessary as a basis of legislation, the Committee on Banking and Currency of the House is authorized and directed, as a whole or by subcommittee, to investigate the Federal Reserve Board and the Federal reserve banks, and such member banks of the Federal reserve system as may be necessary, in their activities with respect to foreign banks and foreign central banks, their open-market operations and acceptance business, and their connection with the American acceptance council, and their collaboration with other banks (American and foreign) in the operations of such banks in foreign financing, and for the purpose of this investigation the committee may make such audit of the books of the Federal Reserve Board, Federal reserve banks, and member banks of the Federal reserve system, as it deems necessary.

SEC. 2. Such committee shall, as soon as practicable, report the results of its investigation to the House, together with such recommendations for legislation as it deems advisable. For the purposes of this resolution the committee is authorized to sit and act during the present Congress at such times and places in the United States or elsewhere, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts, and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths and affirmations, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary.

NOVEMBER 21, 1931.

Hon. ANDREW W. MELLON,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. MELLON: In connection with the consideration that will be given in the coming session of Congress relative to the Hoover moratorium of war debts and reparation payments, I shall be pleased if you will advise me at once full information relative to Germany's debt, both short and long term, and to what countries and banks they are owed, and the amounts; and also if you will furnish me a complete statement of all war debts and reparations involved in this moratorium. I am particularly anxious that this statement shall cover the short-term indebtedness which, by agreement among American and foreign bankers, has been extended to February, 1932, and any other amount of short-term indebtedness which may not have been covered by this agreement.

I am particularly anxious to know also the amount of short-term indebtedness represented by acceptances or notes made in other countries indorsed or guaranteed by the German Government or German States or financial institutions, and to what amount, if any, such obligations are held in the United States, and by whom.

In other words, I am asking you for full and complete information relative to the financial situation of Germany as affected by this moratorium, and I would also like you to include, if possible, the entire debt which the German Government or her States and political subdivisions or her people owe to this country or any other country. Your prompt attention to this will oblige.

Respectfully yours,

L. T. MCFADDEN.

NOVEMBER 23, 1931.

FEDERAL RESERVE BOARD,
Washington, D. C.

GENTLEMEN: In connection with the consideration that will be given by the coming session of Congress to the Hoover moratorium, I shall be pleased if you will advise me the total amount and character of all short-term German indebtedness which is now in the United States and by whom held and the amounts. I should like this to include not only direct borrowings between banks, banking or acceptance houses on the part of the Germans or any of their institutions, but also any obligations indorsed or otherwise guaranteed by the German Government or any company or banking institution or individuals in or outside of Germany—in other words, to show the entire situation of German short-term indebtedness, together with any agreements as to extension or payments or any acceptances or other obligations now held by Federal reserve banks taken through any foreign acceptance house or banks.

I should also like to have particularly identified a list of the names of the holders and the amounts held by each of the short-term indebtedness in the United States covered by the American and English extension agreement, which runs until February, 1932.

I should also like a statement of all loans or credits established by the 12 Federal reserve banks to other central banks or the Bank for International Settlements and the character of such loans or credits and in each instance how secured and the total itemized amounts now unpaid.

Also please advise me what commitments on the part of the Federal reserve banks or the Federal Reserve Board are outstanding relating to loans, credits, or gold; also whether or not any agreement or understanding exists at the present time with any of the central banks or their governments, including the Bank for International Settlements, in regard to changes of discount rates or gold movements.

I should also like to be informed as to what amount, if any, of the so-called short-term German, English, or Russian acceptances were held at the time of the moratorium or are now held by any of the 12 Federal reserve banks and the amount so held by each bank, and please state whether such banks procured these acceptances by direct purchase or through rediscount for member banks.

Also, please advise the amount of money the Federal reserve banks now have on deposit with the Bank for International Settlements and what amount, if any, of paper the Federal reserve now holds taken from the Bank for International Settlements, or any other agreements upon which the Federal reserve banks are bound in any manner whatsoever.

If any amount of these German, English, or Russian acceptances were on the date of the moratorium, or are now, held by the Federal reserve banks, what amounts of each are held by any of the Federal reserve agents as security for outstanding Federal reserve notes?

Very truly yours,

L. T. MCFADDEN.

Mr. STEAGALL. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. SIROVICH].

Mr. SIROVICH. Mr. Chairman, ladies, and gentlemen, yesterday memorial services were conducted for 19 Members of the House and Senate who have made their last pilgrimage to that eternal resting place from whose bourne no traveler ever returns. They are outward bound on a steamer called *Mystery*, flying no flag, having no crew, no compass, but Almighty God as their pilot. Each of these souls had contributed his all upon the altar of patriotic service to our Republic. Some day—and I hope it may be in the long distant future—the genial, gracious, and lovable chairman of the Committee on Banking and Currency, the Hon. HENRY STEAGALL, will make that journey. When his book of life will be opened and therein read the things that he has accomplished in behalf of the people whom he served, I know that no greater commendation could be given to him than having performed what in my opinion is the greatest service to our fellow citizens of this Republic in having sponsored this economic and humanitarian bill "to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks." [Applause.]

This bill guaranteeing bank deposits would bring security to the mothers and fathers of our homes; establish confidence in business, commerce, and industry; release money from the hoarding places in which it is now being kept; and help thaw out the frozen confidence found everywhere throughout the United States against those who run the banking system of our country.

What is the commodity in which banks deal? It is money. Money is the medium of exchange. It bears the same relationship to society in the material world that blood does to the human body. It lives through circulation. Money represents the frozen labor of the past, the liquid flow of the present, and the only thing we look forward to in our old age for protection and help. To protect it we place it in banks. There are two kinds of banks: Federal banks, supervised by the National Government, and State banks, controlled by the State authorities. There are 20,000 banks in the United States. The greatest number of these

are State banks. For the years 1921 to the year 1931, 7,800 banks failed with deposits of over $2,000,000,000. According to the annual report of the Comptroller of the Currency for 1931, the average amount of recovery to depositors through liquidation was 88.4 per cent. The American Bankers Association Journal of February, 1931, shows 90 per cent of this amount was recovered to depositors, while the Bankers Monthly of February, 1932, shows 88.4 per cent returned to depositors.

If we had had a guaranty of bank deposits during the last 10 years, no home would have been impaired, no business would have been destroyed, no runs on banks would have taken place, and no hoarding, in which billions of dollars have been taken from circulation in our country, would have occurred. Confidence in our banks would have remained, business would have been stabilized, and the causes that are responsible for our economic depression would have been sought for in order to prevent their future recurrence. [Applause.]

Mr. Chairman, ladies, and gentlemen, we have life insurance, accident insurance, health insurance, burglary insurance, fire insurance. Why not bank insurance? Is it safer to say to the people of the United States that we can insure everything in our country, but we can not insure banks? Why, for four years I was president of a large national bank in New York City, and learned that every dollar that is placed in most of our banks by the Government, by the State, and by the city or municipality has to be protected by securing to these groups collateral securities in the form of bonds, Federal reserve notes, and other big board securities. If the Government, the State, and the city insist upon a guaranty of their deposits in our banks, and seek preferential consideration for themselves, why should we not secure protection for the depositor? [Applause.]

This bill will be instrumental in protecting and developing the small banks throughout our country. It will compel the Government and State banks to observe more rigidly the conduct of bankers, and see that only those who are well-qualified by training, education, and culture in banking shall be permitted to run the banks of our country, instead of allowing the irresponsible and indiscreet people who are not conversant with banking to engage in that profession.

Out of 8,000 banks that failed, five out of six were State banks. That shows that national banks give greater security and protection to their depositors than do State banks. That is due chiefly to the fact that there are 48 different kinds of laws in the various States of our Union. State banks have wider latitude in loans they are permitted to give. Politics enters more in the extension of credit in State banks than in national banks.

If I had my way, there would be only one banking system, and that is a national banking system, to which all banks could belong and in which all laws would be uniform, and the scales of justice would balance fairly and squarely to all those who were members of this system.

The passage of this bill, therefore, would be instrumental in encouraging the organization and development of banks by making investments in banking stock more attractive. It would provide a stricter method of examination, better management, and, above all, protect every dollar of every depositor in every bank throughout the United States.

In order to remove the great loss of confidence that has spread like wildfire throughout the United States against the banking system of our Republic, this fear could easily be removed by guaranteeing to every depositor that his money would be safeguarded, that his home would be protected, and that his life's savings would be conserved, and that business would not have to worry, when engaged in commerce, industry, or agriculture, that its money would be dissipated through the indiscretion of those who have been controlling our funds in the banks of the United States.

Let us therefore restore business, agriculture, commerce, and public confidence by passing the Steagall bank guaranty bill, which, in my opinion, is one of the most constructive, liberal, and progressive measures that has ever been brought before the Congress of the United States. [Applause.]

[Here the gavel fell.]

The Clerk read as follows:

SECTION 1. The first sentence of section 5138 of the Revised Statutes, as amended (U. S. C., Supp. V, title 12, sec. 51), is amended by striking out "and except that such associations with a capital of not less than $25,000 may, with the sanction of the Secretary of the Treasury, be organized in any place the population of which does not exceed 3,000 inhabitants" and inserting in lieu thereof the following: "and except that associations formed for the purpose of succeeding to the business of an existing bank may, in the discretion of the Comptroller of the Currency, be organized with a less capital than $50,000 but not less than $25,000."

Mr. STAFFORD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 2, line 4, after the word "bank," insert "in any such place where the population does not exceed 6,000."

Mr. STAFFORD. Mr. Chairman, I am trying to carry out with this amendment what I believe to be the intention of the committee. I take it it is not the intention of the committee to authorize the Comptroller of the Currency to have banks of less than $50,000 capital but not less than $25,000 capital in larger places than places of 6,000 inhabitants. You certainly would not authorize a State bank in the city of Milwaukee, an existing bank with a capital, say, of $25,000, to be changed into a national bank, which would be authorized under this phraseology. The purpose of the committee, as I understand it, is that as you are now seeking to make $50,000 the minimum capital for all national banks you recognize that where associations are already formed they may in case the capital is less than $50,000 but above $25,000 be converted into national banks.

Yet, under the phraseology as written in the bill, the Comptroller of the Currency could authorize a bank of $25,000 capital in a city above 6,000 inhabitants. My amendment is purely corrective, to carry out the intention of the committee.

Mr. STEAGALL. Mr. Chairman, there is no objection to the gentleman's amendment. It is simply an enlargement of the language which may possibly make it more definite than the language of the bill.

The CHAIRMAN. The question is on the amendment of the gentleman from Wisconsin.

The amendment was agreed to.

Mr. PATMAN. Mr. Chairman, I move to strike out the last word. I invite the attention of the Members to the fact that this is a bill which will permit the use of or the farming out of the credit of the Nation to private banks forever, without payment of compensation. That is the big question that is involved in this bill. With the question of guaranteeing bank deposits naturally we are all sympathetic. We want to guarantee bank deposits, but that is not the big question involved in this bill. I have before me a copy of the National Monetary Commission's report, filed January 9, 1912. The National Monetary Commission recommends that a system be set up which is similar to the present Federal reserve system.

That commission was composed of men like Senator Aldrich, Mr. Vreeland, Senator Penrose, and the assistant to the commission was our distinguished colleague from Massachusetts, Mr. ANDREW. In recommending that a Federal system be established the commission made this recommendation:

We propose that the important privilege of note issue shall be accorded to the principal financial agent of the Government, to be exercised under Government control and supervision, with restrictions and limitations of such character as will in our judgment make undue inflation impossible. All profits which may arise from note issues will be paid into the Treasury of the United States.

There is a principle involved in this bill. Are you going to permit the Government to issue money, currency, a circulating obligation, and give it to the bankers and let them

use it for their own private use and benefit and not pay one penny of compensation to the Government of the United States? If these gentlemen want to put the Democratic Party on record as indorsing any such proposal as that, it is all right with me, but I do not believe the Democrats of this Nation are in favor of the Democratic Party indorsing the principle of farming out to the private bankers of this Nation that great privilege, that franchise that is worth millions of dollars, which will be perpetual to the private bankers of the Nation.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I can not yield; I have only five minutes. I invite attention to the fact that a Federal reserve note that is issued by the Federal reserve agent, who is the agent of the Government, is turned over to the Federal reserve bank without charge now, and why? With the expectation that there will be a surplus of earnings, and that the surplus earnings will be turned over into the Treasury of the United States as a franchise tax; but under this bill you are repealing that clause; you are saying that the Government of the United States is not entitled to a franchise tax, and that the credit of our Nation can be used without the payment of one penny. Let us take a $5 Federal reserve note and analyze it and see what it is, and why it was issued and for what purpose.

It does not read that the Federal reserve bank will pay $5, but it reads that the United States Government will pay the bearer $5 in gold on demand. How did that note come into existence? The Federal reserve bank delivered to the Federal reserve agent 40 cents in gold for every dollar, and the balance in eligible paper. Now, on the 40 cents no compensation should be paid, because it is covered in gold; but you are using the credit of the Nation for 60 per cent of that money. Are you going to let the bankers use it and not pay a penny of compensation for that use? That is the great principle involved in this bill, and if you are going to wreck the Democratic Party, I think you have taken a splendid step in that direction.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. BUSBY. Mr. Chairman, I rise in opposition to the pro forma amendment.

I believe the gentleman from Texas [Mr. PATMAN] wholly misinterprets the situation. In the first place, the Federal reserve banks are required to exact of the member banks certain deposits, certain reserves, so to speak—7 per cent, 10 per cent, 13 per cent, and so forth—depending on the location of the bank. That money is kept without interest by the Federal reserve system, and it really should inure to the benefit of the several banks who have been compelled to put up that deposit with the Federal reserve bank. The use of the credit of the United States does not impair the Nation's credit and it does not cost the people any particular amount of money.

I am not so very favorable to paying these earnings back to the banks, even as provided in this bill, but I believe the premise assumed by the gentleman from Texas based on statements of other gentlemen made prior to the enactment of the Federal reserve system, when they knew very little about this system, is erroneous. Those same gentlemen and those who followed after them have been managing our currency for the last 20 years, and they have not brought us to any good estate in their management. For that reason I would hesitate to follow that as an authority and as a precedent for taking any sort of position now, when people have been dealt with so poorly by those who advocated and set up and managed the banking system of this country. For that reason I do not wholly disagree with the gentleman from Texas as to what should be done with the earnings through the Federal reserve system. I think a portion of it should go into the Federal Treasury, but I think the gentleman's premise is entirely at fault, and that is the reason I took the floor.

Mr. STEAGALL. Will the gentleman yield for a minute?

Mr. BUSBY. I do.

Mr. STEAGALL. I want to call attention to the fact that the leading men in the banking world, such men, for instance, as Governor Harding, who at first opposed every method to distribute the earnings of the Federal reserve banks among member banks, finally came to the conclusion, after the accumulation of an enormous surplus in the Federal reserve banks and after a large amount had been paid into the Treasury of the United States in lieu of a franchise tax, that the members of the Federal reserve system should share in the earnings of the system. At the last meeting of the board of directors of the Boston bank, prior to the death of Mr. W. P. G. Harding, a resolution was passed indorsing the proposition embodied in a bill that I had introduced before the Committee on Banking and Currency, which provided for a distribution of the earnings of the Federal reserve banks to their member banks.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 2. (a) Section 5138 of the Revised Statutes, as amended (U. S. C., Supp. V, title 12, sec. 51), is amended by adding the following new sentence: "No association shall be organized unless with a surplus (hereinafter called initial surplus) of not less than an amount equal to 10 per cent of its capital stock."

(b) Section 5168 of the Revised Statutes (U. S. C., title 12, sec. 26) is amended to read as follows:

"SEC. 5168. Whenever a certificate is transmitted to the Comptroller of the Currency, as provided in this title, and the association transmitting the same notifies the comptroller that at least 50 per cent of its capital stock and that at least 50 per cent of its initial surplus has been duly paid in, and that such association has complied with all the provisions of this title required to be complied with before an association shall be authorized to commence the business of banking, the comptroller shall examine into the conditions of such association, ascertain especially the amount of money paid in on account of its capital and on account of its initial surplus, the name and place of residence of each of its directors, and the amount of the capital stock of which each is the owner in good faith, and generally whether such association has complied with all the provisions of this title required to entitle it to engage in the business of banking; and shall cause to be made and attested by the oaths of a majority of the directors, and by the president or cashier of the association, a statement of all the facts necessary to enable the comptroller to determine whether the association is lawfully entitled to commence the business of banking."

(c) The first proviso of section 1 of the act entitled "An act to provide for the consolidation of national banking associations," approved November 7, 1918 (U. S. C., title 12, sec. 33), is amended to read as follows: "*Provided*, That the capital stock and initial surplus of such consolidated association shall be not less than that required under existing law for the organization of a national bank in the place in which it is located."

(d) That portion of the second sentence of section 3 of such act of November 7, 1918, as amended (U. S. C., Supp. V, title 12, sec. 34a), before the semicolon in such sentence is amended to read as follows: "The capital stock and initial surplus of such consolidated association shall not be less than that required under existing law for the organization of a national banking association in the place in which such consolidated association is located."

(e) Section 5154 of the Revised Statutes, as amended (U. S. C., title 12, sec. 35), is amended by adding after the first proviso the following: " : *Provided*, That the initial surplus of such association shall be not less than that required under existing law for the organization of a national banking association in the place in which such association is located."

(f) Section 5140 of the Revised Statutes (U. S. C., title 12, sec. 53) is amended to read as follows:

"SEC. 5140. At least 50 per cent of the capital stock and at least 50 per cent of the initial surplus of every association shall be paid in before it shall be authorized to commence business, and the remainder of the capital stock and initial surplus shall be paid in installments of at least 10 per cent each, on the whole amount of the capital and initial surplus, as frequently as one installment at the end of each succeeding month from the time it shall be authorized by the Comptroller of the Currency to commence business; and the payment of each installment shall be certified to the comptroller under oath by the president or cashier of the association."

(g) The first two sentences of section 5141 of the Revised Statutes (U. S. C., title 12, sec. 54) are amended to read as follows: "Whenever any shareholder, or his assignee, fails to pay any installment on the stock or on the initial surplus when the same is required by the preceding section to be paid, the directors of such association may sell the stock of such delinquent shareholder at public auction, having given three weeks' previous notice thereof in a newspaper published and of general circulation in the city or county where the association is located, or, if no newspaper is published in said city or county, then in a newspaper published nearest thereto, to any person who will pay the highest price therefor, to be not less than the amount then due thereon (including amounts due from such shareholder with respect to initial surplus), with the expenses of advertisement

and sale; and the excess, if any, shall be paid to the delinquent shareholder. If no bidder can be found who will pay for such stock the amount due thereon (including amounts due from such shareholder with respect to initial surplus) to the association, and the cost of advertisement and sale, the amount previously paid shall be forfeited to the association, and such stock shall be sold as the directors may order within six months from the time of such forfeiture and if not sold it shall be canceled and deducted from the capital stock of the association."

(h) The first two sentences of section 5205 of the Revised Statutes, as amended (U. S. C., title 12, sec. 55), are amended to read as follows: "Every association which shall have failed to pay up its capital stock or initial surplus, as required by law, and every association whose capital stock shall have become impaired by losses or otherwise, shall, within three months after receiving notice thereof from the Comptroller of the Currency, pay the deficiency in the capital stock and initial surplus, by assessment upon the shareholders pro rata for the amount of capital stock held by each; and the Treasurer of the United States shall withhold the interest upon all bonds held by him in trust for any such association, upon notification from the Comptroller of the Currency, until otherwise notified by him. If any such association shall fail to pay up its capital stock and initial surplus, and shall refuse to go into liquidation, as provided by law, for three months after receiving notice from the comptroller, a receiver may be appointed to close up the business of the association, according to the provisions of section 5234."

(i) That part of section 5143 of the Revised Statutes, as amended (U. S. C., title 12, sec. 59), before the semicolon is amended to read as follows: "Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital and surplus to any sum not below the amount required by existing law to authorize the formation of associations."

Mr. MAY. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, after 25 years of actual practical experience as the executive head of a successful small national banking association, I want to open my remarks by making this statement, and it is a statement that will no doubt be astonishing to some of the Members of the House. It is this: Not a dollar has ever been placed in the coffers of the Federal reserve banks in the United States but what came directly from the deposits of member banks, and that includes the capital stock of the Federal reserve banks. Every dollar of earnings of the Federal reserve system has been made out of deposits member banks have been required to make, without regard to their desire to do it, and without payment of a cent of interest to the member banks by the reserve bank.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. MAY. I yield.

Mr. WILLIAMSON. Does the gentleman know the Federal reserve banks have issued $2,700,000,000 in currency and they are using that to go out on the open market to buy bonds and that they earn from that as much as they do from deposits?

Mr. MAY. Yes; and every dollar of money used to buy the bonds comes from deposits made by member banks in the proportion of 7 per cent of their time deposits and 3 per cent of their checking deposits.

Mr. WILLIAMSON. Their circulation by the issuance of money is more than the deposits.

Mr. MAY. Yes; based on reserves they built up out of moneys contributed to them by member banks throughout the country.

Every dollar that is proposed to be placed here as a fund to guarantee deposits is money which came from the member banks of the country.

The bill is designed to serve two purposes, one of which is sufficient if it does nothing else than stabilize by creating confidence in the minds of the people of the country whose money is in the banks of the country. About 1896 I used to hear my Republican friends talking about the free coinage of silver at the ratio of 16 to 1 and talking about confidence in the integrity of the money of the country. I want to tell my colleague, the gentleman from Ohio [Mr. JENKINS] that confidence is the most important thing in the country to-day.

You talk about bank deposits! If the people of the country, the farmer, the merchant, the workman, the doctor, the lawyer can go to sleep at night conscious of the fact their money is safe in the bank and that it will be returned even at the expense of the United States Government, they are not going to get up the next morning and rush to the bank before sunup and create a run on the bank.

Mr. SCHAFER. Will the gentleman yield?

Mr. MAY. I yield.

Mr. SCHAFER. Then why not let the Federal Government do all the banking business and open a bank in every post office? If that is done, the people will sleep still better.

Mr. MAY. The Federal Government is not engaged in the banking business. That brings me around to answering the proposition propounded by my amiable friend from Texas, when he wanted to know if the Democratic Party was going to put itself on record as favoring this measure, and he was reading from a document promulgated by the disciples of Alexander Hamilton, at a time when men like Woodrow Wilson, CARTER GLASS, and William J. Bryan were propounding measures to create the great Federal reserve system, contrary to the central-bank idea.

Mr. PATMAN. Will the gentleman yield?

Mr. MAY. Yes.

Mr. PATMAN. The gentleman has misstated my position. I said, Will the Democratic Party put itself on record as being in favor of giving the credit of this Nation to private bankers to use for their own benefit without compensation? That is what I said. Does the gentleman favor it?

Mr. MAY. I favor this: I favor this country and this Government giving its credit rather than going into the banking business and making itself liable. Every time it issues Federal reserve notes for 40 per cent gold it puts 60 per cent of its credit behind it.

Mr. STEVENSON. One hundred per cent.

Mr. MAY. One hundred per cent, because it stands sponsor for it.

[Here the gavel fell.]

Mr. MAY. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MAY. When you talk about the credit of the Government, I am just one of that kind of Jeffersonian Democrats who believe that it is better to use the credit of the Government and keep the Government out of the banking business than it is to put the Government in the banking business, either in the form of the Reconstruction Finance Corporation or in any other way. There are only two or three things which make banking dangerous in this country, and that is the danger of infidelity and incompetency from the inside, to begin with, and, second, lack of confidence on the part of the public on the outside. The reason why we have had 2,397 bank failures since October, 1929, up to the first day of 1932 is because of the lack of confidence on the part of the public in the stability of our banks.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. MAY. Yes.

Mr. EATON of Colorado. Is not the argument in favor of this bill—to put the Government in the insurance business at an insufficient premium—to guarantee or insure bank deposits? Is not that the argument here?

Mr. MAY. That is the natural argument, and that is a perfect argument in reference to this bill. But the biggest thing which this does is that, in addition to saying that the Government is going to guarantee these bank deposits, it is provided in this bill that the banks which become members of the system—and they will all become members of it under the provisions of this bill—shall be supervised by this board, and that the supervision shall be strict. Therefore it will bring back to the banks close, conservative, careful, and systematic management of their assets when we have this Federal board regulation.

Mr. McFADDEN. Will the gentleman yield?

Mr. MAY. I yield.

Mr. McFADDEN. Am I to infer from what the gentleman says in regard to supervision that it will be better supervision than now exists under the Government through the office of the Comptroller of the Currency and through the Federal Reserve Board?

Mr. MAY. I should think it would be better, because when this bill becomes a law the entire banking system of the United States will become a part of this system and will, so far as guaranty of deposits is concerned only, be two institutions, one that of State banks and the other that of national banks, but the State banks which become members of the system will come directly under protection of the Federal Government through the guaranty of deposits.

Mr. McFADDEN. Then, do I understand the gentleman's argument to be that all State banks will come into the Federal reserve system, and that we will have a unified system?

Mr. MAY. My impression about it is that as a result of this legislation we will not have a unified system of banking in this country, and it will not be a branch-banking system but will have the benefit of Government backing.

Mr. EATON of Colorado. Will the gentleman yield further?

Mr. MAY. Yes.

Mr. EATON of Colorado. I understood the gentleman to state that he has had banking experience?

Mr. MAY. Yes.

Mr. EATON of Colorado. Is it not true that a part of this lack of confidence is due to the examinations of the Comptroller of the Currency?

Mr. MAY. The Federal reserve system during the last two or three years, since this orgy of speculation has been in vogue, has induced member banks to buy thousands and millions and hundreds of millions of dollars of practically worthless securities; but that time has passed, and nobody is buying any of these securities that have been recommended or may be recommended by the Federal reserve banks again.

Mr. EATON of Colorado. Let me ask it in another way. Is not the fear caused in the banks themselves and then spread to the people because of the result that may come about on the next visit of the examiner from the Comptroller's office and the values which he may place on the securities in the banks? Is not that wherein the fear comes?

Mr. MAY. I think the fear comes chiefly from the situation in which the country finds itself, but, of course, there are instances, I suppose, where some bank examiners have abused their authority to the extent that it has become embarrassing to the bank under examination, and in some instances, no doubt through improper methods of bank examiners, banks have been embarrassed to the extent that heavy withdrawals of deposits have been made, and that is one of the very evils this law is designed to cure. If the bank under investigation had the fact of guaranty of its deposits generally known in the community, nothing the examiner might do or say would create any disturbance, because his visit would only add confidence to the situation. His presence would merely emphasize the Government's participation in the affairs of the bank.

If a bank fails in one community, it naturally creates alarm in the adjoining community. If a bank fails on one corner of the street in a town, it is liable to cause a run on the bank on the opposite corner of the street regardless of its stability, and these runs will close up a solvent bank just as quickly as they will close up an insolvent bank. I dare say that out of the 2,394 banks that have closed in the last two years, 90 per cent have been closed as a result of lack of confidence in the stability of the bank. If this bill becomes a law, this state of fear will be a thing of the past, and hundreds of millions of dollars now in hoarding would come out of hiding and be available for loan to legitimate business.

The pro forma amendment was withdrawn.

Mr. CELLER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, if I felt this bill, as the gentleman from Maryland [Mr. GOLDSBOROUGH] has stated, could rescue us from the hole we are in now, I would vote for it, but I can not for the life of me perceive how this bill will have any such effect. On the contrary, I think it will dig deeper the hole we are in now.

It has been said this bill will prevent banks from closing. I defy anyone in this Chamber to point out any State where the guaranty of bank deposits saved any bank from going under. On the contrary, look at the record, for example, in the State of Nebraska. Read the case that is cited in the report of the Committee on Banking and Currency, Abie State Bank against Bryan, Two hundred and eighty-two United States Reports, at page 770. The guaranty fund saved no bank. On the contrary, it embarrassed and hurt all the good, strong banks. Here is an extract from the Supreme Court decision, Abie State Bank against Bryan, showing the disastrous effect of the guaranty law in the State of Nebraska—the record is the same in all other States that tried the scheme.

The district court reviewed the results of the operations of the banks in Nebraska under the bank guaranty law. It appeared that there were 1,012 banks in the State (of Nebraska) in November, 1920, and that the number had been reduced to 726 in December, 1928; that these banks had a total capital of $19,001,000 and a total capital and surplus of $24,958,557.62; that for the period of 18 months preceding June 30, 1928, 750 banks had net earnings and 156 had net deficits; that the total net earnings of both groups for that period amounted to $1,935,519.40, or 7.9 per cent of the total capital and surplus; that during the same period these banks had paid into the depositors' guaranty fund $2,412,324.78, more than the earnings. It also appeared from the testimony of the secretary of the guaranty fund commission (as stated by the supreme court of the State) that up to December 31, 1928, 269 State banks had been closed by the State and placed in the hands of the commission, and that the total amount of the adjudicated claims was $10,536,518.59, exclusive of interest; and that in 72 State banks, then being operated as going concerns, the amount due depositors was $13,726,441.26, and the total amount due depositors in banks which were in receiverships but whose claims were not yet adjudicated, was $2,133,627.54. The total claims, including both claims adjudicated and those not adjudicated, or then existing liabilities against the guaranty fund, amounted to $26,400,282.76, and the total amount of assets to be realized would be $10,451,932.65, leaving a deficit of $15,948,350.11. The court concluded that "fully two-thirds of the banks under the existing financial conditions are unable, after paying assessments amounting to 8 per cent of their capital, to pay compensatory dividends," and that the bank guaranty law, as originally conceived, was "no longer serving its purposes."

So burdensome had the law become in Nebraska that it was finally repealed and the scheme of bank-deposit guaranty was abandoned. The fund was liquidated. The depositors, whose deposits were supposedly guaranteed, never will be paid in full.

Instead of rescuing banks, especially small State banks, this proposal would plunge them deeper and deeper in the abyss of difficulty; and how under the sun it is going to prevent the failure of banks on a nation-wide scale is beyond me.

We know that banks are not failing now. We have arrested the failure of banks. The measures that we have provided, including the Reconstruction Finance Corporation bill and the last Steagall bill, have been doing what we anticipated they would do, namely, offer plenty of liquidity to banks to remove the fear of runs. Furthermore, the policy of the Federal reserve system of open-market transactions which has been indulged in to the extent of almost $100,000,000 during some weeks, will also, I am quite sure, fundamentally change the situation for the better. In fact, signs of improvement along these lines are seen. The Federal reserve in bidding in the open market for Government securities are forcing banks to open their portfolios and to divest themselves of the Government securities in return for the cash the Federal reserve offers. Such practice makes banks more liquid and undoubtedly will force banks to loan out their cash funds.

Give these measures an opportunity to work their course instead of rushing in pell-mell with the Goldsborough bill and now with this bill.

This will take $150,000,000 out of the surplus of the Federal reserve banks. I tell you, gentlemen, the system can not stand this depletion, because the capital of the Federal reserve banks is only $159,060,000. This is as of January 31, 1932. The surplus to-day has been reduced as of that date to $259,420,262. Its earnings for the last calendar year was about $3,000,000. Now, out of the $259,420,262 you propose to take $150,000,000.

The Federal reserve system is not an inexhaustible gold mine where you can constantly dip your hand in and take out money. Even it has its limitations. You must remember that the peoples of Europe and of South America and the rest of the world look upon the Federal reserve banks as we look upon the Bank of England or the Bank of France. It is our central bank. Now you propose to deplete the surplus of that central bank by almost 50 per cent. What is going to happen? England and France will misunderstand your action. There will be more of a flight from the dollar. There will be more gold removed from this country and taken away from us, because they will fear for the financial stability of our central banking institution, the Federal reserve system. You can not so drastically reduce the surplus of any financial organization 50 per cent without shaking the confidence of its customers.

Mr. MAY. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. MAY. The gentleman from New York has spoken of the stopping of bank failures in this country by the enactment of the Reconstruction Finance Corporation law. Does not the gentleman think that is due to the fact the public generally understands that the United States Government has sponsored that movement?

Mr. CELLER. That may be so, but I say we have gone far enough in that regard. If, for example, we have stopped the plunge of banks into insolvency by runs being made upon them by the Reconstruction Finance Corporation, why should we go any further? Therefore I am impatient with the argument that this bill will stop such bank failures. They have already stopped, and there is no need to proceed further.

[Here the gavel fell.]

Mr. CELLER. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. There is another matter here that we must not lose sight of, because the figures stare us right in the face. During the fiscal year ending June 30, 1931, the total amount of deposits in failed banks, member banks, and nonmember banks, was $1,759,884,000. Of this amount the member banks had in their treasuries $776,000,000 and the nonmember banks $983,000,000. The testimony shows that only 50 per cent, or thereabouts, is usually salvaged in the liquidated banks. Dividing in half the $1,759,884,000 in the failed banks and supposing that all the banks had come under this guaranty fund, and figuring that only 50 per cent would be salvaged, there would have had to come out of the guaranty fund, supposing we had the scheme in operation before the present panic, over $870,000,000. Your initial fund in this bill is $500,000,000. Where would the balance come from except from your pocket and my pocket; that is, from the taxpayers.

If we want to go farther and say this is an exaggerated case, I am quite sure we can take the situation where we only have the member banks failing. There was in the member banks deposits of $776,000,000, which would mean that the guaranty fund, if it were faced with a similar situation, would have to pay out $388,000,000; that is, half the amount of deposits. You would have exhausted almost all the fund immediately, presuming again that the scheme were in operation before the present depression or panic. I hope the committee will vote down this bill.

Mr. GILBERT. I ask unanimous consent that the gentleman may have one minute more in order to answer the question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GILBERT. As a matter of fact, upon what does the gentleman base his statement that we have stopped the failure of banks? I have information that two have failed in my community during the last week.

Mr. CELLER. Some banks are failing, but I think it is the common opinion, and the Comptroller of the Currency so states, that the banks in general have stopped failing. There has always been a small number of banks failing, even in times of prosperity, but they are in small numbers. The number of banks failing has been appreciably diminished, and I would say that, in general, banks have stopped failing all over the country.

Mr. GILBERT. Has the gentleman any statistical information of that fact?

Mr. CELLER. I have. But you can easily consult the office of Comptroller of the Currency for verification.

[Here the gavel fell.]

Mr. REILLY. Mr. Chairman, I move to strike out the last two words. I ask unanimous consent to proceed for 10 minutes, 5 minutes, out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. REILLY. Mr. Chairman, this House is confronted with a condition and not a theory in the discussion of the pending bill providing for the guaranteeing of bank deposits.

As I have listened to the debates on this bill I am reminded of the debates on the Federal reserve act in this House in 1913, when it was my privilege to serve in this body. The arguments that we have heard to-day that this bill is unsound in principle, that it penalizes the careful and efficient banker, that it will lead to more reckless banking, and that it simply will not work were all eloquently and forcibly urged against the Federal reserve system, now declared by friend and foe alike to be a great piece of constructive financial legislation.

The Federal reserve act was passed because of the Wall Street panic of 1907, which resulted in a serious business disturbance and great financial losses to the citizenship and to the industry of our country. When the people learned that our bank reserves were all pyramided up in Wall Street and used as call money on the stock market, and that when Wall Street had a panic the rest of the country would have to have a panic, a demand went forth to completely sever the connections between Wall Street and our banking system, and the result was the Federal reserve banking law.

For the 10½ years prior to June 30, 1931, about 8,000 banks in the country have suspended, resulting in the tieing up of hundreds of millions of dollars of assets with great inconvenience and losses to the depositors, with the unfortunate result that the people have lost confidence in even our surviving sound banks.

Of course the large percentage of banks that failed in this period were small banks having a capital stock of $25,000 or less. This class of banks constitutes 60 per cent of the bank failures in said period, while banks having less than $50,000 capital stock represent 70 per cent of the total bank failures of the past 10 years, and banks having less than $100,000 capital represent 60 per cent of the total bank failures. During the year 1931, 369 national banks closed their doors and 1,324 State banks failed. This record represents an increase of almost 300 per cent over the banking casualties of 1930. However, quite a few of these closed banks, both State and National, were reorganized without any loss to the depositors.

Experience has proven that banks with a small capital stock can not weather depressions for the simple reason that their profits are not sufficiently large to permit them to write off losses.

The pending bill provides for increasing the capital stock of national banks to a minimum capital stock of $50,000, and it also provides for the building up of a surplus or reserve fund by limiting the dividends on stock until the reserve equals the amount of capital stock. These provisions in this bill constitute constructive banking legislation and will lessen bank failures.

The pending measure also provides for the extending of the guaranteeing provision of this bill to State banks not members of the Federal reserve system, providing such institutions desire to avail themselves of the privileges of this law.

We are now at another crossroad in our banking history. The present industrial depression has brought home to the country most forcibly the fact that there is something radically wrong with our banking system. Any student of the present industrial situation can not help but arrive at the conclusion that our banking system is the one sore spot in our industrial life to-day.

Our banks to-day are not ministering to the legitimate loaning demands of industry. Because of the number of bank failures that have taken place in the past three years, many people have lost confidence in the safety of our banking institutions, with the result that there have been enormous banking withdrawals, that have resulted in closing many banks that were sound, and never should have been closed, and also in the tightening of bank credits.

The best-managed bank in the world can not stand a continual drain on its resources by withdrawing depositors. The bankers are not to blame that they have tightened up on credits. Because of this feeling on the part of many people that the banks are not safe, all banks have to keep liquid as a matter of self-preservation.

The bankers of our country, to a large extent, during the past two years have been more concerned about the safety requirements of their own institutions than about the legitimate loan demands of trade and industry. The fact of the matter is the banking situation in our country has greatly accentuated our industrial depression. If confidence in our banking institutions could be restored, if the hoarded millions could be restored to the custody of the banks, and the bankers could be relieved of the fear of runs and withdrawals, it is believed that industry and commerce would take on a new life and that our country would be on the way out of our nightmare of industrial stagnation and ruin.

When the Government of the United States puts money in a national bank, a national bank that it has a right to inspect, it requires a bond for the return of the money. When State governments put money in their State banks the same requirements are laid down. When our cities and municipalities deposit in banks they demand security for the return of their money. Then why should our citizens be asked to put money into banks without any security or assurance that it will be returned to them when they need it?

When the Federal reserve banking act passed the United States Senate in 1913 it contained a provision for using the profits of the bank to liquidate the liabilities of failed banks. This provision was omitted from the House bill and went out of the Senate bill in conference for the reason that it was claimed the Federal reserve system was not intended or expected to make any profits.

The history of the Federal reserve system shows that these views were wrong. The Federal reserve system has made profit since its organization in excess of over $500,000,000. There is at the present time more than $250,000,000 of surplus in the Federal reserve system, notwithstanding the fact that the system has paid $150,000,000 to the Government as a franchise tax and about $100,000,000 in the erection of palatial bank buildings.

If the Federal reserve law had carried a provision for the use of the profits of the system as a fund to pay depositors in full in closed national banks and member banks of the system, that sum, together with the interest losses to these banks since 1929 because of the huge sums retained in bank vaults in order for the banks to remain liquid—which would amount to hundreds of millions of dollars—would more than pay all losses to depositors in the Federal reserve system to date.

Many National and State banks have failed in the past three years that never should have failed. These banks were soundly managed, but because of the failure of banks that were not wisely managed, banks that were the victims of dishonest acts of their officials, a loss of confidence in the safety of all banking institutions has resulted in the gradual withdrawals of deposits from sound banking institutions and compelled many of these banks to close their doors and to be listed on the roll of bank failures in order that the balance of the depositors might be protected.

Our banking system constitutes the heart of our industrial life—a heart that pumps money, the lifeblood of industry and trade, through the arteries of commerce and must be kept a sound and efficient organism if our country is to continue to avoid industrial depression such as we are now experiencing. We are doing business to-day more than ever not on money, but on credit and our industrial plight to-day is largely due to the destruction of confidence in credit in the business world.

I am not for the pending bill providing for the guaranteeing of bank deposits simply because it will prevent losses to the depositors, but I am for the bill because it will prevent losses and disaster to the business and industrial world. The business and industrial world can not operate efficiently unless properly served by the banking institutions.

When the depositors began to lose their life savings in closed banks confidence in the safety of banks waned and at that same moment the ability of the banks to serve the business world began to decline. A failed bank means not only a loss to the depositors but it also means a loss of confidence in our banking system that eventually means a tightening up of the loaning privileges of the banks, and it means the paralysis of industry.

We will never get our country back on the highway of economic recovery until we can restore confidence in the soundness of our banks, and thereby relieve the bankers of the fear of bank withdrawals either hurriedly or through a more extended period of time.

This bill will help the bankers of the country—I mean the great majority of the legitimate commercial bankers of the country, the honest bankers, who are interested in running safe and serviceable banking institutions.

It is my pleasure to represent in part on the floor of this House, a State that has an enviable record from the standpoint of sound and safe banking. If all the States of the Union had the same banking record as Wisconsin has, we would have had no such industrial depression as we are experiencing to-day.

Of the 1,345 banks that failed in the United States in 1930, there were only 24 of that number which occurred in Wisconsin, and of these 24, 12 were reopened without any loss to depositors. However, notwithstanding this banking record for Wisconsin, reports are that it is just as difficult for the business world and the legitimate borrowers to get money from the banks in Wisconsin as almost any other State in the Union.

The bank failures throughout the country and not of an individual State are what wreck confidence in our banking institutions and paralyze the lending hand of the banker.

Mr. MAY. Will the gentleman yield?

Mr. REILLY. Yes.

Mr. MAY. What does the gentleman think of the idea of the hoarded cash there is in the country, what will happen to it after this bill passes?

Mr. REILLY. The hoarding of cash or money to-day has reached a serious situation. No one appears to be able to estimate just how much money has been withdrawn from the banks and hoarded, but it undoubtedly represents a huge sum, probably $1,500,000,000. This withdrawing of so large a sum of money from our banks at this time has seriously contracted the credit of the country. There can be no doubt at all, but that if this bill should become a law money would come out of hiding and there would be no incentive then to hoard money for the reason that all depositors would understand that their money was safe in the banks.

Even in prosperous times there is a great deal of money hoarded by the people who because of their past experiences distrust our banks.

The passage of this bill will not promote reckless banking. Every banker will have at stake his reputation, his own investments in the stocks of the bank and in the investments of his friends and he will have every incentive to pursue a sound and safe banking policy.

The fact of the matter is that we have had too many banks in this country and it has been too easy to become a banker. In my State of Wisconsin, if one of our citizens desires to become a barber or a plumber or in fact to enter upon any line of industrial or professional activity, he must pass an examination and obtain a license to pursue a particular trade.

The same situation exists in many other States in this Union, while anybody can become a banker and engage in the business of handling bank deposits and of contributing through inefficiency as a banker to destroying the confidence of the people in the banking institutions of the country.

This bill does not unjustly or unreasonably penalize the efficient banker.

The Federal reserve system penalizes the efficient banker. Under the Federal reserve system the bankers of the country, the efficient as well as the inefficient, are obliged to keep $2,000,000,000 on deposit with the Federal reserve bank, on which they draw no interest. Under the old system they were privileged to draw from 2 to 3 per cent on such deposits, but in the interests of the whole business world it was decreed by law that the careful bankers should be penalized to the extent of being deprived of that interest income in order that our banking system might be made safer.

Almost every law that is written upon the statute books of our country penalizes somebody. Our life-insurance premiums are higher than they should be because of the reckless lives that some people live. Our fire-insurance premiums are higher than they should be because of dishonesty and carelessness on the part of some of our citizens who carry property insurance. So it is all through our industrial and official life. The honest and the efficient citizen and business man is penalized for the faults and shortcomings of others of his fellow citizens.

As I have said, the banking business constitutes the most vital business of all our industrial institutions, and it must be made safe and sound if we are going to continue to do business in this country on checks and credit.

Under a system of guaranteeing of bank deposits the bankers themselves will be interested in the efficiency and honesty of their banking brothers. They will have an inspection system all their own in each Federal reserve district, an inspection system that will be based upon careful inspection and free from politics and pull. Under such a system many of the bank failures that have occurred in the past, that were the result of inside jobs, would have been prevented.

Just as soon as the bankers of this country become responsible for the workings of an efficient banking system, the bankers will devise a system of inspection and checking up that will make impossible bank failures such as we have had, and the cost to the bankers will amount to only a fraction of 1 per cent a year charge upon the banking resources of the country, in order to liquidate in full all losses to depositors.

Congress and the country must look to the bankers, not the big bankers, not the speculative bankers, not the exploiting bankers, but to the commercial bankers, who are satisfied to run safe and conservative banks for the purpose of serving industry and commerce and the legitimate banking demands of their respective communities, for assistance and guidance in solving the important and pressing problem of furnishing our country with a banking system that can function as efficiently in times of industrial depression as in periods of business prosperity. [Applause.]

Mr. GREEN. Mr. Chairman, I move to strike out the last three words. I want the attention of the members of the Banking Committee in particular to suggest for their consideration that before the bill is enacted into law, as there is plenty of time to amend, to consider the advisability of writing a provision in the bill further limiting the amount that a bank may loan. There is no reason why a bank capitalized at $50,000 or $100,000 should be permitted to loan money beyond its ability to meet upon call. In other words, the practice at least in some States has been that a bank may loan almost an unlimited amount; this is the case with many State banks. The banking laws of some States are not strong. We need Federal laws for Federal banks which our State laws may well follow.

Another provision I believe the committee should consider is the further criminal liability of the officers of any bank that may close its doors.

If bank officials were sure of criminal punishment in case their bank closed, then they would be more careful in the making of loans that are not properly secured. No; I am not charging all bank officials as being careless or dishonest; far from that; but if the penalty was certain, the sane and honest bankers would be protected. If such penalty was certain, fewer banks would close, and thus the life savings of our citizens would be protected against the weak and the dishonest. The argument that credit would be hampered is not sound because to-day credit is almost nonexistent. Credit would, in the long run, be extended and enlarged, and also deposits of innocent citizens would be safe. My friends, the American people are tired of seeing the banks close with their life's savings and we should protect them by more drastic laws.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

I was unable to make a connected statement a short time ago, and although I quoted from the National Monetary Commission's report, in which it was said that the Government should not permit the use of its credit without compensation, I intended to also quote from more recent authorities, but my time did not permit.

At this time I want to invite attention further to a letter which I mentioned earlier in the afternoon but was not privileged to read, and I want to at least read one paragraph of that letter.

This very question came up in 1920, as to whether the Federal reserve system should have the excess earnings. Back in 1916 the board met and, although section 16 of the Federal reserve act provides that when these notes are issued the Federal reserve bank shall pay the rate of interest as may be prescribed by the Federal Reserve Board, they decided that that rate of interest should not be assessed, because the excess earnings would go into the Treasury in any event, and there would be no occasion to assess interest charges when the notes were given to the Federal reserve banks.

Now, the question arises in this bill, Shall we give the Federal reserve banks all of their excess earnings? which, in truth and in fact, is nothing more than granting a perpetual franchise to those banks to use the credit of our Nation without any compensation whatever.

When this question came up in 1920, Mr. Harding, governor of the Federal Reserve Board, wrote to Mr. Edmund Platt, of the House, explaining a scheme he had in mind, which would have distributed the surplus belonging to the Government at the end of a certain period. To the member banks 45 per cent; Federal reserve banks, 5 per cent; to the Government 50 per cent. In other words, he was for giving one-half the Government surplus to the member banks. He said he had thought about this a great deal but had finally decided not to mention it to anyone. The day before this letter was written he had met Edmund Platt and Platt had brought up that very subject, that is, how to get more of the earnings for the member banks. Harding said it was a coincidence that both of them had been thinking about the same thing.

On February 7, 1920, Mr. Jay wrote to Platt proposing an amendment to the Federal reserve act, whereby the directors of the Federal reserve bank would be given the right to declare an extra dividend.

I will not read all of this statement I have prepared, but I want to read one paragraph from a letter from Mr. John H. Rich, of the Federal Reserve Bank at Minneapolis. It is dated February 13, 1920, to Mr. Jay, who was chairman of the Federal Reserve Bank of New York, and it reads:

Member banks enjoy four distinct sources of profit from a Federal reserve bank. The first is their dividend upon their capital stock, on which they receive a return of 6 per cent per annum. The second source of profit is represented by service which we give them for nothing. This represented, in the case of this bank last year, more than the equivalent of the 6 per cent dividend. Members enjoy a third source of profit from the spread between the Federal reserve bank discount rates and their own loan rates, and the aggregate of this profit in one year is by no means inconsiderable.

They enjoy a fourth profit, which in many cases that I have investigated, is more substantial than the dividend payment, lower reserves, and ability to increase their loanable funds. With four distinct sources of revenue available to them already, I can see no possible reason why we should deliberately give them more.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. The distinguished chairman of the committee stated a while ago that Mr. W. P. G. Harding, who was chairman of the Federal Reserve Board, also advocated giving the excess reserves to the member banks.

I have made some investigation of that subject myself and I have been unable to find where Mr. Harding advocated that, except before February 13, 1920. When he took it up with the Federal reserve agents they convinced him that he was wrong, and on April 22, 1920, Mr. W. P. G. Harding, governor of the Federal Reserve Board, sent out a 7-page letter to the member banks, in which he said:

The desire of the member banks for a larger participation in the profits of the reserve institutions is quite general and perhaps not altogether unnatural. * * * The framers of the act did not contemplate that the Federal reserve banks should be essentially money-making institutions.

If this bill passes, it is making them money-making institutions. It provides sufficient incentive for them to be greedy in making money, because excess profits and all profits go back to the Federal reserve system and then are distributed to the member banks. The Federal reserve system was not established to make profit; but now you are trying to bring in a bill that will make it a profit-making institution by using the credit of the Nation free of charge, without one penny of compensation.

He states further:

The law expressly exempts Federal reserve banks from Federal, State, and local taxation, except upon real estate, and they are relieved of paying corporation income and excess-profits taxes.

I will skip over much of the letter and not read it all.

Mr. MAY. Will the gentleman yield for a question?

Mr. PATMAN. I yield for a short question.

Mr. MAY. The collections that member banks made prior to the rules adopted by the Federal reserve banks on items of cash exchange amounted, it has been stated, to 6 per cent interest on their capital stock.

Mr. PATMAN. That is not relevant here; I hope the gentleman will not press it. Each bank gets a benefit out of that.

Mr. MAY. What becomes of the money?

Mr. PATMAN. They lose money in some instances by rendering free service and make money in other instances by receiving the benefits of free services rendered by others.

Continuing to read:

Member banks should recognize the fact that earnings of Federal reserve banks are, therefore, derived very largely through the circulation of these notes. The Federal Reserve Board has the power under section 16—

Listen to this closely, for it is the section I reminded you of a while ago—

has the power under section 16 of the Federal reserve act to impose an interest charge at such rate as it may deem expedient upon the Federal reserve banks for that portion of their notes in circulation not covered by gold or gold certificates.

I ask you to listen to this:

It is a rather close question—

I think he is wrong. I think it is a mandatory provision of the law, but he says:

It is a rather close question as to whether the board has any option in imposing an interest charge upon Federal reserve notes in circulation.

I want to ask the committee in all sincerity if they are going to bring in a bill to take the excess profits of the Federal reserve banks, they certainly should write into the Federal reserve law a provision about which there will be no doubt, that an interest rate shall be charged upon the circulating notes.

I shall not read the letter further except to say that Mr. Harding closes the letter by stating that if they further insist upon taking these profits he will insist upon imposing an interest charge.

That was back in 1920. Why change so quickly and so suddenly the policy of our Government of using the credit of our Nation?

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Now, let us see what the bill does. Where are all the Members of the House who have been talking about unbalancing the Budget? Every time a bill they oppose is brought up they say, "This will unbalance the Budget." Where are they now?

This bill does not in express language provide for an appropriation, but the language it does use amounts to an appropriation from the Treasury of the United States.

Mr. McFADDEN. Will the gentleman yield?

Mr. PATMAN. Yes.

Mr. McFADDEN. I call the gentleman's attention to page 19, section 211, where a specific appropriation is made.

Mr. PATMAN. I know; but what I mean is it does not give the amount and does not call it an appropriation. The amount is $147,126,882, if this bill passes, that you will take out of the Tresaury. It will not be taken out of a trust fund that has been set aside, because no such fund has been set aside. It will be taken out of the taxpayers' money and further unbalance this Budget you have been talking so much about. Five hundred million dollars more is appropriated in this bill; that is, permission is granted to the Reconstruction Finance Corporation to advance to this guaranty board $500,000,000, and that is an advancement from the Treasury of the United States, because the Reconstruction Finance Corporation has already used its initial capital of $500,000,000; it has issued debentures of $200,000,000 more, I am reliably informed, and it could not sell those debentures readily, and under that act they had the right to go to the Treasury of the United States and get that money from the Treasury, which they did.

Under this bill you are giving them the further right to take $500,000,000 in debentures, go to the Treasury of the United States and get that much money. Where are all these Members who have been talking so much about the Budget? They are solicitous of the welfare of the Budget; here is a bill that appropriates $647,000,000. I now yield to the gentleman from Nebraska.

Mr. HOWARD. I just wanted to ask the gentleman whether from the abundance of his knowledge he could tell the Members of this House whether or not that institution, known as the Federal reserve, is or is not secretly behind this legislation.

Mr. PATMAN. I do not know whether they are secretly behind it or not, but here is what I believe will happen if this bill passes. The big banks will get out of the Federal reserve system. The guaranty board will take this $647,000,000 of the people's money and use it for the insolvent banks, and then the guarantee part will be repealed. Then the big banks will come back in, and they will have this perpetual franchise to use the people's credit in order that they may make profits for themselves without paying one dime to the Government.

What is the profit of the Federal reserve system out of a dollar? They put up 40 cents in gold and 60 cents of credit of the Government of the United States. The Federal re-

serve system does not own that gold. That belongs to the depositors of the banks of this Nation. Therefore, they are not putting up a penny on earth, and are making all of these enormous profits, and do not even want to pay the Government of the United States a small interest charge for the issuance of these notes. The Federal reserve banks have a perpetual charter now, and if you pass this bill you give the perpetually chartered Federal reserve system the right to forever use the Government's credit without a penny of compensation. That is the point I want to emphasize.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, the most momentous question of most vital importance to the people to-day is to make Americans secure in their money they deposit in banks. [Applause.] We must properly frame and pass this bill to-morrow to guarantee bank deposits. Our constituents have been ruined by the thousands everywhere through the failure of banks. Until you guarantee deposits there is not going to be any confidence in business any more.

I want to ask my friend from Colorado, who has been here a long time, this question: Suppose one of your constituents were to come to you to-day and say, "I have $10,000 that during our married life my wife and I have stinted ourselves to save. I want you to tell me where to put it, what bank I could put it in to be secure." What bank would the gentleman cite them to?

Mr. TIMBERLAKE. Postal savings.

Mr. BLANTON. That is the trouble. You put them into a Government business. They have a right to put their money in private banks and feel secure about it.

I want to say to my friend from Texas [Mr. PATMAN] that this is the only guaranty of deposits bill we are going to have before the Congress. If the bill is not proper or if there are defects in it, or if there are certain provisions in the bill which will have the bad effect he is fearful about, let us properly amend the bill under the 5-minute rule and whip the bill into shape and pass it and let our constituents know from now on that in national banks, at least, when they put their money there it is going to be secure and they can get it back.

If the State banks of Texas do not come in under this law and guarantee their deposits, let them go out of business. I would rather have them go out of business than ruin my constituents by closing their banks and causing them to lose their deposits. [Applause.]

Mr. GREEN. Will the gentleman yield?

Mr. BLANTON. I yield; but I have only five minutes.

Mr. GREEN. My question is right along that line. Does the gentleman believe any more banks would close if the officers of the bank knew they would get 10 years' imprisonment?

Mr. BLANTON. One prominent banker in my home city has been convicted. I know my friend from Alabama has worked hard, with the help of his committee, in trying to bring out a bill that will protect depositors. I have confidence in the gentleman, and if there is anything in the bill that does not protect the public, I know the gentleman will be pleased to have proper amendments offered from the floor to safeguard the interests of every American citizen in this land.

Mr. PATMAN. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PATMAN. I have prepared amendments to offer to the bill and I hope the gentleman will support them.

Mr. BLANTON. I shall support all proper amendments. I know my friend from Alabama well enough to know that he will be glad to have any amendment offered that will further safeguard the interests of the people. I am going to go along with him on this proposition, because it is the only thing that promises any safeguard for the interests of the depositors of the Nation. What else are you going to get for the people of this Nation? If you write your constituents, they will tell you that they want you to make bank deposits safe before you adjourn.

Banks have failed all over my country. In the city of Eastland, Tex., the county seat of one of the finest counties in the land, every bank in that city failed at one time and the people did not have any place to deposit their money or to draw a check. Banks have failed all over the South and everywhere else in the United States, and the time has come when we must make these deposits safe, and I am going along with the committee in an effort to do this.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I want to ask Members on my left what they are going to do when a bill comes before the House, sponsored by the President of the United States, providing for the use of funds that have been paid into the Treasury out of the earnings of the Federal reserve banks and the surplus of the Federal reserve banks for the benefit of depositors in closed banks? When this measure comes here are you going to follow the President of the United States or are you going to follow the gentleman from Pennsylvania? It is very likely you are going to face that question before the session ends and I want to call your attention to it now.

The Federal reserve banks get their money out of the deposits of member banks and out of the stock maintained in the Federal reserve banks by member banks.

I want to repeat that no man can contend that anyone has a moral right, whether it be all the people of the United States or an individual, to take the earnings of a bank and appropriate them as against the rights of the stockholders and the depositors in the bank who are the rightful owners of its assets. But this bill does not depend upon the mere use of $150,000,000 out of the Treasury of the United States. We can pass a successful plan without this fund, though it of right belongs to the member banks of the Federal reserve system. We have an ample fund without resort to an appropriation out of the Treasury for use of funds that have been paid from the earnings of Federal reserve banks.

The records show that all the deposits involved in bank failures for 11 years—from 1921 to 1931, inclusive—amount to only $1,200,000,000 in round figures. We have in the records of the Banking and Currency Committee the testimony of the Comptroller of the Currency, who made the statement that history has shown that we collect in insolvent banks enough to pay depositors 88 per cent, leaving a loss of only 12 per cent. So we have an ample fund even without calling upon the Treasury, and it would not become necessary to assess banks after the initial fund has been collected. We merely give the right to assess $100,000,000 annually after the first $100,000,000 has been paid into this fund and provide for collections to be made in installments.

I want to say that we have found that deposits involved in bank failures in nonmember banks are less than the deposits involved in the failures of member banks, for the last 11 years, 1921 to 1931, inclusive. The record shows it. So, in view of this and in order to help carry the burden of protection for the depositors, the committee has prepared an amendment to be offered at the proper time which liberalizes the provision for admitting State banks to participation in the protection fund. All are to come in upon equal terms and with equal assessment.

This is what the figures show, notwithstanding there are twice as many nonmember as there are of member banks and nonmember banks had one and one-half times the amount of deposits that member banks had during the 11-year period——

Mr. LINTHICUM. Will the gentleman yield?

Mr. STEAGALL. I have only a few minutes, as we must adjourn before 4 o'clock, but I yield.

Mr. LINTHICUM. I simply wanted to ask the gentleman this question: A number of States have passed guaranty laws and have afterwards repealed them because they did not work. Will the gentleman state the difference between those laws and this bill?

Mr. STEAGALL. If the gentleman will confer with Members who come from those States, for instance, Governor SHALLENBERGER, and the gentleman from Oklahoma [Mr. HASTINGS], or the gentleman from Kansas [Mr. STRONG], or other Members, they will explain it. As long as those laws worked successfully, they were ideal, but it was

found that the funds affording protection were not large enough in such small units, where the risk was concentrated. It must be remembered, too, that those States were depending upon one crop—our banking supervision was new and wholly inadequate.

Mr. LINTHICUM. The reason I asked the question was because the banks are writing to us and citing these cases.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. STRONG of Kansas. The guaranty laws in these States failed because the fund was not big enough to carry the load.

Mr. STEAGALL. That is true. Nobody argues that the fund provided for in this bill is not sufficient. The only argument is that we do not get it in the right way. The truth is we levy the burden on the banks themselves whose carelessness and irresponsibility made possible this horrible condition under which our people are suffering to-day.

Now, I want to call attention to something that some Members seem to have forgotten. This Congress has already passed a bill for the protection of the depositors in banks in the United States, and we took the money out of the Treasury of the United States, as the gentleman from Texas has just stated; and although we began with $2,000,000,000, we are now asked to open the Treasury again to save the situation. We passed that legislation at the instance, and upon the insistence, of the big bankers of the country, who are propagandizing the House and the country now and condemning as unsound the bill now before us, which places the protection burden on the banks themselves.

I deny the right of any Member of this House who voted for the $2,000,000,000 guaranty bill to vote against this measure, if he makes any claim to consistency. Ask any member of the Reconstruction Corporation Board if he thinks we were justified in using the Treasury of the United States to the extent of $2,000,000,000 for saving the banks of the country that were falling and paralyzing industry and agriculture and commerce in the United States. They will at once answer that the service rendered in preventing bank failures justifies that legislation. Their only boast is that bank failures have been ended. It was in every essence a guaranty measure. In fact, that was the justification for it. I deny the right of any Member of this House who voted for that bill to repudiate this bill, either in principle or as it will work out in practice.

Mr. LAGUARDIA. And is it not true that along with that insistence and persistence to get that measure through they depicted a very dismal picture unless we did pass it?

Mr. STEAGALL. They told us stories of distress, not of little banks, referred to here so contemptuously, but of distress in the condition because of big banks. Our troubles have not arisen out of the difficulties of little banks so much as in the case of the big banks. The big bankers told us stories of distress that I was not at liberty to disclose. They now have their arms in the Treasury up to their shoulders and then come and talk to us about the principles of this bill being unsound. [Applause.]

Mr. KVALE. Mr. Chairman, I ask unanimous consent to proceed for three minutes out of order.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KVALE. Mr. Chairman, the statement I am about to make is made at the request of a hastily formed citizens' committee of this city of the most representative and all-inclusive character, which is deeply concerned over the prospect of wholesale suffering and misery which must almost surely result if published reports that a large number of ex-service men are soon to reach the city of Washington in the interest of adjusted-service certificate payment legislation prove to be true.

No one can challenge my position in respect to that legislation. I am for it now, and I shall continue to be for it; but after sitting yesterday afternoon in that earnest group which met with the District Commissioners and the superintendent of police, and after receiving from them this request, I voice their plea, and I think I have reasonable assurance that it is also the plea of this House, to those groups of veterans not to come here in the numbers planned but to turn back to their homes.

I make this appeal not only for the sake of the legislation which I have supported and in which they are interested, but also in the interest of the comrades who will be attracted to their group as they near Washington, and who may not be as strong as the strongest among the original groups. Unless climatic conditions are ideal many will suffer from exposure, because every available shelter is filled to capacity already. With every good intention in the world, municipal authorities and responsible citizens, welfare groups, and even the veterans' organizations themselves are powerless to finance or otherwise to provide food for any large group even for a short time. The leaders, whoever they are, are taking a terrible responsibility in bringing here under such conditions a group of men unable to provide for themselves.

What is worse, others are to be considered. Perhaps these veterans would revise their plans if they could know that because of these depleted welfare chests and municipal resources money spent to feed them will be taken from children and dependents upon these chests who are already undernourished and undersupplied with barest necessities.

The city, wrestling with a burden already too heavy, has sought to ease it by securing additional deficiency appropriations from Congress, not yet assured. Welfare workers are at their wits' end; in the name of these combined groups and for the reasons stated, I ask these veterans to stay away from Washington and not to descend as planned upon the city in large numbers.

It is not that the city is inhospitable. It is simply that funds are exhausted, welfare agencies are helpless in consequence, and responsible citizens and officials are greatly concerned. It is a situation that clearly demands wholehearted cooperation from Congress and from the executive agencies of the Government. The word should go out at once and with all earnestness, and should be understood to come from the genuine friends of these veterans. Let us do all we can, individually and together, to broadcast this appeal and frank statement of what they must expect if they encourage this congestion that is planned. [Applause.]

Mr. STEAGALL. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 11362 and had come to no resolution thereon.

THE PRESIDENT'S MESSAGE OF MAY 5, 1932

Mr. WEAVER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WEAVER. Mr. Speaker, on May 5 the President of the United States transmitted a message to Congress which aroused much discussion. Every Member of Congress, including Members of both parties, has received numerous communications, apparently based upon this message and generally expressing the feeling that Congress was refusing to enact economies, and, instead, was enacting much harmful legislation.

The President of the United States is always entitled to our high respect; but when he appeals to the country in an apparent effort to array the people against its Congress, he should be accurate, and it is necessary that the people themselves should understand the basis for his criticism.

In this message he refers to his constitutional privilege to advise the Congress upon the state of the Union. This, of course, he has. Instead, however, the message was an effort to shift in a large part the blame for the unhappy condition of the country, which has grown up under his administration, from his own shoulders to that of a Democratic House—a House barely Democratic by five majority when the entire membership can be present.

It was his distinct privilege to advise the Congress upon the state of the Union and to make specific recommendations. After 12 years of Republican administration and after an orgy of unprecedented spending, the state of the Union is undoubtedly bad. And when this Congress assembled in December, and the Democrats elected a Speaker by a bare majority, the country had already reached a state that can well be described as one of business despair. The Congress was facing a Republican deficit estimated at more than $2,000,000,000. The collection of income taxes, both individual and corporate, had fallen off under Mr. Hoover's administration more than $1,500,000,000 during the last fiscal year.

On the Democratic Party, with this slender minority in the House, and with a Republican Senate, was imposed the task of securing additional revenue to meet this enormous deficit, such revenue to be raised from a people which had been already reduced to the lowest earning power in the history of the Republic. From reading many statements in the press one can not escape the feeling that it is unjust to charge the Democratic Party, with a slender control of only one branch of the Government, with a failure in leadership because in a short period of three or four months it has not been able to set in order the disaster and unhappiness throughout the Nation. The facts involved, of course, are well known and will be properly appraised.

It is not my purpose now to discuss these facts in detail, but shortly to call attention to some of the specific things referred to in Mr. Hoover's message.

First he criticizes—

the manner in which the House of Representatives rejected both the revenue program proposed by the Treasury and the program unanimously reported by the Committee on Ways and Means.

What the House defeated was the sales tax and, conceding that it is necessary to balance the Budget, the House levied taxes from other sources sufficient to effect such balance. Whether it was absolutely essential to lay additional taxes upon the people to meet this Republican deficit of $2,000,000,000 or more in its entirety at this time is open to discussion. I, of course, believe the duty of balancing the Budget exists, regardless of the blame for its creation. But, however this may be, the statement that the Treasury recommended a sales tax to the Committee on Ways and Means, as would be inferred from the President, can not be substantiated. Upon this point I shall content myself by quoting the statement of Mr. Mills, the Secretary of the Treasury, and one of Mr. Hoover's high Cabinet officials, made before the Ways and Means Committee in December, 1931, when the tax proposals were taken up for consideration. At that time Mr. Mills stated:

In the development of a program we considered many forms of taxation. We weighed, for instance, the merits of the general sales or turnover tax, but rejected it, not only because it bears no relation to ability to pay and is regressive in character but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales. * * * The tax is unquestionably passed on, and adds therefore to the cost of living.

Without entering into a discussion of the sales tax, I merely point this out for the purpose of showing to the people that it never had the support of the President, regardless of his statement, and regardless of the fact that it was his duty under the Constitution to make specific recommendations to the Congress.

He then refers in this message to the—

action of the House, which would increase Government expenditures by $132,000,000 for road building.

Mr. Hoover is now urging a loan of $300,000,000 to the States for relief of the unemployed and agitating further expenditures to be made through the Reconstruction Finance Corporation for public employment to relieve a situation which has grown continually worse under his handling for the last three years. Surely Congress can not be justly criticized with the situation that confronts it for undertaking to enact this emergency road act, which would by this time have given employment to thousands and would have effected needed improvements of vital importance.

This act to which he refers carried $132,000,000 and passed the House early in the session of this Congress. The North Carolina delegation, together with the chairman of the Highway Commission of North Carolina, met in conference and discussed the advisability of such legislation. The bill was introduced by Mr. WARREN, of North Carolina, a member of the Committee on Roads, and carries $120,000,000 to be allotted to the several States and to be repaid by the States out of the regular Federal-aid appropriations after 1938. It was estimated that 90 per cent of this expenditure would go to labor. It would give to North Carolina between $5,000,000 and $6,000,000 of money available to employ men at fair wages, to create a purchasing power, and at the same time to assist in completing the wonderful highway system of my State.

The remaining amount carried by this bill, $12,000,000, would be available in road construction in our national forest areas and our national parks. The bill now carries for national park purposes $3,000,000. When this bill was before the House I secured an amendment making the appropriation applicable to the Great Smoky Mountains National Park. If it had been enacted and signed by the President, it would have given us, and would now give us, approximately $300,000 for the construction of roads and trails in that great park, and would have resulted in making it more immediately accessible to the public, as well as giving employment to hundreds of men who are now so greatly in need of work.

In addition it would have provided additional funds for roads in our national forests, in which we have a large acreage in the western part of my State, approximating 400,000 acres. These great forests, too, belong to the people, and in addition to their other uses constitute potential areas for recreational purposes for the American people, and under mere executive order from the Secretary of Agriculture they have been and can be converted into vast usefulness for our people. The bill which he criticizes provides for additional funds for their development in the way of roads and trails.

The opposition of the President to measures of this kind, in view of his attitude on other matters and under present conditions, is not easily understood, and yet his message as a whole seems to have been acceptable by the press without any analysis whatever.

And it is more difficult to understand also because of the fact that under a Republican Congress at the last session a similar appropriation of $80,000,000 for emergency road work was enacted with his approval.

Notwithstanding the President's chiding and attempt to array the people against the Congress, I with other Members of the North Carolina delegation will diligently undertake to secure the enactment of this needed legislation. The enactment of this bill would bring immediate help, not only to all the States but to North Carolina it is of vast importance. There are many uncompleted highways, such as highway No. 28 and others, in my own section that rendered it of much importance to our people.

It seems to me that it would constitute one of those peculiarly useful appropriations by Congress to meet in some degree the very tide of unemployment which has flowed to the very door of the White House.

Apparently he has changed front on these matters. I quote from his message of December 3, 1929:

Federal aid in the construction of highway system in conjunction with the States has proved to be beneficial and stimulating. We must ultimately give consideration to the increase of our contributions to these systems, particularly with a view to stimulating of farm-to-market roads.

And, again in his message of December 4, 1930, in which he urged an additional appropriation of $150,000,000 for emergency construction, he outlines the value and the economic importance of plans of this character.

On March 14, 1932, he recommended $60,000,000 for additional river and harbor work. As late as April 27, 1932, the Director of the Budget pointed out that $623,000,000 had been expended for public works as a means of meeting the national emergency in unemployment.

It seems hard to escape the conclusion that he is no longer in accord with such appropriations when they are proposed by a Democratic House.

But, on the subject of economy legislation his message, so eagerly absorbed by the public, is still more remarkable.

He refers to the "virtual destruction of both the national economy program proposed by the executive officials and the program of the special House Committee on Economy." The country naturally obtained an idea from this that Congress had been utterly and absolutely neglectful of its undoubted duty to reduce our national expenditures. Nothing is more important. I believe it to be the duty of Congress, where the public service will not be destroyed, to resort to every possible reduction of expenditures. I do not believe that any government has the right to levy a single dollar in taxation upon the people above that which is necessary for absolute needs of government. These are matters in which I am glad to see the people are interested, and if the Democratic Party is given a mandate by the people, and given control, with adequate working majorities in the Congress, and of the Executive, the growing expenditures of this Government under Republican administration can be curtailed by above $1,000,000,000. Mr. Hoover has been a President of commissions. We can rid ourselves of them. The Wickersham Commission, as an illustration, cost us more than $500,000, with results that are negligible, and numerous others can be eliminated.

But let us examine the correctness of the intimation which the President evidently intended for the country to have. In the concluding portion of his message he says:

> I know that these actions do not reflect the will of the country, and I refuse to believe that the country is unable to reflect its will in legislation.

In other words, it is a direct appeal to the country, upon the idea that Congress was not regardful of the Nation's extremities to which Mr. Hoover and former Republican administrations have brought us.

He recommends that—

> A drastic program of economy which, including the savings already made in the Executive Budget of $369,000,000, can be increased to exceed $700,000,000 per annum. Considering that the whole Federal expenditure except about $1,700,000,000 is for uncontrollable obligations, this would represent an unprecedented reduction.

With what complacency he pats himself upon the back when he refers to the reductions recommended to Congress in the Budget and states that these reduce the Budget $369,000,000. I might state that the $369,000,000 largely represents items which would not again be expendable anyway. But that is not the point I wish to make. He then states that "a reduction" of at least $230,000,000 can be made in the supply bills. Does he tell the country what had already been done by this Democratic House in the supply bills? Not at all. He leaves the country to draw the inference that nothing has been done and that a Democratic House has been absolutely destructive of every proposition looking to economy. What are the facts? And why did not Mr. Hoover state all the facts to the Nation in his advisory message to Congress?

The facts are that the Democratic House, with its slender majority, and under the leadership of a Democrat as chairman of the Committee on Appropriations, has made a total reduction in the supply bills which have already passed the House of $563,000,000 below Mr. Hoover's Budget of last year. In other words, at the time his statement was made to the people, the House had reduced by $171,000,000 Mr. Hoover's own Budget which he himself, under his own hand, had recommended to be expended by Congress during the next fiscal year.

In addition to the $171,000,000 there have also been made large savings, such as a 10 per cent reduction in the Interior appropriations bill, and other appropriations, amounting to many millions of dollars. In addition to that the economy bill, as passed by the House, carried a reduction of $42,000,000 to $50,000,000. It is estimated that at least $80,000,000 additional of reductions, under the Budget of last year, are in sight and will be effected before Congress shall adjourn. In view of the fact that the President himself insisted that reductions must be made from $1,700,000,000 of our expenditures, the remaining portion not being subject to reductions, it would seem to me that in the reductions already made Congress did recognize its duty in this respect and that it had been undertaking to perform this important task. With reductions already made and those to follow before Congress adjourns, the total reduction made under this leadership, which the President says has been so destructive, will amount undoubtedly to at least $600,000,000 to $700,000,000.

And, in defense of Congress, which I by no means claim to be free from blame in all respects, I might point to the fact that since the Budget system was established, under the Harding administration, and through his administration and the administrations of both Coolidge and Mr. Hoover, Congress each year continually appropriated less money for running the Government than had been recommended by these several Presidents in the Budget over their own signatures. In other words, the amounts actually appropriated by Congress have successively each year been less than those recommended by the Executive.

The House also, in the economy bill, conferred upon President Hoover the power and authority to effect consolidations of bureaus and other governmental agencies which should effect other reductions if he shall properly exercise his powers.

As a matter of fact I might call attention to the fact that, during all this period, the President as Chief Executive has had the power to rid the bureaus and departments of Government of all unnecessary personnel.

But, let us go to the economy bill again, about which he complains so bitterly. This bill was supposed to carry a reduction of $200,000,000 for the purpose of assisting in balancing the Budget. One of the items carried in this bill was the consolidation of the Army and Navy into one department, to be known as the Department of National Defense. This would, of course, have gotten rid of one of Mr. Hoover's prime Cabinet officers. The saving to be effected in this manner was estimated to be from $50,000,000 to $100,000,000. It can readily be seen that it composed a large part of the economy program in regard to which he says Congress has been so destructive. I voted for practically all of the provisions of the economy bill. I voted for this consolidation but it was defeated on the floor not by Democrats but by the overwhelming vote of the Republican membership. A reference to the vote taken in the House shows that this $50,000,000 to $100,000,000 reduction was defeated by a vote which was made up of 150 Republicans and 60 Democrats, while 139 Democrats and 48 Republicans voted for it. It was openly charged on the floor of the House that the private secretary of the President, who had formerly been a Member of Congress, openly lobbied against this consolidation while it was under discussion; and if there has been a "locust swarm of lobbyists" around Congress, it is certain that one of them, in this instance, came from the White House itself.

The purpose of these remarks is not to discuss in detail these items but to bring to the people, if I can, the real situation and to controvert the misleading inferences which the country would naturally have derived from this message of the President.

Some of the items of the economy bill should have been defeated. One of these I voted against. This was the provision to eliminate appropriations, after 1934, for our vocational educational schools, which have been so useful and constituted one instance of legislation which reaches down to the boy at home and attempts to lift him into a higher and more useful life.

But, again I repeat that I supported practically all of the provisions of the economy bill. I voted for a provision to reduce the congressional salaries by at least $1,000 annually, and to vigorously reduce compensation of many other high-salaried officers of the Government. This bill did effect substantial economy, and if the President himself had not interfered and but for Republican votes, which

certainly the Democratic leadership should not be expected to control, a much larger degree of economy would have been brought about.

The President further in enumeration of charges against the Congress refers to—

> the passage of legislation by the House placing a burden of impossible execution upon the Federal reserve system over the protest of the Federal Reserve Board.

In this he refers to the Goldsborough bill, which was enacted by the House, and with practically a unanimous Republican as well as Democratic vote. This bill directed the Federal reserve system to adopt a policy of expansion of the currency, under the provisions of the Federal reserve act, for the purpose and with the intent to restore property and commodity prices to the level of prices as they were from 1926 to 1928.

I do not recall any opposition of the President to this legislation when it was proposed. It may or may not accomplish the purposes for which it was intended. It was at least, however, a proposal and an effort to reestablish prosperity by creating a purchasing power for the dollar on a par with its purchasing power up to three years ago. In the opinion of many economists, if not all of them, this is a vital necessity.

Prof. Irving Fisher has discussed this fact. He is a recognized authority upon financial and economic questions. He thus states the problem:

> It is the fallacious and common opinion of the average man, until he is waked up by studying the subject enough to realize that the only real stability is stability of purchasing power, that what you really want is a commodity dollar, that what you really want is a market-basket dollar, a stability in purchasing power of our commodities in general, not of one commodity only, gold. In other words, what you want is a stable price level.

When Congress convened it was with the purpose of cooperating with the President. He made his specific recommendations. The first few months of this session were consumed in this way. Democrats of the House joined with the Republican Members, without partisanship, in adopting these. He told us the moratorium would help to restore confidence to business, national and international. We passed it. He told us that the passage of the reconstruction finance act was the one thing necessary. Again we passed it without party division. This act was for the purpose of creating a reservoir of credit, guaranteed by the United States Government itself, to the extent of $2,000,000,000, to be loaned to railroads, banks, insurance companies, and other enterprises in order to prevent a general bankruptcy throughout the country.

Of course, the President claimed these as administrative measures. I do not deny that it has had a beneficial effect, but it is all too evident that the frozen confidence to which he referred was not thawed out by its beneficent provisions. However necessary it may have been, it is evident that the mere creation of additional credit for enterprises already overburdened with debt has not restored prosperity as the President had predicted. It is impossible for us to borrow ourselves out of debt. There can come no distributed prosperity until the people as a whole are employed and until business can produce a profit and thus create a purchasing power which will set in motion again the wheels of industry. This is the problem that confronts not only the American Congress but the American people.

The Goldsborough bill was at least an attempt in this direction. When the President made his speech of acceptance in June, 1928, wheat was selling at $1.50 per bushel and cotton was selling for a little more than 20 cents per pound, and other commodities in like proportions. It was at this time that he predicted that poverty would be abolished.

Since that time wheat has dropped to less than 50 cents per bushel, and cotton has gone below 6 cents per pound. It can hardly be said that there are any market values left in the United States. Rental properties are no longer productive, and the man in debt can not convert his real estate or other holdings into cash for the purpose of relieving his distress.

As an illustration, a cotton farmer who mortgaged his farm in 1928, when cotton was selling at 20 cents a pound, and received for this mortgage money with such a purchasing power, had the right to expect to be able to discharge that mortgage with commodities upon a similar basis of value. The number of dollars written into the mortgage remains the same, but instead of getting $100 to $150 per bale for his cotton he has been receiving $30, and this would not pay the cost of production. The same may be said of the wheat farmer and all other agricultural products. Surely this situation demands a remedy.

Our civilization can not go forward and business can not thrive until some method is found to stabilize the purchasing power of the dollar, whatever may be the basis for currency. Either present commodity and property values must be increased in some way to values existing when this vast indebtedness of the Nation was created, or payment of the indebtedness can not be made whether it be individual or municipal. To meet this problem has been the despair of all economists, and certainly the old system to which the President holds and from which he censures Congress for departing, even to a degree, has not brought us anything but renewed business depression.

Again in this message he refers to veteran legislation:

> The action further to enlarge expenditures in non-service-connected benefits from the Veterans' Bureau at the very time when the House was refusing to remedy abuse in these same services.

In this statement he refers to a bill carrying pensions for widows of the deceased veterans. It was in line with legislation enacted through many years for this purpose. It was in line with legislation approved by the President at the last session of Congress, giving compensation to all veterans of the World War who found themselves diseased and disabled for work, whether their disease was due to service or not. This was enacted by a Republican Congress.

The press has referred to the widows' pension bill, which was voted for by practically every Republican Member of the House, as carrying an appropriation of $150,000,000. In another metropolitan paper, I have seen it stated that it was a bill to give pensions to the widows and all of the heirs of the soldier forever. Of course, this is not true. The bill provided for a small pension for widows of deceased veterans, and for a child under 16 years of age.

I have no doubt that abuses have crept into the administration of the pension laws of the country. In the economy bill itself it was provided by amendment to appoint a competent committee to examine into various matters relating to veterans' compensation and to make a report at the December session of Congress so that it might act intelligently upon these matters.

But, who shall say that the Government owes no duties to widows of veterans suddenly left by death with infant children to support? I do not believe the American people are unwilling to prevent suffering to dependents of those who offered themselves for the flag. Certainly not to any reasonable degree.

Let me state a case that this bill would have covered. A veteran received an injury to his leg, due to his service, and was receiving a small pension. This injury was, of course, service connected. He married and had three or four small children. In working as a woodsman a tree was cut and fell upon him. It is possible that his injury contributed to his inability to escape this falling tree. His widow applied for a pension, but was denied it under the law because the immediate cause of his death was not service connected. This bill would have continued this small pension to her.

Let us take another case. A veteran may have lost his good right arm, shot away in the trenches of France. He would receive a pension for this, but in case he should die from some disease or accidental injury his widow and children would be left without this small help from the Government.

And this is held up to the country as a piece of extravagant legislation by a Democratic House, when less than two years before the President had approved similar legislation by a Republican Congress.

He then refers to veterans as a "group," and sometimes they are referred to as a "minority."

I voted for the draft act, and under its stern provisions the strong hand of the Nation was laid upon the boys in every hamlet and from every fireside.

I believe that the expenses of the Veterans' Administration can be reduced in many cases and still leave adequate compensation for those who practically without pay constituted that "minority" in France and who manned our destroyers on the cold and wind-swept reaches of the North Sea. And whatever may be the merits and the necessity for economy in veterans' legislation I can not but feel that the country has a duty to discharge to these veterans. I do not believe they will demand, nor that Congress should vote, compensation which is not just, but I can recall only too vividly the time when these men were something more than just a "minority." They were an organized minority. They had to be organized. They had the job of saving our Western civilization as their objective. At the head of this minority was General Pershing, that great American chieftain, and it was they who at Chateau-Thierry turned back the gray troops of the Kaiser. Let us do them justice.

It's Tommy this, an' Tommy that,
An' "Tommy, wait outside";
But it's "Special train for Atkins"
When the trooper's on the tide.

But, Mr. Speaker, I realize, and Congress realizes, that the American people desire something more than caviling between the executive and legislative branches of the Government. Real economy and a balanced Budget should be the speedy objective of Congress.

Even if the entire economy bill had been passed, with a full $200,000,000 of reductions, I fear that it would have been but a bagatelle in bringing back prosperity to the people which for 12 years, under Republican administrations, has been gradually dwindling.

I am glad to see that the people are beginning to think in earnest upon our national problems. They have cause to do so. If they had given, and would now give, to the more vital subjects underlying this whole matter of our national prosperity, the same degree of analysis and examination that seems to have aroused them over the economy bill, I would feel that we were at last upon the road to recovery.

For 12 years we have been driving relentlessly to this disaster. Privilege, monopoly, greed have dominated the functions of our Government under Harding, Coolidge, and Hoover. I have often wondered why the people have sat with so much complacency while the functions of government have been diverted and used to establish unearned profits for those who have not sown until, like Samson of old, their very rapacity has pulled the house down upon us all.

The stock ticker has been too much the barometer of business to Mr. Hoover and the Republican Party. Even to-day the rise and fall of stocks upon Wall Street are the subject of anxiety for him and his party. Mr. Dawes recently, in a statement before the Ways and Means Committee said, in referring to Wall Street, that it was a mere "peanut stand" compared with the other business of the country. In this he was right. It is the man in the field, the man in the shop, the man in the store who alone can make general prosperity for this or any Nation. The workmen must be given wages and the business man, big and little, throughout the Nation must be given profits, and then, and not until then, will prosperity return.

Certainly there is something wrong somewhere. The Republicans have had continuous and uninterrupted control for more than a decade. Every branch of Government has been responsive to its will. Mr. Hoover has been one of the guiding hands throughout the whole period, either as President or as a Cabinet officer. Under the successive administrations of Republican Presidents since Mr. Harding agriculture has practically been destroyed. The farmer, in normal times, consumes 55 per cent of our manufactured articles. With the destruction of his purchasing power it is small wonder that the wheels of industry stopped. This lead directly to the cataclysm upon Wall Street, and under Republican management we have witnessed the destruction of values estimated in amount at the enormous figure of $100,000,000,000. And yet there are those who became so aroused over the economy bill, with its comparatively slight reductions, that they are ready to embrace the party which has brought us to the brink of such disaster.

Let me state a few salient facts. The population of this Nation represents about 6 per cent of the total population of the world. Included within our national boundaries is the greatest area of agricultural lands upon the earth, situated in the largest extent of the North Temperate Zone in the two hemispheres—the zone which is most conducive to human energy and activity.

This 6 per cent of the world's population owns and controls 50 to 60 per cent of all the basic products of commerce. We have 50 per cent of all the world's iron, steel, copper, and oil. We produce 55 per cent of the world's iron ore, 55 per cent of the world's pig iron, and 66 per cent of the world's steel. We have 62 per cent of the world's petroleum and 43 per cent of the world's entire supply of coal. We have 65 per cent of the world's naval stores, 52 per cent of the raw timber, 42 per cent of the phosphate, and 80 per cent of the world's sulphur. We produce 63 per cent of the world's mica, and 62 per cent of its lead, and 44 per cent of the world's zinc. We have 50 per cent of the world's railroads, 75 per cent of the world's telephone and telegraph lines, and 90 per cent of the world's automobiles.

This small percentage of the world's population thus controls the finest area of agricultural lands upon the earth and more than one-half of the world's natural resources, and yet we are eternally and forever afraid that some incompetent Asiatic will put us out of business.

The labor in the United States is the most efficient and the most productive of all the countries of the world. The average American laborer produces upon the basis of 30 to 1 as against the Asiatic cooley. Even as compared with England, the average production of the American laborer is upon a basis of 30 to 20. This means that the average American workman produces one-third more in his daily employment than the highly trained English laborer himself. This comparison holds good with all the countries of the world. If he has had better wages, he deserves them, because he produces more for his pay.

And yet to-day, with this vast reservoir of natural wealth, we have more than 8,000,000 of unemployed and people are starving in a land that has produced a surplus of everything.

Surely the people are willing at last to awaken from their disregard for these policies and examine into the fundamental causes. Among these they will find a Republican policy embodied in such indefensible legislation as the Smoot-Hawley bill and the use of governmental powers for exploiting the American people which have at last worked out their inevitable results.

Our exports have decreased in the last few years by billions of dollars. With an unsurmountable tariff wall around us international trade has become impossible. If the American farmer and producer had been able to sell abroad and bring even a portion of the vast amount which we have lost in international trade to augment their purchasing powers, the plowman would be singing in the field and the wheels of industry would not have stopped.

Through this great system of highly protective tariffs our own manufacturers have had to set up their plants in foreign countries to escape retaliatory measures against our commerce.

I see by the press to-day that there is a movement to establish a league between the Latin American countries for the purpose of reprisal against American trade, because of our excessive tariffs.

I have hurriedly referred to some of these vital problems which I should be glad to see the American people and the American press arouse themselves as they have recently done over the Budget and economy.

I believe the Budget must be balanced. I believe it will be balanced by this Congress. That it is a difficult question and requires time can not be denied. I might recall the fact that Mr. Hoover called in special session a Republican Con-

gress to enact a tariff bill and it required 18 months to accomplish it.

I realize that the people are anxious and that time seems long as they are pinched by the depression which has settled upon our Nation. The House has enacted a bill which, in effect, does balance the Budget. I have outlined the economies in expenditures that it has already effected. But the fundamental ills to which I have referred can not be cured quickly; and through the Republican Party, not at all. It was through the Democratic Party, under Wilson, that vast and imperative reforms were established, and which brought prosperity to every class of our people. It is only through that party—opposed to privilege, opposed to monopoly, opposed to the levying of taxes except for absolute governmental expenses—that the real cure of our ills can come.

And now that the people are beginning to study matters pertaining to their National Government, I am hopeful that they will turn their minds to the analysis of the vital and important problems upon which the future prosperity of the Nation so thoroughly depends.

HOUSE JOINT RESOLUTION 381

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House Resolution 381.

The SPEAKER. Is there objection?

There was no objection.

Mr. GRIFFIN. Mr. Speaker, on May 7 I introduced House Joint Resolution 381, proposing a new system of raising revenue to meet the present emergency. On every hand I am receiving pronounced approval of my plan. In order to explain precisely the reasons for the adoption of this new method, and to show how it will operate in practice, I have prepared some tabulations, which I respectfully ask all interested to examine and study.

THE BILL

The proposal as set out in House Joint Resolution 381 provides as follows:

[H. J. Res. 381, in the House of Representatives, Seventy-second Congress, first session]

Joint resolution to provide a special additional income tax of 1 cent on each dollar of gross income for the calendar year 1932, 1933, and 1934

Resolved, etc., That there shall be levied, collected, and paid by individuals and corporations, irrespective of, and in addition to, the income tax they are subject to under existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income for the calendar years 1932, 1933, and 1934.

SEC. 2. This joint resolution shall take effect immediately.

In studying the income-tax returns, I found that although 498,110 corporations filed income-tax returns, only 214,412 paid any tax at all. The rest ducked! 283,698 corporations dodged paying taxes by every devious device known in the science of accounting: Exorbitant salaries to officers, padded pay rolls and expense accounts, pyramided costs for supplies, and so forth.

Of course, I do not mean to imply that all corporations are necessarily dishonest or that all resort to dishonorable tactics in avoiding their just liabilities to the Government. But it is undeniably true that all corporations, whose business warrants it, take advantage of the cleverness of "experts" to manipulate the complicated, distracting, and absurd provisions of the present income law to drive the best possible bargain with Uncle Sam.

For instance, it is noticeable that those corporations showing net incomes disclosed gross incomes aggregating nearly $80,000,000,000, while those corporations purporting to have no net income disclosed gross incomes aggregating $41,000,000,000!

How did this immense income disappear? Is there any doubt that it was through the legerdemain of bookkeeping? Altogether, those corporations that paid taxes and those which did not pay taxes actually took in total receipts of $121,000,000,000!

And how much did they pay taxes on? They paid taxes on $5,627,312,995, or just about 4 per cent on the gross income received.

Under my proposal they would pay 1 cent on every dollar they take in, and the United States Treasury would collect $1,202,917,116, in addition to the $618,246,431 collected in 1930 under the provisions of the existing income tax law.

In the case of individuals the situation is not quite so glaring but nevertheless is manifestly inequitable. In 1930, 3,376,000 persons made income-tax returns; but less than 2,000,000 actually paid any taxes whatever; 1,430,000 who made returns simply dodged.

The gross income so reported was $21,665,000,000, but taxes were only paid on $17,220,000,000.

In tabulations B and C, which I shall insert as part of my remarks, I have made an analysis of corporation and individual income-tax returns showing how and where the leaks in the present system occur and how they can be stopped by the application of my plan.

GROSS INCOME AS A BASIS

The advantage of using the gross income as a basis is that it is self-determining and not susceptible of being manipulated or concealed.

Under the present income-tax law it is in the deductions and exemptions and complicated brackets that the opportunities for tricky bookkeeping occur.

The gross income means, with respect to individuals, salaries received or receipts from the individual's trade, business, profession, or calling. With respect to corporations, it means gross receipts from whatever trade, industry, or business they are engaged in.

The basic idea of my plan is to put a 1 cent per dollar tax on the overhead, irrespective of the existing income tax law. Let them work out their manipulations in avoidance of taxation in their income-tax returns and take advantage of the exemptions and deductions allowed by the existing law, so long as we retain its stupidities, on the statute books.

But tell them, "On your gross income you will hereafter pay 1 cent per dollar tax on your receipts, in addition to the usual income tax."

THIS IS PRACTICALLY A SALES TAX

In effect, it is manifest that this proposal is tantamount to a sales tax of 1 cent on the dollar; but it does not burden the consumer as it is imposed at the source and exempts no one whatever.

The sales tax presented to the House by the Ways and Means Committee was bad enough when it first appeared, but when the membership of the House got through with it, in making discriminatory exemptions in favor of this or that industry or calling it was neither fish, flesh, nor herring.

HOW IT WORKS

In tabulation A, which I will insert in a moment, it will be noticed how equitably and fairly the "cent a dollar special tax" works out.

I compare it with the raise in the income tax rates as proposed in the Senate. I make bold to state that the proposed Senate rates will give no comparable increase in revenue, while unduly taxing those in the lower brackets.

Looking at this Table A, it will be noticed that a single person, with a net income of $5,000 per annum, will pay under the proposed Senate rates a tax of $101.25. Under my plan, $89.38.

With a ten thousand a year income, the individual under the Senate-plan proposal will pay $433.75; under my plan, $291.88; and so on down the list.

TABLE A.—*How the tax of 1 cent per dollar of gross income will affect single persons*

Gross income	Net income less exemptions	Tax under existing law	1 cent per dollar tax suggested	Total tax	Tax under proposed Senate bill
$3,000	$1,500	$16.88	$30.00	$46.88	$48.75
$4,000	2,500	28.13	40.00	68.13	75.00
$5,000	3,500	39.38	50.00	89.38	101.25
$8,000	6,500	121.88	80.00	201.88	282.50
$10,000	8,500	191.88	100.00	291.88	433.75
$20,000	18,500	911.88	200.00	1,111.88	1,653.75
$30,000	28,500	2,071.88	300.00	2,371.88	3,353.75
$50,000	48,500	5,171.88	500.00	5,671.88	8,243.75
$100,000	98,500	16,351.88	1,000.00	17,351.88	28,653.75
$500,000	498,500	116,351.88	5,000.00	121,351.88	230,653.75
$1,000,000	998,500	241,351.88	10,000.00	251,351.88	493,153.75

ADVANTAGE OF CENT PER DOLLAR PLAN

But the chief advantage of the cent per dollar plan is that, in addition to avoiding an unnecessary increase in the present income-tax rates, it will bring a revenue into the Treasury of $2,000,000,000 without being felt.

THE TABULATIONS

In tabulation B, "Individual incomes—Effect of 1 cent per dollar special tax on individual gross incomes," which I here insert, it will be noticed that individual income-tax receipts will be enhanced over $222,000,000.

TABLE B.—*Individual incomes—Effect of 1 cent per dollar special tax on individual gross income*

Net-income classes (thousands of dollars)	Number of returns	Gross incomes (estimated)	Net incomes	Income tax paid	1 cent per 100 on gross income	Total to be realized
Group A						
Under 1	150,000		$86,891,887	$87,282		
1 and under 2	909,155		1,494,526,118	1,269,089		
2 and under 3	767,684		1,864,161,556	3,309,537		
3 and under 4	649,533		2,286,739,153	2,346,256		
	2,476,372	$7,165,398,390	5,732,318,714	6,962,164	$71,653,983	$78,616,147
Group B						
4 and under 5	420,706		1,865,227,935	3,006,094		
5 and under 10	505,715		3,453,071,157	16,590,248		
10 and under 15	121,711		1,470,226,396	16,165,387		
15 and under 20	49,802		856,744,495	16,421,454		
	1,097,934	9,556,587,484	7,645,269,983	52,183,183	95,565,874	147,749,057
Group C						
20 and under 25	25,863		575,995,409	16,665,118		
25 and under 30	15,226		416,064,179	16,245,618		
30 and under 50	25,352		958,269,153	55,908,901		
50 and under 100	13,536		911,577,008	86,666,791		
	79,977	3,577,382,184	2,861,905,749	175,546,428	35,773,821	211,320,249
Group D						
100 and under 500	5,692		993,401,742	143,419,364		
500 and under 1,000	311		207,742,387	33,825,869		
1,000 and over	149		355,661,694	60,470,813		
	6,152	1,946,007,278	1,556,805,823	237,716,046	19,460,072	257,176,118
Total	3,660,435	22,245,375,336	17,796,300,269	472,407,821	222,453,750	694,861,571

In tabulation C, which is here inserted, it appears that in 1930 the gross incomes were $120,291,711,697. Under the "cent a dollar" plan they would pay a revenue of $1,202,917,116.

TABLE C.—*Corporation incomes—Effect of 1 cent per dollar special tax on corporation gross incomes*

	Number of returns showing net income	Number of returns showing no net income	Number of corporations inactive	Total gross incomes	Taxes paid	Taxes which must be paid under the 1 cent per dollar plan	Total to be realized
Number of returns (498,110)	214,412	231,287	52,411				
Total amount	*Gross income* $79,147,023,818	*Gross income* $41,144,687,879		$120,291,711,697	$618,246,431	$1,202,917,116	$1,821,163,547

Then, in tabulation D we have a summary, which shows that the total receipts from the present income tax, fortified by the "cent a dollar" tax, based on 1930 returns, would amount to $2,516,025,118, instead of, as was actually collected, only $1,091,935,994.

TABLE D.—*Summary—showing revenue under 1 cent per dollar tax plan*

From individuals	$694,861,571
From corporations	1,821,163,547
Total gain	2,516,025,118

I submit just two instances to show how the plan would work in actual operation:

CORPORATIONS

A corporation selling $1,000,000 worth of goods would pay a $10,000 tax. If the article they manufactured and sold was, for instance, frying pans, and they manufactured and sold 4,000,000 of them at 25 cents each, the tax on each frying pan would figure to be about one-fourth of 1 cent—too small to be shifted, pyramided, or otherwise burdensome to the consumer.

INDIVIDUALS

With respect to individuals the Internal Revenue Bureau reveals that under the present law few, if any, married men drawing less than $4,000 a year pay any income tax whatever. First, they are allowed $3,500 exemption, and then $400 for each child. Under my bill a married man drawing $4,000 would pay $40 and would have the satisfaction of knowing that he was contributing something for the relief of his country in its present emergency. This, it seems to me, is a good deal better than standing a cut of several hundred dollars in his salary as the present indications point out is likely to happen.

In conclusion, I desire to repeat here what I said in my speech on this subject (see CONGRESSIONAL RECORD, May 7, 1922, p. 9796).

THE PROPOSED LAW WILL BE SELF-REGULATORY AND INESCAPABLE

The tax is self-regulatory. It is figured on the income-tax returns and paid at the same time and in the same manner as the income tax. It can not be evaded. There will hereafter be "no taxless income-tax returns." All will pay on the basis of business done, whether they show a net profit or not.

A 1-cent per dollar addition to the income tax will spread the burden and the steadiness of revenue obtained will enable Congress to eventually get away from the intricate bracket schemes in the present law—a thing that every honest business man is anxious to accomplish.

By arranging their budgets, corporations and individuals will be able to figure on this special tax as a part of their overhead. It is not an arbitrary tax, but one depending on the business done or salary received.

PHILIPPINE INDEPENDENCE

Mr. LOZIER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Philippine question.

The SPEAKER. Is there objection?

There was no objection.

Mr. LOZIER. Mr. Speaker, Right Rev. Edwin F. Lee is the Methodist Bishop of Manila and Singapore. He is well informed in reference to conditions in the Philippines. In his report to his church board he declares the Philippine Islands are ready for and capable of self-government.

The question is of such importance—

Bishop Lee said—

that the American Government should consider it by itself alone and not link it up with any tariff question.

The Philippine people have proved apt pupils under a worthy instructor, and no group in the Orient has shown the development in the last 30 years as the Filipinos.

Despite some mistakes made by the American Government, the result is considered in the Far East as one of the most outstanding experiments in colonial government ever made. Their people deserve, and have won, just consideration for an independence that would be mutually advantageous to both countries.

Reverend Lee pointed out that of 12,000,000 people, there are now 1,200,000 in government schools, learning English and that more than 98 per cent of government officials are Filipinos. This is not news to those who have made a study of the Philippine problem.

As a people, we Americans must not be too proud and complacent. It is folly to assume that we have a monopoly on capacity for self-government. By using this talent, we may have acquired from long experience more efficiency in self-government than other nations, yet our record is not 100 per cent perfect, and in some respects we have failed to outstrip other nations. Moreover, other nations and races are quite capable of acquiring efficiency in the science of self-government. There is no race, however backward, that does not hold tremendous possibilities for the future.

The diminutive, brown-skinned Filipino has skillful hands, a generous heart, an industrious disposition, a forward-looking ambition, and in his already quickened mind lie latent talents which when stimulated are capable of superb accomplishments. He is destined to be a potential factor and influence for good in the development of the long-slumbering but now awakening Orient.

In the language of Phillips Brooks:

There is no life so humble that, if it be true and genuinely human and obedient to God, it may not hope to shed some of its light. There is no life so meager that the greatest and wisest of us can afford to despise it. We can not know at what moment it may flash forth with the life of God.

Nor can we afford to disdain or contemptuously treat the Filipino race or recklessly challenge their governmental capacities. They are now in a state of rapid and remarkable development. We can not assume their progress will be arrested or that they will deteriorate. On the contrary, their accomplishments in the past justify our confidence in their ability to overcome their handicaps and take their place in the family of self-governing States.

We boast that our Nation, great in resources, power, and accomplishments, is as yet unsullied by an abandonment of the principles that gave it life and virility, namely, personal, political, religious, and economic freedom, and equality of opportunity in all the walks of life. Shall we confess to the world that self-government is a good thing for an American but an unmitigated evil for a Filipino? Shall we tarnish the luster of our country by denying to 13,000,000 Filipinos the kind of government we enjoy and cherish? The thirteen American Colonies were not willing to remain dependencies of the far-flung British Empire. They scorned proposals that would have given them exclusive control of their domestic affairs, though falling short of complete political freedom or unlimited self-government.

Shall we expect the Filipinos to be more servile than our forefathers were in 1776? The 3,000,000 American colonists were unwilling to be governed by a kindred race, 3,000 miles away, and should we expect 13,000,000 Filipinos to complacently submit to the yoke of an alien race 8,000 miles away and on the opposite side of the globe? There is no middle ground between ultimate and complete independence and ultimate and complete subjection of the Filipinos. We will sooner or later stand face to face with one of these alternatives.

By our indifference to the appeals of the Filipinos for independence we are breaking the sacred maxims which are supposed to actuate a free people and doing violence to the principles on which our Republic is founded. Those who insist on our holding the Philippines are blundering pilots, who in order to retain a little trade and commerce will inevitably bring discredit on our Nation and involve us in an age-lasting feud with the Filipinos. Holding 13,000,000 people in subjection is a far-reaching undertaking, and its proposal should provoke the wrath and indignation of every liberty-loving and red-blooded American.

No government of the Philippines can endure that does not rivet itself to the hearts of the native inhabitants, and such a government we can never hope to give them, because if we deny them independence they will look on us as interlopers and adhere more tenaciously to their right to govern themselves, which is a natural right and is the inalienable privilege of every self-respecting, forward-looking race. By attempting to hold the Philippines permanently, or for a long and indefinite period, we are inviting sedition and straining the ties of friendship between our people and the Filipinos dangerously close to the breaking point.

Looking far into the future and weighing the advantages and disadvantages, it would be unwise—yes, foolish—for us to hold the Philippines or unreasonably delay their manumission. Of course, we have the resources and power to maintain our flag in the Philippines, and grant the inhabitants only such participation in government affairs as is consonant with our arrogant and imperious will. But what could we hope to gain by such a course? Nothing but vanity and vexation of spirit; only gall and wormwood, bitterness, deep-seated resentment, and unabating animosity; a little gold lace, glitter and tinsel on our livery, but heavy heartaches, ever-increasing disappointments, unabating self-condemnation, a harvest of vain regrets, and serious national embarrassments.

It is cowardly for us to pass the solution of this perplexing problem on to our posterity. This issue will not solve itself. Without prompt treatment the situation will become more complicated, and the more difficult it will be to find a satisfactory solution. If we exercise our great power and influence to drive a sharp bargain and deprive the Filipino of his birthright of freedom, we will never cease to regret it. Our good name and reputation for fair dealing and square shooting is involved in this transaction.

We should compose our controversy with the Filipinos in a manner that will involve no sacrifice of our national honor, no violation of the principles and ideals on which our Government is founded, no infringements on the rights of the Filipinos, no abandonment of their self-respect and God-given rights, and no diminution of the confidence, good will, and affection that now exists and should always continue between the people of the United States and the Filipino race.

I am persuaded the Filipinos are destined to play an important part in the future of the Orient. Their development as a self-governing state will not impair but augment our influence in the Far East. With the tremendous lead we have in the industrial, commercial, and financial world, there is no reason why the United States can not control a lion's share of the commerce of the Pacific and Orient, which in value and tonnage will ultimately surpass that of any other subdivision of the globe.

I am convinced that the Filipinos, under self-government, will find their prosperity and interests promoted by maintaining intimate and reciprocal commercial relations with the United States, and that each Republic, by mutual cooperation in the interchange of commerce, will materially aid and enrich the other; and this will be worth infinitely more than any benefits that could accrue to us by holding these islands and engendering the everlasting ill will and

hatred of the inhabitants. It is not only our duty to free the Philippines but our national interests will be tremendously promoted by such action. As a straight line is the shortest distance between two points, so right and justice should characterize our dealings with our insular wards.

And so I say, in our efforts to settle the Philippine problem, we must not weigh the rights of the Filipinos on an apothecaries' scales. From them no moiety of their rights should be withheld. Their privileges should not be infringed or their prerogatives usurped. Ours should be a steadfast resolution and an inflexible purpose to grant the Filipinos a full measure of justice; for in all the earth, nothing excelleth justice. According to Sidney Smith:

Truth is its handmaid, freedom is its child; peace is its companion; safety walks in its steps, victory follows in its train; it is the brightest emanation from the gospel; it is the attribute of God.

No, friends, we can not afford to abate one jot or title of our obligations to grant independence to the inhabitants of the Philippines.

No inaction by Congress, no program of delay, no policy of equivocation, no limited autonomy, no administrative lotions, no concessions short of absolute independence, no bolts, bars, padlocks, strait-jackets, no selfish and sordid appeals to the commercial and financial instincts and interests of the Philippines, no "let well enough alone" argument, none of these can arrest or hamper the arrow-swift movement of the Filipino race for unconditional manumission. Their aspirations for freedom, suppressed by three centuries of Spanish usurpation, is now unleashed and moving like an ever-swelling and irresistible tide that will not abate one iota until Filipino independence is an accomplished fact.

He who ruleth the raging sea and controls the planets in their revolutions around the sun will bring to naught every selfish purpose and sinister plan to withhold from the Filipinos the God-given privilege of self-government.

EVENING SESSION

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent that the House stand in recess until 8 o'clock to-night, when general debate upon the state of the Union may be indulged in by Members. I ask this because of the fact that it has been so difficult lately for any Member to secure time in which to discuss any particular subject at any length.

The SPEAKER. The gentleman from Michigan asks unanimous consent that the House stand in recess until 8 o'clock to-night and that general debate upon the state of the Union be indulged in until the House sees fit to adjourn. Is there objection?

Mr. LAGUARDIA. Reserving the right to object, we have a meeting in the caucus room of the House Office Building to-night.

Mr. PARKS. Mr. Speaker, I object.

DEMOCRATIC CONFERENCE

Mr. RAINEY. Mr. Speaker, I request all Democrats to remain after the adjournment of the House this evening for a conference in this Hall.

The SPEAKER. The gentleman from Illinois gives notice that the Democrats will have a conference immediately on the adjournment of the House.

AMERICAN AIR TRANSPORT SERVICES OVERSEAS

Mr. GREENWOOD, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 224

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8681, a bill to develop American air transport services overseas, to encourage the construction in the United States by American capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

MEETING IN CAUCUS ROOM, HOUSE OFFICE BUILDING

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to proceed for half a minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, I do this to remind the membership that there will be a meeting held in the caucus room of the House Office Building at 8 o'clock to-night, at which the president of the American Federation of Labor, the head of the Grange, and an economist will address the meeting on the economic situation.

REPORT FROM COMMITTEE ON LABOR

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to have until 12 o'clock to-night to file a report from the Committee on Labor.

The SPEAKER. Is there objection?

There was no objection.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock p. m.) the House adjourned until to-morrow, Friday, May 27, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, May 27, 1932, as reported to the floor leader by clerks of the several committees:

IRRIGATION AND RECLAMATION

(10 a. m.)

Hearings—Columbia River Basin project.

RIVERS AND HARBORS

(10.30 a. m.)

Hearings—Miami, Fla., and Knapps Marrow, Md., projects.

INSULAR AFFAIRS

(10.30 a. m.)

Hearings on bill relating to Puerto Rico.

EXECUTIVE COMMUNICATIONS, ETC.

590. Under clause 2 of Rule XXIV, a letter from the Administrator of Veterans' Affairs, transmitting the eleventh annual report of the Board of Actuaries of the Civil Service Retirement Disability Fund under the provisions of section 16 of the act of May 29, 1930 (Public, No. 279, 71st Cong.) H. Doc. No. 342), was taken from the Speaker's table, referred to the Committee on the Civil Service, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Irrigation and Reclamation. H. R. 11966. A bill to amend section 14 of an act entitled "An act to adjust water-right charges, to grant certain other relief on the Federal irrigation projects, and for other purposes," approved May 25, 1926 (44 Stat. 636), as amended (46 Stat. 249); without amendment (Rept. No. 1438). Referred to the Committee of the Whole House on the state of the Union.

Mr. GREEN: Joint Committee on the Disposition of Useless Executive Papers. A report on the disposition of useless papers in the Treasury Department (Rept. No. 1439). Ordered to be printed.

Mr. GREENWOOD: Committee on Rules. House Resolution 224. Resolution for the consideration of H. R. 8681, a bill to develop American air-transport services overseas, to encourage the construction in the United States by American

capital of American airships for use in foreign commerce, and to make certain provisions of the maritime law applicable to foreign commerce by airship; with amendment (Rept. No. 1440). Referred to the House Calendar.

Mr. CONNERY: Committee on Labor. S. 3847. An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings; with amendment (Rept. No. 1441). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HARLAN: Committee on Claims. H. R. 2470. A bill for the relief of G. Elias & Bro. (Inc.); with amendment (Rept. No. 1436). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 2471. A bill for the relief of G. Elias & Bro. (Inc.); without amendment (Rept. No. 1437). Referred to the Committee of the Whole House.

ADVERSE REPORTS

Under clause 2 of Rule XIII,

Mr. CRISP: Committee on Ways and Means. H. R. 11082. A bill to amend section 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal Code, as amended (Rept. No. 1435).

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 11876) granting a pension to Margaret Robinson, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WOODRUM: A bill (H. R. 12328) to authorize the assignment of awards entered by the Mixed Claims Commission, United States and Germany; to the Committee on Ways and Means.

By Mr. KNUTSON: A bill (H. R. 12329) to establish the boundary lines of the Chippewa Indian Territory in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 12330) to amend and reenact section 481 of title 12 of the Code of Laws of the United States of America, providing for the appointment of national-bank examiners, examination of national banks, State banks, and trust companies, members of the Federal reserve system, reports upon the conditions of said institutions, and for other purposes; to the Committee on Banking and Currency.

By Mr. CELLER: A bill (H. R. 12331) to provide for grants and loans to the several States to aid in relieving unemployment, to facilitate the construction of self-liquidating projects, to provide for the construction of certain authorized Federal public-works projects, and for other purposes; to the Committee on Ways and Means.

By Mr. LAGUARDIA: Resolution (H. Res. 239) providing that a special committee be appointed to inquire into the official conduct of Harold Louderback, a district judge of the United States District Court for the Northern District of California; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES: A bill (H. R. 12332) granting a pension to Hulda S. Dick; to the Committee on Invalid Pensions.

By Mr. COOPER of Ohio: A bill (H. R. 12333) granting a pension to Julia Fisher; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H. R. 12334) for the relief of Lily M. Miller; to the Committee on Foreign Affairs.

By Mr. HOGG of West Virginia: A bill (H. R. 12335) granting a pension to Thomas B. West; to the Committee on Pensions.

By Mr. HORR: A bill (H. R. 12336) to correct the rating of Harry Benjamin Jordan; to the Committee on Naval Affairs.

By Mr. WILLIAM E. HULL: A bill (H. R. 12337) granting a pension to Robert A. Rose; to the Committee on Invalid Pensions.

By Mr. JENKINS: A bill (H. R. 12338) granting a pension to Clara B. Wilson; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 12339) granting a pension to Nettie Hill; to the Committee on Pensions.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 12340) granting an increase of pension to Abigail Garrettson; to the Committee on Invalid Pensions.

By Mr. PERKINS: A bill (H. R. 12341) granting a pension to Mary S. Thompson; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 12342) granting an increase of pension to Rebecca L. Richards; to the Committee on Invalid Pensions.

By Mr. SPENCE: A bill (H. R. 12343) granting a pension to Belle Rhodes Taylor; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 12344) granting an increase of pension to Marilla Van Nortwick; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12345) granting an increase of pension to Almira Van Allen; to the Committee on Invalid Pensions.

By Mr. WEAVER: A bill (H. R. 12346) for the relief of Edna Mashburn; to the Committee on Claims.

Also, a bill (H. R. 12347) for the relief of M. E. Haynie; to the Committee on Claims.

Also, a bill (H. R. 12348 granting a pension to Houston Caldwell; to the Committee on Pensions.

Also, a bill (H. R. 12349) granting a pension to Ellen F. Colt; to the Committee on Pensions.

By Mr. WEEKS: A bill (H. R. 12350) granting an increase of pension to Phoebe S. Decker; to the Committee on Invalid Pensions.

By Mrs. WINGO: A bill (H. R. 12351) for the relief of Guy M. Kinman; to the Committee on Claims.

By Mr. WOOD of Georgia: A bill (H. R. 12352) for the relief of Eddie B. Black; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7976. By Mr. BUTLER: Petition of 235 citizens of Nyssa, Oreg., protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7977. By Mr. CRAIL: Petition of board of directors, Chamber of Commerce of El Segundo, Calif., indorsing the principle of the regulation of the transportation of passengers and freight by motor vehicles in interstate commerce; to the Committee on Interstate and Foreign Commerce.

7978. Also, petition of H. S. Hawkins and other citizens of Los Angeles, Calif., urging Congress to legalize and tax beer to help balance the Budget and save injurious taxation; to the Committee on Ways and Means.

7979. Also, petition of J. W. Stafford and many other citizens of Los Angeles County, urging immediate and favorable attention on bills now before Congress to better conditions for substitute postal employees; to the Committee on the Post Office and Post Roads.

7980. Also, petition of Esther Golden and many other citizens of Los Angeles, urging the legalization and taxation of 4 per cent beer to help balance the Budget; to the Committee on Ways and Means.

7981. Also, petition of affiliated improvement associations of Los Angeles, Calif., petitioning Congress to expedite the

passage of a bond issue of $5,000,000,000 to restore confidence and relief to the suffering of the country; to the Committee on Ways and Means.

7982. By Mr. CULLEN: Petition of Long Island Chamber of Commerce, protesting against the enactment of legislation that will at this time increase the financial obligations of the Government; to the Committee on Ways and Means.

7983. Also, petition of Federal Employees' Union, No. 23, Philadelphia, Pa., of the National Federation of Federal Employees, urging Congress to defeat the House amendment in the War Department appropriation bill which provides that no appropriation shall be available for expenditure for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments; to the Committee on Appropriations.

7984. By Mr. GARBER: Petition of Mississippi Valley Association of St. Louis, Mo., urging support of rivers and harbors appropriation; to the Committee on Rivers and Harbors.

7985. Also, petition of Arthur V. Ball, of Ponca City, Okla., protesting against passage of radio bill; to the Committee on Interstate and Foreign Commerce.

7986. Also, petition of A. W. Anderson, of Woodward, Okla., urging the repeal of the recapture clause; to the Committee on Interstate and Foreign Commerce.

7987. Also, petition of citizens of Oklahoma, urging retention of Federal Farm Board; to the Committee on Agriculture.

7988. Also, petition of citizens of the eighth district of Oklahoma, protesting against increase in taxation, and urging reduction in governmental expenditures; to the Committee on Ways and Means.

7989. Also, petition of citizens of the United States, urging passage of railroad pension bill, H. R. 9891; to the Committee on Interstate and Foreign Commerce.

7990. By Mr. GRANFIELD: Petition of Albert L. Lyons and others, urging a tax on amateur radio operators and their stations; to the Committee on Ways and Means.

7991. By Mr. HANCOCK of New York: Resolution of the Syracuse Chamber of Commerce, favoring economies, manufacturers' tax, and other legislation; to the Committee on Appropriations.

7992. Also, resolution adopted by the Meat Cutters and Butchers' Union No. 1, of Syracuse, N. Y., favoring a bond issue to finance the construction of public works for the relief of unemployment; to the Committee on Ways and Means.

7993. Also, resolution adopted by the Central Trades and Labor Assembly of Syracuse, N. Y., favoring a bond issue to finance the construction of public works for the relief of unemployment; to the Committee on Ways and Means.

7994. Also, resolution adopted by the Common Council of the City of Syracuse, memorializing Congress to create a bond issue to finance the construction of public works for the relief of unemployment; to the Committee on Ways and Means.

7995. By Mr. HOGG of West Virginia: Petition of Railway Employees and Taxpayers' Association of West Virginia, Charleston unit, urging the enactment of such legislation as will bring all methods of transportation engaged in interstate commerce under uniform regulation; to the Committee on Interstate and Foreign Commerce.

7996. By Mr. HORNOR: Petition in the form of a resolution adopted by the Clarksburg (W. Va.) Chamber of Commerce, protesting against the discontinuance of the sale of printed stamped envelopes by the Government; to the Committee on the Post Office and Post Roads.

7997. Also, petition in the form of a resolution adopted by the Clarksburg (W. Va.) Chamber of Commerce, urging the necessity of balancing the Budget; to the Committee on Ways and Means.

7998. By Mr. JENKINS: Petitions signed by voters of the tenth congressional district, asking for legislation to place trucks, busses, and other forms of transportation under the same regulation and restriction now governing the steam railroads; to the Committee on Interstate and Foreign Commerce.

7999. By Mr. KELLER: Petition of the Board of Cook County Commissioners of Cook County, Ill., urging the adoption of the $5,000,000,000 prosperity loan; to the Committee on Ways and Means.

8000. Also, petition of the citizens of Cairo, Ill., urging favorable action on bills now pending for the regulation of motor trucks and busses; to the Committee on Interstate and Foreign Commerce.

8001. By Mr. LINDSAY: Petition of Long Island Chamber of Commerce, protesting against the enactment of legislation that will at this time increase the financial obligations of the Government, and urging the Congress to defeat legislation that would impair the stability of the dollar such as the Goldsborough bill and measures of like character; to the Committee on Banking and Currency.

8002. Also, petition of the New York Lumber Trade Association, opposing proposed duty on lumber; to the Committee on Ways and Means.

8003. Also, petition of the Brooklyn Chamber of Commerce, together with 24 other commercial organizations, urging Congress to defeat legislation that would impair the stability of the dollar, such as the Goldsborough bill and measures of like character; to the Committee on Banking and Currency.

8004. Also, petition of the Amalgamated Association of Iron, Steel, and Tin Workers of North America, urging that a special national tax be levied against labor-saving machines to be used to feed and clothe laborers and their families who are thrown out of employment by these mechanical devices; to the Committee on Ways and Means.

8005. Also, petition of Federal Employees Union, No. 23, of Philadelphia, protesting against the closing of the Philadelphia quartermaster depot; to the Committee on Military Affairs.

8006. By Mr. PERKINS: Petition containing signatures of 75 residents of the sixth congressional district of New Jersey, protesting against the levying of automotive taxes; to the Committee on Ways and Means.

8007. Also, letter from Miss M. Love, Ridgewood, N. J., protesting against an attempt to block the hearing on House bill 11082; to the Committee on Ways and Means.

8008. By Mr. ROBINSON: Petition signed by professional and business men of Belmond, Iowa, opposing reduction of salaries, restriction of sick leave, overtime without pay, and other present privileges of the postal employees; to the Committee on Economy.

8009. By Mr. RUDD: Petition of the New York Lumber Trade Association, New York City, opposing the $3 per thousand blanket duty on lumber; to the Committee on Ways and Means.

8010. Also, petition of Federal Employees Union No. 23, of Philadelphia, Pa., opposing the closing of the clothing factory at Philadelphia, Pa.; to the Committee on Appropriations.

8011. Also, petition of Long Island Chamber of Commerce, Long Island, N. Y., favoring the balancing of the Budget, and opposing the Goldsborough bill; to the Committee on Banking and Currency.

8012. Also, petition of Frederick A. Stokes Co., publishers, New York City, favoring the Sirovich copyright bill; to the Committee on Patents.

8013. Also, petition of the Amalgamated Association of Iron, Steel, and Tin Workers of North America, urging that a special national tax be levied against labor-saving machines to be used to feed and clothe the laborers and their families who are thrown out of employment by these mechanical devices; to the Committee on Ways and Means.

8014. By Mr. SANDERS of New York: Memorial of New York Joint Stock Land Bank, Rochester, N. Y., opposing the Hare bill, H. R. 8167, to authorize payment of farm-loan mortgages with bonds issued by the mortgagee banks, and for other purposes; to the Committee on Banking and Currency.

8015. By Mr. SUTPHIN: Petition of the Kiwanis Club of Toms River, N. J., favoring the balancing of the Budget; to the Committee on Ways and Means.

8016. By Mr. TEMPLE: Petition of Boxworth Auto Co. and a number of residents of Canonsburg, Pa., protesting against the passage of a bill singling out automotive products for taxation; to the Committee on Ways and Means.

8017. By Mr. YATES: Petition of L. O. Grieser, treasurer-manager National Live Stock Credit Corporation, Builders Building, 228 North La Salle Street, Chicago, Ill., urging passage of Norbeck-Steagall bill, making Federal intermediate-credit debentures eligible for loans from Federal reserve banks to banks which are members of the Federal reserve system; to the Committee on Banking and Currency.

8018. By the SPEAKER: Petition of American Federation of Musicians, urging Congress to prohibit the use of the United States Navy bands by civilian individuals and organizations for their private purposes; to the Committee on Naval Affairs.

SENATE

FRIDAY, MAY 27, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Couzens	Howell	Robinson, Ind.
Bankhead	Cutting	Hull	Schall
Barbour	Dale	Johnson	Sheppard
Barkley	Davis	Jones	Shipstead
Bingham	Dickinson	Kean	Shortridge
Blaine	Dill	Kendrick	Smith
Borah	Fess	Keyes	Smoot
Bratton	Fletcher	King	Steiwer
Broussard	Frazier	La Follette	Stephens
Bulkley	George	Logan	Thomas, Idaho
Bulow	Glass	McGill	Townsend
Byrnes	Goldsborough	McNary	Trammell
Capper	Gore	Metcalf	Tydings
Caraway	Hale	Moses	Vandenberg
Carey	Harrison	Nye	Wagner
Cohen	Hastings	Oddie	Walcott
Connally	Hatfield	Patterson	Walsh, Mass.
Coolidge	Hawes	Pittman	Walsh, Mont.
Copeland	Hayden	Reed	Watson
Costigan	Hebert	Robinson, Ark.	White

Mr. HULL. I desire to announce that my colleague the senior Senator from Tennessee [Mr. MCKELLAR] is necessarily detained from the Senate by illness. I will let this announcement stand for the day.

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is still detained from the Senate in attendance upon the disarmament conference at Geneva. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce the necessary absence from the city of the junior Senator from Louisiana [Mr. LONG] on legislative business. He has a general pair with the Senator from Illinois [Mr. GLENN]. I wish this announcement to stand for the day and to be applied on all votes.

The PRESIDENT pro tempore. Eighty Senators having answered to their names, a quorum is present.

CONSIDERATION OF AGRICULTURAL RELIEF BILLS

Mr. NYE. Mr. President, I send to the desk a unanimous-consent proposal.

The PRESIDENT pro tempore. The unanimous-consent proposal will be stated.

The CHIEF CLERK. The Senator from North Dakota proposes the following unanimous-consent agreement: That there shall be no agreement to adjourn and that no adjournment of this session of Congress shall be taken until there has been a vote of the Senate recorded upon the question of the passage of Senate bill 4536, introduced by Mr. MCNARY, and on Senate bill 1197, introduced by Mr. FRAZIER.

The PRESIDENT pro tempore. Is there objection?

Mr. WATSON. Mr. President, what is the bill introduced by the Senator from North Dakota [Mr. FRAZIER]?

Mr. NYE. Both these bills have been reported by the Committee on Agriculture and Forestry to the Senate and are now on the Senate Calendar.

Mr. WATSON. But I am asking for information. What is the bill introduced by the Senator's colleague?

Mr. NYE. It is the bill known as the agricultural refinancing bill.

Mr. WATSON. Does it have reference to the debenture or equalization fee, or both?

Mr. NYE. It does not.

Mr. SMOOT. Mr. President, I think the proposal had better lie over a day.

Mr. NYE. Yesterday I consented to let it go over pending what I understood would be an agreement. I hope the Senator will not object at this time.

Mr. WATSON. I have not the slightest objection to there being a vote on these measures, but I do object to it coming in immediately after the passage of the tax bill.

Mr. NYE. This unanimous-consent proposal does not ask for that.

Mr. REED. Mr. President, I do not think any Senator in the present condition of affairs has any right to ask such an agreement of the Senate. The calendar is clogged with business in which various Senators are interested. I do not see why any particular bill should be picked out for preference, and therefore I object.

The PRESIDENT pro tempore. Objection is made.

Mr. NYE. Mr. President, I had hoped this consent agreement might be entered into to the end that there would be more expeditious passage of the tax bill.

Mr. HASTINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Delaware?

Mr. NYE. I yield.

Mr. HASTINGS. I suggest that the request for unanimous consent that the Senate shall remain in session until it passes a particular bill is hardly fair.

Mr. NYE. That was not the request. The request was that the Senate remain in session until there had been a vote upon the measures.

Mr. President, I had hoped to expedite the passage of the tax bill by avoiding the apparent necessity of proposing to attach these bills as amendments to the pending tax bill. I am going to urge upon the Senator from Pennsylvania, in view of the nature of the unanimous-consent proposal, that he withdraw his objection.

Mr. BRATTON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from New Mexico?

Mr. NYE. I am glad to yield.

Mr. BRATTON. If the Senator from Pennsylvania should withdraw his objection I would feel impelled to object under the circumstances. I do not think the Senate should be asked to single out any particular bill and pledge itself to remain in session until a vote is had upon it. We have a number of urgent measures, perhaps some more urgent than others and perhaps some less than others, but I can not give my consent to singling out any particular measure and binding ourselves not to adjourn until we vote upon it. So, if the Senator from Pennsylvania should withdraw his objection, I then would feel obliged to interpose one.

The PRESIDENT pro tempore. Objection is made.

Mr. KING. Regular order!

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. HOWELL obtained the floor.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Massachusetts?

Mr. HOWELL. I yield.

Mr. WALSH of Massachusetts. I present to H. R. 10236 an amendment known as the emergency manufacturers' ex-

cise tax amendment. I ask that the amendment may be printed, and I shall at a later stage in the proceedings offer it and call it to the attention of the Senate for their action thereon.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. WALSH of Massachusetts. I also ask that a report in the nature of personal views, prepared by me, explaining in detail the provisions of the amendment which I propose to offer later, may be printed.

The PRESIDENT pro tempore. Does the Senator desire it printed as a part of his present remarks?

Mr. WALSH of Massachusetts. Yes; and also I ask that it may be printed as a separate report.

The PRESIDENT pro tempore. Without objection, that order is made.

Mr. WALSH of Massachusetts. Mr. President, I expect during the day that both the amendment and the report explaining its features will be on the desks of Senators.

Mr. ROBINSON of Arkansas. May I ask the Senator if the amendment embodies the so-called general sales-tax provision?

Mr. WALSH of Massachusetts. It does.

Mr. ROBINSON of Arkansas. I also ask when the Senator expects it to be reached?

Mr. WALSH of Massachusetts. After the committee amendments shall have been disposed of.

The personal views of Mr. WALSH of Massachusetts, above referred to, were ordered to be printed as part 3 of Report No. 665, and also to be printed in the RECORD, as follows:

[Senate Report 665, part 3, Seventy-second Congress, first session]

REVENUE BILL OF 1932

Mr. WALSH of Massachusetts, from the Committee on Finance, submitted the following personal views (to accompany H. R. 10236):

Explanatory of amendment to H. R. 10236, providing for an emergency manufacturers' excise tax

I present my views explaining the amendment known as the emergency manufacturers' excise tax, which I shall move for adoption by the Senate, and submit a brief explanation of each section of the amendment.

SEC. 602. GENERAL MANUFACTURERS' EXCISE TAX—IMPOSITION

The rate is fixed at 1¾ per cent. The yield on this rate is expected to be about $335,000,000.

The machinery set up for the imposition of this tax is what is known as the license system in distinction from the two other systems, known as the turn-over tax and the tax on value added by the manufacturer, which would be determined by deducting from the wholesale price the cost of purchases of materials. After careful consideration of these three different methods, the Ways and Means Committee of the House unanimously reached the conclusion that the licensing system was the best of the three. It is substantially the same as the Canadian system.

The turn-over tax system, which is popularly called a general sales tax, is objectionable on the ground of pyramiding the price of commodities because of the collection of taxes at different stages in the process of manufacture. It is possible, however, that the yield would be so much more in a general sales tax, thereby the rate being made much less, that the net result would not be more burdensome.

The licensing system, briefly stated, is as follows: Every manufacturer or producer doing a gross business of over $20,000 a year is required to take out a license through the Treasury Department. The tax is imposed on all sales by these licensed manufacturers, except in the case of specifically exempted articles, and except in the case of articles sold to other licensed manufacturers for further manufacture. This eliminates the imposition of successive taxes at different stages of manufacture, so that the net result is one tax on the sale of the finished article by the last manufacturer.

The licensing system also provides for the registration of certain dealers who sell partly manufactured articles to licensed manufacturers for further manufacture.

The licensing of manufacturers is limited to those doing business of over $20,000 a year for administrative reasons, to eliminate a large number of small taxpayers the yield from whom would not justify the cost of collection. In the Canadian law option is given to the administrators of the law to eliminate small manufacturers from the tax. This amount of $20,000 was fixed by the Ways and Means Committee as the best division that could be made as between small producers and manufacturers who do a very limited business and those who manufacture on a more extensive scale. The exemption of these small manufacturers does not mean a total loss of the tax, because the sale of materials to them is taxed, while the licensed manufacturers do not have to pay a tax upon the sales of goods to them because they pay the tax upon those goods in the value of the finished product.

In order that this tax shall not operate as a disadvantage to domestic manufacturers as compared with importers, a corresponding tax of 1¾ per cent is imposed on the duty-paid value of all imported articles.

The only articles not reached by this tax are those which are sold to or imported for a State or political subdivision thereof, for use solely in the exercise of governmental functions. Under the Constitution we could not tax sales to the States. It would be possible to exempt sales to the United States Government, but this amendment does not provide for such a case.

(1) Food for human or animal consumption (including tea and coffee). This is substantially the same as was finally incorporated in the House bill. However, the committee's original recommendation only included certain specified classes of food.

(2) Medicines: Patent or proprietary medicines are to be taxed. The exempt medicines would be the standard medicines, such as those listed in the United States Pharmacopœia, and medicines generally prescribed by physicians or used in compounding prescriptions. This would mean that medicines like "Peruna," "Tanlac," "Father John's Medicine," and numerous others assumed to be manufactured at a profit, would be taxed under "patent or proprietary medicines."

(3) Wearing apparel: The House made no exceptions as to the cost of wearing apparel. This amendment provides that manufacturers of shoes selling for more than $5 a pair at wholesale shall be subject to the tax, and other articles of wearing apparel sold at a price in excess of $35 each at wholesale shall be subject to a manufacturers' excise tax. This limitation of $35 is fixed for the purpose of permitting coats and overcoats at moderate prices to be given the benefit of the exemptions. It is our belief that fixing the limitation at $35 would exempt suits, overcoats, and cloaks selling at retail under $50.

(4) Agricultural products: This would include everything produced on the farm.

(5) Agricultural implements and machinery and parts thereof, including gas and electricity employed in farm use or for irrigation or other farm purposes.

(6) Workmen's hand tools.

(7) Fertilizers.

(8) Articles already taxed under the internal revenue laws: This would exempt tobacco, which already pays a large internal-revenue tax, and other articles which pay a revenue tax, such as playing cards, pistols, and oleomargarine.

(9) Newspapers, magazines, and other periodicals: The publishers of these periodicals will not have to pay a tax but a tax will be imposed upon the manufacturers of the materials used, such as paper, ink, machinery. That probably means about as much revenue as if the tax was put upon the publishers themselves. Another reason for this inclusion is based upon the theory that these newspapers, magazines, and periodicals are either of educational, charitable, or religious service.

SEC. 603. TAX ON SALES BY REGISTERED DEALERS

This is an administrative feature. It provides that if a dealer sells other than to a licensed manufacturer any article he has purchased free of tax for resale to a licensed manufacturer he pays the tax.

SEC. 604. SALE PRICE

This gives rules for determining sales price in specific cases.

(a) The general rule. It provides for the inclusion of all charges incident to placing the article in condition for shipment and for the exclusion of transportation, delivery, and similar charges.

(b) In the case of a sale on consignment the price shall be a fair manufacturer's price for the article.

(c) Where the manufacturer or producer, as happens in some cases, sells at retail, the tax shall be imposed on the price at which sold, except that in the case of any such article ordinarily sold at wholesale (or directly to the consumer or user at prices varying with the quantity or character of use) by manufacturers or producers the tax shall be imposed upon the fair manufacturer's price for the article.

The parentheses is for the purpose of providing that the tax on the price of electricity shall be on the wholesale price rather than actual selling price.

(d) Installment sales: Taxes imposed on each installment when paid.

(e) Leases and royalties: The tax is imposed on each payment under the lease or royalty contract when the payment is made. The royalty contracts, of course, are only those involving articles taxable under this amendment.

(f) Manufacture under contract: This paragraph prevents avoidance of the tax in cases where one person contracts with another for the manufacture of an article.

(g) Use or transfer of article in special cases:

This covers cases where—

(1) A person manufactures articles for his own use.

(2) Where a person transfers a title by gift.

This would cover free samples, and so forth.

(3) Transfers an article at less than fair market price.

This would apply particularly to transfers between affiliate companies where it is possible to establish fictitious prices.

(h) Defines the fair manufacturers' price.

SEC. 605. OVERPAYMENTS, CREDITS, AND REFUNDS

This provides for credits and refunds of the tax in cases where a manufacturer has bought tax-paid materials and used them in the manufacture of articles on which he pays a tax, in cases where tax-paid articles are exported, and in cases where the sale price on

which the tax is based is readjusted because of the return of the article or container, or by a discount, rebate, or allowance.

Provision is made that the manufacturer can not get credit or refund of any tax which he has passed on to the purchaser, unless he repays the amount of the tax to the person to whom it was passed on or obtains the consent of that person.

SEC. 606. LICENSED MANUFACTURERS AND REGISTERED DEALERS

This section simply provides machinery for issuing licenses.

SEC. 607. RETURNS, RECORDS, AND PAYMENT AND COLLECTION OF TAX

This is administrative.

SEC. 608. EVASION OF TAX

This contains administrative provisions to prevent evasion of tax.

SEC. 609. TAX ON MANUFACTURER OR PRODUCER NOT LICENSED

Provides that if somebody who was not licensed, and therefore does not pay any tax on his sales, represents that his price includes a tax, he is made liable for the amount of that tax.

SEC. 610. CONTRACTS FOR SALE ENTERED INTO BEFORE MARCH 1, 1932—REGULATED RATES

The imposition of an excise tax on the manufacturer or producer of an article becomes at once one element in his cost of production and is reflected in the price which he must obtain or will obtain for the article. In order, therefore, that all manufacturers and producers may be put upon the same footing and upon an equality in competitive situations, and to avoid injustice and discrimination, it is provided that in the case of contracts made prior to March 1, 1932, and in the case of articles where the sales price is fixed by governmental regulation, the purchaser shall be liable for the tax, which will ordinarily be collected from him and paid over to the Government by the seller.

The March 1, 1932, date is an arbitrary one and is the same date as was provided for in the House bill. In fixing this date it was thought that since that time the public has had notice of the possibility of some form of manufacturers' excise tax being levied and that contracts entered into since that date have provided for that contingency and have provided for the purchaser assuming the tax or for the price of the article to be increased by the amount of the tax if such a tax were levied, but that in the case of contracts prior to March 1 the manufacturer or producer could not have been expected to anticipate such a tax and therefore is fairly entitled to the protection which is afforded to him by the provisions of section 610.

In the case of regulated rates we are called upon to deal with the situation which is presented when we propose to impose an excise tax upon an article the sales price of which is fixed by governmental regulation. With respect to gas and electricity, the rates have been fixed without any reference to the excise tax now proposed to be imposed. Rate revisions are long and complicated processes, and so just as we permit other manufacturers and producers who have entered into contracts without contemplation of or provision for this excise tax, so in the case of the producers of gas and electricity we provide that the vendee rather than the vendor shall be liable for the tax. Not to do so would be to discriminate against a single industry, and as to it to impose a tax which could not be passed on, while as to every other industry the tax was passed on.

SEC. 611. FINAL AGREEMENTS

A number of difficult questions with respect to the tax under this title, such as the determination of the fair manufacturers' price, will arise between the department and the taxpayers. This section should reduce litigation, since it provides that the Government and the taxpayer may make a final agreement governing such doubtful points for the past or future, which agreement is absolutely binding on both parties. The experts of the Treasury who have been consulted in drafting this bill considered this an important provision and that it will facilitate administration of this law.

It is very important in levying a tax of this kind that the manufacturer shall know what his liability will be, and by having an agreement entered into with the Government he will know definitely and can rely upon the assurance of the Government as to what his liability will be.

SEC. 612. EFFECT OF CHANGES IN ADMINISTRATIVE DECISIONS

This provides that the revocation or amendment of any regulation or ruling of the department shall not have the retroactive effect of increasing any person's liability with respect to sales made before such revocation or amendment.

SEC. 613. APPLICABILITY OF ADMINISTRATIVE PROVISIONS

This simply provides for the application to this tax of provisions of existing law.

SEC. 614. PENALTIES

The penalty for violation is fixed at one-half the amount of tax evaded; or if that can not be determined, not more than $1,000; or six months' imprisonment, or both.

SEC. 615. EXCLUSION OF TAX FROM GROSS INCOME

This section is put in to prevent any person other than the one who paid the tax to the United States claiming it as a deduction from gross income on the ground that, since it was passed on to him, he can deduct it as a tax paid by him. This is a precautionary measure.

SEC. 616. REGULATIONS

This provides for all necessary rules and regulations to administer the provisions of this law.

SEC. 617

NOTE.—The definition of "article" includes gases and electricity. These definitions are substantially the same as the House provision.

SEC. 618. PERSONNEL

This was a Treasury recommendation that the Ways and Means Committee accepted.

SEC. 619. EFFECTIVE DATE—DATE OF EXPIRATION

This fixes the date when the provisions of the act shall take effect as the thirtieth day after enactment of the act, except the provisions for final agreements and for regulation are to take effect immediately. The last sentence provides for the termination of this tax on June 30, 1934.

Mr. HAWES. Mr. President, I desire to offer an amendment which I expect to propose to the tax on checks limiting checks to be taxed to $100 and over. I ask that the proposed amendment may be printed and lie on the table. It can be clearly demonstrated that the revenue to be derived from this tax will come from small checks and not from the larger ones. So I present the amendment.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table to be called up by its author at the appropriate time.

The amendment intended to be proposed by Mr. HAWES is as follows:

On page 286, line 1, after the first comma, insert "for $100 or over."

PAYMENT OF FOREIGN DEBTS

Mr. HOWELL. Mr. President, under the caption "Stimson Discusses Policy with Hoover—Gives to President Detailed Picture of Foreign Problems," there appeared an article written by Mr. Harold J. T. Horan in the Washington Post on May 23, reading in part, as follows:

Secretary Stimson outlined the interdependence of all the problems that now beset Europe—disarmament, war debts, tariffs, reparations, and economic depression. * * * Although no attempt was made to draw Secretary Stimson into a discussion on war debts while he was in Europe, the imminence of the problem still made itself felt on every side. The position of this Government, as outlined by the Secretary himself some time before leaving for Geneva, was against any further action on the subject of war debts until Europe had first set her own house in order.

From this it may be properly assumed that this was Secretary Stimson's attitude in his contacts while abroad, and must necessarily have stimulated the hopes of our debtors that the United States Government might consider further concessions in connection with their debts. Certainly developments indicate that Downing Street is not in the least discouraged.

In a cable from London to the Washington Star under date of May 24, Mr. Negley Farson stated, in referring to a recent editorial in the London Times, that—

The editorial bluntly puts on record the growing realization here that the Americans mean business when they say that there must be real disarmament and a real European agreement regarding reparations before the American taxpayer will be willing to burden himself further by voluntarily canceling a portion of the European debts.

Thus it is evident that our European debtors have been inspired with the belief that if Europe does set its house in order, then the American taxpayer might be willing to add to the tremendous burden he has already assumed because of these debts.

In short, Europe is intently pursuing its long-ago determined course to in some manner or in some way inveigle American taxpayers to relieve Europe from the war debts due the United States. This is emphasized by another quotation from Mr. Farson's cable. In discussing resumption of payments this coming year, he says:

Great Britain's resumption of its war-debts payments to the United States, whether Germany and the Allies defaulted or not, would not in the least mean abandonment of pressing for complete cancellation, which the British have been advocating ever since 1922. It merely means facing the fact that the Americans will not agree—yet.

In a recent cable to the New York Times from its London correspondent, Mr. Selden, he reports that Britain—

does not expect to pay next year's American war-debt annuity of $183,900,000, and, furthermore, does not believe the United States will drive her into default if she does not pay. Chancellor of the Exchequer Chamberlain has privately told members of the House of Commons that he had not only made no provision in the regular budget to pay the American debt, but was not devising any supplementary budget to provide for such payment. This does not mean that Britain has the slightest intention of defaulting. It will not be a default or repudiation if she can not pay the full amount when it falls due, but gets either an extension of time or a reduction of the amount, or both. It is in expectation of some such development that Britain is now awaiting the results of the American election.

Mr. President, this implies that the British think they have reason to believe that the cancellation of European debts will be in fact an issue in the coming campaign; if not a vocal issue, an issue nevertheless—a mute issue—and therefore that further modifications of payments by our debtors, or complete cancellation, will be assured unless objections to further debt remissions are seriously voiced between now and next November.

In Mr. Arthur Brisbane's daily editorial, appearing yesterday morning, he stated that—

It is reported seriously that England, France, and Italy have united to "bar the payments of debts to us." They are said to have arranged what might be called a "welching bloc," as though three bookmakers should agree not to pay what they owe, hoping to make the welching less unpleasant by making it cooperative.

Again, this morning, the United Press carries a report from London that Maj. Walter Elliott, financial secretary to the treasury, told the House of Commons yesterday that no arrangements—

had been made to pay war-debt annuities to the United States after the expiration of the Hoover debt holiday.

Mr. President, tremendous forces are vigorously at work not only in Europe but in this country, as they have been ever since and immediately following the armistice, to prevail upon Congress to sacrifice the huge debts due the United States from our former associates in the Great War.

Therefore, in connection with this tax bill and the huge taxes proposed—which are, in a large measure, due to the nonpayment of these debts—I deem it appropriate again to present shortly certain facts relating to Europe's indebtedness to us and to call attention to the enormous sacrifices we have already made.

The echo of the last gun fired in the Great War had scarcely died away when there was initiated in Europe a project for the cancellation of the war debts due the United States.

It penetrated the chancelleries of that continent, it stalked to the peace table, it reached across the Atlantic and clasped hands with our international bankers, it intrigued our trade associations and chambers of commerce, it instituted an all-enveloping propaganda that worked while many of us slept. Following a prolonged barrage the British Debt Commission finally arrived in Washington and the cancellation project largely triumphed.

The British settlement provides for cancellation, except that for 62 years Britain is merely to help us pay interest on the money we borrowed to lend her—whereupon Britain is through.

Then followed the debacle—provisions for a similar cancellation of every other foreign debt due us, evidently upon the ground that having canceled Britain's debt, that of our strongest debtor, we could hardly ask any other nation to accept less favorable terms.

THE BRITISH DEBT

Not quite two-thirds of Britain's debt was due to wartime loans. The remainder resulted from loans made after hostilities had ceased. The total debt was $4,715,000,000—more than four thousand seven hundred millions of dollars—so huge a sum as to be almost incomprehensible.

In our settlement with Great Britain we agreed to forgive our debtor—to shoulder this huge debt in her place—provided she would pay us annually the equivalent of 3.7 per cent interest on its face for a period of 62 years. Then Britain is to be through.

So we have kissed good-bye to $4,715,000,000. It is dead horse for us. Every dollar loaned Britain we borrowed, we still owe, and are paying interest thereon.

As a consequence we will have paid by next July, in interest alone, to carry Britain's debt some $532,000,000 more than Britain will have paid us all together since the British debt settlement in 1923.

Our loss in principal and interest on account of this debt alone will exceed five thousand millions by the end of this year—more than 90 per cent of which we are yet to pay out of future taxation. Moreover, there are further interest losses to come.

THE ITALIAN DEBT

Italy's war debt to the United States was $1,349,000,000. However, that is not all. After the last gun was fired in the Great War our Treasury, like the good Santa Claus it was, kept right on loaning Italy as though the war were still on. This postwar debt amounted to $801,000,000, making Italy's total debt on June 15, 1925, $2,150,000,000 plus.

Every dollar we loaned Italy was borrowed from our people and remains unpaid. As a consequence it will have cost the United States in interest alone to carry this Italian debt to the end of the present fiscal year, next July—a period of seven years—some $624,000,000.

Now, mark you, all Italy will have helped us out during that time is a total of about $39,600,000. The difference of the two sums will be our net cost of carrying this Italian debt for but seven years, or approximately $585,000,000.

Italy would have paid us $14,706,000 more this year except for the moratorium.

Could Italy have paid more?

Last year she expended in armaments (military, naval, and air) $245,000,000, as against $142,000,000 in 1913—$103,000,000 more.

Italy's debt settlement is equivalent to the cancellation of the principal sum of her debt of $2,150,000,000 and the ultimate payment in lieu thereof of only 1⅛ per cent interest annually on the face of that debt for 62 years. Then Italy stops paying, the principal sum of her debt having been canceled.

Should we do more for Italy? Is it not about time we should think of the people of the United States? Why such a settlement? It was based on the high-sounding theory of ability to pay. There had to be some excuse for such indefensible generosity.

THE FRENCH DEBT

Our entry into the Great War was preceded by desperate appeals for aid from those who subsequently became our allies.

To save France from the invader we landed 2,000,000 young men upon her shores. However, their equipment and supplies were refused entry without the payment of French tariffs.

War or no war, sentiment did not interfere with the French Government's business instinct. The matter was adjusted by our agreeing to sell nothing during our stay in France.

Of course, encampments for our boys were necessary, and trenches where they fought and died. However, for these we paid rent and damages. Such is the back stage and irony of war!

When the conflict was over, our boys returned, save their fallen comrades; but there remained behind our railroad equipment and the improvements we had made, besides mountains of food and other supplies.

Unfortunately for us, however, because of our agreement respecting tariff duties, there was but one customer for these "leftovers"—the French Government.

Therefore, this $2,000,000,000 worth of property was turned over to France for promises to pay $400,000,000, since canceled, as hereafter indicated.

Prior to the armistice, while the enemy was driving on Paris, we loaned, upon the solemn promise of France to

repay, tremendous sums, aggregating at the time of her debt settlement $2,662,000,000. But that is not all. After the war was over, upon her pleadings for further assistance, her debt was increased by further loans, including property purchased and interest, to a total of $4,231,000,000. France with great reluctance finally ratified a debt settlement, which provided:

First. For wiping off the slate this debt of $4,231,000,000; that is, its cancellation.

Second. For the payment in lieu thereof of the equivalent of 2⅛ per cent interest only on the face of this canceled debt annually for 62 years; France then to be free and clear of all obligations to the United States.

This means the shifting of the payment of this $4,231,000,000 from France to the shoulders of our people.

Moreover, from the date of this settlement to the end of the present fiscal year it will have cost the American people to carry this debt, in interest alone, $1,228,000,000.

In the meantime, however, the payments made by France will have totaled but $200,000,000, resulting in a net interest deficit, for us to bear also, of $1,028,000,000 for the seven years.

Thus, the American people will be out of pocket by July next, so far as this French debt is concerned, approximately $5,260,000,000. Moreover, in years to come this huge loss will be added to, bending the backs of American children yet unborn.

Mr. President, I request unanimous consent to insert in the RECORD at this point the interpretative resolution respecting the indebtedness of France to the United States, adopted by the United States Senate June 19, 1929.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The resolution is as follows:

Whereas an indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies in the amount of $400,000,000 is due and payable on August 1, 1929; and

Whereas the payment of such indebtedness is provided for in the agreement (known as the Mellon-Berenger agreement) made on behalf of the United States by the World War Foreign Debt Commission and approved by the President, providing for the funding and payment of the entire indebtedness of the French Republic to the United States, which agreement, treating all payments by France as applied to interest, is equivalent (1) to the cancellation of such indebtedness and the accrued interest thereon as of June 15, 1925, totaling $4,230,777,000; and, in addition, (2) to the cancellation of all interest accruing on said indebtedness from and after June 15, 1925, except the equivalent of an annual payment for 62 years of approximately 2.17 per cent on said $4,230,777,000; and

Whereas such agreement specifically provides that it shall not become effective until ratified in France and until approved by the Congress; and

Whereas the ratification in France of such agreement, in accordance with the terms thereof, is now under consideration: Now, therefore, be it

Resolved, That in the passage of the joint resolution (H. J. Res. 80) authorizing the postponement of the date of maturity of the principal of the indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies, the Senate places upon it an interpretation in conformity with the terms of the preamble above set forth.

TWELVE OTHER DEBTS

Mr. HOWELL. The moratorium now in effect is for all of the war-worn nations except the United States. This is because every moratorium requires a goat; and, so far as Europe is concerned, Uncle Sam has proven the champion goat of all times. We borrowed money to loan these debtor nations. We must pay whether the debtor nations pay us or not. They are not to pay anything this year because of the moratorium, and hope to pay nothing next year or thereafter.

Besides Great Britain, Italy, and France, there are 12 other European nations indebted to Uncle Sam, none of which, excepting 5, has been the beneficiary of German reparations. These 12 nations are Austria, Belgium, Czechoslovakia, Estonia, Finland, Greece, Hungary, Latvia, Lithuania, Poland, Rumania, and Yugoslavia.

The loans to these 12 debtor nations, excepting Belgium, were made after hostilities ceased. They were for food supplies, for the mitigation of unemployment, and for reconstruction; and more than half of Belgium's borrowings were also postarmistice loans.

Not one of these nations requested a moratorium, nor did any other nation, for that matter. These debts, totaling $994,000,000 plus, have been canceled, except that the debtors, taken together, have agreed to pay us the equivalent of 2⅜ per cent interest annually on this $994,000,000 for 62 years. Then they are through. We must pay the $994,000,000 ourselves. But that is not all. Since the dates of settlement of these various debts we have paid in interest on an equal amount of our outstanding bonds properly representing these debts, some $222,000,000 more than the total payments that will have been made to us by these debtor nations prior to July 1, 1932. Moreover, this interest deficit will keep on increasing as the years pass—yet we are called "Shylocks"!

THE 15 EUROPEAN DEBTS AS A WHOLE

We are, indeed, easy. When European negotiators came to Washington to settle their war debts we did not insist on their agreeing to pay those debts in full, together with the interest we were paying because of them.

We did not even insist they should agree to pay such interest for a reasonable period of time, even though the principal sums of the debts were to be canceled. We complacently settled with them on this basis:

Their debts, exceeding $12,000,000,000—or, to be exact, $12,090,667,000—were canceled, the debtor nations agreeing merely to help us out in paying interest on the money we had borrowed to loan them. Yes; and all they are to pay, taken together, is the equivalent of less than 2⅜ per cent interest annually for 62 years on this $12,000,000,000. Then they are through. We must pay the $12,000,000,000 without help, and also the difference between this 2⅜ per cent interest and the interest we are paying on the money we borrowed to loan them.

On this account alone our interest charges on $12,000,000,000 of our bonds outstanding, bearing the highest rates of interest, have been averaging $500,000,000 a year—and there is no such thing as a moratorium for us. All that these debtors paid us last year was $235,000,000.

This year they were to pay us $247,000,000, less than half the interest we must pay; but the moratorium has also shifted this $247,000,000 to our shoulders, temporarily at least.

The net cost to us of carrying these debts from their dates of settlement up to the end of this moratorium—less than eight years, as an average—will exceed in interest alone the total payments of every kind and nature made by our European debtors by more than $2,365,000,000. Do you wonder a deficit has overtaken our Treasury?

These twelve billions of debts, plus interest deficits accrued, are equivalent to an empire approximating the assessed valuation of Minnesota and 12 additional States west of the Missouri River.

And so important to us, our children, and our children's children is even the partial interest which the debtors have promised to pay that we should indeed ponder well and weigh these settlements, that we may determine, each for himself, whether or not we shall insist upon Europe's continuing to help us pay interest on our huge borrowings because of these debts, or whether we shall further relieve these debtor nations by more reductions in the partial interest they have agreed to pay or shoulder the whole burden ourselves.

"But," you may ask, "can these European nations pay?"

Last year these debtor nations spent some $1,600,000,000 on armaments, or about four hundred and thirty million more than was expended annually prior to the war.

Mr. President, though called Shylocks, we have not oppressed these debtors—as a matter of fact, our generosity in connection with these debts has no parallel in all history—nor should we oppress a debtor; neither should we hesitate, in dealing with Europe, to apply the rules of business to which we daily submit in dealing with each other.

Therefore, we should say to our European debtors, in unmistakable language, that no more concessions will be made respecting the amounts due; that no further moratoriums will be considered; that we expect them to pay regularly on the dates fixed and subject to the conditions set forth in their respective refunding agreements; that if inability to pay the full amount due in any case is satisfactorily demonstrated, then partial payment shall be made, with definite provisions for taking care of arrears.

Also, we should say that, so far as we are concerned, there is no other middle ground between payment and repudiation; and, finally, that if we must shoulder the whole burden of debt in any case—notwithstanding this reasonable attitude, and our past generosity—it is our firm determination that our people shall garner at least the benefits of the lesson which repudiation will indelibly impress.

AGRICULTURAL CONDITIONS

Mr. FRAZIER. Mr. President, this morning there came to my desk a letter from the president of the Chamber of Commerce of the United States of America. The letter is signed by H. I. Harriman, president of that organization. It inclosed two resolutions in regard to agriculture. The letter is dated May 26, and reads:

At the twentieth annual meeting of the Chamber of Commerce of the United States, held last week in San Francisco, there was evidenced marked interest in national policies with reference to agriculture.

Herewith I am sending you copies of a resolution under the heading "Agriculture," and another resolution under the heading "Credit for agriculture." It is our hope that these expressions of views of business men may have your sympathetic interest and support.

I exhibit to the Senate the two little resolutions they sent—a little single page on "agriculture" and another single page on "credit for agriculture."

This morning there also came to my desk another letter from the same president of the same Chamber of Commerce of the United States in regard to the Glass banking bill, S. 4412, which is the unfinished business of the Senate. He sends a brief prepared by a committee of the National Chamber of Commerce on this banking bill, suggesting some changes and some recommendations in regard to that bill. The brief was on stationery of the size I now exhibit to the Senate, and contains 70 some pages.

The Chamber of Commerce of the United States are seventy times more interested in the banking business than they are in the agricultural situation that confronts the Nation to-day.

I desire to read some of their statements in these resolutions that they have adopted. They are very illuminating, to say the least, coming as they do from the parent organization of the business organizations of the United States, with headquarters here in the National Capital.

The resolution entitled "Credit for Agriculture" closes with this statement:

Legislation should encourage the formation of agricultural credit corporations of a type which will attract substantial capital.

All parts of the Federal farm-loan system should be enabled to deal with their related institutions on a basis that will permit the latter to make loans at rates in harmony with credit conditions in the areas which they serve.

Mr. President, the Chamber of Commerce of the United States are interested, in connection with agricultural credits, in providing interest rates that will make a profit to their own people. That is what it is interested in.

In the resolution on agriculture they say:

American agriculture must be made more generally and dependably prosperous than in recent years.

It does not take the president of a national chamber of commerce to tell the Members of Congress that agriculture should be more prosperous. "It must be made more prosperous than it has been in recent years." There has been no prosperity in agriculture in recent years. They go on to say:

The national objective can not be obtained by experimentation, the losses of which, however heavy for the public, are most burdensome for agriculture itself.

They go on to intimate, in a nice way, that the Farm Board and the marketing act have proven disastrous to agriculture, and they openly recommend that the farm marketing act should be repealed. They also say, in their last paragraph:

Such action will prepare the way for a united national effort to obtain a national agricultural policy worthy of the place agriculture occupies and should continue to occupy in the United States.

Mr. President, I submit the National Chamber of Commerce has never gone officially on record for any worthwhile agricultural legislation in the history of the United States. To the contrary, it has opposed every worthwhile measure that the farmers believed would be for their interest. When a compromise measure was passed, known as the farm marketing act, and the Federal Farm Board was appointed by the President of the United States, with Mr. Legge as chairman of the board, and the board, in carrying out the mandates of Congress, in trying to stabilize the marketing of farm products, pegged the price of wheat and attempted to do the same thing with cotton, and attempted to raise the price levels and to stabilize the prices of other farm products, the representatives of the grain interests and the cotton interests came to the National Capital from the great grain and cotton centers of the Nation in opposition to the attitude of the Farm Board and against the farm marketing act.

What did they do? With the help of Mr. Barnes, who was at that time president of the National Chamber of Commerce, they lined up the National Chamber of Commerce against the Farm Board and against the marketing act. They went to the White House, and what was the result? The Farm Board was apparently called off, and its pegging of wheat prices began to cease, and the stabilization of the market began to slacken up, because the National Chamber of Commerce opposed it, because the heads of the great business interests of this Nation, who claim to be so interested in agriculture, were in opposition to the Farm Board and the farm marketing act.

Now they recommend the repeal of the farm marketing act. That is the only law on the statute books of the United States that would tend to promote agriculture under cooperative methods. I am satisfied that measure is not what it should be, that it should be strengthened and given more backing than it has.

Mr. President, if the National Chamber of Commerce were as much interested in agriculture as in the banking interests and other business interests, the farmers to-day would not be in the plight in which they find themselves.

My colleague tried to get a unanimous-consent agreement for the consideration of Senate bill 4536 and Senate bill 1197, which are now on the calendar, agricultural bills, and that was objected to because, the Senator from Pennsylvania says, we should not single out a single bill or two bills to be considered. It is not a case of singling out one or two bills to be considered, it is a case of singling out agriculture for consideration by the United States Senate before we adjourn.

The farmers of this Nation have gone broke by millions during recent years, and they are still going broke. Business interests are going broke along with them. A few of us have tried to tell the Members of the Senate for the last 10 years that unless something were done for agriculture, to put agriculture on a paying basis, the business interests would go down along with agriculture; and they have gone down.

The purchasing power of the farmers and the people who depend upon the farmers for their welfare has gone down, until they have no purchasing power left. The result has been that factories and mills all over the Nation have closed, and they will stay closed until something is done to put agriculture on a paying basis and restore the purchasing power of the people.

There are more workers on the farms of this Nation than there are in all other kinds of industry, and they do more important work, because they produce the food products to

feed the people of this Nation. Yet Congress sits idly by and permits the farmers to continue to go broke, their farms and their homes to be foreclosed upon and taken away from them by the millions throughout the Nation, because the Congress of the United States is not willing to take action to prevent those foreclosures.

A moratorium of the war debts, oh, yes, for the benefit of the international bankers, and a $2,000,000,000 credit corporation for the benefit of the business interests; the Glass-Steagall bill for the benefit of more of our business interests, and again the Glass banking bill, now pending, for the benefit of the bankers. And what have we for the benefit of agriculture?

There are two bills on our calendar, Senate bill 1197 and Senate bill 4536, which the farm organizations of the country are backing. Our distinguished leader did not remember what Senate bill 1197 pertained to. He has received a number of communications from farmers in Indiana, and not only do the letters come from farmers in that State, but from all through the Nation they have indorsed the bill, which provides for the refinancing of the existing indebtedness of the farmers, to save the homes and the land of the farmers, and to enable our American farmers to continue as home owners, and not permit them to be made tenants and serfs, as they are becoming to-day.

Unless we can have an understanding in the very near futural that these agricultural measures are to be given consideration at this session, I intend to join with the junior Senator from Nebraska [Mr. HOWELL] in his attempt to bring to the attention of the country and of the Senate every day—and I think there are a number of others here who will join in the effort, if necessary—the needs of agriculture, the fact that we must have legislation to save agriculture.

Mr. President, if the Members of the United States Congress were as much interested in the people who produce the food products to feed the Nation as they are in other business interests, we would have legislation over night for the benefit of agriculture.

ATTENDANCE OF SENATORS

Mr. FESS. Mr. President, very rarely do I obtain the floor to take any notice of what is said in any newspaper, but last night in some papers, and throughout the press this morning there appear comments under glowing headlines about the failure of the Members of the Senate to be present at 10 o'clock yesterday morning, when we were to begin our early sessions. I find the following headline:

Curtis bangs gavel to open session; empty seats respond.

That is from one of the notable publications of the country, over a press dispatch sent out by one of the outstanding news agencies, and it is not different from the dispatches sent out by all of the news agencies. It even became the subject of feature writing of special correspondents.

This article states:

A Senate consisting entirely of empty seats was called to order to-day by Vice President CURTIS.

The daily session began at the unusually early hour of 10 a. m., in an effort to expedite the passage of tax legislation.

That is a correct statement.

Not a Senator was visible as the hands of the clock touched the hour of 10 and the vice presidential gavel fell.

A page went running for Senator FESS, of Ohio, the Republican whip.

Arriving a few seconds after 10, he said, "I suggest the absence of a quorum."

The Vice President and FESS smiled at each other. A page boy yawned sleepily. The clerk began to call the roll, and the bells rang frantically throughout the Capitol and office building to summon the tardy Senators.

That is a very newsy item, and the situation was such as to furnish copy for the bright newspaper boys, and from that standpoint it is not subject to criticism. But it does convey an impression throughout the country which will not be corrected by the press, but can only be set straight through the records of this body. The impression is given that the Members of this body are tardy, indifferent, unsolicitous of the welfare of the people, with not sufficient regard for the public interest to be present when the Senate convenes.

Those with any acquaintance with the actual situation, as, for example, the boys in the press gallery, understand the situation, and such articles to them are nothing more than humorous; but, unfortunately, the people back in the country, all throughout the Nation, do not get that impression. They will get the impression I have alluded to.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. HARRISON. It may also be stated that we were in session night before last until 15 minutes after 9 o'clock——

Mr. FESS. That is correct.

Mr. HARRISON. And that in order that the Finance Committee might be able to make certain recommendations so that the program might be considered on yesterday, the Committee on Finance, which consists of 20 Senators, was called to meet at 8.30 o'clock yesterday morning.

Mr. FESS. That is correct.

Mr. HARRISON. We did meet, and there was a very full attendance of the Finance Committee, and we considered some 10 or 12 amendments. I suppose all the members of the Finance Committee were late in getting into the Senate, because we were over in the Office Building engaged in trying to arrange the program for the day.

Mr. FESS. Mr. President, I thank the Senator from Mississippi for adding that statement, because I want the country to know the situation and to know what Senators are doing. That is the only reason why I have spoken this morning.

Mr. KING. Mr. President, will the Senator from Ohio yield to me?

Mr. FESS. I yield.

Mr. KING. The correspondents in the press gallery know, and the country ought to know, that every morning many committees of the Senate are in session; indeed, many committees begin their hearings at 10 o'clock, and some committees continue their sessions until 4 or 5 o'clock in the afternoon. I know that on some days Senators have three or four committee meetings to attend, and the committees sit during the time the Senate is in session. Many of the Members of the Senate who attend those committee hearings come to the floor of the Senate when some important discussion is taking place, or when the roll is called, or when a vote is to be taken upon an important matter.

Mr. FESS. That is correct, and it is that information which I want to have the country receive.

Mr. WATSON. Mr. President, will the Senator yield to me?

Mr. FESS. I yield.

Mr. WATSON. Supplementing what the Senator from Utah has said, the morning to which this article refers——

Mr. FESS. Yesterday morning.

Mr. WATSON. I personally know of seven committees which were in session, and which met before 10 o'clock. Of course, those in attendance on committee meetings do not leave the committee rooms and hasten to the Senate Chamber to be here exactly at the hour when the Senate convenes, and Senators did not get here at 10 o'clock yesterday morning, but as soon as the Senator from Ohio demanded the presence of a quorum and the call was made, 70 Senators responded, and were in their seats by six minutes after 10 o'clock.

Mr. FESS. That is correct. We have before us, Mr. President, a bill containing over 1,000 sections, which touches every sensitive business in the United States. No section of that bill can be passed over lightly. Every section is the result of most careful constructive thought. It is impossible, in the consideration of a measure of this kind to get quick

action, final action, and much time must be given to the consideration of the provisions of the measure. While the bill is thus being considered, individual Senators can not be criticized for presenting other phases that are not in the bill, but which they might feel they would want to attach to the bill as amendments, such as we have heard mentioned here this morning.

For example, here it is now 11 o'clock. We have been in the Chamber an hour. There has not been a wasted moment this morning, although the subjects discussed were not the subjects directly in the bill. But every subject discussed was presented by Senators who are intent on the situation before us as it affects their particular sections of the country.

Such a procedure is not subject to criticism. We have been in continual session on this bill for many weeks with scarcely a minute of wasted time, except I think probably we might with some truth say that at some of the evening sessions there was more or less oratory which, while it edified, was not specifically upon the bill. It was for that reason the suggestion was made that we meet earlier in the day, at 10 o'clock in the morning, and not remain in session in the late evening, since in a session from 8 to 10 in the evening it is almost impossible to get votes on the bill, because the temptation is too great for addressing the Senate and the occupants of the crowded galleries. I think that criticism might be made, but it is not a serious one.

On the other hand, the Senate has been in constant session, meeting at 11 o'clock in the morning and running until 10 o'clock or later at night without interruption, and then just a day or two ago changing our hour of meeting to 10 a. m., and agreeing to remain in session until 7.30 in the evening, continuously and without interruption. I think the inference that is sent out is not only not justifiable but it is terribly dangerous in producing the wrong kind of public sentiment.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Pennsylvania?

Mr. FESS. I yield.

Mr. REED. Is not what the Senator is complaining about just plain human nature? It is not the fault of the men in the press gallery. If they send home dispatches that Senator So-and-so is a highly intelligent and faithful public servant and working 15 hours a day, no newspaper would print it; and if a newspaper did print it, nobody would read it. If somebody came to the Senator from Ohio 10 minutes from now and told him that such and such a Senator is a very able man and is working very hard and doing fine work, I suspect the Senator from Ohio would yawn and wish that he could turn to something else. But if he came to the Senator from Ohio and told him that Senator So-and-so had committed a questionable offense, the Senator from Ohio would not yawn, but he would listen. That is just human nature. What is the use complaining about it?

Mr. FESS. Probably there is no need of complaining in this presence. I do not do it for that purpose. All I have in mind is that the people back home who are complaining about our negligence and our indifference are making a complaint that is largely stimulated by dispatches like the one to which I have referred. I agree with the Senator from Pennsylvania that it is no news that a Senator leaves his hotel at 7 o'clock in the morning and opens his office at a very early hour and attempts to direct his correspondence up to 10 o'clock, the hour of the convening of the Senate—a correspondence so voluminous that it becomes necessary for him to add two or three additional clerks in his office to answer the correspondence relating directly to the pending bill. That is no news.

Mr. REED. If we did tell them that, they would only answer that they did not force us to take the position of United States Senator, but that we sought it and we ought not to complain of the work into which we forced ourselves. But there is no good result to follow complaining. I have made a pest of myself in the Senate for years over the sales tax, and yet just yesterday I received a telegram from a very highly intelligent Philadelphian asking why I do not take an interest in the proposal for a manufacturers' sales tax. [Laughter.] There is no use complaining. Let us get back to work on the bill.

Mr. FESS. Probably the Senator from Ohio is now the greatest offender because he has risen in his place over the protest of the chairman of the Finance Committee [Mr. SMOOT], who at this very instant is standing in his place in his towering influence indicating to me every second, "Please sit down so we can get to work." Of course I understand that, but the people back home are coming to the conclusion that of all the governmental agencies we now possess, the most useless is the United States Senate. It is such press dispatches as I have referred to that are feeding and encouraging that opinion; and while the correction will not be made in the press, it will be read by the few people who read the CONGRESSIONAL RECORD. That is why I am making the correction.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions unanimously adopted at a conference of mayors of the largest cities of the State of Michigan, at Detroit, Mich., favoring a Federal program for the direct relief of the unemployed, amendment of the Reconstruction Finance Corporation act permitting such corporation to invest its assets in notes, debentures, bonds, or other faith and credit obligations of cities for public welfare, to provide money for delinquent tax obligations and the refunding of bonds and obligations to release funds necessary to maintain the adequate and proper operation of municipal government, and the proposal of a $5,000,000,000 prosperity loan for the immediate inauguration of a national program to create employment and restore the purchasing power of the workers, etc., which were referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the Lincoln Township Farm Bureau, Clarinda, Iowa, favoring the passage of the so-called Goldsborough bill, being the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, and also legislation to amend the farm marketing act so as to include the equalization fee, the debenture, and the domestic allotment plan, etc., which was referred to the Committee on Banking and Currency.

He also presented a letter in the nature of a memorial signed by Pauline Ames, publicity secretary of the Frances Willard Unit, Woman's Christian Temperance Union, Pasadena, Calif., indorsing the action of the Senate in its recent vote defeating the so-called beer measure, and favoring the maintenance of the eighteenth amendment of the Constitution, which was referred to the Committee on the Judiciary.

He also laid before the Senate a telegram in the nature of a petition from Leslie W. Rowles, of Phoenix, Ariz., praying for the passage of House bill 4743, providing for the continuation of industrial rehabilitation for civilians, which was referred to the Committee on Education and Labor.

He also laid before the Senate a letter from Fred McIntyre, of Franklin, Pa., regarding his complaint against E. S. Bullock, of Williamsport, Pa., in connection with a transaction involving the use of the mails, which, with the accompanying letter from the chief inspector of the Post Office Department addressed to Mr. McIntyre, was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a letter in the nature of a petition from Charles S. Edmunds, of Philadelphia, Pa., praying for the expression of a united leadership in the Congress and administration in the present economic crisis, which was ordered to lie on the table.

He also laid before the Senate several letters from H. J. Ryan, of Nashville, Tenn., submitting sundry plans and recommendations for legislation, which were ordered to lie on the table.

Mr. BLAINE presented a resolution adopted by the Milwaukee County Council, the American Legion, Department of Wisconsin, favoring the authorization, before the final adjournment of the present session of Congress, of a bond issue of sufficient amount to finance an extensive public-works program and to enable the various States, counties, and municipalities in need to borrow moneys at a reasonable rate of interest to carry on necessary relief programs, which was referred to the Committee on Banking and Currency.

Mr. CAPPER presented a petition of sundry citizens of Tasco, Hoxie, and Studley, Kans., praying for the passage of the so-called Goldsborough bill, being the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, which was referred to the Committee on Banking and Currency.

He also presented a memorial of sundry citizens of Douglas County, Kans., remonstrating against the passage of legislation reducing appropriations for the Army, the citizens' military training camps, the Reserve Officers' Corps, the officer personnel on the active list, etc., which was referred to the Committee on Appropriations.

Mr. JONES presented a resolution adopted by the Board of County Commissioners of Spokane County, Wash., favoring an amendment to the Reconstruction Finance Corporation act permitting that corporation to purchase municipal securities, or that a new Federal corporation be created to deal with municipal credits and securities, so that all necessary funds may be obtained to meet the unemployment crisis in Spokane County, Wash., which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Wilkeson Aerie, No. 1409, Fraternal Order of Eagles, of Wilkeson, Wash., favoring the passage of legislation to facilitate home ownership and the creation of Federal home-loan banks, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Spokane, Wash., praying for the passage of the so-called Goldsborough bill, being the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar, which was referred to the Committee on Banking and Currency.

Mr. ASHURST presented a telegram in the nature of a memorial signed by Otto G. Yutze, commander of Fred Hilburn Post, American Legion, of Douglas, Ariz., remonstrating against reductions in the benefits already allowed World War veterans, and also the reduction of the officer personnel of the Regular Army by 2,000, which was referred to the Committee on Finance.

He also presented a resolution adopted by John Pruitt Post, No. 18, American Legion, of Ray, Ariz., thanking and felicitating the Arizona delegation in Congress for their efforts in securing the passage of the soldiers, widows, and orphans' pension bill, also for "their untiring efforts on behalf of the State of Arizona and the general welfare of the United States," which was referred to the Committee on Pensions.

He also presented a telegram from Walter P. Taylor, fifth vice president, National Federation of Federal Employees, Tucson, Ariz., favoring the elimination from pending economy legislation of provisions consolidating the Personnel Classification Board with the Civil Service Commission and inserting in lieu thereof a provision that the limitation shall not apply to the independent executive agencies dealing with Federal personnel, which was referred to the Committee on Appropriations.

He also presented telegrams in the nature of petitions from Mrs. F. A. Bons, president of Maricopa County Council Parents and Teachers; Harry V. Bene, State supervisor of civilian rehabilitation; Mrs. C. B. Griffith, president of the Maricopa County Woman's Democratic Club; A. M. Davis, State director of vocational education; Arizona State Federation of Labor, by H. E. Spencer, president; C. Louise Boehringer, editor Arizona Parent Teacher; Mrs. L. N. Butler, first vice president Arizona Congress Parents and Teachers; Mrs. F. M. Wilkinson, executive secretary Arizona Congress Parents and Teachers; and C. O. Case, superintendent of public instruction, all of Phoenix, Ariz., praying for the passage of the bill (H. R. 4743) to amend an act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise, and their return to civil employment," approved June 2, 1920, as amended, which were referred to the Committee on Education and Labor.

GRASSHOPPER PLAGUE IN THE NORTHWEST

Mr. NORBECK. Mr. President, the grasshopper pest of the Northwest is threatening to devastate a half dozen States. The magnitude of this plague is such that farmers and localities are unable to deal with it. Therefore, the Department of Agriculture authorized an appropriation of a million and a half dollars, which item is contained in the agricultural appropriation bill, on which no final action has been taken. The situation is serious from the standpoint of the farmer. The Government also stands to suffer heavy losses, because it is in this area that so many seed loans were made. The Government holds crop security and expects to make collections from the crop which is now being threatened.

I ask, Mr. President, that several telegrams with reference to this matter be printed in the RECORD and appropriately referred.

There being no objection, the telegrams were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

PIERRE, S. DAK., *May 14, 1932.*

Senator PETER NORBECK,
Washington, D. C.:

I am advised by Professors Severin and Ford, of State entomology department, that grasshopper situation in our State is becoming serious. Grasshopper eggs now hatching by the million, and it is estimated that in eight weeks' time they will begin to damage crops. Every day's delay will mean inability to destroy these pests. Please use every effort to secure early passage of appropriation bill.

WARREN GREEN,
Governor of South Dakota.

LAKE ANDES, S. DAK., *May 18, 1932.*

Senator PETER NORBECK:

Grasshopper scourge here appalling. Immediate help, or crops total loss.

G. F. KANE, *Editor Wave.*

HURON, S. DAK., *May 18, 1932.*

Senator PETER NORBECK:

For your information bankers sending us discouraging reports re grasshopper prospects, saying they are hatching in great numbers than this time last year, and unless something miraculous happens looks like seed-loan money wasted in worst section. Comments by counties follow: Brule County, this year's hatch greater and weather not detrimental, imperative help at once; Charles Mix County, looks like worse grasshopper outbreak than last year, unless we have abundance of cold, rainy weather; Haakon County, it does not look as though weather had retarded hopper hatching, we will need hopper poison soon; Gregory County, countless hoppers hatching, and if something is not done they will clean this country again; Stanley County, cold weather did not retard hoppers, and indications are more than last year; Jerauld County, indications for serious outbreak hoppers; Hughes County, with plenty of rain believe difficulty small, dry season would make trouble; Jones County, big hatch hoppers already out, and with favorable conditions will be worse than last year, because hatching two weeks earlier than last year this section; Jackson County, more grasshoppers than last year this time, and unless stopped will take all crops; Sully County, hoppers hatching enormous numbers all over county, many fields literally covered with tiny hoppers, and will require at least $45 worth of poison per farm, or $27,000, to save a crop worth two millions at present prices.

SOUTH DAKOTA BANKERS ASSOCIATION.

VERMILION, S. DAK., *May 25, 1932.*

Secretary HYDE, Senator NORBECK, and Representative CHRISTOPHERSON (deliver to Senator NORBECK, Washington):

The grasshopper menace in this county is becoming more serious each day. Hoppers have been hatching by the millions for three weeks. It appears that the only way to save crops is by poisoning the hoppers on a county-wide basis. Farmers themselves are unable to finance such procedure. With 565 Federal loans in this

county of 1,200 farmers, it would seem like good business for the Government to provide some means of saving the crops and protecting their interest.

Con S. Maddox, County Agent; Citizens' Bank; First National Bank; the Plain Talk; County Red Cross; Senator Chausee; Representative Partridge; Olaf Paulson; Chairman County Committee, Dakota Republican; President Clay, County Farm Bureau.

REPORTS OF COMMITTEES

Mr. COPELAND, from the Committee on the District of Columbia, to which was referred the bill (S. 2331) to provide for the care, maintenance, and education of children born out of lawful wedlock, reported it with an amendment and submitted a report (No. 740) thereon.

Mr. WALCOTT, from the Committee on Education and Labor, to which was referred the joint resolution (S. J. Res. 127) authorizing appropriations for the maintenance by the United States of membership in the International Council of Scientific Unions, reported it without amendment and submitted a report (No. 741) thereon.

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them severally without amendment:

H. R. 3527. An act for the relief of Berta C. Hughes;

H. R. 5052. An act to authorize the incorporated town of Juneau, Alaska, to use the funds arising from the sale of bonds in pursuance to the act of Congress of February 11, 1925, for the purpose either of improving the sewerage system of said town or of constructing permanent streets in said town;

H. R. 6487. An act to authorize the incorporated town of Petersburg, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of improving and enlarging the capacity of the municipal light and power plant, and the improvement of the water and sewer systems, and for the purpose of retiring or purchasing bonds heretofore issued by the town of Petersburg; and

H. R. 6713. An act for estimates necessary for the proper maintenance of the Government wharf at Juneau, Alaska.

Mr. FLETCHER, from the Committee on Printing, to which were referred the following concurrent resolutions, reported them severally without amendment:

S. Con. Res. 7. Concurrent resolution to print and bind the proceedings in Congress, together with the proceedings at the unveiling in Statuary Hall of the statue of Gen. John Sevier, presented by the State of Tennessee;

S. Con. Res. 21. Concurrent resolution to provide for the publication of the proceedings in Congress and in Statuary Hall in connection with the unveiling of the statues of Junipero Serra and Thomas Starr King, presented by the State of California; and

S. Con. Res. 24. Concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the occasions of the unveiling in the Capitol of the statues of Jefferson Davis and James Z. George, presented by the State of Mississippi.

ENROLLED BILL PRESENTED

Mr. VANDENBERG (for Mr. WATERMAN), from the Committee on Enrolled Bills, reported that on to-day, May 27, 1932, that committee presented to the President of the United States the enrolled bill (S. 3111) validating certain applications for and entries of public lands, and for other purposes.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

THE WORLD COURT—RESERVATION

As in executive session,

Mr. NYE (by request) submitted a reservation in the form of a resolution intended to be proposed by him to the resolution of adherence on the part of the United States to the protocol of signature of the statute for the Permanent Court of International Justice, which was ordered to lie on the table and be printed.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. METCALF:

A bill (S. 4766) granting an increase of pension to Louise M. Ide (with accompanying papers); to the Committee on Pensions.

By Mr. COOLIDGE:

A bill (S. 4767) for the relief of Mucia Alger (with accompanying papers); to the Committee on Foreign Relations.

By Mr. FLETCHER:

A bill (S. 4768) to amend sections 5a and 9 of the Reconstruction Finance Corporation act; to the Committee on Banking and Currency.

By Mr. SHEPPARD:

A bill (S. 4769) to amend section 215 of the Criminal Code and section 53 of the Judicial Code; to the Committee on the Judiciary.

By Mr. SMOOT:

A bill (S. 4770) for the relief of Ralph Darrington Harris, known as William B. Clayton; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 4771) to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937; to the Committee on Public Buildings and Grounds.

By Mr. SCHALL:

A bill (S. 4772) relating to per diem pay for bailiffs of the district courts of the United States; to the Committee on the Judiciary.

REVENUE AND TAXATION—AMENDMENTS

Mr. HAYDEN submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 246, after line 14, insert the following:

"SEC. 604½. EXEMPTION OF INDIAN ARTS AND CRAFTS

"All articles of native Indian handicraft manufactured by Indians on Indian reservations or in Indian schools and by Indians under the jurisdiction of the United States Government in Alaska, shall be exempt from any taxes imposed by this act."

Mr. COPELAND submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxation bill, which was ordered to lie on the table and to be printed, as follows:

On page 254, line 22, after the word "thereof," insert "except waters exploited and advertised to the medical profession exclusively."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States, submitting nominations and a convention, were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a joint resolution (H. J. Res. 407) making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (S. 3111) validating certain applications for and entries of public lands, and for other purposes, and it was signed by the Vice President.

LOANS MADE BY SHIPPING BOARD

Mr. BRATTON. Mr. President, I have a table prepared by Mr. John Nicolson, formerly connected with the Shipping Board. It relates to loans made by the board. I likewise have a statement prepared by the senior Senator from Tennessee [Mr. MCKELLAR] touching the table and the facts reflected therein.

On behalf of the senior Senator from Tennessee, who is necessarily absent on account of illness, I ask that the table and his statement be printed in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The table and statement are as follows:

Statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent

[Compiled, May, 1932, from official statements of the board, by John Nicolson]

NOTE.—Such rates as one-fourth of 1 per cent, three-eighths of 1 per cent, one-half of 1 per cent, seven-eighths of 1 per cent, 1 per cent, and others less than the 3½ per cent minimum now fixed by law are claimed to result from section 301 of the merchant marine act, 1928. A reasonable interpretation of that section does not, we think, result in any such consequences. (See note at end). Furthermore, whether a loan should be made was discretionary with the board. If the applicant was unwilling to pay a reasonable rate, by contract, the loan could have been denied. All know that Congress did not intend the interpretation which was applied. (See notes inserted through the tabular statement.)

Long-term loans on vessels			Short-term Federal obligations				
To whom made, date, and amount	Interest rate	Long time to maturity	Certified as test for interest rate	Short time yet to run	Yield on price of issue by United States	Interest rate certified. Why?	Loss to the United States resulting from the low interest rates on these loans (total exceeds $22,000,000)
	Per cent	*Years*					
1. Dollar Steamship Lines; July 10, 1931, $5,287,500.	¼	20	Treasury notes (3½ per cent); series C, 1930-1932; maturing Dec. 15, 1932; redeemable Dec. 15, 1930.	None at option of United States. (Issued at par; therefore this money cost the United States 3½ per cent.)	3½ per cent	¼	(a) Compared with 3½ per cent rate, $1,718,437. (b) Compared with average rate (3.9 per cent) paid by the United States, $1,929,937.
2. Export Steamship Corporation; Aug. 4, 1931, $1,705,000.	⅜	20	Treasury notes (3½ per cent); series C, 1930-1932; maturing Dec. 15, 1932; redeemable Dec. 15, 1930.	None at option of United States. (Same as above. Secretary of Treasury certifies average interest rate on public debt, in 1931, was 3.917 per cent.)	3½ per cent	⅜	(a) Compared with 3½ per cent rate, $532,812. (b) Compared with average rate (3.9 per cent) paid by the United States, $601,012.
3. Oceanic Steamship Corporation; April 29, 1932, $5,850,000.	⅜	20	Certificates of indebtedness (2¾ per cent); series T-J 1932; maturing June 15, 1932.	45 days (Rules for construing statutes limit the "test" obligations to those of the same class, i. e., long-term bonds.)	2¾ per cent	⅜	(a) Compared with 3½ per cent rate $1,828,125. (b) Compared with average rate (3.9 per cent) paid by the United States, $2,062,125.
4. Export Steamship Corporation; June 4, 1931, $1,725,000.	½	20	Treasury notes (3½ per cent); series C, 1930-1932, maturing Dec. 15, 1932; redeemable Dec. 15, 1930.	None, at option of United States.	3½ per cent	½	Actual loss on interest: (a) Compared with 3½ per cent rate, $517,500. (b) Compared with average rate paid by United States, $586,500.
5. United States Lines; contract, May 24, 1930, $7,875,000.	½	20	NOTE (items 5 and 6).—This one-half per cent interest rate was the voluntary act of the board, and not the result of an alleged prevailing rate of a Federal security on a given date. These low rates are claimed to result from a test prescribed by law and beyond the control of the board; yet in this loan of nearly $16,000,000 for these two vessels the board voluntarily, by express provision in the loan agreement, sought to fix a one-half per cent rate for 20 years, when the average rate for the public debt is 3.9 per cent—nearly eight times that rate.				(a) $2,362,500. (b) $2,677,500.
6. United States Lines; contract, May 24, 1930, $7,875,000.	½	20					(a) $2,362,500. (b) $2,677,500.
7. Motor Tankship Corporation; Feb. 11, 1931, $1,260,900.	⅜	20	Treasury notes (3½ per cent); series A and B, 1930-1932, redeemable (A) Mar. 15, 1930; (B) Sept. 15, 1930.	None, at option of United States.	3½ per cent	⅜	(a) $330,986. (b) $381,422.
8. Dollar Steamship Lines; Oct. 1, 1931, $5,287,500.	1	20	Treasury notes (3½ per cent); series C, 1930-1932, maturing Dec. 15, 1932; redeemable Dec. 15, 1930.	None, at option of United States.	3½ per cent	1	(a) $1,321,875. (b) $1,533,375.
9. Export Steamship Corporation; Jan. 15, 1931, $1,725,000.	1¼	20	Treasury notes (3½ per cent); series A and B, 1930-1932; redeemable (A) Mar. 15, 1930; (B) Sept. 15, 1930.	None, at option of United States. (The Treasury markets these notes and certificates by allotment at par, and not on competitive bids.)	3½ per cent	1¼	(a) $388,125. (b) $457,125.
10. New York & Puerto Rico Steamship Co.; Feb. 20, 1931, $1,896,000.	1¼	20	Certificates of indebtedness (1¾ per cent); series T-J-2, 1931, maturing June 15, 1931.	4 months	1¾ per cent	1¼	(a) $426,600. (b) $502,440.
11. Export Steamship Corporation, Dec. 18, 1930, $1,725,000.	1½	20	Treasury bills; issued Nov. 17, 1930, maturing Feb. 16, 1931.	60 days (Treasury bills are different from Treasury notes. Bills are non-interest-bearing obligations.)	Non-interest-bearing—Why used?	1½	Actual loss on interest: (a) Compared with 3½ per cent rate, $345,000. (b) Compared with average rate paid by United States, $414,000.
12. Motor Tankship Corporation; June 13, 1930, $1,260,900.	1⅞	20	Certificates of indebtedness (3½ per cent); series T-S, 1930; maturing Sept. 15, 1930.	94 days (These certificates also were issued at par, hence the interest cost to the United States was 3½ per cent.)	3½ per cent	1⅞	(a) $204,896. (b) $255,432.
13. Oceanic Steamship Co.; Dec. 14, 1931, $5,850,000.	2	20	Treasury bills; issued Sept. 30, 1931; maturing Dec. 30, 1931.	16 days (Bills are issued, the bidder accepting the least discount; they are payable at par without interest.)	Non-interest-bearing—Why used?	2	(a) $877,500. (b) $1,111,500.

Statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent—Continued

Long-term loans on vessels			Short-term Federal obligations				
To whom made, date, and amount	Interest rate	Long time to maturity	Certified as test for interest rate	Short time yet to run	Yield on price of issue by United States	Interest rate certified. Why?	Loss to the United States resulting from the low interest rates on these loans (total exceeds $22,000,000)
	Per cent	*Years*					
14. Tidewater Associated Transportation Co.; Sept. 15, 1930, $1,301,000.	2⅝	20	Certificates of indebtedness (2⅝ per cent); series T-S, 1931; maturing Sept. 15, 1931.	1 year	2⅝ per cent	2⅝ (Short-term securities not relevant as test for long-term loans.)	(a) $146,360. (b) $198,402.
15. Motor Tankship Corporation; May 16, 1930, $1,260,900.	2⅝	20	Certificates of indebtedness (4⅞ per cent); series T-J, 1930; maturing June 16, 1930.	30 days	4⅞ per cent	2⅝	(a) $141,850. (b) $192,287.
16. Atlantic, Gulf & West Indies Lines; Nov. 21, 1930, $3,262,500.	2⅝	20	Certificates of indebtedness (2⅝ per cent); series T-S, 1931; maturing Sept. 15, 1931.	10 months	2⅝ per cent	2⅝ (Basic rule of construction limits test to the class (i. e., long-term) of obligations the statute covers.)	(a) $365,930. (b) $507,430.
17. Bulk Transportation Co.; Nov. 7, 1930, $396,750.	2⅝	15	Certificates of indebtedness (2⅝ per cent); series T-S, 1931; maturing Sept. 15, 1931.	10 months	2⅝ per cent	2⅝ (Here the coupon or issue rate was used, notwithstanding the market yield was only 1.854.) See also items 20, 21, 22.	(a) $33,472. (b) $45,375.
18. Dollar Steamship Lines; May 6, 1930, $225,000.	2⅝	15	Treasury bills issued Feb. 18, 1930, maturing May 19, 1930.	13 days	Non-interest-bearing—Why used?	2⅝	Actual loss on interest: (a) Compared with 3½ per cent rate, $15,697. (b) Compared with average rate paid by United States, $22,447.
19. Grace Steamship Co.; Apr. 1, 1930, $2,454,750.	2¾	20	Certificates of indebtedness (4⅞ per cent); series T-J, 1930, maturing June 15, 1930.	76 days	4⅞ per cent	2¾ (These certificates were marketed by allotment and not by competitive bids.)	(a) $184,106. (b) $282,296.
20. Atlantic Gulf & West Indies Lines; Aug. 15, 1930, $3,262,500.	2⅞	20	Certificates of indebtedness (2⅞ per cent); series T-J, 1931, maturing June 15, 1931.	10 months	2⅞ per cent	2⅞ (The interest rate was fixed, and they were issued at par, hence their interest rate is their interest cost to the United States.	(a) $213,916. (b) $354,416.
21. American Tankers Corporation; Aug. 16, 1930, $422,150.	2⅞	6	Certificates of indebtedness (2⅞ per cent); series T-J, 1931, maturing June 15, 1931.	10 months	2⅞ per cent	2⅞ (Rates of loan and certificate being equal, unimportant. Proceeds of these was not the money loaned and short-term rate is no test for time loan.)	(a) $7,914. (b) $12,978.
22. Tidewater Associated Transportation Co.; Aug. 15, 1930, $1,301,000.	2⅞	20	Certificates of indebtedness (2⅞ per cent); series T-J, 1931, maturing June 15, 1931.	10 months	2⅞ per cent	2⅞ (Congress intended a rate not lower than interest cost to the United States for similar long terms.)	(a) $81,312. (b) $133,352.
23. Dollar Steamship Lines; Apr. 22, 1930, $336,000.	2⅞	5	Treasury bills issued Feb. 18, 1930, maturing May 19, 1930.	27 days	Non-interest-bearing—Why used?	2⅞ (These bills are issued the bidder accepting the least discount. They are payable at par, without interest.)	(a) $5,250. (b) $8,610.
24. Baltimore Mail Steamship Co.; contract, Sept. 11, 1930, $6,520,000.	3	20	NOTE.—Items 24, 25, and 26. (This interest rate is fixed in these contracts.) Although the abnormally low rates of interest granted in some cases are based on alleged compulsion by the terms of the 1928 act, nevertheless the board set aside that view for these 3 loans (see also items 5 and 6) and inserted in the loan agreement (which antedates the 1931 amendment fixing 3½ per cent as the minimum) the fixed rate of 3 per cent, by its voluntary act, thus confirming the merit of the criticism that it had in its power, and should have exercised the power, to protect the United States against the low rates shown in this tabulation, for whether a loan should be made was wholly in its discretion.				(a) $312,500. (b) $562,500.
25. United Fruit Co.; contract Aug. 5, 1930; $12,808,750.	3	20					(a) $640,437. (b) $1,152,787.
26. Motor Tankship Corporation; contract, Aug. 15, 1930, $6,328,000.	3	20					(a) $316,400. (b) $569,520.
27. Motor Tankship Corporation; Dec. 26, 1929, $1,260,900.	3½	20	Certificates of indebtedness (5⅛ per cent); series T-M, 1930, maturing Mar. 15, 1930.	79 days	5⅛ per cent	3½	(a) $47,283. (b) $97,700.
28. Motor Tankship Corporation; Feb. 27, 1930, $1,260,900.	3½	20	Certificates of indebtedness (4⅞ per cent); series T-J, 1930, maturing June 16, 1930.	4 months	4⅞ per cent	3½	(a) $47,283. (b) $97,700.
29. American South African Line; Jan. 16, 1930, $1,350,000.	3⅜	20	Treasury bonds (4 per cent); 1944–1954, issued Dec. 15, 1924, redeemable Dec. 15, 1944.	The only long-term bond used.	----------	3⅜	(a) $16,875. (b) $70,875.
30. Oceanic Steamship Co.; contract, Oct. 25, 1929, $5,887,500.	1½	20	NOTE (items 30, 31, and 32).—These 3 contracts antedate the amendment fixing the minimum rate at 3½ per cent (Feb. 2, 1931). They contain the provision that the interest is to be determined by the "yield" of certain Federal obligations; but the loans under them have not been consummated.				(a) $1,766,250. (b) $2,001,750. (See end of note.)

Statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent—Continued

Long-term loans on vessels			Short-term Federal obligations				Loss to the United States resulting from the low interest rates on these loans (total exceeds $22,000,000)
To whom made, date, and amount	Interest rate	Long time to maturity	Certified as test for interest rate	Short time yet to run	Yield on price of issue by United States	Interest rate certified. Why?	
	Per cent	*Years*					
31. Grace Steamship Co.: contract, Jan. 7, 1931, $6,142,500 (see item 32).	[1] ½	20	The board having heretofore applied the ruling that the date of the loan was the date the money was advanced and the permanent notes taken, and not the date of the agreement for the loan—query: Should not the interest rate be determined under the provisions of law in force when the money is advanced and the permanent notes taken even though the loan agreement antedate the amendment?				(a) $1,842,750. (b) $2,088,450. (See end of note.)
32. Panama Mail Steamship Co.; contract, Jan. 7, 1931, $6,142,500. (This company and the Grace Steamship Co. are under the same ownership.)	[1] ½	20	In any event, should not the board accept that amendment as notice that the employment of short-term obligations as tests, practically at call-money rates, is in conflict with the intent of Congress—remembering that the language of the loan agreement leaves the door open for a proper interpretation of the law? The rates we have inserted are used as possibilities and in light of the rate (⅜ per cent) of the latest loan—Apr. 29, 1932, shown in item 3 hereof.				(a) $1,842,750. (b) $2,088,450. (See end of note.)
33. A group of loans aggregating $17,600,000.							

The interest-loss column above relates, of course, only to the loans listed above, and which, as indicated in the caption, are all at less than 3½ per cent.

It is a fact, as certified to Congress by the Annual Report of the Secretary of the Treasury, that the average interest cost of money borrowed by the United States on interest is about 0.03917 per cent.

To the foregoing, therefore, may be added as a group other "obligations" bearing rates lower than 0.03917 per cent. The interest loss in these, in the aggregate, exceeds an additional $600,000.

[1] See "Note."

RECAPITULATION AND SUPPLEMENTAL COMMENT

1. The total amount of loans made at interest rates ranging from one-fourth per cent to 3⅜ per cent exceeds $111,250,000.

2. The loss to the United States on interest account alone for these loans will be: (a) When compared with 3½ per cent rate, now prescribed as a minimum, over $18,000,000; (b) when compared with 0.039 per cent, the average interest cost of the public debt of the United States, it will exceed $22,000,000.

3. These interest rates were one-fourth per cent, three-eighths per cent, one-half per cent, seven-eighths per cent, 1 per cent, 1¼ per cent, 1½ per cent, 1⅞ per cent, etc. The record reveals the public officials concerned recognized that Congress never intended the grant of such low rates; and that (if these rates are legal) the United States is therefore the victim of complex language and highly technical rules controlling its application.

4. Basis of such rates: It is claimed that the use of such low rates was due solely to that language of the law (sec. 301 d m. m. act 1928) reading: "During any period in which the vessel is operated in foreign trade the rate shall be the lowest rate of yield * * * of any Government obligation * * * outstanding at the time the loan is made by the board."

5. Departures from this test: Notwithstanding the explanation thus given, there appear in the list above the following variations in the tests or rules applied: (a) Some loans, though made subsequent to the 1928 act, entirely ignored this language of the law, and by its voluntary act expressly agreed on and fixed the rate of interest in the loan agreement, without certification of interest rate from the Secretary of the Treasury and without respect to any test or "yield" (on whatever basis interpreted) prescribed in the law. Among these are the loans mentioned above in items 5, 6, 24, 25, and 26.

(b) Not only was the interest test prescribed in the law thus entirely ignored, but the rate of interest thus voluntarily fixed by the board (not by accident or by oversight but by formal resolution dealing specifically with the interest rate) was so low as the abnormal rate of one-half of 1 per cent per annum—and that for a period of 20 years! The average rate on the public debts of the United States is nearly eight times that rate. See items 5 and 6 above.

(c) When the test prescribed in the law was used, it was applied by the board with basic variations of interpretation, e. g.: (1) Sometimes as in items 14, 16, 17, 20, 21, 22, above, the rate was determined by the "coupon" interest rate of the security used as a test, i. e., the rate of interest the obligation yielded on the basis of its initial sale by the United States when issued; in other words, the rate paid by the Government. (2) On the other hand, the board sometimes applied a rate, as in items 1, 2, 3, 4, 10, 12, 13, 18, and others, which rate was determined by the market price of the obligation used as a test as of the day the loan was made and as revealed in transactions between third persons, hence having no bearing whatever in determining or revealing the interest cost of that obligation to the United States. In item 1, for instance, the "obligation" bore on its face and (as it was issued at par) actually cost the United States an interest rate of 3½ per cent, and yet it was certified in support of an interest rate of one-fourth of 1 per cent—at a time when the public debt of the United States was costing the Government nearly 16 times that rate.

6. Although the law used complex terms in prescribing an interest test, it made possible an application of the rule of reason by also providing immediately following the complex language (sec. 301 d): "The board may prescribe rules for determining the amount of interest payable under the provisions of this paragraph"; thus supplementing the control resulting from the fact that the grant of any loan was wholly discretionary. The board, however, did not enact any rule covering the point.

7. Secretary of Treasury's recommendation: The Secretary, believing that the rates certified were not in accord with the intent and policy of Congress, suggested that the board arrange the loans on the basis of contract-interest rate and thus obtain a reasonable and a substantially uniform rate. The board explains its abandonment of this suggestion by a legal opinion from the Attorney General, which on its face expressly mentions it is "informal." Assuming it had been a formal opinion, intended as a basis of final action, the fact remains that such judicial or quasi-judicial bodies as the Interstate Commerce Commission and the United States Shipping Board are not, for reasons too obvious for comment, subject to or estopped by rulings or opinions of the Attorney General; hence responsibility can not be transferred to the Department of Justice. Such quasi-judicial bodies are charged with direct interpretation of laws affecting matters in their jurisdiction, subject only to judicial decisions as precedents and subject to reversal only by the courts when wrong.

8. Although the above-mentioned opinion is cited by the board in support of the procedure it followed, resulting in these abnormal rates, that opinion deals only with the right of the board to impress a higher rate on the borrower and does not remotely negative the right of the board to refuse the loan; nor is it inconsistent with the applicant availing himself of the fundamental right of a citizen to waive a provision of civil law for his benefit and enter into contract obligations accordingly—a basic right which obviously underlaid the recommendation of the Secretary of the Treasury.

9. The time the loan is made: These abnormal rates are also attributed to the chance factor resulting from the board applying a rule that the "time the loan is made" meant the "day the vessel is completed and documented," and therefore the board had not been free to use the date of the loan agreement as the date of the loan, hence leaving the interest rate to the chance date of the physical completion of the vessel. The distinction is important. The exact date of the loan agreement was obviously in the control of the board. The exact date for the completion of the vessel was not only beyond the control of the board, it was under the control of the borrower. The exact date is important. To illustrate: (a) In item 14 the loan date is September 15, 1930. On that date certain obligations bearing 3½ per cent matured. On that date certain obligations bearing 2⅜ per cent were issued as substitutes. (b) Even if market rates are deemed the test, the technique of translating market quotations into interest yield is such that very slight fractional changes in market price cause important changes in the interest rate; that is, in item 1 an interest rate of ¼ per cent was certified. Had there been so slight a change in the market price as to change the yield by the very small fraction represented by the fifth decimal point (viz, change .00310 per cent to .00315 per cent), the Government would collect $66,000 more of interest. This is mentioned to reduce to an absurdity, from a practical viewpoint, the tests which have been applied.

10. The opinion partly ignored: These are the tests which the board emphasizes the Attorney General's informal opinion justified, and which it believed it was obligated to follow (but see par. 7 and 8 above). No explanation is suggested, however, why that opinion was deemed binding, that the Federal obligations should be the sole test; and yet was entirely ignored, in its second point, holding that the date the loan agreement was signed could be deemed the date or time the loan was made, and that the Secretary of the Treasury's certification could be as of that date, and the rate therefore embodied in the loan agreement, thus repudiating the practice of leaving to chance the date by which the rate was to be determined. Its attitude to this branch of the opinion is the more significant from the fact that previously it had quite uniformly used in the loan agreements of this group,

the words: "At the time the loan is made," which are the words of the law, and which left room for subsequent interpretation.

The "opinion" is dated November 13, 1930. On January 8, 1931, it executed the two loan agreements mentioned in items 31 and 32 above, and in them used the words, in substitution of the above, "at the time of the completion and documentation of the vessel," thus introducing by contract stipulation the "chance factor" deprecated in paragraph 9. The use of these words was in direct opposition to the opinion cited by the board as binding on it in adhering to the use of the "yield" of certain Federal securities as the sole test for fixing the interest rate, and as explaining why it abandoned the very practical suggestion of the Secretary of the Treasury, that the rate be fixed by contract stipulation.

JOHN NICOLSON.

STATEMENT BY SENATOR M'KELLAR

Mr. President, I ask unanimous consent to insert in the RECORD as part of my remarks a statement of loans by the United States Shipping Board at interest rates lower than 3½ per cent compiled by Mr. John Nicolson, formerly connected with that board.

In this connection I beg to say that Mr. Nicolson, from the records of the board, shows the enormous loss to the Government of loans made by the board at such rates as one-fourth of a per cent, three-eighths of a per cent, one-half of a per cent, seven-eighths of a per cent, and 1 per cent, and other exceedingly small interest rates, such losses aggregating, on a computation on a basis of 3½ per cent paid by the Government, the enormous sum of $18,000,000, and when compiled with a 0.039 per cent average interest cost of the public debt of the United States the loss will exceed twenty-two billions of dollars.

This is a very carefully prepared statement. It gives the exact figures taken from the records. It shows that the pretended lowest interest rate was not followed by the board itself; that it was not necessary to make any such loans; that it was tremendously detrimental to the United States that such loans were made; that the loans at such rates were indefensible, and, in my judgment, no member of the board who was a party to the granting of such loans at such interest rates should be reappointed to the board or confirmed again by the Senate.

I invite the especial attention of every Senator to this very remarkable statement taken from the records, not only to be examined by Senators with respect to remedial legislation but also in connection with their votes on the confirmation of any member of the board responsible for such rates who may be up for confirmation. In my judgment, no member of the board who was responsible for these rates, directly or indirectly, should be confirmed by the Senate.

I again call the special attention of Senators to this statement, in view of the fact that Chairman T. V. O'Connor has been again renominated by the President and his nomination favorably reported by the committee and now on the calendar. I have asked that this nomination be held until I could be heard in the matter. I hope that some member of the Commerce Committee, in view of this remarkable record, will ask that the nomination be re-referred to the committee for its consideration in connection with this statement.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 407) making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932, was read twice by its title and referred to the Committee on Appropriations.

AMERICAN-MEXICAN CLAIMS ARBITRATION

Mr. COPELAND. Mr. President, there is on the calendar a joint resolution, being Senate Joint Resolution 97, extending for one year the time within which American claimants may make application for payment, under the settlement of the war claims act of 1928, of awards of the Mixed Claims Commission and the Tri-Partite Claims Commission.

I find in the American Bar Association Journal a very interesting article on this subject entitled "The American-Mexican Claims Arbitration." I ask permission to have it printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the American Bar Association Journal, March, 1932]

THE AMERICAN-MEXICAN CLAIMS ARBITRATION—INTERNATIONAL ARBITRATION FACED A TEST OF PRACTICABILITY IN EFFORTS OF UNITED STATES AND MEXICO TO SETTLE THE LARGE NUMBER OF CLAIMS ORIGINATING BETWEEN 1868 AND 1927 BEFORE INTERNATIONAL COMMISSIONS—BRIEF CONSIDERATION OF RESULTS

By John J. McDonald and Carlyle R. Barnett *

International arbitration has faced a test of practicability in the effort of the United States and Mexico to settle before international commissions the large number of claims of their respective nationals which had their origin between 1868 and 1927. From the record of cases decided during a period of seven years by the commissions established under the conventions of September 8 and 10, 1923, between these Governments, and commonly known as the General and Special Claims Commissions, it might reasonably be concluded that the work of those commissions has hardly begun; and yet the lives of those commissions have expired; and the machinery as previously assembled by the United States for the active conduct of this arbitration was dismantled on October 15, 1931. However, in the first deficiency bill of February 3, 1932, there was made available the amount of $50,000, the primary purpose of which apparently was to make provision for the closing up of the affairs of the American agency. It seems, therefore, to be an opportune time to consider briefly the results of this arbitration, the future of which is uncertain, from the points of view not only of its accomplishment in the settlement of claims but also of its contribution to the body of international law.

The background and terms of the conventions were considered in an address before the American Bar Association at Detroit on September 2, 1925, by the Hon. Charles Beecher Warren, who, with the Hon. John Barton Payne, represented the United States during the negotiations at the so-called Bucareli conferences of 1923, preceding the adoption of the conventions.[1] Following decisions by the General Claims Commission in several claims, a discussion of certain principles of international law as applied by that commission appeared in this Journal in 1928.[2]

The General Claims Convention of September 8, 1923, comprehended, with one exception, all claims of citizens of both countries which had arisen since July 4, 1868,[3] and which might arise within three years from the date of the first meeting of the General Claims Commission. This latter date became August 30, 1927.

The excepted claims were those of American citizens which arose during the revolutionary period in Mexico from 1910 to 1920, and which were due to acts of certain specifically designated forces. These claims, reserved from the jurisdiction of the general claims commission, were intrusted for decision under the special claims convention of September 10, 1923, to the special claims commission. It is to be particularly observed that other claims of tne excepted period which were not within the limited jurisdiction of the special claims commission were to be heard by the general claims commission. Mexico assumed responsibility ex gratia for the claims within the purview of the special claims commission, whereas as regards the claims to be decided by the general claims commission the accepted rules and principles of international law were to be applied. The existence of two commissions, each operating under its own convention, does not to any great extent complicate the consideration of this arbitration, as the activity of the special claims commission was confined to two brief periods—at the beginning and at the end of its life.

When the commissions assumed their duties in 1924, almost 60 years had elapsed since the last general arbitration with Mexico, and claims had arisen on both sides of the Rio Grande. They were confronted, therefore, with the task of deciding an uncertain number of claims within a period of a few years, the general claims commission within three years from the date of its first meeting, the special claims commission within five years. Furthermore, the general claims convention required that the filing of all claims, except those which might arise after September 8, 1923, be accomplished within one year from the first meeting of its commission, and as regards the special claims commission the period of two years was fixed. The impossibility of the Governments, preparing formal pleadings in all claims within those periods was at once recognized; and, therefore, resort was made by both commissions to the procedure of considering a formal filing of a claim as made on the submission by either Government of a memorandum setting forth the name and address of the claimant and the amount of and a brief statement of the facts of the claim. Under this procedure there were docketed some 4,900 separate American claims of an amount of approximately $686,000,000 and some 836 Mexican claims of an amount of approximately 245,000,000 pesos. It may be observed, however, that the preparation of formal pleadings and briefs was carried on continuously by the American and Mexican agencies after 1924, with the result that several hundred claims in all stages of development are now reposing in the files of the joint secretaries of the commissions. It was not until the second year of either commission's existence that the decision of claims was undertaken.

The claims initially filed with the General Claims Commission cover a wide field. The earliest claims in point of time were those which were based upon the losses of cattle in Texas during the early seventies of the last century at the hands of raiders from Mexico. As showing the varied character, claims involved bonds, collection of illegal taxes, Comisión Reguladora del Mercado de Henequen, concessions, contracts, currency, detention of ships and cargoes, expulsion, loans, loss of bank deposits, maltreatment in prison, mining rights, murders, postal money orders, rights in land and subsoil, and unlawful arrests. A large number of the Mexican claims were based on the complaint of Mexico that the United States had failed to carry out the provisions

* Mr. McDonald is a member of the New Hampshire bar and was American assistant agent with the commission. Mr. Barnett is a member of the New York bar and was a counsel with the commission.

[1] Vol. XI (Sept., 1925), p. 586; see also Dr. J. B. Scott in Am. Jour. Int. Law (1924), vol. 18, p. 315.

[2] Joseph Conrad Fehr, International Law as applied by United States-Mexico Claims Commission, Vol. XIV (June, 1928), p. 312.

[3] Claims Convention of July 4, 1868, Malloy, Treaties, Conventions, etc., Vol. I, p. 1128.

of the Treaty of Guadalupe Hidalgo of 1848[4] in the protection of titles of property of Mexican citizens in Texas. Among other Mexican claims were those growing out of the occupation of Vera Cruz by American troops in 1914 and the Pershing Expedition in 1916. As may be anticipated, the claims filed with the Special Claims Commission account for approximately one-half of the American claims; for, as found by the Committee on Foreign Relations of the United States Senate in its investigation of Mexican affairs in 1920, 785 American citizens had been killed or wounded and property in the amount of approximately half a billion dollars had been lost or destroyed during the period of revolutions in Mexico.[5]

The Special Claims Commission held only two sessions at which claims were heard and decided on their merits: At the first, a decision was rendered on April 26, 1926, involving the murders of 17 American citizens by Villa adherents at Santa Isabel, Mexico, on January 10, 1916; at the second, the commission decided on April 24, 1931, a claim growing out of the murder of Hubert L. Russell in Mexico by Orozquistas on September 29, 1912. Both claims were disallowed, the American Commissioner in each instance dissenting.[6] As has been seen, Mexico assumed liability under the Special Claims Convention for the acts of a force only in the event that the force had a status specifically described in the convention. Therefore, the opinion of the commission in each case was primarily concerned with the determination of the status of the force which caused the loss or damage.

The commissioners who heard the Santa Isabel claims in 1926 were Dr. Rodrigo Octavio, of Brazil, presiding commissioner; Hon. Ernest B. Perry, American commissioner, and Dr. Fernando Gonzales Roa, Mexican commissioner. Neither Doctor Octavio nor Mr. Perry again sat as commissioners. Doctor Octavio resigned on July 9, 1926; and as his successor, Dr. Kristian Sindballe, of Denmark, was not appointed until June 16, 1928, for that period of nearly two years this commission was without a presiding commissioner. Doctor Sindballe resigned on July 1, 1929, without having attended a session of the commission, and his place was taken by Dr. Horacio F. Alfaro, recently designated Panamanian minister to the United States, who was appointed on May 27, 1930, and presided at the session at which the Russell claim was heard. Following the resignation of Mr. Perry from the Special Claims Commission on November 30, 1930, the Hon. Fred K. Nielsen, who was then serving as American commissioner on the General Claims Commission, was appointed in his place on January 6, 1931. It is to be observed that beginning with the appointment of Doctor Sindballe in 1928 the two commissions were virtually merged in that, while Doctors Sindballe and Alfaro were presiding commissioners each acted in that capacity upon both the General Claims Commission and the Special Claims Commission.

The results of the Special Claims Commission were, through inactivity, negligible. The General Claims Commission, on the other hand, held several sessions in Washington and Mexico City and rendered decisions in 148 claims, nine of these being Mexican claims. A question may arise as to the binding force of two of the decisions, since they were not rendered conformably with the rules of that commission. The total amount of awards, exclusive of interest, to American citizens in 89 cases was $2,599,166.10, the Mexican awards amounting in five cases to $39,000. The remaining 54 claims were disallowed. In connection with the amount awarded American claimants it is observed that one award was in the amount of $1,807,531.36, while another was for $140,000.[7]

The commissioners who first sat for the hearing of claims of the General Claims Commission were Dr. C. van Vollenhoven, of the Netherlands, presiding commissioner; the late Edwin B. Parker, American commissioner and Lic. G. Fernandez MacGregor, Mexican commissioner. On the resignation of Judge Parker, Doctor Nielsen, on July 31, 1926, was appointed American commissioner. Following the resignation on August 31, 1927, of Dr. van Vollenhoven, his successor, Dr. Kristian Sindballe, was not appointed until June 16, 1928. On his resignation on July 1, 1929, a lapse of nearly a year preceded Doctor Alfaro's appointment on May 27, 1930, as presiding commissioner.

In 1927, and again in 1929, the term originally assigned in the General Claims Convention of 1923 for the completion of the work of its commission was extended for periods of two years. In like manner the term assigned to the special claims commission under its convention was extended in 1929 for an additional two years, although no session had then been held since that of 1926 when a decision was rendered in the Santa Isabel claims. In August, 1931, the lives of both commissions came to an end without the Governments of the United States and Mexico having come to an agreement as to further extensions.

In a cursory consideration of the causes of the failure of the commissions to hear and decide a greater number of claims certain factors are obvious. Inaction for periods of 21 months in the case of the General Claims Commission and of 33 months in the case of the Special Claims Commission, due to the lack of presiding commissioners, is clearly not chargeable to the commissions. Moreover, after 1928, the commissions could not hold sessions simultaneously, as Doctors Sindballe and Alfaro were in turn presiding commissioners on both commissions. It is observed, however, that the General Claims Commission, while it had a presiding commissioner, did not hold meetings continuously, some of the delay being occasioned because sessions were held both in Washington and in Mexico City. An additional factor of importance which bears on the matter of expedition is the procedure under which the arbitration was conducted.

The documentary record of a fully pleaded and briefed claim consists of memorial, answer, reply, brief, reply-brief, and counter-brief. Since practically every claim decided was prepared for submission to either commission under this procedure, the issues were thus normally given detailed consideration in the written record. However, full oral argument, also, was permitted under the conventions the representatives of each government being authorized "to present to the commission, orally or in writing, all the arguments deemed expedient in favor of or against any claim."[8] Arguments are often not only desirable but also necessary; but as the argument of a single case before the commissions, in some instances, lasted for many days, and as, with few exceptions, every claim was vigorously contested, the number of claims which could be decided during a session consequently was limited. If compromises are not possible, and time for full argument is not available, each so-called national commissioner, being cognizant of the interests of his Government, may be relied upon, as shown by the dissenting opinions, to call for argument upon any point which he might desire to have developed further than is set forth in the written record.[9]

In connection generally with the procedure obtaining before arbitral commissions, it is interesting to note the statement of Doctor Nielsen in his searching address before the Federal Bar Association on February 4, 1930, which was printed in the Journal, and in which he said:

"* * * No progress has been made in the formulation of rules to promote expedition and economy. Little or no use has been made of the fruits of intensive experience in arbitration work. And yet assuredly nothing could be approximately more important in any endeavor for progress and improvement."[10]

From the point of view of the contribution of this arbitration to the body of international law, the 1,300 pages of opinions, rendered after arguments had been heard ad libitum, will remain as a source from which may be drawn thoroughly studied, and carefully reasoned statements on many points in the law of nations. In many of the cases, though there was agreement as to the decisions, separate expressions of views were given. The independence of thought of the commissioners is further shown by the 21 reported dissenting opinions, several of which are characterized by a vigorousness that is stimulating and by analysis and logic that overshadow the majority opinions. A glimpse at the opinions will be interesting.

During the long lapse of time between the arbitrations of 1868 and 1923 death had made inroads and records had been lost or destroyed. The General Claims Commission, appreciative of that situation, placed upon both Governments in its early sessions the duty of cooperating with it in searching out and presenting to it "all facts throwing any light on the merits of the claim presented,"[11] and it particularly pointed out that the rules as to burden of proof pertaining in domestic actions have no place in international procedure. Consideration of the sufficiency of evidence, which was solely documentary in character, consisting of official records, affidavits, contemporary correspondence, personal as well as diplomatic, and the like, holds a prominent place in the opinions. Due to the differences present in the legal systems of the United States and Mexico, the character of the evidence which should be submitted to sustain a contention presented perplexing questions. Mexico particularly objected to the presentation of affidavits and denied that, since affidavits are ex parte, any probative value should be attributed to the statements contained in them. The special, as well as the General Claims Commission, declined to adopt the Mexican position, and in compliance with the mandates of their conventions they were liberal in receiving evidence. However, to justify an award, both insisted that the evidence produced by the claimant Government be concrete and convincing.

A survey of the claims decided by the General Claims Commission, on submission by the agencies, discloses that a majority concern maltreatment in prison, murder, personal injury, robbery, and unlawful arrest and imprisonment. Denial of justice, therefore, occupies a prominent place in the opinions. Apart from the question presented in several of these claims, as to whether or not international responsibility was direct or indirect—a distinction the soundness of which some eminent authorites doubt—the bases of responsibility most frequently met were lack of diligence on the part of the respondent Government in apprehending wrong-

[4] *Ibid.*, p. 1107.

[5] Senate Document, No. 285, 66th Cong., 2d sess., pp. 3382–3399.

[6] Printed decisions of this commission have not yet been made available.

[7] Claims of Illinois Central Railroad Co. and H. G. Venable, Opinions of Commissioners (U. S. Government Printing Office, Washington), 1927, pp. 187 and 331.

[8] Article III of the General Claims Convention and Article IV of the Special Claims Convention.

[9] Regarding an arbitration in which arguments were few and compromises common, see articles by Fehr, Paying Our Claims Against Germany, Journal, Vol. XII (June, 1926), p. 408; and American and German War Claims Settled, ibid, Vol. XIII (January, 1932), p. 896; see also comments on the American-German arbitration in article by Howard S. LeRoy, ibid., Vol. XII (March, 1926), p. 156.

[10] Ibid., Vol. XVI (April, 1930), pp. 229, 231. See also an address on the World Court by the Hon. Charles Evans Hughes, ibid., Vol. XVI (March, 1930), p. 151.

[11] Claim of William A. Parker, Ops. Comm., 1927, p. 39.

doers or its failure to impose proper penalties upon them. To determine the existence of international responsibility the commission gave application, in the light of the facts of each case, to the broad test as to whether or not there was convincing evidence of a pronounced degree of improper governmental administration. In the awards made in these claims appears the effect of the decision of a majority of the commissioners in the claim of Laura M. B. Janes et al.,[12] in which the private individual's crime was separated from the Government's delinquency. In the light of that holding the commission allowed damages on the basis not of the loss caused by the act of the individual but of that occasioned through the sense of indignity, grief, and humiliation suffered through the failure of the Government to bring the wrongdoer to justice.[13]

Discussion of jurisdictional questions involving citizenship[14] and the extent of the commission's powers to entertain claims of the revolutionary period appear often in the opinions, but a claim which was considered by a majority of the General Claims Commission to turn on jurisdictional grounds, and to which particular attention was directed by that commission was that of the International Fisheries Co.[15] This claim was predicated upon the wrongful cancellation by Mexico, of a concession containing a so-called Calvo clause, which, in general, may be stated to make an alien a national for a particular purpose, to oblige the alien to have resort only to the national courts in the determination of his rights in connection with a contract, or the like, or to provide for a waiver by the alien of the diplomatic protection of his government as regards the contract, or the particular purpose. The presiding and Mexican commissioners, in a decision of July, 1931, in the Fisheries claim, reaffirmed an earlier decision of 1925, in the case of North American Dredging Co. of Texas[16] which related to a contract containing such a clause.[17] In the latter case the commission held that the claimant, under its contract, could not rightfully present the claim to its Government, since it had made no attempt to comply with a provision therein requiring the exhaustion of local remedies. Application was not given, in view of the claimant's contractual obligation, to Article V of the General Claims Convention in which the need to exhaust local remedies as a condition precedent to the allowance of a claim had been dispensed with by the two Governments. Consequently, the Fisheries claim was dismissed for lack of jurisdiction without prejudice to the right of the claimant to employ such other legal remedies as it may have elsewhere. It is interesting to note that the late Judge Parker concurred in the disposition of the Dredging Co. case.

In his dissenting opinion in the Fisheries case, Doctor Nielsen critically analyzed the majority opinions, as well as that in the case decided in 1926, and expressed himself in the following language with reference generally to the effect of the Calvo clause:

"* * * neither a nation's domestic legislation nor a contract it may make with a private individual or business concern can nullify another nation's right of interposition, secured by the supreme law of the members of the family of nations, nor nullify an international covenant. Whatever may be said of the ethical principles of an individual who takes action at variance with the terms of a contract he signs, his action can, of course, not result in setting aside either a nation's constitution or the law of nations."

The status of the administration of Gen. Victoriano Huerta, who succeeded to the Presidency at the conclusion of the tragic 10 days in Mexico City in February, 1913, came before the General Claims Commission, as constituted in 1926, in the claim of George W. Hopkins,[18] involving the nonpayment of postal money orders issued by Mexican post offices in the early part of 1914. In this claim the commission distinguished between the "personal" acts of the administration of President Huerta and the "unpersonal" acts of the Mexican Government. In imposing liability upon Mexico, the commission stated that the acceptance of money orders is a routine matter conducted by the governmental machinery in every country and is not affected by changes in higher administrative offices. It indicated that it would not impose liability upon Mexico for so-called "personal" acts of the Huerta administration which had for their purpose the maintenance of that administration in power.

A decision of importance is that in the case of Fanny P. Dujay[19] in which the commission held that the maxim of the common law, actio personalis moritur cum persona, could not properly be applied in an arbitral proceeding. Replying to the contention of Mexico that the claimant, the widow of Captain Dujay, could not recover for the losses and damages sustained by his wrongful imprisonment in Tampico, Mexico, in 1884, it pointed out that since the principle of survival of actions in the countries of the world is not uniform, international tribunals should not be precluded from making a final pronouncement on the merits of such a controversy because a limitation on rights of action might be existent in some particular system of local jurisprudence. It added, if such were the case—

"* * * Arbitration as the substitute for further diplomatic exchanges or forces would fail in its purpose. The unfortunate delays incident to the redress of wrongs by international arbitration are notorious. Injured persons often die before any redress is vouchsafed to them. A decision of this kind would seem to put a premium on such delays which would be conducive to the nullification of just claims."

Two cases of particular interest are those of the Northern Steamship Co. and the Oriental Navigation Co.,[20] which involved the question of the right of the de jure government to close by decree ports which were in the de facto control of insurgents during the De la Huerta revolution of 1923. No steps were taken to prevent ingress or egress by means of an effective blockade. A Mexican federal gunboat which appeared at Frontera compelled two ships of these American companies, which did not have clearance documents issued by the de jure authorities, to depart from that port before they had completed discharging and loading their cargoes. A majority of the commission took the position that as the Mexican gunboat partly commanded the port, the lawfulness of the action of the gunboat in "forcing off" these cargo ships, which were lacking in clearance documents, "can hardly be challenged."[21]

Doctor Nielsen, in a considered dissenting opinion, took a position which accords with the policy of the United States, and is supported by precedent, that effective blockade is necessary in the closure of a port in the control of insurgents.

As illustrative of other problems considered in the opinions of the General Claims Commission, there may be mentioned: The bases of translation of depreciated paper money in circulation during the revolutionary period in Mexico into United States currency,[22] the nonresponsibility of Mexico for the discharge by General Huerta of an American from his employment because of the occupation of Vera Cruz by American troops; [23] the responsibility of Mexico for its failure to afford special protection to an American consul who was wounded by an unidentified marauder after a threat of assassination in the event of the execution of Sacco and Vanzetti[24] and responsibility for the improper invalidation of postage stamps[25] legally issued.

As has been seen, awards were made to American claimants as early as 1926, but under Article IX of both conventions the United States would not receive from Mexico the amount of any awards until the conclusion of the proceedings of the commissions. That amount when received, under the act of Congress of February 26, 1896 (29 Stat. L. 32) would be held by the Government as a trustee for the claimants. The Hon. MORRIS SHEPPARD introduced in the United States Senate on January 6, 1930, a bill S. 3725) for the payment of the claims of citizens of the United States against the Republic of Mexico. This bill provided that payment of awards rendered American claimants should be made within a stated period shortly after the rendition of such awards; thus the burden of awaiting the receipt of payment from Mexico would be shifted to the Government. No action, however, was taken on this bill by Congress, and it was reintroduced on December 18, 1931, by Senator SHEPPARD.

Through the conventions of 1923 there was afforded to two great nations of the North American Continent an opportunity to settle finally by judicial process many questions which had been casting a shadow over their friendly relations. Whether, with the arbitration incomplete, the Governments now prefer to leave unanswered the questions which have not already been met and decided, and to determine by some extrajudicial method the amount to be paid to the United States by reason of Mexico's liability to American claimants, rests with the future to disclose. International arbitration has attained a place of importance in the relationship of nations. This arbitration is one of more than 75 to which the United States has been a party, and it has entailed substantial financial outlay on the part of both Governments. If attention is directed to only the 166 decided claims, it may seem to have failed, in the light of some 5,700 docketed claims, to produce results commensurate with the time, effort, and money expended; but, as has been mentioned, aside from the decided claims, several hundred of the docketed claims in various

[12] Ops. Comm., 1927, p. 108.

[13] See, generally, comments on opinions by Prof. Edwin M. Borchard, Amer. Jour. Int. Law (1926), Vol. XX, p. 536; (1927) Vol. XXI, p. 516; and (1931) Vol. XXV, p. 735; and by Prof. James W. Garner, Brit. Year Book of Int. Law (1927), p. 179; (1928) p. 156; (1930) p. 220, and (1931) p. 166; see, particularly, article by the Hon. C. L. Bouvé, American agent in this arbitration, in Revue de Droit Int. (1930), ser. 3, Vol. II, p. 660, and statement by Dr. Clyde Eagleton, in his treatise, The Responsibility of States, etc., p. 194.

[14] See article by Margaret Lambie relative to Costello claim (Ops. Comm., 1929, p. 252, in Amer. Jour. Int. Law (1930), vol. 24, p. 264).

[15] Ops. Comm., 1931, p. 207.

[16] Ops. Comm., 1927, p. 21. The British-Mexican Commission in 1930 followed this decision in the claim of the Mexican Union Railway, Ltd., the British commissioner dissenting, Amer. Jour. Int. Law (1930), vol. 24, p. 388.

[17] See comment on Calvo clause prepared by the research in international law of the Harvard Law School, ibid. (April, 1929), vol. 23, spec. suppl., p. 202.

[18] Ops. Comm., 1927, p. 42.

[19] Ops. Comm., 1929, p. 180.

[20] Ops. Comm., 1929, pp. 20–23.

[21] See article by Prof. Edwin D. Dickinson, Closure of Ports in Control of Insurgents, Amer. Jour. of Int. Law (1930), vol. 24, p. 69.

[22] Claims of George W. Cook, Ops. Comm., 1927, p. 318, and 1931, p. 162. As showing questions which arise in the consideration of claims, see address by the Hon. Green H. Hackworth, Journal, Vol. XVII (March, 1931), p. 193.

[23] E. R. Kelley, Ops. Comm., 1931, p. 82.

[24] William E. Chapman, Ops. Comm., 1931, p. 121.

[25] George W. Cook, Ops. Comm., 1927, p. 311.

stages of development under the formal procedure of pleading have been filed with the commissions. Whatever may be the estimate of the arbitration thus far, it is clear that its contribution in the development of international law through the decided cases is noteworthy.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the next amendment.

Mr. SMOOT. Mr. President, as directed by the committee, I send to the desk an amendment providing for a tax upon furs and ask that it may be considered.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 245, strike out lines 24 and 25, and lines 1, 2, and 3, on page 246, and insert in lieu thereof the following:

(a) There is hereby imposed upon the dressing (on or after the 15th day after the date of the enactment of this act and before July 1, 1934) of raw furs a tax equivalent to 10 per cent of the fair market value of the dressed furs, to be paid by the owner thereof.

(b) Every person engaged in dressing furs shall make monthly reports under oath in duplicate to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such reports shall list all furs dressed by such person and the names and addresses of the owners of such furs, and shall contain such additional information, and shall be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

(c) Subject to the provisions of section 601 (c), there is hereby imposed upon all dressed furs imported into the United States a tax at the rate of 10 per cent ad valorem.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

Mr. FRAZIER. Mr. President, as I understood the reading of the amendment, it requires all people who dress or tan furs to report. There are a lot of individuals who do that kind of work. The Indians make quite a business of it on certain reservations. How is it going to affect those Indians and will they be required to report to the customs officers?

Mr. SMOOT. I do not think they finish the furs in the sense that is understood by the general trade. They may finish their own furs for their own use. This tax applies to the finisher, and there are about 87 of them in the United States. It is impossible to impose the tax on the fur after it has been placed on an article of wearing apparel. What we do is to impose the tax upon the finishers of the furs, and there are, as I said, about 87 of them in the United States. The tax will not attach to such cases as those to which the Senator from North Dakota refers.

Mr. FRAZIER. Is it merely applicable to an organization that makes a business of finishing furs?

Mr. SMOOT. It is.

Mr. FLETCHER. Mr. President, does it really refer to imported furs or does it refer to otter skins and things like that in this country?

Mr. SMOOT. It is a tax upon the furs of this country and upon imported furs. They all have to be dressed. This is the only way we can get the tax. It is impossible to take it beyond this point. The Senator can see how impossible it would be to tax a piece of fur which might be placed around the sleeve of a coat or a little piece of fur around the collar of a coat. We can not follow those bits of fur into the manufacturers' places. This is the only way we can get the tax. The revenue from this source will amount to about $15,000,000.

Mr. FLETCHER. That is quite a little tax, but I do not think the poor Indians ought to be taxed.

Mr. SMOOT. They are not to be taxed. They are not finishers. We mean to tax the skins finished for the market.

Mr. BLAINE. Mr. President, may I ask the Senator from Utah how much the proposed tax will bring in revenue?

Mr. SMOOT. We do not know, but as nearly as we can figure it, about $15,000,000.

Mr. BLAINE. It seems to me the amendment as drawn will apply the tax to the individual who dresses and tans his own furs.

Mr. SMOOT. But he is not a finisher.

Mr. BLAINE. He is to the extent in which he engages in the business. It may be only for himself or, as the Senator from North Dakota [Mr. FRAZIER] suggested, it may be done by the Indians for themselves and for trading purposes.

Mr. SMOOT. That is not intended, and I am quite sure the Government of the United States would never think of imposing a tax upon such an individual.

Mr. BLAINE. It is not a question of what is intended; it is a question of what the language clearly means. Otherwise we are going to have bootlegging in furs. If the amendment means what it says, it applies to the individual finisher who finishes furs for himself or who engages in finishing furs for others to a very limited extent. Where are we going to draw the line? If we are going to exempt the individual it ought to be made clear that that is the intent.

Mr. SMOOT. Is the person engaged in dressing furs?

Mr. BLAINE. Yes; to a limited extent.

Mr. SMOOT. To what extent?

Mr. BLAINE. I do not know.

Mr. SMOOT. The Senator refers to "the individual."

Mr. BLAINE. If a man does a certain thing he is engaged in doing it.

Mr. SMOOT. But that is not his main business.

Mr. BLAINE. The amendment does not say his main business or industry. It does not say one who is engaged mainly in this sort of thing.

Mr. SMOOT. Does he have a principal place of business?

Mr. BLAINE. Yes; he has a principal place of business.

Mr. SMOOT. Then if he has a principal place of business and makes it his business to dress furs, he can pay the tax.

Mr. BLAINE. Exactly. So it will apply to the Indians. The Indians from time immemorial have been traders in furs.

Mr. SMOOT. In raw furs mostly.

Mr. BLAINE. But they have developed now so they know how to cure and finish furs.

Mr. SMOOT. It is the dressed furs to which the tax will apply. The mere drying of them is not covered here at all.

Mr. BLAINE. I understand it includes finishing and tanning.

Mr. SMOOT. The amendment provides:

(b) Every person engaged in dressing furs shall make monthly reports under oath in duplicate to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such reports shall list all furs dressed by such person and the names and addresses of the owners of such furs and shall contain such additional information, and shall be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

Mr. BLAINE. I want to invite the attention of the Senator to the fact that there are numerous individuals who know how to cure, dress, and tan furs, and do a very skillful job. The amendment now offered would apply to such individuals to the extent in which they are engaged in that occupation. I should like to ask the Senator why the House provision could not be administered?

Mr. SMOOT. I want to say that such a provision is impossible of administration. The fur can not be traced under the wording of the House provision, and it was so admitted by all the furriers in the United States.

Mr. BLAINE. Then, would not that be true respecting a general sales tax?

Mr. SMOOT. No.

Mr. BLAINE. Would there not be exactly the same difficulty under the general sales tax which is to be proposed?

Mr. SMOOT. No.

Mr. BLAINE. How would the general sales tax be traced in the case of furs and clothing, the chief value of which is fur?

Mr. SMOOT. There is no provision in regard to chief value being of fur in this amendment. If we went that far, it would be impossible to administer it.

Mr. WATSON. It could not be done.

Mr. BLAINE. I am anticipating the proposal that is going to be made of a general sales tax, and a general sales tax is going to include furs.

Mr. SMOOT. There is no doubt about that.

Mr. BLAINE. How is a general sales tax going to be administered? It must be imposed along the lines of the provision regarding furs in the House bill; and if that provision can not be administered, how can the other be administered?

Mr. SMOOT. We are not framing this bill with a view to having a general sales tax.

Mr. BLAINE. I understand that; that is not now being done; but I also anticipate that we are going very shortly to face the question of the sales tax.

Mr. SMOOT. Mr. President——

Mr. BLAINE. If the Senator will pardon me. If the House provision, or a provision along that line, could not be administered, how is a general sales tax on furs going to be administered?

Mr. SMOOT. We can discuss the question of the general sales tax on furs on whatever basis may be proposed, whether on retail sales or wholesale sales, when we reach it. That, however, has nothing whatever to do with the pending item. I do not know whether a sales tax is going to be adopted or not. What we are doing now is endeavoring to secure action on the bill as it is now framed.

Mr. BLAINE. Very well; but the Senator from Massachusetts is going to offer a sales tax amendment, excluding clothing of a certain value. If that can not be administered——

Mr. SMOOT. I did not say that.

Mr. BLAINE. I mean if it is impossible to administer the House fur provision, or a similar provision, how is it going to be possible to administer the proposal of the Senator from Massachusetts as to wearing apparel and clothing? The difficulties are exactly the same.

Mr. HAWES. Mr. President, will the Senator yield?

Mr. BLAINE. The Senator from Utah has the floor.

Mr. SMOOT. I yield to the Senator from Missouri.

Mr. HAWES. The House bill provided a limitation on sales amounting to $10,000, did it not?

Mr. SMOOT. The House provision reads:

> There is hereby imposed upon the following articles, sold by the manufacturer, producer, or importer, a tax equivalent to 10 per cent of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value.

There was not a single solitary witness who came before the committee who did not say that that provision was absolutely impossible of administration.

Mr. HAWES. I should like to call the attention of the chairman of the committee to the fact that the committee's mind might have been directed to fancy furs, but the great fur crop of America is the rabbit skin. Over a million rabbits are killed in the State of Pennsylvania alone each year.

Mr. SMOOT. And many more than that, of course, in other States.

Mr. HAWES. I was referring merely to one State. The limitation was stricken out, then?

Mr. SMOOT. The whole provision was stricken out by the committee because of the fact that there were at least 10 witnesses who appeared before the committee who all agreed that it was impracticable.

Mr. WATSON. And the experts of the Treasury Department also appeared and agreed that the provision was not susceptible of administration.

Mr. BLAINE. Do the consumers of this country agree to it?

Mr. SMOOT. The consumers have not agreed to any tax.

Mr. BLAINE. Are not the consumers the people for whom we ought to legislate instead of a small group that may or may not agree to a thing?

Mr. SMOOT. Everybody in the United States had a perfect right to come before the committee and be heard.

Mr. BLAINE. Of course the consumers can not possibly be heard, and the Senator knows that.

Mr. WATSON. If they could, I will say to my friend the Senator from Wisconsin, we would never pass any tax bill.

Mr. BLAINE. The chief of police would not let them come here.

Mr. SMOOT. Oh, Mr. President, do not let us go into that; let us get back to the bill.

Mr. BLAINE. Let me ask the Senator this question: Is not the language in the House provision identically the same as the language contained in scores of tariff acts? Is not that true?

Mr. SMOOT. Every item has to have its particular wording designed to enable the tax to be collected, and it can be collected, of course, usually without a question of a doubt. But as to the provision in the House bill there was not a single witness but who said it was impossible of administration.

Mr. BLAINE. May I call the Senator's attention to the tariff act respecting wool. The Senator will recall the provision was adopted, as I recall, that any article containing 15 per cent, or whatever the percentage was, of wool should bear a certain tax; and in other items the tariff act provides certain duties on articles of which wool, for instance, is the component material of chief value. Such provisions are contained in innumerable items, and the Treasury Department has no trouble in administering the tariff act, has it?

Mr. SMOOT. In the case of wool there are very few importers, but when it comes to furs there would be affected every woman in the United States who buys a coat or wears a piece of fur, no matter whether the cost was 10 cents or $10,000.

Mr. BLAINE. It would apply to manufacturers, not to individuals, and the department certainly knows who the manufacturers are.

Mr. SMOOT. There is no comparison between the situation as it relates to wool and furs. The wool upon which we impose a duty comes to the customhouse and the tax is applied only to those who import wool, and there are not very many of them engaged in that business.

Mr. BLAINE. That is true.

Mr. HAWES. The provision puts a tax upon rabbit skins.

Mr. SMOOT. Yes; it puts a tax upon all skins.

Mr. KING. Upon those who dress the rabbit skins.

Mr. SMOOT. Upon those who dress them.

Mr. HAWES. Indirectly, that is upon the rabbit skins.

Mr. KING. No; it is upon the dresser of the rabbit skins.

Mr. SMOOT. There is nothing in this bill that we have considered more carefully than this question. We had before us the department experts; we had before us those who purchase the furs; and I want to say to the Senator that the dressers themselves say that the provision now suggested is the only one that can be successfully administered. There are only 87 of them, I think, in the United States.

Mr. BLAINE. That is, 87 whose chief business is dressing furs.

Mr. SMOOT. There is where the tax will be collected.

Mr. BLAINE. If the Treasury Department enforces the law, it is going to be enforced against the individual, the number of whom no one knows, but it is a very large number just the same; otherwise, we would have a situation grow up where individuals would be engaged in a sort of bootlegging trade in the fur business. That is what is bound to result, and the consumer is going to pay the price.

Mr. SMOOT. The amendment now offered provides that—

> Every person engaged in dressing furs shall make monthly reports under oath in duplicate to the collector for the district in which is located his principal place of business, or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md.

Mr. BLAINE. Every individual has his principal place of business where he prepares the furs.

Mr. SMOOT. I want to say to the Senator that every effort was made in framing this bill to hear the parties interested and the departments of the Government; hearings were held by the committee, and it was decided that this was the only way that the tax could be fairly collected. It can not be collected if it goes farther than the dresser of furs,

because of the fact that it would cover perhaps 10 per cent of the clothing sales made in retail stores, there being many garments on which there is a little fur around the sleeve or a little fur around the collar.

Mr. BLAINE. Mr. President——

Mr. SMOOT. If the Senator wants to defeat the proposed tax, what he has suggested is the way to do it.

Mr. BLAINE. Let me ask the Senator another question. Is not the tax levied under the House provision on the wholesale price a tax on the manufacturer?

Mr. SMOOT. It is on the manufacturer.

Mr. BLAINE. I just want to understand if the House provision does not apply to the wholesale price and to the manufacturer?

Mr. SMOOT. Oh, yes; and more, too——

Mr. BLAINE. But not to the retailer.

Mr. SMOOT. The House provision uses the words "manufacturer, producer, or importer."

Mr. BLAINE. Yes; "manufacturer, producer, or importer," but not the retailer.

Mr. SMOOT. There are thousands of those who engage in the manufacture of coats and dresses all over the United States and sometimes they use just a little bit of fur and sometimes they make a coat that is worth thousands of dollars. The provision could not be administered in any other way than now proposed.

Mr. BLAINE. I did not want the suggestion to go unanswered that the House provision applied to the retailer at all.

Mr. SMOOT. I did not say that. The Senator asked the question and I said "no." I say that it applies to the "manufacturer, producer, or importer."

Mr. BLAINE. The House provision does not apply to all goods which have fur trimmings on them; it only applies to those the chief value of which is fur.

Mr. SMOOT. That is the trouble with it. Who is going to look at every article that is made that has a piece of fur upon it? It can not be done.

The House provision reads—I will quote it again—

> A tax equivalent to 10 per cent of the price for which so sold: Articles made of fur on the hide or pelt or of which any such fur is the component material of chief value.

It would have to be ascertained in the case of every article, whether its chief value is fur or not, and that could not be done.

Mr. BLAINE. But there are the manufacturers who will make their reports and who are not very numerous.

Mr. SMOOT. There are a great many of them.

Mr. BLAINE. Yes; there are a great many of them; but how many income-tax reports are there? There are three or four million people who file income-tax returns.

Mr. President, I desire to invite attention to a few facts respecting the proposed amendment. It is a direct sales tax; there is no question about that. It is a sales tax upon necessities of life. I am not speaking of the ermine opera gown; I am not speaking of the sealskin coat or the mink coat or other expensive furs; but I do desire to invite attention to the fact that there are many cheap furs in the United States which go into garments and clothing which are just as essential to comfort as is fuel and just as essential to life as is food.

I want to invite attention to the fact that over 60 per cent of the people of the United States live in a climate where the temperature hovers around zero or below for many months in the year. The people living in the regions where such temperatures prevail need warm garments; they need warm coats and jackets and caps and mittens, and those people constitute a very large number.

I first desire to direct attention to the fact that among the cheap furs that are used for the purposes to which I shall soon refer there are the cheap wolfskin; the Belgian hare or rabbit skin; the cheap fox furs; the cheap dogskin, which, I assume, will be classified as fur; there are certain cheap muskrat furs and raccoon furs and other cheap furs, all of which, or most of which, go into the manufacture of coats and jackets and caps and mittens worn by very numerous classes in this country; and I want to refer to those numerous classes.

The street-car motormen who are exposed to the inclement weather all over the northern part of the United States must have fur-lined or sheepskin-lined coats in order to withstand the blasts of the wind and the low temperature that prevails on many of the days throughout the winter months. I do not know how many in that employment require the cheaper coats and jackets in order to protect their health and give them comfort.

Then there are the men who are working on the railroads, the maintenance-of-way men, all exposed to the inclement weather. There are the freight-train brakemen, all of them exposed to the weather and all of them requiring hats and caps and mittens or gloves and coats and jackets made out of something more substantial than fabrics. In fact, they require a pelt. It may be a pelt lined with wool, or the lining may be of pelt from these cheaper furs.

Then there are the factory and mine workers who live some distance from the place of their employment. Whether they come out of the factory or out of the mine, with a 30 or 40 mile blast of chilling wind, with a temperature at zero or below, they require something more than cotton or any other clothing made out of fabric.

Then there are the men who work in the woods. They require the same character of clothing to protect them against the inclemency of the cold in the northern climate.

Then there are the farmers, all of them requiring coats and jackets and caps and mittens and gloves that are something more than fabric in order to give them comfort. They also wear clothing that is made out of or is lined with some pelt, whether it is that of wool or of fur.

Then there are the school children.

Mr. SMOOT. Mr. President, this provision does not apply to wool at all.

Mr. BLAINE. I know it does not apply to wool.

Mr. SMOOT. That is what the Senator has been talking about.

Mr. BLAINE. That has nothing to do with it. Some of these garments are made out of wool. Perhaps the Senator would like to drive the fur-lined coats and jackets out of the market, so that all of these necessary garments should be made out of wool pelts; but the school children in the rural districts, who have a mile or a mile and a half to go to school, whether by foot or by transportation, require garments more protective than garments made out of fabric, so they wear coats or jackets and caps and mittens made out of pelts, either wool or fur.

Then there are in this country, as was shown the other day by the Senator from Michigan, over 1,500,000 truck drivers, most of them up in the northern part of the United States; and all of them, in order to give them comfort against the winds and the low temperatures of the northern part of the United States, must have clothing made out of something other than cotton or any other fabric, something other than rayon or silk. They must have substantial wearing apparel that will withstand the blasts of the winter winds and the low temperatures that prevail in the northern part of the United States.

Then there are other large groups of citizens of this country who are exposed to the inclemency of our colder climate; and they, in turn, wear coats and jackets and caps and mittens and gloves made out of something other than fabric.

The people to whom I have referred are the people least able to pay; and yet, under this proposal, every one of them who wears a garment to which I have made reference will be compelled to pay a sales tax of 10 per cent on the value of that garment.

I am perfectly willing, and I think we ought, to impose a tax upon the luxuries. I am perfectly willing to impose a tax upon the ermine opera coat, and the sealskin coat, and the otter coat, and the mink coat, which run into hundreds of dollars in value; but these other garments to which I refer are purchased at a price under $50 by the men and

women who use them. If it is a coat or jacket made out of these cheaper furs, the price will run probably all the way from $5 to $50. The caps and mittens and gloves will cost under $5.

The people to whom I have referred are the people who are going to be burdened with a 10 per cent sales tax under this fur proposal. I insist that when we get into the discussion of the general sales tax we will find exactly the same difficulties to which the Senator from Utah has referred in administering those proposals.

It was my purpose to offer an amendment to the House provision relating to furs to impose a tax on the basis of value, and to exempt from that tax coats and jackets where the price for which sold is under $40—I say $40 because, as I understand and as the Senator has suggested, the price is the wholesale price—and exempting caps and gloves and mittens where the price for which sold is under $4, thereby exempting from this sales tax a large group of men who work upon the street cars, the freight trains, in the woods, in the factories and mines, who operate the trucks throughout the country, who work upon the farms, and the school children of the rural districts; all of those people who live in climates where the temperature during the winter months oftentimes hovers around zero or below, and where the winter wind drives with such a blast that nothing but a fur pelt or a woolen pelt will protect them from the inclemency of the northern climate.

I can not bring myself to the position of voting for a proposal that makes no exemption of the essential and necessary wearing apparel of the great mass of those least able to pay in this country.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I yield.

Mr. COPELAND. I am impressed with the idea that what the Senator is saying is an argument in favor of the sales tax with the exemptions which are so generous for all the low-priced articles.

Mr. BLAINE. Mr. President, I have not examined your sales proposition. I am discussing this proposition as a sales tax of the most obnoxious character, without any exemptions whatever to those who are least able to pay; but I rather assume that the sales tax that is going to be proposed by the Senator from Massachusetts [Mr. WALSH] will not contain exemptions that are going to protect the people who to-day either have no income or have an income diminishing to the point where they are almost unable to maintain themselves and their families.

Mr. COPELAND. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Wisconsin further yield to the Senator from New York?

Mr. BLAINE. I do.

Mr. COPELAND. The Senator speaks about "your sales tax." I have not any sales tax.

Mr. BLAINE. No; I did not mean to refer to the Senator's personal sales tax. I meant to refer to the Democratic sales tax that is to be proposed by the Democratic Senator from Massachusetts [Mr. WALSH].

Mr. COPELAND. Of course, I assume that any Democratic measure, no matter what it might be, would be a good measure. As a matter of fact, from what I know about the Walsh amendment, the Senator from Massachusetts purposes doing exactly what the Senator from Wisconsin has in mind—exempting all those things which are necessities of life and of low cost; and I understand that his proposal contains an exemption of everything the Senator is pleading for. In the same speech the Senator speaks about taxing sealskins and sables and the other high-priced furs, and I entirely approve of what he says; but if there were a general sales tax, such as the Senator appears to be arguing for, if he will permit me to say so, he would gain the exemptions that he seeks, and at the same time impose the tax where it properly belongs, upon the high-priced articles.

Mr. KING. Mr. President, will the Senator yield?

Mr. BLAINE. Just a moment. I am sure the Senator from New York is generous enough to permit me to state in my own words and in my own language my position on the sales tax, instead of having my position stated by the Senator from New York, who has inaccurately stated it and improperly drawn his conclusion.

Mr. COPELAND. Oh, certainly. I apologize to the Senator.

Mr. BLAINE. Knowing the Senator from New York, as I do, to be broad and generous in his views, he certainly will grant to me the privilege of stating my own position.

Mr. COPELAND. Of course. I was only drawing the conclusion from what I understood the Senator to say. If I am mistaken, I am sorry.

Mr. BLAINE. I do not ask the Senator to express any regrets or apologies. I was just asking that I be permitted to state my own position, rather than to have my position stated by the Senator from New York.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Utah?

Mr. BLAINE. I do.

Mr. KING. Will not my able friend from Wisconsin modify the statement made a moment ago that the proposed sales tax to be offered by the Senator from Massachusetts is a Democratic sales tax?

Mr. BLAINE. Mr. President, I probably ought to modify that. I had in mind the Democrat from Massachusetts, who is one of the outstanding and leading Democrats of the United States, and naturally would give the impression to the country that he gave to me—the suggestion that it was a Democratic proposal. I am very glad if the Senator is going to suggest that the Democratic Party as such does not stand for the sales tax.

Mr. KING. I think I may state that and affirm it. I am not, of course, authorized to speak for the Democratic Party, but I think the Senator ought to give some credit, if there is any credit for the sales tax, to the able senior Senator from Pennsylvania [Mr. REED], who in season and out of season—and I am not criticizing him—has been a very powerful protagonist for the sales tax.

Mr. BLAINE. Mr. President, I thank the Senator for the suggestion, but I think I ought to be entirely fair, and say that the coalition proposal of the high priest of protection, the Senator from Pennsylvania, and the Democratic Senator from Massachusetts, will jointly, at least mentally, propose the sales tax, and it may be characterized as a coalition proposal by the Senator from Pennsylvania [Mr. REED], a Republican, and the Senator from Massachusetts [Mr. WALSH], a Democrat. On that proposition that Republican and that Democrat will stand upon the same platform, notwithstanding what platforms may or will be adopted by the two parties at Chicago in June.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. BLAINE. I yield.

Mr. COPELAND. The Senator has made the Senator from Pennsylvania [Mr. REED] and the Senator from Massachusetts [Mr. WALSH] the father and mother of the sales tax. He ought to include the senior Senator from Utah [Mr. SMOOT] as the grandfather of that idea, because he was the originator of it, I believe.

Mr. BLAINE. I did not want to run the parentage back to Adam.

Mr. President, I was not intending to enter upon a discussion of the sales tax. I was going to criticize the pending proposal, as I conceive it to be a sales tax of 10 per cent on essential and necessary clothing for a very large group of our people, especially people who work, and who are least able to pay.

I am opposed to a general sales tax; indeed, I am opposed to a sales tax in any form. I think it is an improper method of levying taxes. My own feeling is and has been that taxes should be levied according to the ability to pay, and not ac-

cording to the girth of a man, or the size of a man, or his capacity to work, or his capacity to consume.

A sales tax is based upon those very propositions; first, on the capacity of a man to work. The harder he works the greater tax he pays. It depends upon the capacity of a man to produce. The more he produces the greater the tax he pays. It depends upon the size of the man, for the greater the size the greater will be the amount of material necessary for the garments he wears, therefore the greater the tax.

Mr. President, a sales tax is a tax upon consumption. It is a tax which will discourage an upturn in our affairs. There is now a lack of purchasing power among the people, and under a general sales tax that purchasing power would be reduced, according to the amount of the sales tax imposed, and it would be found that the depression would widen and deepen. If we adopt the sales tax in this country, we will be going in the very face of the depression, and will increase the depression and add to the agony through which the American people are passing.

My own opinion is, as I have said, and I repeat, that we should adopt an income surtax, whereby those who are best able to pay will discharge their just obligations toward the Government.

I am willing that he who receives a large income should be permitted to purchase all of the necessities of life for himself and family. And I will go farther and grant him the privilege of satisfying his tastes for the luxuries of life and the extravagances of life—let him have all those things—but the excess dollars are impressed with a social obligation, Those dollars could not be possessed without the protecting mantle of this Government.

Therefore such dollars should be commanded to respond to the duty and the obligation placed upon them by our social organization.

Mr. COPELAND. Mr. President, will the Senator yield again?

Mr. BLAINE. I yield.

Mr. COPELAND. I am in great sympathy with most of what the Senator says; but when he talks about the income tax reaching all the dollars he has in mind, I think he is mistaken. I think it would fail to do that, because much of the income of the rich comes from tax-exempt securities or from dividends which are not taxed.

The sales tax, with exemptions to cover the very persons the Senator has in mind, would reach every man and woman in this country, and the richer they are and the more they spend the more they would contribute. I would not vote for a sales tax which would touch the necessities of life or which would touch the suit of clothes the laboring man wears, and while I have not seen the bill proposed by the Senator from Massachusetts, if I am correctly advised by the press, he would exempt a suit of clothes which sells for $30 wholesale, which would be $40 or $45 retail, and he would exempt all the food necessities and all those things which are really necessities. So, in the last analysis, if I understand the bill at all, it would impose a burden upon the bloated, upon those of great wealth, and the revenue would come from the very persons whom the Senator very properly would seek to reach and the persons who ought to make use of their dollars, given to them in trust.

Mr. BLAINE. Mr. President, I have not seen the proposal of the Senator from Massachusetts; I have seen a purported outline of the proposal in the newspapers, and I do not care to discuss a proposal about which I know little and about which I have no information from an authoritative source.

The Senator from New York is mistaken when he suggests that we can not obtain the necessary funds from an income tax law. He suggests that revenue is not derived from tax-exempt securities and that those securities are so great in amount that the amount of the income-tax returns would be diminished. It is true that on account of the tax-exempt securities there would be some reduction in the income taxes, but it is disputed, and very vigorously disputed, that the amount of tax-exempt securities reduces the income-tax return appreciably.

Moreover, Mr. President, there is another factor in this connection. The tax-exempt securities are obligations of the Government of the United States, or obligations of the States, or obligations of the counties, cities, and other subdivisions of the States. Those are the obligations which are tax exempt, and I point out that because of the exemption of those securities the interest rates on the securities are much lower than if they were subject to taxation. Thus the taxpayers of the country are saved a very large tax burden which would be imposed upon them if those tax-exempt securities were taxable. The people are saved a portion of the tax burden by reason of those tax-exempt securities. They are saved that tax burden annually by reason of the reduction in the interest rates which tax-exempt securities bear as compared with securities which are not tax exempt.

There are some very sound utility and industrial bonds in this country which bear an interest rate of 6 or 7 and even as high as 7½ per cent, while Government bonds and municipal bonds sell at either par or at a premium, bearing a much lower interest rate, and the interest rates are always paid by the taxpayer. Therefore the greater the reduction in the interest rate, the greater is the reduction in the amount of the taxes. When we take that factor into consideration, then the force of the claim that tax-exempt securities destroy income is greatly minimized.

Mr. President, in the consideration of this proposition I must vote against the committee amendment. I will propose the amendment which I have suggested to the House provision if the committee amendment shall be rejected, thus exempting to this large number of men who are subjected to the inclemency of the weather in the winter months in the northern part of the United States from the payment of the taxes upon the ordinary and essential garments they must wear—the coats, the vests, and the jackets and the caps, the gloves and the mittens, which are made out of the cheaper furs.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. COPELAND. Do I understand that the amendment offered by the Senator from Wisconsin was carried?

The VICE PRESIDENT. The Senator from Wisconsin offered no amendment.

Mr. BLAINE. Mr. President, I announced that if the committee amendment were defeated I would offer an amendment to the House provision exempting from the tax the coats and jackets the price for which sold is under $40 and the caps, gloves, and mittens where the price for which sold is under $4, taking into consideration the fact that those values refer to the wholesale price.

Mr. COPELAND. I wanted to vote for the Senator's amendment, but I will now have no opportunity to do so.

Mr. BLAINE. Mr. President, I regret the Senator did not support my position in opposing the committee amendment. Had the committee amendment been defeated, the Senator from New York would have had an opportunity to vote for the amendment I would have offered.

Mr. COPELAND. I should have been very glad to have an opportunity to do that. The Senator did not call for the yeas and nays, and he did not give us an opportunity to help him in his battle. I should have been glad to do so.

The VICE PRESIDENT. The clerk will report the next amendment.

The next amendment was, under the heading "Title VI—Estate tax amendments," on page 291, line 5, after the word "act," to insert "(except in cases where a petition for redetermination of a deficiency has been filed with the Board of Tax Appeals within the time prescribed in sec. 308)," so as to make the section read:

SEC. 802. 80 PER CENT CREDIT

(a) Section 301 (b) of the Revenue Act of 1926 is amended to read as follows:

"(c) The tax imposed by subdivision (a) of this section shall be credited with the amount of any estate, inheritance, legacy, or succession taxes actually paid to any State or Territory or the District of Columbia, in respect of any property included in the gross estate (not including any such taxes paid with respect to the estate of a person other than the decedent). The credit allowed by this subdivision shall not exceed 80 per cent of the tax imposed by subdivision (a) (after deducting from such tax the credits provided by subdivision (b)), and shall include only such taxes as were actually paid and credit therefor claimed within four years after the filing of the return required by section 304, except that—

"(1) If a petition for redetermination of a deficiency has been filed with the Board of Tax Appeals within the time prescribed in section 308, then within such 4-year period or before the expiration of 60 days after the decision of the board becomes final.

"(2) If, under subdivision (b) of section 305 of subdivision (1) of section 308, an extension of time has been granted for payment of the tax shown on the return, or of a deficiency, then within such 4-year period or before the date of the expiration of the period of the extension.

"Refund based on the credit may (despite the provisions of sec. 319) be made if claim therefor is filed within the period above provided. Any such refund shall be made without interest, except that where the overpayment was made prior to the enactment of the revenue act of 1932, then interest shall be allowed and paid on the amount refunded at the rate of 6 per cent per annum from the date of the overpayment to the date of such enactment."

(b) If any return required by section 304 of the revenue act of 1926 was filed more than three years before the enactment of this act (except in cases where a petition for redetermination of a deficiency has been filed with the Board of Tax Appeals within the time prescribed in sec. 308), the credit for estate, inheritance, legacy, or succession taxes shall be determined as if this section had not been enacted.

The amendment was agreed to.

The next amendment was, on page 295, line 12, after the word "worth," to insert:

There shall also be deducted losses incurred during the settlement of estates arising from fires, storms, shipwrecks, or other casualties, or from theft, when such losses are not compensated for by insurance or otherwise, and if at the time of the filing of the return such losses have not been claimed as a deduction for income-tax purposes in an income-tax return.

So as to make the section read:

SEC. 805. DEDUCTIONS

Section 303 (a) (1) of the revenue act of 1926, as amended, is amended to read as follows:

"(1) Such amounts—

"(A) for funeral expenses,

"(B) for administration expenses,

"(C) for claims against the estate,

"(D) for unpaid mortgages upon, or any indebtedness in respect to, property where the value of decedent's interest therein, undiminished by such mortgage or indebtedness, is included in the value of the gross estate, and

"(E) reasonably required and actually expended for the support during the settlement of the estate of those dependent upon the decedent, as are allowed by the laws of the jurisdiction, whether within or without the United States, under which the estate is being administered, but not including any income taxes upon income received after the death of the decedent, or property taxes not accrued before his death, or any estate, succession, legacy, or inheritance taxes. The deduction herein allowed in the case of claims against the estate, unpaid mortgages, or any indebtedness shall, when founded upon a promise or agreement, be limited to the extent that they were contracted bona fide and for an adequate and full consideration in money or money's worth. There shall also be deducted losses incurred during the settlement of estates arising from fires, storms, shipwrecks, or other casualties, or from theft, when such losses are not compensated for by insurance or otherwise, and if at the time of the filing of the return such losses have not been claimed as a deduction for income-tax purposes in an income-tax return."

The amendment was agreed to.

Mr. HAWES. Mr. President, I was greatly interested in the discussion of the Senator from Wisconsin [Mr. BLAINE] on the matter of the tax on furs. I desired to ask him a question. First, I wanted to consult with the Biological Survey to find out just what is the classification of furs sold in America. I find that from 50,000,000 to 100,000,000 rabbit skins are sold each year in the United States, and that some 600,000 hunters take out licenses for the purpose of hunting the rabbits. I think the Senator from Wisconsin has clearly demonstrated that, beginning at the very top of all commodities and descending down to the lowly humble rabbit, nothing escapes taxation under this bill. As the Senator from New York has said, in the proposal soon to be made by the Senator from Massachusetts [Mr. WALSH], these things are all exempted—drugs, medicine, food, clothing—but the present tax bill proposed by the committee does not even eliminate the humble rabbit.

Mr. BLAINE. Mr. President, I desire to move a reconsideration of the vote by which the tax on furs was adopted. I am willing to vote upon that motion at this time, but I suggest first the absence of a quorum and then I shall ask for the yeas and nays. However, it has just been suggested that perhaps the Senator from Utah [Mr. SMOOT] will grant a request for reconsideration. I ask unanimous consent that the vote by which the committee amendment with reference to furs was adopted may be reconsidered.

Mr. SMOOT. For what object?

Mr. BLAINE. For the purpose of obtaining a record vote upon the matter, I am frank to say.

Mr. SMOOT. Without any further discussion?

Mr. BLAINE. Senators may want to discuss it. I do not include that in my unanimous-consent request.

Mr. SMOOT. If the Senator will do that I shall be very glad to grant his request.

Mr. BLAINE. I think that would be unfair. I think we can hasten the situation by submitting the motion to reconsider unless the Senator grants my request.

Mr. SMOOT. I have not any objection to a reconsideration, but had we not better have a limit on debate?

Mr. BLAINE. So far as I am concerned——

Mr. SMOOT. The Senator from Wisconsin now has spoken quite a while on it.

Mr. BLAINE. I see no object in the Senator suggesting to me that I have spoken quite a while. I have occupied scarcely any time during these two weeks and the suggestion carries an implication of criticism. I am sure the Senator ought to grant the privilege to a Senator to discuss a matter when that Senator so chooses. I assume the responsibility for whatever discussion I may indulge in here in this Chamber.

Mr. SMOOT. Nobody doubts that at all. I am simply referring to the fact and trying to arrive at an agreement that will not take too much time. I have no objection to a reconsideration of the vote on the amendment if the Senator wants it reconsidered.

Mr. WALSH of Montana. Mr. President, I was very deeply impressed by the criticism made by the Senator from Wisconsin [Mr. BLAINE]. It is a matter of very great consequence to the people of my State, a very great majority of whom are obliged to purchase fur clothing for winter wear. I was wondering whether the real purpose could not be accomplished by putting some sort of limitation on the tax.

Mr. SMOOT. We have discussed that and it makes it impossible of administration. The furs come from every nook and corner of the country.

Mr. WALSH of Montana. It would not be difficult at all to put a money limit, say anything over $100.

Mr. SMOOT. Then we would not get any tax.

Mr. WALSH of Montana. That is exactly the point. We are getting the tax out of the cheap furs which the general body of the people in the colder sections of the country are obliged to provide for themselves.

Mr. SMOOT. It only applies the tax upon the dresser of the fur. There are only 87 of them in the United States. There is no need of trying to go beyond that, because we could not reach every retail store, particularly in the West, or all over the United States for that matter. We could not put it upon the fur content of an article, because some of them have only a little piece of fur around the sleeve or collar.

Mr. WALSH of Montana. But the provision is one that is quite common in tariff legislation at least. I do not quite understand how the contention can be sustained that the tax is only on the dresser of the fur.

Mr. SMOOT. Here is the way it reads:

There is hereby imposed upon the dressing (on or after the fifteenth day after the date of the enactment of this act, and

before July 1, 1934) of raw furs, a tax equivalent to 10 per cent of the fair market value of the dressed furs, to be paid by the owner thereof.

We spent more time on this provision, probably, than on any other item in the bill. We tried to work out some plan so that the tax could be finally collected. The provision originally submitted was taken out and the Senate instructed us to bring back another provision, and it is here. It has been finally decided that the tax should be imposed upon the market value of the dressed fur.

Mr. WALSH of Montana. That really is quite an improvement on the House provision.

Mr. TYDINGS. Mr. President, I appreciate the difficulties of the chairman of the committee. May I point out to him that the proposed tax is a tax upon a necessity of life? It is a tax upon clothing. If the Senator has in mind the higher-priced furs——

Mr. SMOOT. No; the Senator has not.

Mr. TYDINGS. If the Senator has in mind the higher-priced furs, that is one thing; but there are a million truck drivers who use rabbit skins in the winter time, and it seems to me it would be outrageous to take the little bit of warmth which may be obtained from the cheaper skins and impose a tax upon it.

Mr. SMOOT. The committee did exactly what the Senate ordered it to do.

Mr. TYDINGS. I am not finding fault with the Senator at all, but I am pointing out to him that this is really a tax upon a necessity of life. If we were to adopt the sales tax, in my judgment, things of this kind would be eliminated. I am opposed to putting a tax on clothing.

Mr. SMOOT. All the Senate has to do is to turn the committee down. We were instructed to bring in the amendment. It will raise $15,000,000 of revenue. If the Senate wants to cut that out, let it vote against the amendment. I have no objection to a reconsideration and a vote now.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin for a reconsideration of the vote whereby the committee amendment was agreed to? The Chair hears none, and the vote is reconsidered. The question is now on the committee amendment relating to furs.

Mr. SMOOT. Let us have the yeas and nays.

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Schall
Bailey	Dale	Jones	Sheppard
Bankhead	Davis	Kean	Shortridge
Barbour	Dickinson	Kendrick	Smith
Barkley	Dill	Keyes	Smoot
Bingham	Fess	King	Steiwer
Blaine	Fletcher	La Follette	Stephens
Bratton	Frazier	Logan	Thomas, Idaho
Broussard	George	McGill	Thomas, Okla.
Bulkley	Glass	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Norbeck	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walcott
Cohen	Hatfield	Oddie	Walsh, Mass.
Connally	Hawes	Patterson	Walsh, Mont.
Coolidge	Hayden	Pittman	Watson
Copeland	Hebert	Reed	White
Costigan	Howell	Robinson, Ark.	
Couzens	Hull	Robinson, Ind.	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

Mr. BLAINE. Mr. President, I am going to occupy only a few moments to inform the Senate of the exact question which is before the body, and I will ask first that the clerk state the committee amendment.

The VICE PRESIDENT. The amendment proposed by the Senator from Utah in the nature of a substitute for the committee amendment will be stated.

The CHIEF CLERK. As a substitute for the committee amendment beginning in line 23, on page 245, it is proposed to insert in lieu of the matter proposed to be stricken out by the committee amendment the following:

(a) There is hereby imposed upon the dressing (on or after the 15th day after the date of the enactment of this act and before July 1, 1934) of raw furs, a tax equivalent to 10 per cent of the fair market value of the dressed furs, to be paid by the owner thereof.

(b) Every person engaged in dressing furs shall make monthly reports under oath in duplicate to the collector for the district in which is located his principal place of business, or if he has no principal place of business in the United States then to the collector at Baltimore, Md. Such reports shall list all furs dressed by such person, and the names and addresses of the owners of such furs and shall contain such additional information, and shall be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

(c) Subject to the provisions of section 601 (c), there is hereby imposed upon all dressed furs imported into the United States a tax at the rate of 10 per cent ad valorem.

Mr. BLAINE. Mr. President, as will be observed from a reading of the proposed substitute amendment offered by the committee, a 10 per cent tax is to be levied upon all dressed furs. Among those furs, of course, are included certain cheap furs that go into cheap clothing, namely, wolf, Belgian hare, hare, or rabbit, as it is popularly called, cheap fox skins, dog pelts and skins, the cheaper muskrat furs, and the cheaper raccoon furs, and other cheap furs. Such furs all go into the cheaper coats and jackets and the cheaper caps, gloves, and mittens.

This is the first proposal to indorse in principle the sales tax on a necessity of life on which the Senate has been called to act; and I want to point out the class of people who wear cheap clothing made of the cheaper furs. I do not know what percentage of such clothing is made of fur and what percentage is made of wool pelts. I want to make my explanation as brief as is possible and to call attention to the fact that a great majority of our people live in the northern part of the United States, where the thermometer ranges around zero and below for many days during the winter period, where the winds blow a terrific blast, and where it is essential, in order to protect those who are subjected to outside exposure in the inclemency of the weather, to have a garment that can not be penetrated by the wind. Skins and hides are the only materials out of which such garments can be made and at the same time give comfort to the wearer.

Motormen upon the street cars—I do not know how many of them there are—but there are many who are always subjected to the extreme weather conditions. Then we have the men known as the maintenance-of-way men on the railroads and the brakemen on the freight trains on the railroads. All of them wear clothing of the character to which I have referred.

We have the factory and mine workers, who must walk or drive a considerable distance to their places of employment. When they leave their warm homes or the heated factory or the warm mine it is necessary for them to have protective clothing, clothing that will protect them not only against the frigidity of the temperature but also against the wind.

Then we have the woodsmen, who must work in the forests and in the lumber mills. All the workmen engaged in the wood industry who are employed in outside work must have the protection of such clothing.

Then we have the farmers, a large class, and they must have this type of clothing.

Then we have the boys and girls who go to school in our rural districts. They generally wear this type of clothing. This type of clothing is necessary for that large group of people. Cotton or woolen clothing is not sufficient.

Then we have other large groups; we have the truck drivers, and, as the Senator from Michigan stated the other day, there are over 1,500,000 truck drivers in this country, a large number of whom live in the cold territory to which I have referred.

Then we also have many other citizens who need this type of clothing.

Here it is proposed to subject those citizens to a sales tax upon essential wearing apparel, which is just as necessary for the preservation of their comfort, their health, and their existence as is fuel.

There ought to be some method by which we can tax the ermine opera coat, the sealskin coat, the mink coat, the otter coat, and all the higher grades of fur garments enjoyed by the wealthy people of this country. I am perfectly willing to vote for, and I think there should be provided a tax upon, garments of that kind, which may be regarded as luxuries; but I think it is a mistake now this morning, near the close of the consideration of this tax bill, to indorse in principle the sales tax and apply it to the essential garments to which I have referred.

I have therefore suggested that the committee amendment should be rejected, and if the committee amendment shall be defeated I will offer an amendment to the House text providing as follows:

except the tax shall not apply to coats and jackets where the price for which sold is under $40, or to caps, gloves, and mittens where the price for which sold is under $4.

Those prices, of course, refer to the wholesale prices.

Mr. President, I ask for the yeas and nays on the amendment.

The VICE PRESIDENT. Is the demand seconded?

The yeas and nays were ordered.

Mr. FESS. Mr. President——

Mr. BLAINE. I yield to the Senator from Ohio.

Mr. FESS. I invite the attention of the Senator to the fact that, in order to secure what he desires, his amendment ought to be voted on before the committee amendment is voted on, because the committee amendment is to strike out, and if there should be a negative vote to strike out after his amendment was adopted, the text would stand as he wants it. I make that suggestion as to the parliamentary situation.

Mr. BLAINE. If the committee amendment shall be defeated, then my proposed amendment would be in order.

Mr. FESS. It should be offered first.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. BLAINE. I yield.

Mr. NORRIS. Suppose the committee amendment should be agreed to, then the Senator's amendment would be out of order. Why does not the Senator offer his proviso as an amendment to the committee amendment?

Mr. SMOOT. That can not be done because of the way it is worded.

Mr. NORRIS. The House text is subject to amendment, and I think the Senator from Wisconsin should offer his amendment to the House text; and if it is agreed to, then we would have the House text with his proviso attached to it, as against the committee amendment, and it would be a fair vote. Otherwise we do not know in advance what is going to happen. We would not like to vote against the committee amendment, and not have anything on the subject.

Mr. FESS. Suppose the committee amendment shall be rejected?

Mr. NORRIS. Suppose the committee amendment is not rejected, the Senator does not want to take a chance in advance; he does not know what is going to happen. If he waits, and the committee amendment is not rejected, then it is all over.

Mr. BLAINE. I appreciate the suggestion made by the Senator from Ohio and the Senator from Nebraska, and now offer an amendment to perfect the House text by inserting, on page 246, at the end of line 3, after the word "value," the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 246, line 3, after the word "value," it is proposed to strike out the period, insert a comma and the following:

except the tax shall not apply to coats and jackets where the price for which sold is under $40, or to caps, gloves, or mittens where the price for which sold is under $4.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wisconsin.

Mr. BLAINE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. The question now is, as I understand, on the amendment offered by the Senator from Wisconsin, which is in opposition to the committee amendment?

The VICE PRESIDENT. The amendment of the Senator from Wisconsin proposes to perfect the House text, and the committee amendment proposes to strike out the House text and insert a new provision.

Mr. KEAN. Mr. President, a vote "nay" means to strike out the committee amendment.

Mr. SMOOT. No.

The VICE PRESIDENT. A vote "nay" would be against the amendment of the Senator from Wisconsin proposing to perfect the House text before the vote is taken on the committee amendment. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. HASTINGS. I am paired with the senior Senator from Alabama [Mr. BLACK]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the senior Senator from Colorado [Mr. WATERMAN], and will vote. I vote "nay."

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote.

Mrs. CARAWAY. On this question I have a pair with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON], and will vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Massachusetts [Mr. WALSH].

Mr. SHEPPARD. I desire to announce that the Senator from Mississippi [Mr. HARRISON], the Senator from Massachusetts [Mr. WALSH], and the Senator from Nevada [Mr. PITTMAN] are detained on official business.

The result was announced—yeas 26, nays 49, as follows:

YEAS—26

Ashurst	Carey	Johnson	Trammell
Bailey	Copeland	Logan	Tydings
Bankhead	Costigan	Moses	Wagner
Blaine	Couzens	Norris	Walsh, Mont.
Broussard	Davis	Patterson	Wheeler
Bulkley	Frazier	Schall	
Bulow	Hawes	Smith	

NAYS—49

Barbour	Fletcher	Kendrick	Shortridge
Barkley	George	Keyes	Smoot
Bingham	Glass	King	Steiwer
Bratton	Goldsborough	McGill	Stephens
Capper	Gore	McNary	Thomas, Idaho
Caraway	Hale	Metcalf	Thomas, Okla.
Cohen	Hatfield	Norbeck	Vandenberg
Connally	Hayden	Nye	Walcott
Cutting	Hebert	Oddie	Watson
Dale	Howell	Reed	White
Dickinson	Hull	Robinson, Ark.	
Dill	Jones	Robinson, Ind.	
Fess	Kean	Sheppard	

NOT VOTING—21

Austin	Glenn	McKellar	Townsend
Black	Harrison	Morrison	Walsh, Mass.
Borah	Hastings	Neely	Waterman
Brookhart	La Follette	Pittman	
Byrnes	Lewis	Shipstead	
Coolidge	Long	Swanson	

So Mr. BLAINE's amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment, in the nature of a substitute, offered by the Senator from Utah [Mr. SMOOT] in behalf of the committee.

The amendment, in the nature of a substitute, was agreed to.

The amendment of the committee, as amended, was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment.

The next amendment was, on page 303, after line 9, to strike out:

SEC. 811. REVALUATION OF DEPRECIATED ESTATES—RETROACTIVE

Title III of the revenue act of 1926 is amended by adding at the end thereof a new section to read as follows:

"SEC. 326. (a) In the case of the estate of a decedent who died on or after September 1, 1928, and prior to January 1, 1932, and at the election of the executor, the value of the gross estate and of the net estate shall be computed based upon values as of a date 18 months after the decedent's death (hereinafter referred to as 'subsequent value'), and the tax to be paid under this title shall bear the same ratio to a tax computed without reference to this section as the subsequent value of the net estate bears to the value of the net estate computed as of the date of the decedent's death, but in no case shall the tax be less than 60 per cent of the tax computed without reference to this section. Such election shall be exercised by the filing of a statement under oath which shall set forth all the necessary information and shall be filed not later than one year after the date of the enactment of the revenue act of 1932. Any amount of tax refundable by reason of this section shall be refunded where such statement is filed within the prescribed time, but the amount refunded shall be without interest. The credit allowed by section 301 for estate, inheritance, legacy, or succession taxes actually paid to any State or Territory or the District of Columbia shall not exceed 80 per cent of the tax as computed under this section.

"(b) In the case of any property (the value of which is required, under sec. 302, to be included in the value of the gross estate) which has been distributed or sold or otherwise disposed of after the death of the decedent and prior to the expiration of 18 months therefrom, then the subsequent value of such property shall be its value upon the date of such distribution, sale, or other disposition (in lieu of its value 18 months after the date of death); and in the case of property (such as leaseholds, patents, remainders, and other interests terminating upon the expiration of a period of time), the value of which is necessarily affected merely by the lapse of time or by the happening or nonhappening of a contingency, then the subsequent value of such property shall be determined without any allowance for change of value due merely to lapse of time or to the happening or nonhappening of the contingency.

"(c) In any case in which the estate tax to be paid in respect of the estate is computed under this section, then for income-tax purposes the basis for determining the gain or loss from the sale or other disposition of personal property acquired by specific bequest, or of real property acquired by general or specific devise or by intestacy, and the basis for determining loss from the sale or other disposition of property acquired by the decedent's estate from the decedent shall be the value at which such property is included in determining the subsequent value of the gross estate."

And to insert:

SEC. 811. FUTURE INTERESTS—EXTENSION OF TIME FOR PAYMENT OF TAX

(a) Section 305 of the revenue act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"(e) Where there is included in the value of the gross estate the value of a reversionary or remainder interest in property, the payment of the part of the tax imposed by this title attributable to such interest may, at the election of the executor, be postponed until six months after the termination of the precedent interest or interests in the property, and the amount the payment of which is so postponed shall then be payable, together with interest thereon at the rate of 6 per cent per annum from 18 months after the date of the decedent's death until such amount is paid. The postponement of payment of such amount shall be under such regulations as the commissioner with the approval of the Secretary may prescribe, and shall be upon condition that the executor, or any other person liable for the tax, shall furnish a bond in such an amount, and with such sureties, as the commissioner deems necessary, conditioned upon the payment within six months after the termination of such precedent interest or interests of the amount the payment of which is so postponed, together with interest thereon, as above provided. Such part of any estate, inheritance, legacy, or succession taxes allowable as a credit against the tax imposed by this title as is attributable to such reversionary or remainder interest may be allowed as a credit against the tax attributable to such interest, subject to the percentage limitation contained in section 301 (c), if such part is paid, and credit therefor claimed, at any time prior to the expiration of 60 days after the termination of the precedent interest or interests in the property."

(b) The amendment to section 305 of the revenue act of 1926 made by subsection (a) of this section, shall be applicable only in the case of the estates of decedents dying after the enactment of this act.

Mr. COPELAND. Mr. President, I should like to have the attention of the Senator from Utah [Mr. SMOOT] or the Senator from Pennsylvania [Mr. REED].

I assume that the committee had much trouble over this item.

Mr. REED. About striking out section 811 of the House bill?

Mr. COPELAND. Yes.

Mr. REED. No, Mr. President; we did not have much trouble about it. As soon as it became clear that the adoption of this section would take many millions of dollars from the separate Commonwealths of the Union, we saw that what the House provision proposed was that we should be generous to these people who are in difficulty, but that we should be generous at the expense of the separate States, and not at the expense of the Federal Treasury.

When we realized that single States like New York or Pennsylvania would lose anywhere from twenty up to forty or fifty million dollars, either in abatement of expected revenue or in refunds of past revenue, we saw instantly that we could not do it. We could not agree with the House, in fairness to the separate States; and that is why we agreed, without a single voice in dissent, to cut out the House provision in their section 811.

The Senator understands how that loss would fall upon the States, because, when we remit a part of the Federal estate tax, 80 per cent of that burden falls upon the Commonwealth to whom credit has been given.

Mr. COPELAND. I realize that what the Senator says is true.

This morning I received a letter from the director of the budget of New York State, Mark Graves, who is in charge of our taxation; and in one paragraph of this letter he speaks about having given the matter a lot of thought since he was here, when he made two suggestions to the committee. His thought now is that the statute should carry a provision to the effect that if the representatives of an estate desire a revaluation, such revaluation will be made, and the tax previously assessed reduced or abated to a figure which would be the equivalent of a tax at the rates contained in the new bill on an estate having the new valuation.

Mr. REED. Yes; I have heard that suggestion. His proposal, in a nutshell, is that where the testator died during the period of high prices the estate should now be revalued at the prices prevailing for those securities on the date of the approval of this act, and that the tax should then be imposed at the new rate of estate tax fixed by the pending bill.

That, I am afraid, would result in a heavier burden upon the separate States than would the proposal made by the House. It was brought to me by a number of gentlemen the other day, and I considered it carefully; and I think I can show quickly just how it would work.

Let us suppose that a testator died in July, 1929, and his estate consisted of Steel Co. stock, we will say, then selling for over $200 a share. Under the House provision that might be revalued 18 months after the date of death, or in July, 1931. In July, 1931, although I am no authority on quotations, my recollection is that Steel stock was selling for 70 or 80, or thereabouts.

Under the new suggestion of Mr. Graves, that Steel stock would be revalued at its present price of about $27 a share, and then the tax would be levied at the rates fixed by the new bill. We would have cut down the assessed value of the estate by nearly 90 per cent, and that would not begin to be compensated for by a doubling of the inheritance or estate tax.

Furthermore, something which I do not think occurred to Mr. Graves would enter into the picture, because of that doubled Federal tax which would be imposed under the new bill. States do not get 80 per cent of the total, but they get only 80 per cent of the old tax, and all of the new increase under this bill would go to the Federal Treasury. So that we would really be reducing the income of the Commonwealths from estates by about 90 per cent, which would

simply wreck the treasuries of the Commonwealths. I use that word "Commonwealth" because "estate" and "State" sound so much alike. That would really wreck the treasuries of those of our Commonwealths which derive a large part of their income from those sources, such as the State of New York, and the State of Pennsylvania.

Mr. COPELAND. Mr. President, this matter is so complicated and controversial that, in the event we adopt the Senate committee amendment, the whole matter will be in conference——

Mr. REED. Yes; that is true.

Mr. COPELAND. And by that time we hope an opportunity to work out perhaps a better provision than either of these may be afforded.

Mr. REED. I hope so. The new section, section 811, which is put in by the Finance Committee, has nothing to do, really, with depreciated estates. I will explain that in a moment.

We could not find any way to give relief to these estates which have shrunken so greatly that would not take that relief out of the treasuries of the several Commonwealths. Short of making a direct appropriation of Federal money to these individuals who have suffered from the decline, we could not think of any way of handling it; and of course that is out of the question.

Mr. COPELAND. I ask that this short letter from Director Graves be printed in the RECORD at this point.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
EXECUTIVE DEPARTMENT, DIVISION OF THE BUDGET,
Albany, May 26, 1932.

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.

DEAR SENATOR COPELAND: Some few days ago, at the request of Governor Lehman, I sent you a copy of a memorandum which I had prepared relative to a revaluation provision contained in the House bill, authorizing the revaluation of estates for purposes of the Federal estate tax.

Since then I have given more mature thought to the subject, and on my visit to Washington last week discussed the matter with various people. I am now convinced that the second proposal contained in my memo is the only one that should be considered. It is the one which I can conscientiously advise New York to adopt if the Congress decides to include such a provision in the new bill.

Put simply, my second suggestion was that the statute carry a provision to the effect that if the representatives of an estate desired a revaluation, such revaluation would be made and the tax previously assessed reduced or abated to a figure which would be the equivalent of a tax at the rates contained in the new bill on an estate having the new valuation. Moreover, I said that in revaluing an estate there should be included in the case of assets distributed, sold, or otherwise disposed of, their value at the time of distribution, sale, or other disposition; except as to such assets, I said that I favored valuing the remaining assets as of the date of the taking effect of the new statute.

Such a revaluation provision, if included in the new revenue bill, will have the following effect:

1. Tax the estates of decedents dying in the past three years on a parity with those dying after the passage of the new act. The new bill graduates estate-tax rates from 1 per cent to 45 per cent. The existing statute graduates them from 1 per cent to 20 per cent. If the House provision were adopted it would have the effect of taxing the estates of those dying in the past two years less than those dying after the passage of the new act.

2. The House provision was not well designed to grant relief in proportion to need. This is so because while it provided for the revaluation of an estate, it required the payment of that fractional part of the tax originally assessed which the new valuation bore to the old one. That would have been fair, except for the presence of graduated rates. One almost has to see this worked out mathematically in order to appreciate it; nevertheless, it is true. My proposal will give the most relief to the estates which have shrunk the most. It will graduate the relief according to actual need therefor. Roughly speaking, it will deny relief to any estate which has not shrunk more than 50 per cent.

While I am quite convinced that the unusual and extraordinary shrinkage in estates in the past three years (1929, 1930, and 1931) requires recognition and action on the part of the Government, I am not writing you for the purpose of urging that. I am simply trying to keep you informed as to what I consider the fairest, best, and most logical form of relief to be given if the Congress decides to include such a provision in the revenue bill.

Very sincerely yours,

MARK GRAVES, *Director.*

Mr. COPELAND. Mr. President, I am sure that when the conference committee meets it will, if possible, work out some plan which will be fair and just.

I know that in my State, as the Senator from Pennsylvania knows is the fact in his, there are many estates which are now in great distress because of the decline in values, and it is a very serious matter with them.

On the other hand, as the Senator has pointed out, it is a matter of concern in my State and his that there should be reserved to the State its just proportion of the estate tax which is now levied.

I will say no more than to express the hope that in the conference the matter may be given such further consideration as the facts justify.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield?

Mr. REED. I yield.

Mr. KING. Is it not a fact that not a single Commonwealth, to use the Senator's terminology, asked, directly or indirectly, of the Finance Committee for any change; that is, did they not indicate that they were willing to have a revaluation which would result in losses to them?

Mr. REED. Quite so. The only State official who has indicated a desire to see some kind of relief given is Mr. Graves, the representative of the State of New York.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. REED. I yield.

Mr. COUZENS. I wish to say to the Senator from New York that I am not willing that this matter be worked out in conference. I think it is up to the Senate to express its viewpoint, and if the Senate disagrees with the thought of the Senate Finance Committee that no language can be found to aid those the Senator is endeavoring to aid, then the Senate ought to express itself in general terms, and send the bill back to the Finance Committee to redraft the language, so that the Senate itself may pass upon the question.

I think it is unfair to place the burden of this great problem—and it is a problem—upon the conferees of the two Houses, without any expression from this body as to what its views are on the subject.

Mr. REED. Mr. President, of course all we can do is to give the Senate the rather matured judgment of the Finance Committee. I think all of us feel sympathy for such estates as the Donnelly estate, of which I spoke, which, I am told, consisted mostly of Montgomery Ward stock. It is said the Federal estate tax upon that estate amounts to more than the present value of all the securities in the estate, and, of course, we sympathize in that situation. On the other hand, we can not overlook the fact that on the day the executors were qualified they had the power to sell that stock, and it is not exactly fair for them to carry the stock, accepting the benefit of all the increase if it went up and charging the Government with all the loss if it went down. They are in terribly hard luck; but so are many other Americans.

Mr. COUZENS. I think the Donnelly case has been overstated—I am not charging that to the Senator from Pennsylvania, of course—because there was sent out a letter by a Washington attorney, as I remember, drawing attention to that particular case and asking that there be congressional relief. I have forgotten who the attorney was, but, in any event, he did not state all the facts.

Mr. REED. Then let us leave out the name "Donnelly" and just say any estate in which the testator had a lot of common stock and died during the boom time in 1929.

Mr. NORRIS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield.

Mr. NORRIS. I would not interrupt the Senator if I did not feel that our conferees, when they go to conference on this bill, ought to have an expression of the Members of the Senate on this difficult question, so that it can not be said to them, when they meet in conference, that it was

just a matter of form and that the Senate did not express itself.

I believe this is an instance where the Finance Committee did the only thing it could do. I sympathize just as deeply as any man can with some of these estates which are in an unfortunate condition. But, as a matter of fact, if we should agree to the House provision, indirectly we would be taking away from the States by that action money which, under the law in effect at the time the owner of an estate died, would have gone to the several States. It would be almost as if, after the money had been collected and was on its way to the State, we should stop it and turn it back to the estate.

It is not so hard in most cases as would appear on the face of things. Take the illustration the Senator cited. At the time of the death of the man who owned the stock in Montgomery Ward, or at the time the executors were qualified, they could have sold all the stock, perhaps without any loss whatever. But they did not do that. They kept the stock for a year or so. Had those stocks gone up, the Government of the United States would not have gotten any more tax.

Mr. REED. That is true.

Mr. NORRIS. In the meantime, however, in many of these cases the value of the stocks has gone down. The executors have held them at their own risk and in most cases, I presume, at their own will. They might have sold them and have been saved the loss.

I want to ask the Senator a question. I do not know whether he has any information on the subject or not, and I want to preface my question by saying that I do not want to be understood as criticizing the Committee on Ways and Means of the House in what I shall say. I am inclined to think they were deceived.

Mr. REED. I think they were given only half of the picture.

Mr. NORRIS. I have been told that the language in the bill as it passed the House which the Senate committee has stricken out was drawn by attorneys who are engaged in private practice, and that they induced the House committee to put that language in. It is easy to see that if the House language remains in the bill, if what I have said be accurate, the men who drew the language will probably make a great deal of money out of it through the clients who will come to them on account of that language in the measure.

Mr. REED. I do not know about that. Anyway, any lawyer could have written the section. I do not know who the author was.

Mr. NORRIS. I thought perhaps the Senator knew.

Mr. REED. No; I do not know.

Mr. NORRIS. It may be that I am mistaken.

Mr. REED. It may very well be that the Senator is correct. I do not know anything to the contrary of what he has said.

Mr. NORRIS. At any rate, it seems to me that while there will be some hardship on some people, in a great many cases brought about by their own action, nevertheless I sympathize with them, whether the hardship is the result of their own action or not. It looks to me as if there is absolutely no way for us to remedy the situation, and that the Committee on Finance has done the only thing it could possibly do, and the only possible thing that could be done to remedy it, it seems to me, would be an appropriation from the Treasury of the United States later to pay these people, because 80 per cent of this money we would be taking away from the States. As I understand it, some of the States, on the strength of the expectation of this money coming into their treasuries, knowing it was on its way, knowing of the amount of money they would receive from some of the large estates, have entered into obligations which they would be unable to meet unless we stand by the committee in this case.

Mr. KING. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. REED. I yield.

Mr. KING. Just to illustrate the difficulties which would result, and the uncertain field into which we would be plunged, one gentleman came to see me, representing an estate which consisted largely of a very costly building, the insurance upon which was only 15 or 20 per cent of its value. It was valued, at the time of the decease of the owner, at a million dollars or more. It was burned down, and after it was burned, with only a small amount of insurance, and after prices had gone down, the executor insisted that we should pass some law that would protect the estate and permit it to be revalued, because he had failed to take out enough insurance; and now the same property, if it had not been burned, would be worth only 15 or 20 per cent of what it was worth at the time of the valuation.

I had another case brought to my attention where a man represented an estate, the decedent having been a large sheep and cattle man. He had bought sheep and cattle at high prices, and when he died the value of the estate was very high, commensurate only, however, with the prices at that time. Now sheep and cattle are down in price, sheep down to a dollar or two a head and cattle correspondingly low in price. The executor felt that there ought to be a revaluation of the estate and the estate relieved of the tax which was levied at the time of the appraisement.

Mr. REED. Mr. President, the problem is a very difficult one, and the hardship is not all on one side. There is no doubt about that.

I am thinking of one very rich man out in Ohio who was conspicuous throughout his life for his charity, and who in his will first made a lot of very large specific bequests in money to the charities in which his interest was centered.

His estate was worth many millions of dollars at the time he died. The charitable bequests were not valid, because he had made them within a year of his death, and I believe that under the Ohio law one must live for a year after the date of the will in order to make such bequests valid. Nevertheless, his family—more credit to them—want to respect his wishes and pay those legacies, even if they are not legally valid. The estate has so shrunk that after paying the estate tax and paying part of those legacies there will not be one red cent left for the relatives.

The committee have not been unsympathetic with cases of hardship like that; but I think I speak by the book when I say that every member of the Finance Committee, while sympathizing with those people, nevertheless felt that we simply could not agree to the House provision. I understand and appreciate the force of what was said by the Senator from Michigan and the Senator from Nebraska. It occurs to me that the best way of carrying out their suggestion, with which I have no disagreement, would be for us to have a yea-and-nay vote on the matter of striking out section 811 of the House text.

Mr. President, I ask that the question of striking out the House provision may be voted on separately from the insertion of the new language, because the new language, as I shall show in a moment, has nothing whatever to do with the subject of the House text.

Mr. COPELAND. Would the Senator resist the idea of sending this back to the committee in order that there may be consideration given to the latest plan which has been proposed by the tax director of my State?

Mr. REED. That is worse than the House plan. Let me show how it would work out. I thought I had given an illustration that would be readily understood. Under Mr. Graves's suggestion let us take the estate of a rich man who died in 1929. We would ignore entirely the value of the estate at that time. We would value that estate now on the basis of the value of the assets at the date of the approval of this act. Then if the executors had made any sales between the date of the death and the date of the approval of the act, of course, we would include those simply at the value at which they were sold. Then, having arrived at the value of the estate by that method, we would impose upon it the estate taxes fixed in the bill now pending.

But we must remember that the estate tax fixed in the bill now pending represents two parts: First, the old estate tax of which the States got 80 per cent, and now a new sort

of surtax, all of which goes to the Federal Government. The Senator can readily see that the State would not get 80 per cent of the new tax, but would only get 80 per cent of about one-half of it. The punishment such a provision would inflict on the treasuries of the separate States is much too great to consider. I know that is what the Finance Committee would have to say.

Mr. COPELAND. Mr. Graves in his letter said that under his plan it would deny relief to any estate which has not shrunk more than 50 per cent.

Mr. REED. Yes; but practically every estate has done that. I do not know of any estate that has not.

Mr. COPELAND. The Senator would be quite unwilling to have the matter given further thought by the Finance Committee?

Mr. REED. Not unwilling from lack of sympathy with the people who are in trouble or from any lack of respect for Mr. Graves, but from a profound conviction that there is nothing we can do about it, and also from an indisposition to prolong consideration of the bill. It is terribly important that we get the bill passed.

Mr. SMOOT. It is costing the Government $2,000,000 a day.

Mr. COPELAND. I know it is terribly important to get the bill passed, but it is terribly important to do right by the estates which have shrunken so in value.

Mr. REED. I am quite aware of that, and I sympathize with all the Senator is saying and all he is urging, but I know it will not lead to anything. I know if we send this back to the Finance Committee they will have to say there is nothing we can do. If there is any member of the Finance Committee on the floor who differs with me on that, I will withdraw that expression of opinion.

Mr. COPELAND. Of course, I realize that if the members of the committee, who have given serious thought to this matter, are not disposed to go further into it because they feel they have exhausted the subject it would be quite useless for me to press it.

Mr. REED. We have considered it at very great length.

Mr. COPELAND. I know the Senator from Pennsylvania sympathizes with many people who are involved.

Mr. REED. I am executor of some estates that would be affected. I would like to see them relieved.

Mr. COPELAND. Of course, from the attitude taken by the Finance Committee it would seem to be useless to press the matter.

Mr. REED. I really believe it is.

Mr. President, I ask that we may have a separate vote on striking out the House language.

The PRESIDENT pro tempore. Under the ordinary practice and rule of the Senate an amendment which proposes to strike out and insert may not be divisible. The Chair understands the Senator from Pennsylvania to ask that the question be divided.

Mr. WALSH of Montana. Mr. President, let me remark that inasmuch as the new language relates to entirely different matter, it can scarcely be regarded as an amendment to strike out and insert.

The PRESIDENT pro tempore. That may be true, but the committee has submitted it in the form of an amendment to strike out and insert.

Mr. REED. I do not think the committee really intended it to be so. I think that was done by the legislative counsel in preparing the amendment.

Mr. WALSH of Montana. I believe we should regard the matter of substance, not form.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

Mr. REED. I ask for the yeas and nays.

Mr. LA FOLLETTE. Mr. President, I want to confirm the statement made by the Senator from Pennsylvania concerning the amount of time and thought which the committee gave to the problem involved in this section of the bill. I believe it can be fairly stated that the committee would have been disposed to make some adjustment except for the realities of the situation which confronted the committee. This was not a matter of snap judgment. If I recall correctly, the committee voted unanimously to reject the House language after a full understanding by all of the members of the committee.

In order that the RECORD may show, I want to cite the real situation that would confront not only the Federal Government but the States, should the House proposal or any of the ideas thus far suggested be adopted. The Federal Government would lose practically $40,000,000, $30,000,000 of refunds and $10,000,000 of additional taxes. It might even in the present situation feel that it could be generous in this matter of the revaluation of those estates, but it is a conservative estimate to say it would cost the respective States $150,000,000. Can any Senator contemplate action by the Federal Government which, in the dire financial distress of so many of the States of the Union, at this time, would cost the States $150,000,000?

Furthermore, I want to cite the fact that under the law and under the amendment carried in the bill these estates, in the discretion of the commissioner, with the approval of the Secretary, may remain open for eight years. Therefore, the estates will have, I am certain, in those extreme cases, the sympathetic consideration of the department and will have an opportunity to await a more favorable time to pay the tax during a period of eight years.

I hope when the Senate goes on record in connection with this matter that it will be with the idea of asserting its position against the provision of the House and opposed to any compromise on the question.

Mr. CONNALLY. Mr. President, I agree with what the Senator from Pennsylvania [Mr. REED] and the Senator from Wisconsin [Mr. LA FOLLETTE] have said about the committee's careful and deliberate consideration of this matter. However, has the Senator from Pennsylvania considered requiring the Federal tax authorities to accept the valuations already placed on these estates by the States so as to have a harmonious and equal valuation?

Mr. REED. No; and that is a totally different question, which is not involved in this section. I have never heard that question raised in the Finance Committee. Of course, anyone who has had experience with the administration of estates in recent years knows that the executors first have their appraisal made under the State law; then the State tax authorities come on and raise that; and then the Federal tax authorities, feeling that they have to show that they are earning their pay, come on and raise it again.

Mr. CONNALLY. If the Federal Government really wanted to be liberal in this respect, it might do so by accepting the valuation of the State tax authorities.

Mr. REED. I think we shall have to take that up as a separate proposal.

Mr. CONNALLY. I thoroughly agree with the Senator in practically all he has said.

The PRESIDENT pro tempore. The question is on that portion of the amendment which proposes to strike out section 811 of the text of the printed bill.

Mr. REED. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HASTINGS (when his name was called). Making the same announcement as before, I withhold my vote. If permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES. Making the same announcement with reference to my pair and its transfer to the Senator from Colorado [Mr. WATERMAN], I am at liberty to vote. I vote "yea."

Mr. TOWNSEND. I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is unavoidably detained from the Senate on account of illness. Not knowing how he would vote, I withhold my vote.

Mr. BYRNES. I have a pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mrs. CARAWAY. I have a pair on this vote with the senior Senator from Minnesota [Mr. SHIPSTEAD]. I do not know how he would vote if present, and therefore I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY].

Mr. SHEPPARD. The Senator from Illinois [Mr. LEWIS] has a general pair with the Senator from South Dakota [Mr. NORBECK]. The Senator from Illinois, if present, would vote "yea." I am not informed how the Senator from South Dakota would vote.

The result was announced—yeas 72, nays 3, as follows:

YEAS—72

Bailey	Cutting	Hull	Schall
Bankhead	Dale	Johnson	Sheppard
Barbour	Davis	Jones	Shortridge
Barkley	Dickinson	Kendrick	Smith
Bingham	Dill	Keyes	Smoot
Blaine	Fess	King	Steiwer
Borah	Fletcher	La Follette	Stephens
Bratton	Frazier	Logan	Thomas, Idaho
Broussard	George	McGill	Thomas, Okla.
Bulkley	Glass	McNary	Trammell
Bulow	Goldsborough	Metcalf	Tydings
Capper	Hale	Norris	Vandenberg
Carey	Harrison	Nye	Walcott
Cohen	Hatfield	Oddie	Walsh, Mass.
Connally	Hawes	Patterson	Walsh, Mont.
Coolidge	Hayden	Reed	Watson
Costigan	Hebert	Robinson, Ark.	Wheeler
Couzens	Howell	Robinson, Ind.	White

NAYS—3

Copeland	Moses	Wagner

NOT VOTING—21

Ashurst	Glenn	McKellar	Swanson
Austin	Gore	Morrison	Townsend
Black	Hastings	Neely	Waterman
Brookhart	Kean	Norbeck	
Byrnes	Lewis	Pittman	
Caraway	Long	Shipstead	

So the amendment of the committee was agreed to.

ADDITIONAL APPROPRIATIONS FOR ARMY AND NAVY PENSIONS

Mr. JONES. Mr. President, the House has passed House Joint Resolution 407 providing an additional appropriation of $12,500,000 for the pensions of veterans, widows, and so forth, for the remainder of the fiscal year. The joint resolution came to the Senate and was referred to the Committee on Appropriations. The committee has authorized the joint resolution to be reported and recommends its passage. I report the joint resolution now without amendment and ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the joint resolution (H. J. Res. 407) making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932, was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That the sum of $12,750,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1932, for the payment of Army and Navy pensions, as follows: For invalids, widows, minor children, and dependent relatives, Army nurses, and all other pensioners who are now borne on the rolls, or who may hereafter be placed thereon, under the provisions of any and all acts of Congress: *Provided*, That the appropriation aforesaid for Navy pensions shall be paid from the income of the Navy pension fund so far as the same shall be sufficient for that purpose: *Provided further*, That the amount expended under each of the above items shall be accounted for separately.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. REED. Mr. President, I am authorized by the committee to offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 306, it is proposed to strike out all after the comma in line 23, and all of lines 24 and 25, and in lieu thereof insert the following:

Shall not apply in the case of estates of decedents dying prior to the date of the enactment of this act, to that part of any payment of Federal estate taxes made prior to such date which is attributable to a reversionary or remainder interest in property.

Mr. REED. Mr. President, in a word, the purpose of this amendment is to prevent refunds to be made in any case of a death prior to the passage of the act. We want to prevent the refunding of any tax.

Mr. WALSH of Montana. Let me inquire of the Senator is there not some error? In section 811, on line 18 on page 306, there is a reference to section 30 (c) of the revenue act. Section 811 itself, it will be observed, is an amendment to section 305 of the present revenue act, which would seem to be appropriate; but this refers to section 301 (c) and that apparently refers to quite a different matter. There is no 301 (c) in the revenue act.

Mr. REED. There is a section 301 (c) in the revenue act of 1926. Perhaps it would make it clear if we were to insert the words "in the revenue act of 1926."

Mr. WALSH of Montana. I have before me the revenue act of February 26, 1926, and there is no subdivision (c) of section 301 in it. There is a subdivision (c) of section 305.

Mr. REED. If the Senator will allow us to pass over that matter for a moment, we will have it looked up.

The VICE PRESIDENT. Without objection, the amendment is passed over. The secretary will state the next amendment.

Mr. ROBINSON of Arkansas. On what page is the amendment referred to by the Senator from Pennsylvania?

Mr. REED. On page 306 of the pending bill. Has the amendment been agreed to, Mr. President?

The VICE PRESIDENT. It has not been agreed to. The Chair understood that some question was raised with regard to it.

Mr. REED. No; the question raised by the Senator from Montana has nothing to do with the amendment just proposed.

Mr. WALSH of Montana. I think the Senator from Pennsylvania should make some explanation of the amendment now offered.

The VICE PRESIDENT. All in favor of the amendment——

Mr. WALSH of Montana. Mr. President, I trust we may have an explanation of the amendment now proposed by the Senator from Pennsylvania.

Mr. REED. Mr. President, I will be glad to explain it. I shall try to make the explanation simple, but to anyone except a lawyer or one who has studied such matters it is going to be a little bit involved.

Under our estate tax laws it has been our practice to value all reversionary or remainder estates at their supposed value at the time of the death of the decedent. That is to say, if I own an estate in remainder or in reversion but not yet in possession, and if I die to-day, the value of that remainder is calculated, based, of course, on the expectancy of the particular tenant, the life tenant; that is included in my gross estate right now, and my executors have to pay a tax on that calculated value.

It has not mattered much in America, because estates of reversion and remainder are not as generally used here as they are in Great Britain; but under the British law, as the Senator knows, it is quite common for life estates to be created with one or more remainder estates to follow thereafter; and they have found by experience that the estate of the remainder man is often quite unable to pay the tax on the theoretical value of the remainder because there is nothing in possession. Consequently the British law provides that when any person dies owning an estate in futuro the tax shall not become due until the life estate falls in.

Mr. WALSH of Montana. May I interrupt the Senator to say that that is taken care of, as I understand, by the amendment proposed by the committee appearing on pages 305 and 306 down to line 22 on the latter page. I under-

stand now the Senator is proposing an amendment to take the place of the provision in line 22 and subsequent lines.

Mr. REED. No; to take the place of the latter half of it. I will explain why it is necessary. The Senator, I see, apprehends easily the purpose of the committee's main amendment.

The matter came to our attention in connection with a case arising in my home city of Pittsburgh, where a comparatively young man who owned an estate in remainder, which he had inherited, died. The life tenant was still living, and the life tenant happened to be substantially younger—she was a woman—than the widow of the man who died. Consequently the widow, who is her husband's executrix, I believe, is forced to pay from the scanty property which she now has a tax on the calculated value of that remainder, although the life tenant is a younger woman than herself; and the probabilities are that the widow will be forced to pay a tax on her remainder interest which she never will live to realize. Theoretically she can sell the remainder, but the Senator knows how uncommon such a sale is in this country and how difficult it is to make the sale of a remainder interest.

Mr. ROBINSON of Arkansas. May I ask how the value of the remainder is arrived at in such a case as the Senator has stated?

Mr. REED. By taking the value of the property as if it were held in present possession and then subtracting from that value its annual increment, with compound interest, for the period of years of the life tenant's expectancy. First, it is necessary to calculate the expectancy of the life tenant, then to take the annual yield of the property during that period, apply compound interest to that, and then subtract that from the present value of the whole estate. It involves a large number of uncertainties, of course, and in this case, as I say, the life tenant happens to be a younger woman than the widow of the man who died owning the remainder interest. Consequently the tax as it has been calculated amounts to almost exactly the same as the total of his other estate. Every penny the man had accumulated in his lifetime for the support of his widow will be taken by the tax on this remainder interest, and she is going to have to live on air and charity until the life tenant dies.

Mr. ROBINSON of Arkansas. She may never come into possession of the remainder.

Mr. REED. She probably will not, because she is older than the life tenant.

Mr. ROBINSON of Arkansas. The probabilities are that she will not.

Mr. REED. As I say, the case had not come up before, to our knowledge, but, knowing the circumstances of this case, I brought the facts to the attention of the Finance Committee, and they said it would be wiser if we were to follow the British system and let the tax fall due when the life estate falls in. Of course, we will get more money then, because the value at that time will be the value of the whole estate and not merely of the remainder interest.

That is one way of doing it. The other suggestion was that we continue the present method of valuation, which is easier, because it enables the Commonwealth to make its calculation of its percentage of the tax and then add interest on that so long as the tax remains unpaid—that is, so long as the life tenant lives the interest is added to the tax which is ascribable to the remainder interest—so that the Government in the long run loses nothing, whereas the taxpayer has to pay the tax when the ability to pay is created.

That is a very long-winded explanation, for which I ought to apologize to the Senate, but I could not make it any shorter.

The purpose of clause (b) of the section is to make it, as amended, apply to this estate in Pittsburgh and any other estate that is in similar difficulties, if there is another. The draftsmen of the language did not get the intention of the committee and they put in a blanket prohibition which would not make it apply to anybody who had died before this act is approved, which is just the opposite of what the committee meant. So the committee authorized me to offer the amendment which is pending.

I have another suggestion to make afterwards.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Pennsylvania, on behalf of the committee, to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. REED. Now, Mr. President, to answer the question of the Senator from Montana as to the reference, on page 306, line 18, to section 301 (c), I am sorry that I was unable to answer him promptly when he first asked the question. If the Senator will look at page 289 of the pending bill, he will see that clause (c) is added to section 301 of the revenue act of 1926 at that place—section 802 of the pending bill—and that that deals with the 80 per cent credit allowance. Reading the two together, we find that the draftsmen are right and that the thing is correctly written.

Mr. WALSH of Montana. Page 289?

Mr. REED. Yes; page 289, section 802, at the bottom of the page, beginning on line 19.

Mr. WALSH of Montana. That will be section 301 then, as amended by this act?

Mr. REED. That will be section 301, subparagraph (c).

The reason for doing that is that on the opposite page, 288, a new subparagraph (b) is added. Consequently the credit provision has to be changed to read "subparagraph (c)." Like the Irishman's joke, it seems to be put in just to make it harder; but it has to be done in this case, I presume.

One further suggestion: Since this paragraph was written I have found that the interest which is allowed and compounded upon the value of the estate in order to arrive at the present value of these reversionary and remainder interests is calculated at 4 per cent. It was I who suggested the use of the figure "6 per cent" in line 1 on page 306. While the committee have been so busy that it has been impossible to get their attention in recent days to trifles like this, I think I can fairly confess that my suggestion of 6 per cent was a wrong one, and that to make this interest rate conform to the rate used in calculating the value of these remainder interests, it ought to be fixed at 4 per cent.

I hope I may confess my error, and move to change the figure "6," in line 1, page 306, to read "4."

The VICE PRESIDENT. Without objection, the amendment to the amendment will be agreed to.

The question now is on the committee amendment as amended.

The amendment of the committee as amended was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Title VII—Tax on transfers to avoid income tax," on page 307, after line 2, to strike out:

SEC. 901. IMPOSITION OF TAX

There shall be imposed upon the transfer of stock or securities, by a citizen or resident of the United States or a domestic corporation, to a foreign corporation as paid in surplus, or to a foreign trust, an excise tax equal to 25 per cent of the excess of (1) the value of the stock or securities so transferred over (2) its adjusted basis in the hands of the transferor as determined under section 113 of this act.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. WALSH of Montana. Mr. President, in this case the House text is stricken out, and something else is substituted for it. I think that we ought to have an explanation of this.

Mr. SMOOT. Does the Senator desire an explanation of each section at this time, so that he can follow the whole thing?

Mr. WALSH of Montana. The explanation deals with the whole subject?

Mr. SMOOT. Yes; sections 901, 902, 903, and 904. If the Senator desires, I can make a brief statement of the matter, and then he can follow the sections as read.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, on page 307, after line 11, to strike out:

SEC. 902. NONTAXABLE TRANSFERS

The tax imposed by section 901 shall not apply—

(a) If the transfer is for an adequate and full consideration in money or money's worth; or

(b) If the transferee (were it a domestic corporation or trust) would not be subject to income tax under Title I of this act on the profit, if any, from a subsequent sale for cash of the property so transferred; or

(c) If prior to the transfer it has been established to the satisfaction of the commissioner that such transfer is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

SEC. 903. DEFINITION OF "FOREIGN TRUST"

A trust shall be considered a foreign trust within the meaning of this title if, assuming a subsequent sale by the trustee, outside the United States and for cash, of the property so transferred, the profit, if any, from such sale would not be subject to income tax under Title I of this act.

SEC. 904. PAYMENT AND COLLECTION

The tax imposed by section 901 shall, without assessment or notice and demand, be due and payable by the transferor at the time of the transfer, and shall be assessed, collected, and paid under regulations prescribed by the commissioner with the approval of the Secretary. All administrative, special, or stamp provisions of laws, including penalties and including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this title.

And to insert:

SEC. 901. IMPOSITION OF TAX

There shall be imposed upon the transfer of stock or securities by a citizen or resident of the United States, or by a domestic corporation or partnership, or by a trust which is not a foreign trust, to a foreign corporation as paid-in surplus or as a contribution to capital, or to a foreign trust, or to a foreign partnership, an excise tax equal to 25 per cent of the excess of (1) the value of the stock or securities so transferred over (2) its adjusted basis in the hands of the transferor as determined under section 113 of this act.

SEC. 902. NONTAXABLE TRANSFERS

The tax imposed by section 901 shall not apply—

(a) If the transferee is an organization exempt from income tax under section 103 of this act; or

(b) If prior to the transfer it has been established to the satisfaction of the commissioner that such transfer is not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

SEC. 903. DEFINITION OF "FOREIGN TRUST"

A trust shall be considered a foreign trust within the meaning of this title if, assuming a subsequent sale by the trustee, outside the United States and for cash, of the property so transferred, the profit, if any, from such sale would not be included in the gross income of the trust under Title I of this act.

SEC. 904. PAYMENT AND COLLECTION

(a) The tax imposed by section 901 shall, without assessment or notice and demand, be due and payable by the transferor at the time of the transfer, and shall be assessed, collected, and paid under regulations prescribed by the commissioner with the approval of the Secretary.

(b) Under regulations prescribed by the commissioner with the approval of the Secretary the tax may be abated, remitted, or refunded if after the transfer it has been established to the satisfaction of the commissioner that such transfer was not in pursuance of a plan having as one of its principal purposes the avoidance of Federal income taxes.

(c) All administrative, special, or stamp provisions of law, including penalties and including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this title.

Mr. WALSH of Montana. Mr. President, I shall be obliged to object to this amendment unless we can have some kind of an explanation of what we are doing.

Mr. SMOOT. I think the report covers the matter pretty well, and I will read it:

The House bill imposes an excise tax upon the transfer of stock or securities by a citizen or resident of the United States or by a domestic corporation to a foreign corporation as paid-in surplus, or to a foreign trust.

Mr. WALSH of Montana. I thought we were dealing with the provision on page 307, tax on transfers to avoid income tax.

Mr. REED. Mr. President, will the Senator permit an interruption? The Senator from Montana will find on page 308 substantially the same provisions as are stricken out on page 307 and the top of page 308. The draftsmen framed the provisions in that way in order to correct a lot of small loopholes, no one of which is very important. The substance of the law remains the same.

Mr. SMOOT. Does the Senator want me to explain the matter further?

Mr. WALSH of Montana. No; that is all right.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The next amendment was, under the heading "Title VIII—Postal rates," on page 310, after line 16, to insert:

(b) On and after July 1, 1932, and until July 1, 1934, on the advertising portion of any publication entered as second-class matter subject to the zone rates of postage under existing law, the rates per pound or fraction thereof for delivery within the eight postal zones established for fourth-class matter shall be as follows:

For the first and second zones, 2 cents.
For the third zone, 3 cents.
For the fourth zone, 5 cents.
For the fifth zone, 6 cents.
For the sixth zone, 7 cents.
For the seventh zone, 9 cents.
For the eighth zone, and between the Philippine Islands and any portion of the United States, including the District of Columbia and the several Territories and possessions, 10 cents.

So as to make the section read:

SEC. 1001. POSTAL RATE

(a) On and after the thirtieth day after the date of the enactment of this act and until July 1, 1934, the rate of postage on all mail matter of the first class (except postal cards and private mailing or post cards, and except other first-class matter on which the rate of postage under existing law is 1 cent for each ounce or fraction thereof) shall be 1 cent for each ounce or fraction thereof in addition to the rate provided by existing law.

(b) On and after July 1, 1932, and until July 1, 1934, on the advertising portion of any publication entered as second-class matter subject to the zone rates of postage under existing law, the rates per pound or fraction thereof for delivery within the eight postal zones established for fourth-class matter shall be as follows:

For the first and second zones, 2 cents.
For the third zone, 3 cents.
For the fourth zone, 5 cents.
For the fifth zone, 6 cents.
For the sixth zone, 7 cents.
For the seventh zone, 9 cents.
For the eighth zone, and between the Philippine Islands and any portion of the United States, including the District of Columbia and the several Territories and possessions, 10 cents.

(c) Only 85 per cent of the gross postal receipts during the period the increased rate of postage provided in subsection (a) remains in force shall be counted for the purpose of determining the class of the post office or the compensation or allowances of postmasters or of postal employees of post offices of the first, second, and third classes. For the purpose of determining the commissions (as distinguished from the compensation and the allowances based thereon) of postmasters of the fourth class, only 85 per cent of the applicable cancellations, collections, and receipts during such period shall be counted.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

Mr. SMOOT. Mr. President, I am quite sure that there are a number of Senators who desire to discuss this subject.

Mr. GEORGE. They do, Mr. President; and I ask the Senator to let it go over, because I do not want to break in and have the roll called right now.

Mr. SMOOT. I think now would be the best time to take up the subject.

Mr. GEORGE. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Bailey	Dill	Jones	Robinson, Ind.
Bankhead	Fess	Kean	Schall
Barbour	Fletcher	Kendrick	Sheppard
Blaine	Frazier	Keyes	Smoot
Borah	George	King	Steiwer
Bratton	Glass	Lewis	Thomas, Idaho
Broussard	Goldsborough	Logan	Thomas, Okla.
Bulkley	Gore	McGill	Townsend
Bulow	Hale	McNary	Trammell
Byrnes	Harrison	Moses	Vandenberg
Capper	Hastings	Norbeck	Walcott
Caraway	Hatfield	Norris	Walsh, Mass.
Carey	Hawes	Nye	Walsh, Mont.
Cohen	Hayden	Oddie	Watson
Coolidge	Howell	Patterson	Wheeler
Copeland	Hull	Reed	White
Davis	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Sixty-seven Senators have answered to their names. A quorum is present. The question is on agreeing to the committee amendment.

Mr. BANKHEAD. What is the amendment, Mr. President?

The VICE PRESIDENT. The amendment will again be reported.

The Chief Clerk again stated the amendment.

Mr. BANKHEAD. Mr. President, I wish to offer an amendment to the committee amendment.

The VICE PRESIDENT. The amendment to the amendment will be reported.

The CHIEF CLERK. The Senator from Alabama moves to amend by inserting after the word "publication," on page 310, line 18, the following words: "except newspapers, religious, agricultural, and scientific publications."

Mr. BANKHEAD. Mr. President, I shall make a very brief statement on this subject, because I am sure that every Member of the Senate familiar with it has given it consideration.

It is seriously doubted whether or not the inclusion of newspapers in the increased postage rates would bring additional return to the Post Office Department. It might result in requiring newspapers to invest at this time in other methods of transportation; and the additional cost, in the present state of their business affairs, should not be imposed unless it would be beneficial in the matter of income to the Post Office Department.

No one can estimate whether or not there would really be any increase in income by reason of this increase upon newspapers; and it is perfectly clear to my mind that the inclusion of agricultural papers, or educational and scientific publications, would be absolutely disastrous to those publications. They are dependent upon advertising. There are a number of agricultural publications, farm journals, and religious journals which have very wide distribution and large circulations.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LOGAN. I wonder whether the Senator would object to including fraternal publications along with the others he mentioned?

Mr. BANKHEAD. I shall be glad to accept that modification of my amendment.

The VICE PRESIDENT. The Senator from Alabama modifies the amendment to the amendment of the committee.

Mr. DILL. Mr. President, the word "educational" is rather broad. Is there any magazine whose editors would not claim that it was educational?

Mr. BANKHEAD. I have not used the word "educational." I will ask that the amendment be again read.

The VICE PRESIDENT. The amendment will be read as modified.

The CHIEF CLERK. On page 310, line 18, after the word "publication," it is proposed to insert the words "except newspapers, religious, fraternal, agricultural, and scientific publications."

Mr. ROBINSON of Arkansas. Mr. President, what mail would be left subject to the committee amendment rates if the amendment of the Senator from Alabama should prevail?

Mr. BANKHEAD. Magazines, certainly, such as the Saturday Evening Post, and periodicals of that kind.

That is all I want to submit on the amendment, Mr. President. I feel that unless this amendment shall be agreed to the result will be that many of these publications will be put out of business entirely.

Mr. GEORGE. Mr. President, the effect of the Senator's amendment would be to leave the newspapers and the particular magazines described under the existing rates?

Mr. BANKHEAD. That is exactly the effect of the amendment.

Mr. GEORGE. There would be no increase as to them?

Mr. BANKHEAD. No. The effect would be to leave them as they are now.

Mr. ODDIE. Mr. President, I am not in agreement with the committee amendment in regard to second-class mail. I believe that it will be uneconomic and unwise for the Senate to adopt it. I believe it will result in loss instead of gain in postal revenues.

I appreciate as much as any other Member of the Senate the importance and necessity of early passage of a revenue measure that will come as nearly as possible to balancing the Budget and by this means restoring national confidence and protecting the national credit, but I am fully convinced of the futility of any proposed adjustments that are worse than makeshifts and which will probably bring about the opposite result than that expected.

Because of this conviction I am opposed to the committee amendment increasing the rates of postage on second-class mail matter. My reasons for opposing these proposed increases are as follows:

First. It was, I am informed, added to the revenue bill by the Finance Committee without any hearing of the publishing industry, which would be called upon to pay the tax.

Second. The measure of second-class mail rates is extremely technical, and the present rates were established by Congress in 1928 upon the recommendation of a joint commission of the Senate and House after extensive hearings held throughout the United States and had the personal indorsement of the Postmaster General.

Third. If any changes in these rates are deemed advisable, they should be suggested only after complete investigation by the proper committee of the Senate, with adequate hearings of those interested and full knowledge of the actual effects that will result from such changes.

The inclusion of this amendment proposing increases in second-class mail rates in this revenue bill was made by the Finance Committee without any notice to the publishing industry, as I am informed, and without receiving any evidence from those interested. In other words, the Finance Committee by this amendment seeks to restore the highest war-time second-class mail rates without knowledge of the unjust and unreasonable measure of those rates and without realizing the adverse effect such rates would have on the revenues of the Post Office Department.

When the Ways and Means Committee of the House was considering the revenue bill there appeared before that committee the chairman and other members of the Post Office and Post Roads Committee of the House, insisting that because of the technical nature of postal rates that their committee—the Post Office and Post Roads Committee—was the only one that was adequately equipped to pass on the merits of any rate changes, and as a result the Ways and Means Committee of the House unanimously decided that they should not handle such matters but should refer them to the Post Office and Post Roads Committee, with whom jurisdiction rests under the rules of the House.

As chairman of the Senate Committee on Post Offices and Post Roads, I naturally take the same position and insist that such matters should be recommended only by the Committee on Post Offices and Post Roads of the Senate, and then only after adequate hearing of all evidence necessary to reach a proper conclusion.

In this connection it is very necessary for us to review past experiences of congressional action in connection with these same postal rates.

For many years prior to the war we gave little or no thought to second-class mail rates. Newspapers and periodicals were carried in the mails at a rate of 1 cent per pound regardless of weight or distance. This was due to a national policy of aiding the distribution of news, information, and literature. But in the emergency of the war Congress raised first-class mail rates to 3 cents, postal cards to 2 cents, put a service charge of 2 cents on each package of parcel post, and provided for four yearly increases in second-class rates. With the passing of the war emergency Congress saw fit to remove the increases on all classes except second class.

In 1925 the President of the United States insisted that if Congress desired to increase the salaries of postal employees, it must also provide increased postal revenues. Congress at that time made such increases in the rates on post cards and on third-class matter that the effect was adverse on the Postal Service and the results were not what was desired.

At that time it was felt that the move was a makeshift and Congress appointed a joint commission of three members each from the Senate and House Post Office and Post Roads Committees so they could make a real study of postal service and rates and make further report to Congress in order that proper action could be taken. This joint commission took 1,752 pages of testimony, visited 10 cities, and rendered its report on May 11, 1926.

As a result of this extensive study by this joint commission and its report to Congress, there resulted legislation in 1928 which restored the 1-cent rate on post cards, made an equitable adjustment of third-class rates, and a reduction in the war-time rates on second-class matter.

I insist that the Finance Committee has gone out of its field in endeavoring to deal with a subject which belongs to another committee which is more familiar with it, and that it is inviting the same catastrophe that has followed similar attempts of the past. I insist that the technical nature of second-class mail rates is more involved than those of freight rates.

Now, let us look a little into the effects of these war-time second-class rates in the past.

I called attention to the fact that the war revenue act of 1917 provided for four yearly increases which began on July 1, 1918. The rate on reading matter was increased from 1 cent to 1½ cents and had its full increase by July 1, 1919. The rate on the advertising portion was increased from 1 cent to a sliding scale by zones, and by July 1, 1919, this ranged from 1½ cents in the first two zones to 5½ cents in the eighth zone. And I would like to call your attention to the fact that these rates that became effective on July 1, 1919, applied to the fiscal year ending June 30, 1920, and are generally known as the 1920 rates. There were two more increases, effective July 1, 1920, and July 1, 1921, the last ranging from 2 cents in the first two zones to 10 cents in the eighth zone, and these are the rates proposed here by the Finance Committee.

By referring to the annual reports of the Postmaster General we find that during the fiscal year July 1, 1919, to June 30, 1920, when the 1920 rates were in effect, the department handled 599,098,270 pounds of advertising matter as second class subject to these zone rates. In the next fiscal year, July 1, 1920, to June 30, 1921, this was reduced to 507,831,667 pounds, and in the following year, July 1, 1921, to June 30, 1922, when the highest war-time rates first became effective, this weight declined to 422,934,217 pounds, or a decrease of 29.4 per cent in two years.

This is merely one of the facts that was brought out by the investigations of the joint commission in 1925–26 and proved to them that these 1922 rates passed the point of diminishing returns.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. COPELAND. I want to emphasize what the Senator has said. Did he make the statement that by reason of the increase in the rates there was a marked falling off in revenue because of the use of other means of transportation of these publications?

Mr. ODDIE. Yes.

Mr. COPELAND. And that amounted to a very considerable sum.

Mr. ODDIE. That is correct.

Mr. COPELAND. Will not the Senator tell us again how much that amounted to? I was quite impressed by what the Senator said.

Mr. ODDIE. In the fiscal year July 1, 1919, to July 1, 1920, when the 1920 rates were in effect, the department handled 599,098,270 pounds of advertising matter as second class, subject to the zone rates. In the next year, 1920 to 1921, it was reduced to 507,000,000 pounds, that is to say, there was a reduction of over 92,000,000 pounds. In the following year, 1921 to 1922, when the higher war-time rates first became effective, the amount declined to 422,934,000, or there was a decrease of 29.4 per cent in the two years.

Mr. COPELAND. Then the practical effect was an actual reduction in income of the Government by this increased rate, because these publications were driven to other means of distribution and abandoned the mails. Am I right?

Mr. ODDIE. Yes; the Senator is right. Furthermore, the Senator will find on looking over the figures that a large part of the postal matter which has been driven from the Postal Service to other means of transportation has not come back to the Postal Service.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. ODDIE. Certainly.

Mr. ROBINSON of Arkansas. What is the advantage of retaining it in the Postal Service if it is carried at such a great loss? Why is it not advantageous to let that heavy class of mail go by cheaper means of transportation so long as it is satisfactory to the publishers?

Mr. ODDIE. That is a very difficult question to answer in a few words. It involves many factors. In the first place many large publications are not creating a loss to the department as is generally supposed.

Mr. ROBINSON of Arkansas. Is it not to be assumed that if any publication can secure a cheaper means of transportation an equally safe and prompt means, they will resort to it? They do not use the mails in order to contribute to the revenues of the Government. That is not the primary and controlling factor. Since they do not contribute the amount it costs to carry them, according to statements made here, I should like to have some explanation of why they should not be permitted to seek the least expensive method of transportation.

Mr. ODDIE. It is optional with every publication to use the mail or not. Some publications find it more convenient and cheaper to use other means of transportation.

Mr. ROBINSON of Arkansas. When I used the expression "permitted" to seek the least expensive method of transportation, I perhaps used the improper term, because they are permitted within certain limitations.

Mr. MOSES. Oh, no, Mr. President. As a matter of fact, the language of the Senator from Arkansas is exactly accurate. The Senator from Nevada [Mr. ODDIE] has not yet touched upon the reentry privilege, which is exactly what the Senator from Arkansas is talking about, whereby periodicals published in an eastern seaboard city are permitted to have the reentry privilege in half a dozen cities inland. They transport their periodicals to those points by freight. There they stay in the post office awaiting the day of distribution, and then are reentered so they get the benefit of the smaller zone rates.

As a matter of fact, if the Senator from Nevada will permit me to interject this thought, it is not possible to discuss or settle the question of postal rates in connection with a revenue bill. I say that out of an abundance of experience, having been a member of every postal commission which has existed at any time since the imposition of the war-time postal rates, serving under the chairmanship of the distinguished father of the junior Senator from Alabama [Mr. BANKHEAD]. Having gone through this controversy over postal rates three times in every one of its ramifications, I say it is not possible to deal with the question of postal rates in the discussion of a revenue bill.

In common with the chairman of the Committee on Post Offices and Post Roads [Mr. ODDIE], I have some feeling of resentment that the Committee on Finance should have undertaken to inject the question of postal rates into a revenue bill. I say that in spite of the fact that the postal deficit has been growing from year to year. The reason for that growth I shall hope to explain in a few words after the Senator from Nevada has completed his statement, because I feel that the Committee on Finance—and I say this with no disrespect—is not competent to deal with the question of postal rates, even as a matter of revenue, because they do not know the technical questions which are involved in the carrying of fourth-class mail matter.

Mr. ODDIE. Mr. President, I think it will be helpful at this time, as the matter has been referred to by myself and other Senators, for the Senator from New Hampshire to

give us a very brief statement of the amount of work which he and his fellow members of the subcommittee devoted to this matter the last time, and the length of time it took.

Mr. MOSES. Mr. President, in the language of the late Senator Lodge, "that is a large order." The joint select committee of which I was chairman covered the entire country from California to the Canadian line and from the Atlantic to the Pacific, took the testimony of every group of people using the mails in each one of the four classes, consumed a good many months, took thousands of pages of testimony, undertook to harmonize the different points of view which were presented to the commission; so when the Senator asks me to summarize all of that work briefly, it is not possible. Like everybody else who is protesting about the amount of time taken in the consideration of the tax bill, I must say that I do not want to take up the time of the Senate with a discussion of anything that is not germane to the measure before the Senate.

On that particular point I would like to say that all the outcry going on throughout the country with reference to the dilatory tactics of the Senate in its consideration of the revenue measure, to my mind, is wholly unfounded. We received this bill two weeks ago yesterday. I have had knowledge of every revenue bill since that of 1918. I have never known a bill of equal bulk, with the variety of subjects contained, with the controversial matters to be found therein. I have never known a revenue bill of consequences similar to this to be dealt with more expeditiously than this one. While I spoke of some resentment with reference to the action of the Finance Committee in bringing in the matter of postal rates on a revenue bill, I have still more resentment for the unfounded criticism in which the country is indulging in connection with the action of the Senate, so far as this bill is concerned. In two weeks we have practically gone through the entire bulk of a bill of almost 300 printed pages, with thousands of items and thousands of separate amendments.

I say the Senate is not to be censured but, rather, to be praised for the diligence with which it has performed its task. Whether it is to be praised for the wisdom with which it has performed its task remains to be seen; but we certainly are not subject to any censure because of any delay that has occurred here.

With reference to the cordial invitation of the Senator from Nevada to speak about the whole matter of postal rates and their relations to the deficit in the Federal Treasury and their connection with the revenue bill which is now pending, the printed report of the Committee on Finance contains, on page 9, a tabulation which, as I view it, well sets out the situation which exists in connection with the mounting deficit in the Postal Service, contains the recent recommendation which the Post Office Department has made, and will provide $153,000,000 of the $170,000,000 of deficit which the Postal Service now shows.

Mr. President, that tabulation of the increased revenue to be received from the Postal Service might be extended, and helpfully extended, because there is much regarding the postal rates and the revenues derived therefrom of which the public has no notion whatever.

Touching the question of second-class postal rates and touching the amendment proposed by the Senator from Alabama [Mr. BANKHEAD], I can say from positive knowledge that many of the great periodicals which are accused of increasing the postal deficit are, as a matter of fact, at least paying their own way, and probably paying more than the actual cost of their transportation to the Post Office Department. The postal experts themselves, the cost-ascertainment committee, which was set up some seven or eight years ago in the department, and which still continues to function, was compelled to admit that that was the fact.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. MOSES. The Senator from Nevada has the floor, but with his permission I am glad to yield to the Senator from Arkansas.

Mr. ODDIE. Certainly.

Mr. ROBINSON of Arkansas. It appears that the members of the Finance Committee are at lunch, necessarily absent from the Chamber. I think those in charge of the bill ought to hear the statement the Senator from New Hampshire is making.

Mr. MOSES. I am entirely willing to defer what I have to say. I am merely responding to the invitation of the Senator from Nevada.

Mr. ROBINSON of Arkansas. If the Senator desires to continue the discussion just at this juncture I should like to ask the Senator who has the floor to permit a call of the Senate.

Mr. MOSES. The Senator from Nevada does not have to decline to yield further. I note the suggestion made by the Senator from Arkansas contains a limitation of debate, and I am quite willing to take the floor in my own right at some time.

Mr. ROBINSON of Arkansas. I think the members of the Finance Committee ought to hear the statement being made by the Senator from New Hampshire.

Mr. ODDIE. Mr. President, the Senator from New Hampshire has emphasized the point I wanted to make, but he has done it much better than I, and that is that his committee worked for months and worked diligently on this problem.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New York?

Mr. ODDIE. I yield.

Mr. COPELAND. I think the Senator from Arkansas is entitled to a little more complete answer than he received. As I view it, it is a very difficult thing to break down the figures and costs of the operation of the Post Office Department. It is easy to say that this much of the cost should be charged against second-class mail and another proportion of the cost is charged against first-class mail.

As a matter of fact, it is the ambition and desire and effort of every manufacturer to operate his plant at as nearly full time as possible. It has its overhead, its buildings, its costs of operation, and its employees. As a matter of fact, the second-class mail is a deferred mail. It is not handled with the promptness of first-class mail. It fills in the vacant time between the primary activity of the post office, which is the first-class mail, and complete idleness. I think we may feel that there might well be placed a higher charge against the first-class mail. The receipts from second-class mail constitute a part of our income which we may be proud to have and glad to have because of the need for income.

I think these suggestions may have a bearing upon the reasons why it is important for us to encourage the use of second-class mail facilities in order that our post-office plant may be operated at full time.

Mr. ODDIE. Mr. President, the question is what became of the mail matter which I was discussing, which has left the mail service? First, it must be remembered that the Post Office Department has a monopoly on first-class mail only; and, second, that publishers of newspapers and periodicals must solve their distribution problems in the same way as any other manufacturer, and they were able to utilize competing forms of service at a smaller cost than that imposed by these postal rates.

When Congress reduced these war-time rates to the present level it was with the indorsement of the Post Office Department after their own participation in the investigations of the joint commission, and it was the hope that the newspaper publishers and others would restore this traffic that they had diverted from the Post Office Department, but this hope was not realized, as the weight of this advertising matter at zone rates handled last fiscal year was only 498,373,531 pounds. In other words, the horse was already stolen before the barn was locked. And now the Finance Committee, which evidently has not had an opportunity to study these facts, wants to make another blind excursion into this unknown field in a futile hope that it will aid in balancing the Budget.

It is true that the Postmaster General appeared before the Finance Committee and indicated the possibility of raising $5,000,000 revenue by the assessment of these war-time rates on second-class matter, but his estimates were based on the volume of second-class mail matter handled in the fiscal year 1931, which at the present time is continuing to decrease at the rate of 100,000,000 pounds per year. This is due to the continued falling off in national and local advertising. It is therefore evident that these rates could not possibly produce more than about 50 per cent of the Postmaster General's estimate. It must also be remembered that his estimate was based on the assumption that newspapers and periodicals would not be diverted to other means of distribution.

This problem of the diversion of mail matter is considered as seriously by the Post Office Department as the diversion of freight and passenger traffic to motor transportation is considered by our rail carriers.

At various times the Postmaster General has expressed the conclusions of the Post Office Department in regard to second-class mail, and recently he made the following statement:

> Increasing the second-class rates will not increase revenue but will simply drive the business to other carriers that will carry more cheaply than we will.

As late as March 30, 1932, in the course of an address at the Yale Club in New York City, the Postmaster General outlined some pertinent truths in regard to the tampering with mail rates, and I desire to read from that statement:

> As a practical matter, a general increase in the rates for second, third, and fourth class matter would not produce additional revenue. Higher rates for these classes would simply drive a great deal of our business to our competitors, reduce the volume of the mails, and, of course, still further reduce the postal revenues.
>
> There is another weakness in this reasoning. It completely overlooks the most important characteristic of first-class mail, that is, the preferential treatment which it receives by comparison with mail of all other classes from the time it reaches the receiving post office until it is delivered to the addressees. Naturally this can not be reflected in the cost ascertainment, for, so far as direct costs are concerned, it costs approximately as much to handle an advertising circular as a sealed letter. The point is that the advertising circular in traveling through the postal system is side-tracked over and over again for the sealed letter. The sealed letter has the right of way. At every step it is handled with the maximum speed as well as the maximum security. The circular letter, like all mail matter of the subordinate classes, receives incidental and deferred treatment.
>
> The cost ascertainment figures accurately state the direct costs of handling the various classes of mail matter. But it must be conceded that direct cost is not the only factor which should be given consideration in fixing rates. If no other factors are to be considered, the rate on a circular letter should properly be the same as the rate on first-class mail, because sooner or later the same operations are required to collect, distribute, transport, and deliver advertising circulars as are involved in handling sealed letters. If direct cost is the only factor which is to be considered in rate making, the telegraph companies should charge the same rate for night letters as for day telegrams. The telephone companies should charge the same toll rates for serving a patron at midnight as in the busy hours of the morning. The railroad should charge the same rate for hauling a carload of iron ore or coal as for hauling a carload of silk. The theaters should make the same charge for seats in the gallery as for seats in the orchestra. No; sound rates can not rest on direct costs alone. They must reflect also the elements of preferred or deferred treatment, fast or slow transit. Particularly, they must recognize the value of the service to the patron.

Mr. President, in reviewing the testimony of the Postmaster General before the Finance Committee on May 3 we find, first, that in response to a specific question by Senator REED as follows: "What recommendation do you make as to the increase in the rates on second-class mail matter?" the Postmaster General replied, "We make no recommendations, Senator, for action in the revenue bill"; and it is also very significant to refer to another statement made by the Postmaster General that should appeal to any Senator as to the soundness of this proposal as a business proposition. I am referring particularly to the Postmaster General's statement:

> We are carrying now only 17 per cent of the potential second-class matter of the country.

We must keep in mind his own statement before the Appropriations Committee of the House that increasing second-class rates will not increase revenue, but will drive the present business away. On other occasions he has indicated that the kind of second class which would be driven away would be the larger newspapers and periodicals on which the department admits there is little or no loss; and now with the knowledge that already 83 per cent of the potential second-class matter is outside the mail the Finance Committee is asking the Senate to take such action as will undoubtedly drive more of it away.

In my opinion, the Post Office Department in this connection is in exactly the same position as our railroads. They have lost a tremendous volume of business to trucks and busses and still within the last year asked the Interstate Commerce Commission for authority to raise their rates in order to recoup their losses, but fortunately the Interstate Commerce Commission did more to save the railroads by refusing that increase than they would have done if they had granted it. In the meantime the railroad carriers have found it necessary to actually make further reductions in their freight rates and passenger rates to meet these competitive conditions.

It is also significant that the Postmaster General in none of his annual reports to the President and Congress has deemed it advisable to recommend an increase in second-class mail rates, and I am sure that any statements he made to the Finance Committee must be considered in the light of his other statements, in which he has definitely opposed increases in second-class mail rates because he firmly felt that it would not produce additional revenues.

I am not speaking in the interests of the large newspapers and periodicals, but in an attempt to show why this burden will fall heaviest upon the small newspapers and other publications, and how it is liable to cost the Government added losses.

We must remember that it is generally not practicable for the small paper to establish its own or to use outside agencies of distribution such as caused the extreme loss of this business to the Post Office Department in 1921 and 1922. We know of the use made by the larger daily newspapers of baggage cars and trucks in effecting their deliveries, some covering practically all points of their distribution and paralleling the rural routes. This was largely caused by the excessive rates of 1922 and the restoration of those rates, as proposed here, would cause further diversions. It must also be remembered that the larger papers come nearer to paying their way because of the higher payment per piece.

The net result of the adoption of this committee amendment will be to force the larger newspaper and periodicals to develop more outside means of distribution which will result in further eliminating them from the mails, and thus reduce the revenue of the Post Office Department. Because of the inability of the smaller newspapers and smaller periodicals to adapt themselves to these other means of distribution they would be forced to remain in the mail and pay an unjust penalty.

The larger papers do not wish to make these additional diversions, but if they go to the expense of further establishing such services because of these higher postal rates, they will undoubtedly retain them regardless of future downward revision in these rates after it has been shown again that another mistake has been made. It will then be too late to correct the error we will make if we adopt this amendment. It will result in increasing the loss to the Government on second-class mail.

Mr. President, I ask permission to have printed in the RECORD a statement showing the number of periodicals that have been recently withdrawn from the mails.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The statement referred to is as follows:

SUMMARY OF ATTACHED DATA

(January, 1931, to April 30, 1932)

Eighty-six periodicals discontinued publication.

One hundred and three periodicals merged, which formerly constituted 103 separate mailings, now reduced to 50 publications.

CHANGE IN FREQUENCY OF ISSUE

Nine publications from weekly issue to semimonthly issue.

Six publications from weekly issue to monthly issue.

Fourteen publications from semimonthly issue to monthly issue.

Two publications from monthly issue to quarterly issue.
One publication from biweekly issue to semimonthly issue.
One publication from monthly issue to eight issues per year.
Two publications from 26 issues per year to 13 issues per year.
One publication from quarterly issue to semiannual issue.

COMBINED ISSUE ANNOUNCEMENTS

Four leading publications will combine the summer issues and probably publish only two issues instead of four issues between May and November.

PERIODICAL PUBLICATIONS DISCONTINUED

January, 1931: Advertising World, Aero Analyst, Institution Buyer, Medical Students Magazine, Ohio Baker, and the Shreveport Magazine.

February, 1931: Dixie Dairies, Modern Jeweler, and Mother's Journal.

March, 1931: Art and Nature, New York Star, T. N. T. Magazine, Western Fruit Jobber, Western Lumberman, and Your Home.

April, 1931: American Hospital Digest and Directory, Bags, Children's Playtime, Display Topics, New Story, Office Appliance Exporter, Radio Sales and Service, Theatre and Drama, and True Mystic Crimes.

May, 1931: Dun's International Review, Mid-West Sportsman, Nomad, Peoples Popular Monthly, and Theater Magazine.

June, 1931: Family Grocer, Woman's Journal, and Shell Progress.

July, 1931: Gulf Coast Sportsman and Modern Boating.

August, 1931: Nevada Mining Press, Presbyterian Standard, and Science and Invention.

September, 1931: Miniature Golf Management.

October, 1931: Miniature Sports News, Mirror, and Western Medical Review.

November, 1931: American Nut Journal, Boulevardier, Bulletin of Commerce, Farmer and Feeder, Hosiery and Shoe Store Accessories, My Story, and Weekly Export Bulletin.

December, 1931: Advertising Outdoors, Dance, Everybody's, Hatchery News, Investment Banking, Leather and Findings, Popular Health, and Radio Service Man.

January, 1932: Catholic Monthly Magazine.

February, 1932: American Export Monthly, Charm, Cuba Review, Fore and Aft, Modern Brotherhood, Police Gazette, True Experiences, and Woman's Farm Life.

March, 1932: Automotive South, Central Station, Children's Hour, Crow's Small Operator, The Debunker, The Druggist, Naval Monthly, Self-Defense, Sketch Book Magazine, and Tiles and Tile Work.

April, 1932: Broadway Magazine, Dairy Products Merchandising, Miniature Golf Course and Recreation Management, National Glider and Airplane News, Painting Age, Radio Fan, Railway Locomotive and Engineer, Service Station, Standard Wiring, and Tennis.

PUBLICATIONS MERGED

January, 1931: Airport Construction and Management and Western Flying (now one issue). Exhibitors Herald-World and Motion Picture News (now one issue). Petroleum Equipment Exporter and World Petroleum (now one issue). Illinois Farmer and Prairie Farmer (now one issue). Aquatics and Beach and Pool (now one issue).

February, 1931: Autobody and Automobile Trimmer and Painter (now one issue). Aircraft Servicing and Aviation Engineering (now one issue). Hotel Bulletin and the Nation's Chief (now one issue). Millwork and the National Lumberman (now one issue). American Toy Manufacturer and Toys and Novelties (now one issue).

March, 1931: Toy World and Toy Department (now one issue). Dalton's Poultry Journal and Standard Poultry Journal (now one issue). Furniture Journal and Furniture Record (now one issue).

April, 1931: Hosiery Age and Dry Goods Economist (now one issue). Lumber Trade Journal and Southern Lumberman (now one issue).

May, 1931: Airway Age and Aeronautical Industry (now one issue). Glass Packer and Glass Container (now one issue). United States Review and Southern Underwriter (now one issue). The Camera and Bulletin of Photography (now one issue).

June, 1931: Duroc Journal Bulletin and National Duroc News (now one issue). The Keystone and Jewelry Trade News (now one issue).

July, 1932: Virginia Union Farmer and Farmville Leader (now one issue). Pacific Underwriter and Insurance Reports (now one issue). Mountain States Counties and the American County (now one issue).

August, 1931: Pacific Poultryman and Poultry Craftsman and Breeder (now one issue).

September, 1931: Fellowship Forum and The Protestant (now one issue). Good Furniture and Decorations and Interior Architecture and Decorations (now one issue). Country Newspaper Advertising, National Printer Journalist, and United States Publisher (now one issue). Carpet and Rug World and Decorative Furnisher (now one issue). Farmer and Stockman and The Swine World (now one issue). Wyandotte Herald and Poultry Culture (now one issue). Moving Picture Review and Theatre Management, and Theatre Engineering Building and Maintenance (now one issue). Plumbers Trade Journal and Sanitary Plumbing and Heating Age (now one issue).

October, 1931: Airway Age and Aviation Engineering (now one issue). Musical Courier and Musical Observer (now one issue). Oil and Fat Industries and Soap (now one issue).

November, 1931: Roads and Streets and Good Roads (now one issue). Broom and Corn Review and Broom and Broom Corn News (now one issue). Engineering and Mineral World and Engineering and Mining Journal (now one issue). Club management, Catering Management, and School Feeding (now one issue).

January, 1932: House Furnishing Review and Housewares Merchandising (now one issue). Pacific Beauty Craft and Western Barber (now one issue).

February, 1932: Concentrated Milk Industries, National Cheese Journal, and National Butter Journal (now one issue). Eggs—The National Poultryman and Agricultural News (now one issue). Service Station News and Automotive Service Management (now one issue). China and Glass Guide and Crockery and Glass Journal (now one issue).

March, 1932: National Poultry, Butter, and Egg Bulletin and United States Egg and Poultry Magazine (now one issue). American Lumberman and National Lumberman (now one issue). Building Supply News and Building Material Merchant (now one issue).

April, 1932: Western Construction News and Western Highways Builder (now one issue).

Changes in frequency of issue of various periodical publications

Publication	From—	To—	Date
Agricultural News	Weekly	Semimonthly	January, 1932.
American Lumberman	do	do	March, 1932.
Arizona Cattleman & Farmer.	Weekly	Monthly	Dec. 10, 1931.
All Story Magazine	Biweekly	Semimonthly	September, 1931.
Army and Navy Courier	Weekly	do	March, 1932.
Beauty Industry	Fortnightly	do	Do.
Brick and Clay Record	Semimonthly	Monthly	November, 1931.
Butcher's Advocate and National Butcher.	Weekly	Semimonthly	February, 1932.
Church Federation	Monthly	8 issues per year.	Feb. 8, 1932.
Commerce	Weekly	Monthly	August, 1931.
Essex County Farmer	Semimonthly	do	Apr. 7, 1932.
Foundry	do	do	April, 1932.
Golden Rule Magazine	do	do	September, 1931.
Golf and Social Sports	Weekly	do	June, 1931.
Holstein Breeder and Dairyman.	Semimonthly	do	Dec. 7, 1931.
Kansas Farmer	Weekly	do	Nov. 18, 1931.
Life	do	do	November, 1931.
Marine Age	Semimonthly	do	April, 1932.
Mechanical Package Magazine.	Monthly	Every other month.	November, 1931.
N. A. R. D. Journal	Weekly	Semimonthly	Jan. 19, 1932.
National Real Estate Journal.	Every other week	13 issues per year.	Jan. 14, 1932.
Nautical Gazette	Weekly	Semimonthly	April, 1932.
Optical Journal and Review of Optometry.	do	do	Dec. 17, 1931.
Outlook	do	Monthly	March, 1932.
Pacific Underwriter	Semimonthly	do	February, 1931.
Package Advertiser	Monthly	Quarterly	September, 1931.
Retail Ledger	Semimonthly	Monthly	May, 1931.
Southern Lumber Journal	do	do	August, 1931.
Sportsman's Digest	Monthly	Quarterly	November, 1931.
Suburbs and Country	Quarterly	Semiannually	Do.
The U. F. A	Semimonthly	Monthly	March, 1932.
Western Florist and Nurseryman.	Weekly	Semimonthly	January, 1932.
Wood Construction	Semimonthly	Monthly	February, 1931.

FUTURE CHANGES OFFICIALLY ANNOUNCED

American Artisan	26 issues per year	13 issues per year.	June, 1932.
Domestic Engineering	Semimonthly	Monthly	Do.
Hardware Age	Weekly	Semimonthly	May, 1932.
Plumbers Trade Journal	Semimonthly	Monthly	Do.
Spur	do	do	June, 1932.

OFFICIAL ANNOUNCEMENTS OF COMBINED ISSUES

Asia	July, August, September, October.	1 issue do	1932.
American Home	June, July	do	1932.
Country Life	do	do	1932.
Outlook	May, June, July, August	do do	1932.

The effect of this amendment will be to throw other publications out of business.

Mr. ODDIE. It will be noted from the statement that 86 periodicals have discontinued publication; that 103 periodicals which formerly constituted 103 separate mailings have merged and the number is now reduced to 50 publications. Then there are indicated also a large number of changes in the frequency of issue, including 9 publications from weekly issue to semimonthly issue; 6 publications from weekly to monthly; 14 semimonthly to monthly; 2 from monthly to quarterly; 1 publication from biweekly to semimonthly; 1 from monthly issue to 8 issues a year; 2 publications from 26 issues per year to 13 issues per year; and 1 publication from quarterly issue to semiannual issue.

It is also shown that there have been announcements by four leading publications that they will combine their summer issues and probably publish only two issues instead of four between May and November.

Mr. President, I will read a letter from the New York Typographical Union, No. 6, dated May 17, 1932, to Mr. F. E. Ware, of the National Publishers' Association, because it contains much illuminating information. The letter is as follows:

NEW YORK TYPOGRAPHICAL UNION, NO. 6.

SIR: After a long period of inactivity toward the unemployed, Congress is considering at the present time an increase in second-class postal rates. This increase, if finally perpetrated by our lawmaking body, will throw out of work a large body of printers. The inconsistency of Congress in this regard is plainly shown when we submit in evidence the fact that Typographical Union No. 6, true to its age-old principles, has been fighting the battle to support its unemployed without Government or State aid. Figure, then, a Government, while remaining apathetic toward the present depression and the unemployment caused thereby, actually considering means whereby it will add to the list of unemployed.

Aside from selfish motives, it is my endeavor to point out to the reading public the broad ramifications caused by an increase in the second-class postal rates. Every government prides itself on a low percentage of illiterates. A low postal rate has been the means of keeping down the rate of illiterates in this country. Newspapers and periodicals turned out in the offices of metropolitan dailies and publication houses have found themselves, through the medium of the second-class postal rate, carried to the outposts of civilization and into the homes of those pioneers who have settled in the hamlets miles beyond schools or other places which disseminate learning. The newspaper and the magazine have been the schools and colleges for these pioneers. An increase in the second-class postal rate will have the effect of destroying these correspondence courses in art and literature. Can the Government afford to make such a grave mistake?

Our own viewpoint as printers comes of the fact that many pieces of literature are distributed gratis throughout the Nation each year. There is poor incentive, then, for the advertiser, who knows full well that the response is problematical, to add to his cost in attempting to broadcast his products to the far-off places where personal salesmanship is impossible.

In this fact lies another damning point against the increase in second-class postal rates. Should advertising broadsides fail to reach into the nooks and crannies of civilization, there can be no demand for the products advertised. In this circumstance every industry will be irretrievably damaged and the return of prosperity in all lines delayed to that extent.

Respectfully yours,

AUSTIN HEWSON, *President.*

(Sent to each Congressman and Senator from New York.)

On the bottom of the letter which I have just read the following paragraph was added and combined to the subject of the letter which was used as a news release to trade papers:

I urge upon all of those interested in the printing and allied industries, wherever they may be, to bring these facts to their Representatives in Congress, and also to petition the Senators representing their States to defeat this proposed increase in the second-class postal rate.

Mr. President, I shall not say anything further at this time regarding second-class rates. The Senator from New Hampshire [Mr. MOSES] will follow me. I will reiterate what everybody knows—that there is no man who has made a closer study of postal rates, or who is better informed in regard to them, than the Senator from New Hampshire.

I shall now speak for a few minutes in opposition to the increase of first-class rates.

I present some interesting data which I have secured on the damaging effect of the proposed raise in first-class postage rates from 2 cents to 3 cents. Only two points should interest us in our consideration of the proposed increase in first-class postage from 2 cents to 3 cents. These two considerations are:

First. Will the increase raise the $135,000,000 promised by Postmaster General Brown? Or what part of it?

Second. If the increase is not probable, is it sound business economy to tax American business organizations an extra 50 per cent for the privilege of conducting business by mail?

Let us summarize the effect of an increase in postal rates. First-class mail is used by three main groups:

(a) The private correspondent. (The smallest group of mail users. The average person would not object to paying 3 cents instead of 2 cents, because it means a difference of only 1 cent.)

(b) Business institutions. (Retail stores for statements; credit companies for collections; public utilities for statements; life-insurance companies for premium statements; banks for monthly statements; manufacturers for dealer, salesmen, and customer routine correspondence; and many other entirely obvious classifications. These firms must use first-class mail or must find other sources of communication or curtail correspondence. This is the second largest group of mail users.)

(c) The third and largest group is composed of business organizations who use the mail to solicit business or to follow up and to increase business solicited by mail, or in other ways. (Members of the second group may be included in this group also, but we want to show the separate purposes.)

In this group are included retailers, wholesalers, dealers, financial, philanthropic and service institutions of all kinds. Nearly every selling or advertising campaign includes mail solicitation. Nearly every national advertiser uses direct mail as part of the selling plan. All charitable organizations use the mail for soliciting support.

It is fairly well established that over 50 per cent of the volume of first-class mail comes from the firms which solicit business through the mail, or which use the mail for securing and maintaining contact with customers, salesmen, dealers, and so forth.

To these firms and individuals 3 cents postage is a real calamity. The 1 cent differential is not the way to consider the effect. The 50 per cent increase must be considered as a $10 increase per thousand letters.

The contention is—

If the rate on first-class mail is raised to 3 cents, the entire volume of first-class mail will decrease. For two reasons:

(A) Commercial mail users in Group B above will be burdened with a discriminatory tax. They will suffer enormous losses—and will find other methods of distribution, such as: Banks will ask depositors to call for statements; public utilities will deliver bills by employees; obvious curtailments can be made in all businesses to the eventual injury of business in general.

(B) Users of so-called mail advertising will not stand a $10 per thousand increase in selling cost and will be forced to mail advertising solicitation by third class. Instead of paying 3 cents per ounce they will mail 2 ounces for 1½ cents—or 1 cent minimum mailed in bulk under 435½ postal laws and regulations. Due to lessened efficiency of third class, these mailers will curtail mailing efforts or find new methods of distribution.

I quote from a brief presented by John A. Smith, jr., of Frank E. Davis Fish Co., Gloucester, Mass., to the Senate Finance Committee on April 14, 1932:

Our company, the Frank E. Davis Fish Co. at Gloucester, Mass., contributes about 45 per cent of the total receipts of the Gloucester Post Office. We used in the year 1931, in one campaign, approximately 1,759,426 pieces of first-class mail. Of this number, 1,558,942 were advertising pieces of first-class mail—advertising our fish. You can readily see from that one campaign that our postal bill was $31,178.84. If the new rate of 3 cents an ounce goes into effect, our bill would have been $46,768.26. That would mean that the Government would receive $15,589 in additional revenue. But it will not work out that way. If this new bill passes the Senate, it will mean that it will drive us from first-class mail into third-class mail, or out of the mails altogether, and thus lower considerably the revenue to our local post office and to the Post Office Department, for instead of paying $46,768 for postage stamps, we will be paying $15,589 under third-class mail. The Government will be losing $15,589 in revenue from what we are now paying, and thus the Post Office Department will not get the revenue that they expect that they will get in a raise in first-class rates.

This statement, by a representative business man, voices a sentiment held by thousands of other business men. In a period of business deflation sales can not be increased by increasing prices.

We must agree that:

(A) A department store selling 100,000 men's shirts at $2 each could not hope to sell the same quantity of like quality at $3 each. Sales would decrease.

(B) Railroad and airplane traffic would decrease if the rate per passenger per mile should be increased.

The same logic applies to first-class postage. Business organizations are willing to pay $20 per thousand letters—$20 per thousand for a service which they know pays the Government an annual profit of from fifty to eighty million dollars. But these organizations will not pay $30 for the same service, a 50 per cent increase, when there is a substitute.

Millions of letters will be diverted to third class or will be taken from the mail entirely. The first-class postal volume will drop just as it dropped when post-card rates were raised from 1 cent to 2 cents. The $10,000,000 post-card volume did not grow to twenty million. It decreased to four million, a loss of six million.

I predict that if 3-cent postage is passed by the Senate, first-class postal revenue in dollars will fall below the present volume.

In order to give an impartial picture of the threatened condition from this proposed increase, I will place in the RECORD following my remarks statements from letters from representative business mail users in response to a survey just made by a publication, Postage and the Mailbag. The original letters are in the possession of this magazine and can be submitted for verification or examination at any time.

With these facts before us, I ask the Senate to maintain first-class postage rate at 2 cents per ounce. In my opinion, an increase will defeat its purpose. An increase will not raise the $135,000,000 revenue, which is a figure obtained by multiplying present volume—thirteen and one-half billion pieces—by 1 cent increase. If the increase will not raise the revenue, which is provable by all the rules of business economics, then why should business be crippled during a trying period by an unjust tax on a valuable method of obtaining business? The rate should stay at 2 cents. The mail user should be encouraged to increase the use of the mail in an endeavor to increase business and to aid in hastening business recovery.

Mr. President, I ask that the extracts from these letters to which I have referred be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

EVIDENCE TO SHOW EFFECT OF 3-CENT POSTAGE

"It will not raise desired revenue."

Following are excerpts taken verbatim from letters or signed statements made by individuals quoted:

J. Luther Jordan, W. C. Nabors Co., Mansfield, La.: "To increase the first-class postage is to increase the cost of every contact with those prospects. Undoubtedly we will either curtail our mailings to them or we will use third-class mailing broadsides, or something of that sort. In either case, the postal revenues would decrease rather than increase."

A. D. Hunter, Dixie Canner Co., Little Rock, Ark.: "In our business we use all classes of mail. Should such a tax go into effect on first-class mail, it will mean that much of our mail will be discontinued or will go third class and for 1 cent postage. This most assuredly will not mean more revenue, but less revenue. It would be a tax to the extent of diminishing returns."

Assistant superintendent Goodwill Industries, St. Louis, Mo.: "The bill, asking for a 50 per cent raise in first-class mail, will be very detrimental to our business, and also will necessitate a change in our advertising through direct mail (first class) to some other form. At the present time we send from 50,000 to 75,000 pieces of first-class mail, and from 900,000 to 1,000,000 pieces of mail in all forms per year."

Aichele Bros. (Inc.), St. Paul, Minn.: "If first-class mail will be increased to 3 cents, we will have to distribute our monthly statements with our own office force, similar to the manner used by the water department and the Northern States Power Co. Our weekly direct-mail advertising campaign will be turned into a dodger distributed by hand."

E. D. Madden, sales extension division, Ketterlinus, New York City: "* * * We know that it will diminish (volume of mail). The first-class postage required by the average direct-mail campaign is a considerable item. Purchasers of such advertising material, with an eye to economy always, but particularly so during the present trying times, will be obliged by reason of added cost of postage either to forego the purchase of the material or use third-class postage for such of the mail matter that under the old rates would go first class."

Clarence A. Neal, president the Philadelphia Seed Co., Philadelphia: "At the higher rate business will certainly curtail the use of first-class mail."

John L. Breitwieser, Cave & Cave Advertising Service, South Norwalk, Conn.: "The small business, and Lord knows there are many of them, can not afford space advertising in newspapers and magazines. They depend on the mails. People in our business, that of preparing mail advertising, know that a 50 per cent increase in the first-class postage rate would be a crippling blow to small business. An increase of 50 per cent in the first-class postage rate for the retailers' advertising campaign often means an increase of 25 per cent in the entire cost of the campaign."

Manager Belmont Shop, Erie, Pa.: "Over 50 per cent of our advertising appropriation in 1931 and the first quarter of 1932 was spent on direct-mail advertising, and most of it on first-class postage. A tax on first-class postage will undoubtedly force us and others to cut down our direct-mail advertising appropriation considerably. As a result, both business and employment will decrease—so will the post-office receipts. No one will benefit from it."

Paul C. Scott, president Scott Foot Appliance Co. (Inc.), Omaha, Nebr.: "If the rate is increased to 3 cents, it would absolutely prohibit our use of first-class postage, as the percentage of returns has been running very close to the danger line and an additional 1 cent would show a loss. The only recourse we would have would be to confine our efforts to third-class postage, and if we did that it would positively defeat the purpose of the increase and at the same time work a distinct hardship on us."

Paul E. Clissold, circulation manager Bakers' Helper, Chicago, Ill.: "At the present time we are mailing approximately 405,000 letters per year, all of which go out under first-class postage. If the increase goes in effect, only 45,000 of these pieces, which represent our regular correspondence, will continue to be first class. The remainder, 360,000, will probably all be mailed third class. So at the present time with our mailing 405,000 pieces a year at 2 cents a piece makes $8,100 per year. Figured the other way, with the bulk of this going third class, it amounts to only $4,500."

M. R. Hansen, secretary The Howard Tree Expert Co., Warren, Pa.: "The 2-cent stamp is my salesman; I can't afford to boost his wages 50 per cent, and if he insists on an increase I'll just have to fire him; that's all. We fellows who use direct mail to reach our public have been paying Uncle Sam a profit of $58,000,000 by buying his 2-cent stamps. They tell me Uncle Sam loses money on his third-class stuff. I don't want him to do that. But he's going to make me accept his third-class charity if he gets piggish with this first-class rate."

J. I. Fox, secretary Atlantic Mercantile Corporation, New York City: "It is the pleasure of our organization to use the first-class mail without any due consideration in building up a direct mail, because of what we believe now a considerable and reasonable charge, we would, upon this increase, absolutely cut out all our mail advertising."

R. F. Bjorn, assistant manager Must Hatch Incubator Co., Petaluma, Calif.: "In our organization, for example, we have a small mailing list of 28,000 names. We circularize our list four times per year, using first-class postage entirely. Other mailings we use the lower classes. Our direct-mail selling is done on a strict budget basis. We set aside a specific sum for first-class postage, and this sum will remain the same for any given year, regardless of postage rates. With 3-cent postage we shall be forced to fewer mailings, which means less printing, less paper stock, less this, and less that—a complete slicing off of labor as far as this one item is concerned."

The Barnes Commercial School, Denver, Colo.: "It does seem to me, however, that the provision calling for an increase in first-class postage from 2 to 3 cents is going to work a real hardship on many lines of business that can ill afford the added burden. It will mean in our school an increase in tax of nearly a thousand dollars, and no way to pass it on or secure relief, except to convert all of my mailing to third class."

Charles Q. DeFrance, The Zehrung Co. (Inc.), Lincoln, Nebr.: "But if the proposed 3-cent first-class rate becomes effective, very many of these heavy users of first-class mail will return to third or will much curtail their mailings."

J. B. Howard, treasurer Curtis 1000 (Inc.), Hartford, Conn.: "The discontinuance of direct-by-mail advertising which the passage of this provision of the bill would cause would further aggravate the unemployment condition in the paper, envelope, printing, and advertising industries."

John F. Coleman, Smithboro, N. Y.: "I, for one, will be compelled to either curtail mailings or become a third-class mailer if the new rate is passed. I am having all I can do at present to make both ends meet, and an increase in postage rates at this time will just about wreck my mail-order business. I have written to many dealers in the field, and I have talked with many local business men. All of them agree that they will be compelled to either curtail mailings or resort to third-class mail. A large number of dealers will immediately apply for permits and mail at the 1-cent rate. If all of the dealers I have written to and talked with feel this way about the matter, you can rest assured that every dealer in the country feels the same."

J. A. Cooney, United States Cotton Machinery Co., Fall River, Mass.: "We, ourselves, continually mail thousands of letters each month first class, and should this be raised to 3 cents we know we would not continue to use first class but would substitute third-class mailing."

R. L. Moorhart, secretary-treasurer Bobbs-Merrill Co., Indianapolis: "At a meeting of the board of directors of the Bobbs-Merrill Co. held to-day, the matter of the proposed increase in first-class postage of 1 cent was given careful consideration. It is our very decided opinion that sound business consideration would provide for an immediate increase in the rates of the unprofitable classes of postage to such a point at least that these classes would carry their fair share of the burden. It seems to us absurd that the one class of postage which is paying its way should be selected for an increase."

M. G. Lynch, direct-mail department, the Lea Manufacturing Co., Waterbury, Conn.: "We do considerable direct-mail advertising. Do you realize what this new tax will do to our business? We will have to discontinue a large percentage of our direct-mail advertising, which will naturally decrease our business. This will necessitate doing away with some of the employees in this department, and add a few more to the ranks of the unemployed."

George P. Duncan, manager New England Collection Co., Portsmouth, N. H.: "My business won't stand a tax like that. The only way I can meet it is to cut down my use of first-class mail to an absolute minimum, stop my advertising, fire some help, buy no paper, buy no printing, and 'jest set.' I'm a littler feller. The few dollars of profit lost because of me won't be missed by the Government, although the Portsmouth postmaster told me when I made my last mailing, 'Good, we need the business.' But the big fellers feel the same way. We must use third-class postage or none at all. I can't use third-class postage profitably, so I'll be squeezed out. When I'm squeezed out, my help will be squeezed out, my printer will be squeezed out, and the depression, so far as we are concerned, will be over, and the famine begun."

Hal Hode, director of sales promotion, Columbia Pictures Corporation, New York: "Our direct-by-mail campaigns run from three to five thousand letters per week, and if Congress were to increase the cost of first-class mail 50 per cent, as seems to be its present plan, it would result in making it impossible for us to work with theater owners, and in any event would cause us to very considerably cut down on our efforts to do business by mail."

Charles P. Raymond, president Chas. P. Raymond Service (Inc.), Boston, Mass.: "If Congress decides that the 3 cents postage should become a law, it will mean that we shall cut down on our correspondence; we shall use more post cards, and by no means will we continue to use the amount of postage that we have been using in the past."

C. N. Olcott, Houghton, Mifflin Co., Cambridge, Mass.: "This office is a heavy user of the United States mails. During the year 1931, we sent out mail advertising material aggregating over 2,000,000 pieces. There are certain definite advantages in mailing first class in preference to third class, or in preference to the bulk-mailing regulations; section 435½ postal laws and regulations, although the postage cost of $20 per thousand is the largest element in the advertising expense. If that cost is raised to $30 per thousand, we are forced into a more extensive use of the other rates with their consequent disadvantages, else if we submit to the 3-cent postage, we shall undoubtedly drive up our advertising cost to a prohibitive level."

Ann Lowey, advertising manager Reading Paper Mills, Reading, Pa.: "We want to enter through you our protest against the unfair burden the 3-cent first-class postal rate will place on our business. Instead of helping business along, it will be a detriment to the sale of our commodities, and will also lead us to curtail our advertising through this medium."

C. F. Pendlebury, office manager Veeder-Root (Inc.), Hartford, Conn.: "We are at present spending about $3,000 a year for first-class postage on direct-mail advertising. If the proposed increase goes into effect, we will necessarily have to reduce our volume of mail advertising and switch the appropriation to some other advertising medium. As far as our company is concerned, the Government will realize no more income from an increase in rates."

Leonard Biel, president The Bonded Tobacco Co. (Inc.), New York City: "The company of which I am president sends out one million and a half pieces of 2-cent mail a year. There is not a chance of our continuing to do this if we have to pay a 50 per cent increase."

J. P. Duffy, manager advertising department Delaware, Lackawanna & Western Coal Co., New York City: "This organization has recommended the use of the United States mail to thousands of its retail coal dealers who are selling our trade-marked product known as blue coal, and any attempt to increase the postage rate will result in a curtailment of this effort, and it will force many dealers to resort to door-to-door distribution of handbills and circulars, or force them to use other advertising media."

J. Cooke White, treasurer White & Franke (Inc.), Brookline, Mass.: "We mail around 20,000 first-class letters yearly. A $200 tax means that we must mail only 13,000 letters. If this bill passes, we must cut down our mail; business decreases, income drops, we pay less Federal and State income taxes, the Government loses."

A. O. Leonard, president A. O. Leonard (Inc.), New York City: "In this office we use about $10 a day in first-class postage. If this charge is increased, we will use postage savers and third-class rates on four-fifths of our mail. Will that increase the revenue for the United States from this office?"

H. L. Shallcross, president the Shallcross Co., Philadelphia, Pa.: "Several years ago we had a 3-cent postage and at that time our business was reduced materially, due to the fact that large mailers would not pay, in fact could not pay, the increased postage and still make their mailings profitable. To-day when conditions are much more severe than they were at that time, a 3-cent postage will be ruinous to many firms, such as our own and those in kindred lines, especially firms producing mail matter as a business. It will not increase the revenue of the Post Office Department, as a very large percentage of first-class mail is bulk mailings from business houses in the nature of letters in multiples, regardless of how these letters may be produced."

A. L. Gardner, advertising manager Pangborn Corporation, Hagerstown, Md.: "Our corporation spends thousands of dollars annually for direct-mail advertising. A goodly percentage of this expense goes to the Government in 2-cent postage stamps. During the past two years it has taken considerable persuasion on my part to convince the management that first-class postage is necessary for first-class results. In the advent that postage rates are raised from 2 to 3 cents per ounce for first-class mail, I am certain that we will be compelled to reduce the size of our general mailings and at the same time use third class instead of first, with an annual loss to the Government that will be quite substantial."

E. W. Harrington, president Kojene Products Corporation, Buffalo, N. Y.: "In 1931 our modest appropriation for first-class postage was $3,600. By using third class—and we could just as well do so—our expenditures would have been at least $1,600 less. In my humble judgment that is just what will happen if first-class postage is increased to 3 cents—not maybe—but for sure."

Charles J. Kindt, jr., advertising manager John C. Winston Co., Philadelphia: "This company is a large user of first-class mail. I can state with assurance that an increase in the first-class postage rate would bring about a curtailment of our use of first-class mail, which would also restrict the use of advertising material. Furthermore, it would be necessary to shift many of our large mailings to third class."

W. P. Taylor, president Creditors Commercial Corporation, Buffalo, N. Y.: "I am only one of thousands who use the mails to bring in new business. If you tax me 50 per cent, I am going to reduce my mailings just that amount. And in addition to defeating the tax I am going to defeat the paper maker, the lithographer, the envelope maker, the multigrapher, and the mailman who delivers my letters. Do you catch the significance of this sequence of events? It means a further depression in business."

H. Armstrong Roberts, Philadelphia, Pa.: "An increase in the first-class rates will also mean a sharp decline in first-class mail—the only profitable class—and an increase in the other classes which have always been costly if not unprofitable for the postal department."

J. M. Breuer, Henry Breuer & Son, Fort Atkinson, Wis.: "We mail some half a million pieces yearly, but in order to keep to our budget and not curtail our business, we will mail third class if this measure is passed. An appreciable loss in revenue you will admit, as most direct-mail houses will do this same thing."

B. C. Hedges, business director McCleary Sanitarium, Excelsior Springs, Mo.: "The McCleary Sanitarium, of which I am business director, has an annual mailing expense of from $20,000 to $30,000. Three-fourths of this amount is spent on first-class mail. On an average, our mailing expenses will be increased $10,000 a year. This expense will be an unjust tax upon us inasmuch as we are already paying a rate that enables the Postal Department to make a fair profit. This $10,000 will be our gift to the users of second and third class mail, a fund to help them hold their mailing expenses at a minimum."

H. T. Hamilton, president James-Sanford Agency, Nashville, Tenn.: "In considering my own business, our postage bill for first-class mail—that is, regular mail and advertising—will average around $1,500 per month. Now, with an added tax or burden of 50 per cent of this amount added to what we are already paying, this would simply mean that we would be compelled to curtail a great deal of our first-class mailing, and perhaps become third-class mailers especially on advertising, and other steps would have to be devised whereby we could keep our postage within the approximate amount that we are paying now."

John T. Burns, treasurer Church-Budget Envelope Co., Salem, Ohio: "Last year we spent for first-class postage approximately $12,000. If the law goes into effect instead of the Government receiving $18,000 from us we will use third class to cut it down to about $6,000, or a net loss to this small post office of $6,000."

C. E. Wittmack, vice president Oshkosh Overall Co., Oshkosh, Wis.: "The Oshkosh Overall Co., is the largest user of the United States mails out of the Oshkosh post office. If the increase in first-class rates is enacted, it will cause us and other first-class mail users to curtail the use of the classification to the limit of our ability. It is doubtful whether the anticipated additional revenue from this source will be realized."

C. H. Nelson, jr., secretary Hart Drug Corporation, Miami, Fla.: "We have built a national business during the last five years, without the aid of a single salesman or traveling representative, by the use of letters and samples sent to physicians and druggists throughout the Uniter States. During 1931 we paid to the post office here $35,717.91, which represents approximately 5 per cent of their total receipts. We mailed 1,138,308 letters and 557,271 samples, besides sending some goods parcel post. Of these letters, 796,790 were first class. If the new postage rates go into effect, it will be necessary for us to abandon all first-class letters and send out what letters we send under third-class postage. This would cause our letters to be less effective, and because the letters would be less effective we would have less money with which to send out letters. Our business will decrease and the amount we spend with the post office will decrease."

Asher Charleston, president Standard Dental Products Co., Philadelphia: "I circularize over 30,000 dentists monthly and you can readily realize what the increase will mean, especially in times like now, when thousands of firms like myself are fighting to get out of the red."

President Everhot Manufacturing Co., Maywood, Ill.: "In good times we use approximately one-fourth of all the stamps used in Maywood, and we do not see why we, as an individual concern, should take on 25 per cent of the burden that rightfully belongs to all the people of the community."

Keith A. Hill, Hill & Hill, Springfield, Ohio: "The small retailer can not match advertising space used by department and large chain-unit stores, and these larger advertisers dominate all space-selling mediums. The most effective weapon of the small retailer against his stronger and larger competitor is personalized direct-mail advertising (first-class mail). The small retailer can and does get results from direct-mail advertising. We ask you on behalf of small retailers throughout the Nation to stop the proposed 50 per cent increase in first-class mail rates.

H. C. Baker, secretary Fisher-Stevens Service (Inc.), New York City: "We have for many years been the addressing and mailing department for a vast majority of the pharmaceutical manufacturers and manufacturing chemists east of the Mississippi River. These firms use our service to distribute their advertising matter, at regular intervals, to the entire medical and dental professions as well as all of the retail druggists in the United States and Canada. These lists comprise approximately 300,000 names. Omitting the months of July and August, we are addressing between 5,000,000 and 6,000,000 envelopes and printed matter per month to these lists. Of this amount, at least 1,000,000 are mailed first class. Since being advised through the press that the House has passed this bill, the writer has been in close touch with our customers who have been using first-class mail. They advised him that if this bill becomes a law, they will discontinue using first-class postage. Naturally, they will make use of the third-class privilege."

Thomas A. Peterson, Kansas City, Mo.: "I would much rather support an evenly distributed tax on consumer goods. For if this new rate for first-class postage is passed, I, for one of many, will begin using third-class postage. The first-class postage already shows a Government profit of 17.35 per cent."

A. G. Constant, manager Sign-o-Graf Co., San Francisco, Calif.: "For nine years I was postmaster of a small first-class post office. During that time the postage rates were raised and we were much disappointed in the receipts of our office because of that fact. I am sure that the same thing would happen again. In other words, it will not bring in the amount expected. At present I am mailing out a good many letters each week, just advertising, which is the one way that I have of soliciting business. If the postage rate is increased, it will certainly mean that I will have to resort to some other means for soliciting business. Most of my letters require 4 and 6 cents postage because I send small samples of my work."

Charles D. Greenfield, jr., director of publicity, Montana Life Insurance Co., Helena, Mont.: "We send a constant stream of communications, most of them processed or printed, and 90 per cent of them eligible as third-class matter, to our agents in the nine States wherein we operate. All this material has been mailed first class. If the rate goes to 3 cents, we will go to third-class postage."

King Kelly Marmalade Co., Garden Grove, Calif.: "We mail several thousand letters monthly under first-class postage. Under a 3-cent rate we would have to mail a considerable portion of this under third-class postage and the Post Office Department loses on every piece of third-class mail."

L. W. Goldberg, advertising manager, J. R. Watkins Co., Winona, Minn.: "We are one of the largest users of first-class mail in Minnesota. The following example will show you a possible trend if first-class rates are upped. We had a mailing to go to 8,000 dealers consisting of an announcement letter and order blank. We'd usually send this first class, but in view of the proposed increase, we tried the experiment of sending these 8,000 letters third-class mail under our permit. We made a careful check and found that we obtained almost the same results as first-class mail. Should the tax measure pass and first-class mail be increased to 3 cents, the Government, instead of getting additional revenue from us will get less, because we will practically change over from first-class mail to third-class mail on all our mailings."

Hugo Seren, president Hugo Seren, Inc., Seattle, Wash.: "To increase the cost of direct-mail advertising by 50 per cent, which in our case is $1,500 a year, would mean that we must either cut out entirely, or at least curtail this form of advertising."

William A. Force, president Wm. A. Force & Co. (Inc.), New York City: "Our direct mail advertising about equals the regular correspondence, and in ordinary times, amounts to about 5,000 pieces per month, costing $100 in postage; only $25 more than sending them third-class. We feel the extra results obtained by using first-class mail warrant this extra expenditure of $25 per month, but with the proposed increase, the extra cost would be $75 per month, which is exactly twice the present cost of third-class postage and while not large in dollars and cents, is a considerable item when figured as a percentage of the cost of our mailings."

Mr. Eisele, B. Westermann Co. (Inc.), New York City: "The claimed deficit can hardly be met by such measure, since people will simply refrain more and more from circularization by first-class mail, but avail themselves of cheaper means for that purpose."

The Fechheimer Bros. Co., Cincinnati, Ohio: "If this bill becomes a law, one of two things, or possibly both, will happen in our business. We will either curtail our advertising, or use third-class rate, either of which would hamper our business."

Myron T. Monsen, Thormod Monsen & Son (Inc.), Chicago, Ill.: "We receive all our orders and deliver our goods by first-class mail. This will put a serious tax on our business. We send proofs of type matter all over the United States, and often the postage runs to $2 or $3. We have been in business for 45 years and have built up a unique typesetting service for lithographers and printers, and if our postage is to be increased 50 per cent it will place a burden on our shoulders that we can not carry."

Harold Stedfeld, the H. L. Stedfeld Co., New York City: "If this 3-cent rate is passed, it will paralyze the very method (direct mail) by which business can be bettered. Many firms may stop using the mails to send out advertising, or use third-class mailings and actually reduce postal revenue."

D. E. Victor, treasurer, Association of Army & Navy Stores, New York City: "Speaking for a business which controls the mailing of hundreds of thousands of pieces of mail, I can assure you that at the present time with business conditions as they are, many merchants find the cost of postage interfering with their use of direct mail as an advertising means. An increase in postage will on many occasions eliminate all thought of using the mail for this purpose. Speaking for this association, an increase of 50 per cent is going to mean that we will not mail as much first-class mail as we might otherwise. We will either eliminate the matter intended to be mailed or resort to third class."

Robert A. Stoehr, Robert A. Stoehr (Inc.), Cincinnati, Ohio: "If the increase goes into effect, we will be compelled to either discontinue the large volume of direct-mail advertising we are doing under 2-cent postage and resort to third-class postage. We believe that many, if not most all, of the big direct-mail advertisers will be forced to the same economy."

E. G. Ladewich & Co., Mansfield, Ohio: "The increase to a 3-cent postage is not going to bring in an increase. Last year we sent 60,000 pieces of advertising by first-class mail. Seeing the agitation that was going on to increase the first-class mail to 3 cents, we have worked out our campaign this year on a 1-cent postage basis. So you see there is going to be a loss right there. While 60,000 may mean nothing as far as the grand total is concerned, I am quite certain other firms are working out their problems in the same way."

A. R. Spielberger, manager Cotton Advisory Bureau, Atlanta, Ga.: "The post office would certainly not get the mailing, at the 3-cent rate, it is now getting at 2 cents per ounce. In our line of business we have been using the mails liberally, preferring to send out our mailings, wherever possible, first class. If we had to pay 3 cents per letter, it would no doubt pay us to spend $10 per thousand more in using a better envelope, specially printed, also more elaborate inclosures, and take our chances on third-class mail at 1 cent per letter. However, we would rather see the 2-cent letter rate maintained, and continue to use the first-class mail wherever possible."

H. C. Young, sales manager, Manhattan Paint Co., Cleveland, Ohio: "If this new rate of 50 per cent is passed, we, as one large user of the mails, will have to curtail our mailings or become third-class mailers. And we predict, based upon our inquiry made of many other large users of first-class mail, that by far the majority of us will have to do the same. As a consequence, the additional revenue secured by increasing the tax will fall far short of the Post Office's estimate."

M. Syrkin, president J. J. Murphy Paper Co. (Inc.), New York City: "It will mean a 50 per cent increase in our mailing expenses which, for a firm of our size, is quite an item and will necessitate a curtailment of our mailing circulars, etc., thereby depriving printers of labor, consumption of less paper, cutting down of help, etc.; we would also cut down on our regular mail correspondence to the extent of taking care of only the most important matters."

DeLair & Reger, Oakland, Calif. (Jeanne DeLair): "The psychological reaction to this increase will be a retrenchment on volume of first-class mail sent out by business firms with whom we do business; or else they will resort to the use of a lower class rate. We have experienced that tendency in the past six months."

E. H. Scott, president E. H. Scott Radio Laboratories (Inc.), Chicago: "We send out over 100,000 pieces of mail a month first class. I am absolutely certain this increase will add to the unemployment problem as it will mean reduction in our staff, reduce amount of paper, envelopes, and printed matter generally that is sent out in the mail."

Harold W. Clark, Harold Walter Clark & Associates, Denver, Colo.: "Only one course of action will be open with passage of bill to increase first-class postage. Fifty thousand pieces of first-class mail will immediately become 50,000 pieces of third-class mail."

Bowen, Morrison & Co., New York City: "If this measure to increase postage becomes a law, these (welfare) institutions will cut down on the amount of mail sent, and thus will not add to the revenue. They will have to curtail mailing or become third-class mailers. This will mean a decrease in revenues and a decrease in business, and many worthy institutions will not have funds to carry on."

Mr. Ward Hicks, Ward Hicks (Inc.), Albuquerque, N. Mex.: "It will be practically ruinous to my business. Direct-mail advertising of this office pays the Albuquerque post office several hundred dollars a month. If first-class postage is increased, we will be forced to seek other means of distributing advertising messages. This week, as a test, we delivered 250 letters by Western Union messenger at an hour rate, and at a cost of less than 2 cents per message. Already the direct-mail magazines and trade papers are pointing out the possibilities of using messenger service. Almost all direct-mail advertising which is distributed locally will be delivered by messenger rather than pay a 3-cent postage rate."

Manager, H. Lansdown Co., Everett, Wash.: "First-class mail is the only class showing a profit. If it is increased 50 per cent, we will be forced to cut down our mailings and resort to other forms

of advertising to farmers and ranchers, and so reducing the revenue we have been paying to the post office."

R. E. Inskeep, manager United Motor Service, Detroit, Mich.: "With the increase we could do nothing but curtail our mailing expense, and that quite obviously would reduce the post-office revenue besides reducing the business we can now profitably secure through the medium of the first-class letter."

E. C. Knapp, Knapp Book Store, Spokane, Wash.: "The receipts during January, February, and March, 1932, were $39,000 less than during the same months last year in Spokane. We know that part of this loss is due to concerns which have gone to the 1-cent permit mailing and the 1½-cent postage instead of using 2 cents. Customers ask us to use the permit mailing because 1,000 envelopes can be mailed for $10 instead of $20. If the rate were $30 per 1,000, we would expect more firms to use the permit mailing."

H. L. MacDowell, manager the Shaw-Walker Co., Muskegon, Mich.: "At present this department of our business is mailing about 6,000 letters on an average of every 10 days, and first-class postage is used almost exclusively. We much prefer to use first-class postage, because we have found it more profitable, but most certainly would not find our mailings profitable were we forced to consider a 50 per cent increase in the rate. Of necessity we would have to go to third class or cut our mailings about half."

Sales manager Indera Mills Co., Winston-Salem, N. C.: "July to December has been our heaviest mailings. To stay within our advertising budget we would be forced to curtail our mailing the last six months of the year, and this would naturally decrease our business to an extent; we certainly could not stand 50 per cent increase in our advertising by mail on present prices being quoted to our trade, and it would hurt business at this time to attempt to increase price on merchandise."

Frank W. Pearsall, business manager Record of Christian Work, East Northfield, Mass.: "Our small company is typical of the average small American business. Our average annual expenditure for first-class mail is $400. Of this amount only $50 is used for office correspondence. The other $350 covers postage on various forms of advertising, which could be sent under a 1-cent or 1½-cent stamp. It is well worth the additional cost to get this material into the more exclusive first class. But we can not add 50 per cent to the postage cost and continue to make a profit on this kind of advertising."

Thomas James Surface, Roanoke, Va.: "The big mail users and advertisers will simply curtail first-class mailings and increase third class—the same third class that is showing a loss at present."

G. O. Dunlop, secretary Stratton & Stratton, Wallace, Idaho: "We mail about 15,000 pieces a month, with an occasional extra mailing. One cent additional means $1,800 a year. This is not a large sum, but sufficient to drive us to third class."

Ralph S. Foss, director of sales McGraw-Hill Book Co., New York City: "We spent some $15,000 last year on first-class postage, and our business is not large as corporations go. However, should a 3-cent rate go into effect, we would have to reduce our first-class mailings to one-third of last year's volume. If this cut were put into effect by the majority of companies, and we believe most of them will be forced to take this step to offset the increase, the Government would not get any such benefit as has been hastily estimated they would."

Jerome Laadt, president Commonwealth Publishing Co., Chicago: "The 'bulk' inquiries which leave this office are answered under 4-cent stamp (first class) for effect only. It will not be worth 6 cents, so naturally we will go back to third-class mail. For every 100 pieces of mail at 4 cents we now pay $40. For every 1,000 pieces of mail under the new scale we will then pay $15, because we will use third-class mail."

Ivar Hennings, president South Bend Bait Co., South Bend, Ind.: "The postage bill of our company is considerable, and if the first-class postage should be increased it would make considerable inroad, if not entirely wipe out the very narrow profit margin under which we are now operating. Such postage increase would be an added operating expense we could not pass on."

M. Clark King, manager Apex Cleaners & Dyers, Lincoln, Nebr.: "At present we send out 12,000 circulars and 12,000 letters annually at 2 cents each. If the increased rate is passed, it will be necessary for us to eliminate our circulars and use a postcard, which will not be quite as effective for our business. We would undoubtedly discontinue mailing our monthly statements and have our route men leave them with the customer. This would make us a saving of about $500 annually."

Theo. L. William, Bon-Well Floors Co. (Inc.), Bergenfield, N. J.: "The increase is going to have a decided effect on the amount of money we may spent on direct-mail advertising. If this policy is followed by the larger users, as it seems inevitable, there is a question as to whether the end will justify the means."

Earl A. Bickel, Cedar Rapids, Iowa: "It will make it almost prohibitive for me to use the mails at all unless I would go to the ineffective third-class mail."

W. K. Dexter, Hildex Farm, Sugar Hill, N. H.: "I have several thousand customers who order by mail, and in an effort to stimulate business I have done more mailing these past few months than ever before in a like period; but if my postage bill is to be increased 50 per cent, I shall be driven to the necessity of curtailing my mailings or to the use of another class."

Edward F. Carson, Pyle Letter Co., New York City: "It will not increase post-office revenue. The post-office estimate is incorrect, since business will either curtail mailings or use third-class mail."

Forrest C. Reed, manager Federal Life Insurance Co., Marshalltown, Iowa: "This proposed increase would amount to more each month than our office rent amounts to."

H. C. Diehl, secretary Eeloulin Bros. & Co., Greenville, Ill.: "It is quite doubtful that this increase in first-class postage will produce the additional revenue expected. Mailings will be curtailed; third-class mailings and postal cards will take the place of first class; postal revenue will decrease; there will be a slowing up of business, with its resulant harm all along the line."

Harold A. Wallace, manager-secretary Credit Bureau of Will County, Joliet, Ill.: "This office spends hundreds of dollars yearly for direct-mail advertising, together with its regular correspondence. I am certain that if this new rate goes into effect, so far as our own business is concerned, that it will cut down our mailing at least 50 per cent."

Arthur C. Miller, C. Arthur Miller & Son, Elmira, N. Y.: "Ninety per cent of our advertising is direct mail, all of which is first-class mail. If the new rate goes into effect, we will be compelled to seek other methods of advertising."

H. R. Applegate, Applegate Chemical Co., Chicago, Ill.: "In a small business like mine this increase in postal rates would be the last straw, for mine is a 100 per cent direct mail. With reduction in all prices and an increase in mailing rates, it would simply mean mail-order firms would be forced into bankruptcy."

R. A. Stoehr, Robert A. Stoehr (Inc.), Cincinnati, Ohio: "I am convinced this increase in first-class letter postage will not increase the revenue. It may decrease it. Many of the big mail-order houses who now expend many thousands of dollars in first-class postage will change over so as to circulate all their mail matter by third class."

C. H. Eakins, Toledo Mirror Paint & Glass Co., Toledo, Ohio: "It is our firm belief that the advance in first-class mail matter will cause a decrease, rather than an increase, from the fact that business concerns will discontinue using first-class mail on a good deal of their advertising."

H. W. Hilliard, secretary H. W. Hilliard Co. (Inc.), Buffalo, N. Y.: "The use of first-class mail will be greatly curtailed if 3-cent postage goes into effect, as advertising matter will be sent as third-class instead of first-class mail and therefore not yield the revenue estimated. It may result in further reduction in the use of mails which would only aggravate unemployment in the number of industries closely allied to the printing of advertising, manufacture of envelopes, paper, etc. During the year of 1931 our first-class postage bill amounted to a little more than $3,000. To increase the postage on first-class mail from 2 cents to 3 cents would mean no less than a direct addition tax against this concern of $1,500, based on the postage paid last year."

S. N. Farmer, advertising manager India Tire & Rubber Co., Akron, Ohio: "Such a change will necessitate our discontinuing many thousands of first-class letters in our sales-promotion and advertising department. In these mailings there is a certain marginal utility which enters the 2-cent postage rate, enabling us to use effectively about 12,000 letters a month. With the additional tax, it will necessitate our cutting down these mailings to a much smaller number."

H. W. Schwartz, general advertising manager C. G. Conn (Ltd.), Elkhart, Ind.: "This new rate, if made effective, will not increase our cost on first-class mail because we will divert a lot of our mail from first class to third. In fact, we are making definite plans to do so in case this bill becomes a law. This means that several hundred thousand letters which otherwise would have been first class will now be third class. A great bulk of our mail is multigraphed letters, eligible to third class, and if you force us to do so through passage of this bill, we have no recourse except to send it third class instead of first."

W. W. Powell, secretary-treasurer National Benefit Accident Association, Des Moines, Iowa: "I represent a business which makes a great deal use of first-class postage. There are thousands and thousands of such businesses in this country; we are all having a lot of difficulty keeping afloat during these times, and a 50 per cent tax on so important an item as first-class postage will do terrific damage."

H. Clyde Varney, president Advertising Associates (Inc.), Detroit, Mich.: "In cases where definite appropriations have been set, this increase in postage will mean a decrease in quantity of pieces mailed. This reduction will be immediately felt by printers, lithographers, paper companies, binderies, letter shops, and others."

J. Don Alexander, president Alexander Film Co., Colorado Springs, Colo.: "Just now we are preparing for a special mail campaign, but it will have to be abandoned if the high postage goes into effect. Consequently, instead of the Government getting 2 cents from us for each letter sent out in this campaign, it will get nothing, the reason being that the 3-cent rate is prohibitive from the economic standpoint. We believe this example is typical of the experience of many other companies. Much first-class mail will be abondoned entirely, so that the postal department will lose revenue rather than gain it."

R. W. Cossum, Scott, Foresman & Co., Chicago, Ill.: "We mail about a million pieces a year by first-class mail. If the 3-cent postage goes through, pieces that can only go first class will have to be curtailed drastically to come within the budget. For the most part our mailings would go out under the third-class rate. I am sure that would be the case with all large users of first-class mail for advertising purposes."

Howard F. Brazer, supervisor Franklin Fire Insurance Co., Philadelphia, Pa.: "We very frequently circularize our large mailing

list, composed of agents of our company, and we feel sure that if this bill is passed it will be necessary for us to curtail our mailing, and this attitude will be adopted by other concerns."

D. W. Patterson, vice president Gospel Trumpet Co., Anderson, Ind.: "I know that so far as our own company is concerned it will work against the Government as regards revenue; we will be forced to find some other way of getting our direct-by-mail advertising to our customers. It is a certain thing that our first-class mail will be greatly decreased if the 3-cent rate becomes a law."

Lester Abrahamer, Lester (Inc.), Camden, N. J.: "This increase means a tremendous tax on a small business on our regular office and collection mail, which must go out under the first-class rate. In our instance it will give an increased burden of fifteen times the regular taxes we now have included in our overhead. It is a very serious matter, and we will have to make every effort to get around it, as we can not stand the burden at this time."

W. L. Handley, advertising manager, Bank Savings Life Insurance Co., Topeka, Kans.: "I know from experience that those who now use a great number of 2-cent postage stamps will certainly be forced to reduce their mailings if 3-cent postage goes into effect. In this case the revenue would not be increased, but rather decreased."

M. D. Ogden, advertising department, Crescent Engraving Co., Kalamazoo, Mich.: "If this bill is not killed, direct-mail advertisers will necessarily have to resort to third-class mail, and then what has been gained?"

J. G. Gates, Gates Dental Co. (Inc.), Lancaster, Pa.: "If all business houses using mail, as we do, are forced to pay the additional postage on first-class matter, we feel very sure that the mailings will be greatly curtailed. We know we will reduce our first-class mailings very materially, seeking every possible way open to us to avoid that type of mail matter."

F. L. Swanson, secretary-treasurer A. I. Root Co., Council Bluffs, Iowa: "All of our business is direct by mail. Though our business is comparatively small, we use approximately $2,000 worth of first-class mail each year. To increase this 50 per cent would make it almost prohibitive for us to do business. The result would be that our business would be much less, our pay roll reduced greatly, and there would be the possibility of its forcing us to close our business."

D. Coalson, secretary-treasurer Walker Smith Co., Brownwood, Tex.: "Our own firm reaches all over Texas and into three adjoining States. Our postage bill ranges from $700 to $850 per month. We now mail all our statements and invoices directly to customers; but before we would suffer a penalty of 50 per cent in this first-class mail we would merely have all of our bills delivered by a messenger who visits all of the merchants anyway, and we would have all of our statements delivered by the salesmen who visit all of the merchants weekly."

A. D. Watson, jr., treasurer George S. Carrington Co., Chicago: "Our firm sells exclusively by mail. We restrict our selling to letters mailed first class only. We employ no salesmen and never have in the 48 years we have been in business. Therefore we are not to be confused with the many firms that use all classes of mail for catalogues, flyers, and so on. Essentially, then, in view of the above fact, a raise in first-class rates of 50 per cent is a rise in our selling cost of 50 per cent. Such an increase in the face of present business is unthinkable. With the necessity of reducing selling prices, there is no chance of in any way absorbing it. Our postage bill from April 30, 1930 (fiscal-year basis), to April 30, 1931, was $60,721. A 50 per cent in first-class postage would inflict a penalty on us of over $30,000 yearly. Our firm is only one of the thousands who would find themselves in the same predicament if this feature of the bill is allowed to become law."

C. F. Gelling, president Commercial Service Co. (Inc.), Chicago: "Much of the matter we send through the mails is for advertising purposes. If cost of sending this matter via first-class mail is increased, we are going to reduce what we use and put it in other forms of advertising, which is exactly what other business men will do, with the result that there will be a large reduction in the use of first-class mail."

J. D. Colegrove, Harrison-Colgrove, Denver, Colo.: "A raise in the rate of first class would decrease my investment in first class, and it is my sincere opinion this would be the general result."

B. I. Rosental, secretary Cyko Mailing Service, Yonkers, N. Y.: "A number of our customers, who formerly did summer mailings, are making no plans whatever for direct-mail publicity in the summer of 1932 because of the probable increase in first-class mail."

N. L. Folger, N. L. Folger Co., New York, N. Y.: "We use the mail exclusively for advertising and with a 3-cent first-class rate will be forced to go to third class. I think this will be true with many other advertisers, with the result that the additional revenue will not be realized."

Melvin Cahn, Guaranty Washington Co., New York City: "Present first-class mailers will either curtail mailings or become third-class mailers if the new rate is passed."

Henry L. Wriston, secretary Ministers' Mutual Life Insurance Co., Boston, Mass.: "It will slow up business recovery; it will greatly burden certain industries who use first-class mail in advertising. This company writes insurance by mail. It will greatly handicap our business. I am persuaded it will reduce the income from first-class postage, owing to the great reduction in amount of postage actually used."

President Samuel Schlossmans & Sons (Inc.), New York City: "We are large users of the mails and feel that the exorbitant increase resulting in the cost of our postage bills will force us to curtail our mail-advertising activities considerably."

S. E. Wardell, president S. E. Wardell Advertising Co., New York City: "The advertising profession meets daily the necessity of convincing business men of the advisability of using first-class rather than third-class postage for its psychological effect upon the prospect. Now you are about to kill the work in this direction which has been accomplished by advertising men since the foundation of the advertising profession."

Horace Blitz, Roeblee Advertising, Atlantic City, N. J.: "Thousands of direct-mail agencies in the country, faced by a loss of business by passage of this bill, and endeavoring to maintain existence, will be compelled to divert first-class mailings to third class, acknowledged by the post office as a losing proposition."

Henry Knighton, Samuel Knighton & Sons (Inc.), New York: "We are considered the largest users and receivers of first-class mail in the New York produce exchange, and should this bill be finally passed we would be obliged to cut our first-class mailings by one-half, and in our business it would not pay us to use third-class mail."

F. Harvey Morse, secretary Howell-Morse (Inc.), New York City: "It seems to me that the estimate of additional revenue is largely illusionary. A large number of those first-class mail users will use third class rather than pay a 50 per cent increase."

George F. Gottlieb, New York City: "I will be compelled to curtail my direct-by-mail advertising 50 per cent, and in my line of business this practically means ruination."

Secretary Citizens' Fund Mutual Fire Insurance Co., Red Wing, Minn.: "It will put a heavy burden on the small-home owners and on the small-town business men and farmers who do business through the mail with our company, and also works the other way around, through added expense on our company because of the fact that, being a mutual company, any increased expense comes directly out of the savings to the policyholders. Furthermore, it will necessitate to try to keep our postage bill down, the use of as much third class as is possible but which is not, by far, as efficient as first class."

Ralph P. Thompson, Perrin & Thompson (Inc.), Winter Haven, Fla.: "We are selling a considerable amount of fruit direct to the consumer, and mail is our means of advertising. We have sent out over 35,000 letters by first-class mail this year, and if there is an increase in postage we will have to use third-class mail, which will probably mean less business."

Fred D. Osman, proprietor New Brunswick Nurseries, New Brunswick, N. J.: "In my small '1-man' business I use over $1,000 of first-class postage a year. In these times, when active sales effort is so necessary, an increase of $500 per year becomes an overload that is very near the breaking point."

Oliver Cabana, jr., president Liquid Veneer Corporation, Buffalo, N. Y.: "This corporation mails on an average 10,000 advertising letters per day under 2-cent postage, its outlay for postage alone being $60,000 per year. Now, in all candor I wish to say to you that this form of advertising can not stand an increase in postal rates and we will be obliged to either discontinue it or adopt the unsealed letter and 1-cent postage instead. We have made tests by using unsealed letters with 1-cent postage, and notwithstanding the lower postage cost the results were not quite as good as the sealed 2-cent letter, which attracts more attention. Still, after paying the 2-cent postage, the difference in results is so small that we would probably all adopt the 1-cent letter rather than pay the proposed rate."

Oechler & Kopp, Brooklyn, N. Y.: "Practically our entire business is handled by first-class mail, probably 30,000 pieces of matter annually, and we believe it is rather unfair to increase our burden 50 per cent, with second, third, and fourth class mail being unaffected. A large amount of business is developed through first-class mail, and if the expense of developing this business becomes too great, it only means a loss all around."

E. R. Chatterton, sales manager E. W. Twitchell (Inc.), Philadelphia, Pa.: "We, like many other concerns, do practically all of our business by mail, inasmuch as the margin of profit even in good times is not sufficient to warrant our paying out large sums of money for traveling expenses. Even in a comparatively small company, such as our own, an item of this kind amounts to quite a little, as we do send out quite a few thousand letters in a month's time, and a 50 per cent advance in our postage bill is going to be just another one of those items which tend to retard business recovery."

Freeman P. Taylor, president the Taylor School, Philadelphia, Pa.: "Our company makes use of this class to a great extent during the year, and it would impose a heavy additional expense on us. In fact, I believe it would compel us to employ another type of mailing if the 3-cent rate is made lawful. It is my firm belief that this would be the case with hundreds of schools throughout the United States, thereby imposing a heavy loss to educators if they still used first-class postage."

Samuel Whitman, Pittsburgh, Pa.: "At present, with first-class mail at 2 cents, third class does not have the standing and importance that it will have when thousands of business houses forget all about 3-cent first-class mail, and concentrate all their mailings under the third-class arrangement. This will mean that at present the one department of the Post Office which is paying, and that is the first-class division, will be turned into a losing division, and the expected revenue will be greatly reduced."

Edward H. Quimby, Dover, N. H.: "From January 1 to April 13, 1932—an off year—I have spent $633.30 on direct mail, $66.90 on letters, bills, etc., and probably in excess of $50 on parcel-post

shipments. If first-class postage is increased to 3 cents, I shall feel compelled to use third-class postage, almost entirely, for direct mail."

R. K. Noye, Noye Co., Buffalo, N. Y.: "Our salesmen are the United States mails; the most efficient salesman in that organization is the first-class mail; the 1½-cent and 1-cent mail salesmen have their uses but the real work is entrusted to the first-class section. Now, we are threatened by a 50 per cent increase in that classification, which is a menace to our business and to all who use the mails for advertising and selling. If we were selling bolting cloth at a 25 per cent profit and elevator buckets at a 25 per cent loss, we would not think of imperiling our bolting-cloth trade by increasing the price of that line, but would rather try to increase the price of elevator buckets or to decrease the cost of handling and selling them. That would be the business way, unaffected by politics."

Simon A. Goldsmith, secretary Baltimore Clothes (Inc.), Baltimore, Md.: "The increase of 50 per cent in postage will undoubtedly remove from the mails hundreds of pieces that now ordinarily use this method. We are a large user of first-class postage for advertising, but the proposed increase can not help but have its effect in cutting down our use of the mails for this purpose. In citing our own opinion, we feel sure that we are voicing that of others who are following the same procedure."

Miss S. Fudman, the J. E. Fricke Co., Philadelphia, Pa.: "We have expended during the course of 1931 many thousands of dollars for postage used in advertising our products. If we are forced to pay 3 cents for our postage instead of 2 cents, which will mean 50 per cent additional, we will be compelled to curtail our advertising by mail and use some cheaper form. In this way the Government will not benefit as much as under normal conditions."

Manager the Toren Printing Co., Grand Rapids, Mich.: "We protest against legislation that is sure to take business away from the printer at a time our volume is already far below normal. And it is manifestly unfair to tax the only class of postage that—according to published statistics—now pays a profit of more than 17 per cent."

W. P. Exline, vice president William Exline (Inc.), Cleveland, Ohio: "Please be advised, that if the 3-cent postage bill is passed, it will practically ruin our businss. At a time like this, when concerns are struggling so hard to get business and really get business started upward again, this extra 50 per cent tax on direct first-class mail will certainly be a deathblow. Our concern is primarily a mail-order house; and if you double our mailing costs during this period of falling prices, it will throw all of our employees out of work."

A. F. B. Klein, A. F. B. Klein's Antiseptic Laundry, Chicago, Ill.: "In view of the extraordinary conditions which prevail in the laundry business, it would seem unfair at the present time to raise the cost of advertising."

Harry L. Coit, secretary the Bridgeport Pen Co., Bridgeport, Conn.: "Eliminating the circularizing of a product consequently decreases the possibility of promoting its consumption. Eliminating circularizing programs would further tend to curtail the use of thousands of items that make up such programs, with its attendant loss of employment to skilled labor absolutely necessary for its production."

J. M. Grolimund, H. & A. Selmer (Inc.), Elkhart, Ind.: "Inasmuch as we have found that we can operate our business more profitably by mail than by salesmen, you would be increasing our cost of operation by passing any bill that would increase the cost of first-class postage."

W. A. Freeman, Collins-Moore & Co., Louisville, Ky.: "We have made it a practice to furnish our clients with various information on securities they now hold by use of the mails. Of course, we realize absolutely no revenue from such a service. We do not feel that it would justify us to continue such a service by first-class mail if the rates were boosted on us. On the other hand, as a security house it would not be advisable to use third class, so the practice would probably be discontinued."

H. H. Epperson, Steele-Siman & Co., Sioux City, Iowa: "I was in Omaha last week in conference with some public-utility people, and understood from them that if the 3-cent rate went in they intended and had been making a national survey to eliminate the use of postage in delivering of all bills. This would be a big item, and no doubt it could be done and considerably cheaper by personal delivery than 3-cent postage. Understand that the Gas & Electric Co. of Des Moines, Iowa, have planned on this procedure."

President Lincoln Extension University (Inc.), Cleveland, Ohio: "Our institution is a home-study school and is required to make extensive use of the postal facilities to conduct our business. If this proposed increase in postage becomes a law, I feel it will force our institution to do one of two things: Either we will have to cease putting new business on our books until more favorable postal rates are again in effect or we shall have to resort to the use of third-class mail on quantities of mail that are now going first class. To make use of the latter privilege, it will result in a lesser revenue to the Government than it is now receiving from our institution."

The Arthur M. Rosenberg Co., New Haven, Conn.: "The Post Office estimate of $135,000,000 additional revenue if this measure goes through is incorrect, for the reason that present first-class mailers will either curtail mailings or become third-class mailers."

Circulation manager the Traffic World, Chicago, Ill.: "In our circulation department alone we mail in excess of 100,000 letters at first-class rate each year soliciting subscriptions. This doesn't include our general correspondence and our letters to present customers soliciting the renewal of their business. If the postage rate is increased from 2 cents to 3 cents a letter, it will raise our postage expense $10 a thousand, and as a result most of our sales material will go out under the 1-cent rate. In effect, therefore, the Postal Service instead of getting $2,000 revenue on this mail will collect only $1,000."

Mr. G. P. Haywood, Haywood Tag Co., La Fayette, Ind.: "Haywood Tag Co. is comparatively a large user of advertising through first-class mail. We are willing to pay 2 cents each to send out our advertising letters, but we will not pay 3 cents. If the proposed increase to 3 cents for first class is put into force, our first-class mailing will be discontinued and we will use third-class mail."

J. F. Kugan, Economy Furniture Co. (Inc.), Scranton, Pa.: "You will find one example in the following of what will happen if the proposed increase is made in the first-class postage rate; for a number of years our average expenditure for postage stamps has been about $5,000 a year. We are using first-class mail almost exclusively. If the proposed change is made, we shall in self-protection send at least two-thirds of our mail as third class. We believe that it will be found the same practice will be adopted quite generally."

William G. Wineor, jr., president Rhode Island Welding Co., Providence, R. I.: "If this tax is levied on first-class mail, it will be the 'last straw.' The change from first to third class mail in the conduct of direct-mail advertising and selling may cause the first-class mail, now operating at a profit, to face an actual deficit, for first-class mail will be used only where it is absolutely necessary. Let us stop 'robbing Peter to pay Paul' and put the burden where it belongs—on the other classes."

Mansur B. Oakes, president Insurance R. & R. Service, Indianapolis, Ind.: "We feel that the increase would create an awkward situation, that it would interfere with the plans of large numbers of business men, and instead of producing an increase in net revenue for the Government will have the opposite effect, that instead of using first-class for direct-mail advertising, the open-letter rate will be used, so that the revenue to the Government will be less instead of more."

J. M. Bedford, Kramer's, Akron, Ohio: "We wish to draw your attention to the fact that should the proposed tax on first-class mail go into effect, we will not only curtail on our direct-mail advertising but drop into the third-class mailers on the balance of the amount which we would do. At present we use approximately $1,200 worth of stamps per year, which represents approximately $208 profit; under the new proposed law we would use $900 worth or less, decreasing the profit to $150.

R. I. Bartholomew, vice president Publishers Printing Co., New York City: "First-class mail at the present time is largely used for circular letters. An increase of 50 per cent in postage will pretty nearly destroy this industry with the result that not only will this business suffer, but the receipts to the Government for first-class mail will actually be less rather than more."

R. C. Overacker, Poughkeepsie, N. Y.: "Just a word from one who pays a fair amount for postage throughout the year—represent one of many thousands. In the past I have sent all mailings first-class. If the increase to 3 cents takes place, I shall be obliged to mail third-class. The Government will lose rather than gain."

L. E. Fifer, sales manager E. A. Wright Co., Philadelphia, Pa.: "For years we have been extensive users of direct mail in the development of our business which was organized 60 years ago. The cost of securing business on this basis is high enough as it is, but with the large number of first-class mailings that we make yearly, 3 cents each would add a greatly increased burden to our present high cost of obtaining business. It would unquestionably result in our reducing our first-class mail to a considerable degree."

Lloyd Williams, Detroit, Mich.: "But with a 50 per cent increase in the cost of first-class postage it would not only be likely but certain that I would use third-class postage in these mailings. So as far as my mailings are concerned, and doubtless a vast number of mail users of the same sort, the Government would lose 25 per cent of the revenue from these mailings instead of gaining 50 per cent."

Lewis H. Carris, managing director National Society for Prevention of Blindness, New York City: "In common with many other similar agencies, we shall be particularly hard hit."

Dean W. Geer, president Dean W. Geer Co., Oshkosh, Wis.: "A 50 per cent increase on business mail at this time is bound to result in a great curtailment of the use of first-class mailings, and thus seriously affect the paper industry of the State as well as printers, envelope and ink manufacturers, and a number of allied industries."

M. E. Bews, sales department, Davidson Rubber Co., Boston Mass.: "We have found that contacts made by first-class mail, and followed up by third-class mail will bring excellent results. If the first-class mail is made 3 cents, it will simply mean that we will have to abandon our practice of sending our advertising by first-class, and substituting to some degree the third-class mail."

Don Herold, Los Angeles, Calif.: "My own postage tax (and I'm just a writer and advertising counsel) will be more than my income tax if this postage increase goes through."

J. C. Leahy, sales promotion department, Basian-Morely Co., La Porte, Ind.: "With the 3-cent postal rate in effect, it would be necessary for us to curtail direct-mail advertising, which is now being sent out first class. This would undoubtedly result in a loss of business to others as well as ourselves and contribute to the general unemployment situation."

Royal H. Miller, general sales manager Turner & Seymour Manufacturing Co., Torrington: "Our business is entirely a mail-order business, and it will do us serious harm to have this increase actually take place. Much mail now sent under the first-class rate will, if the postage increase goes into effect, be transferred to third class."

A. E. Puls, vice president the Fort Massac Chair Co., Cleveland: "Our company spends thousands of dollars a year in our direct-mail advertising, using first-class mail exclusively. To get our share of the business, or more if possible, our direct-mail advertising appropriation for the next 12 months is almost double what it has been during the past 12 months. If, however, first-class postage rates are increased, we shall most certainly reduce the amount of our mailings, or shift over to third class."

F. P. Berrington, sales manager Hascall Paint Co., Cleveland, Ohio: "However, if this bill should pass the Senate and receive the President's approval, we can truthfully state that we shall be compelled to curtail our mailings to a very considerable extent or become third-class mailers."

Arthur Clifford, chairman of publicity, Christ Episcopal Church, Bridgeport, Conn.: "Our parish sends out in excess of 3,000 pieces of first-class mail each year to our congregation, and with budgets as hard to raise as they are right now, we will simply have to cease such methods or use third-class mailings."

Miss Mary F. Dowd, Dowd Letter Shop, Chicago, Ill.: "Do not place it all on the business mail users where it is bound to result in great curtailment of first-class mailings effecting the paper, envelope, and ink manufacturers and printers and letter services generally throughout the Nation. I personally interviewed over 50 of my customers, and they have all emphatically stated that they will decrease the use of first-class mail if 3-cent postage is passed."

Edward P. Gates, Gates-Ways to Travel, Belmont, Mass.: "The imposition of this increase will practically make it impossible for me to continue solicitation of business by first-class mail. If this is true in my case with only a small business, it will obviously be even more true with large business concerns. The net result will be less postal returns for the Government and less business activity. This in turn will result in less employment and this will result in less Government income from taxes."

B. H. Harris, Harris, Reading, Pa.: "We feel sure that, like ourselves, first-class mail advertisers will either curtail mailings or become third-class mailers if the new rate is passed."

Arthur F. Williams, president Trade Circular Co., Chicago, Ill.: "One of our customers for whom we mail out every 90 days 10,000 under 2-cent stamp, and for whom we are getting out 10,000 now, says when the 3-cent postage goes into effect, he will use third-class matter and send out 15,000, at a cost of $225 instead of 10,000 at a cost—2-cent mail—of $200."

R. M. Gamble, Happ Bros. Co., Macon, Ga.: "We would regret exceedingly to see this legislation go through. We would be obliged to resort almost entirely to third-class postage in our direct-mail advertising. In anticipation of the passage of this bill, we are already experimenting with third-class mail, whereas in the past we have used first class exclusively. Our total mailing probably will be around 300,000 pieces each year, which, of course, will represent quite a substantial sum from our angle on postage."

W. A. Carran, president Valley Oil Co., Cleveland, Ohio: "Should this become a law we will have to curtail our mailings in order to overcome the expense, and the tax, instead of increasing revenue, will have the opposite effect, for curtailing mailings will mean less printing, less paper, ink, glue, etc., being used, and add to the constantly increasing ranks of unemployed. Lastly, it will mean no more revenue for the Government."

C. O. Warner, sales manager Rice Bros., Geneva, N. Y.: "Any sales-promotion work that increases consumption of any product will provide just that much additional employment. In our business, where we use a large amount of 2-cent mail in sales-promotion work, we are making plans to use more 1-cent postcards and 1½-cent mail, if the proposed 3-cent rate goes into effect."

Charles Gustafson, Jam Handy Picture Service (Inc.), Detroit, Mich: "Increase in first-class postage will seriously handicap this effort, and possibly result in complete curtailment. Such a reaction would affect not only Government revenue and our business volume but also printers, engravers, and other craftsmen."

Robert L. Eminger, secretary-treasurer American Pulp & Paper Mill, Miamisburg, Ohio: "Our association uses first-class mail to a large extent each and every year, as well as the Parcel Post System, and should we be forced to pay the increase of 1 cent per ounce for each letter it will cause us to curtail our mailing list to actual requirements for members only."

F. W. Osincup, sales manager CaPhenin Chemical Co., Waverly, Iowa: "If this measure is passed, this company will largely discontinue the use of first-class mail as an advertising medium, and will use instead third class almost entirely."

David E. Fisher, the Brownie Folks & Associates, Hummels Wharf, Pa.: "The passing of this bill will cause me and others to curtail our mailings considerably and to use third-class mail in place of first class. Revenues will decrease and business will decrease, and God knows business is at a low enough level now. Absolutely no good will be accomplished by the passing of this bill."

Mr. SCHALL. Mr. President, in expressing my objection to increasing Government revenue by substituting the 1921 postal second-class matter schedule for the present second-class postage rates, I ask that a letter from the owner and publisher of the leading daily newspaper of the Northwest, the Minneapolis Tribune, be read; also a letter from the publisher of the St. Paul Daily News.

The PRESIDING OFFICER. Without objection, the letters will be read.

The legislative clerk read as follows:

THE MINNEAPOLIS TRIBUNE,
May 11, 1932.

Hon. THOMAS D. SCHALL,
Senate Office Building, Washington, D. C.

DEAR SENATOR SCHALL: Although I have given more or less thought and study to the problem of newspaper transportation costs in this Northwest territory and elsewhere for the past 40 years, I can not sense the wisdom of the Senate Finance Committee in its decision to increase Government revenue by substituting the 1921 postal zone second-class-matter schedule for the present second-class postage rates.

While the present rates, which have been in force during the past four years, are high in comparison with rates charged for newspaper distribution in ways other than through the mails, the reinstatement of the 1921 schedule would serve to force from the mails millions of tons of newspapers and periodicals into other channels for delivery.

Since the end of the World War we have sought relief from rates enacted as a war revenue measure—rates that are an increase of approximately 100 per cent over pre-war rates. And finally, after eight years of effort on the part of publishers, Congress in 1928 gave us some relief by enacting the second-class-matter schedule, under which we now operate.

If the 1921 schedule is restored, the average rate in the eight postal zones for newspaper space devoted to advertising matter would be increased 47 per cent over the present schedule. The per cent of increase in the various zones would range from 33⅓ in the first and second zones to a maximum of 66⅔ per cent in the fourth zone.

It is quite obvious that in the present economic situation the proposed advance in newspaper postage rates would be practically prohibitive to publishers of northwest metropolitan newspapers. It would simply force them to abandon the mails wherever possible and substitute other and more economical means for distributing their product.

I confidently think you and I are agreed that an advance in postage rates of 33⅓ per cent in the first and second zones and 50 per cent in the third zone for that portion of the publication devoted to advertising matter is excessive and not reconcilable to the prevalent economic situation.

If the 1921 schedule were reinstated at this time I could not pass the toll along to my subscriber by advancing the subscription rates of the paper, nor do I feel that I could afford to pay the Government those confiscatory rates.

I think in all sincerity that if you were in my place you would view the situation about the same as I do. As I see it, Senator, if this proposed advance in rates is for the purpose of raising revenue, the Government will fail in its undertaking.

As for my own case, about 90 per cent of the Minneapolis Tribune's country circulation that is distributed by mail is in the State of Minnesota and eastern North and South Dakota. With the construction and extensive improvement of highways in our circulation territory during the past 12 years the motor vehicle has taken a conspicuous place in northwest transportation delivery service.

Trucks, busses, and automobiles are rendering efficient newspaper-delivery service at considerably less cost to publishers than can be obtained by using the mails.

Railroads offer a newspaper baggage rate ranging from one-half cent to nine-tenths cent per pound, according to zone, nine-tenths cent being the maximum rate. You will please note how these rates compare with the 1921 mail charge of 1½ cents per pound for reading matter and 2 and 3 cents per pound for advertising space (2 cents in zones 1 and 2 and 3 cents in zone 3). Newspaper baggage and mail are handled on the same train. A Twin City trucking concern renders an excellent newspaper-delivery service for seven-tenths cent per pound.

The foregoing rates apply in Twin City territory. In other sections of the country that are more densely populated motor delivery and baggage newspaper rates are less than in the Northwest.

While the newspaper will continue to use the mails, the volume of business sent through the mails would be greatly reduced, and revenue obtained by the Government from this source on an increased rate would not compensate for the loss caused by reduction in volume. It would be practically prohibitive under the 1921 schedule for the Minneapolis Tribune to deliver by mail the volume of newspapers now being handled in that way.

The first and second Minneapolis and St. Paul postal zones comprise the territory within a 150-mile radius of the Twin Cities. Newspaper baggage and truck delivery rates for Twin City newspapers in this territory range, according to distance, from one-half cent to three-fourths cent per pound. The 1921 postage rates in the same territory are 1½ cents per pound for reading matter and 2 cents per pound for advertising.

It is obvious that the disparity between the baggage truck and postal rates would result in transferring all shipments possible from the mails to other channels of delivery. The situation in this territory is not unlike that in other sections of this country. If the 1921 zone rates are restored, what happened in 1921 will recur in 1932, namely, the advance in newspaper postage will

divert thousands of tons of publications from the mails to other channels for delivery, and the Government will suffer a loss rather than an increase in revenue.

I trust, Senator, you will give the matter due consideration and bear with me in my contention that this is not the time to advance second-class postage rates.

Yours truly,

F. E. MURPHY, *Publisher.*

THE ST. PAUL DAILY NEWS,
May 20, 1932.

Senator THOMAS D. SCHALL,
Washington, D. C.

MY DEAR SENATOR: In the proposed new revenue-producing tax bill that is being considered by the Senate at the present time, there is under consideration an increase in second-class postage. This is a matter that has been thrashed out by publishers of the United States and Congress on several occasions.

It is my firm conviction that second-class mail users produce a very large percentage of first-class mail. Practically every advertisement that appears calls for correspondence by first-class mail. The increase in second-class postage would put out of business a large number of national publications that cater to rural subscribers. As you probably know, the so-called mail-order advertising has been decreasing very materially the last three years. It is almost impossible for these publications to exist with the present volume of advertising they are receiving and the added burden of increased postage would be more than they could bear, and many of them would have to discontinue.

This class of publication running mail-order advertising produces a great amount of first-class postage because every advertisement calls for a reply by first-class mail, and the elimination of this class of publication would mean a decrease in your first-class postage that I believe would amount to more money in the long run to the Post Office Department than the anticipated increase in second-class postage would produce.

It is admitted that first-class postage is handled at a profit. However, I heartily agree with the idea of charging 3 cents for letter postage, as I believe that the Government should handle the Post Office Department on a profitable basis as a whole.

Newspapers of the United States will pay a large percentage under first-class mail, amounting in our case to a good many thousands of dollars each year. This, we think, is just and proper.

So far as second-class postage is concerned, records show that for our publication this class of mail has gone down ever since 1928. We have been forced in competition with other daily papers in the Twin Cities to have our papers sent to small towns throughout the State by truck, which we find is very much cheaper than by second-class postage, and on account of the elimination of trains we make much better time.

While our total circulation has remained approximately the same, our circulation has gone in some measure from second-class mail to trucks. This means that the farmer who formerly took a daily paper at his home can no longer do so, because of the price, and if second-class postage is increased, as anticiapted in this tax bill, it will probably be necessary to increase the subscription price to him still further.

There has been an intensive campaign on small-town circulation because of the cheap transportation charge. As the matter stands in Minnesota at the present time, small-town inhabitants are reading daily papers more than ever and the farmer is reading less than ever. This condition is wrong, and it should be the reverse. The farmer is entitled to his daily paper the same as the city men, and he should be permitted to have it without excessive cost.

For your information, I am giving you herewith a record of our publication showing the amount of money that we have paid the Post Office Department during the period from 1918 to 1931:

1918, old rate	$38,699.91
1919, first step	53,110.68
1920, second step	67,841.45
1921, third step	75,440.71
1922, fourth step	77,436.19
1923, fourth step	77,180.70
1924, fourth step	76,941.06
1925, fourth step	89,440.49
1926, fourth step	97,313.72
1927, fourth step	93,900.26
1928, July 1, revised	73,900.26
1929, July 1, revised	63,141.04
1930, July 1, revised	53,595.79
1931, July 1, revised	44,882.53

You will remember the old rate was in effect in 1918. Steps 1, 2, 3, and 4 were then put into effect and remained for six years. In 1927 Senator MOSES was chairman of the committee to investigate second-class postal rates. The result of his exhaustive investigation was that in July, 1928, the present rate was put into effect. You will note that under the fourth step our postage rate was increased considerably. This was due largely to the increased size of our paper, due to advertising.

In 1928 the farmer's products became unprofitable and you will note from the record that thereafter subscriptions were discontinued in large numbers. The present tendency for 1932 is downward.

It would appear that the increase in postage means an added burden only to the rural route man and the farmer, adding a further burden to his already overloaded shoulders. An increase in second-class postage does not mean anything in the way of additional expense to the small-town subscriber or to the city subscriber. The entire burden will fall upon the rural routes.

In view of the fact that the Senate Finance Committee did not go into the justice or injustice of this increase in second-class postage nor allow publishers the privilege of being heard before this committee, we would like to urge that this particular subject be referred to for investigation by the House and the Post Office Committees where it has been handled heretofore, and where they have all the records of the investigations that have taken place.

We are not trying to evade our just share of the taxes, but we believe it is a hardship on the farmer who is already overburdened.

We thank you for your cooperation.

Respectfully yours,

N. W. REAY.

Mr. MOSES obtained the floor.

Mr. BANKHEAD. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield for that purpose?

Mr. MOSES. I yield for that purpose.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Howell	Sheppard
Bailey	Cutting	Hull	Shipstead
Bankhead	Davis	Johnson	Shortridge
Barbour	Dickinson	Kean	Smith
Barkley	Dill	Kendrick	Smoot
Bingham	Fess	Keyes	Steiwer
Black	Fletcher	King	Thomas, Idaho
Blaine	Frazier	La Follette	Thomas, Okla.
Bratton	George	Lewis	Townsend
Broussard	Glass	McGill	Trammell
Bulkley	Goldsborough	McNary	Tydings
Bulow	Gore	Metcalf	Vandenberg
Byrnes	Hale	Moses	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Oddie	Walsh, Mont.
Cohen	Hatfield	Patterson	Watson
Connally	Hawes	Reed	Wheeler
Coolidge	Hayden	Robinson, Ark.	White
Copeland	Hebert	Robinson, Ind.	

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, there is a quorum present.

Mr. SMOOT. Mr. President, will the Senator from New Hampshire yield to me?

Mr. MOSES. I yield.

Mr. SMOOT. I have two unanimous-consent requests which I desire to submit. They are the usual requests always presented during the consideration of a tariff bill or a revenue bill. I send them to the desk and ask that they be submitted.

The PRESIDING OFFICER. The clerk will read.

The Chief Clerk read as follows:

I ask unanimous consent that in the engrossing of the amendments of the Senate to House bill 10236, the revenue and taxation bill, the Secretary of the Senate be authorized to make such changes in such table of contents as may be necessary to make such table conform to the action of the Senate in respect of the bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will read the second request.

The Chief Clerk read as follows:

I ask unanimous consent that in the engrossing of the amendments to the pending revenue bill (H. R. 10236) the Secretary of the Senate be authorized—

(1) To make such clerical changes as may be necessary to the proper numbering and lettering of the various portions of the bill, and to secure uniformity in the bill in respect of typography and indentation; and

(2) To amend or strike out cross references that have become erroneous or superfluous, and to insert cross references made necessary by reason of changes made by the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. SMOOT. There is one more request I desire to prefer, Mr. President. I ask unanimous consent that when the pending bill is passed, it be printed, showing the Senate amendments numbered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MOSES. Mr. President, there are two points upon which I find myself in disagreement with the Senator from Nevada [Mr. ODDIE], the chairman of the Senate Committee on Post Offices and Post Roads, first, with reference to his

altogether too generous reference to me as an authority in matters of postal rates, and, second, in the position which he has taken concerning the proposed increase in first-class postal rates.

Under an emergency such as now confronts us, and discovering anywhere in the governmental activities a source of income as productive as the increase in the first-class letter rates, as easily to be collected, and presumably resting so lightly on those who have to pay it, I am of the opinion that that portion of title 8 in this bill should be accepted.

It will be remembered that 3 cents was established as the rate upon first-class mail during the war, under circumstances almost exactly like those which now confront us; that is to say, the necessity of securing much revenue easily and quickly, and, so far as I know, there was no expression of resentment anywhere in the country against that.

I have always thought that the Congress made a great error in selecting that particular element of our tax laws as the first step in the reduction of the tax burden which the war had laid upon us. If we had continued the 3 cent rate, the Postal Service would have been infinitely better off, and no one would have materially suffered. Accordingly, Mr. President, I hope that that portion of title 8 may be agreed to.

The amendments which the Senate Committee on Finance have made to this title, however, seem to me to be open to very grave objection. In the first place, if they should all be agreed to, the revenue to be produced, at the maximum, would be but $5,262,000, and it is my opinion that even this meager figure of increased revenue could not be procured.

Members of the Senate who are at all familiar with the newspaper business, or with the publishing business in general—and I am happy to note that the fourth estate has increased its representation in this Chamber in recent months—those of us who know something about the ramifications of the newspaper business or the publishing business in general, well understand the diminution in the number of impressions which is taking place in every press room of the country, and well understand the diminishing advertising content of all the periodicals which are published in the country, and well understand what the effect will be upon that diminishing advertising content if a further burden in the way of postal rates is laid upon it.

The fact is that in the slender part of the testimony which the committee took upon this subject there is substantially nothing of consequence which warrants the conclusion which the committee reached. Whereas, on the other hand, upon page 9 of the testimony will be found tabulated the recommendations which the Post Office Department has made concerning rates, recommendations which are now pending before Congress in one House or the other, and which, if adopted, would practically wipe out the existing postal deficit, leaving it at any rate only about $16,000,000 a year, a deficit, may I say, Mr. President, which means nothing to the people of the country, who, in my opinion, have no special desire that the Postal Service shall be made self-sustaining, but who want from the Postal Service as much service as is possible for the money which it costs.

Mr. President, I join the chairman of the Committee on Post Offices and Post Roads [Mr. ODDIE] in his expression of indignation that the Committee on Finance, with so slender a volume of evidence to support it, should have undertaken to make such sweeping changes in the schedule of postal rates, involving so many and so diverse interests as these. The Senate Committee on Finance could not possibly under any circumstances have the background or knowledge regarding the Postal Service, regarding the revenues received from this, that, or the other class of mail, to enable it to have established the schedule of rates contained in the amendment which the committee has proposed. If second-class postal rates are to be amended even temporarily, covering a period of only two years, it is my contention, in common with that of the chairman of the Committee on Post Offices and Post Roads, that the subject should have been dealt with by the Committee on Post Offices and Post Roads, where will be found all the information growing out of previous investigations and where will be found the opportunity to secure the expert information which is necessary in such a revision.

The revision here proposed is a mere rule-of-thumb method, with slight information upon which to base any estimate of what it will produce and even, as I have said, if it produces the maximum it would be but little over $5,000,000. I am firmly of the opinion that there should be another scrutiny of the entire schedule of postal rates. It is now nearly eight years since those rates have been studied with any view to revision. Manifold changes have taken place in the transportation system of the country within those eight years. Manifold changes have taken place with reference to the relative volume of the four classes of mail. If postal rates are to be revised, that revision should not take place hastily as is proposed in this amendment, but should take place, as the prayer book cautions those who are entering into the state of matrimony, advisedly, soberly, and in the fear of God.

Mr. President, if the Committee on Finance seriously intended to study the postal situation with a view to increasing the public revenues, it could not possibly have contented itself with dealing only with the second-class postage. There is another class of postage which, to my mind, is as great an offender as those who use second class, but wherein there happens to be a group of advocates whose vigor has not thus far been overcome. I am speaking of the fourth class, the parcel post.

Under the administration of Postmaster General Burleson, the method of pay for the transportation of all classes of mail by rail—that is to say, that item in the postal appropriation bill under the title of inland transportation of mail—was changed from weight to bulk, and we now purchase transportation for mail by so many linear feet in a standard car, and yet we continue to sell transportation of mail by weight. The consequence is that fourth-class mail, the parcel post, comprising more than 60 per cent of the total cost of the mail, the basis upon which we pay for transportation, more than 60 per cent of the weight of mail, the basis upon which we sell transportation, yields less than 27 per cent of the total postal revenues.

Whenever we have attempted to deal with that special privileged class of mail matter we have been confronted with the anguished cries of those who still send up their clamor to Heaven in behalf of the farmer, and we have been unable to lay upon that class of mail the burden of service which it receives because of its benefits to agriculture. Yet only one-tenth of 1 per cent of all the parcel-post packages in the country either originate or are delivered upon rural free delivery routes. If the postal-rate schedule is to be reexamined for the purpose of assuring enlarged and immediate revenues, I can not understand why the Committee on Finance should not have chosen that class of the mail for its purpose.

But to return, Mr. President, to the proposal contained in the committee amendment with reference to second-class mail matter, let me point out that the great cost to the postal service is contained in the item of labor. Each individual piece of mail has to be handled so many times from the moment it enters the post office until the moment it reaches the hands of the addressee. In second-class matter there will be found not only the newspapers and the periodicals, but there will be found also a class enjoying a special privilege, the class known as religious, educational, agricultural, and so forth, classifications.

These publications number more than 6,000. They range in size from periodicals of more than 100 pages and weighing nearly 2 pounds each, down to single leaflets of two pages requiring more than 100 to the pound, and hundreds of them comprising no more than four pages and running more than 60 to the pound. These periodicals have a privileged rate of 1¼ cents per pound all over the country, regardless of zone, regardless of the weight of their advertising contents; and yet I venture to say that more than two-thirds of those 6,000 newspapers and periodicals are newspapers and periodicals in the true sense of the word, are published in competition with legitimate newspapers and

periodicals, a competition which extends to advertising and circulation, and yet which enjoy this preferential treatment that probably costs the Government more than $50,000,000 a year.

That, Mr. President, is the second of the catalogue, which might be extended, of the discriminations which exist in the postal service and which can not be dealt with in any slapdash fashion, such as is now proposed in this amendment in connection with the second-class mail matter.

I have already said, in the course of an interruption which the Senator from Nevada [Mr. ODDIE] permitted me, that the Post Office Department itself has admitted that many of these larger periodicals now pay their way and some of them, which run to the higher weights, more than pay their way. The discrimination now proposed in this amendment seems to me to be so objectionable in its character, so futile in the amount of revenue which can be raised from it, even believing that the total maximum estimate is correct, that it should be rejected in toto, the amendment proposed by the Senator from Alabama [Mr. BANKHEAD] should be withdrawn, and the Senate should reject the proposal which the committee has presented to it.

Mr. BANKHEAD. Mr. President, I am willing to withdraw the amendment so we can have a direct vote on the whole provision——

Mr. MOSES. I thank the Senator.

Mr. BANKHEAD. With the understanding that if the entire provision is not defeated then I shall reintroduce the amendment.

Mr. MOSES. Mr. President, I believe that we could profitably reexamine the whole question of the Postal Service, that we could profitably revise the entire schedule of postal rates in every class. In connection with that examination and revision I think there could be developed here—although I am not sure that this is the place to develop it—some legislation which would make the Postal Service a little less complex so far as its being understood is concerned, a little more efficient so far as some branches of its ramifications are concerned.

What I mean by that is that the bookkeeping system in vogue in the Post Office Department is archaic beyond expression. It is not possible to obtain from the Post Office Department a single set of figures with reference to rates from the various classes of mail which will be accurate. Estimates? Indeed, yes; without number. The Senate during the consideration of this bill has been fed up with estimates. No one of the estimates emanating from the Treasury Department could possibly have been as misleading as many of the estimates which from time to time have been laid before the Committee on Post Offices and Post Roads, as it has studied the question of postal rates.

I once asked the most experienced, and certainly the cleverest, of all postal employees whom I have ever met if he could give to the subcommittee, of which I was chairman, a statement of the receipts of the Post Office Department for a given quarter from each of the four classes of mail. He could not do it. I then asked him what he would think of a wholesale dry-goods establishment which could not tell at the end of the year how much it had received from the sale of silk or laces or velvets. Of course, the answer was silence.

Mr. SMOOT. Mr. President, in justice to the Treasury Department, I want to say that they made no estimate at all. That was left entirely to the Post Office Department, and the estimates we have on this matter are the estimates of the Post Office Department and not the Treasury Department.

Mr. MOSES. Yes; I said at the outset that they would find upon page 9 the estimate of the Post Office Department as to what this amendment would produce at the maximum.

Mr. President, these facts are well fortified by masses of testimony taken by the Committee on Post Offices and Post Roads and by various postal commissions which have been set up by joint action of the two Houses of Congress and upon each one of which I have had membership, the first being the great Postal Commission—I say "great" because of the senior personnel which it then contained, its chairman being the former beloved Senator from Alabama, the father of the sitting Senator from that State [Mr. BANKHEAD]—down to the joint select committees which have taken testimony in recent years.

Upon the background of all that experience, Mr. President, I protest against the adoption of an amendment such as the committee has proposed; and I say that if the Congress or if the Senate wishes to get information upon which a complete revision of the postal-rates schedule may be made, and possibly a complete reorganization of the Postal Service—a subject to which some Senators are warmly devoted just now—the way to do it is through a resolution of the Senate or a joint resolution of Congress, but not through thrusting into legislation such as this bill is, a rule of thumb, a slapdash proposal such as the one presented to us by the committee.

Mr. HOWELL. Mr. President, the Post Office Department is nothing but a public utility; it operates for revenue; and it is a ground for condemnation of Congress that it allows a public utility to be operated by the United States at a loss of $170,000,000 a year.

It is not a difficult matter to determine what is the cost of carrying the various classes of mail, and it is a question which should be determined. Then, after being determined, if Congress sees fit to subsidize particular classes of mail, that is what should be done. I am not here urging that each class of mail should pay the cost of carrying it, although, as a general principle, that should be the case. However, Mr. President, now, when we are in such a state of mind that we are willing to adopt economies and to make efforts to curtail, is the time to act, for when we are flush we are inclined to be negligent, and we have been negligent in this case.

During the last seven or eight years there has been a deficit of $600,000,000 in the Post Office Department, and we have allowed it to go on without any constructive attention whatever. I have an amendment which I have prepared and which I propose to offer. It proposes that the 3-cent postage rate shall go into effect; that it shall remain in effect for the next year; that in the meantime the Interstate Commerce Commission shall investigate the cost of carrying the various classes of mail; that at the end of the year, when Congress has an opportunity to consider the rates proposed by the Interstate Commerce Commission, the Congress may make appropriations for subsidizing particular classes of mail. Then there will be no concealed subsidies whatever, and the Interstate Commerce Commission will be able to take into consideration any subsidy authorized and make the rate accordingly.

Moreover, I propose that there shall be a class of stamps for franking purposes; and that the Government of the United States shall pay its share for carrying franked mail. In other words, my amendment, if adopted, will put the Post Office Department upon a business basis, the Government paying what it ought to pay; each class of mail paying what it should pay, less any subsidy which Congress may see fit to provide.

Mr. President, in that way we can place the Post Office Department on a business basis; we will have no more difficulties about deficits; it will be operated so that we may be proud of the results and not ashamed of them as we should be now, because, as I have said, although the Post Office Department is nothing but a public utility, operated for income, we are operating it in such a slipshod manner that there was a deficit of $170,000,000 last year.

I have an amendment which I propose to offer. It has received the approval of a previous Postmaster General; in fact, he wrote me that if such an amendment could be put into effect the problem of the Post Office Department would be solved. My suggestion is right along the line of that of the Senator from New Hampshire [Mr. MOSES], because it provides for an investigation before the proposed second-class rate shall be put into effect. It further provides for putting into effect the 3-cent rate until the end of the next fiscal year, when we can make a general readjustment should we see fit to do so.

Mr. President, I offer the amendment which I am sending to the desk, and ask that it may be read.

The VICE PRESIDENT. There is another amendment pending.

Mr. HOWELL. That amendment was withdrawn, Mr. President.

The VICE PRESIDENT. Did the Senator from Alabama withdraw his amendment?

Mr. BANKHEAD. In order that the situation may be made clear, let me inquire, in the event the committee's amendment should be adopted, would I then have the right to offer my amendment exempting newspapers and other publications?

The VICE PRESIDENT. The Senator would not have the right to offer such an amendment in the place where he has offered it unless there should be a reconsideration of the vote whereby the committee amendment was adopted.

Mr. BANKHEAD. I am willing to withdraw my amendment for convenience and to save time and for the purpose of reaching a direct vote, but I do not want to waive the right, unless it becomes necessary, to act directly upon the provisions of the amendment.

Mr. HARRISON. Mr. President, I should like to ask the Senator in charge of the bill a question. As I understand, the Senate committee amendment involves some $3,000,000?

Mr. SMOOT. There are $5,000,000 involved.

Mr. HARRISON. Why can we not have unanimous consent to vote viva voce on that recommendation; and then, if it is adopted, that any Senator may offer an amendment to it.

Mr. SMOOT. Does the Senator from Nebraska desire to have action upon his amendment now?

The VICE PRESIDENT. The question first is on the committee amendment, because the amendment of the Senator from Nebraska proposes to strike out the House text as well as the committee amendment.

Mr. HOWELL. No; I beg pardon, Mr. President.

Mr. MOSES. Why should it not be well to adopt the suggestion of the Senator from Mississippi and simply have a unanimous-consent agreement that a viva voce vote be taken on the Senate amendment, and then, if it is agreed to, that any amendment may follow?

Mr. HOWELL. Mr. President, the amendment I have offered does not strike out the House provision for a 3-cent rate on first-class postage, and it will not affect the action of the Senate on second-class mail, because I have not provided in my amendment that there shall be a charge or no charge on second-class mail.

The VICE PRESIDENT. May the Chair state that the wrong amendment was handed to him. The first amendment does provide for striking out a portion of the House text. The Chair is now advised that he had the wrong amendment.

Mr. SMOOT. Mr. President, may the amendment be stated so that we will know just what it is?

The VICE PRESIDENT. The Secretary will read the amendment proposed by the Senator from Nebraska.

The CHIEF CLERK. On page 310, line 10, it is proposed to strike out "1934" and insert "1933," and on page 311, after line 18, to insert the following:

"SEC. —. (a) The rates for each form or classification of postal service shall be based on the actual cost thereof, but no rate shall be reduced below that in effect during the fiscal year of 1931; and, subject to the foregoing limitations, said rates shall be fixed and determined from time to time by the Interstate Commerce Commission, subject to the same legal provisions, rules, and regulations now in effect respecting the determination of railroad and express rates: *Provided, however,* That where Congress shall from time to time make special appropriations to the end of reducing the charge for any particular service, then, and in such case, said Interstate Commerce Commission shall take into consideration such special appropriation or appropriations in determining such rate or rates as though the same were derived from payments for such service.

"(b) The Postmaster General shall be, and he is hereby, authorized and directed to provide an additional form and series of postage stamps to be known as franking stamps, which shall hereafter be affixed to all official and other mail now entitled to the franking privilege, and in the same amount or amounts as in the case of mail matter not entitled to free delivery. Such stamps shall be delivered, upon proper receipt therefor, to officials and others entitled to the franking privilege; and the Interstate Commerce Commission shall take into consideration the amount of such stamps used in lieu of regular stamps as postal income from the various classes of postal services.

"(c) During any period any increased rate of postage fixed pursuant to the provisions of subsection (a) remains in force, only the receipts which would have accrued at the rates in force on the effective date of this section shall, until otherwise provided by law, be counted for the purpose of determining the class of the post office or the compensation or allowances of postmasters or of postal employees of post offices of the first, second, and third classes, and for the purpose of determining the commissions (as distinguished from the compensation and allowances based thereon) of postmasters of the fourth class.

"(d) This section shall take effect July 1, 1933."

Mr. SMOOT. Mr. President——

Mr. MOSES. Will the Senator permit me to ask a question of the Senator from Nebraska?

Mr. SMOOT. Certainly.

Mr. MOSES. The amendment proposed by the Senator from Nebraska is clearly a complicated piece of postal legislation. I wonder if the Senator would be willing to accede to a motion which I should like to make, that the proposal of the Senator from Nebraska be referred to the Committee on Post Offices and Post Roads? I think the chairman of the committee will agree with me that the committee will promptly give a hearing on the proposal and promptly report it to the Senate.

Mr. HOWELL. Mr. President, this amendment has already been before the Committee on Post Offices and Post Roads.

Mr. MOSES. It certainly has not been heard.

Mr. HOWELL. It has not been referred to the Committee on Post Offices and Post Roads at this session, but it has been referred to that committee in the past. It is a proposal that I have had in mind for a long time, but felt that I could not get any action on it and I was anxious to present it now when we are of a mind for economy. Such a time always affords the opportunity in great enterprises to introduce such reforms; and if we pass it over now we will forget about it.

Mr. SMOOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. HOWELL. I yield.

Mr. SMOOT. As I heard the amendment read there are a number of things in it which I should like seriously to consider, but we have not time to do it now. I think perhaps the best thing to do would be to accept the amendment and let it go to conference, and we will see whether there is anything we can do under it that would enhance the revenue of the Government from first-class postage. I have no objection, if the Senate has none, to accepting the amendment and letting it go to conference.

Mr. NORRIS. Mr. President, I could not hear what the Senator said.

Mr. SMOOT. I say that I see some benefit in the provision.

Mr. NORRIS. Whose provision?

Mr. SMOOT. The amendment of the Senator's colleague.

Mr. NORRIS. Yes. I have no objection to that, but the pending amendment as I understand is the amendment of the Senator from Alabama.

Mr. SMOOT. The amendment of the Senator from Nebraska [Mr. HOWELL] was just read.

Mr. NORRIS. I heard it read.

Mr. SMOOT. From the statement the Senator from Nebraska [Mr. HOWELL] has just made about the amendment and from hearing it read—and that is all I know about it; I have not given any study to it—it seemed to me to contain suggestions worthy of consideration.

Mr. NORRIS. I have no doubt of that; I am not objecting to that.

The VICE PRESIDENT. Let the Chair suggest that the discussion is out of order; that the committee amendment is now before the Senate.

Mr. SMOOT. But I wanted to finish my statement so the Senator from Nebraska may know that, so far as I am concerned, I should like to see the amendment offered go to con-

ference, and then we will check up on the conditions and the facts with the department and see if we can get some advantage out of it, that is all.

Mr. FLETCHER. Mr. President, if the Senator will yield a minute, I do not think that that amendment has any bearing on the committee amendment, and it can be offered separately afterward.

Mr. SMOOT. That is another thing to which I was going to call attention.

Mr. FLETCHER. Let us vote on the committee amendment, and then the Senator from Nebraska can offer his amendment.

Mr. SMOOT. I thought at this time we had better get through the whole thing at once.

Mr. COUZENS. Mr. President, the Senator from New Hampshire a while ago indicated that the Committee on Finance had not given any consideration to the proposed amendment to second-class rates. I want to advise him, although I am in doubt whether the hearings were printed or not, that on May 3 the Postmaster General appeared before the Finance Committee and testified in connection with that matter.

Mr. MOSES. I hold the printed copy of that hearing in my hand, and there are nine pages dealing with a matter involving $170,000,000.

Mr. COUZENS. Did the Senator notice what the Postmaster General said in connection with the rates on second-class matter? The Senator did not refer to it, and indicated that the Finance Committee had no advice in connection with the matter.

Mr. MOSES. Oh, no, Mr. President; I said that on page 10 Senators will find what the Postmaster General said; and he indicated that the maximum revenue would be $5,260,000.

Mr. COUZENS. But he recommended it.

Mr. MOSES. As a tentative proposal, according to the printed copy.

Mr. COUZENS. Yes; but he said that we could raise $5,000,000 by doing it.

Mr. MOSES. Yes; I said that.

Mr. COUZENS. I did not hear the Senator say it. The Senator said——

Mr. MOSES. That the maximum that we would get out of it was $5,000,000.

Mr. COUZENS. That is true; but the Senator did not state that the Postmaster General recommended it. I wanted the Senate to understand that the Finance Committee did not act without having what we considered an authoritative recommendation as to the action.

Mr. MOSES. I do not think the printed copy indicates that the Postmaster General recommended it, inasmuch as there is a printed subhead in small caps, as the printer would say, "Tentative proposals not included in the above."

Mr. COUZENS. Yes; but let me draw the Senator's attention to the testimony. I have before me the stenographic report. The pages may not agree with the pages of the printed copy the Senator has; but after discussing the second-class rates, the Senator from Pennsylvania [Mr. REED] asked the Postmaster General:

> What recommendation do you make as to the increase in the rates on second-class mail matter?
> Postmaster General BROWN. Well, we make no recommendation, Senator, as to action in a revenue bill. We think a 10 per cent increase would be justified.

I should like to know if that is not a recommendation.

Afterwards, the Senator from Wisconsin [Mr. LA FOLLETTE] said:

> How much revenue would it produce?
> Postmaster General BROWN. About $5,000,000.

So that while technically the Senator from New Hampshire may be correct, as the Senator says, the Postmaster General said, "We think a 10 per cent increase would be justified"; and I submit that that is a recommendation.

Mr. MOSES. I have not been able to find that in the printed copy, but I will look for it.

Mr. COUZENS. It is in the stenographic report from which I have just read.

Mr. MOSES. As the Senator well knows, many a stenographic transcript differs from the printed copy.

Mr. COUZENS. That was one reason why I was anxious to get the stenographic copy, to see that it was not changed.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the amendment proposed by the Senator from Alabama [Mr. BANKHEAD], unless he withdraws it.

Mr. BANKHEAD. For the present I withdraw that amendment, so that the vote may be taken directly on the main proposition.

The PRESIDING OFFICER. The question, then, is on the amendment offered by the Senator from Nebraska [Mr. HOWELL].

Mr. NORRIS. I understand that there is no objection to the amendment of the Senator from Nebraska. I desire to speak on the committee amendment.

The PRESIDING OFFICER. The Senator from Nebraska has the floor.

Mr. NORRIS. Mr. President, I can not see any real, fundamental difference between this amendment and any other tax-increasing amendment that we put on this bill. It is not, perhaps, because we desire to increase this rate, although it is an open secret, as I understand, that under existing law the Post Office Department loses about $90,000,000 a year on account of carrying second-class mail matter for less than actual cost.

Now, when we are going to be compelled to get additional revenue and find some place where we can make the levy to produce that revenue, why is it not appropriate to increase the second-class rates, under which at the present time we are losing millions and millions of dollars? Even when this increase is made, if this amendment should be agreed to, we will still lose many millions of dollars in carrying second-class mail matter.

Why should not newspapers stand their proper share of these increased burdens that must rest heavily upon the shoulders of all classes? Why should we select them as a special class and give them tax-free opportunities that now cost the Government more than $90,000,000 more than the Government is getting out of them?

Mr. President, I notice that in the committee amendment the rate for the first and second zones is 2 cents. I will ask the Senator from Utah what is the rate now, and for the third zone?

The Senator from Utah tells me there is a 1-cent increase on each zone.

How much additional revenue is it estimated that these rates will produce?

Mr. SMOOT. Five million dollars.

Mr. COPELAND. Mr. President——

Mr. NORRIS. I yield to the Senator from New York.

Mr. COPELAND. I find on page 3 of the hearings the following:

> Senator LA FOLLETTE. How much revenue would it produce?
> Postmaster General BROWN. About $2,500,000.

Mr. COUZENS. Mr. President, will the Senator yield at that point?

Mr. NORRIS. They raised the rates higher than the Postmaster General suggested, as I understand.

Mr. COUZENS. No; the testimony that is on my desk is the stenographic report of the testimony, and that plainly says "$5,000,000." The testimony apparently was revised after the stenographic notes were sent to the Postmaster General, and the amount was changed from $5,000,000 to $2,500,000.

Mr. COPELAND. Mr. President, if the Senator will yield——

Mr. NORRIS. Yes; I yield.

Mr. COPELAND. This is the full reply:

> How much revenue would it produce?
> About $2,500,000.

Mr. SMOOT. Go on and read the next statement.

Mr. COPELAND (reading):

> The revenue act of 1917 made effective certain progressive increases in rates; and if those rates were effective now to their maximum limit in 1921, they would increase our revenues by about $5,000,000. That is, if that increase did not put the newspapers and magazines out of the mails.

Mr. COUZENS. Mr. President, that is not what he testified to.

Mr. COPELAND. I only know what I have been handed by the Government.

Mr. COUZENS. I have the original transcript of the stenographic notes; and these figures were changed from the time the notes were taken before the committee.

Mr. COPELAND. I assume that the witness had the right to revise his testimony in order that it might conform to the facts, and I suppose that is what he did do.

Mr. COUZENS. I want to say that the Finance Committee acted upon the Postmaster General's testimony at the time, and did not wait for a printed copy of the testimony. The committee had a right to act upon the testimony that was delivered by the Postmaster General.

Mr. GLASS. Mr. President, even the stenographic report of his testimony made him make his statement in a conjectural sense, and not in a definite way.

Mr. COUZENS. That is true. That is what anybody must do with an estimate.

Mr. NORRIS. Now, Mr. President, I will proceed, if Senators are through. To my mind it is quite immaterial how much money this is going to raise; it is a very small part of the deficit that is caused by carrying second-class mail matter. That must be conceded by everybody.

Later on in this bill we are going to levy a tax of 2 cents upon the woman who has a cow, and sells the milk of the creamery, for every check that is drawn; and most of the checks will be less than a dollar. We have levied—and we have had to do it—heavy taxes upon all classes of business, upon all classes of our citizens; and nobody has been demanding that with stronger voice than the newspapers of our country. I say that without criticism. They were justified. They were calling attention to the necessity of the case. It was not what they wanted us to do, but what we must do; and the newspapers ought to stand their share of it.

Mr. President, I have for you an oasis in this desert. I am going to read a telegram from one newspaper in the United States at least that has been willing to apply to itself the same rule that it demanded we should apply to everybody else. I presume most of us have had hundreds and thousands of telegrams and letters from newspapermen saying "You must not increase our taxes," and the same newspapers have been demanding that taxes be increased all along the line, except that some of the big ones do not want the taxes increased on wealth, because some of them are extremely wealthy and have immense incomes, and they are opposed to the increase of the income tax. But out on the western plains, Mr. President, there is one newspaper that is willing to be treated like everybody else. It is the only one of its kind that I have heard of. Its telegram is the only one of its kind that has reached me, and I doubt whether any such telegram has reached any other Member of this body. They have all been the reverse. They have all been demanding that there should be no increased tax on second-class mail privileges—a bonus of more than $90,000,000 every year that the taxpayers of the United States are now paying, and have been paying for years. This amendment proposes that the bonus shall be cut down $5,000,000, or, if you want to have it that way, two and a half million dollars. I do not care which way you take it.

This telegram is from Lincoln, Nebr., and is directed to me:

> The all-important job is to balance the Budget. First-class mail can stand 3 cents postage. Newspapers must stand their share of increased taxes. If taxes on leased wires and news messages by telegraph and increased postage rates for newspapers are necessary to balance the Budget, we are for them. The Lincoln Star will support you in every effort you make to balance the Budget, leaving the spread of taxes to your best judgment.
>
> FRANK D. THROOP,
> *Publisher of the Star.*

Mr. President, I want to commend that sentiment to the United States Senate. I want to commend that to the weary Senators who for weeks have spent almost sleepless nights in trying to find some way to balance the Budget, to make our expenses and our income equal to each other, and have been doing it under an insistent and constant fire of telegrams and letters from all over the United States saying, in substance, "This industry can not have its taxes increased. You must pass the increase away from this to the other one." I mention this without criticism, because as a rule they all make out a good case; but if we listened to all of them, honestly made and backed up with logical arguments, there would not be a thing on earth to tax; and everybody knows that we must increase the taxes and cut down the expenses.

So I want to commend this telegram to the weary minds of Senators who have been trying to find some way to get out from under this burden with the least possible injury to anybody. I ask them to read this telegram, to view this one newspaper, at least, standing out like an oasis in the desert, admitting that the tax should be levied upon them the same as upon everybody else.

Mr. ODDIE. Mr. President, there is one point that has been brought out this afternoon several times, the fact that an increase in second-class mail rates will have a tendency drive much of the present mail to other sources of transportation.

The Postmaster General stated before the Finance Committee that only about 17 per cent of the potential second-class mail is now carried by the Post Office Department.

Mr. WALSH of Massachusetts. Mr. President, I would like to ask the Senator from Nevada a question.

Mr. ODDIE. I yield.

Mr. WALSH of Massachusetts. Will not the Senator, who is chairman of the Committee on Post Offices and Post Roads, inform the Senate as to what class of mail is being carried at a deficit to the department?

Mr. ODDIE. Several classes; all but the first class.

Mr. WALSH of Massachusetts. Is the first class being carried at a deficit?

Mr. ODDIE. No.

Mr. WALSH of Massachusetts. Is the second class being carried at a deficit?

Mr. ODDIE. Yes.

Mr. WALSH of Massachusetts. Is the third class being carried at a deficit?

Mr. ODDIE. Yes.

Mr. WALSH of Massachusetts. How about the fourth class?

Mr. ODDIE. There is a deficit in connection with that.

Mr. WALSH of Massachusetts. I would like to call the attention of the Senate to another important fact, namely, that it is very difficult to realize whether the Post Office Department is paying or not, and how much the deficit really is, because while the Post Office Department charges itself with the rent it pays or with the money it pays out on its leases, it charges absolutely nothing for buildings owned, occupied, and maintained by the Federal Government in which post offices are located. I never could understand how the Post Office Department could claim that it was giving us reliable figures, when it does not take into consideration as one of the liabilities of the Postal Service the maintenance of buildings owned by the Government in which post offices are located. It does charge itself as one of its liabilities with the rents it pays, but not for maintaining buildings, because, they say, that is handled by the Treasury Department.

Mr. SMOOT. That is about $50,000,000 a year, for the Post Office Department.

Mr. WALSH of Massachusetts. For maintenance of its buildings?

Mr. SMOOT. For maintenance of all the buildings.

Mr. WALSH of Massachusetts. They do not take into consideration that $50,000,000. Is not that correct?

Mr. SMOOT. That is correct.

Mr. DILL. Mr. President, will the Senator from Nevada yield to me?

Mr. ODDIE. I yield.

Mr. DILL. The Senator from Nevada stated that at the present time the Post Office is carrying only 17 per cent of what might be termed second-class mail, and that we are

losing even on that 17 per cent. As I understand the Senator's argument, if we increase the rates we will carry still less of the mail that would come in the second class.

Mr. ODDIE. That is my contention.

Mr. DILL. But these rates being made higher would cause a smaller deficit. In other words, what does it profit the Post Office Department if it carries more second-class mail, if it continually loses money on what it does carry? Is it not better that we carry still less of it and get rid of this deficit in second-class mail than to go on carrying it and losing all the time on the balance we do carry?

Mr. ODDIE. Mr. President, that is a very large question, which has been raised before. The question of service should be considered. Certain very large publications get certain services, and can afford certain losses better than the small publications, which are equally dependent on the mail for service. The small publications will suffer more than the large ones, I contend, if this increase is made.

Mr. COPELAND. Mr. President, I think the statement just made by the Senator from Nevada is true, that the small publishers are the ones who will suffer.

The Postmaster General testified that only 17 per cent of the material which could be carried in the second class is now being carried by the Post Office Department, that 83 per cent of it is being carried by trucks and by other means than by the Post Office Department itself.

If we still further increase the second-class rate, there is no doubt but that the big publishers will find a way, by truck and otherwise, to carry their publications; but the small publisher is sure to suffer, because he is now dependent upon the mail, and will have to make use of it.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. GLASS. Right at that point let me ask if this deficit is not created by the inequalities of the law which exempt the small publishers from the payment of any postage at all, not only small publishers but publishers of religious papers? Why should any religious paper, teaching a doctrine contrary to my belief, be carried through the mail at my expense? Agricultural journals also have a special privilege. I suspect that if we were to examine the whole problem with care, we would find that the daily newspapers are bearing the entire burden of this postal charge. No county paper is charged a thrip in the way of postage. Educational, religious, scientific, agricultural papers are given a special privilege, and I venture to say that that may account for the deficit altogether.

Mr. COPELAND. Mr. President, I have no doubt that has very much to do with it. But this matter of the second-class rate has been up time and time again. I find that in a hearing before the House Committee on Appropriations in October, 1930, the Postmaster General was asked the question then why we did not raise the second-class rates, and his reply was:

> Increasing the second-class rates will not increase revenue but will simply drive the business to other carriers that will carry it more cheaply than we will.

Mr. President, I want to say just one word more, and to call attention to this very interesting letter put into the RECORD by the Senator from Nevada, a letter from New York Typographical Union, No. 6, which summarizes the whole question better than any poor words of mine could do it. It is the expression of the union printers who are engaged in the publication of these various journals, magazines, and papers, and I think it is very appealing. They say:

> After a long period of inactivity toward the unemployed, Congress is considering at the present time an increase in second-class postal rates. This increase, if finally perpetrated by our lawmaking body, will throw out of work a large body of printers. The inconsistency of Congress in this regard is plainly shown when we submit in evidence the fact that Typographical Union No. 6, true to its age-old principles, has been fighting the battle to support its unemployed without Government or State aid. Figure, then, a government, while remaining apathetic toward the present depression and the unemployment caused thereby, actually considering means whereby it will add to the list of unemployed.
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> Aside from selfish motives, it is my endeavor to point out to the reading public the broad ramifications caused by an increase in the second-class postal rates. Every government prides itself on a low percentage of illiterates. A low postal rate has been the means of keeping down the rate of illiterates in this country. Newspapers and periodicals turned out in the offices of metropolitan dailies and publication houses have found themselves, through the medium of the second-class postal rate, carried to the outposts of civilization and into the homes of those pioneers who have settled in the hamlets miles beyond schools or other places which disseminate learning. The newspaper and the magazine have been the schools and colleges for these pioneers. An increase in the second-class postal rate will have the effect of destroying these correspondence courses in art and literature. Can the Government afford to make such a grave mistake?
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> Our own viewpoint as printers comes of the fact that many pieces of literature are distributed gratis throughout the Nation each year. There is poor incentive, then, for the advertiser who knows full well that the response is problematical, to add to his cost in attempting to broadcast his products to the far-off places where personal salesmanship is impossible.
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> In this fact lies another damning point against the increase in second-class postal rates. Should advertising broadsides fail to reach into the nooks and crannies of civilization, there can be no demand for the products advertised. In this circumstance, every industry will be irretrievably damaged, and the return of prosperity in all lines delayed to that extent.

The letter is signed by the president of the typographical union. I am sure the statements set forth in it are facts. The amendment in reality means an attack upon the very culture of the Nation, and its welfare in other directions than those we commonly think of in connection with a bill relating to the economics of the Government.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. In regard to the claim that a saving can be made by publishers, the practice has grown up of publishers of periodicals transporting their publications from one zone to another by freight and by trucks. Is not that true?

Mr. COPELAND. That is true.

Mr. WALSH of Massachusetts. Let me ask the Senator from New York, or some other Senator who can give us the information, to what extent that practice has developed.

Mr. COPELAND. Mr. President, I may say that I have here a note which says that the development of the motor industry has so cheapened the delivery of goods that to-day newspapers are delivered in Detroit by truck from Chicago, and magazines are carted from Chicago to New York by trucks in competition with the mail and the railroads.

Of course, if we raise the rate materially, it will mean that still more will other means of transportation be used than the mails themselves.

Mr. President, I hope the amendment offered by the committee will be voted down.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee, on page 310, after line 16.

Mr. NORRIS. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMOOT. Mr. President, there is so much misunderstanding as to what we are voting on that I would like to have the Chair state the amendment.

The PRESIDING OFFICER. The clerk will report the amendment on which the Senate is about to vote.

The CHIEF CLERK. On page 310, after line 16, the committee proposes to insert the following:

> (b) On and after July 1, 1932, and until July 1, 1934, on the advertising portion of any publication entered as second-class matter subject to the zone rates of postage under existing law, the rates per pound or fraction thereof for delivery within the eight postal zones established for fourth-class matter shall be as follows:
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> For the first and second zones, 2 cents.
> For the third zone, 3 cents.
> For the fourth zone, 5 cents.
> For the fifth zone, 6 cents.
> For the sixth zone, 7 cents.
> For the seventh zone, 9 cents.
> For the eighth zone, and between the Philippine Islands and any portion of the United States, including the District of Columbia and the several Territories and possessions, 10 cents.

The PRESIDING OFFICER. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BYRNES (when his name was called). I have a general pair with the junior Senator from Vermont [Mr.

AUSTIN], which I transfer to the senior Senator from Nevada [Mr. PITTMAN], and vote "nay."

Mr. COHEN (when his name was called). Mr. President, I ask to be excused from voting on this question. I have a personal interest in the matter as a publisher of a newspaper.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Georgia? The Chair hears none, and the Senator is excused from voting.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I can not obtain a transfer, and therefore I have to withhold my vote. If at liberty to vote, I would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who is detained on account of illness. I understand that if he were present he would vote "nay." If I were permitted to vote, I would vote "yea."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I withhold my vote.

Mr. GLASS. Mr. President, I take the liberty of withholding my vote, because I am a newspaper publisher and may be supposed to have a special interest in the question.

Mr. ROBINSON of Indiana (after having voted in the affirmative). I am informed that the junior Senator from Mississippi [Mr. STEPHENS] is unavoidably detained from the Senate. I have a general pair with that Senator, and in his absence, not knowing how he would vote, I am forced to withdraw my vote. If permitted to vote, I should vote "yea."

Mr. TOWNSEND. I transfer my pair with the senior Senator from Tennessee [Mr. MCKELLAR] to the senior Senator from Colorado [Mr. WATERMAN] and vote "yea."

Mr. JONES. I transfer my pair with the senior Senator from Virginia [Mr. SWANSON] to the senior Senator from North Dakota [Mr. NYE], who is present would vote as I shall vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG].

Mr. SHEPPARD. I desire to announce that the senior Senator from Alabama [Mr. BLACK] has a general pair with the Senator from South Dakota [Mr. NORBECK]. I am not advised how either Senator would vote if present.

The result was announced—yeas 43, nays 32, as follows:

YEAS—43

Blaine	Fletcher	Jones	Shipstead
Borah	Frazier	Kean	Shortridge
Bratton	Goldsborough	Kendrick	Smoot
Bulkley	Gore	Keyes	Steiwer
Caraway	Harrison	King	Townsend
Carey	Hastings	La Follette	Walcott
Costigan	Hatfield	McNary	Walsh, Mass.
Couzens	Hawes	Metcalf	Walsh, Mont.
Cutting	Hayden	Norris	Watson
Dickinson	Hebert	Reed	Wheeler
Dill	Howell	Robinson, Ark.	

NAYS—32

Bailey	Connally	Johnson	Smith
Bankhead	Coolidge	Lewis	Thomas, Idaho
Barbour	Copeland	McGill	Thomas, Okla.
Barkley	Dale	Moses	Trammell
Bingham	Fess	Oddie	Tydings
Broussard	George	Patterson	Vandenberg
Bulow	Hale	Schall	Wagner
Byrnes	Hull	Sheppard	White

NOT VOTING—21

Ashurst	Davis	Morrison	Stephens
Austin	Glass	Neely	Swanson
Black	Glenn	Norbeck	Waterman
Brookhart	Logan	Nye	
Capper	Long	Pittman	
Cohen	McKellar	Robinson, Ind.	

So the amendment of the committee was agreed to.

Mr. BANKHEAD. Mr. President, I gave notice before the vote that I would present separately the proposal contained in my original amendment. I now send the amendment to the desk in the form of an additional section and offer it.

The PRESIDING OFFICER. The clerk will report the amendment.

The CHIEF CLERK. The Senator from Alabama offers the following new section:

SEC. 1001½. The additional postal rates imposed on second-class matter by section 1001 shall not apply to newspapers, religious, agricultural, fraternal, and scientific publications.

Mr. BANKHEAD. I ask for the yeas and nays.

The yeas and nays were not ordered, and the amendment was rejected.

The PRESIDING OFFICER. The amendment of the Senator from Nebraska [Mr. HOWELL] is in order at this time. It has been read. Is it the desire to have it again read?

SEVERAL SENATORS. No.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Nebraska.

Mr. ODDIE. Mr. President, I will ask the Senator from Nebraska if he will not consent to have the proposal contained in his amendment referred to the Committee on Post Offices and Post Roads. I can assure him the committee will be called very promptly to consider it. It is a matter involving postal rates. I agree with the Senator that the present method is not right and that it should be corrected, but as a result of scientific investigation. His amendment provides for a scientific and technical study. There may be other ways of bringing it about which might change his amendment. I think time would be saved and I believe something important would be gained if he would allow his proposal to go to the Committee on Post Offices and Post Roads, which is the proper place for it.

Mr. HOWELL. Mr. President, I hope the Senator from Utah will accept the amendment and let it go to conference.

Mr. SMOOT. I have no objection to letting it go to conference.

The PRESIDING OFFICER. The Senator from Utah accepts the amendment. Without objection, the amendment is agreed to. The clerk will report the next amendment of the committee.

The next amendment of the Committee on Finance was, under the heading "Title IX—Administrative and general provisions," on page 312, after line 16, to insert:

SEC. 1103. LIMITATIONS ON SUITS BY TAXPAYERS

(a) Section 3226 of the Revised Statutes, as amended, is amended to read as follows:

"SEC. 3226. No suit or proceeding shall be maintained in any court for the recovery of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessive or in any manner wrongfully collected until a claim for refund or credit has been duly filed with the Commissioner of Internal Revenue, according to the provisions of law in that regard, and the regulations of the Secretary of the Treasury established in pursuance thereof; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress. No such suit or proceeding shall be begun before the expiration of six months from the date of filing such claim unless the commissioner renders a decision thereon within that time, nor after the expiration of two years from the date of mailing by registered mail by the commissioner to the taxpayer of a notice of the disallowance of the part of the claim to which such suit or proceeding relates."

(b) Suits or proceedings instituted before the date of the enactment of this act shall not be affected by the amendment made by subsection (a) of this section to section 3226 of the Revised Statutes. In the case of suits or proceedings instituted on or after the date of the enactment of this act where the part of the claim to which such suit or proceeding relates was disallowed before the date of the enactment of this act, the statute of limitations shall be the same as provided by such section 3226 before its amendment by subsection (a) of this section.

The amendment was agreed to.

The next amendment was, at the top of page 314, to insert:

SEC. 1104. DATE OF ALLOWANCE OF REFUND OR CREDIT

Where the commissioner has (before or after the enactment of this act) signed a schedule of overassessments in respect of any internal-revenue tax imposed by this act or any prior revenue act, the date on which he first signed such schedule (if after May 28, 1928) shall be considered as the date of allowance of refund or credit in respect of such tax.

The amendment was agreed to.

The next amendment was, on page 314, after line 7, to insert:

SEC. 1105. JEOPARDY ASSESSMENT

(a) If the commissioner finds that a person liable for tax (other than income tax) under any provision of the internal revenue laws designs quickly to depart from the United States or to remove his property therefrom, or to conceal himself or his property therein, or to do any other act tending to prejudice or to render wholly or partly ineffectual proceedings to collect such tax unless such proceedings be brought without delay, the commissioner shall cause notice of such finding to be given such person, together with a demand for an immediate return and immediate payment of such tax, and such tax shall thereupon become immediately due and payable.

(b) If such person (1) is not in default in making any return or paying any tax under the internal revenue laws, and (2) furnishes to the United States, under regulations to be prescribed by the commissioner with the approval of the Secretary, security approved by the commissioner that he will duly return and pay the tax to which the commissioner's finding relates, then such tax shall not be payable prior to the time otherwise fixed for payment.

The amendment was agreed to.

Mr. SMOOT. Mr. President, I ask that the next amendment, relating to section 1106, refunds of miscellaneous taxes, may go over until to-morrow. There is a perfecting amendment necessary, which is not yet prepared, and which must be offered before the amendment itself is considered.

The PRESIDING OFFICER. Without objection, the amendment will be passed over. That completes the amendments in the regular order.

Mr. ODDIE. Mr. President, I move, on page 310, to strike out lines 9 to 16, inclusive, which relate to the increase of first-class postage from 2 cents to 3 cents.

The PRESIDING OFFICER. Let the amendment be stated.

The CHIEF CLERK. The Senator from Nevada proposes to strike out, on page 310, lines 9 to 16, as follows:

(a) On and after the thirtieth day after the date of the enactment of this act and until July 1, 1934, the rate of postage on all mail matter of the first class (except postal cards and private mailing or post cards, and except other first-class matter on which the rate of postage under existing law is 1 cent for each ounce or fraction thereof) shall be 1 cent for each ounce or fraction thereof in addition to the rate provided by existing law.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada.

The amendment was rejected.

Mr. FLETCHER. Mr. President, the Senator from Utah asks, as I understand it, that section 1106 go over?

Mr. SMOOT. Yes.

Mr. FLETCHER. I have an amendment which was printed yesterday and is now on the table. I think it properly belongs in connection with that section or immediately following it.

Mr. SMOOT. It applies to the section which I have asked may go over.

Mr. FLETCHER. Then it may go over and I shall present it in connection with that section when the Senator from Utah brings it before the Senate.

Mr. ROBINSON of Arkansas. Mr. President, until what time is the section to go over?

Mr. SMOOT. Until to-morrow. We are merely preparing a perfecting amendment.

Mr. ROBINSON of Arkansas. Very well.

The PRESIDING OFFICER. The Chair will state that that completes the bill except the amendments which have been passed over.

Mr. HARRISON. Mr. President, I desire to suggest to the Senator from Utah that we passed over the item relating to the tax on checks. Can we not take that up now and have it disposed of?

Mr. SMOOT. It would be just as well to take up the check item now.

The VICE PRESIDENT. Let the amendment be reported.

Mr. SMOOT. The amendment is in section 741, page 285.

The CHIEF CLERK. On page 285, after line 19, the Committee on Finance proposes to insert:

PART V—TAX ON CHECKS, ETC.

SEC. 741. TAX ON CHECKS, ETC.

(a) There is hereby imposed a tax of 2 cents upon each of the following instruments, made or drawn on or after the 15th day after the date of the enactment of this act and before July 1, 1934: Checks, drafts, or orders for the payment of money, drawn upon any bank, banker, or trust company; such tax to be paid by the maker or drawer.

(b) Every person paying any of the instruments mentioned in subsection (a) as drawee of such instrument shall collect the amount of the tax imposed under such subsection by charging such amount against any deposits to the credit of the maker or drawer of such instrument, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay such taxes to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall contain such information and be made in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe. Every person required to collect any tax under this section is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this section.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. HOWELL. Mr. President, I offer an amendment to the committee amendment, which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska to the committee amendment will be stated.

The CHIEF CLERK. On page 286, line 2, after the word "company," it is proposed to insert a comma and the words "for an amount in excess of $5."

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Nebraska to the committee amendment.

Mr. HOWELL. Mr. President, there are 1,500,000 farmers who are selling cream from day to day, and there are 900,000 farmers who are shipping milk to the various towns and cities. Not only is the dairy industry affected by the pending tax proposal but also the poultry industry; and those two industries together produce one-third of the farm income. This 2-cent tax upon checks will seriously affect the dairy industry because of the fact that such farm products are paid for in small amounts. It was testified before the committee that the average dairy check was $2.15. I have a report from the leading bank in Omaha which indicates that for the day on which they reported—which, as I remember, was May 9—there were some 2,200 items in the form of creamery checks; that they averaged $2.40 for that day. The Farmers' Union Creamery, of Superior, Nebr., one of the small towns in southern Nebraska, issued 750,000 checks of this character during 1931; and if this 2-cent tax had been applied the creamery, which is a union creamery, would have had to have borne a tax of $15,000 on account of the business it does in that part of the State. The Fairmont Creamery Co.'s headquarters are in Omaha, and last year they issued some 6,500,000 checks that averaged about $2.

The profits in the dairy industry are now very small. For April a report was made by the Dairy Herd Improvement Association of Nebraska. The association reported on 5,086 cows selected and culled, and their average production was less than 1 pound of butterfat per day. That butterfat sold at an average of 15 cents a pound; the cost of production was 14 cents a pound, at least; and when I say it was 14 cents per pound, consider the farmer's investment in the cow, which is depreciating; consider that he must feed it; that he must care for it; that he must milk it twice a day; and certainly 14 cents as the cost of all that is not an excessive estimate. The consequence was, as stated by the farm dairy representative in Douglas County, that the average profit to those farmers per cow per day was 1 cent.

Consider a farmer with a herd of eight cows. His gross income per day from his investment, for depreciation, for feed, for care, for milking, was $1.20 for eight cows; his profit per day on his butterfat per cow was 1 cent; and all he had left was his skimmed milk; and Senators can imagine what that is worth when to-day hogs are selling for from two dollars and a half to three dollars and a half per hundred pounds.

Mr. President, applying this tax in the case of the various farmers owning this selected herd of 5,086 cows, we find that it will mean that from 12½ to 13 per cent of their profits

would have been taken last April to pay this proposed stamp tax had it been in effect. In view of this fact, Mr. President, in view of the condition of agriculture which is now the lowest of any industry on the economic scale, should we not exclude checks for $5 and less so that this tax may not be passed on to the farmer, which it surely will be if enacted?

Consider the case of the Fairmont Creamery Co. of Omaha. They issued 6,500,000 checks last year. A tax on those checks as proposed would have cost the company $130,000, and, of course, the creamery company would have passed that cost on to the farmer. There can be no question as to that.

As a matter of fact, many creameries are now in a position to do so because the farmer delivers his cream and obtains a form of order which he takes to the bank and cashes. When he would do that, under this amendment, if adopted as proposed, he would have to put a 2-cent stamp on the order.

It can easily be imagined that all creameries will adopt this plan and farmers will pay the tax indeed.

Mr. President, we must do something for agriculture. We must make some exception in a case of this kind.

As to the reduction which the adoption of the amendment I have proposed would cause in the income to be derived from the tax as reported by the committee: The Secretary of the Treasury estimated that the income to the Government would be about $95,000,000; the lowest estimate made before the committee was about $25,000,000, and the average of these two estimates is about $60,000,000. Assume, Mr. President, that the estimate of $95,000,000 is correct, how much would the revenue be decreased by the adoption of the amendment I have proposed? In order to have some measure to determine what the reduction in revenue would be, I asked the leading bank in Omaha to give me a report as to what percentage checks of $5 or less constituted the total of checks handled in one day.

On the day the count was made they handled in the neighborhood of 25,000 checks, and the report showed that 27.3 per cent were for $5 or less. So, Mr. President, there will be a reduction in the income to be derived from this item, if that income is assumed to be $95,000,000, of a sum in the neighborhood of $25,000,000. On the other hand, if the estimate of $60,000,000 is correct, the reduction by the adoption of my amendment would be in the neighborhood of some $16,000,000.

Mr. President, I feel that whenever a Senator offers an amendment that may reduce the revenue to be derived from any taxes he ought to submit some plan for recouping the bill in that amount. I have such a proposal. An amendment is now pending to tax the gross income of operating power companies throughout the country 3 per cent. Mr. President, here is one industry in this country that has not felt the pinch of the depression. Assuming the income of the operating power companies in 1929 to be 100, the gross income of the companies in 1930, as reported by the American Electric Light Association, was 102.7 and in 1931 was 101½.

Here is a highly prosperous industry, even in these hard times. Last year they had more income than they had in the boom year of 1929. Here is an industry that could respond to additional taxation without injury or hardship. We could tax this industry sufficiently to make up the loss resulting from eliminating checks of $5 and less. It will amount to little to this industry, practically speaking; but what will a 2-cent tax on checks mean in the case of the farmer? Pennies now mean to him what they have never meant before. In an industry where two wagonloads of products must be delivered now to buy that which could have been purchased prior to the war with one wagonload, every penny must be considered; and when we recall the report of the Dairy Herd Improvement Association on selected dairy cattle for April of this year, and remember that the profit per cow was but one cent a day, how can we add this tax upon an industry reduced to such profits?

Mr. President, we must do something for agriculture. Agriculture *must* be rescued.

Mr. NORRIS. Mr. President, for a great many years, up until recently, the banks of the country had advertised in the newspapers advising people to keep their savings in the banks, to pay their bills with checks, and thus help business generally and keep more money in circulation, instead of having it in pockets and in drawers in the various homes of the country. The wives particularly were asked, instead of paying with cash the grocery bill or the weekly expense accounts of running the home, to keep the money in the bank and pay these bills with checks, all redounding to the benefit of the community and the country at large, keeping in the aggregate large amounts of money in the banks, and, through the banks, in circulation.

Now we propose to levy a tax upon these homes—which have been paying their bills weekly or monthly, as the case may be, by check—by levying a tax upon checks, thus adding to the burdens of those who are already overburdened. So the effect of this tax, in my judgment, will be now, when we can least stand it, to drive, in the aggregate, millions of money out of the banks. Housewives and other people will carry the money in their pockets, and pay their bills in cash rather than by checks.

Mr. President, it is an unjustifiable tax. John D. Rockefeller, who draws his check for $5,000,000, must pay 2 cents, and the poor woman who has milked a cow and has taken the cream to the creamery and gets 40 cents for it and is paid for it in a check must pay 2 cents on her check. It makes no difference what the amount is; 2 cents in the way of a stamp must be attached to every check. We are penalizing doing business with banks at a time when the cry all over the United States has been, "Stop withdrawing your money from banks!"

The slogan hurled into the face and the ears of every citizen of the United States over the radio, from the stump, and through the newspapers, has been, "Do not draw your money out of the bank. Stop keeping your money in stockings. Let it remain in the bank. Have confidence! Have faith!" And now we propose to tax everybody who has that faith by levying a stamp tax on checks!

We have spent many dollars of Federal funds in trying to help the farmers who produce the food we consume to organize themselves into cooperative organizations, in order that the producers may get as nearly as possible the full benefit of the dollar that the consumer must pay for food products. All over the land, in answer to the sentiment, in answer to the call, cooperative organizations of farmers have sprung into existence. Now we propose to levy upon them a tax greater than almost any other tax in this bill in proportion to the amount of money upon which the tax is levied.

These cooperative organizations, which we all want to see successful, almost universally pay by check for the products delivered to them by their members. We would not want them to pay for the products in any other way. In the aggregate, millions upon millions of dollars are kept in the banks by this method of doing business, paid for in checks—almost universally small checks. I am going to give you illustrations of some of them.

First, I have here a telegram sent by the head of the Farmers' Union in the State of Nebraska, in which he says:

> It would cost the Superior Farmers' Union Creamery alone $6,000 for four months this year on checks under $10.

One creamery pays $6,000 in four months in the way of these stamps on checks. Remember, that can not be passed on. There is no such thing as passing it on. This is a cooperative institution, the profits of which go to the producers. These are the producers that everybody is anxious to help, because they are suffering more than anybody else from this depression. All the expense of the operation of such an association goes directly to and is paid for 100 per cent by the membership, because all the money that is not expended for expense of operation goes to the people who produce the product. So that this organization alone would pay, its head says, in this stamp tax $6,000 for four months' operation. That would be $18,000 in a year deducted from the profits of that cooperative institution, taken out of the pockets of the men and the women who are milking cows,

taking care of chickens, delivering eggs for 10 and 5 and 6 cents a dozen, I understand, now, and receiving from 12 to 15 cents a pound for butter. We are going to levy this tax upon them. We are going to put this burden upon their shoulders.

It is inexcusable, Mr. President. It is indefensible.

Here is a telegram from Missouri, signed by William Hirth, president of the Missouri Farmers' Association. He says:

Proposed check tax will place extremely heavy and unfair burden on Missouri Farmers' Association, which operates—

Now, listen—

700 cooperative agencies—

That is in the State of Missouri alone—

and does annual business in excess of $100,000,000—

That is in the State of Missouri—

and this burden will fall almost wholly on farmers of Missouri. Under no circumstances should tax be applied to checks of $10 or less, and $20 would be preferable. We do not object to reasonable increased taxes; but the farmers of the United States are largely paid in small checks for poultry and dairy products, and they, therefore, will bear brunt of this proposal, and Heaven knows they already have burdens enough.

That is from the president of the Missouri Farmers' Association.

I have here a letter from the Farmers' Union Cooperative Creamery, operating at Superior, Aurora, Norfolk, and Fremont, Nebr., signed by the general manager of that association. He says:

I have been informed that the Finance Committee of the Senate has reversed itself in eliminating the tax exemption on checks of $5 or less, as was originally proposed.

I want to give you a picture of how unfair this tax is to the cream and poultry producers of the Middle West, and possibly it will affect the farmers the same way on many other commodities.

Our creamery, during the four months of 1932, bought approximately 3,000,000 pounds of butterfat. The average delivery of cream is 10 pounds of butterfat. In other words, we issued over 300,000 checks. Therefore this tax would have cost our farmers, during the first four months of the year, about $6,000. The same condition applies to the farmers who sell poultry and eggs.

To make it more specific, our farmers deliver their cream approximately three times each week. If a farmer brought 10 pounds of butterfat each delivery, and a tax of 2 cents per check was charged, the tax would be $3.12 for each individual farmer each year.

The price of butterfat at the present time is about 15 cents per pound—

And so on.

Mr. President, can anyone for a moment claim that such a tax under any circumstances is justified? The inequality, the unfairness, and the burden that we place upon those who are burdened most are indefensible.

I have here a letter from the president of the Farmers' Educational Cooperative State Union of Nebraska. He had read about something I said in the Senate the other night about putting a tax of $1 a head on hogs, and raising a lot of revenue, and he takes me to task in this letter for that, in a good-natured way. He says:

I also enjoyed your remarks that Congress should not longer overlook the possibility of taxing hogs, and they want to do it quickly, because farmers will turn them over for the tax pretty soon. To-day it looks as if the top on the Omaha market would be 3 cents. (This is choice shipping hogs.) The bulk is selling from $2.65 to $2.95.

A friend of mine of Bird City, Kans., hauled two truckloads of hogs to Bird City last Saturday, and was just able to sell one truckload, and had to take the other load back home.

Mr. Joe Swanson, a substantial farmer of Custer County, was in last night with cattle. He related that a neighbor of his hauled a truckload of hogs to Mason City, Nebr., this week, and that there were several 125-pound shotes in the load which the buyer would not take. He offered them for 50 cents apiece and finally had to take them back home. Another incident—one of his neighbors took two hogs to town, weighing 125 pounds apiece, 250 pounds for the two, and he received $2.50 for them. You have started hog talk in the Senate, but I could go on relating incidents of this kind almost by the hundreds that I know of.

Mr. President, are these the people whose checks we are asked to tax 2 cents apiece? Are these the people we are asked to put this burden upon in order that we may balance the Budget? We are not justified from any viewpoint in going to the limit in overburdening these people, who are already producing the food of our Nation at a financial loss to themselves.

Here is a letter from the Farmers Equity Cooperative Creamery Co., of Orleans, Nebr. That town is right next to the Kansas line. I want to say to my friend the senior Senator from Kansas [Mr. CAPPER]: A large portion of the members of this cooperative organization live in Kansas. That organization is—and it says so on its letterhead—the largest cooperative creamery in the world. What do they say? What is their experience?

Mr. President, they have buying stations all over northwestern Kansas and southwestern Nebraska for 125, and I think perhaps 150 miles west, northwest, and southwest of Orleans, the place where the headquarters are located. These buying stations buy cream of the farmers who comprise the association. It is purely cooperative. There is no profit in it anywhere to anybody. They have to pay the expense of operation, and then make butter which sells for the highest and top price in the city of New York and in other cities all over the East and in the middle portion of our country. These buying stations take from the members their cream and give them checks, when they do, for the butterfat that is in the cream. That cream is shipped to the headquarters at Orleans, a small town of about 1,500 or 2,000 people. There it is manufactured into butter and sent all over the United States, commanding, as I have said, the highest price. All the profit in it comes back to the men and the women on the farm who milk the cows and send in the cream from the collecting stations.

I want Senators to listen to this man's letter, or at least a part of it. He says:

At the present moment, with cream prices ranging from 10 cents to 12 cents per pound butterfat—

Let me stop there, Senators. Think of that, 10 to 12 cents a pound for butterfat! That is what they are getting out on the farm, out in the country. That is what the cooperative is paying. These farmers at the end of the season will get a little more, because so far they have always made a profit, and the profit at the end of the season will go back to them.

They have organized that cooperative creamery, as this man says, the largest in the world, and they have operated it, because we have encouraged them. Our Federal Government has encouraged that. This very creamery company has borrowed money under the marketing act, which we passed, providing for the lending of money to cooperative organizations. They are paying interest now to the Federal Government on borrowed money upon which they operate.

There is no middleman here, no man getting a return on stocks or bonds. All the profit goes to the members of the association, scattered over a territory 100 miles by 150 miles. Yet this cream comes in in small amounts. Especially in warm weather they encourage the members to bring the cream to the delivering station as often as possible, every day if they can, because they get better results. They are not equipped, out on the prairies in their homes, many of them in sod homes, with refrigeration and other modern means of keeping their cream and butter. So the association encourages the farmers to bring the cream in every day if they can. This man says:

At the present moment with cream prices ranging from 10 cents to 12 cents per pound butterfat in this territory, there are very few checks that are issued for cream that amount to $1 or more. With the farmers bringing in cream in very small amounts a 2-cent stamp tax on checks issued for cream would be a very exorbitant and excessive charge on the checks. I am inclosing herewith a copy of a report taken at random from one of our cream stations, which will give you some idea of the amounts that are paid for cream deliveries at the stations. A 2-cent tax on checks from 50 cents up to $1 would be practically a 4 per cent charge. * * *.

In conjunction with other creameries in this territory we have been making a determined effort to buy cream on a graded basis and have tried to educate the farmer to bring in his cream at frequent intervals in order to get a better grade of cream; but if a tax were to be charged on these cream checks, this would have a tendency to discourage bringing in of small amounts of cream frequently. It is to the best interests of the creamery that the patrons bring in their cream as often as possible, especially in warm weather.

The subject in question involves the expenditure of many thousands of dollars, which expenditure will, of course, revert back to the cream producers themselves.

I have not read all of the letter, Mr. President, because I want to hurry along, but it will be noted that I did read that he said that he inclosed a daily report from one of the buying stations of this creamery. This happens to come from a town with which I am very familiar. I know where it is located, I know the country that surrounds it, and the men and the women who make up the inhabitants of that community. Here it is, not a copy, but the original, the daily report.

Every one of these buying stations sends in to the Orleans office, the headquarters of this cooperative institution, a daily report showing just exactly what they did that day, and if any Senator will examine this, he can see almost at a glance the amount of cream that was bought and the price paid, and from whom it was bought, on a particular day.

This report happens to be for the 30th day of April, 1932. It is from Imperial, Nebr. As the writer said, they have tried to educate the farmers to bring in their cream as often as possible.

On that day 17 members of that association delivered cream to the particular receiving station referred to, and here is the name of every one of them.

There is a column showing the number of pounds of butterfat that each one brought in that day.

There is a column showing the test, to show just how rich the cream was in butterfat. There is a column showing the price paid. There is a column showing the amount of each individual sale. There is a column showing the number of the check in payment. There is a complete report of everything. It is interesting to examine it.

The first one on the list was L. H. Seward, who had 13 pounds of cream. The test was 33. There were 4.3 pounds of butterfat. The average price of all the sales was 12 cents that day, and the amount of this man's check was the great sum of 52 cents.

Picture in your mind what that means, and then multiply it by thousands. This farmer lives out in the country, and on account of the high price of lumber—and you have made it higher—he is probably compelled to live in a sod house, with a sod barn. He went to town with his butterfat and got 52 cents for it; and you are proposing to charge him 2 cents on the check he received. You say that is not much. True, it is not; but 2 cents amounts to something with a man who will bring from his home in the country, 5 to 10 miles away, a little bit of butterfat and sell it for 52 cents. It means something to him. It is a big percentage on his business, more than you charge John D. Rockefeller, or any other man like him.

I could read every man's name. The next man went away with a check for 65 cents. Listen to the next one. I do not know how many miles this man's home was from town, but his name was Fitzpatrick. He had 3.3 pounds of butter. He got a check for 40 cents. Think how he must have felt. Think how proud he must have been when he went back home with a check for 40 cents in his pocket. How happy he will be if we tax him 2 cents on that check.

Mr. BLAINE. Mr. President, does the Senator know that that man is paying a tax equal to 5 per cent upon the production of his dairy?

Mr. NORRIS. Yes. We do not tax anybody else that high on his business. This man had 3.3 pounds of butter and got a check for 40 cents. Here was another man by the same name, Fitzpatrick. Perhaps he is a brother of the other man. One is named George and the other Ray. When George went home he had 56 cents with him. He took 56 cents in the form of a check when he went home. I might go on down through the list. In all the 17 the largest check of all was $1.82. That man's name was Brewer. What a rich man he must be.

Mr. HAWES. That was the joint production of the cow, the man's wife, and himself, and possibly a mileage of some six miles, and he got $1.86.

Mr. NORRIS. Oh, no, not $1.86; only $1.82.

Mr. HAWES. Oh! And now it is proposed to charge him 2 cents on the product of the cow, the man himself, and his wife.

Mr. NORRIS. Yes. I am not going to read all of these names, but I will give the amounts. The last man I was talking about was George Fitzpatrick. The next man got 82 cents. The next one got 32 cents. Think of the toil and the work and the labor, and yet we propose to tax this man in the neighborhood of 6 per cent on his business. The next man got 60 cents. The next one was a very wealthy man, a man of great wealth. He got $1.01 for his butter. The next one got 76 cents. The next one beat him a little and got 79 cents. The next one went higher and got $1.19. The next one was $1.33. We are getting up among the rich people now. We are considering the rich farmers now.

Mr. HAWES. That must be in Nebraska.

Mr. NORRIS. Yes, it is. Here is another rich fellow. He got $1.13. Think of that man's farm and how quickly he will be in the banking business. How long will it take that man, getting this enormous sum for his butterfat, to retire to the city?

Mr. BORAH. He will retire pretty quickly.

Mr. NORRIS. Yes; but not to the city. He will probably retire before he gets to the city. That rich one had $1.33. The next man was not quite as rich. He only got $1.13 that day. The next one was the wealthiest man of all. Of all the 17 farmers living in luxury this was the topmost of all. He brought his butterfat, his cream, in from the country and delivered it and he went home with a check for $1.82. Oh, how we envy that man's luxury. The next fellow only got 66 cents, the next one $1.32, and the last poor fellow that day who brought in his cream got 54 cents.

These are actual figures. These are actual happenings. There is nothing fantastic about this. This is the cold, cold truth. This reminds me of what the man said about hogs. We were talking about taking hogs to market and selling them for 50 cents apiece, and some one said, why not feed this milk to the hogs? That can not be done, because it is worse yet as to hogs. After this man raised his hogs, he took them to market. He said they were shoats. I suppose most Senators know what shoats are. The Vice President knows, I am sure. It is perfectly plain what we mean when we say he took a shoat to town that weighed 125 pounds and could not sell it and had to take it home again. Another fellow took two and sold them for 50 cents apiece. How much sweat and toil and labor and sacrifice did that mean?

Yet it is proposed, or at least hoped, that these men shall be happy and go out and shout and whoop it up for somebody in this campaign. Does anyone think, when they have to go through all this and keep it up day after day, that they are going to be able to keep up the fight much longer? The farmer is taxed on his gasoline; he is taxed on his Ford car. Now it is proposed to levy a tax upon his creamery business amounting in some instances to more than 6 per cent of the business that he does. How long will that last? How long will a suffering people stand that kind of persecution, that kind of treatment, that kind of cruelty, to be singled out by the great Government of the United States for such additional taxation? Mr. President, I say it is indefensible. It is a moral sin. We can not afford to do it. If the Budget can not be balanced without levying this tax upon these unfortunate people, then let the Budget go unbalanced!

THE COOPERATIVES AND THE CHICAGO BOARD OF TRADE

Mr. CAPPER. Mr. President, I am glad the Senator from Nebraska has brought to the attention of the Senate, so ably and so forcefully, the true condition of agriculture in the Kansas-Nebraska region. The facts as stated by him have not been exaggerated in the least. The conditions are most deplorable. The situation is growing worse. I say there will be no end to this depression, no return to prosperity, until the farmer receives a fair price for his product. He can not go on longer under present distressing conditions. Whenever prices of farm products come back to normal,

business will revive, factories will resume operations, and the millions of unemployed will return to work.

Mr. President, I am glad to support the amendment offered by the junior Senator from Nebraska [Mr. HOWELL] as to the tax on bank checks and incidentally, too, I am pleased to commend his courageous stand and his persistent demand for a legislative program that will be of assistance to agriculture.

I am receiving, as the senior Senator from Nebraska [Mr. NORRIS] is receiving, protests from farm organizations in Kansas against the proposed bank-check tax. I have here a letter from Ralph Snyder, president of the Kansas State Farm Bureau, appealing to me to do everything I can to eliminate the proposed tax because of the added burden it will place upon the farmer. I have here a letter from J. C. Mohler, secretary of the Kansas State Board of Agriculture, a prominent farm leader in my State for the last 25 years, who writes as follows:

KANSAS STATE BOARD OF AGRICULTURE,
Topeka, May 25, 1932.

Hon. ARTHUR CAPPER,
United States Senate, Washington, D. C.

DEAR SENATOR CAPPER: A tax on checks in small amounts will very seriously hurt the dairy industry, in our opinion. For example, we have about 3,000 cream-buying stations in Kansas, and each of these stations writes quite a number of checks daily in payment for butterfat. These are all small checks, and if each had to stand a tax of 2 cents, it would be prohibitive. The present method of paying these small amounts by check is the most convenient that could be devised, and the producer gets his money at once, which is considerable of an item nowadays. The margin on handling butterfat at the cream-buying stations is very narrow at present. If a 2-cent tax is imposed on these small checks, it would almost drive the industry to some other method that would not be nearly so convenient or satisfactory and might mean payment to producers at intervals, say, semimonthly instead of at time of delivery, as is now done.

Very truly yours,

J. C. MOHLER,
Secretary Kansas State Board of Agriculture.

Then I have a letter from R. I. Austin, head of the Concordia Creamery Association, reading as follows:

CONCORDIA, KANS., *May 14, 1932.*

Hon. ARTHUR CAPPER,
United States Senator, Washington, D. C.

DEAR MR. CAPPER: Since the big wheat crash in prices has virtually eliminated that commodity in the paying end of a farmer's business of running a farm, he has been forced once again to rely solely upon the checks he receives for the cream, poultry, and eggs he brings to town. These are about all the material he has left to use in his ever-increasing battle for livelihood, in his struggle for an existence.

And, as if the dwindling market prices for these were not enough, forces are at work in the Government to add another burden in the proposed tax of 2 cents on each poultry, egg, and cream check he receives. It does not matter that the operation of the law is apparently so fashioned that it makes it appear to transfer the actual charge to the buyer; nevertheless, the truth of the matter is it is the producer who must bear the burden, since the price he gets is unavoidably based upon what is left after transportation, manufacturing, selling, overhead, and buying costs are deducted from the amounts received for the finished product in the consuming markets. The 2-cent tax is an item that can not be removed from buying costs and must be taken into account in determining what the farmer shall receive. It can not be charged to profits, for, with the almost daily decline of prices and no prospect of any early improvement, there simply are no profits to absorb the tax.

A 2-cent tax on a cream or egg check would not seem so high if the check were an amount reaching as high as $25, but such drafts are now almost entirely unknown to the farmer. Even though he delivers on the average about the same amount of produce as formerly, the prevailing consuming market is so low that the total amount of his check ordinarily runs far more often in the neighborhood of $2 or less on each case of eggs or batch of cream that he leaves at the store or produce house. Moreover, since the tax is based on number instead of value, the rate of percentage cost applying on checks of $2 is 1 per cent; $1, 2 per cent; and 50 cents, 4 per cent. Calculated in this manner, one is actually amazed at the excessive cost this entails and which must be borne by the producer in marketing these home-saving sources of income.

The farmer reads the daily paper and finds little, if anything, accomplished to reduce governmental expenditures, and then to be faced with all kinds of schemes and devices to saddle additional and unwarranted tax burdens onto him and his industry is nothing short of an abominable outrage.

I would be pleased to have you read this letter as my protest for them and the whole agricultural industry. I trust that you will give it earnest consideration and will lend your efforts to prevent the enactment of this hideous tax measure (so written as to adroitly conceal from the producer its real, sinister purpose, but victimizing him nevertheless) upon the farmers in Kansas and elsewhere.

Very truly yours,

THE CONCORDIA CREAMERY CO.,
R. I. AUSTIN,
Cream Department.

Mr. President, I wish to send to the desk and ask to have read a telegram from C. E. Huff, of the Nation-wide Cooperative Sales Agency, the Farmers National Grain Corporation, as to the effort that is now being made to crush the cooperative movement in its activities on the Chicago Board of Trade. Before I sent the telegram forward to be read, I want to comment just a moment on the contents of the telegram.

Mr. President, the recent action of the subsidiary corporation of the Chicago Board of Trade in attempting to hamstring the farm cooperatives is such a flagrant case of injustice that the attention of the Senate, and of the country, should be called to the matter.

I am not going to take much time. I am not going to mince words. Several years ago the Congress enacted the grain futures act. One of the provisions of this act is that cooperative organizations must be permitted to hold memberships in boards of trade and be accorded all privileges of membership.

Now, as I understand the situation, members of the Chicago Board of Trade can deal in cash wheat on the floor. The membership held by the Farmers National Grain Corporation entitles it to that privilege. But it seems there is a sort of inner circle to the Chicago Board of Trade, a subsidiary of the board, known as the Chicago Board of Trade Clearing Corporation. All deals in futures, including hedges as well as speculative transactions, must be cleared through this clearing corporation. The commission charged is one-eighth of a cent per bushel.

Immediately after the agricultural marketing act was passed, and before the Farmers National Grain Corporation was in position to start trading operations, the clearing corporation adopted a rule that thereafter no corporation could become a member. That rule, Mr. President, absolutely bars all cooperative associations from membership on the clearing corporation; it means that cooperatives are not entitled to all the privileges of other members of the Chicago Board of Trade; it means the cooperatives must pay commissions on all their transactions cleared through the clearing corporation, and all their futures transactions must be cleared through that corporation.

Of course, that rule was adopted to head off the biggest cooperative of them all, the Farmers National Grain Corporation. That was its purpose. It meant that the Farmers National must pay around a hundred thousand dollars a year extra commissions to members of the clearing corporation, clearly a violation of the spirit, and I believe the letter, of the grain futures act.

The Farmers National Grain Corporation then did a very natural, perfectly legal, and perfectly proper thing under the circumstances. It bought the stock of the Updike Grain Co., already a member of the clearing corporation when the restrictive ruling was adopted. The officers of this company were retained, and it cleared the transactions of the Farmers National Grain Corporation.

Now, the clearing corporation has suspended the Updike Grain Co., charging all sorts of bad faith, breaking of regulations, breaches of ethics, moral turpitude, mayhem, and arson against the Farmers National Grain Corporation for owning the stock of the Updike Grain Co.

I understand the Secretary of Agriculture is planning to test the law in the case and see whether or not the Farmers National can legally be barred from the clearing corporation. He believes he will win the case.

But the legal proceedings probably will be long drawn out. Meantime the Farmers National is being discriminated against, being compelled to pay scores of thousands of dollars extra commissions which other members of the board of trade who also hold memberships in the clearing corporation are not compelled to pay.

Mr. President, I say the Chicago Board of Trade has dealt an unfair blow at the cooperatives. It is pursuing its policy of ruining these cooperatives and is spreading propaganda all over the country which would lead the unthinking to believe the board of trade had caught the Farmers National doing a crooked thing, which is not true, in my judgment.

Mr. President, it is my belief that when these facts are properly presented and understood the Congress will take action to protect the cooperatives against such discrimination. I am not fully acquainted with the facts; neither is the Senate. I believe we should have all the facts and have them immediately.

In order that the facts may be fully developed, Mr. President, I ask that the telegram from Mr. C. E. Huff, president of the Farmers National Grain Corporation, which I send to the desk and desire to have printed in the RECORD, may be referred to the Committee on Agriculture and Forestry. I hope that committee will make a thorough investigation at an early date and report such legislation as may be necessary to protect the rights of the cooperatives against the discriminatory and unfair business tactics of the Chicago Board of Trade, if such legislation, in the judgment of the committee, shall be needed.

There being no objection, the telegram was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

CHICAGO, ILL., *May 26, 1932.*

Senator ARTHUR CAPPER,
Senate Office Building, Washington:

Farmers' National Grain Corporation, nation-wide cooperative sales agency, was incorporated fall 1929 and secured membership privileges of Chicago Board of Trade May 1, 1930. Clearing-house privileges being additionally necessary for full effective operations, application for such privileges was filed in June, 1930. Clearing corporation declined membership, pointing out rule excluding corporations from clearing privileges unless members prior April 2, 1929. January, 1931, Farmers' National purchased stock of Updike Grain Co., for several years member of clearing association, and continued operations and management as before. This action was to avoid delay in getting clearing-house membership, which was absolutely essential to operations. Fred Thatcher, president, and Florentine, secretary, were continued exactly as before, and stock certificates theretofore held by them were indorsed in blank but not transferred of record. Board of trade charged these men with false affidavits regarding ownership of stock. Such charges were inaccurate. June, 1931, Updike company filled out customary questionnaire covering stock holdings, which report stated facts exactly as revealed by stock-record book and showed Farmers' National as majority stockholder and Huff and Milnor with one share each. Questionnaire did not deal with ownership but with stock held, which distinction well-nigh universal among corporations whose stock holdings are necessarily in names of individuals in order that they may be qualified as directors or officers. This practice recognized everywhere as legal and necessary. Neither these men nor Farmers' National were under obligation either legal or moral to further reveal relationship between Updike and Farmers' National. July, 1931, board of trade committee made inquiry of these men as to ownership of stock and they clearly stated such ownership rested with Farmers' National. Such committee report was presented to board of directors of board of trade and ordered filed without action. December, 1931, second questionnaire was filled out by Updike in same form and manner as in June, and board of trade now charges false affidavits in connection this statement, even though full information was in hands board of trade and public statement had been made in July, 1931, by Milnor regarding Farmers' National ownership of Updike. Such charges flimsy and manifestly discriminate against cooperatives, since similar stock-holding practice obtains in most instances where stock ownership is by corporation. Fact that no steps were taken by board of trade for nearly year after full knowledge in their possession indicates no belief that wrongdoing existed was then in their minds.

Florentine acted as broker for Updike and others and retained all brokerage earned, as he apparently was required to do by rules of board of trade. Florentine held one share of stock in his name and acted as secretary of Updike Co. without salary. He had acted in this capacity and handled brokerage in this manner without salary continuously since 1925. No change whatever was made in activities after time Farmers' National purchased Updike. This practice had apparent approval of board of trade while Updike was privately owned, but became violation of rules when Updike was purchased by cooperatives. Florentine and Farmers' National still believe such practice in exact conformity with board of trade rules, and that this viewpoint was fully sustained in evidence and citations offered in hearings, which were apparently ignored by board of trade directors in reaching their decision against Updike. Another charge was that Updike violated rules by permitting parent company—Farmers' National—use of its private wire system. Trade practice permits use of private wires in connection with any probable business from which the company operating wires may benefit in future. In view of fact that company operating wires was completely owned by subsidiary—Farmers' National—there was no deception in this practice and no financial gain or loss. Farmers' National always willing to take over operation wire system, or if board of trade desired would pay Updike for such service, which in effect transfers money from one pocket to other, since Updike wholly owned by Farmers' National. M. W. Thatcher will inform you fully regarding current application Farmers' National for clearing privileges in own name which after Updike suspension if further denied will cost organized grain producers scores of thousands of dollars. No wrongdoing by cooperatives or their representatives has occurred, and impartial review of evidence offered by board of trade and Farmers' National will conclusively show effort to discriminate against cooperatives. Possibly matter best expressed by newspaper headline Chicago to-day reading, "Board of Trade Defies Hyde by Expelling Firm." Will appreciate every effort you make in behalf cooperative movement at this critical time. We hold that rule excluding corporations from clearing membership privileges is violation grain futures act and clearly discriminates against cooperatives, which can not operate as individuals or partnerships, but only in corporate form. One might almost believe directors Chicago Board of Trade have gone red, defying law and government.

C. E. HUFF.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 407) making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932, and it was signed by the Vice President.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. GOLDSBOROUGH presented a letter in the nature of a petition from the Baltimore Fruit & Produce Association, of Baltimore, Md., praying for the passage of the bill (S. 3866) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was referred to the Committee on the Judiciary.

He also presented resolutions of several American Legion posts in the State of Maryland, favoring the passage of legislation to eliminate or reduce the interest rate on money borrowed by veterans on adjusted-service certificates, which were referred to the Committee on Finance.

He also presented letters in the nature of memorials from several citizens of the State of Maryland, remonstrating against the imposition of a tariff duty on lumber and taxes on automobiles and gasoline, which were ordered to lie on the table.

He also presented a letter in the nature of a petition from John H. Dockman & Co., of Baltimore, Md., remonstrating against the imposition of taxes on chewing gum, candies and other confections, and favoring instead the imposition of a general sales tax, which was ordered to lie on the table.

He also presented a letter from J. B. Fleming, president the Mountain View Nursery Co., of Williamsport, Md., suggesting the adoption of a $3,000 exemption on the taxation of small corporations in the pending revenue bill, which was ordered to lie on the table.

He also presented letters and telegrams from several citizens and organizations in the State of Maryland, suggesting various changes in the pending revenue bill, which were ordered to lie on the table.

He also presented a letter from H. O. Nicol, president Maryland State School for the Deaf Alumni Association, Frederick, Md., inclosing a statement in opposition to section 207, Title II, part 2, of House bill 11267, the legislative appropriation bill, affecting holiday, Sunday, night, and overtime pay of employees of the Government Printing Office, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Church Hill and vicinity, in the State of Maryland, remonstrating against the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, or other restrictive religious measures, which was ordered to lie on the table.

He also presented letters and telegrams in the nature of petitions from several citizens of Baltimore, Md., and Philadelphia, Pa., praying for the inclusion of a manufacturers' sales tax in the pending revenue bill, which were ordered to lie on the table.

He also presented memorials of sundry citizens of Hagerstown, Salisbury, Laurel, and Baltimore, in the State of Maryland, remonstrating against the imposition of taxes on the automobile industry and urging instead the adoption of some form of general sales tax, with necessary exemptions, which were ordered to lie on the table.

LEGISLATION BY CONGRESS URGED

Mr. METCALF. Mr. President, I have received several hundred letters from Rhode Island citizens, fairly representative of the business interests of the State, urging that the Congress bring about an early balancing of the Budget through curtailment of expenses and through the imposition of a manufacturers' sales tax. In addition to these letters, I have had petitions signed in total by some 6,000 citizens, urging drastic governmental economies, a sales tax, and expedition of the revenue bill. Rather than burden the RECORD with these various petitions and letters, I wish to acquaint the Senate with the general trend of public thought in Rhode Island in this manner.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes, the pending question being on the amendment of Mr. HOWELL to the amendment of the committee proposing a tax on bank checks.

Mr. HAWES. Mr. President, we have about discovered that the taxes to be imposed by this bill cover everything from the bank to the rabbit. I have been much interested in the farmers' point of view as it relates to the tax upon checks. I have before me a brief memorandum showing how it will affect the farmers and the bankers in my own State. I am not referring to the large banks, but to the small banks in the small towns. Take, for instance, the People's Bank of North Kansas City, Mo. They write me as follows:

Such action will not only defeat the purpose of the Government but it will also drive out of the banks a large portion of their present business and prevent much future patronage.

Frankly, banking business is too serious a business to tamper with or to disturb, especially under the present conditions. Bankers are having hard enough time keeping up their deposits and maintaining the confidence of the public without interference on the part of the Government.

The Carthage Creamery Co., Carthage, Mo., state—

As a general proposition we are against a tax of this nature, and as a local proposition we feel that it will work a hardship on our dairy farmers in this section, because all of the payments made to them for butterfat are made by check. Last month we issued approximately 27,000 checks to the dairy farmers.

Farmers' Produce Exchange, St. James, Mo., write—

We have quite a few of our M. F. A. institutions in the State of Missouri, which are cooperative organizations, that pay for all the commodities they purchase by check. Very often we write checks down to a very low denomination, especially since eggs have gone as low as 8½ cents per dozen at the country points. These eggs are generally marketed in small amounts, as low as two dozen at a time, and I believe the average purchase at these points would figure about six dozen. We also purchase cream at all of these stations, paying by check, and with butterfat at 10 cents per pound, you can readily see that it wouldn't hardly look right to have to add a 2-cent tax on checks of these denominations.

Mr. President, I have a few other brief extracts from letters written to me by exchanges and small country banks showing the large number of checks issued in small denominations to the farmer. I ask permission to insert them in the RECORD without reading in order to economize the time of the Senate.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Without objection, that will be done.

The extracts referred to are as follows:

Alton Bank, Alton, Mo.: "Our customers are farmers with limited means and it would just mean withdrawals almost to a man with us. We believe that one-half of our checks are for an amount less than $2, and this would add an enormous amount of additional work to say nothing of the expense to those who are trying to do business with us on the meager amount they have to use."

Bank of St. James, Mo.: "It is discriminative because the tax is the same on small or large checks.

"It curtails a medium of exchange which has become a vital factor in the transaction of business.

"It will encourage the return to the antiquated system of pay by cash.

"It will encourage withdrawal of funds from banks, increase currency circulation, and reduce bank deposits.

"It will promote an increase of holdups, robbery, and attendant crime."

Bank of Perryville, Mo.: "It will work a hardship on all the small banks, for many people who now deposit with them will carry their money around and keep it at home."

Columbia Savings Bank, Columbia, Mo.: "This is a nuisance tax that affects all classes of business and will encourage people to carry their money in their pockets and not deposit in the banks."

Baltimore Bank, Kansas City, Mo.: "It would undoubtedly retard business transactions and under the proposed plan of having the banks affix these stamps would cost the banks more than a reasonable per cent of the revenue it would produce the Government."

The Bank of Carthage, Mo.: "This will cause more hoarding than anything they could possibly do. It will also be a very distinct burden on some types of business.

"For instance, we have a creamery account; they buy cream in small amounts from farmers. These farmers wish their pay check weekly. Last month this company issued 17,719 cream checks to farmers in this vicinity; 50 per cent of these checks were for less less than $5. A tax of 2 cents per check applied to this account would cost the creamery $354.38 a month based on April business. Due to the very low price of dairy products the creamery is not making that much money per month net, and if this tax were to be applied, the only way it could possibly be taken care of would be to pass it on to the farmers."

American Dairies (Inc.), Kansas City, Mo.: "Naturally the type of business for which I am responsible is one largely with the farmer. Thousands and thousands of small farmer checks pass daily in our business, and the majority of these checks will probably average less than $2 each. Of course there are some amounting to possibly $7 or $8 each, but those of the larger amounts are decidedly in the minority."

Sturdivant Bank, Cape Girardeau, Mo.: "The International Shoe Co., of St. Louis, who now pays weekly by individual checks to each laborer, expects to pay only twice a month by checks in order to save the added cost of stamp tax. You can readily see this will be very hurtful to the laborer, who now gets very small earnings anyway."

The Farmers Bank, Powersville, Mo.: "When deposits are at a low ebb and small balances prevail, will have a tendency for balance to be withdrawn and payments made in cash, requiring banks to carry more ready cash, and holdup insurance, now so high, that it would almost be prohibitive for country banks to carry any more cash and subject themselves to holdups. * * *"

William Hirth, president Missouri Farmers Association, Columbia, Mo.: "Check tax will place extremely heavy and unfair burden on Missouri Farmers Association, which operates 700 cooperative agencies and does annual business in excess of $100,000,000."

Kansas City Bridge Co., Kansas City, Mo.: "It has been our custom to pay our labor pay rolls with checks to each individual. Also other obligations are paid by check. Manifestly, if a tax of 2 cents per check is levied, it will be necessary for us to pay our pay rolls in cash, thereby saving this expense and increasing the risk of handling our business."

W. F. Hall, Kansas City, Mo.: "Since the financial structure of the Nation depends in such a large measure on the well-being of its banks, I do not believe anything should be done which might affect them so materially as this measure undoubtedly would."

Hugh Stephens, the Exchange National Bank, Jefferson City, Mo.: "These stamps will discourage the keeping of money in banks and start a new type of hoarding to avoid the use of the stamps. In the aggregate, we think this will materially reduce the amount of money left on deposit. In our particular institution we will be put to the expense of carrying a stock of these stamps, making double examination of thousands of checks daily to see that the law is complied with and as heretofore will have to supply in many cases missing stamps in order to avoid costly and inconvenient delays in correspondence, calling back customers who failed to attach the stamps."

Mr. HAWES. Mr. President, we have heard of the effect of this proposed tax on the farmer, but what of the city? I subscribe for a newspaper, and the newspaper carrier brings that newspaper to my house every morning at 6 o'clock. At the end of the month I pay him for his services $1.50. He does not get there except at 6 o'clock; I never see him. The consequence is I send him a check. The same thing happens with the cream and ice that are delivered in the morning. I have been informed that the vast majority of checks drawn are under $5. May I ask the chairman of the Finance Committee if there was any testimony before the committee indicating the percentage of checks for $5 and under?

Mr. SMOOT. I will say to the Senator that in the case of the creamery industry the majority of the checks are for $5 or under; but that does not apply to the whole United States.

Mr. HAWES. Did the committee hear any testimony as to the percentage of checks which are for $5 or under throughout the United States?

Mr. SMOOT. No; I doubt whether such information could be collected unless a special examination were made.

Mr. HAWES. I have been informed, Mr. President, that some information has been given to the Finance Committee showing that the burden of this 2-cent tax will really fall upon checks of $5 and less.

Mr. SMOOT. So far as farm checks are concerned, there is no doubt that a great majority of them are for less than $5.

Mr. HAWES. The great majority of them?

Mr. SMOOT. Yes.

Mr. HAWES. Does not the Senator think that the same thing is true of the cities as well?

Mr. SMOOT. It will apply there, but not to such an extent as it does in the rural districts, in the case of creameries, for instance.

Mr. HAWES. Am I right, then, in stating that checks for less than $5 constitute the greater percentage of all checks issued by depositors of banks?

Mr. SMOOT. No; I do not think so.

Mr. HAWES. How close would that statement approximate the actuality in the Senator's opinion?

Mr. SMOOT. Including the creamery business and other small businesses which issue checks, I think perhaps the number of such small checks would be 35 per cent of the total, or something like that.

Mr. HAWES. Thirty-five per cent?

Mr. SMOOT. Perhaps a third of them, but not more than that, I will say to the Senator.

Mr. HAWES. If we extended it to $10 checks, would that bring the number up to 60 per cent?

Mr. SMOOT. Really I would not want to give an estimate, but I will say that the number is very large.

Mr. HAWES. The number is very large.

Mr. HOWELL. Mr. President——

Mr. HAWES. I yield to the Senator from Nebraska.

Mr. HOWELL. I will say to the Senator from Missouri that I asked the leading bank of Omaha a week ago last Monday to list its checks according to amounts. On the day for which the report was submitted they had some 25,000 checks, 27 per cent of which were for $5 and under and about 38 per cent for $10 and under. Of course, that was the report for only one day, but the figures thus furnished are better than a guess and will give an idea of about the percentage.

Mr. SMOOT. Mr. President, I think it is about 30 per cent.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. HAWES. I yield.

Mr. KING. Of course, the Senator appreciates the fact that the tax now under discussion is in the nature of a sales tax or an income tax or a consumption tax. The Senator ought not to object to it, because he is in favor of a sales tax.

Mr. HAWES. Oh, no; the Senator is in error.

Mr. KING. I beg the Senator's pardon; I thought he was.

Mr. HAWES. If the Senator would like to be informed——

Mr. KING. I thought the Senator was one of the protagonists of the sales tax.

Mr. HAWES. We do not call it a sales tax. I am in favor of a limited manufacturers' license tax which exempts the farmer, which excludes medicine, which excludes clothing, which excludes food, and various other things. I call that a manufacturers' license tax. We have found that the plan of taxation of your committee—and I say with all due respect, "your committee," though I do not mean really the Senator's committee, because I do not believe he is very proud of it—extends, as I said a moment ago, from banks to rabbits, and the other plan is limited.

Mr. KING. Mr. President, if the Senator will pardon me further, I know of but few, if any, taxes that do not reach from the cradle to the grave. Taxes bear finally upon the great consuming public; no matter how we may attempt to draft them, their incidence finally is upon the backs of the consuming public.

As to the tax upon checks, a man or woman does not draw a check unless he or she has money in the bank. A tax on checks is a tax—a small tax—upon the money which they have, upon their earnings, upon their outgo, and yet the tax of which my friend is an advocate, call it a manufacturers' tax or a sales tax, is a tax which must be borne ultimately by the mass of the people; there can be no question about that.

Mr. HAWES. Mr. President, the kind-hearted Senator, I know, frequently has calls made upon him to buy tickets for charity. Every time he buys a ticket and sends a check he is charged 2 cents for it. Every time he responds to a charitable appeal, or pays the great variety of small items which nobody could collect without losing money, and which the Senator could not pay in cash without occupying his secretary's entire time in running around and paying them at the place where they were due, he has to place a 2-cent stamp on the check he issues.

We have just discovered who will have to bear the burden of this thing. It is not the man who issues a $100 check, or a $500 check, or a $1,000 check. The man who will pay 60 per cent of this entire tax is the man who issues checks for $10 and less.

Mr. KING. Mr. President, if the Senator will pardon me, there are many people of large means who issue checks of $10 and less. Small checks are not written exclusively by people of limited means. People of large resources, people whose expenditures go into the thousands and tens of thousands of dollars annually, draw small checks, either through themselves or through the machinery of their organizations. So that the small checks are issued in large part by business concerns and by men of large means, as well as by the dairymen and men of small means.

Mr. HAWES. The Senator, of course, understands the temptation of our citizens to try to avoid taxes. No one likes them. It seems that in addition to this burden being borne by the small check, it will mean the withdrawal of money from banks. It will mean the hoarding of money. It will mean an unsettling of financial conditions, especially in the smaller communities.

I have been unable so far, Mr. President, to find anything very satisfactory in this bill. Apparently, the burden is to be borne by a few people; but the more we examine it, the more we find that it will reach all classes of our people with a very heavy nuisance tax, if you please, an irritating sort of thing.

I want my position understood by the distinguished Senator from Utah. I am not favoring a general sales tax. I have been opposed to it.

The measure that I have just read is a limited manufacturers' license tax, which I understand will produce some $335,000,000, and if we take what is called the Connally increase in income-tax rates—a little higher than the committee's report, and not so high as the suggestion of the Senator from Michigan [Mr. COUZENS]—it will give us another $100,000,000, and in that way the Budget may be balanced without as much irritation as is proposed by these various plans.

Mr. President, some time ago I sent to the desk an amendment to insert on page 286, line 1, after the comma, the words "for $100 or over." I should like to modify that by having it read "for $50 or over," and I ask that that amendment may be now considered.

The PRESIDING OFFICER. The Chair understood that the amendment proposing a $5 exemption was pending first.

Mr. SMOOT. That is the pending question, as I understand.

The PRESIDING OFFICER. Yes. That is an amendment to the committee amendment.

The question is on the amendment offered by the Senator from Nebraska [Mr. HOWELL], eliminating the tax on checks below $5.

Mr. HAWES. I was temporarily out of the Chamber, and did not know that this amendment had been offered. Who introduced the amendment?

The PRESIDING OFFICER. The amendment of the Senator from Nebraska [Mr. HOWELL].

Mr. HAWES. I withdraw my amendment temporarily, Mr. President.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Nebraska [Mr. HOWELL] to the amendment of the committee on page 286, line 2, after the word "company," to insert a comma and the words "for an amount in excess of $5."

Mr. BLAINE. Mr. President, the senior Senator from Nebraska [Mr. NORRIS] was very much interested in this matter.

Mr. SMOOT. He has already spoken.

Mr. BLAINE. I was wondering whether we are going to have a vote. If we are, I suggest the absence of a quorum. If not, I will not take the time.

Mr. SMOOT. Unless some Senator who desires to speak is in the Chamber, we might as well have a quorum.

The PRESIDING OFFICER. The Senator from Wisconsin suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Howell	Reed
Bailey	Davis	Hull	Robinson, Ark.
Bankhead	Dickinson	Johnson	Robinson, Ind.
Barbour	Dill	Jones	Sheppard
Bingham	Fess	Kean	Shortridge
Blaine	Fletcher	Kendrick	Smith
Broussard	Frazier	Keyes	Smoot
Bulkley	George	King	Thomas, Idaho
Bulow	Glass	La Follette	Thomas, Okla.
Byrnes	Goldsborough	Lewis	Townsend
Capper	Gore	Logan	Trammel
Carey	Hale	McGill	Tydings
Cohen	Harrison	McNary	Vandenberg
Connally	Hastings	Metcalf	Walsh, Mont.
Coolidge	Hatfield	Moses	Watson
Copeland	Hawes	Norris	Wheeler
Couzens	Hayden	Oddie	White
Cutting	Hebert	Patterson	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Nebraska [Mr. HOWELL] to the amendment of the committee.

Mr. REED obtained the floor.

Mr. WATSON. Mr. President——

Mr. REED. I yield to the Senator from Indiana.

Mr. WATSON. There has been much talk among Senators as to whether or not there is to be a meeting of the Senate on Monday.

I have conferred with the minority leader and with various Members on the other side and quite a number on this side, together with the Senator having the bill in charge; and we have come to the conclusion that we should meet on Monday and should not adjourn over until Tuesday. Because of the congested condition of our calendar and the demands made throughout the country for the passage of very important legislation which we have in hand, we consider that it is the most patriotic thing for us to do to remain here and attend to and discharge our obligations.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Mississippi?

Mr. REED. I yield.

Mr. HARRISON. I merely want to ask the Senator from Indiana whether he thinks it is impossible for us to finish this bill to-morrow.

Mr. WATSON. I am rather inclined to think it is, from the present situation.

Mr. HARRISON. I hope it will not be impossible. I hope we can drive ahead in such a way that we can clean it up and get the bill to conference by to-morrow night.

Mr. WATSON. That is a "consummation devoutly to be wished"; but I am not certain, in view of the situation, that it can be done.

Mr. REED. Mr. President, I can readily understand that the proposal to put a tax of 2 cents on a check of 50 or 60 cents, given to a farmer's wife in payment for eggs that she sells, is equivalent to a proposal to put a 4 or 5 per cent sales tax on that small transaction.

I do not think anybody in this Chamber wants to accomplish that result, but I want to suggest that it is not a necessary result of the amendment reported by the Committee on Finance. As Senators will see, this check tax in section 741 applies only to drafts, orders, or checks drawn upon any bank, banker, or trust company.

Out in Ohio, I am told by the senior Senator from Ohio [Mr. FESS], there is at least one company which follows the practice of giving to the people who sell poultry and eggs an order for the payment of the money on a form such as that I hold in my hand, drawn upon the drawer itself. This concern is called the Brownell Co., and they give this order:

Pay to the order of_____dollars

That is addressed to the Brownell Co., and marked "Payable at the Washington Savings Bank, Washington Court House, Ohio."

I am told that those orders are given in very large numbers every day.

If they were drawn on the bank, they would take a 2-cent stamp, under the provision of this bill; but being drawn on this company, they are not taxable, and the Treasury would so hold.

At the end of the day all of these orders which have been honored at the bank are lifted by a single check drawn on the bank itself, and the purchaser pays the 2 cents on that check. So that it is perfectly possible for these farm cooperatives and for all purchasers of dairy products, poultry and eggs, throughout the country, to use this form of order, which will not require any stamp; and I can say with confidence, because I have consulted the Treasury, that it would not require a stamp.

I am in full sympathy with the intention of the junior Senator from Nebraska [Mr. HOWELL] in offering his amendment; but I hope it will not be adopted, because the people he wants to protect can protect themselves, and the people we want to tax—you, and me, and all of us who draw checks in small amounts sometimes—might very well pay the 2 cents for convenience.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. NORRIS. I appreciate very much the Senator's attitude; but I wonder if he will permit me to make two suggestions.

Mr. REED. I yield.

Mr. NORRIS. Although he has, as nearly as any human being could, met one of them by consulting with the Treasury.

I have an amendment pending to a different part of this bill, the object of which is to make clear the existing law on tax exemptions for the kind of organizations to which I have referred.

We have undertaken to make cooperative organizations exempt under the income tax law. We have not succeeded, because the Bureau of Internal Revenue has taken all sorts of technical advantages to make it difficult for anyone to get the advantage of what was clearly the intention of Congress, so that out of over 12,000 cooperative associations in the United States about 600 only have exemptions. They have given up trying to get under the law. It has cost them too much money. There are too many technicalities, and, as I shall show when we come to that amendment, they have said, "We had better pay the tax than run the risk of getting into difficulties."

There is another reason against the Senator's suggestion, and that is that the only object, I take it, the committee had in offering this amendment was to reduce revenue.

Mr. REED. Surely.

Mr. NORRIS. If such means as the Senator has suggested are resorted to, there will not be the revenue collected. It will certainly reduce the revenue. Suppose this bank, in the one instance I gave, in a very small place, where there were 17 checks in one day, should do the same thing. There would be paid only 2 cents on those 17 checks.

Mr. REED. That is perfectly true.

Mr. NORRIS. So we would lose only 2 cents from revenue if we exempted them.

Mr. REED. While it is true that the farm cooperatives, and the purchasers of farm products, can use this method I have suggested, I could not use it, nor could the Senator from Nebraska use it. The small checks we write will have to bear the tax, and it is right that they should.

Mr. NORRIS. My checks, I will say to the Senator, if he will permit, that I do not write a check for $5 once in six months. I never knew a Senator to have a bill presented to him, at least while he was in Washington, that was as small as $5, no matter what it was for.

Mr. REED. When the Senator talks about the attitude of the Bureau of Internal Revenue, he awakes a responsive chord in my heart, because when I was young I was taught that a tax bill ought always to be construed most favorably toward the taxpayer, that that was a fundamental principle of legislative construction. Since we have gotten into these income tax laws, the policy not only of the bureau, but of the Federal courts, has apparently been to extort the revenue if the language were capable of any kind of distortion to justify it.

Mr. NORRIS. I think that is a correct statement.

Mr. REED. I have oftentimes taken occasion publicly to scold about that. I think we have departed from a very safe rule in our jurisprudence. So that now we use every ingenuity to stretch the law to make the tax attach, whereas our ancestors used to say that the tax was not payable unless the law clearly required it.

However, on orders in the form of that to which I referred, it is perfectly clear to me—and the Treasury agrees—that the order is not on a bank or banker or trust company, and consequently is not subject to the tax.

Mr. NORRIS. Mr. President, will the Senator permit another interruption?

Mr. REED. I yield.

Mr. NORRIS. From my experience with the construction placed upon our laws by the Bureau of Internal Revenue I am very fearful, although the present officials having really just made a promise to the Senator—I have no doubt they would carry it out—of the construction they will eventually put on the sort of order to which the Senator has called our attention. I dare say they would not go nearly as far in their construction as they have already gone in other cases, but I fear they would go to the extent of saying that the means suggested by this order indicates a plain intention to evade the law.

Mr. REED. I do not think they could, because our law, as we enact it, would provide "an order for the payment of money drawn on a bank." This is not drawn on a bank. That is the answer.

Mr. NORRIS. Really, I think the object of it is to evade the tax, myself. It seems to me such a holding would not be a misconstruction.

Mr. REED. It is doing a perfectly lawful act in a way that is not taxable. I do not think that even the Bureau of Internal Revenue, or the Federal courts, could hold that it was within this statute.

The criticisms of the Senator of the Bureau of Internal Revenue apply just as well to all of the appellate courts above them. Apparently the construction put upon these taxing laws by every court, up to the Supreme Court of the United States, is to get every penny of tax the language can be stretched to cover, unless it be upon the Federal judiciary, and there they are extremely tender and anxious to stretch the language the other way.

Mr. HAWES and Mr. SMOOT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Pennsylvania yield, and if so, to whom?

Mr. REED. The Senator from Missouri asked me to yield first, but the Senator from Utah is in charge of the bill. I wonder whether the Senator from Missouri would not let him interrupt first?

Mr. HAWES. I will wait.

Mr. SMOOT. Mr. President, since this matter has been brought to my attention, I have tried to think whether there was any evasion of the stamp tax from any source when it was in operation. I do not recall ever seeing a charge that there was an evasion of the stamp tax contained in preceding laws imposing a tax upon checks. There was no limitation upon that. The tax was 2 cents upon a check. I suppose the creamery organizations were in existence at that time, were they not?

Mr. NORRIS. Yes; but they were very limited in comparison with what they are now. There were such things, but all of these large cooperative institutions, or at least many of them, have been organized and developed and expanded since we passed the marketing act.

Mr. SMOOT. I recognize the fact that what has been stated by the Senator from Pennsylvania can be done.

Mr. REED. Mr. President, so that what we are saying may be understandable to those who read the CONGRESSIONAL RECORD, I ask that there may be put into the RECORD at this time the form of order about which I have been talking, which is nontaxable.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Main office
Washington C. H., Ohio
The Brownell Co., poultry and eggs. Highest price for quality.
No. 6951
_____193___
Pay to the order of_____$_____
_____dollars
The Brownell Co.
Payable at the Washington Savings Bank, Washington C. H., Ohio.

Mr. REED. Mr. President, having put into the RECORD a copy of the nontaxable order, I would like to have printed in the RECORD the bank check which takes up the many orders at the close of each day, and which, of course, would be taxable with a 2-cent stamp under the Senate committee amendment.

I ask that this be published in the RECORD at this point.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

The Brownell Co., eggs and live poultry
No.
Washington C. H., Ohio, _____19__
Pay to the order of_____$_____
_____dollars
For_____
The Brownell Co.,
By _____
To the Washington Savings Bank,
56-366 Washington C. H., Ohio.

Mr. REED. Now I yield to the Senator from Missouri.

Mr. HAWES. Mr. President, I understand to a certain extent the form used by the farmer in evading the tax. What is the system the Senator is going to suggest for the city?

Mr. REED. I am not suggesting a system of evading the tax at all. I say that where a large number of small purchases are made, in town or city, by an established company of this sort, it is possible for it to give an order upon itself for the payment of the money at its bank, and that is not taxable. But for myself, living in a city, or in the country, for that matter, and paying current bills, I know of no way in which I can give similar orders. If I give a $2 order to somebody who sends me a bill for that amount, payable by myself at my bank, I will have to take it up at the close of the day with a $2 check, and I will have to put a stamp on that. For the great run of small checks, in the city or in the country, the stamp tax will have to be put on. It is only where there is such a process of gathering farm products as

that resorted to by the cooperatives that the stamp tax need not be paid.

Mr. HAWES. That affects the farmer only, and there is no remedy for the man in the city?

Mr. REED. I do not see any.

Mr. HAWES. Does the Senator from Pennsylvania know what percentage of checks are for $5 and under?

Mr. REED. No; I do not. I know that the average amount per check is stated by some people as being about $175.

Mr. NORRIS. Mr. President, will the Senator yield, so that I may enlighten the Senator from Missouri somewhat on that?

Mr. REED. I gladly yield.

Mr. NORRIS. It depends a great deal, of course, upon the locality. Among poorer classes of people the checks would be much smaller. But my colleague put into the RECORD to-day the figures showing one day's operations of a bank in Omaha, Nebr., and he showed that the average there of 27 per cent were for less than $5, as I remember it.

Mr. REED. I can quite believe that.

Mr. NORRIS. And there were about 25,000 checks in the calculation.

Mr. HAWES. Let me say to the Senator from Pennsylvania that during his absence, when there were very few Senators present, I was trying to ascertain where the burden of the stamp tax would fall. Unless I am mistaken, the figures furnished by both the Senator from Nebraska [Mr. HOWELL] and by the Senator from Utah [Mr. SMOOT] show that 50 or 60 per cent of this tax will be upon checks for $10 or less.

Mr. REED. I think that must be a mistake.

Mr. SMOOT. No; I do not think that is correct.

Mr. REED. If I may express my opinion, not fortified by statistics, but, rather, as a result of observation, I should say that the tax in large part will be paid by the employers who resort to the payment of wages weekly by check in order to get away from this business of pay-roll robbery, which has very much increased in the last few years.

Mr. HAWES. I have in mind the householder. For instance, my paper carrier charges me $1.50 a month to deliver the daily paper at my house. He delivers it at 6 o'clock in the morning, before I am up and before the family is up.

Mr. REED. The Senator is a very late riser.

Mr. HAWES. I have my breakfast at 7, which is not far from 6. There is one check. What about the milk man and the butter man and all those people? There may be a plan for a cooperative in some State to evade the law, but how about the householder, who must use checks in rather small amounts? They must bear the full brunt of this tax. It is not the $100 checks or the $500 checks or the $1,000 checks, but it is the small checks that will pay the $95,000,000. That sum will be paid by the man who keeps the small bank account.

Mr. REED. No; I do not agree with the Senator. The $95,000,000 will be paid by all the people of the United States who keep bank accounts.

Mr. HAWES. But three-quarters of that will be paid by the small checks.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. Certainly.

Mr. WALSH of Montana. I think in connection with the orders put in the RECORD by the Senator from Pennsylvania, together with the check to take up the various orders, it perhaps ought to be stated, which must be the case, that by arrangement between the bank and the company issuing the orders the bank agrees to pay to the holder of the order upon presentation of the order the amount therein called for. That is to say, assuming it was issued to patrons of a creamery in payment for cream, they deliver their cream at the creamery, an order is issued such as indicated, the patron takes the order to the bank, and the bank pays immediately the amount, just the same as if it were a check.

In other words, there necessarily must be some agreement between the company issuing the order and the bank by which the bank has agreed that upon presentation of the order it will pay the amount.

Mr. REED. I am told by a gentleman from the Treasury who is familiar with this practice that there is no such agreement with the bank, that there is merely a custom by which, at the end of the day, these orders which have been cashed by the bank or bought by the bank are in turn bought by its customers; that there is no authority to charge the orders against the bank account of that customer in the bank.

Mr. WALSH of Montana. But the custom or the practice really amounts to an implicit understanding between the company issuing the order and the bank that the bank will pay.

Mr. REED. If that were true, there would be no necessity for the check to take up the orders, but the orders would be charged against the account of the creamery company.

Mr. WALSH of Montana. Of course that is a mere matter of convenience.

Mr. REED. It may be; but that is the practice.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield to the Senator from Ohio, who knows more about this than I do.

Mr. FESS. I think there may be some misunderstanding by Mr. Brownell, who was here and presented this matter, in order to know whether this order would be subject to the tax. We are using the term "evading the law," and I am afraid if he should read the RECORD he would interpret it to be a wrongful evasion of the law. It has been the practice for 40 years. The Senator from Pennsylvania has explained just how they proceed. When they purchase from the farmer, instead of paying cash or carrying the change with them for that purpose, they just issue a form of due bill.

Mr. WALSH of Montana. There is no doubt at all that the man who gets the order may go immediately to the bank and get his money.

Mr. FESS. Yes.

Mr. REED. But he has not any contractual right to get it. Let me explain to Mr. Brownell what we mean by "tax evasion." It is just like a citizen who comes to a river. He finds two bridges, one a free public bridge and the other a toll bridge. He goes over the free bridge. It can not be said that he is evading the toll. He is taking that method which is not taxable, and he is not resorting to the method that is taxable. Nobody can fairly charge him with evading the tax.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. REED. Certainly.

Mr. BLAINE. Why could not industrial organizations or merchants use the same type of order in payment of wages and bills payable or any expenses connected with the industry or the merchant? Why could he not issue the so-called due bill or order, and at the end of the day or the end of the week or the end of the month give his single check in payment of all the due bills or orders which he had issued?

Mr. REED. He would have to do it every day because at the close of the business for the day the bank would have to charge his account.

Mr. BLAINE. Limit it to every day, then. Why could not that be done?

Mr. REED. It would not be worth while in the case of most individuals to resort to such a method. I can see that a large corporation, with thousands and thousands of pay checks, might resort to the same method. In that case there would be no tax payable and in that case we would be disappointed in the yield. But even if we adopt the amendment suggested by the junior Senator from Nebraska [Mr. HOWELL] we will not get away from that proposition. We may exempt the small $5 check, but there is nothing to prevent the General Electric Co. or any other big employer from resorting to the Brownell method, which I just put in the RECORD, and paying wages that way. I do not think they

will do it; but if they do, the tax will not attach to them and to that extent we will be disappointed.

Mr. WALSH of Montana. Why does the Senator think they will not do it? Here is a corporation with 10,000 employees. If they issue checks twice a month to those 10,000 employees, this check tax would amount to a very considerable sum. Why should not they escape the tax in that way?

Mr. REED. Possibly they will. Perhaps they will think the bother of it makes up for the saving or the saving makes up for the bother. They may resort to it and the amendment of the junior Senator from Nebraska will not prevent them from resorting to it.

Mr. HULL. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I yield.

Mr. HULL. I would like to inquire of the Senator whether it would be possible to define this transaction and insert it as an amendment in order to satisfy and make more certain its operation?

Mr. REED. In other words, make the tax attach to any bill of exchange drawn upon any person, including the drawer?

Mr. HULL. Make it definite whichever way it is desired.

Mr. REED. Then I suppose they would resort to the use of mere receipts and buy back those receipts.

Mr. THOMAS of Idaho. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. THOMAS of Idaho. The Senator will recall that when the tax on checks was considered I was opposed to it, and only consented to it after the $5 exemption was written in the bill. The reason why I was concerned was because we were taxing the small checks that are given to farmers for produce.

The order which the Senator has placed in the RECORD is not an unusual way that these matters are handled by the country banks. I am pleased to know the country banks can arrange with the produce buyers, whether it be a cooperative association or private buyers. It makes a matter of very cumbersome bookkeeping to put all of the small checks on the ledger in the accounts in the bank, so they can arrange to use these orders and before they close the business for the day the produce buyers may come in and give a check for all the orders they have issued during the day.

Mr. REED. In that case the creamery or the produce buyer would have to pay but a 2-cent tax on each check, and would avoid paying a 2-cent tax on each of the numerous orders issued in small amounts during the day. He would pay merely one 2-cent tax on the check that would clean up all the transactions of the day.

Mr. THOMAS of Idaho. That is the reason why the cooperatives are interested in the matter. They issue hundreds of checks and the amount of the tax, if they had to pay a tax upon each of those little checks, would be oppressive.

Mr. REED. I think the Senator can safely advise them that no matter how this passes, whether with or without the amendment of the junior Senator from Nebraska, they are not taxable on those orders which they give out in such large numbers.

Mr. THOMAS of Idaho. I do not like the check tax, but we have to tax something somewhere. I realize the obstacles of the $5-exemption amendment. For instance, one may have a $25 bill to pay. He is very likely to write five checks of $5 each in order to avoid payment of the tax and in order to take advantage of the exemption.

Mr. REED. I thank the Senator, because he has expressed the idea that I was going to give out.

Mr. President, we talk about tax evasions. It is only right that we should realize that there will be other methods of escaping the payment of this tax. We in our own banks are accustomed to see on the desks of the banks what are known as counter checks. If we want to get a few dollars for pocket money, we go into the bank, sign one of those checks, and we present it, and they give us the money. That is known as a counter check. If we pass the stamp tax law, undoubtedly the banks will go back to the practice which they adopted in the Spanish War days and use mere receipts, shaped like a check, treated like a check, so far as the bank accounting is concerned, but which merely say that "I have received from the Riggs National Bank $50, which charge to my account." That is signed and we get the money. So far as the bank is concerned that explains the debit which they have to put in our individual account.

That undoubtedly will be the case, and we will lose some possible revenue in that way. But all that has been taken into account in the Treasury estimates as I understand it. The yield of the tax is so important and its incidence upon commercial transactions is so slight that it worked very well in Spanish War days; it works very well in Great Britain to-day; and it will work very well in the United States the rest of this year if we adopt it. I hope it will be adopted in the form in which the committee presents it.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Ohio?

Mr. REED. I yield.

Mr. FESS. Has there been any action at all on the manner of collection?

Mr. REED. No; that remains to be seen.

Mr. FESS. That is the only serious objection that comes to my mind.

Mr. REED. The vote that we are about to take now deals only with the imposition of the tax and the question whether it should include small checks as well as large checks. That is the only question. The next question is whether it shall be a stamp tax as in the United States in Spanish War days, as in Great Britain to-day, or whether it shall be this process of deduction by the bank, from the deposit account, and remittance by the bank to the Treasury.

As a member of the committee when the Treasury Department made that suggestion, I thought that that had been submitted to a number of bankers and approved by them; in fact, I thought the American Bankers' Association approved that method; but since our report has been made we have had such a volume of dissent from the banks of the country against the method of collecting that I am personally convinced we ought to go back to the old stamp-tax method of the Spanish-American War days. That, however, is a question that remains for disposition after this matter shall have been disposed of.

Mr. JOHNSON. Mr. President, I have been very seriously concerned about the particular amendment because of the statement made as to the amount of revenue involved. At first blush it seemed to me utterly incredible that checks drawn in an amount less than $5, if taxed under this bill, would yield $40,000,000 or more in revenue. I listened, however, with great interest to the senior Senator from Nebraska [Mr. NORRIS], to the junior Senator from Nebraska [Mr. HOWELL], and to the Senator from Missouri [Mr. HAWES], and I see that in a particular line, with which I have not been familiar, it does make a vast difference, and that it puts a very onerous burden upon the constituencies whom they represent.

Now, it has been suggested by the Senator from Pennsylvania [Mr. REED] that this tax could be avoided by adopting the system that has been adopted by the Brownell Co. I can not agree with the construction that is put upon the Brownell system by the Senator from Pennsylvania and the Treasury Department. I can not agree with an interpretation of the law that although there is imposed a tax of 2 cents upon checks, drafts, or orders for the payment of money drawn upon any bank, banker, or trust company yet that the tax need not be paid where the particular individual who owes the money draws a paper, we may term it, in the name of the individual to whom he is indebted, and upon the face of that paper it is stated, in substance, "This will be paid at a particular bank," and the individual who receives this paper from the Brownell Co., for instance, at any instant after that paper is given him may go to the bank in question and get his money. I can not understand

how there would ever be a construction put upon the law other than that such a paper came within the purview of the law.

It is quite true the Senator from Pennsylvania protects that system by what is stated by the Secretary of the Treasury, or by some one in his behalf. That, of course, I do not question, and I do not question that the Secretary of the Treasury would rule, if the matter came to him, exactly as has been indicated. However, we have got to remember that there may be another Secretary of the Treasury next year, and he may feel that the construction to be put upon this particular section of the law should be at variance with the construction that might be put upon it to-day.

However, beyond that, while we do not like the term "evasion," and we do not like to say that anybody is endeavoring to get around the tax, in reality if an institution has been following a course of business up to the time of the enactment of this law, and has been giving its checks in $1, $2, $3, $4, or $5, as the case may be, and then immediately upon the enactment of the law gives a sort of draft upon itself, payable instantly at a bank where it has its deposit and its account, I can not for the life of me understand how any court could construe the transaction otherwise than as an attempt to get around the law.

What is the use, let me ask seriously, of suggesting methods of getting around the law? If this amendment is one that ought to be adopted, let us adopt it, but not say to those who want the little boon that is afforded by this amendment, "You may avoid the paying of the tax that is assessed against you in this law by taking a course which will beat the devil around the stump and enable you to get out of paying the tax." So I submit, upon any theory, it is up to us to determine whether or not we want to adopt this amendment and not to discuss whether or not there can be avoided a particular provision of the tax law.

Mr. HULL. Mr. President, I should like to ask the Senator from California if it is not his view that we should in any event make this provision more definite before we finally dispose of it, as there seems to be a wide difference of opinion on the question?

Mr. JOHNSON. I listened to the query that was propounded by the Senator from Tennessee a few moments ago. It seems to me that if we endeavor to write into this law the Brownell scheme we shall be simply writing into the law a method for the evasion of the tax which we seek to impose.

Mr. HULL. My purpose in asking the question was to ascertain whether we could not at least prescribe something more definite as to the real import of the provision, whether construing it in favor of the tax or against the tax in a given transaction.

Mr. JOHNSON. The Senator is quite right, if it is desired to exempt checks up to $5; but there is the rub. Some want to exempt checks up to $5 and some do not, and if we endeavor to write into the law the exemption of those checks, of course, we can do it in very few but definite words, concerning which there would be absolutely no two modes of construction.

Mr. NORRIS. Mr. President, I said when the Senator from Pennsylvania first presented the order or check which he placed in the RECORD that it looked to me that it was an attempt to evade the law. I have not read the order itself.

Mr. FRAZIER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. NORRIS. I yield.

Mr. FRAZIER. I do not think the Senator from Pennsylvania meant to suggest it as a method of evading the law but as a method of farm relief.

Mr. NORRIS. Well, Mr. President, in any case it seems to me that there is not anything to it except an attempt to evade the law. I do not want to vote to pass a law and then as we are about to pass it have someone say that though we are going to enforce the law it contains a suggestion as to how it may be evaded. I do not want the Treasury Department to gather from this discussion that Congress is of the opinion that when we pass this law they can put on it a construction, if they see fit, by which there may be a practical evasion of the law. I can not see it in any other way. I believe it will be the duty of the Treasury Department or of the courts, if such a case shall come before the department or the courts, to say, "This is plainly an attempt to evade the law and we will not permit it." If we are going to enact a law and at the time we pass it point out some method of evasion, we had better adopt the suggestion of the Senator from Tennessee and amend the law so that it can not be evaded. I do not want any evasion of the law by cooperative organizations. I am just as much opposed to letting them evade the law as I am letting anybody else evade it; but if we are going to suggest to them how to evade it, and are going to permit its evasion in that way, we must likewise let it be evaded by everybody else who tries to evade it; and, in my judgment, we will see the law practically nullified if we do that.

Again, as I pointed out to the Senator from Pennsylvania previously, if this method of evasion is going to be practiced and carried out, the Government is going to get no revenue. I called attention in the remarks which I made a while ago to one day's deliveries at the delivery station of a great cooperative institution. At that particular delivery station on the day referred to there were 17 deliveries and 17 checks were issued. If the Senator's method of evasion was made use of there would be just one check; there would be 16 checks that would pay no revenue, in effect, and one that would pay a revenue of 2 cents; so, at least in principle, we would have the application on these checks at that station for that day of the ratio of 16 to 1, that would take away 16 sources of revenue and leave only one place for revenue to be obtained.

Mr. SHORTRIDGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. I yield.

Mr. SHORTRIDGE. I do not understand that the Senator from Pennsylvania was pointing out a method to evade the law.

Mr. NORRIS. He did not call it that, of course.

Mr. SHORTRIDGE. Nor do I.

Mr. NORRIS. All right, the Senator can call it by some other name; but it does not make any difference what we call it. If it has that effect, it is an evasion of the law.

Mr. SHORTRIDGE. If the Senator will pardon me, I would not call it an evasion of the law. It is merely an attempt to interpret the meaning of the wording thus far in the proposed amendment, and not an attempt at evasion. So, while it is neither here nor there, the use of certain words is not an attempt to evade but an attempt to construe the language which may be uncertain, ambiguous, and perhaps unintelligible.

Mr. NORRIS. Let us make an application of this to a real condition. Take the illustration I gave early in the day. Here are 17 deliveries of cream at a station. Under the law as I construe it, there would be 17 checks drawn, but under the method the Senator proposes there would only be one. Suppose I were operating that delivery station and the customers were coming in kicking about this stamp tax and saying "it is unjust," and I should say, "Yes, it is; but I can tell you how to get around it."

What is the object of it? It is to avoid payment of the tax; there is not anything else in it.

Mr. HAWES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. NORRIS. I yield.

Mr. HAWES. I was called from the room for a while and I should like to know if during my absence there was any plan proposed that would take care of the man in the city who draws checks?

Mr. NORRIS. No; there was not.

Mr. HAWES. No scheme has been proposed for him as yet?

Mr. NORRIS. No; and I do not think the scheme for the other fellow is any good. I do not believe it is fair. I do

not want to participate in passing a law here that will permit anybody to evade it.

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Texas?

Mr. NORRIS. I yield.

Mr. CONNALLY. If Brownell could do this, why could not anybody else do it?

Mr. NORRIS. Of course anybody else could do it, and, with the Treasury officials telling us what they are going to do for this fellow, they may have to do the same thing for the other one.

Mr. President, it is plain that it is an evasion of the law, and, if we will go back to the question that was submitted to the Senator from Pennsylvania by the Senator from Montana, there can be no doubt of it. Why would the bank pay this order, as it is called? What are they going to pay it for? They know that they are going to get their money out of the corporation that has money on deposit in the bank, and they are paying a written order drawn to somebody else. There is nothing to compel them to pay it, it is true. They could refuse payment, and they would refuse payment unless they knew that the corporation was going to reimburse them. Of course they would. That is simple. That is perfectly plain. So that they have that understanding: "We will cash these orders, and then you will give us a check when we get through."

I do not want to do this way, Mr. President. If we are going to pass a law providing for a stamp tax on all checks, let us pass one that can not be evaded, if we can. Let us not go on the theory that this tax is not going to be paid.

Mr. President, what condition is the Senate going to be in if it passes a law and says to the bulk of the people affected by it, "Here is a way to get out of it. We do not mean you." My contention is that no matter what we say, this thing so far has not been evaded in any legitimate, legal way. It will not work.

Mr. THOMAS of Idaho. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. NORRIS. Yes.

Mr. THOMAS of Idaho. I might say, for the information of the Senator, that this is not a new practice. It is quite a usual practice. It does not apply only to cream checks, but it applies to purchases of any kind of product.

I am not an attorney, and I do not pretend to know any of the legal phases of this question; but I do know that the very thing we are talking about is a practice that has been in existence for a long time.

Mr. NORRIS. I do not think that makes any difference. I do not think that affects it at all. Suppose, after the passage of this bill, the method suggested by the Senator came before the court for trial, and it should be shown that up to the passage of this law one of these concerns had a different custom entirely, and immediately after the law was passed it changed its business methods, and then the court said, "Why did you change them? Let us get an honest answer, now." The answer would have to be, "Because we did not want to pay the tax."

Mr. THOMAS of Idaho. Mr. President, in answer to that, we had a tax on checks at one time, and we had produce dealers in those days. I am wondering if the same custom was not practiced then, and I am wondering if those orders were taxed.

Mr. NORRIS. I do not know; and, so far as I am concerned, I do not care.

Mr. THOMAS of Idaho. I venture the assertion that they were not taxed by the law at that time.

Mr. NORRIS. It seems to me it is a plain proposition that here we are passing a law and suggesting a method by which it can be evaded. If that is true, referring again to the 17 deliveries that I referred to a while ago, instead of getting 2 cents for each one of them, under the suggestion of the Senator from Pennsylvania, we are not going to get 2 cents. Carry that all the way through, and what becomes of your $95,000,000?

Mr. THOMAS of Idaho. I quite agree that it reduces the amount.

Mr. NORRIS. Practically all of it disappears. We will not get it.

It seems to me the manly thing to do and the right thing to do is either to put this tax in or to put it out. If we want to tax all these checks, let us frame the bill so that they will all have to pay. If we want to eliminate the stamp tax up to $5, let us agree to the pending amendment, and do it in that way.

Mr. HOWELL. Mr. President, I call the attention of Senators to the methods that have been developed by the great creamery companies for collecting cream.

They collect this cream over large areas, from three and four hundred miles away. They have trucks that pass along the countryside. You have seen the cream can standing out in front near the gate. They pick up the can, and it is hauled to the railway station, and from there it is shipped to a central point; or the farmer drives up to the station and leaves a can of cream with an address upon it, and the cream is delivered without the intervention of a truck. Then what occurs? About every three days or every two days a check is sent to the farmer. There were issued in Nebraska last year probably 10,000,000 checks of this character—checks that did not average more than about $2.40.

I have the following statement from the Fairmont Creamery Co. in Omaha:

> To-day the Omaha National Bank cleared 2,200 farm creamery checks and drafts, averaging $2.39 each. We estimate that we manufacture about 21 to 22 per cent of the butter manufactured in Omaha. Therefore, it is reasonable to say that the Omaha banks clear 10,000 of these small creamery and produce checks daily. The State of Nebraska produces about three and one-half times as much butter as the Omaha creameries.

Mr. THOMAS of Idaho. Mr. President——

Mr. HOWELL. Mr. President, it is not practicable to do it in any way other than to send out checks in payment for cream over wide areas, because orders would not be recognized at banks where there was not an understanding between the particular creamery, the banks, and the farmers who happen to be patrons of that creamery. Otherwise, competing creameries would have to carry balances in every bank in the territory, and, of course, if orders were charged to balances they would be subject to tax. The money would be paid through a bank.

Mr. THOMAS of Idaho. Certainly.

Mr. HOWELL. Otherwise, an order would come from one of the banks out in the State to the central bank, and there be paid; and it is absurd to say that it would not be the equivalent of a check. Why, it would amount to a draft.

Mr. THOMAS of Idaho. It is an order.

Mr. HOWELL. There can be no question as to what the result will be. There is only one safe way to do if we want to care for the farmer, and that is to eliminate checks of at least $5 and less.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. HOWELL] to the amendment of the committee.

Mr. REED. I call for the yeas and nays.

Mr. FRAZIER. Mr. President, I desire to state that the methods used in Ohio, or wherever this method was used, in regard to creameries or cooperatives, would not apply to many States where there are sparse settlements, and the shipments are made by express, sometimes as far as two or three hundred miles, the cream cans being taken on the train by express, and then the empty cans returned to the farmer. Oftentimes there is no bank in the local town where this farmer lives, and the check is cashed at a local store in trade. He ships his cream to the remote point because he can get a little more for it there than he can in trade at his local store. If a stamp goes on each of these checks, and forces down the price of cream—and that is what will result—the farmer probably will be compelled to sell his cream in trade to the local store at a lower price than he would get through shipping it as he does at the present time.

The trouble, of course, with the farmers and the average persons who issue small checks or receive small checks for

produce that they sell, is that they have no corporation attorney to advise them how they can evade the law and get away from the stamp tax; and they would have to pay it, I think, generally speaking.

I understand that some of the great coal operators in some of the States not so far from here have a method of paying their help by orders on a company store, and I suppose there would be a great deal more of that if a stamp tax were put on checks.

It seems to me that it is absolutely unfair, and would cause hoarding of money instead of putting it in the banks. It would cause people to do just the opposite of what they have been urged to do—namely, to take their money out of hoarding and place it in banks, in circulation. If they have to pay a tax on every check they issue, it seems to me there would be a great deal more of this hoarding and keeping money at home to pay little bills with instead of paying them by check.

Mr. President, I hope the whole check item will be stricken out.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. HOWELL] to the amendment of the committee.

Mr. REED. I call for the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. Let the amendment be stated.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 286, line 2, after the word "company," the Senator from Nebraska [Mr. HOWELL] proposes to insert a comma and the words "for an amount in excess of $5."

Mr. NORRIS. Mr. President, I do not want to debate the matter; but does that amendment come after the word "company," in line 2?

The PRESIDENT pro tempore. That is correct.

Mr. NORRIS. I want to suggest to my colleague that he insert the amendment after the word "money," in line 1, instead. Does the amendment say "in excess of $5"?

The PRESIDENT pro tempore. The amendment to the committee amendment is, on page 286, line 2, after the word "company," to insert a comma and the words "for an amount in excess of $5."

Mr. NORRIS. I am suggesting to my colleague that he insert his amendment after the word "money," in line 1, so that it will read, "the payment of money in excess of $5."

The PRESIDENT pro tempore. Of course the amendment is always within the control of its author. The junior Senator from Nebraska may accept the modification if he desires.

Mr. HOWELL. I accept the suggestion that the amendment be inserted after "money" instead of after "company."

Mr. HARRISON. Let us have the yeas and nays.

The PRESIDENT pro tempore. Has the junior Senator from Nebraska modified his amendment in accordance with the suggestion of his colleague?

Mr. HOWELL. Yes; I have modified it.

The PRESIDENT pro tempore. The yeas and nays having been ordered, that requires unanimous consent; but the Chair assumes that to be granted. The yeas and nays having been ordered upon the amendment to the amendment as modified by its author, the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a pair with the junior Senator from North Dakota [Mr. NYE]. He is absent, but I understand he would vote as I shall vote; therefore I am at liberty to vote. I vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the junior Senator from North Dakota [Mr. NYE] and vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], which I transfer to the junior Senator from Virginia [Mr. GLASS], and vote "nay."

The roll call was concluded.

Mr. DILL. I have a pair with the senior Senator from South Dakota [Mr. NORBECK], which I transfer to the junior Senator from Illinois [Mr. LEWIS], and vote "nay."

Mr. BYRNES. I have a pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote if present, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. SHIPSTEAD. Mr. President, has the junior Senator from Arkansas [Mrs. CARAWAY] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. SHIPSTEAD. I have a pair with the junior Senator from Arkansas, and in her absence I withhold my vote.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. Understanding that he would vote as I shall vote, I am free to vote. I vote "nay."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Alabama [Mr. BLACK]; and

The Senator from Iowa [Mr. BROOKHART] with the Senator from West Virginia [Mr. NEELY].

I am advised that, if present and voting, the Senator from Iowa [Mr. BROOKHART] and the Senator from South Dakota [Mr. NORBECK] would vote "yea," and that the Senator from Colorado [Mr. WATERMAN] would vote "nay."

The result was announced—yeas 39, nays 39, as follows:

YEAS—39

Ashurst	Copeland	Johnson	Sheppard
Bankhead	Costigan	Jones	Smith
Blaine	Dale	Kendrick	Stephens
Borah	Davis	Logan	Thomas, Okla.
Broussard	Fletcher	McGill	Trammell
Bulow	Frazier	Norris	Tydings
Capper	George	Oddie	Wagner
Carey	Hawes	Patterson	Walsh, Mont.
Connally	Howell	Robinson, Ind.	Wheeler
Coolidge	Hull	Schall	

NAYS—39

Bailey	Dill	Kean	Smoot
Barbour	Fess	Keyes	Steiwer
Barkley	Goldsborough	King	Thomas, Idaho
Bingham	Gore	La Follette	Townsend
Bratton	Hale	McNary	Vandenberg
Bulkley	Harrison	Metcalf	Walcott
Cohen	Hastings	Moses	Walsh, Mass.
Couzens	Hatfield	Reed	Watson
Cutting	Hayden	Robinson, Ark.	White
Dickinson	Hebert	Shortridge	

NOT VOTING—18

Austin	Glass	Morrison	Shipstead
Black	Glenn	Neely	Swanson
Brookhart	Lewis	Norbeck	Waterman
Byrnes	Long	Nye	
Caraway	McKellar	Pittman	

So Mr. HOWELL's amendment to the amendment was rejected.

Mr. REED. Mr. President, when this matter was before the Finance Committee, it was represented to us by the Treasury that instead of a stamp tax on each check, such as we had during the Spanish-American War days, it would be preferable if the banks themselves were required, without the use of stamps, to remit to the Government 2 cents on each check that came in and was cashed.

The Treasury stated that while it would require an extra accounting by the bank to remit the 2 cents per check to the Government, yet they thought the banks would prefer that system against the stamp system, because it would not mean tying up so much money in checks on which the stamps had been printed.

Perhaps what they said to us did not deserve that construction, but I took it to be the meaning of the Treasury's testimony that the banks had expressed a preference for deducting the 2 cents from the depositors' accounts, and remitting it to the Government without the use of stamps.

Since we reported out the bill with this provision in its present form, such a volume of protest has come in that I am perfectly convinced that the banks of the country, on the whole, would very much prefer the use of the old stamp system we used during the Spanish War, whereby the stamp may be printed upon the check by the manufacturer, or may be gummed to the check by the drawer of the check, who

may use either a revenue stamp or a postage stamp, it being a matter of indifference to the United States Government. So that from the standpoint of the banks, it is very much preferable that the old system be used, rather than this new and untried system.

Mr. DILL. Mr. President, what does the Senator think about the people who have to use the stamps? What will be their preference?

Mr. REED. I have thought about that, too, and, of course, they are the people who deserve most consideration. Take the case of any of us, or of a member of the family of any of us. If every time we draw a check we have to subtract from our balance on the stub of our check book not only the amount of the check we draw but 2 cents additional, which the bank is going to subtract, I venture to say that most of the Senators and most of the families of the Senators would be overdrawn about half the time without knowing it; and it may be the male half of the family as well as the female half, because I am quite certain that I myself would forget to subtract the 2 cents just about half the time.

I think that when we consider the nuisance it would be to the average depositor to remember to subtract that 2 cents every time he drew a check, we will come to the conclusion that it would be better to resort to the stamp system, particularly if it will permit the use of the ordinary postage stamp on a check, as we may very well do.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. BINGHAM. The Senator is not old enough to remember the use of stamps on checks during the Spanish-American War, but I remember very distinctly that each member of the family bought a check book at the bank with a 2-cent stamp printed on each check, and when the Government gave up the practice we found ourselves with those books on our hands, and the Government gained thereby, because there was no way of redeeming the tax on checks that were lost or were improperly drawn or were still in the books. Therefore it seems to me that not only will it not be for the benefit of the banks, which would be put to additional expense for something from which they would derive no revenue at all, if this provision is carried out as it is in the bill, but it would be for the benefit of the Government, which, in the long run, would gain a small but sure revenue from checks that were lost, or checks destroyed, or checks still in the books and not used.

Mr. REED. Mr. President, I thank the Senator from Connecticut for his suggestion, as well as for his compliment. I ought to say that I did have a bank account during the Spanish-American War days, although it was not very large, and I distinctly remember the imprinting of the checks. But there was an interval between the imposition of the tax and the printing of the stamps on the check book when, I remember, the gummed stamps were used. I do remember also that when the tax went off we kept on using the stamped checks, because they could not be redeemed.

Mr. SMOOT. I think all the checks which were held by the banks were redeemed by the Government.

Mr. REED. Mine were not. Possibly the checks held by the banks were.

Mr. SMOOT. I know those checks were redeemed.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Michigan?

Mr. REED. Certainly.

Mr. COUZENS. I would like to draw the attention of the Senate to the fact that the Senator from Pennsylvania missed a part of the history of this case. When the committee reported out the bill, it had the language in it which was originally considered and is now there. Protests commenced to come in from bankers about being made a collection agency for the Government. As a result of that protest I had an amendment drawn to provide for stamps in lieu of the banks collecting the tax. The amendment was handed to the chairman of the committee, and the chairman of the committee submitted it to the Committee on Finance. I think the Senator from Texas [Mr. CONNALLY] was violently opposed to the amendment. After considerable discussion I think the committee was almost unanimous in insisting that the language remain in the bill as is. In other words, the Finance Committee almost unanimously turned down the amendment I proposed for a stamp tax.

Mr. REED. It would not have been unanimous unless the Senator from Michigan changed his vote.

Mr. COUZENS. I said almost unanimous. I did not change my mind although I was not particularly enthusiastic about whether my amendment was adopted or not. I submitted it because of the vigorous protest from the bankers.

Mr. REED. I was not present at that meeting.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Connecticut?

Mr. REED. Certainly.

Mr. BINGHAM. I have been in attendance at many of the Finance Committee meetings, but have had a good many conflicting meetings of other committees, and was not in attendance at that particular meeting of the Finance Committee when the check-tax matter was up for discussion.

May I say, with the permission of the Senator from Pennsylvania, that it seems to me that another advantage to be derived from the proposal as offered to the committee by the Senator from Michigan is that it calls the attention of the taxpayer to the fact that he is helping to bear a share of the Government expenses, whereas the measure as suggested by the Treasury Department conceals that fact from him unless he happens to notice it when he looks at his bank statement at the end of the month.

Mr. COUZENS. The Under Secretary of the Treasury also greatly influenced the committee, because he most vigorously opposed the amendment which I proposed. I know there was a large number of Senators there at the meeting, which statement the chairman will verify. I can not recall definitely who was there. I had no support for my amendment after the vigorous opposition expressed by the Under Secretary of the Treasury to the proposed stamp in lieu of the present method.

Mr. REED. I did not know there was such a meeting until the Senator told me to-day about it having been held. If I had been there. I would have shared the views of the Senator from Michigan.

Mr. HARRISON. Mr. President, I think there is no doubt that the committee considered the proposition from every angle, had both sides presented, and took a vote after the matter had been fully presented. It seems to me the bigger question involved is whether we are going to get the revenue rather than the way in which it is to be collected. That is a matter to be further considered in conference.

Mr. REED. I do not mean to prolong the discussion.

Mr. HARRISON. Will not the Senator let us get a vote on the main question?

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from New York?

Mr. REED. Certainly.

Mr. COPELAND. I hold in my hand now many letters and protests against this proposal. They come from small banks. It is not the large banks mentioned by the Senator from Wisconsin, but the small banks that have not the bookkeeping equipment which the larger banks have. They are the ones who deal with small checks. I think we should find a plan to relieve the banks of the unnecessary bookkeeping. I remember the Spanish War days. I found it quite comfortable and easy to use the stamp plan at that time, and I believe we can do it now with equal ease.

Mr. REED. I thank the Senator for his suggestion. The important thing is getting the revenue, as is said by the Senator from Mississippi [Mr. HARRISON]. Upon that we have decided. I do not ask for any reversal of that decision, but I do think that the protests of the American Bankers' Association, the unanimous vote of the Bankers' Association of Pennsylvania, which was taken last week, and the protests we have had from every other State in the Union deserve some consideration. I agree with Senators that,

having made a success of the stamp tax in the days of the Spanish War, we can make a success of it now.

Mr. President, without any further consumption of time on my part I send to the desk the following amendment.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 285, strike out lines 20 to 25, both inclusive, and on page 286, lines 1 to 19, both inclusive, and on page 281, after line 9, insert a new section to read as follows:

SEC. —. STAMP TAX ON CHECKS, ETC.

Schedule A of Title VIII of the revenue act of 1926 is amended by adding at the end thereof a new subdivision to read as follows:

"10. Checks, etc.: Check, draft, or order for the payment of money drawn upon any bank, banker, or trust company on or after the fifteenth day after the date of the enactment of the revenue act of 1932 and before July 1, 1934, 2 cents. Under regulations prescribed by the commissioner, with the approval of the Secretary, the stamp may be imprinted upon any such instrument prior to the making or drawing thereof in such manner and under such conditions as will insure the payment of the tax. Every person authorized under such regulations to imprint such stamps shall reimburse the United States for the salaries of any stamp agents or stamp counters who may be designated to supervise such imprinting and for all expenses in connection with the preparation and furnishing of dies, plates, and other materials for such imprinting."

Mr. LA FOLLETTE. Mr. President, I wish to detain the Senate but a moment in speaking in opposition to the amendment submitted by the Senator from Pennsylvania.

In the first place, the matter was thoroughly discussed in committee. My recollection is there was a very representative attendance there and the committee voted almost unanimously in favor of the method reported by the committee.

Secondly, so far as the smaller banks are concerned, for which the Senator from New York has spoken briefly, I wish to say that it will be necessary for them to buy all of their checks from about seven or eight or nine lithographers in the United States who are in possession of the necessary machinery in order to emboss the Government stamp on the checks.

In the third place, if this method is pursued, when the tax goes out of effect at the end of two years the Government will have to redeem the stamps which are in existence at that time.

May I say that the appeal of the bankers against having the job of collecting the tax on behalf of the Government falls on deaf ears, so far as I am concerned. The Federal Government has gone to the rescue of the banks in the present situation, created the Reconstruction Finance Corporation, put the credit of the people of the United States behind the wobbling banks all over the country, loaning them money, bailing them out of difficulty. There has been no group in America that has yelled louder for balancing the Budget than have the bankers. Now, when we ask them to perform a service in collecting these taxes in an equitable and reasonable way, they ask to be relieved of that responsibility.

Mr. President, I hope the Senate will reject the amendment.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Pennsylvania.

The amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was agreed to.

PUBLIC WORKS PROGRAM

Mr. WAGNER. Mr. President, I ask permission to have printed in the RECORD an editorial written by the distinguished American author, Walter Lippmann, entitled "A National Program," dealing with the bill which I have introduced providing for a public-works program.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TODAY AND TO-MORROW—A NATIONAL PROGRAM

By Walter Lippmann

The Wagner bill for relief and public works provides a golden opportunity for prompt national cooperation. The bill is a compromise among the various projects advanced by Mr. Young, Senator ROBINSON, Senator WAGNER himself, ex-Governor Smith, and the President. It is a self-respecting compromise which they can all accept without feeling that they have sacrificed seriously the essential principles for which they have been contending or that they have lost sight of their common aim.

On the main point at issue, the bill provides that three-quarters of the Federal credit to be pledged shall be devoted to self-liquidating projects. Of the remaining quarter, which is to be spent directly on public works, it can fairly be said that a part, such as that to be devoted to flood control and the Hoover Dam construction, represents a wise national investment, and another part, to be spent on public buildings to replace structures on which the Government pays rentals, may, if properly administered, represent a real saving of public money. When it is considered also that these five hundred millions for public works include one hundred and ninety-five millions which Congress would authorize anyway, the moderation of the Wagner bill is manifest. It is true that these public works are to be financed by borrowing, and not on the pay-as-you-go principle, but providing the Budget is otherwise brought into balance, the Government credit ought not to suffer at a time when the supply of liquid capital is so large.

Those who strain at this gnat will later be forced to swallow a camel.

The bill should be accepted in substance by the President for the administration and by Speaker GARNER for the Democrats in the House. It should be accepted by the financial community and by public opinion generally and Congress should enact it promptly without acrimonious debate, destructive amendments, filibustering, and all the other devices of confusion and delay. Each one of us will be making some concession on his pet theories, but this is no time to be finical and stubborn.

Apart from the merits of the bill itself, it can be said, I think, that the country would benefit more at this moment by a good demonstration of its capacity to agree on something than by anything else that could happen in Washington. What has been most disturbing to confidence in the last few months has been the increasing doubt as to whether the Government in Washington could govern. Here is a measure which provides relief and, in addition, honestly seeks to meet the public demand for positive action toward a resumption of work. It combines in an harmonious program the ideas of the principal leaders of both parties. If there is to be cooperation in this crisis, this is an excellent chance to cooperate; if there is to be leadership, this is an excellent opportunity to follow the leaders. In a democracy where nobody must expect to have things just as he would like them, the Wagner bill is as statesmanlike an adjustment of conflicting opinions as we are likely to see.

A prompt agreement on the principles of this bill will facilitate the main business of Congress. That business is to balance the Budget by drastic economies and adequate taxes. If the same spirit which animates this bill could be concentrated on the Budget problem, it would be an incalculable gain. The Wagner bill represents the ideas of men who have been sponsoring large programs of Federal relief and public works and also the ideas of men who have in the past opposed such programs. The same kind of agreement by open-minded concessions is needed on retrenchment and taxes.

At the present time this main business is submerged in a welter of plans, amendments, and votes. Why not lift the whole subject out of the confusion and simplify it? Let it be agreed that as to retrenchments there shall be a 15 per cent cut in all the appropriations, this saving to be made by cutting all salaries over $1,500 10 per cent and the remainder by such reorgaization and economies as the President may order; that as to taxes there shall be restored the war-time rates plus the manufacturers' sale tax.

A program of this sort is not too drastic if the Budget is really to be brought into balance. Its enactment would pinch and hurt everybody considerably. Nobody can possibly like the whole of it, but no program can be devised that everybody will like. The country is in a position where an adequate solution must be a painful solution. But though this program is painful, it would make the national credit secure, and the sacrifices which it would call for would help greatly to restore the national morale. To adopt it requires patriotism, a real willingness to make individual sacrifices for the common good. It would more than pay for itself, however, in the self-respect and self-confidence which the Nation would feel at having confronted its great problem and mastered it.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States, submitting several nominations and a convention, which were referred to the appropriate committees.

RECESS

Mr. SMOOT. Mr. President, it is not yet 7.30 o'clock; nevertheless I move that the Senate take a recess at this time until 10 o'clock to-morrow.

The motion was agreed to; and (at 7 o'clock and 10 minutes p. m.) the Senate took a recess until to-morrow, May 28, 1932, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 27 (legislative day of May 9), 1932

DISTRICT JUDGE, DISTRICT OF ALASKA

Lester O. Gore, of Alaska, to be district judge, district of Alaska, division No. 2, to succeed G. J. Lomen, whose term expired February 16, 1930.

UNITED STATES MARSHAL

Henry C. W. Laubenheimer, of Illinois, to be United States marshal, northern district of Illinois. (He is now serving in this position under an appointment which expired May 22, 1932.)

REAPPOINTMENT IN THE OFFICERS' RESERVE CORPS OF THE ARMY

GENERAL OFFICER

To be brigadier general, Auxiliary Reserve

Brig. Gen. Clinton Goodloe Edgar, Signal Corps Reserve, from July 5, 1932.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. Raymond William Bryant, Infantry (detailed in Quartermaster Corps), with rank from September 24, 1929.

PROMOTIONS IN THE REGULAR ARMY

To be captain

First Lieut. Carl Weston Pyle, Air Corps, from May 23, 1932.

To be first lieutenant

Second Lieut. Noble Theodore Haakensen, Coast Artillery Corps, from May 23, 1932.

MEDICAL CORPS

To be lieutenant colonels

Maj. Chester Raymond Haig, Medical Corps, from May 19, 1932.

Maj. William Eugene Hall, Medical Corps, from May 21, 1932.

Maj. Hew Bernard McMurdo, Medical Corps, from May 22, 1932.

Maj. Thomas Ward Burnett, Medical Corps, from May 23, 1932.

Maj. Robert Morris Hardaway, Medical Corps, from May 25, 1932.

PROMOTIONS IN THE NAVY

Lieut. Commander Morton L. Deyo to be a commander in the Navy from the 1st day of December, 1931.

Lieut. Commander Harry G. Patrick to be a commander in the Navy from the 12th day of March, 1932.

Lieut. Commander Alfred E. Montgomery to be a commander in the Navy from the 8th day of April, 1932.

Lieut. Albert R. Myers to be a lieutenant commander in the Navy from the 4th day of June, 1931.

Lieut. Francis R. McDonnell to be a lieutenant commander in the Navy from the 30th day of June, 1931.

Lieut. (Junior Grade) John W. Price, jr., to be a lieutenant in the Navy from the 1st day of November, 1931.

Lieut. (Junior Grade) Robert M. Morris to be a lieutenant in the Navy from the 1st day of December, 1931.

Lieut. (Junior Grade) Wells L. Field to be a lieutenant in the Navy from the 1st day of February, 1932.

Lieut. (Junior Grade) Harry A. Dunn, jr., to be a lieutenant in the Navy from the 1st day of May, 1932.

Midshipman Halford A. Knoertzer to be an ensign in the Navy, revocable for two years, from the 2d day of June, 1932.

Surg. Charles S. Stephenson to be a medical inspector in the Navy, with the rank of commander, from the 1st day of November, 1931.

Passed Asst. Surg. Howell C. Johnston to be a surgeon in the Navy, with the rank of lieutenant commander, from the 1st day of February, 1932.

WITHDRAWAL

Executive nomination withdrawn from the Senate May 27 (legislative day of May 9), 1932

DISTRICT JUDGE, DISTRICT OF ALASKA

John Rustgard, of Alaska, to be district judge, district of Alaska, division No. 2.

HOUSE OF REPRESENTATIVES

FRIDAY, MAY 27, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who art the one divine Teacher in the art of good living, we approach Thy altar with praise and gratitude. Privileged as we are with opportunities for great helpfulness, may we not be disappointing to ourselves or to our fellow countrymen. Give us growing understanding to lay hold of great principles and apply them to urgent needs. In the performance of duty there come vexations and alienations, but, our Father, leave us not solitary. When we get the pang without the palm, keep us sweet, humble, and patient, and at all times true in the face of the ironies of life. Enlarge our natures, and yet subject their tendencies; preserve our hearts, and yet destroy their selfishness; control our wills, and yet sustain their courage. We pray in the name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had concurred without amendment in a concurrent resolution of the House of the following title:

H. Con. Res. 31. Concurrent resolution to print and bind the proceedings in Congress and in Statuary Hall upon the occasion of the unveiling of the statue of Charles Brantley Aycock presented by the State of North Carolina.

The message also announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H. J. Res. 407. Joint resolution making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932.

The message also announced that the Senate had agreed to the amendment of the House to a bill of the Senate of the following title:

S. 3111. An act validating certain applications for and entries of public lands, and for other purposes.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. J. Res. 165. Joint resolution authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam; to the Committee on Military Affairs.

MARBLE BUST OF OSCAR W. UNDERWOOD

Mr. WARREN. Mr. Speaker, I call up a resolution (H. Res. 55), and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 55

Resolved, That the sum of $2,500 is authorized to be paid from the contingent fund of the House for the procurement of a marble bust of Oscar W. Underwood, late a Representative from the State of Alabama. The expenditure of the sum herein authorized shall be made under the direction of the Committee on the Library.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

MARBLE BUST OF NICHOLAS LONGWORTH

Mr. WARREN. Mr. Speaker, I call up a resolution (H. Res. 44), and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

House Resolution 44

Resolved, That the sum of $2,500 is authorized to be paid from the contingent fund of the House for the procurement of a marble bust of Nicholas Longworth, late a Representative from the State of Ohio and Speaker of the House. The expenditure of the sum herein authorized shall be made under the direction of the Committee on the Library.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The resolution was agreed to.

APPROPRIATION FOR PAYMENT OF ARMY AND NAVY PENSIONS, FISCAL YEAR 1932

Mr. BYRNS. Mr. Speaker, I offer the following resolution (H. J. Res. 407) and ask unanimous consent for its immediate consideration.

The Clerk read the House joint resolution, as follows:

House Joint Resolution 407

Resolved, etc., That the sum of $12,750,000 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1932, for the payment of Army and Navy pensions, as follows: For invalids, widows, minor children, and dependent relatives, Army nurses, and all other pensioners who are now borne on the rolls, or who may hereafter be placed thereon, under the provisions of any and all acts of Congress: *Provided*, That the appropriation aforesaid for Navy pensions shall be paid from the income of the Navy pension fund so far as the same shall be sufficient for that purpose: *Provided further*, That the amount expended under each of the above items shall be accounted for separately.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. BLANTON. Reserving the right to object, for the purpose of asking a question. This resolution provides the money shall come "from money not otherwise appropriated in the Treasury," and I want to ask the gentleman from Tennessee if there is any money still left in the Treasury that is "not otherwise appropriated."

Mr. BYRNS. It is hoped they will find some if this resolution is adopted.

Mr. CHINDBLOM. Reserving the right to object, Mr. Speaker, I presume this has become necessary by reason of the failure of the appropriation bills to have been passed?

Mr. BYRNS. No; that situation has no relation to this resolution. I will say to the gentleman from Illinois and to the other Members of the House that this appropriation arises from two or three circumstances. In the first place, it is made necessary by what might be called an underestimate on the part of the bureau in not asking for enough to pay these pensions.

The gentleman will recall that Congress passed the act of June 2, 1930, increasing the pensions for Spanish-American War beneficiaries, which enlarged the charge upon the Government. The bureau was not in a position, when the estimate for 1932 appropriations was made, to say just how much money would be needed on account of the new act, and it was so stated in their hearings. They made the best estimate they could with a reservation that possibly an additional amount would be required before the year was up.

As the gentleman knows, this money is payable on June 4. There was a hearing before the deficiency subcommittee the other day—and this resolution is unanimously approved by that subcommittee—in which it appeared they have something like $7,000,000 on hand to pay their pensions due on June 4. It requires something over $19,000,000 for that purpose. Unless they get this appropriation by June 4 the gentleman will see what will be the result. It is impossible to put it into the deficiency bill, because it is very clear the deficiency bill will not become a law in time for that purpose.

Mr. CHINDBLOM. And these items are not carried in the regular appropriation bills?

Mr. BYRNS. Oh, no. This is a plain deficiency for this year which must be met on June 4, and this is the exact amount that is needed.

Mr. CHINDBLOM. Are any of these items carried in continuing appropriations?

Mr. BYRNS. No, sir.

Mr. MICHENER. Reserving the right to object, without this legislation these pensions could not be paid on June 4?

Mr. BYRNS. The gentleman is correct.

Mr. MICHENER. It is really a deficiency appropriation?

Mr. BYRNS. Exactly, and offered at this time because it is apparent that the deficiency bill, which otherwise would contain it, can not become a law in time to meet these payments.

Mr. DYER. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. DYER. Is this the result of any legislation enacted by the present Congress, making necessary this additional appropriation?

Mr. BYRNS. I do not understand the gentleman.

Mr. DYER. Is this request for additional money for the payment of pensions, due in any way to any legislation enacted by the present Congress?

Mr. BYRNS. No. As I said to the gentleman from Illinois [Mr. CHINDBLOM], this is due in the first place to an error in making their estimates arising from the act of June 2, 1930, increasing the pensions of Spanish-American War beneficiaries; and in addition to that, $2,000,000 of the amount that was carried in the fiscal year 1932 appropriation was made immediately available and had to be used in the fiscal year 1931.

Mr. DYER. In other words, the American people can not complain of the action of this Congress in appropriating additional money on account of any legislation that we have enacted at this Congress?

Mr. BYRNS. Not at all.

Mr. DYER. It is the result of a deficiency under existing law passed by a previous Congress?

Mr. BYRNS. The gentleman is entirely correct.

Mr. UNDERHILL. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. UNDERHILL. It is a result of this increase which Congress passed over the President's veto, the Spanish-American War pension bill of $60,000,000?

Mr. BYRNS. Well, yes. That, of course, is involved.

Mr. MICHENER. This is a fixed charge?

Mr. BYRNS. This is a fixed charge, and the exact amount that we are told will be needed by the responsible authorities.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

There was no objection.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THE MORNING AFTER THE SPENDING SPREE

Mr. TILSON. Mr. Speaker, I ask unanimous consent to extend in the RECORD some remarks of my own delivered over the radio some weeks ago, but which on account of recent developments have now become timely

The SPEAKER. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. TILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following remarks made by me over the radio on April 5, 1932. Recent developments made these remarks quite as timely as when originally delivered.

The State and local governments in this country have been on a spending spree during the last few years. Their expenses have been increasing at about the rate of 20 per cent a year.

There is not time now to go into the causes. Some of these increased expenses were necessary. Many were not. It is true, however, that both State and local governments have multiplied bureaus and have assumed new duties that a few years ago were considered wholly foreign to the functions of States or municipalities. Hundreds of thousands have been added to the public pay rolls. Many of our municipalities and some of our States have been loosely governed. In some cases they have been corruptly governed.

In all cases the tremendous increase in public expenditures has been going on apparently in the belief that more taxes were avail-

able, and if they were not, the city or the county or the State could borrow money on a new bond issue.

In an attempt to meet these expenses, State and local taxes have more than doubled since the World War. To-day the average State and local taxes for the entire United States is $83 for every man, woman, and child. In some places it is far higher than this. In others, of course, it is less. Let us now face the fact that the burden of these increased taxes fall upon all. It should be emphasized that no one escapes. The city property owner, the farmer, the business concern, the factory, and the railroad pay directly. The individual who owns no property and is engaged in no business pays it by increased rent bills, grocery bills, clothing bills, and every other item of expenditure. He pays also through the medium of gasoline taxes, motor-car-license tax, and the like.

Notwithstanding this tremendous increase in State and local taxation during the last 10 years, it has lacked $1,000,000,000 a year of being enough to meet expenses. In other words, the public debt of school districts, cities, county governments, and State governments has been increasing at the rate of $1,000,000,000 a year, until to-day their combined bonded indebtedness reaches the astounding figure of $13,000,000,000. The public is paying $1,500,000,000 interest on this debt every year, and over $1,000,000,000 a year to provide a sinking fund.

Communities which have been making financial whoopee are now realizing that it was an expensive pastime. Their credit has been exhausted. They can no longer borrow money. Neither can they raise more taxes, for they are face to face with public revolt not only against higher taxes but a determination upon the part of the taxpayers that there must be a marked reduction in public expenditures. The day of reckoning has arrived. The spree is over. This is the cold, gray dawn of the morning after.

Meantime, the United States Government has decreased its public debt $8,000,000,000, and its expenditures have decreased $2.47 per capita since 1922. As a result, the credit of the United States Government is the highest of any government in the world and its per capita taxes are still the lowest.

Now comes the proposal, apparently serious, that these spendthrift municipalities be freshly financed by the Federal Government so that the political machines that have bankrupted the cities may continue in power to plunder and squander. The argument is now seriously advanced by outstanding Democratic leaders that the splendid fight of local taxpayers now being waged against extravagance and mismanagement be thwarted by the United States using its credit to borrow money with which to purchase municipal public-works bonds, thereby heaping so much more debt and interest charges upon the backs of the already overburdened municipal taxpayers. If this is not the purpose, then the proposal is dishonest in that, concealed behind it, is a scheme to saddle upon the Federal Government and Federal taxpayers the increasing expenses of cities which, by reason of past extravagance, are no longer able to finance themselves.

Another proposal is to have the Federal Government issue what are falsely termed "prosperity bonds" to the amount of $5,000,000,000, the proceeds from which are to be used in the construction of public works throughout the United States.

There is no pretense that this extraordinary construction would be needed in order to house the activities of the Federal Government. It is a plain, palpable proposition to have the United States embark upon a financial career as wildly extravagant as has marked the careers of the States and municipalities which are now out of money and out of credit.

It is a proposition to have the Federal Government spend billions of dollars constructing public highways that nobody needs and which are of no public commercial value, constructing public buildings for which the Government has no need, improving so-called rivers that have no commerce and would never float a boat, and constructing harbors in which no vessels would ever anchor.

I regard this as the most audacious, as well as the most stupendous, "pork-barrel" proposal to raid the Public Treasury that has ever been made. Such an issue would not be "prosperity bonds." They would be calamity bonds. Dumping $5,000,000,000 of bonds on the market, even during the height of prosperity, would have broken the price of every outstanding security. Even during the World War, under stress of national defense and the stimulus of patriotism, but one bond issue was in excess of $5,000,000,000.

Not only would such a bond issue break the prices of all outstanding securities and run up interest charges on the Government but it would suck from productive enterprises the money now sorely needed to finance agriculture, industry, commerce, and transportation.

I bring you no new information when I say that the people of this Nation are aroused to the menace of public extravagance and to the urgent necessity of getting back to the old-fashioned principles of economy in public affairs. Only last week, for example, it was announced by a Middle West tax conference that 700 cities were organizing to fight for a reduction in public expenditures, and that they would be assisted by more than 2,000 Rotary clubs.

To you taxpayers who are enlisting in this movement and who are listening in to-night, may I send this message:

Stand by your guns in the fight for public economy, for reduced public expenditures, for an end to public extravagance.

Your President has already declared war all along the line on unnecessary public expenditures. He began to admonish Congress as early as December, 1930, of the necessity of reducing the expenses of the Federal Government. He has consistently prosecuted a campaign for economy in Federal affairs ever since, and it is only a plain statement of what the record shows to assert that in this campaign he has met with the determined opposition and the violent criticism of Democratic leaders in both branches of Congress, up to this very day. During the last 24 hours the President sent an urgent message to Congress asking that the two political parties cooperate with the executive branch of the Government in order that economies amounting to over $200,000,000 might be worked out. The President accompanied his suggestion with a detailed outline of methods whereby, by amending laws, this could be done. What was the response? Your papers of to-day furnish you the answer, namely, that Democratic leaders in both branches of Congress denounced the President's proposal.

In conclusion, may I commend to you the advice and the warning of President Hoover, who, in January last, issued a statement to the American people in which he said:

"I wish to emphasize to the full extent of my ability the necessity, as a fundamental of recovery, the utmost economy of governmental expenditure of all kinds. Our people must realize that government can not continue to live in a depression upon the scale that was possible in times of great prosperity. * * * Rigid economy is a real road to relief, to home owners, farmers, workers, and every element of our population. * * * Our first duty as a nation is to put our governmental house in order, national, State, and local. With the return of prosperity the Government can undertake constructive projects, both of social character and in public improvement, but we can not squander ourselves into prosperity."

AMENDMENT TO THE CONSTITUTION

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GIBSON. Mr. Speaker, the attention of the Members of the House is called to a proposed amendment to the Constitution, which I have introduced, as follows:

That in lieu of Article V of the Constitution of the United States the following be proposed as an amendment to the Constitution, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the States:

"The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes as part of this Constitution when ratified by the people of three-fourths of the several States, the electors of which shall have the qualifications requisite for electors of the most numerous branch of the State legislatures."

Article V of the Federal Constitution provides only two ways to initiate amendments. (1) Direct proposal by the Congress to the legislatures of the several States and (2) proposal by a convention called on the application of the legislatures of two-thirds of the States.

To become a part of the Constitution, amendments must be ratified (1) by the legislatures of three-fourths of the several States or (2) by conventions in three-fourths thereof, as one or the other mode may be proposed by Congress. No other method is provided. Ratification by the legislatures of the several States has been followed since the Constitution was adopted. The convention method has never been invoked owing to the great expense for the nomination, election, pay, and mileage of the members, lack of machinery and to the fact that conventions rarely register the will of the people.

The gentleman from New York [Mr. GRIFFIN] pointed out in the RECORD, March 5, 1932, some of the evils of the legislative method. The Members are not elected on the issue that may be involved by a proposed amendment, and are therefore without any specific mandate from their constituencies. They are swayed in their decisions by the active work and propaganda of organized minorities. The fate of the Constitution is left in the hands of a few, and, oftentimes, any proposal of change receives little or no real consideration.

The convention system is even less desirable. In many States the delegates would be designated by party bosses and chosen by a comparatively few voters. Conventions generally represent the will of the bosses, not the will of the people. Leaders, seeking party advantage, would dictate vital decisions. It has been pointed out that the convention method permits the people to vote only for delegates. They should be permitted to vote on the policies involved.

The convention system was discarded from the day of the adoption of the Constitution as an unworkable and im-

possible provision for ratification of amendments to that immortal document.

I believe the people should have the right to vote direct on any fundamental changes in the Constitution. In my State the constitutional convention system was discarded as obsolete in 1870 and since that time amendments to the State constitution have been ratified by direct vote. If the people can be trusted to vote direct on amendments to the State constitution, they can be trusted to vote on changes to the Constitution of their country.

The proposal would afford a direct vote by the people on every amendment. It would offer a direct vote on a resubmission of the eighteenth amendment. It would give effect to the basic principle upon which our Government rests. The people formed this Government. Let us have a vote on policies by all the people, not a vote by a few of the people.

I trust this amendment may receive consideration by the Judiciary Committee of the House and by the Congress at this session so it may go to the legislatures for action. The legislatures of three-fourths of the States would, I believe, act promptly and favorably.

GUARANTY FUND FOR BANK DEPOSITS

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 11362), with Mr. WOODRUM in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

SEC. 3. Section 5151 of the Revised Statutes and section 23 of the Federal reserve act (relating to liability of shareholders of national banking associations) (U. S. C., title 12, secs. 63, 64) are amended by striking out the words "in addition to the amount invested in such shares" wherever they appear.

Mr. COX. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Cox: Page 7, beginning in line 1, strike out all of section 3.

Mr. COX. Mr. Chairman——

Mr. STEVENSON. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. STEVENSON. Before the gentleman speaks, I may state on behalf of the committee we have no objection to the amendment.

I do not mean to cut the gentleman off from speaking at this time.

Mr. COX. I have no desire to discuss the amendment. I may say, however, that with this amendment accepted and the committee accepting the amendments which the gentlemen handling the legislation have indicated they will offer, my objections to the bill, in the main, will have been removed.

Mr. STEAGALL. Will the gentleman permit an interruption?

Mr. COX. Certainly.

Mr. STEAGALL. I will say to the gentleman it is highly agreeable to the committee to accept an amendment which accomplishes the identical purpose the gentleman has in mind, namely, to permit all State banks to participate in the protection fund upon the payment of the same assessment charge that is to be borne by the member banks of the Federal reserve system having the same deposits.

Mr. COX. Mr. Chairman, my objections to the legislation are largely because of discriminations I find in the bill against State banks. With the acceptance of this amendment and the adoption of the amendments the gentleman has indicated he and others would offer, I do not think the bill is subject to those objections any longer, and therefore it may be my pleasure to give it my support, although I reserve the right to vote for other amendments.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. COX. I yield.

Mr. GARBER. Will the gentleman kindly state the nature of his amendment? Tell us what it is.

Mr. COX. Section 3 of the bill relieves national banks or the stockholders of national banks that may be organized after the bill becomes law of double liability on stocks.

In other words, my objection to that provision of the bill is due to the preferential treatment to be accorded the owners of stock in national banks, whereas in most of the States the banking laws contain a provision imposing double liability on stock. If this particular section of the bill should be adopted, it would have the effect, first, of bringing about a hurried reorganization of national banks in order that stockholders might be relieved of the liability which is now imposed upon them by existing law.

Mr. EATON of New Jersey. The gentleman's amendment proposes to strike out this provision?

Mr. COX. My amendment proposes to strike out this provision and leave the owners of stock in State and National banks upon the same footing as they now are.

Mr. EATON of New Jersey. And the committee has agreed to the gentleman's amendment?

Mr. COX. The committee has agreed to the amendment.

Mr. GARBER. Does not the gentleman think the constructive provision of the committee really meets conditions as they are and tends to encourage the investment of outside capital in the organization and operation of these banks?

Mr. COX. The effect of this provision would be to kill off all interest in the stock of State banks, because no one can own such stocks without being subject to the double-liability clause of the law.

Mr. GARBER. And the gentleman is sacrificing the benefits of this provision in order to place the banks on an equality?

Mr. COX. I do not consider this is a virtue.

[Here the gavel fell.]

Mr. WILLLIAMSON. Mr. Chairman, I desire recognition in opposition to the amendment.

My intention was to offer an amendment to this section by striking out the section and offering a substitute. I am not just certain where I would be left if the gentleman's amendment to strike out the section is adopted.

I want to strike out the section and offer a substitute for it. My intention is to offer a new section 3 as a substitute for the present section. I think this is a preferential motion to the pending amendment.

The CHAIRMAN. Does the gentleman offer a substitute?

Mr. WILLIAMSON. Mr. Chairman, I offer a preferential amendment.

The Clerk read as follows:

Substitute amendment offered by Mr. WILLIAMSON: On page 7, strike out all of section 3 and insert a new section, as follows:

"SEC. 3. Section 5151 Revised Statutes and section 23 Federal reserve act (relating to liability of shareholders of national banking associations) (U. S. C., Title XII, sec. 6364) are amended by striking out the words in the second paragraph, 'sixty days,' and inserting in lieu thereof 'one year.'"

Mr. WILLIAMSON. Mr. Chairman, the purpose of this amendment will be apparent at once to members of the Banking and Currency Committee who are familiar with the Federal reserve act. The striking out of section 3 as it now appears has the result, of course, of striking out the provision in the bill which would repeal that part of the Federal reserve act dealing with double liability, which now exists as to all stockholders in national banks in the Federal reserve system. This double liability clearly should be retained in the interest of sound banking. My amendment not only does that, but it amends section 23 of the Federal reserve act, which now provides that the double liability upon national bank stock shares shall continue for a period of 60 days after the sale of such shares, in the event the national bank in which such shares are held should be closed within the 60-day period. I am extending that 60-day period to one year, so that the double liability of stockholders will continue for a period of one year after sale and transfer of stock.

Mr. McKEOWN. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. McKEOWN. Does the gentleman interpret the present law to be that it does away with the double liability of stockholders after 60 days?

Mr. WILLIAMSON. Yes. That is the present law. The present law does away with the double liability of stockholders after 60 days, that is, the liability continues for only 60 days after the transfer of stock, and I want to extend the time of that liability to one year. The purpose of the amendment is to prevent stockholders who know that their bank is apt to be closed from transferring their stock to dummies and thereby escape liability. Under the present law we have realized very little upon the double liability of stockholders of closed national banks. If that liability is extended to cover one year after sale, I think we can very greatly enlarge the recoveries in the future as compared with past years.

Mr. McKEOWN. I know of one case where not a single stockholder was able to respond to anything.

Mr. WILLIAMSON. That is a very common thing.

Mr. COX. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. COX. I will state to the gentleman that in practice they are able to reach cases where the stock had been transferred for more than 12 months prior to the failure of the bank. In other words, if they could show that a stockholder had notice of the insolvency of a bank, the 60-day period would not give relief against liability.

Mr. WILLIAMSON. That is quite true; but, as a matter of fact, the past history of closed national banks shows that we have collected only about 16 per cent on the double liability of stockholders. One reason for that is the transfer of stock to irresponsible persons. I am very confident that a great many of those who now escape by the transfer of their stock would be called upon to respond if the period were made one year.

Mr. COX. I think the gentleman is right in the main, but the difficulty is that would put a restraint upon the sale of stock in perfectly solvent institutions.

Mr. WILLIAMSON. I do not think it would do that. What difference does it make, if an institution is solvent, whether a man's liability continues for one year after the sale of stock or not? I do not think it would affect any proper transfer of stock; on the other hand, I am confident it would result in a very much larger collection from the stockholders of closed national banks.

Mr. COX. Would the gentleman consider changing the time from 12 months to 6 months?

Mr. WILLIAMSON. I would rather not do that. I would much prefer 12 months.

[Here the gavel fell.]

Mr. WILLIAMSON. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. STAFFORD. Is the gentleman acquainted with the case of the American National Bank, one of the large banks of Detroit, which failed through the cupidity of the head officials and wherein the stockholders will be held for contributions to the extent of hundreds of thousands of dollars? This double liability is in effect in Canada and in every State, so why should we now remove it?

Mr. WILLIAMSON. My amendment does not remove the double liability. I am striking out the part of the bill which removes the double liability. My amendment continues the double liability and increases the time it continues after sale of stock—which is now 60 days—to one year.

Mr. STEAGALL. Will the gentleman yield?

Mr. WILLIAMSON. Yes.

Mr. STEAGALL. I will say to the gentleman that if we are to undertake to preserve the double-liability feature of the national banking law and make it effective the gentleman's amendment is calculated to strengthen that provision of the law. Therefore I shall be glad, and I feel the committee will be glad, to accept the gentleman's substitute.

Mr. KELLER. Will the gentleman yield?

Mr. WILLIAMSON. I yield.

Mr. KELLER. If the deposits are guaranteed, will it make any difference whether a man is in for double liability or not?

Mr. WILLIAMSON. Oh, it will make a whole lot of difference, because it will mean that much less of a draft upon the guaranty fund.

Mr. STAFFORD. And also upon the taxpayers of the country, as well as the Treasury of the United States.

Mr. WILLIAMSON. Yes.

Later I shall offer an amendment to section 208, if opportunity permits, with a view to permitting State banks to come in under the guaranty upon the same basis as member banks of the Federal reserve system. Should the bill be enacted into law without this being done, it would result in closing most of our State banks. It is clear that State banks can not survive on the side of banks whose deposits are guaranteed. There are more banks outside the Federal reserve system than in it. These banks are entitled to the same consideration and should not be excluded by the impossible requirements now contained in section 208. The amendments I propose to offer, if adopted, will permit State banks to take advantage of the law upon equal terms with member banks. This is a prime requisite to a successful working of the system. Without it disaster will follow the enactment of the law.

The CHAIRMAN. The question is on the substitute offered by the gentleman from South Dakota.

The substitute amendment was agreed to.

The amendment, as amended by the substitute, was agreed to.

The Clerk read as follows:

SEC. 4. The provisions of sections 1, 2, and 3 of this act shall apply only to national banking associations organized after the date of enactment of this act, and the provisions of law amended by such sections shall apply to all other national banking associations as if such sections had not been enacted.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

What is really purposed by the phraseology of this section, particularly the last half—

And the provisions of law amended by such sections shall apply to all other national banking associations as if such sections had not been enacted.

This is rather ambiguous to my, perhaps, obtuse mind.

Mr. STEAGALL. The provision of section 3 was to abolish existing law providing for assessment against stockholders of an amount equal to their stock in case of insolvency of a bank. This provision, however, was to apply only to banks hereafter organized. So to make it clear that the new provision did not in any way set aside obligations that exist under present law, the language was written into the section which the gentleman has just read.

Mr. STAFFORD. The committee has just adopted the Williamson amendment, wherein it is sought to hold to the rule of double liability in case of those who by a subterfuge transfer their stock to dummies. I should assume the purpose now is to not only apply section 3 to those associations that are formed hereafter, but that it should apply to all national banking associations.

Mr. STEAGALL. I think, perhaps, the gentleman is technically correct.

Mr. STAFFORD. More than technically—absolutely correct.

Mr. STEAGALL. I do not think it would do any harm whatsoever to leave the language as it is, but it is perhaps more lawyerlike to strike out the figure "3" and the word "and," and I therefore ask unanimous consent that the figure "3" and the word "and," in line 7, of section 4, be stricken out and that the word "and" be inserted between the figures 1 and 2.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BLANTON. Mr. Chairman, I am sure the membership has been impressed by the propaganda against this bill,

which is not only in the press but propaganda that is coming to my desk and to your desks.

I can not understand why there should be any interest in the United States that would be against protecting honest depositors in banks.

This is the same kind of propaganda you see in the press this morning—and, by the way, it is mostly the Hearst press—that says that the membership in the House has changed its position on the sales tax. Where is there a Member of this House who has changed his position on the sales tax? I pause for any such Member to arise and make himself known. Is there such a Member here? Not one. And the press ought to report that there has been no such change in the House.

I want our Senators from the State of Texas to understand that there are not any changes here in the House of the Members who fought and defeated the sales tax proposition. I have talked to the membership that honestly and conscientiously opposed that proposed vicious policy in the bill and I have not been able to find any changes. The membership of the House is standing pat against the sales tax, and it is a futile thing for certain Senators over in the other body to try to put that provision back in the bill.

The Clerk read as follows:

SEC. 5. (a) The second sentence of the first paragraph of section 7 of the Federal reserve act (U. S. C., title 12, sec. 289) is amended to read as follows: "After the aforesaid dividend claims have been fully met, 10 per cent of the net earnings of such bank shall be paid into the surplus. One-half of the remainder of the net earnings shall be paid into the Federal guaranty fund for depositors in member banks of the Federal reserve system, and the remaining one-half shall be paid to the member banks of the Federal reserve system, of which amount each such bank shall be paid an amount which bears the same ratio to the amount of such remaining one-half as the paid-in capital stock owned by stockholders in such member bank bears to the total paid-in capital stock owned by all stockholders in all member banks of such Federal reserve bank."

(b) The first sentence of the second paragraph of section 7 of the Federal reserve act is repealed.

(c) The second sentence of the second paragraph of section 7 of the Federal reserve act is amended to read as follows: "Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury."

Mr. McFADDEN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, beginning on line 13, strike out all of section 5 down to and including line 15, on page 8.

Mr. McFADDEN. Mr. Chairman, this amendment strikes out the first provision of a section in this bill proposing to guarantee deposits in banks. A little later on I will offer another amendment, which will have for its purpose the elimination of other features pertaining to the guaranty deposits in banks.

I have no particular objection to the sections in the bill which we have already passed over. They are probably in proper form and should be passed, but, so far as the provisions are concerned in this bill guaranteeing deposits, I am very much opposed to it, and my purpose is to take the first step in their elimination.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. WILLIAMSON. The new language is a good provision to put into the law, even though we strike out the rest of it commencing at line 18 on page 7.

Mr. McFADDEN. There is a provision in the law now which covers that satisfactorily.

Mr. HOWARD. Mr. Chairman, I rise in opposition to the amendment.

Mr. STEVENSON. Mr. Chairman——

Mr. HOWARD. I yield to the gentleman from South Carolina.

Mr. STEVENSON. Mr. Chairman, this is an amendment striking out the provision for the maintenance of the guarantee fund. That guarantee fund is to be maintained by 45 per cent of the earnings of the Federal reserve banks. The provision is that after paying 6 per cent dividends the member banks are entitled to, then the surplus is to be divided as follows: Ten per cent is to go to the surplus, and that leaves 90 per cent to be divided, and one half of that goes to the guarantee fund and the other half is distributed as dividends to the member banks who own the stock in these institutions.

The gentleman from Texas has iterated and reiterated that the fund should belong to the United States Government, because the United States Government authorizes the banks to issue the money on its credit.

The gentleman from Texas is mistaken in his allegation of facts. The old controversy that raged while the gentleman was in his kilts was on the objection to the national banks issuing money, and it raged all through the nineties in that horrible panic that we were in—and I went through it—and the question was, when we come to establish the Federal banks, whether they should have the right to issue money.

The absolute position of the majority of the people who were promoting the institution of the banks was against any more issues of currency resulted in its being determined that only the Government should issue the money, and it should be the money of the Government.

It is the money of the Government. How do they get it? Why this talk about this being the issue by the Federal reserve bank? It is an error. The Federal reserve bank can get the money from whom? From the agent of the United States Government who is charged with the duty of surrendering 100 per cent of the money issued in commercial paper, and requiring the banks to keep a reserve of 40 per cent in gold against it.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such applications shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 13 of this act, and the Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

So that when the Federal reserve bank wants money issued it has to go to the agent of the United States and put up 100 per cent of acceptable commercial paper, and we have now said that they can put it up in United States bonds. What further is to be done?

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than 35 per cent against its deposits and reserves in gold of not less than 40 per cent against its Federal reserve notes in actual circulation.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Chairman, therefore the United States issues the money, and it requires the Federal reserve bank to put up 100 per cent of commercial paper, acceptable and eligible, and 40 per cent in gold to secure it. That is the situation under which that money is issued.

Mr. WILLIAMSON. That is true, of course; but the money is issued under the Federal reserve system, and the Federal reserve system is permitted to use that money and make earnings on it; and if this law goes through, it simply means that they will pay no further franchise to the Government or anything for the privilege.

Mr. STEVENSON. That may be, but it does not make the Government the owner of the money. The Government has absolute security for the money issued, and so much so that they require a gold-settlement fund, which amounts to a great many million dollars in gold, to be kept in the Treasury down here with which to redeem any notes that were presented for redemption.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. I can not yield further. So that we have here a situation in which the banks furnish the collateral upon which the money is issued by the Government. The bankers are the people who furnish the capital, which is crystallized into those securities, and the depositors are the people who furnish the money upon which the reserves are based, which the Federal reserve banks are operating upon. If there is anybody that has any equity in that, the people who own the deposits upon which every dollar that the Federal reserve banks have, except capital stock is based, are entitled to some consideration; and when we provide a guaranty fund for them so that they can get their money, there is no better place to look for it than to look for it among the fruits of the money which they have furnished, which they have put into the banks of the country, 7 per cent of which is put in Federal reserve banks, and amounts to more than $2,000,000,000 for a reserve, which the banks are required to carry. It is the direct fruit of the deposits of this country, and the matter of taking the surplus away from all of it going into the Treasury and giving it to a fund which will make sure the deposits upon which the whole business is based is not the taking of the money of the United States, and certainly is not depleting the credit of the United States, as some other things that are being agitated are doing at this very good hour. [Applause.]

Mr. CHINDBLOM. Mr. Chairman, I rise in support of the amendment of the gentleman from Pennsylvania [Mr. McFADDEN], the ultimate purpose of which is to remove from this proposed legislation the proposals for the guaranty of bank deposits. Yesterday the gentleman from Texas [Mr. PATMAN] called upon the Members of the House who are interested in balancing the Budget to express themselves upon this legislation. I sought recognition immediately after the gentleman had finished, but was unable to get it at the time.

I rise now to say that in my opinion the Members of the House and of this Committee of the Whole are making a serious mistake in proposing all kinds of legislation which necessarily will more or less further agitate the present disturbed condition of the country. We have before us one main objective—that is, to balance the Budget of the United States in two ways, first, by reducing expenditures to the greatest extent possible, and, second, by passing a sane, reasonable tax law. Are we contributing to that purpose by the passage of this legislation? Right here, in section 5, is the beginning of the encroachment, I will say the raid, on the Federal Treasury for the purpose of guaranteeing bank deposits. After the dividend claims have been paid 10 per cent of the net earnings of the bank under this proposal shall be paid into the surplus and one-half of that shall be paid into the guaranty funds. At the present time those net earnings are paid into the United States Treasury as a franchise tax, after the surplus fund has received an amount equal to 100 per cent of the subscribed capital stock. This bill provides for taking $150,000,000 of the money now accumulated out of net earnings in the Treasury of the United States for the guaranty fund and the application to this fund of another $150,000,000 out of the surplus of the Federal reserve banks, and it provides further for the immediate provision for the guaranty fund of $500,000,000 of the assets of the Reconstruction Finance Corporation, which it is said shall be in the nature of a loan. What guaranty is there that this advancement will be merely a loan?

What guarantee is there that the $500,000,000 plus the two sums of $150,000,000 each will not be a direct contribution out of the Treasury of the United States to guarantee deposits in banks whose management, control, and operation will not be under the Federal Government except in a very indirect and in a very ineffective manner?

Mr. Chairman, we are whittling away our time. Instead of devoting our energies to the great objective which alone will accomplish results for the recovery from our depression, we are passing bills every day which go further toward disturbing the confidence of the people. This bill will disturb the confidence of the people not only as to the solvency of the Treasury of the United States by reason of the withdrawal of funds from it, but because of the further injection of the Federal Government into business operations on the part of persons over whom we have no real control.

What price will there be upon efficiency, ability, integrity, and honesty in the conduct of banks, if the managers of those banks, the directors and officers, are to be protected against their defalcations, against their mismanagement and against their fraudulent operations, by a fund which, at least in the first instance, is provided out of the Federal Treasury?

We ourselves are suffering from the hysteria of which we have heard complaint on the floor of the House. Many Members have complained because the people back home are finding fault with Congress for having lost its sense of proportion and its sense of duty at the present moment.

We are justifying those complaints by just such legislation at the present time. We are falling into our own trap.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. CHINDBLOM. In our anxiety to try to do something to relieve the present unfortunate condition of the country we are passing one piece of ill-advised legislation after another. I am sorry I had to disagree with most of the Members of this House, as I did, for instance, in the passage of the Goldsborough bill, and other legislation that the House has adopted recently. I think this Congress will accomplish the best for the people of this Nation, this Congress will do best toward recovery from the depression from which we are all suffering, if we will simply devote ourselves to that one great thing of balancing the Budget of the United States, and of demonstrating that we propose that the Treasury of the United States shall remain intact and unimpaired, and that the Treasury of the United States shall continue as solvent as it always has been in the past. [Applause.]

We are not going to accomplish anything toward recovery by taking $650,000,000 or $800,000,000 out of the Treasury of the United States, and saying to the people of the country, "We will merely use this money temporarily to protect depositors in certain banks, who happen to come under the provisions of this bill." We are not going to add anything to the movement toward recovery from business depression by passing legislation which seeks only to take money out of the Treasury and which ought to be considered quietly and sanely, under more favorable conditions.

These hectic, hysterical times of universal despondency and despair are not the period for the Congress to pass experimental legislation of this sort and place the resources of the Government available for the protection, if you please, of private enterprise and private business. It means, after all, that the Government is going still further into the banking business. The other day somebody introduced a resolution, and the majority sought to have it passed without objection, for the appointment of a committee that shall investigate the extent and purpose for which the Federal Government is engaging in private business. This is another embarkation into private business, and it is a hazardous undertaking on which we are starting at a time when we ought to be engaged in more serious business than all of this experimentation. [Applause.]

Mr. Chairman, under leave to extend my remarks, let me add that, in my opinion, this legislation involves the whole relation of the Federal Government to the entire banking structure of the country. The time has not yet arrived, when either in law or in fact, as stated by the committee report on this bill, "our banking structure is one building." It is true that the same economic conditions affect all banks, whether Federal or State, large or small.

That is an argument for unified control, for a single system under which all banking institutions would be estab-

lished and maintained. The existence of such a system might help to safeguard deposits and depositors. But such a system is not yet in these United States. We do not even have a "central bank" in the real sense of the term. We are trying to achieve results before we establish a system or an institution through which they may be attained. We are trying to manufacture without machinery; to protect private interests without controlling the forces that handle those interests. We are forgetting the human element in all of these transactions. Business can not operate in strait-jackets; credits can not be extended, limited, or expanded by legislative enactment. Particularly and especially, public money, collected in the last analysis only through taxation, should not be used to embark business upon new experiments or untried policies. Finally, if we must do these things or, perforce, must attempt to do them, let us await the calmer consideration and wiser judgment of a better day.

Mr. BANKHEAD. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, the amendment proposed by the gentleman from Pennsylvania [Mr. McFADDEN] admittedly goes to the very heart of this bill. As I understand many of the other provisions of the bill, they are merely ancillary to the main proposition of undertaking to set up a system of Government guaranties for the depositors in State banks, so that this question now presented to the committee, and the one which the gentleman has indicated he would follow with a subsequent motion, is really a decisive test of the sentiment of this committee as to whether or not we favor the essential features of this bill.

In my opinion, the gentleman from Illinois [Mr. CHINDBLOM] is far beside the mark when he takes the position that the only essential thing that the Congress of the United States ought to do before it adjourns is to balance the Budget and pass the appropriation bills. The Chief Executive of this country time after time within the last few weeks and months has given out official and quasi-official statements to the effect that the great thing required in this country to-day to restore prosperity is to restore confidence upon the part of the people in their business institutions. One of the things that is to-day paralyzing the economic channels of trade and business is lack of confidence.

The one great disturbing factor that is to-day pressing down upon the business activities of our people, and incidentally, in my opinion, one of the great obstacles to a return to at least some semblance of business activity, is fear upon the part of the people of this country, not only on the part of men of means, men of present assets, but all other classes of the people. They do not know what the future holds in store for them; and what little assets they have left they are nursing almost with the timidity of a miser because of that fear—fear of insolvency of banks, fear of insolvency of any immediate investment, of any step that is calculated to restore prosperity. One of the great fears, the preponderant fear of the people in my opinion, is fear about the safety and solvency of our financial institutions. This is one of the great things that is causing hoarding upon the part of individuals and causing hoarding upon the part of the banks themselves, and they are the chief offenders in that respect, in my opinion.

What does the bill do? Admittedly, it is in the nature of an experiment. The Congress of the United States has not heretofore ventured into the field of guaranty of bank deposits, and for a great number of years we were fearful to venture upon the experiment of the great Federal reserve system to regulate the financial institutions of the country. Finally, however, we were bold enough, and courageous enough, and wise enough, to institute that great system. I want to tell you, Mr. Chairman, we have fallen upon times when we have got to burn a good many of our bridges in this country upon some of our old, original conceptions of our public institutions. [Applause.] And here, in my opinion, is an opportunity for the Congress of the United States to say that the people of this country who deposit the fruits of their labor and of their toil and of their saving in the banking institutions of the country ought to have some reasonable assurance, or insurance, if it is possible to work it out upon a sane and wise policy, that when they put those deposits in the bank should they require them they can get those deposits back.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the gentleman from Alabama may have five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BANKHEAD. I tried to listen to the debate on the bill as far as I could, and I tried to read the debate on the bill as far as I could to see if there were really sound, fundamental objections proposed to the heart of the bill, the guaranty system.

Most of the arguments that have been made, Mr. Chairman, have been predicated upon the proposition that we had in the limited sphere of State guaranties tried this experiment, and these experiments there had failed. Of course, this is a reason to offer and it is a legitimate reason, but let us look at the facts in connection with the failure of those State institutions. There are gentlemen here before me representing States where the experiment has been tried, and I think they will bear me out that the reason those State experiments failed was because of the absence of an adequate reserve fund of money, a sufficient supply of money coupled up, of course, with some political maneuvering, and with some bad banking practices; but the real cause of the collapse of those institutions was not any unsoundness in the theory of the insurance proposition, but because adequate machinery was not provided for its successful operation.

Mr. EATON of New Jersey. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. For a brief question.

Mr. EATON of New Jersey. I wish to ask two questions.

Mr. BANKHEAD. I do not yield for two questions.

Mr. EATON of New Jersey. Then I will combine them into one question. What is the theory upon which this proposed guaranty is to be enacted? Is it the theory of insurance? If it is, why should not the depositors pay for their own insurance the same as they do for insurance on their houses?

Mr. BANKHEAD. It is upon the theory, broadly speaking, of insurance, of course, but I will ask my friend, the gentleman from New Jersey, has the theory of insurance with reference to other business organizations in this country failed?

Mr. EATON of New Jersey. No; but they pay for it themselves.

Mr. BANKHEAD. They have succeeded. Of course, the risks have got to be paid for. As set up in this bill, the depositors themselves, in the last analysis, are guaranteeing this fund, or participating in it; and that is the very heart and kernel, as I see it, of this whole proposition.

The gentleman asks what the theory is. In my opinion, the theory is that of common honesty. Banking institutions were not established under our theory of government just to give some individual an opportunity to make private gains for himself. The theory upon which they are chartered is that they are to perform some quasi-public or public function; that they are to be a source of credit for the operation of business enterprises, so that men will not have to carry cash in their pockets to transact all of their business; and the people who put money in those institutions have a right to expect and demand they will get it back whenever they want it.

In the last 10 years $1,155,000,000 of the labor, sweat, and toil of the American people has gone down in these failing institutions, and they have been deprived of it simply because the genius of the American Congress and its courageous experimentation have not reached the point, which I trust they have now reached, of setting up a system that

will prevent in the future any such experience as those through which we have gone in the last 10 years. These are the purposes of the bill.

Wherein has the unsoundness of the theory of insurance been pointed out to you? The gentleman says this is no time to disturb business conditions. My God! The business conditions of America to-day are absolutely paralyzed and destroyed. In my opinion, if Congress would pass this bill and if the President of the United States would sign it to-morrow you would see breaking out all over this country absolute impulses of confidence in our institutions, and people would begin to go back to the banks saying, "The Federal Government has thrown its protecting arm around the humble depositors, and we will go back to the banks." [Applause.] The bank deposits will be enlarged. Hoardings will be withdrawn from hiding places to be put back into the channels of trade. In my opinion it would be an influential step toward the restoration of the confidence which is so greatly needed in this country.

[Here the gavel fell.]

Mr. WIGGLESWORTH. Mr. Chairman, I rise in favor of the amendment offered by the gentleman from Pennsylvania and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, I am in favor of the amendment offered by the gentleman from Pennsylvania because I am sincerely opposed to the proposed guaranty of deposits in specified banks, which is the heart of the bill now under consideration. I am opposed to it because, in my judgment, it is unsound in principle, undesirable in its effect on the financial structure of the Nation, unable as a practical matter to bring about the result that it purports to assure, and unfair in its representation to the country as a whole.

The proposed guaranty is unsound in principle, in my judgment, because it proposes, with the aid of the Federal Government, to guarantee deposits in all banks specified, regardless of management. It makes no distinction between banks which are wisely managed and those which are conducted unwisely or even recklessly. Removing, as it does, the necessity for conservative action in the interest of depositors, it inevitably tends to stimulate more speculative action in the interest of stockholders and to lower the banking standards of the country.

The proposed guaranty is clearly undesirable, in my judgment, in its effect on our financial structure. The Federal Treasury at this difficult time is subject to a payment of approximately $150,000,000, a sum equal to the total heretofore received from the Federal reserve system in lieu of a franchise tax. It contributes also indirectly a further sum of $150,000,000, payable out of reserve funds of the Federal reserve system and properly belonging to the Federal Government. It is also deprived of further sums payable under existing law out of earnings of the Federal reserve system and available as reserves or for debt retirement. The Federal reserve system is subject to the payment referred to of $150,000,000, the effect of which must be, in turn, to weaken the system in its essential task of protecting the integrity of credit and currency. Member banks are subject to a payment of $100,000,000, with similar annual assessments, in whole or in part, whenever the total guaranty fund falls below $500,000,000. The constant drain upon sound banks in the interest of unsound banks must tend to weaken the entire system. Adoption of the plan may well lead to withdrawal of member banks from the Federal reserve system with great injury to the system. It may also lead to the closing of State banks throughout the Nation incapable of complying with conditions prescribed for inclusion under the plan. The possible adverse effect of its adoption on the credit of the country as a whole is impossible to predict.

Aside from these considerations our entire experience in America indicates that the proposed guaranty would prove incapable of accomplishing the result which it purports to assure. Experiments over a period of many years with proposals of similar character indicate that under the proposed plan the number of bank failures would ultimately increase rather than decrease, with resulting liabilities in excess of available resources and complete breakdown of the plan. Eight States have tried the experiment of a guaranty plan in recent years. In every instance, I am informed, there has been an increase in the number of mismanaged banks and ultimate bankruptcy of the guaranty fund.

Under these conditions, why hold out false hopes to the people of the country?

The hearings before the House Committee on Banking and Currency embody no statement by the Secretary of the Treasury or members of the Federal Reserve Board. It is understood, however, that the Secretary, members of the board, and the Comptroller of the Currency are all opposed to the proposed guaranty. The statement of the Comptroller of the Currency, appearing on page 6 of the hearings, leaves no doubt of his position in the matter:

> In my opinion, the enactment of this bill would destroy the Federal reserve system by driving the strong banks from it. It would lead to closing of thousands of small State banks which can not qualify as members of the Federal reserve system. It would put a premium upon incompetency and irresponsibility by rendering it no longer necessary for the country banker to be concerned for the safety of his depositors.

Similar views have long been entertained by leaders in business and finance. Almost a quarter of a century ago the American Bankers' Association, at its annual convention in Denver, Colo., in 1908, adopted the following resolution:

> *Resolved*, That the American Bankers' Association is unalterably opposed to any arbitrary plan looking to the mutual guaranty of deposits, either by the State or Nation, for the following reasons:
>
> 1. It is a function outside of State or National Government.
> 2. It is unsound in principle.
> 3. It is impractical and misleading.
> 4. It is revolutionary in character.
> 5. It is subversive to sound economics.
> 6. It will lower the standard of our present banking system.
> 7. It is productive of and encourages bad banking.
> 8. It is a delusion that a tax upon the strong will prevent failures of the weak.
> 9. It discredits honesty, ability, and conservatism.
> 10. A loss suffered by one bank jeopardizes all banks.
> 11. The public must eventually pay the tax.
> 12. It will cause and not avert panics.
>
> *Resolved*, That the American Bankers' Association is unalterably opposed to any arbitrary plan looking to the mutual guaranty of deposits, either by the State or by the Nation, believing it to be impracticable, unsound, misleading, revolutionary in character, and subversive to sound economics, placing a tool in the hands of the unscrupulous and inexperienced for reckless banking, and knowing further that such a law would weaken our banking system and jeopardize the interest of the people.

In the light of opinion of this character, in the light of actual experience in this country, it seems to me impossible to support the proposed guaranty which is before us.

There are other important features in the bill which, in my judgment, constitute most serious objections to its enactment, such as the rearranged distribution of earnings of Federal reserve banks, which heretofore have been used to strengthen the system by building up surplus and as reserves by the Federal Treasury; and the requirement of immediate credit subject to interest or discount on checks and drafts presented to a Federal reserve bank for collection, with possible injury to the existing system of par collections. Time does not permit of discussion of these or other aspects of the bill which, in my judgment, are highly undesirable. It is sufficient to say that the bill, in my opinion, is almost wholly bad legislation, replete with suggestions inimical to the maintenance of sound conditions in our national finances upon which the confidence of the public is so largely dependent.

The principal problem to which this bill is directed is the problem of affording appropriate security to depositors in our banks. The importance of this problem is apparent to us all. The method of dealing with it, however, is also of the greatest importance. Temporary relief has already been provided through the Reconstruction Finance Corporation and the Glass-Steagall bill. The problem in the long run is to eliminate, not encourage, bank management which is untrustworthy and unsound. This is no time for experi-

ment with fundamentals of national credit and currency. It is no time for gestures of hope which are essentially unsound and impractical. The House, in my judgment, has already at this session made one gesture of this character with harmful effect to the general situation. I hope sincerely that the amendment under consideration will prevail.

[Here the gavel fell.]

Mr. OLIVER of New York. Mr. Chairman, I am disposed to vote against the entire bill; but as I am not an expert on financial matters I may still be persuaded to vote for it. I intend to listen very carefully to the arguments in order that I may finally determine my vote by considering the greater wisdom of other Members.

I fear that the bill is a guaranty of Government policy itself. Some of us contend that the tariff destroys business, and the destruction of business destroys banks. Shall we insure depositors against the disastrous results of a bad tariff? Tax bills destroy business, and the destruction of business destroys banks. Shall we insure, out of Government funds, against the unwisdom of certain tax bills? Great foreign loans have been made by banks. Shall we put the Government into the position where it must pass upon the adequacy of the security of foreign loans, because certainly the money comes out of the banks and, perhaps, out of the pockets of the depositors who buy them from the banks, and that destroys the capacity of banks?

Mr. GOLDSBOROUGH. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. GOLDSBOROUGH. I call the gentleman's attention to the fact that the purpose of this bill is not to assist banks. It is supposed to be a depositors' bill. That is the purpose of it. It is not a bill to assist banks as business institutions.

Mr. OLIVER of New York. I thank the gentleman for the observation. I had in mind the identical thing. But in assisting depositors, of course, you are assisting banks. I have no objection to assisting banks, but the thing about it is we have to guarantee the wisdom of the Government, because the Government itself might by some disastrous policy close up half the banks in the Nation.

The bills we have voted upon this session, the arguments made on this floor, show the tremendous effect of governmental policy on private business. The extension of public credit to private business and the necessary governmental supervision over the expenditure of its funds make private business depend to a great degree on the wisdom of governmental officials. The great pieces of banking legislation passed by the House have been analyzed by some as ruining the banks and by others as bringing them salvation. The point I make is that since the Government is so potent for better or worse, this insurance policy must take the risk of the wisdom of the Government itself.

We have seen catastrophes sweeping over the entire world, and others predicted on this floor that half the banks in America were about to close as a result. During the Reconstruction Finance Corporation debate that statement was made. Perhaps they exaggerated their pessimism. I am glad to say that disastrous result did not take place. But are we going to guarantee partly out of the public purse the effect of world-wide disasters and give the public money to the depositors in the banks when they put their money in the banks on their own risk and on their own confidence in the integrity and wisdom of officials in banks in their own communities? Depositors, not taxpayers, should take the risk of world-wide disaster. Are we going to guarantee against acts of God and other kinds of catastrophes, like the great earthquake that swept over San Francisco? Will we insure against the ruin of wars? Are we going to insure against such catastrophes out of the taxpayers' money? I personally can not see that we have a reservoir big enough to do that very fine work, if it can be done.

A foreign war between two other nations may close up banks whose depositors are heavily interested in trade with those nations. These very depositors may have borrowed money from their own bank only to find that the war smashed their business. In turn, their inability to pay the bank smashed the bank. Shall we guarantee the deposits of depositors whose very unpaid credits closed the bank? A war between our country and another may close up a lot of banks. Is the taxpayer who is asked to lose his life on the battlefield still to be called upon to pay the depositors in these banks in full?

I am afraid we are insuring at this moment a bad risk. Nobody thinks the banks are sound and healthy and strong. No life-insurance company could be organized to insure the patients in a tuberculosis hospital. Therefore, why should the taxpayer, when he is groaning now and shouting and complaining against taxes, be asked to put his money in to back up a bad risk? Why not wait until the risk gets better, and then put his money in if you think it can work out to the benefit of the depositors?

I object to calling it, as it is called in the public press, a Government guaranty of bank deposits. I think there is some fraud in that title. The Government is not guaranteeing with its whole power but merely by limited contribution and is making the banks and their depositors guarantee their own deposits.

[Here the gavel fell.]

Mr. OLIVER of New York. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. OLIVER of New York. We have banks using Government titles, such as county banks, State banks, United States banks. I think this is a fraud on the depositors. I do not believe we ought to pass a bill like this giving the impression that the Government is guaranteeing bank deposits, because if the Government is going to guarantee deposits, then the taxpayer has got to back up this guaranty fully and the money will have to be paid out of the Public Treasury no matter what the loss.

Mr. STAFFORD. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. STAFFORD. If we launch on a policy of guaranteeing deposits piecemeal, is it not reasonable to assume that the Government should guarantee them to the fullest extent?

Mr. OLIVER of New York. Yes.

Mr. STAFFORD. There is no escape from such logic.

Mr. OLIVER of New York. If we are going to guarantee them with the conception of honor and integrity that we have for this country, we can not go halfway with it. If a great disaster should come that sweeps down half of the banks, then the Government of the United States will have to turn to the taxpayers and say, "Give every one of these depositors the money they put into these banks." There is no question about this in my mind.

I am also apprehensive that the scope of the bill giving a Government authority here the power to remove local bank officials is going to lead to a contraction of credit. Of course, the insurer would have the right to supervise the institution that is insured.

We have enough things to make the banker fearful now. We have the failures of banks, we have the stockholders assessed double if the bank closes, and we have criminal prosecutions against the officers of banks. They are frightened to death, and they are the owners of the institutions. They will not lend money, and if some official in Washington here is going to have the power to reach into the community and say, "Because you lent this particular money on your own judgment, or did this or that thing, we, from Washington, will remove you," this will certainly add to the fear and the apprehension of the local banker and, perhaps, restrict our credit to the point where restriction will not only break the bank but break the business enterprises that are dependent upon the bank.

These are more or less instinctive views of one who is not a financier. As a Member of this House and as a lawyer, I am trying to be sincere in my study of the question, and I hope as the debate goes on, those more able and more learned

may talk me out of my present views, because I want to vote for progress and security if mere insurance laws can achieve those happy results. [Applause.]

Mr. STRONG of Kansas. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from New York [Mr. OLIVER] started out by saying he had not made up his mind on this bill and then proceeded for 10 minutes to oppose the bill. If the gentleman had not made up his mind when he started, I presume he made up his argument as he went along. Other men have got up here and said that they do not know anything about it, but they are against it.

I am against this amendment, because it seeks to kill the bill, and I am for this bill. I am for it because there never was such a need in America for a guaranty of deposits as there is right now.

The people are in a state of fear and they are fearful about putting their money in the banks. The President has been forming organizations to coax people to leave their money in the banks. There has been a great campaign to overcome this condition of fear. Why are the people afraid? They are afraid to put their money in the banks because they fear it will not be there when they want it; and if the depositors are afraid, so are the banks. They are afraid to lend money for fear the depositors will come for it. For this reason we have few banks in the country that are doing business to-day as banks.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. HANCOCK of North Carolina. I have a very high regard for the gentleman's opinion——

Mr. STRONG of Kansas. I have a great deal of affection for the gentleman.

Mr. HANCOCK of North Carolina. I would like to ask if the gentleman is in favor of Government guaranty of deposits?

Mr. STRONG of Kansas. No. I am in favor of the banks guaranteeing the money that the people put in the banks. [Applause.] That is the purpose of this bill. Do you not think the Government should contribute in starting the fund? The Government sets up a charter that invites everybody to come and put their money in the banks. Has the Government no responsibility to protect the interests of the people whose money it has invited into these banks? Of course it has. [Applause.] I think it should contribute to setting up such a fund.

Now, what is the argument against this proposition? One Member says it will make weak banks. It will make strong banks, if the deposits are guaranteed. It will not make weak banks. The trouble with the banks now is that they are weak and that is the reason everybody is afraid, including the banks themselves. If you will guarantee the deposits in the banks they will be strong banks.

Mr. BOILEAU. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. BOILEAU. Why is there a provision in the bill to the effect that banks with a capital and surplus of less than $25,000 are not eligible?

Mr. STRONG of Kansas. That is going to be taken out of the bill. I am assured by the chaiman [Mr. STEAGALL] that he is going to accept an amendment to let the State banks all come in, and we ought to do this. They have had less losses than the other banks. Do not get the idea in your head that the little bank is not sound. It is the big bank that you have to be afraid of. The little bank is not going to do much damage to the guaranty fund if it does fail, but in the little community where the people take their earnings and their savings and put them into the little bank as protection against sickness or old age, in order to manage their business or to manage their farms, should they not have protection?

Mr. PITTENGER. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. PITTENGER. The gentleman was talking about the little banks a moment ago; how would they get in under this provision?

Mr. STRONG of Kansas. I stated that the chairman is going to accept an amendment that will let all of them come in.

Mr. PITTENGER. Do they not have to submit to an examination?

Mr. STRONG of Kansas. They are to be examined by their own State bank authorities, just as they are now.

Mr. PITTENGER. How do we have any assurance that they can qualify?

Mr. STRONG of Kansas. How do we have any such assurance now? We do not have any.

Mr. PITTENGER. That is true.

Mr. STRONG of Kansas. We will have the same assurance we have now. They come in as they are, with the certificate of their State bank commissioner.

Mr. PITTENGER. What I am wondering about is whether the little banks will get in, even under the proposed amendment.

Mr. STRONG of Kansas. They will get in if they want to and if they are sound. If they are not sound, you should stop letting people deposit money in them.

Mr. PITTENGER. Would not the effect of this legislation be to centralize everything in the Federal reserve banks?

Mr. STRONG of Kansas. Absolutely no.

[Here the gavel fell.]

Mr. STRONG of Kansas. Mr. Chairman, I ask for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

Mr. STAFFORD. Reserving the right to object, I would like to make an inquiry of the chairman of the committee—if he intends soon to make a motion to limit debate?

Mr. STEAGALL. I will say in view of the importance of this amendment I thought we would not be very exacting as to the extension of time.

Mr. STAFFORD. Debate has been running now over an hour on this amendment, and if we are going to finish the bill to-day it will be midnight.

Mr. STEAGALL. We will soon close the debate on this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas? The Chair hears none.

Mr. STRONG of Kansas. They talk about this making bad banking. How will it make bad banking any more than we have now? How will it make it any worse to have the deposits in banks guaranteed? Talk about bad management, how will it make the management any worse if we guarantee the deposits?

You all admit that State, public, and school funds require bonds from the banker, that they must be guaranteed. Why should these funds be guaranteed and protected, when the deposits of the little depositor are not guaranteed? We should protect the weak as well as the strong.

I do not know whether you gentlemen ever lived in a town where there was a bank failure. I have, and I have known of a widow, who placed the savings of her husband and herself, amounting to a few hundred dollars, in the bank and have the bank close. I have seen that happen. I would like to prevent it.

Do not you think that when men organize a bank, get a State or National charter and advertise to have people to put money in the bank, there should be some protection extended to such depositors?

Now, the reason that State laws for guaranteeing deposits in banks failed, as has been so often referred to, was because of the fact that the fund was not big enough to carry the load. In Kansas, Nebraska, and Oklahoma their fund was not big enough to start with, and there was not enough of capital to, by assessments, make the fund strong.

Mr. PARSONS. Will the gentleman yield?

Mr. STRONG of Kansas. Yes.

Mr. PARSONS. Why was not the fund large enough?

Mr. STRONG of Kansas. Because there was not money enough in it. Our States had not the funds to create a proper fund.

Mr. PARSONS. Might that not be the trouble in this fund?

Mr. STRONG of Kansas. No. We start with $500,000,000, and have the power of assessment on all the banks of this great Nation of ours, including the big banks, with large capital. There is no danger that the fund so established will fail.

Here is the trouble: The big banks say, "We are big enough to guarantee our depositors; our position is secure; and why should we contribute to a guaranty fund for the little banks?"

Well, because they are a part of the financial structure of this country, acting by authority of a charter from the people of the country and should join in making the funds of the people who deposit their savings and capital in the banks safe, it would be worth to-day all the big banks would pay in 20 years to prevent what has happened this year. It would be worth all they will pay in 10 years to now restore the confidence of the people in the banks.

I hope my friends will vote for this bill. Do not be misled by the propaganda that is sent out by the big banks, or by the propaganda sent out by the bank commissioners. Of course, bank commissioners are apt to follow the judgment of those who are credited with experience through long years in the management of large banks. They do not have an opportunity to study the hearings that caused the committee to favorably report this bill, and often have not studied the bill; they do not know what amendments are to be made; they wire you to oppose it, but what you have to answer is whether or not the people who put money in the banks shall be safe in doing so, and if you will consult the people and the depositors and not the big banks, you will vote for this bill. I think it is safe; I think the fund is big enough to take care of losses with the right of assessment on all the banks of this Nation. I think we ought to pass this bill at the present time in the interest of making the people of the United States feel that this country is safe, that our banks are a safe place in which to keep their money.

Mr. STEAGALL. Mr. Chairman, we have arrived at the consideration of the most important provision in this bill. The arguments against this bill are so timeworn and so well known to the members of the committee who have studied the legislation that we were familiar with them before the bill was ever brought on the floor of the House. It would be interesting if you could go to my office and read the propaganda that has been sent there, much of which has been put in the RECORD in speeches of Members. I want to say that during the years that I have served in this House I have never seen such support accorded any bill that has been offered in this House. This support has come from all classes. It is not stereotyped. It is spontaneous. It comes from every class of business—from bankers, lawyers, farmers, merchants, and economists. Some of it was written by hands worn with toil, in handwriting scarcely legible—all pleading for legislation to establish some plan to afford safe banks in which citizens may deposit the proceeds of their toil. Only this morning a letter came from a banker in Saginaw, Mich., a bank with $18,000,000 deposits. One came from a leading banker in Kentucky. One from Tennessee. One from a great judge in North Carolina and a former distinguished Member of Congress. They write in demanding this legislation as an essential and indispensable step to the restoration of confidence and the revival of business in the United States. This is where support comes for this bill. These are the influences that prompted it. It was born of the distress of our people. Let me tell you where the opposition comes from. It comes from selfish men who attempt to treat banking as a private business in which the public has no interest—a mere matter of money making. These shortsighted men forget that the public supplies the money out of which their profits are made. I am sure that I need not disclaim any criticism of any Member of the House in what I am about to say. Lobbyists come to see me often. Some of them are delightful gentlemen and I always show them every courtesy they could expect.

I want to read something to you from the Southern Banker:

A delegation of big bankers came to Washington to see the Members of Congress from a certain State.

In that delegation there was a representative of a big bank that has a string of branch banks in that State reaching out and taking over control of the credits of the people. There was another representative of one of the big branches of the same bank and another individual banker. I read from the Southern Banker of April, 1932, referring to this bill. They went back, and here is what they reported:

It is the opinion of the delegation that outside pressure on a major scale is forcing the issue on Congress for early consideration. This is corroborated by a surprising number of pending bills on the subject. Many of them have been introduced by responsible Members in both Houses.

* * * * * * *

We pointed out to them that a Federal law would, in the public mind, have an immediate adverse effect on all banks not national or members of the Federal reserve system and therefore not covered by the law.

That objection to the bill has been removed.

The ——— delegation gave our committee a very lengthy and friendly hearing. We feel that this exchange of ideas and personal contact has proven mutually helpful. With this in mind we are bringing the situation to your attention and offer the suggestion that if other State associations would immediately send similar committees to Washington to confer with their own State delegations excellent results can be anticipated.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STEAGALL (continuing reading)—

A circular on the same subject is going to all State associations from the American Bankers' Association. The suggestion which we are making meets with the hearty approval of their staff in New York. It is also approved by our deputy manager in Washington, D. C. It will be well for any bankers in Washington to get in communication with our representative before seeing their State delegation, as he will be able to fully advise them regarding any developments since our committee was in Washington. It is not thought desirable at this time to attempt to cover the subject in telegrams to Members of Congress opposing this measure.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. STEAGALL. I beg the gentleman's pardon, but I have yielded away much of the time during this debate that I could have used to better advantage. My time is limited, and I hope the gentleman will excuse me. The three bankers came before the subcommittee and offered their views. They said they were against the bill because it provides for funds to come out of the Treasury. We asked what they thought of the Reconstruction Corporation bill that takes $2,000,000,000 out of the Treasury, and they thought that was a wonderful legislative accomplishment.

I have not referred to the State nor the names of the gentlemen who came here on that committee. I have no unkind things to say about them, but I do say that big branch bankers, who are strangling the life out of the independent banks and destroying community life by this vicious and un-American system of branch banking, are not safe leaders for the representatives of the American people in the Congress of the United States.

The gentleman from Illinois [Mr. CHINDBLOM] said that we were making a raid on the Treasury. You may strike from this bill the provision that takes $150,000,000 out of the Treasury, and we will have available resources for the protection fund that will approximate $1,000,000,000. That sum would more than cover the net losses of all depositors in the banks of this Nation since the establishment of the Government. This fund, without the $150,000,000 from the Federal Treasury, which rightly belongs to the banks out of whose deposits and capital the earnings were made, would approximate $1,000,000,000, to be available within one year. This fund is dignified. It is ample and sufficient. Big banks

are causing more difficulty than small banks. Let me say to the gentleman from Kansas [Mr. STRONG] that it is the little banks who should object to being thrown into partnership with the big banks.

One bank failure in New York, a member of the Federal reserve system, involved more of the deposits than the deposits in all the small banks in two or three States. Nonmember banks outnumber the Federal reserve banks by more than two to one and have deposits equal to one and one-half times the deposits in Federal reserve banks, but at the same time State banks have less deposits tied up in failed banks than in the case of Federal reserve banks. There are more deposits in the member banks that have failed in the State of New York than in nonmember banks. There are more deposits tied up in the member banks in the State of Pennsylvania that failed than in State banks in that State. Bank deposits constitute a loan. Every man who knows the alphabet of banking understands that small loans are desirable. They are always the safest loans. So it is with deposits. Small banks make for safety and for solvency. They are for depositors the same thing small borrowers are for banks. Concentrated risks are always most dangerous.

The gentleman from Illinois [Mr. CHINDBLOM] spoke about a raid on the Treasury. Let me say that it does not lie in the mouth of any man who voted to open the doors of the Treasury of the United States and set up a $2,000,000,000 guaranty fund out of the money of the taxpayers of America in order to save our big banks, upon whose insistence that legislation was passed, to criticize this bill as a raid on the Treasury. That legislation was our first national guaranty deposit plan. To support that plan we took $2,000,000,000 out of the Treasury of the United States. I say it does not lie in the mouth of the man who voted for that bill to oppose this measure, which applies the universally accepted principle of insurance to the banking business of the United States in the effort to place our banking system upon a basis that will command the confidence of our people and the respect of the world! [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this amendment do now close.

The question was taken; and on a division (demanded by Mr. PATMAN) there were ayes 90 and noes 15.

So the motion was agreed to.

The CHAIRMAN. Without objection, the Clerk will again report the amendment offered by the gentleman from Pennsylvania [Mr. MCFADDEN].

There was no objection.

The Clerk again reported the McFadden amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MCFADDEN].

The question was taken; and on a division (demanded by Mr. MCFADDEN) there were ayes 60 and noes 76.

Mr. MCFADDEN. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. STEAGALL and Mr. MCFADDEN were appointed as tellers.

The committee again divided, and the tellers reported that there were—ayes 96, noes 129.

So the amendment was rejected.

Mr. PATMAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment which the clerk will report.

Mr. PATMAN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. The motion to shut off debate did not include the section but only the amendment.

The CHAIRMAN. The motion was to shut off debate on the one amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Page 7, line 18, after the word "surplus," insert "If the Federal reserve banks are charged as much as one-half of 1 per cent interest with the amount of notes issued to it in compliance with section 16 of the Federal reserve act then and in that event."

Mr. LAGUARDIA. Mr. Chairman, I reserve a point of order.

Mr. STEVENSON. Mr. Chairman, I make the point of order the amendment is not germane to the bill or to the section, if I caught the full reading of it. It undertakes to write into the bill a provision to change the relationship between the Government and the Federal reserve banks on the question of the issuance of money. It is not germane to the bill.

Mr. PATMAN. Mr. Chairman, I would like to be heard on the point of order.

Under present law all excess reserves of the Federal reserve banks, or all earnings of the Federal reserve banks after expenses and dividends have been paid and a certain surplus set aside, are placed in the Treasury of the United States and become public property or public money. In other words, all the excess reserves go to the Government.

Section 5 provides that the excess reserves hereafter shall not go to the Government, but one-half of them shall go to the reserve fund set up for the guaranty of deposits and the other half shall go back to the member banks.

My amendment provides that shall not be true except in the event the banks pay one-half of 1 per cent interest on these notes when they are issued. In other words, this provision in the bill seeks to deprive the Government of any revenue at all by reason of its franchise granted to the Federal reserve banks. I say if you are going to deprive the Government of the excess reserves it has been getting, let us in compliance with the present law require that a certain amount of interest shall be charged when these notes are issued. Certainly it is material in section 5, because section 5 attempts to divert funds that are now going to the Public Treasury of the United States, and I merely want to insert a provision that if those funds are diverted the Government shall get that revenue by charging at least one-half of 1 per cent on the initial issuance of the Federal reserve notes.

Mr. CHINDBLOM. Mr. Chairman, I go even farther than the gentleman from Texas. The gentleman from Texas bases his argument upon the proposition that his amendment is based upon existing law. I submit to the Chair that the text provides that one-half of the remainder of the net earnings shall be paid into the Federal guaranty fund for depositors, and so forth, and that the amendment of the gentleman from Texas merely interposes a condition or situation under which such one-half the remainder of the net earnings shall be paid into the Federal guaranty fund. In other words, it simply imposes, modifies, or limits the effect of the language which is already in the text, and certainly there can not be any doubt on the ground of germaneness. Whether the amendment is intelligent or intelligible, whether it is wise, whether it changes existing law, or whether it may be out of harmony with the theory of the sponsors of the bill are, of course, not pertinent matters of inquiry for the Chair in determining the point of order.

The CHAIRMAN. Unless the gentleman desires to be heard further on the point of order the Chair is ready to rule.

The Chair thinks the amendment of the gentleman from Texas clearly relates to the subject matter of the section to which it is offered and that it is germane.

The Chair overrules the point of order.

Mr. PATMAN. Mr. Chairman, I want to emphasize the fact that this is a bill to appropriate $647,126,882 out of the Treasury of the United States.

I want all of you Members who have been talking about balancing the Budget to remember that $147,126,882 is to be taken out of the Treasury. That amount has been paid into the Treasury and spent. Then $500,000,000 more, which this board may borrow from the Reconstruction Finance Corporation. Of course, that money will come from the Treasury of the United States, just as the money that the Reconstruction Finance Corporation is spending to-day is coming from the Treasury of the United States. So let us not be deceived. This is a bill to appropriate $647,126,882 from the Treasury of the United States.

Furthermore, let us not deceive ourselves. There is a valuable franchise that is wrapped up in this bill. Very

little has been said about that franchise. I wish I had time to tell you all I know about it. I have been working on this proposal for months, and I feel I know something about it which the membership would like to know. There is a franchise in this bill. I will not say it is concealed or hidden, but there is a franchise of great value. If you were to value it as franchises of corporations are valued, I venture to say it would be worth $25,000,000,000. So let us consider that valuable franchise and that $647,000,000 which you are attempting to appropriate from the Treasury of the United States.

I will say to the members of the committee that this is a very important amendment. I believe a majority of the members of this committee will agree it should be adopted when they understand it, if they do not understand it now.

In the original Federal reserve act there is a provision that when these Federal reserve notes are issued by the Government to the Federal reserve bank a certain rate of interest shall be paid. Remember, a Federal reserve note is an obligation of this Nation. All the homes and all the wealth of this Nation are behind those notes. The law provides that the Federal reserve bank shall pay to the Government for that paper money the rate of interest that may be set by the Federal Reserve Board. It was intended that an interest charge should be assessed; but the Federal Reserve Board met in 1916 and said, "In view of the fact that we get all the excess earnings of these banks, why assess an interest charge when the notes are issued? Let us go ahead and issue them, let them make a profit, and we get the excess." That is the reason Mr. W. P. G. Harding gave for not assessing an interest charge when the notes were issued.

If you are going to attempt to deprive the Government of the United States of the excess profits which they expected to make, let us go back to the original act and require the Federal Reserve Board to get at least one-half of 1 per cent interest on those notes. Is not that reasonable?

You can take all the Democratic platforms as far back as Democratic platforms were printed, and you will not find anything that will authorize this side of the House, the Democratic side, to vote to give the credit of this Nation to private bankers.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PATMAN. That is what you are doing. You are voting to give the credit of this Nation to private bankers without receiving one penny of compensation for that franchise. Do you want to do that? If you do, vote against this amendment. Unless this amendment is adopted you are giving away the credit of the Nation.

You take the Federal reserve bank. Not one dime of that stock is owned by the Government. The Government could own some of that stock but it has never exercised the privilege. It is all owned by private bankers. If you let this bill go, if it is enacted into law and if this amendment is not adopted you are just mortgaging the homes and the wealth of this Nation to secure paper money that is issued by private bankers for their own use and benefit, and not even requiring just one-half of 1 per cent interest. I do not believe you want to do it.

The distinguished gentleman from South Carolina a while ago was talking about how these notes were issued. You take a Federal reserve note. Back of that note is 40 per cent gold and the credit of the Nation. Who furnishes the gold? The Federal reserve system does not furnish it. Who furnishes the credit? The Federal reserve system does not furnish it. The depositors in national banks furnish the gold and the Government of the United States furnishes the credit. Do you mean to say that one holding and exercising that valuable right and privilege or franchise should not at least be compelled to pay just one-half of 1 per cent for using the mortgage on the people's homes to secure that paper money?

Let me tell you about these Federal reserve notes. You take an automobile acceptance corporation, organized under State laws. It can sell its automobiles to the distributor and take an acceptance due in 90 days. It takes that acceptance to the Federal reserve bank and gets currency issued on it. And what do they do? They charge a man who buys an automobile sometimes as much as 25 per cent interest, and yet they get money on the automobile paper for 1½ and 2½ per cent interest, using the credit of this Nation free of charge in order to do it.

Now, my friends, if you want to condone and put your stamp of approval upon mortgaging all the wealth of this Nation in order to help and assist a few private bankers and not receive just one-half of 1 per cent interest, you vote against this amendment, but I beg you to consider it and let us charge at least one-half of 1 per cent interest for that great privilege and that great benefit, namely, the use of the credit and the wealth of our country in order to back up this paper money.

I realize the ones for this bill will not vote for the amendment. It is doubtful that my colleagues who are opposing the bill will vote with me on the amendment, for the reason that if amended as I propose, the bill will be less obnoxious and there will be less likelihood of the bill's defeat on final passage.

Under leave to extend my remarks the following is inserted:

I wonder why no roll call was desired on the passage of this bill. Every effort was made to prevent a record vote and those of us who were actively opposing the bill could not get sufficient support to cause a roll call. The representatives of the administration, although claiming they were opposed to the legislation, did very little, if anything, to defeat it and helped prevent a record vote. On a record vote the bill would have been defeated. I know a majority of the Members of Congress would refuse to vote for such legislation. It was called a bill to protect depositors. It had a good name. It was really a bill to appropriate $647,000,000 out of the Treasury and to give a perpetual franchise to private bankers to enjoy a monopoly on the issuance of paper money backed by the credit of the Nation. Another coalition measure.

The bill will never become a law. It passed the House because it was backed by the coalition of Democrats and Republicans. The Republican Members can not disclaim responsibility for its passage in the House when they refused to force a roll call.

The contraction of credit and currency has caused the condition of the banks in the Nation. The following table discloses the shrinkage in stocks and bonds:

The number of shares and bonds listed on the New York Stock Exchange, the par value, and the shrinkage in the market value thereof from October 1, 1929, to May 1, 1932, as reflected below

	Shares			Bonds			Total market value shares and bonds
	Number of issues	Number of shares	Market value	Number of issues	Par value	Market value	
Oct. 1, 1929	1,279	1,048,359,263	$87,073,630,423	1,553	$49,017,420,231	$46,456,064,983	$133,529,695,406
May 1, 1932	1,267	1,324,594,185	20,319,088,631	1,590	52,218,219,935	38,896,630,468	59,215,719,099
Decrease [1]			66,754,541,792			7,559,434,515	74,313,976,307

[1] Net difference between new issues and eliminations not included.

Mr. STEVENSON. Mr. Chairman, I am somewhat puzzled at the attitude of the gentleman who has expressed care for the Treasury of the United States so solicitously in view of certain agitation that has been rather prominently forwarded by the gentleman and with which I have not expressed any dissent. But I am also puzzled at the gentleman's attitude when he says that here is a $25,000,000,000 franchise that is being given away to the big bankers, and yet we have the big bankers all wiring us to vote against it. Have the big bankers gone daffy that they do not know a good thing when they see it?

Mr. Chairman, my friend has been dreaming. He has gone absolutely wild on this subject. The gentleman asks who furnishes the gold to put behind the money. Why, the Federal reserve banks furnish it, and they furnish it out of money that is paid in by the stockholders, the member banks, and out of the money that is deposited with them as the 7 per cent reserve that they have to maintain, coming directly from the depositors. [Applause.] This is where the gold comes from, and to-day, with $2,000,000,000 of notes outstanding, they are required to maintain at least $800,000,000 of reserve in gold against that, on which they can not get a cent of interest. The Federal reserve banks are bearing this burden, and they are recompensed by charging a discount to the member banks.

My friend the gentleman from Texas wants to put a tax on the issuance of Federal reserve notes to the Federal reserve banks, because we come here and say that we want some of that fund that is made by the money that the Federal reserve banks have made off of the depositors of this country, to secure the citizen in his home, to secure citizens all over the country who have mortgages on their homes, and who put some money in the bank and wake up the next day to find it is impossible to get it, and then they see their Government going off with all of the first-class securities in that bank while they are left with a little pittance of a dividend on their deposits.

I move, Mr. Chairman, that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 10, noes 125.

So the amendment was rejected.

The Clerk read as follows:

SEC. 6. The first paragraph of section 13, as amended, of the Federal reserve act (U. S. C., title 12, sec. 342) is amended by adding at the end thereof the following new paragraph:

"Upon application of a sending bank, a Federal reserve bank shall give immediate credit on checks and drafts received from such bank for collection, but the Federal reserve bank may charge on such credit an amount of interest calculated at the current rediscount rate from the time of receipt of such item to the time of collection thereof, or, with the approval of the Federal Reserve Board, may establish a time schedule for the calculation of such period."

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the action which has just been taken on my proposal to strike out section 5 of this bill indicates a lack of knowledge on the part of the House of just what has taken place.

I have listened with a great deal of interest to the discussion of the particular facts about the Federal reserve note issue which the gentleman from Texas [Mr. PATMAN] has been making during consideration of the bill yesterday and to-day.

I may say to the membership of the House that what the gentleman from Texas has been saying about interference with Federal reserve note issues is correct. By the adoption of that section you have given a deadly blow to the Federal reserve act. You are taking action which is fundamental, and this is one of the worst blows that has been administered to the Federal reserve system.

The matter of the granting of a franchise to private banks to issue Federal reserve notes is one of the most important functions this Government could have anything to do with. It gives these private banks the right to issue Federal reserve notes without limit so long as they have gold or Government bonds to put back of them. It was very safely guarded by the framers of the Federal reserve act so that they could not issue an excess amount of Federal reserve notes at any time. So this matter of the franchise tax, which you have destroyed here to-day, was the safeguard that was then provided.

It is perfectly true that the management of the Federal reserve back in 1916 did interfere somewhat with the workings of this particular provision, so that the earnings that have been put into the Treasury in the past have been given in bulk without reference to the safeguard that was placed upon the issuance of Federal reserve notes.

I simply want to make this clear to the House with respect to what they have just done in regard to removing one of the most important safeguards on the Federal reserve system.

I wish to refer again to another phase of this particular bill. It does appropriate $147,000,000 from the Public Treasury. It does take $150,000,000 from the Federal Reserve surplus. It does weaken the Federal reserve system to the extent of that $150,000,000.

You were told yesterday by the chairman of this committee that there is a bill pending in the Senate that is going to deplete still further the surplus of the Federal reserve system. Do you want to destroy the Federal reserve system? That is what you are doing. You are destroying the solidarity of the system. You are destroying the confidence of the countries of the world in the Federal reserve system by taking away from it its surplus funds. You are doing that which has been threatened for years—that some time during the crisis you would pass legislation which would take the surplus away from the Federal reserve system.

Now, if you want to destroy in this hour of great need the confidence in your financial system, then ignore all the safeguards in the Federal system.

What are you doing in addition to that? You are putting in here, directly or indirectly, $300,000,000 out of the Treasury of the United States; you are authorizing, as the gentleman has said, the building up of this new board that is created and authorizing them to take from the Reconstruction Finance Corporation, the back door of the United States Treasury, at least $500,000,000 more, reducing the funds that much that are now available to the Reconstruction Finance Corporation, which funds come from the United States Treasury.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Chairman, I ask for five minutes more.

Mr. STEAGALL. Mr. Chairman——

Mr. McFADDEN. If the gentleman does not want me to continue, I am perfectly willing.

Mr. STEAGALL. I am not going to object to the extension for the gentleman from Pennsylvania, but I shall hereafter object to any further extension.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Not only the national banks but the State banks are to have access to this new organization and a guaranty of their deposits.

It was stated this morning, and I notice that the assurance brought many votes in favor of the bill, because the statement was made that all State banks are to be permitted to come in under the system and have their deposits guaranteed.

Now, gentlemen, what are you doing here? You are guaranteeing all of the deposits, fifty or sixty billion dollars, in the United States through this system. You are providing $300,000,000 of the fund of $500,000,000, which is to come, directly or indirectly, out of the Federal Treasury, and if additional funds are necessary they are to come indirectly from the Reconstruction Finance Corporation to the extent of $500,000,000 more through authorization to borrow.

Is there anyone in this House who will claim that the United States Government is not obligated to take care of all of the deposits of the banks in the United States? We have seen the creation of these bodies that were not going to take any money out of the Treasury come back and ask for it in an emergency. There will be an emergency, and they will come back here asking the Government to pay deposits in all banks. The public may well understand that the United States Government, if this bill passes, will eventually guarantee all deposits in every bank in the United States.

The gentleman from North Carolina, when he refused to yield to me, was speaking in reference to the gold-settlement fund. I wanted to point out the error he was making, that the gold-settlement fund is a deposit made to facilitate the transactions in connection with the transit department known as the settlement of checks, drafts, and so forth in the Federal system, and has nothing at all to do with the note issues.

Now, if you are going to guarantee all bank deposits, you are going to guarantee $2,000,000,000 of deposits of the National City Bank of New York. You are going to guarantee the deposits of the Chase National Bank of New York another $2,000,000,000; you are going to guarantee the deposits of the Guaranty Trust Co. of New York, and of the First National Bank of Chicago, and the Continental Illinois Trust Co. of Chicago, running into hundreds of millions of dollars and other big banks like these. Do you know to-day the kind of business these banks are doing? Do you know how they are hooked up in international affairs? Gentlemen, you are taking a leap in the dark here in passing this bill. You are going to destroy what further confidence there is in the United States in our banking system. You are delivering one of the greatest blows at confidence internationally just as it did after the passage of the Goldsborough bill, in the loss of confidence by the other nations.

Our gold is leaving us by the hundreds of millions of dollars. Every day shows $30,000,000 or $40,000,000 of exports, because the people in other countries who have money on deposit here are losing confidence. They are not only drawing their money but selling their securities and withdrawing that money because you are passing this kind of legislation, unsound legislation, which deals with the very fundamentals of our finances. This will not accomplish what you are claiming it will accomplish. [Applause.]

Mr. CAMPBELL of Pennsylvania. Mr. Chairman, I do not presume to speak for the President, but I do think it is clear and evident that he has something in mind with reference to bank deposits; otherwise, he would not have alluded to the subject so frequently in his public utterances.

The plan must be of a character that will give confidence to the depositors. How else can this confidence and security be provided except by some plan of insurance of the deposits in every bank authorized to receive the people's money? The opponents of the measure now pending claim it places a premium on reckless banking and would require the stronger banks to carry the weaker ones. Does anyone claim to be in a position to-day to differentiate as to who are the reckless bankers and which bank is weak and which one is strong? A system or policy of banking that permits the banking institutions to engage directly or indirectly in the selling of securities on a commission, or underwriting basis, is neither sound, safe, or ethical.

A system of insurance for bank deposits is neither socialistic, populistic, or Bryanesque. It is possible to establish a plan on an absolutely scientific basis. The aggregate of losses for a period of years is easily ascertainable. In the next few months we should know the probable losses that will be brought about by the present depression. With these figures at hand it is possible to determine with accuracy the amount that would be required to be deposited annually by the banking institutions to create a fund amply sufficient to take care of any losses, thus spreading the cost through a period of years and borne pro rata throughout the country.

The banking business is a major and most vital industry within itself, whether the bank be operating under a Federal or a State charter. All are receiving deposits from the public, and there is no sound argument against the banks as an institution bearing the full responsibility as a whole for the privileges granted.

It is unfortunate that the pending measure has been referred to as a bank-deposit guaranty measure, when the purpose is to provide a sound form of insurance for bank deposits. What is the difference in guaranty and insurance? A guaranty presupposes, as it was understood in the several States that adopted it, and have since repealed or discontinued the practice, that a form of assessment upon the banking group within the State would provide a fund immediately available to pay depositors of any failed bank. This scheme is in a measure parallel to the fraternal or assessment plan of life insurance, as compared with the old-line life-insurance companies' plan based upon a premium that provides a reserve, or sinking fund, as against no reserve fund in the former plan.

To illustrate, if the banks of the entire country had set apart as an insurance fund to meet losses from insolvent institutions one-half of 1 per cent, 50 cents per hundred, $5 per thousand, $5,000 per million dollars of their average annual deposits, invested at 3 per cent compound interest, the fund to-day, based on the assumption that the aggregate deposits throughout the country have averaged $30,000,000,000 a year for the past 20 years, would amount to $4,151,400,000. This amount would, no doubt, be reduced in taking care of the losses from insolvent banks. But will anyone here claim that this sum would not have met all the losses incurred in the past 20 years and be ample to meet present emergencies, even with the slip-shod methods now employed in banking and which have existed throughout this period?

Proper supervision and restrictions with reference to the character of securities eligible for banks to invest in, will go a long way toward preventing a recurrence of present conditions. The people of the country are demanding that bank deposits be made safe and secure. The bankers themselves should want some such system. Some of the keenest minds of our country are engaged in the banking business. They will have no difficulty in formulating rules and regulations and in providing adequate methods of examination to meet the situation created under an act providing for the insurance of bank deposits. The funds provided in the pending bill to create the reserve were contributed indirectly by the depositors at large throughout the country; and in using such funds as proposed, the benefits would accrue and any disbursements would go substantially to the original contributors, or to the taxpayers so frequently mentioned.

Should the Federal Government wish to retain money collected indirectly from citizens brought to want and desperation by an unscientific banking system?

Our solicitude should be for the depositors.

Mr. HOGG of Indiana. Mr. Chairman, one of the inherent evils of our industrial life has been the insecurity which the public has felt in placing their deposits in banks. Speculation of bank funds destroys confidence.

In 1930, 1,345 banks failed, owing depositors $865,000,000. That is, 1 bank out of 18 failed, but the actual loss of national banks, as registered by the Comptroller of the Currency, shows that only $82,000,000 have been lost to the depositors of all banks liquidated up to this time.

During the past 66 years the national banks have handled more than $400,000,000,000 of deposits.

INSURANCE IS AN INSTITUTION

Human life is insured on the basis of risk based upon the report of actuaries. Life-insurance companies have become of great benefit to the American people. Insurance in numerous and varied forms has become an institution in our country. There is every reason why it should apply to bank deposits. When the United States Government makes a deposit in any member bank or State bank it requires United States bonds to be deposited as a guaranty

of its own deposits. The public is encouraged to rely upon the banks without any guaranty.

The ascertained estimated loss is less than one-sixtieth part of 1 per cent of annual average deposits.

Guaranteeing or insuring bank deposits means protecting the stability of business and industry and a sense of security that is not experienced at this time.

When bank deposits are guaranteed, it will bring into the banks a larger part of the currency which has been carried in the pockets of the people to the sum of about $4,000,000,000. There is only fifty-five hundred million of currency in circulation, of which the banks have less than $1,000,000,000 and the people have four and a half billion less than the amount abroad.

In the United States there are 48 State banking systems and a national banking system, with banks in every State, in competition with State banks.

FEDERAL RESERVE SYSTEM

The Federal reserve system, which is governed by the Federal Reserve Board, consists of 12 federated reserve banks allocated to a different area of our country. The object of using the Federal reserve system was to mobilize gold resources into 12 pools.

A Federal reserve bank does business only with members of the Federal reserve system which own the bank. The additional purpose was to create a necessary kind of paper money, which would not be based upon bonds but upon commercial and industrial transactions. That includes the manufacturing and transportation of goods, and any unfinished process of wealth. Thus the currency would naturally contract and expand as conditions of business necessitated.

The Federal reserve issued this money to member banks on their notes, and member banks return it when it is canceled. It is now our principal paper money. In spite of these useful purposes, the Federal reserve system has failed to make safe the deposits. It has not increased the security of the depositor in the least. It is regrettable that it has failed to limit the growth of speculation on the part of banks, especially when we know that speculation has brought the country to the condition in which it now is. It is a common occurrence for national banks to do indirectly, by means of subsidiary corporations, the things which they can not do directly. There is no limit to the number of such affiliates.

DANGER IN AFFILIATES

It is common for these subsidiary corporations to engage in all kinds of transactions wholly improper for the bank. For instance, they became experts in stock jobbing and pool gambling on the stock exchange. Naturally, the bank lends them money for such wrongful purposes. An affiliate is frequently used to take bad losses from the bank and to use the money borrowed from the bank for that purpose.

The Federal reserve system has not forbidden such practices and has permitted the bank funds to be loaned for speculation and gambling. Competent banking authorities say, and statistics are indisputable to the facts, that speculation has ruined more banks than all other causes together. Too often affiliates find small banks which are gullible and small banks which are led to believe that in dealing with affiliates they are dealing with the national bank. If the affiliates make money, it is the profit of the bank.

Naturally speculation follows any bank stock. A certain bank stock in New York fell from 500 to 100 within a week. Like all human institutions, the Federal reserve is not excluded from shortcomings.

EXPELLING AMERICAN GOLD IN 1927

In 1927 the Federal Reserve Bank of New York became convinced that America had too much gold for the good of the world, and sold the idea to the Federal Reserve Board at Washington. To expel American gold to foreign countries, and to make it so for foreign countries to sell their bonds to Wall Street, interest rates were made lower in New York than any place in the world. One member of the board later testified:

> This resulted in the most costly error committed by any banking system in the last 75 years. The result was to force on the banking world more credit and money than was needed, and to expel a few billion in gold to foreign countries. Then came the overflow in foreign bonds in Wall Street.

When the mistake was realized, no one could stop speculation; and when the crash came it involved everyone everywhere.

MISLEADING NAMES

A State bank in New York carried the name, "the Bank of the United States," and on its windows and stationery were the reassuring words, "member of the Federal reserve system."

Naturally, this misled the public. It had 400,000 depositors. Later, the chairman of the Federal reserve in New York testified that "the chairman of the Bank of the United States did not have our full confidence for a period of years." Yet nothing was done about it until the crash came. The head of the second largest bank in Wall Street, who is a director of the Federal reserve, said concerning the Bank of the United States, "There was the custom of forming an affiliate to take over bad loans. There were more than 50 of these affiliates which took over faulty assets and immediately borrowed money of the bank—a very dangerous practice."

It was generally known that depositors' money was used to inflate market value of its own influence. Yet it continued to be a member of the Federal reserve system.

ERRORS OF STATE EFFORTS

The State law to insure bank deposits failed because of bad banking, lax enforcement, and weak regulation. The guaranty funds finally proved insufficient to pay losses in the period of a panic. Their experience points a way to a sound national-insurance system. Such a guaranty fund sufficiently financed and properly administered will afford the security that depositors are justly entitled to. It is a responsibility which is due the depositors. Banking is a quasi-public business. A bank should be a safe place for the people's money. It should also provide a financial reservoir where money and credit can be obtained upon reasonable terms. Overbanking breeds bad banking, speculation, and bankruptcy. This bill does not provide for a Government guaranty of deposits. In addition to the initial fund, assessments upon the deposits of the banks sharing in the benefits of the fund are to bear the balance of the burden.

PRESENT SURPLUS FUNDS

The Federal reserve banks still have net profits of near $500,000,000. After taking $150,000,000 from their surplus funds, they would still have a surplus close to $150,000,000. The requirement of the Federal reserve banks in connection with the guaranty fund could not hamper the Federal reserve system.

ADEQUATE RESOURCES

Legislation establishing the Reconstruction Finance Corporation was designed primarily to afford assistance to banks to revive confidence in them and to prevent a further breaking down of the banks of the country. Loans made by this corporation to assist in carrying out the purposes of this act are entirely proper and the board is authorized to borrow of it. For it is recognized that the success of any guaranty plan depends upon the assurance of the public that adequate resources are available to meet all demands.

Present conditions must not be accepted as permanent. They are a challenge to constructive leadership. Insurance is issued against every probable loss in countless fields. Insurance against loss of bank deposits must be included. [Applause.]

Mr. STEAGALL. I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question now is on the motion to strike out the paragraph.

The amendment was rejected.

The Clerk read as follows:

> SEC. 7. No member bank of the Federal reserve system shall pay interest at a greater rate than 4 per cent per annum with respect to any deposit made in such bank after the date of the enactment of this act.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. What is the present rate of interest they are allowed to charge?

Mr. STEAGALL. There is no legally established rate. The purpose of this provision is to prevent any unfair practice on the part of one bank toward another bank, since we are undertaking to make deposits safe in all banks, the burden to be borne out of funds raised by assessments on all banks.

Mr. STAFFORD. Was it the purpose to determine the rate of interest that member banks are privileged to charge for loans?

Mr. STEAGALL. Oh, no; the provision refers to the interest to be paid on deposits only.

Mr. STAFFORD. Does the gentleman know of any instance where member banks have ever paid more than 4 per cent on deposits?

Mr. STEAGALL. No; I do not. This is simply a safeguard against any improper practice on the part of a bank that might tend to pay an unfair rate as against a bank more conservatively conducted.

Mr. STAFFORD. Will the gentleman inform the House the highest rate any bank has ever paid on deposits?

Mr. STEAGALL. I could not say. We have not that information, but it is a rare thing that as much as 4 per cent has ever been paid.

Mr. STAFFORD. It is a rare incident, so far as I know, that 3 per cent has ever been paid. Two per cent is the prevailing rate.

Mr. BRAND of Georgia. Mr. Chairman, in the remarks of the gentleman from Alabama [Mr. STEAGALL], the chairman of the Committee on Banking and Currency, a few moments ago, he called attention to a State in this Union, without naming it, and three bankers from that State—withholding their names—who came before the Banking and Currency Committee to speak in opposition to this bill. The State to which the gentleman referred is the State of Georgia. The gentlemen to whom he referred, who appeared before the Banking and Currency Committee are Messrs. Ronald Ransom, William S. Elliott, and Gordon L. Groover. However, the delegation of "big bankers" to whom he referred who came to see the State delegation were Messrs. Ransom, Elliott, and H. Lane Young.

Mr. Elliott is vice president of the Bank of Canton, Canton, Ga., a constituent of Congressman WOOD. He was at that time vice president of the Georgia Bankers Association and is now president of the Georgia Bankers Association. Mr. Ransom is vice president of the Fulton National Bank of Atlanta and was at that time president of the Georgia Bankers Association, a constituent of Congressman RAMSPECK. Mr. Groover is vice president of the Citizens & Southern National Bank of Savannah, a constituent of Congressman PARKER.

The bank of Canton, with which Mr. Elliott, from Judge WOOD'S district is connected, is a State bank not a member of the Federal reserve system.

The deposits, checking and savings, as of December 31, 1931, of Mr. Ransom's bank, the Fulton National, of Atlanta, are $14,620,613.

The deposits, checking and savings, of the First National Bank of Atlanta, which was not represented at this hearing, as of December 31, 1931, are $73,923,260.

The deposits, checking and savings, of the Citizens and Southern National Banks as of December 31, 1931, are $56,249,055.

If the Steagall bill becomes a law, the Fulton National Bank for the first year would have to pay $45,500, the First National Bank would have to pay $237,250, and the Citizens and Southern National Banks would have to pay $182,000.

These gentlemen did not come to Washington secretly and there is no mystery surrounding their visit. They made a request of Senator GEORGE for a hearing before the Georgia delegation relative to this Steagall bill, and a hearing was had in Judge CRISP'S office. Senator GEORGE and every member of the delegation were present. At this conference I assured these bankers that I would see to it that they would have an opportunity to appear before the Banking and Currency Committee before the subcommittee finished its hearings on the Steagall bill.

I had some difficulty in making my assurance effective because the gentleman from Alabama [Mr. STEAGALL] told me he was in a hurry to report this bill out and suggested that instead of coming to Washington these bankers might send their statements. It appeared to me that the gentleman from Alabama was trying to put these gentlemen in the class of the hired and paid lobbyists who during this whole session have infested the halls of Congress, and against which the President and Congress have justly rebelled. I emphatically deny that these gentlemen have said, written, or otherwise done anything to justify the charge that they are lobbyists. I asked for this five minutes to deny the insinuation that either of the gentlemen from Georgia, all of whom are serving their State with success and with honor, are lobbyists or have done or written anything disreputable, and I deny it with vehemence.

Yet complaint is made because these gentlemen came to Washington in the interests of their banking institutions and the banking institutions of the State of Georgia to present their objections to the passage of the Steagall guaranty bill to the Banking and Currency Committee, the only tribunal before which they had the right to appear. The gentleman from Alabama [Mr. STEAGALL] undertook to throw a veil of mystery over their visit to the Georgia delegation and to charge, by implication at least, that their purpose was more or less questionable, which charge is wholly unfounded.

Mr. COX. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. COX. I just wish to express my approval of every word the gentleman says.

Mr. BRAND of Georgia. I am obliged to the gentleman.

Mr. COX. I just wish to express approval of everything the gentleman says with respect to the activity of those gentlemen.

Mr. BRAND of Georgia. I am glad to hear the gentleman say that.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto close in five minutes.

The motion was agreed to.

Mr. McFADDEN. Mr. Chairman, I again want to call attention to section 7 of this bill, and what it provides. It reads:

> No member bank of the Federal reserve system shall pay interest at a greater rate than 4 per cent per annum, with respect to any deposit made in such bank after the date of the enactment of this act.

That means that every bank which is a member of the Federal reserve system from the date of the passage of this act can not pay a rate of interest on deposits, in excess of 4 per cent.

Mr. STAFFORD. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. STAFFORD. Are there not any number of instances where trust companies are paying a higher rate of interest than 4 per cent?

Mr. McFADDEN. Yes, of course. There are eleven or twelve billion dollars on deposit in mutual savings banks, and the members of the Federal reserve system will not be able to compete with them. There are many savings banks outside of the Federal reserve system that are paying higher rates of interest.

Mr. STAFFORD. And this limit will virtually discourage them from continuing as member banks in the Federal reserve system?

Mr. McFADDEN. Yes. I just want the House to know what is being done in this particular section.

The CHAIRMAN. The time of the gentleman has expired.

All time has expired on this section.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 9. Whenever the Comptroller of the Currency finds that the continued service of any officer or director of any national bank is detrimental to the safe operation of such bank, he shall so certify to the Federal bank liquidating board. Not less than 30 days after such certification, such board shall hold a hearing of which such officer or director shall have reasonable notice and at which he shall have the right to be heard and be represented by counsel. If the board affirms the finding of the Comptroller of the Currency, the board shall by order requiring the removal of such officer or director notify the bank of which such officer or director is an officer or director. Such bank shall thereupon take such action as may be necessary to remove such officer or director.

Mr. DIES. Mr. Chairman, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIES: Page 9, line 23, strike out section 9, beginning on line 23, of page 9, and ending on line 11, page 10, and insert in lieu thereof the following:

"Whenever the Comptroller of the Currency finds that the continued service of any officer or director of any national bank is detrimental to the safe operation of such bank, he shall so certify to the Federal bank liquidating board, and attach to such certification a detailed statement of facts upon which the Comptroller of the Currency bases his finding. A copy of such certification and attached statement shall be furnished at the same time to any such officer or director. Not less than 30 days after such certification such board shall hold a hearing of which such officer or director shall have reasonable notice, and at which he shall have the right to be heard and be represented by counsel. If the Comptroller of the Currency shall prove his finding, the board shall by order notify the bank of which such officer or director is an officer or director that it has sustained the finding of the Comptroller of the Currency and that such bank is required to immediately remove such officer or director or to furnish the board with such assurances as the board may require that such officer or director will desist from the conduct, acts, or omissions which the board has found is detrimental to the safe operation of such bank. If such bank shall fail to immediately furnish the board with such assurances as may be required by the board, such bank shall thereupon take such action as may be necessary to remove such officer or director."

Mr. STEAGALL. Mr. Chairman, I desire to say that the committee prefers the amendment offered by the gentleman from Texas [Mr. DIES] to the existing provision of the bill. It accomplishes the same purpose, and we think the expression is more happy than the language in the bill.

Mr. WHITE. Mr. Chairman, I offer a substitute amendment, which I send to the desk.

The CHAIRMAN. The Chair will state that the amendment offered by the gentleman from Ohio is not a substitute amendment for the pending amendment.

The question is on the amendment offered by the gentleman from Texas [Mr. DIES].

The amendment was agreed to.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 10, line 12, add a new section called section 10:

"The Federal reserve act, as amended, is amended by inserting between sections 12 and 13 thereof the following new sections:

"'SEC. 12A. (a) There is hereby created a Federal open market committee (hereinafter referred to as the committee), which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select one member of said committee. The meetings of said committee shall be held at Washington, D. C., at least four times each year, upon the call of the governor of the Federal Reserve Board or at the request of any three members of the committee, and, in the discretion of the board, may be attended by the members of the board.

"'(b) No Federal reserve bank shall engage in open-market operations under section 14 of this act.'"

Mr. LAGUARDIA (interrupting the reading of the amendment). Mr. Chairman, the Clerk has read enough to make a point of order.

The CHAIRMAN. The gentleman from New York makes a point of order. Does the gentleman from New York [Mr. CELLER] desire to be heard on the point of order?

Mr. CELLER. Briefly, Mr. Chairman, the bill seeks to amend not only the national banking act but the Federal reserve act in many particulars. I need not go at length into how these purposes are accomplished. Suffice it to say there are many provisions of the Federal reserve act which are sought to be amended.

All I do by this amendment is to amend the Federal reserve act, in so far as it applies to open-market transactions, and set up a means by which the open-market transactions of the Federal reserve system may be accomplished.

The CHAIRMAN. Does the gentleman from New York [Mr. LAGUARDIA] desire to be heard on the point of order?

Mr. LAGUARDIA. Mr. Chairman, the amendment is not germane to the general purpose of the bill. The amendment inserts into the Federal reserve act entirely new matter.

The CHAIRMAN (Mr. WOODRUM). The Chair is ready to rule.

The amendment undertakes to create a Federal open-market committee, which is in no way related to the subject matter of the present bill.

The Chair sustains the point of order.

The Clerk read as follows:

SEC. 201. There is hereby established a board to be known as the Federal bank liquidating board (hereinafter called the board), which shall consist of the Secretary of the Treasury, the Comptroller of the Currency, and three citizens of the United States appointed by the President, by and with the advice and consent of the Senate. Not more than one of the appointive members of the board shall be of the same political party as the President. The appointive members of the board shall hold their offices for a term of four years, except that a member appointed to fill a vacancy shall serve only for the unexpired portion of the term of the member whom he succeeds. Each appointive member shall receive a salary of $10,000 per annum, payable monthly. The appointive members of the board shall be ineligible, during the time they are in office and for one year thereafter, to hold any office, position, or employment in any member bank of the Federal reserve system or in or on the Federal Reserve Board. The board shall elect its own chairman and other officers, and is authorized to employ and fix the compensation of such officers, attorneys, agents, examiners, and employees of the board as it deems necessary, but the compensation of no such officer, attorney, agent, examiner, or employee shall be at a rate in excess of $10,000 per annum. The Secretary of the Treasury and the Comptroller of the Currency shall receive no compensation for service as members of the board. All expenses of the board shall be paid out of the fund by the board, under rules and regulations prescribed by the board.

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN of Missouri: Page 11, line 7, after the word "employ," strike out the words "and fix the compensation of" and insert the following: "in accordance with the classification act of 1923, as amended," and on line 9, after the word "necessary," strike out the comma, insert a period, and strike out the remainder of the sentence, so that the sentence will read: "The board shall elect its own chairman and other officers, and is authorized to employ, in accordance with the classification act of 1923, as amended, such officers, attorneys, agents, examiners, and employees of the board as it deems necessary."

Mr. COCHRAN of Missouri. Mr. Chairman, much has been said in reference to confidence—confidence of the people in the stability of our financial institutions. I think the people would have much more confidence in the board you seek to create by the bill if the employees of this board are not politically hand picked. This section permits the selection of employees without regard to civil service. Lump-sum appropriations generally mean a return to the old system of rewarding the faithful. You want real experienced employees for work of this character.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. JOHNSON of Washington. I notice the bill as written calls for $10,000 salaries. We have done a lot of trimming here to get $10,000 salaries down a little. Does the gentleman's amendment accomplish that?

Mr. COCHRAN of Missouri. It certainly should do a little trimming.

Mr. JOHNSON of Washington. Does it make civil-service employees out of the new board?

Mr. COCHRAN of Missouri. As written it certainly does not, because they are not going to be subject to civil service unless that is provided. The board should not be subject to civil service, but the other employees should.

Mr. JOHNSON of Washington. Does the gentleman's amendment provide the rates of pay for the different classifications?

Mr. COCHRAN of Missouri. It provides for rates of pay in that the present classification act applies. This will require them to take their stenographers, agents, and other employees from the civil-service rolls.

Mr. JOHNSON of Washington. Then, what happens to the proposed $10,000 salaries?

Mr. COCHRAN of Missouri. I can not speak for the members of the board. They will fix salaries to suit themselves for the employees if my amendment is not adopted.

Mr. JOHNSON of Washington. Could not Congress prevent that?

Mr. COCHRAN of Missouri. I am seeking to prevent it.

Mr. JOHNSON of Washington. I am with the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 10, noes 48.

So the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McFADDEN: Page 10, line 12, strike out all of section 201, Title II, down to and including line 15, on page 11.

Mr. McFADDEN. Mr. Chairman, this is the amendment I referred to and which I said I would offer when we got to this particular stage in the reading of the bill. It is coupled with the amendment which I offered and which was voted down. This goes to the very vitals of the bill. This is the section which creates the board to administer the guaranty fund. I do not know that I need to discuss it any further than that. The membership of the committee knows I am unalterably opposed to this particular provision in the bill. I have already stated many of the reasons why I am opposed to it. I want to reiterate that what you are doing here is to strike the worst blow ever administered to your Federal reserve system.

I want to call upon those members of the committee who claim to represent the administration, who are not apparently interested in the preservation of the Federal reserve system or in the protection of the United States Treasury—I want to say to them this is a crucial period and they should be interested in this bill. So far as I am able to ascertain, there is not one member of the administration in favor of this bill, yet we find on these motions which I have been making to defeat the bill many members on the administration side voting for the bill.

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the amendment. I am somewhat taken by surprise when my good friend from Pennsylvania [Mr. McFADDEN] speaks for the administration. Somebody is spoofing somebody. It was not so long ago that we had to protect the gentleman from administration onslaughts.

Mr. McFADDEN. Will the gentleman yield?

Mr. LaGUARDIA. Certainly.

Mr. McFADDEN. I am with the administration when I consider it is right and I am against it when I think it is wrong.

Mr. LaGUARDIA. I copyrighted that statement yesterday. Seriously, I know the gentleman from Pennsylvania is sincere. I just do not agree with him in this instance. The President of the United States, as just quoted by the gentleman from Pennsylvania [Mr. CAMPBELL]—and I inserted it in the RECORD yesterday—has repeatedly stated to Congress in special messages and in statements throughout the country that we must safeguard the interests of the depositors, that we must revise our banking laws in order to safeguard the interest of depositors.

Gentlemen, I can not understand how there can be any opposition to the principles laid down in this bill. I submit that if anyone has any bona fide perfecting amendment to offer the committee will be glad to consider it, but up to date the amendments which have been offered only attempt to load down the bill seeking its defeat.

The gentleman from Pennsylvania has just moved to strike out the very heart of the bill. This is a test vote, and it seems to me that in all fairness and according to all parliamentary rules, if the gentleman is defeated in this amendment, he ought to join in and help to perfect the bill so we can pass this bill.

Mr. McFADDEN. Will the gentleman yield?

Mr. LaGUARDIA. Certainly.

Mr. McFADDEN. In this bill you are attempting to do the impossible. No insurance company in the United States or group of insurance companies in the United States which are familiar with this class of business, or surety companies, will undertake it because of the risk and hazard.

Mr. LaGUARDIA. Gentlemen, if it is impossible to secure depositors in the banks of the United States then we might as well close the banks of the United States. [Applause.] Are we to enact banking laws and bank inspectors and appropriate billions of dollars—all for the bankers and no protection to depositors? The gentleman states that no insurance company would undertake to insure these deposits. Of course not. Why? Because no insurance company would have the right of visitation and inspection while the Federal Government has the right of visitation, inspection, control, and supervision. Gentlemen, to my mind it is just as important that the Government shall have that power of constant supervision and regulation over banks as it is to insure the depositors. This is the first opportunity we have had to place the powerful hand of the Government over these banks, and when they deviate from the requirements set forth by this board they are taken out of the system, and any bank taken out of the system means the end of that bank.

Mr. BANKHEAD. Moreover, under the provisions of section 9 of this bill, it is provided that any official engaged in the management of a bank found to be incompetent may be removed upon investigation by the Government.

Mr. LaGUARDIA. And what will happen to some of these security-mongers who are passing themselves off as bankers? They will be kicked out of banking circles immediately.

Mr. McFADDEN. Will the gentleman yield?

Mr. LaGUARDIA. Certainly.

Mr. McFADDEN. Is the gentleman claiming there will be any better supervision than we have had over national banks under the Federal reserve system?

Mr. LaGUARDIA. I do claim that, absolutely.

Mr. McFADDEN. In what particular and how will it be improved?

Mr. LaGUARDIA. Because it is the duty of the guarantee board to watch the banks and every other bank is assessed to pay for the delinquencies of any other bank, and the pressure will be so tremendous that there will not only be better supervision and inspection but examinations will be made at closer intervals, and that is going to do more than anything written into the law up to date to make our banks secure.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 10, line 25, strike out "$10,000" and insert "$9,000."

Mr. JOHNSON of Washington. Mr. Chairman, this paragraph establishes another board with several members who are to receive pay. The bill as written proposes that they shall receive more pay than is likely to be received by Members of Congress after we have completed the economy program. The members of this so-called liquidating board are to be appointed for four years. The services they will perform, if they are performed well, can not be measured in pay and, perhaps, should be much more than $10,000, but inasmuch as there will be no difficulty in finding candidates, I have offered an amendment to reduce the amount of pay of each member to $9,000 instead of $10,000.

If this amendment is adopted, I shall offer another perfecting amendment to line 11, on page 11, where it is provided that the employees, officers, agents, examiners, and so

forth, under this board shall be employed at a rate not in excess of $10,000, and I shall propose to make that figure $8,000, because I am satisfied you can get all the employees, attorneys, examiners, and so on, who will be glad to have the places, and who will perform the duties well for less than the $10,000 proposed as a maximum.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Washington.

The question was taken; and on a division (demanded by Mr. STAFFORD) there were—ayes 55, noes 33.

So the amendment was agreed to.

Mr. STAFFORD. Mr. Chairman, I offer an amendment. Page 10, line 21, strike out "four" and insert "six," and after the word "that" in line 22, insert the language of the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 10, line 21, strike out the word "four" and insert the word "six"; and in line 22, after the word "that," insert "the members first appointed shall hold office, respectively, for 2, 4, and 6 years as designated by the President and that."

Mr. STEAGALL. Mr. Chairman, the amendment is simply one affecting the mechanics of the bill with reference to the term of the officers of the board, and it is entirely satisfactory to the committee.

The amendment was agreed to.

Mr. JOHNSON of Washington. Mr. Chariman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: Page 11, line 11, strike out "$10,000" and insert "$8,000."

Mr. JOHNSON of Washington. Mr. Chairman, this amendment applies to the employees, examiners, agents, attorneys, and so forth, of the board, and $8,000 is enough. I ask for a vote on the amendment.

The amendment was agreed to.

Mr. McKEOWN. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 11, line 15, after the word "board," insert:

"Before the board shall sell the assets of any failed bank at private sale, the same shall be appraised and the price received shall not be less than two-thirds of the appraisement."

Mr. McKEOWN. Mr. Chairman——

Mr. STEAGALL. Mr. Chairman, I do not wish to forestall the gentleman's remarks——

Mr. McKEOWN. I yield to the gentleman.

Mr. STEAGALL. But I may say that I think the amendment improves the bill in that it throws an additional safeguard around the administration of the assets of a closed bank. The amendment is very sound and is promotive of good management. There is no objection to the amendment.

Mr. HARLAN. Mr. Chairman, will the gentleman yield for a question?

Mr. McKEOWN. Yes.

Mr. HARLAN. The gentleman's amendment does not provide a method of appraisement. If we are going to provide for an appraisement, should not the bill specify whether there are to be two appraisers or one appraiser or just how the appraisement is to be made?

Mr. McKEOWN. The board can appraise the assets.

Mr. HARLAN. Then they ought to be given that authority.

Mr. McKEOWN. They have general authority to make the appraisement, and they will undoubtedly appraise the assets properly. This is what causes almost all the trouble in these failed banks.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma.

The amendment was agreed to.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question now recurs on the amendment of the gentleman from Pennsylvania to strike out the section.

The amendment was rejected.

The Clerk read as follows:

SEC. 202. (a) There is hereby established a fund to be known as the Federal guaranty fund for depositors in member banks of the Federal reserve system (called the "fund" in this title). There shall be paid into such fund by the United States Treasury an amount equal to the entire sums heretofore paid to the United States as franchise tax by the Federal reserve banks. The board shall, as soon as practicable after the enactment of this act, require each Federal reserve bank to pay into the fund an amount which bears the same ratio to $150,000,000 as the surplus of such bank on December 31, 1931, bears to the total surplus of all Federal reserve banks on December 31, 1931. The board shall also require the payment into the fund by the member banks of the Federal reserve system of such amount (not to exceed $100,000,000) as may be fixed by the board, of which each such bank shall pay an amount which bears the same ratio to the sum fixed by the board as the average deposits of such bank during the preceding calendar year bear to the average deposits of all member banks during the preceding calendar year.

(b) At any time after 12 months after the payment of sums required to be paid under subsection (a), if, in the judgment of the board, the sums in the fund are inadequate to carry out the provisions of this title, the board is authorized to require the member banks of the Federal reserve system to pay annually into the fund the whole or any part of $100,000,000. Each bank shall pay an amount which bears the same ratio to $100,000,000 (or such part thereof as may be fixed by the board) as the average deposits of such bank during the preceding calendar year bear to the average deposits of all member banks during the preceding calendar year.

(c) Sums payable by a Federal reserve bank or by a member bank under this section shall be subject to call in whole or in part by the board at such times and in such amounts as may be fixed by the board, except that amounts assessed against member banks shall be payable in instalments of not more than 25 per cent of the assessment.

(d) If at any time there are in the funds sums in excess of $500,000,000, if, in the judgment of the board such excess sums are not necessary to carry out the provisions of this title, the board shall refund to each bank contributing to the last annual contribution to the fund an amount which bears the same ratio to such excess as the last annual contribution of such bank bears to the entire last annual contribution of all banks.

(e) Sums in the fund shall be invested only in such interest-bearing direct obligations of the Government of the United States as the board determines, or non-interest-bearing deposits in member banks of the Federal reserve system.

Mr. EATON of Colorado. Mr. Chairman, I move to strike out the section. I do that for the purpose of asking the chairman of the committee if it has been figured up what the cost of this insurance is going to be and who is going to pay the cost, the depositors or the Government?

Mr. STEAGALL. The gentleman must understand that this is in no sense a Government guaranty bill. The only fund which the Government is required to advance is a part of the initial fund, and the amount is the earnings of Federal reserve banks that were paid into the Treasury in lieu of a franchise tax. Later annual assessments may be levied against member banks of the Federal reserve system to raise $100,000,000 annually to be called for as the board may find it necessary.

Mr. EATON of Colorado. Making the round figures a half a billion fund; but who is going to pay the cost of the insurance, the depositors?

Mr. STEAGALL. Assessments will be made on banks in the sum of $100,000,000 based on deposits. The deposits in the banks amount to a little over $50,000,000,000. About $20,000,000,000 of that are in member banks of the Federal system and the balance is in nonmember banks. It will amount to one-quarter of 1 per cent, will it not? I have not figured it.

Mr. EATON of Colorado. That would be 25 cents per hundred.

Mr. STEVENSON. That is right.

Mr. EATON of Colorado. I have been trying to get some one in authority to state what those figures were as to the cost of insurance.

Mr. STEVENSON. A billion-dollar fund would require $2,500 as an initial fund.

Mr. EATON of Colorado. I have been told that the cost would be from 5 cents a hundred dollars to 50 cents. I have been informed by insurance companies that have experience in this insurance that the cheapest rate was 50 cents per hundred dollars, and up to $1.50 per hundred. If those insurance companies can not make a profit out of 50 cents per hundred surely you are not going to be able to

insure for 5 or 25 cents a hundred, even if you spread it out over all of the whole bank deposits of the United States.

Mr. McFADDEN. Will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. McFADDEN. Has the gentleman any assurance that the banks that are going to be assessed will not pass it on to the customers?

Mr. EATON of Colorado. My understanding is from the statement of the gentleman from South Carolina that the depositors are going to pay for this.

Mr. STEVENSON. Oh, no.

Mr. EATON of Colorado. Let the gentleman from Alabama answer.

Mr. STEAGALL. I beg the gentleman's pardon. I said it was going to be made on a basis of the deposits in banks.

Mr. EATON of Colorado. Who is going to pay it?

Mr. STEAGALL. The banks.

Mr. EATON of Colorado. And they will not be permitted to deduct it from the deposits?

Mr. STEAGALL. Oh, no.

Mr. EATON of Colorado. Where is it so stated in the bill?

Mr. STEAGALL. That is quite clear. There is no dispute about it. Mr. Chairman, I move that all debate upon this section and all amendments thereto be closed in five minutes.

The motion was agreed to.

Mr. PATMAN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. PATMAN: Page 11, line 19, commencing with the word "there," strike out the remainder of that sentence down to and including the word "banks" in line 22.

Mr. PATMAN. Mr. Chairman, that amendment is intended to strike out the appropriation of $147,126,882. I see no reason why that appropriation should be made directly from the Treasury at this time. It occurs to me, if this bill is to become a law, it should be made effective, say, 6 months or 12 months from now. We should not make this bill effective immediately, and in the event of its passage all banks, State banks, should be given an opportunity to get into the system on equal terms with the national banks. If the bill passes as it is now written, it will not be a law guaranteeing deposits for all banks, but it will guarantee deposits for only 8,000 banks, and there are 20,000 banks in the country. Twelve thousand banks will not be affected in any way, shape, or form. In order that the 12,000 banks may get into the system it will be necessary for application to be made to the Comptroller of the Currency. The Comptroller of the Currency will then have an examination made of the 12,000 banks, or of such number of banks as desire to come into the guaranty system, and if the examination is satisfactory to the Comptroller of the Currency, then and in that event only will this guaranty fund be applicable to the deposits in those 12,000 banks.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. STEAGALL. We have specifically agreed on an amendment which permits every State bank to come in on terms of equality and equal assessment.

Mr. PATMAN. Without examination?

Mr. STEAGALL. Upon certificate of the examining authorities of the State in which the bank does business.

Mr. PATMAN. The gentleman will offer that?

Mr. STEAGALL. It is already in the bill, but language perfecting it will be offered.

Mr. PATMAN. We should grant sufficient length of time for them to come in and raise the money in another way rather than by appropriating it direct from the Treasury of the United States. I think this provision making this appropriation should be stricken out.

The CHAIRMAN. The time of the gentleman from Texas has expired. All time has expired. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

The Clerk read as follows:

SEC. 204. Upon approval by the board of the estimate and report of the committee, on the basis of such estimate, or, if modified by the board, on the basis of such modified estimate (but not later than 90 days after certification of insolvency), the board shall pay to each depositor whose outstanding deposit is $1,000 or less, not less than 50 per cent of such deposit, and to each depositor whose outstanding deposit exceeds $1,000, not less than 25 per cent of such depositor's outstanding deposit, or $500, whichever is the greater. Within six months after the first payment, the board shall pay to each depositor whose outstanding deposit is $1,000 or less the difference between the amount of his deposit and the amount paid under the next preceding sentence. Within six months after payment has been made under the preceding sentence all depositors the amount of whose deposits are still unpaid shall be paid not less than 25 per cent of such deposits, and within six months thereafter the amounts of all depositors' deposits shall be paid in full.

Mr. STEVENSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Amend on line 7, page 15, by adding at the end of the line the following words: "When the board shall have paid off the depositors it shall be subrogated to all of the rights of the depositors against the assets and all parties liable to such depositors."

Mr. STEVENSON. In other words, when the board pays off the depositors, it is subrogated to the rights of the depositors as to the assets.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. Does that include interest or just the actual deposit put into the bank by the depositor when the bank becomes insolvent?

Mr. STEAGALL. That is expected to be a matter of legal construction; but there can not be any question that interest is paid at the rate prescribed in the State where the bank operates.

The Clerk read as follows:

SEC. 206. In the case of the insolvency of a member bank of the Federal reserve system which is not a national bank, the board shall request the receiver or liquidating agent of such bank to submit to the board a report and estimate containing the same matter as that required in the case of a report and estimate of the committee provided for in section 203. For the purposes of this section, the board shall have power, at any time, by its own examiners or otherwise, to make such examinations of any such insolvent bank as the board deems necessary. Upon approval of such report and estimate, the board shall proceed to pay to the receiver or liquidating agent amounts equal to the amounts which would have been paid to depositors under section 204 in the case of a national bank. The sums paid by the board under this section shall be paid at the times and in the amounts provided by section 204, but such sums shall be paid to the receiver or liquidating agent in trust for the depositors.

Mr. EATON of Colorado. Mr. Chairman, I rise in opposition to the pro forma amendment. As the gavel fell when I was speaking before, the gentleman from Georgia [Mr. BRAND] very kindly handed me page 11220 of the CONGRESSIONAL RECORD of May 25, where his estimate based upon the detail of this bill indicated that the assessment or insurance fee to furnish the insurance fund would be 0.00325 per cent $100 of bank deposits, based upon the total deposits upon December 31, 1931, of $30,746,386. Inasmuch as the maximum insurance fund used in that computation to be raised annually was a constant fund of $200,000,000, the conclusion is that as deposits increased the annual payment would decrease. And this without any regard to the amount of losses or the number of bank failures, so that the statement that the insurance fee would be 25 cents per $100, made by the gentleman from Alabama [Mr. STEAGALL], shows that he expects that the deposits will be larger. I wish I had the time to discuss this matter further, but as I want to mention another matter, I will let my preceding comment stand.

The gentleman who last spoke referred to inspiring confidence by this and other legislation. I say to you gentlemen, who are just as serious in considering this legislation as I am, that I would like protection along the line of insur-

ing bank deposits, whether it is at the cost of the bank or the depositor. When you brought out this bill and used the word "insurance" I began to think you were going to give us some actual insurance and furnish an insurance or other basis, so that the bank deposits might be properly guaranteed or insured, but in looking over your plan I submit that you have not presented anything that is insurance. Insurance denotes safety and accuracy. You present matters here which are guesswork and hypothetical.

When the gentleman from Kentucky [Mr. MAY] spoke yesterday, I tried to direct attention to where some of this lack of confidence was coming from. I think instead of inspiring confidence, you are inspiring more lack of confidence by this and other bills. First of all, on the one hand, you inspired the Federal reserve banks to buy Government bonds from and load money into the banks to inspire confidence and thus try to force more money into circulation.

Then, on the other hand, the banks also have to consider the Comptroller of the Currency and his coming around every once in a while to look into the note case. His examiner looks over the contents and says, "Those notes are not good. Those notes are bad. Your securities have depreciated so much." How much? Nobody will say. It is a secret. The comptroller keeps the bankers scared with his comments and the Federal reserve bank keeps them scared with its suggestions and requirements. The Federal reserve bank says "Get more money out into circulation." The banker wants to do whatever is right, but he must play safe. He can not make the loans which are requested. The greatest number of requests will violate every rule of safety which he has learned in his long experience. He does not know what he is going to be required or asked to do next, but at all times he must keep his bills receivable in no worse shape than they were at the last examination. I know what it means to collect money and I know what good paper is and and what is bad paper.

These things tend to scare the banks more and more. Their fright is communicated by action if not by word to the customer and in turn it premeates the entire business community and through them it reaches all the people. The banks do not know what Congress will do next to cause the Federal reserve bank to tell them to make more loans and put out more money in circulation. They do not know how they can justify their new loans to the Comptroller of the Currency. When the loans can not be justified and the percentage reaches a figure covered by a rule of his department, then comes the question of closing the bank. In this House I have heard the comptroller criticized because he has not closed more banks and because he failed to close some banks at an earlier date. He has had to use his best judgment and has realized the situation confronting all banking institutions, large and small. The figures show many banks to be as solvent to-day as they were at the last examination. The paper examined is practically the same as it was three or six months ago. That paper, whether as notes or as security, is exactly the same. The values are less and the appraisal is made by values over which neither the comptroller nor the bank can have any control. What can the banker do?

You now propose to insure the bank deposits and to create a fund out of moneys in the United States Treasury to make the initial fund or capital. But that does not furnish any basis for further confidence. It might be said that all banks that have weathered the storm up to the present time will probably survive. I believe that to be true, but we all know that there are a number of them which, if the appraisal of their assets were to be insisted upon as showing solvency or insolvency, would have to admit the latter as being more nearly correct. And so the comptroller, realizing that the paper is the same as before, admits some preceding figures of appraisal and permits the institution to continue with open doors. As a matter of figures, those banks are all sound. As a matter of revaluation, many may not be. The insurance of the deposits in their possession does not remedy this situation. If it were a fact, a true insurance and reliance might be placed upon repayment of every cent on deposit in every bank, a feeling of security as to deposits might be secured, but always there is still present that fear of what is going to be done next and how is the business of the country going to revive. And when will the revival commence? How slow or how fast will it be?

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The pro forma amendment was withdrawn.

The Clerk read as follows:

SEC. 208. Any bank which is not a member of the Federal reserve system which has a capital and surplus of $25,000 or more may, with the approval of the board, contribute to the fund and upon insolvency of such bank the provisions of section 206 shall apply with respect to payments to the depositors of such bank. The board shall not permit any such bank to contribute to such fund except after examination of such bank by the board and a determination by the board that such bank is in sound financial condition, and the board shall require of such bank as a condition to the privilege of contributing to the fund that such bank shall submit to examination by the board at any time: *Provided, however,* That for a period not exceeding three years after the passage of this act banks that are not members of the Federal reserve system shall be permitted to contribute to the fund and to share in the benefits provided in section 206 upon certificate of the duly constituted State examining authorities that such bank is in sound financial condition.

Each such bank shall pay into the fund an initial contribution equal to twice the amount paid under section 202 (a) by a member bank of the same amount of deposits and such annual contributions as may thereafter be required and the amount of each contribution shall be twice the amount paid under section 202 (b) by a member bank. Sums payable by any bank under this section shall be subject to call in whole or in part by the board at such times and in such amounts as may be fixed by the board except that amounts assessed against such banks shall be payable in installments of not more than 25 per cent of the assessment. The board may at any time require any such bank to withdraw from participation in the benefits of the fund or to go into liquidation and receive the benefits of such participation. Upon withdrawal from participation the board shall pay such bank an amount which bears the same ratio to the amount paid by such bank under the last annual contribution as the number of months remaining in the year since the time such contribution was required bears to 12.

Mr. McGUGIN. Mr. Chairman, I offer an amendment which I have sent to the desk.

Mr. STEAGALL. Mr. Chairman, I had prepared an amendment, the effect of which is to permit State banks to share in the guaranty fund upon paying the requisite assessments, upon a certificate of good health from the State examining authority. The gentleman from Kansas [Mr. MCGUGIN] has prepared an amendment to accomplish the same purpose, and I think the gentleman's amendment is better worded and accomplishes the purpose in a better way than the amendment I had prepared, and so I am glad to accept the gentleman's amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Kansas.

The Clerk read as follows:

Amendment offered by Mr. MCGUGIN: Page 16, line 19, strike out all of section 208 and insert in lieu thereof the following:

"SEC. 208. Any bank which is not a member of the Federal reserve system may contribute to the fund and upon insolvency of such bank, the provisions of section 206 shall apply with respect to payments of the depositors of such banks. The board shall not permit any such bank to contribute to such fund except that such bank presents a certificate from the duly constituted State examining authorities that such bank is in a sound financial condition. As a condition to the privilege of any such bank contributing to the fund, the board may demand that any such bank shall semi-annually or annually submit to the board a certificate of the duly constituted State examining authorities that such bank is in a sound financial condition.

"Each such bank shall pay into the fund an initial contribution the amount paid under section 202 by a member bank of the same deposits and such annual contributions as thereafter be required and in the same amount as the contributions which are to be made under section 202 by a member bank. Sums payable by any bank under this section shall be subject to call in whole or in part at such times and in such amounts as may be fixed by the board except that amount assessed against such banks shall be payable in installments of not more than 25 per cent of the assessment. At any time such bank falls to furnish certificate from the duly constituted State examining authorities that such bank is in a sound financial condition, the board may require such bank to withdraw from participation from the benefits of the fund or to go into liquidation and receive the benefits of such participation. Upon withdrawal from participation, the board shall pay

such bank an amount which bears the same ratio to the amount paid by such bank under the last annual contribution as the number of months remaining in the year since the time such contribution was required bears to 12."

Mr. GOSS. Mr. Chairman, I make the point of order that the amendment is not germane. I notice in section 208 it is stated that the board shall not permit any such bank to contribute to such fund except after examination of such bank by the board, and a determination by the board that such bank is in sound financial condition. The amendment offered by the gentleman from Kansas is clearly not germane because it goes around what is contemplated by that section and allows these banks to enter simply on a certificate.

The CHAIRMAN (Mr. WOODRUM). The Chair would call attention to lines 10, 11, and 12 of the bill, which provide that the examination of the bank shall show that the bank is in sound financial condition. The amendment does the same thing.

Mr. GOSS. But as the Clerk read the amendment, the banks do not have to submit to any examination under the amendment offered by the gentleman from Kansas.

The CHAIRMAN. The amendment reads:

At any time such bank fails to furnish certificate from the duly constituted State examining authorities that bank is in a sound financial condition.

Mr. GOSS. But that has nothing to do with the Federal Reserve Board, which the bill sets out.

The CHAIRMAN. The Chair thinks the amendment deals with the same subject matter. The Chair, therefore, overrules the point of order.

Does the gentleman from Kansas desire to be heard on his amendment?

Mr. McGUGIN. I do not.

Mr. BRAND of Georgia. Mr. Chairman, I rise in opposition to the amendment. I am opposed to this amendment which was agreed upon last night, originally introduced by the distinguished chairman of the committee, and I am likewise opposed to the last amendment offered by the gentleman from Kansas [Mr. MCGUGIN] for practically the same reason. There is dynamite in this little amendment. There were many old heads brought together in order to consider and frame an amendment which would remove one of the great objections I urged in my address against this bill. This conference succeeded in changing some votes.

The amendment agreed upon by this conference is as follows:

Any bank which is not a member of the Federal reserve system shall be permitted to contribute—

A great concession to a nonmember bank to be permitted to be taxed—

to the fund and share in the benefits provided in section 206.

Upon what terms?

Upon a certificate of the duly constituted State examining authorities that such bank is in sound financial condition.

Mr. STEVENSON. Will the gentleman yield?

Mr. BRAND of Georgia. If the gentleman will give me more time, I will be glad to do it.

Mr. STEVENSON. I will only ask a question. The House can give the time.

Mr. BRAND of Georgia. I will not yield unless the gentleman will give me time.

Mr. STEVENSON. Is the gentleman opposed to State banks being allowed to come into this guaranty system on an equality with the member banks?

Mr. BRAND of Georgia. I will answer the question.

Mr. STEVENSON. That is the question that I wanted to ask. The gentleman is not answering the question.

Mr. BRAND of Georgia. I will answer the question if you will just give me time.

Mr. STEVENSON. I will give you all the time you need.

Mr. BRAND of Georgia. I will hold the gentleman to that.

The amendment applies to and can be divided into four classes of banks. The first class is nonmember banks, who will not apply for membership in the Federal reserve system. There is a good number of this class who will not apply for membership because they do not receive any interest on their reserve fund in the Federal reserve bank if they become members and because they lose the right to make a service charge on the checks passing through their banks. The second class of nonmember banks are those who apply and pass. The third class are those who apply and do not pass. What in the name of common sense is going to become of the nonmember State banks of the country, including banks in your State and mine, for instance, who fail to pass under the proposed amendments? One member of the banking department in a State may exercise all power to say whether a bank is in sound financial condition or not. In the first place, the amendment empowers the banking superintendent or officer of a State to refuse an application for any reason and upon any ground he sees fit without giving the applying bank an opportunity to be heard. There is no provision in the amendment that requires the State authorities to give the bank a hearing as to its financial condition, and there is no provision for an appeal if the application is turned down. When a bank's application is refused and the bank is declared to be not in a sound financial condition and this decision reaches the depositors, a run on the bank by its depositors will begin, resulting in closing the bank.

The fourth class is the outlawed class, the banks of $25,000 capitalization and under. This class of banks can not become members of the Federal reserve system under the law, and therefore Congress can not include this class of banks within the scope of the operations of this bill. There are 50 banks in Georgia having a capital of $25,000 or under You might as well wipe them out of the picture entirely.

[Here the gavel fell.]

Mr. BRAND of Georgia. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to proceed for five additional minutes. Is there objection?

Mr. STEAGALL. Mr. Chairman, reserving the right to object—and, of course, I shall not object—in this instance I am going to permit it, but I shall object to any further extensions of time.

There was no objection.

Mr. BRAND of Georgia. If the gentleman from Alabama includes himself, then I am willing to stand by this gag law.

Mr. PETTENGILL. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. PETTENGILL. The gentleman expressed some fear as to what would happen to State banks that apply and do not pass.

Mr. BRAND of Georgia. Yes.

Mr. PETTENGILL. Does the gentleman think a State bank should remain open when the State bank examiners do not certify it to be in a sound financial condition?

Mr. BRAND of Georgia. Why, no. But as soon as the depositors hear the bank has been turned down because it is not in a sound financial condition, the depositors will make a run on the bank just as fast as they can get to the doors of the bank. Does not the gentleman know that?

Mr. PETTENGILL. No.

Mr. McGUGIN. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. McGUGIN. If a condition of insolvency existed in a bank and it was discovered by the examiners, they would close it of their own motion. There is no chance for a run on it.

Mr. BRAND of Georgia. Whenever depositors hear a bank is in an unsound condition they will take their money out of it, if there is any money left for them to get.

Mr. GARBER. Will the gentleman yield for a question?

Mr. BRAND of Georgia. I yield.

Mr. GARBER. The gentleman is a lawyer, and I am satisfied his legal opinion is worth considering.

Mr. BRAND of Georgia. I am much obliged.

Mr. GARBER. Has the gentleman investigated to ascertain whether or not it would require local authority from the State—that is, an authorization from the State—for the

State bank to enter into the guaranty provision of the bill as an assessment is authorized upon the deposits of the banks?

Mr. BRAND of Georgia. I have not; but I may say to the gentleman from Oklahoma, who is one of the fairest and ablest Members of this House, that under the terms of the proposed amendments that no nonmember bank can obtain the benefits of this guaranty fund unless the State banking authorities certify that the bank is in a sound financial condition.

I contend that the amendment is not efficacious. It does not relieve the main objections against the bill. It leaves the State banks not members of the Federal reserve system subject to the decision of the State authorities and therefore in a state of fear and uneasiness, due to the fact that such banks would not know, if they applied for membership in the Federal reserve system, whether their application would be favorably acted upon or not.

Mr. HANCOCK of North Carolina. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. HANCOCK of North Carolina. Does the gentleman think this initial fund would last long enough, after the member banks have been taken in and guaranteed, for a single State bank to participate in the guaranty fund?

Mr. BRAND of Georgia. I do not. If one of the banks of Atlanta or one of the banks of Savannah, or a bank in New York, or a great bank in Philadelphia or Baltimore failed, it would entirely wipe out this fund.

Mr. PARSONS. Will the gentleman yield?

Mr. BRAND of Georgia. I yield.

Mr. PARSONS. The bill provides for a satisfactory certificate of inspection before admission to the system. Suppose banks were given a satisfactory certificate one year and the next year they were not admitted to participation in the fund, can this board turn them aside, pay them their pro rata share, and turn them out without liquidating them, under the provisions of the amendment?

Mr. BRAND of Georgia. I think so; and when the board excludes them there will be no liquidation—there will be insolvency.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

Mr. WILLIAMSON. Mr. Chairman, I make the point of order that on this amendment we have the right to five minutes on each side.

The CHAIRMAN. A motion to close debate is in order after there has been debate on an amendment, and the motion is not debatable. The gentleman from Alabama moves that all debate on this section and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. WILLIAMSON) there were—ayes 75, noes 45.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The amendment was agreed to.

The Clerk read as follows:

SEC. 209. (a) Until January 22, 1934, the board is authorized to borrow of the Reconstruction Finance Corporation such sums as the board may deem necessary to carry out the provisions of this title. The board may be indebted to the corporation up to a maximum of $500,000,000 at any one time.

(b) The Reconstruction Finance Corporation shall make such loans to the board as from time to time may be applied for by the board, and applications by the board shall be preferred above all other applications and shall be expedited in every way possible. No security shall be required for any such loan, but each loan shall bear such rate of interest as may be agreed upon by the board and the corporation. Each such loan shall provide for the repayment by the board of the amount loaned by installment payments. The board is authorized to repay such loans out of sums received under section 202. All such loans shall be payable in full not later than January 22, 1942.

(c) For the purposes of this section, the Reconstruction Finance Corporation shall issue such notes, debentures, bonds, and other obligations as may be necessary. Such notes, debentures, bonds, and other obligations shall be issued under the provisions and subject to the limitations of section 9 of the Reconstruction Finance Corporation act.

Mr. HASTINGS. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the committee his construction of paragraph (c). Are the notes, debentures, and bonds authorized to be issued by the Reconstruction Finance Corporation in addition to those that are authorized to be issued under the original act?

Mr. STEAGALL. Yes.

Mr. HASTINGS. Then they come within the expansion of three times the capital stock and out of it?

Mr. STEAGALL. That is the purpose.

The pro forma amendment was withdrawn.

The Clerk concluded the reading of the bill.

The CHAIRMAN. If there are no further amendments, under the rule the committee rises.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WOODRUM, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks, and, pursuant to House Resolution 221, he reported the bill back to the House with sundry amendments.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. McFADDEN. Mr. Chairman, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McFADDEN. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McFADDEN moves to recommit the bill (H. R. 11362) to the Committee on Banking and Currency, with instructions to report it back forthwith with the following amendments:

On page 7, beginning with line 13, strike out the whole of section 5, down to and including line 15, on page 8.

On page 10, beginning with line 12, strike out the whole of Title II down to and including line 16, on page 19.

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. PATMAN. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Texas demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Thirty-nine Members have risen, not a sufficient number.

Mr. STAFFORD. Mr. Speaker, I ask for the other side.

The SPEAKER. Those opposed to taking this vote by the yeas and nays will rise and stand until counted. [After counting.] One hundred and eighty-nine Members have risen in opposition.

So the yeas and nays were refused.

The SPEAKER. The question is on the passage of the bill.

Mr. STAFFORD. Mr. Speaker, I demand a division.

Mr. McFADDEN. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The gentleman from Pennsylvania demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] Thirty-eight Members have risen, not a sufficient number.

So the yeas and nays were refused.

So the bill was passed.

On motion of Mr. STEAGALL, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn. I withhold that motion for the present, Mr. Speaker.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to—

Mr. SHALLENBERGER, indefinitely, on account of accident.

Mr. SUMMERS of Washington, for to-day, on account of illness in family.

EXTENSION OF REMARKS—RECORD IN THE FIRST SESSION OF THE SEVENTY-SECOND CONGRESS

Mr. HASTINGS. Mr. Speaker, the first session of the Seventy-second Congress is rapidly drawing to a close.

I regard a public office as a public trust, and in order that my attitude on all public questions may be made known to the people of my district, so that I may not be misrepresented, I desire briefly to enumerate some of my efforts and to submit them to the people of my district for their consideration. It is a great responsibility to represent one of the splendid districts of Oklahoma, and I greatly appreciate the privilege. The State is comparatively new, which necessitates the giving of much attention to local matters peculiarly affecting it.

Through speeches, correspondence, and the press I am sure the people of my district are familiar with the record I have made in their behalf, the attention I have given to correspondence, departmental work, and local legislation, as well as the larger questions affecting the people of the Nation as a whole.

Oklahoma is rich in natural resources and its citizenship is drawn from every State of the Union. I have done everything possible during my service in Congress to encourage and further its development.

THE MAJOR QUESTIONS CONSIDERED

The present session of Congress has been the most difficult in which I have seen service, not excepting the Congress during the World War. When Congress convened conditions were unprecedented. The depression, which was world-wide, continued. Our entire business structure, embracing all classes, was threatened. Financial conditions had gone from bad to worse. There were more bank failures in 1931 than in any other year of our history. There were 1,049 bank failures during the last three months of 1931; 522 during the month of October, 1931; 353 in December; and 2,291 failures, with deposits of $1,759,000,000, during the entire year of 1931.

The farmers of the country were bankrupt. They were unable to pay taxes, mortgages, and other obligations, and many farms had been abandoned. It is estimated there were more than 8,000,000 people out of employment and untold thousands were supported from public funds or through charitable organizations.

Railroad companies were reported in dire distress and thousands of employees dismissed. Insurance companies, in which the people of the country hold 70,000,000 policies, were in need of financial assistance. Savings banks, in which people had stored the savings of a lifetime, were threatened. Bank deposits during the past two years had been reduced from fifty-five billion to forty-six billion dollars. Because of bad business conditions the Federal revenues had decreased far below the amount necessary to meet Government expenses. Under these circumstances emergency legislation designed to stabilize conditions was imperative.

Congress met on December 7, 1931, and the Democrats organized the House by a slender thread. The President and Senate were of the opposite political party.

The committees of the House were organized on December 15, 1931, and immediately set to work in nonpartisan cooperation to prepare and report legislation to stabilize conditions and restore confidence.

THE RECONSTRUCTION FINANCE CORPORATION

The Banking and Currency Committees of the Senate and House held hearings during the Christmas holidays in 1931, and both committees unanimously recommended the reconstruction finance bill.

It passed the Senate January 11, 1932, by a vote of 63 to 8, and passed the House January 15, 1932, by a vote of 335 to 55.

The bill created a corporation similar to the War Finance Corporation. It has a membership of seven, including the Secretary of the Treasury, the governor of the Federal Reserve Board, the Farm Loan Commissioner, and four additional members nominated by the President and confirmed by the Senate.

The bill authorized an appropriation of $500,000,000 to be subscribed by the Secretary of the Treasury and the board of directors of the corporation is authorized to issue notes, bonds, debentures, or other obligations in the sum of three times this capital.

The purpose of the bill is to aid in financing agriculture, commerce, and industry, and authorizes loans to be made to different classes of institutions, with a special provision that $50,000,000, with an expansion of three times that amount, making an aggregate of $200,000,000, shall be allocated to the Secretary of Agriculture "for the purpose of making loans or advancements to farmers" under rules and regulations of the Secretary of Agriculture. The Secretary of Agriculture is authorized to make loans on first-lien crop mortgages where no other security can be given. This provision was inserted to enable farmers with no other security to finance themselves during the 1932 crop season.

All loans were to be adequately secured; and Gen. Charles G. Dawes, chairman of the corporation, in an extended statement before the House Ways and Means Committee, reviewing the purposes of the bill and its administration under his supervision, reports that all loans have been made "upon adequate security," and that he expects them all to be repaid, and that he expects no loss to result to the Government.

He characterized in lurid language as "damned demagogues" those who misrepresent the purposes of the bill and its administration for political purposes.

The Secretary of Agriculture reports loans made to farmers, as of May 13, 1932, in the sum of $63,344,103, and of this amount loans were made to farmers in Oklahoma in the sum of $590,524.

Additional loans have been made to farmers through intermediate-credit banks, agricultural-credit corporations, and livestock-credit corporations in an amount which will increase the total loans to farmers out of this fund to more than $75,000,000.

As a result of this legislation General Dawes reports a great decline in bank failures, the gradual stabilization of business conditions, and that it has had the effect of measurably restoring confidence.

Second. Legislation is introduced and pending to enlarge the lending powers of the Reconstruction Finance Corporation to make loans to all classes, including States, counties, municipalities, and individuals, and increasing its authority to expand its credit through notes, bonds, debentures, or other obligations for this purpose in an aggregate amount of $3,000,000,000. The corporation, from this fund, is directed to make loans in financing sales of accumulated agricultural products in foreign markets to relieve the depressed prices in domestic markets.

This same bill authorizes $100,000,000 to be expended by the President through such agencies as he may select to care for the destitute. It provides for an extensive public-building program, improvement of rivers and harbors, flood control, and road work to aid the unemployment situation.

Third. The Glass-Steagall bill was enacted to extend larger rediscount privileges to banks to make local assets more liquid, dispel fear, bring money out of hoarding, increase the money in circulation, and enable the local banks to extend loans to customers of all classes.

Fourth. Congress enacted the Goldsborough bill directing the Federal reserve banks to raise and retain the commodity price level.

Fifth. The Federal farm loan act was amended by authorizing the appropriation of an additional sum of $125,000,000

to enable the Secretary of the Treasury to subscribe for additional stock in any Federal land bank, with the approval of the Federal Farm Loan Board, and of this amount $25,000,000 is to be used exclusively for the purpose of supplying any Federal land bank with funds to use in its operations in place of any amounts the bank may be deprived of by reason of extensions made to farmers. This provision was inserted to prevent wholesale foreclosures and was a legislative direction to the banks to grant extensions to farmers and provide the funds to be used in lieu of interest not collected from farmers on loans.

Sixth. Forty million bushels of wheat held by the Farm Board were processed into flour and distributed to the needy through the Red Cross. We must not hesitate to feed the hungry and relieve the distressed if the full amount of wheat held by the Farm Board is required.

Seventh. More comprehensive measures urged by the various farm organizations are pending in both the House and Senate to assist the agricultural classes and should be enacted before Congress adjourns.

THE REVENUE BILL

The Government expenditures for the last fiscal year were reported approximately $903,000,000 in excess of the revenues. Congress was urged to balance the Budget. In other words, to provide additional revenues sufficient to meet the expenditures. With the most rigid economy, and after reducing the expenditures to the bare necessities, it was estimated that at least $1,241,000,000 additional revenue would be required. The revenue bill, when reported, provided for increased income taxes, higher estate taxes, savings through administration, a general sales tax, and many other provisions.

I made a speech outlining my views in detail on the subject of taxation, urging the most rigid economy by reducing Government expenditures 25 per cent, supported the administrative changes, advocated higher income taxes in the upper brackets, voted for the estate taxes, for taxes on stock transfers, but opposed the general sales tax as an excessive burden upon the consuming masses already too heavily burdened, and opposed the increase in letter postage from 2 cents to 3 cents because this class of mail is carried at a profit to the Government now. I have followed the principle that the tax burdens of the country should be borne by those citizens or corporations in proportion to the benefits received and their ability to pay. The speech which I made was printed at my own expense and distributed to inform my constituents of my position in greater detail.

ECONOMY IN PUBLIC EXPENDITURES

Rigid economy in all public expenditures—local, State, and Federal—is one of the most important subjects before the people at this time. The major part of our taxes is local. Comparatively few people pay any direct Federal taxes, but everyone pays a tariff tax. To reduce expenditures to a minimum is the surest way to reduce taxes. I have consistently voted against all unnecessary tax burdens and for all tax reductions.

As a member of the Committee on Appropriations of the House I have voted for every amendment to reduce appropriations below the estimates of the Bureau of the Budget, have voted for no increases, and have not voted for any new items.

The appropriations as they passed the House reduced the estimates of the Bureau of the Budget by $161,000,000 and the appropriations for the coming fiscal year as they passed the House are $562,000,000 under those for 1932.

M'DUFFIE ECONOMY PLAN

When the McDuffie economy amendment was proposed to the legislative appropriation bill I voted for the Bacon amendment to reduce salaries of Members of Congress from $10,000 to $7,500 per year; when that failed I voted for the Hardy amendment to reduce these salaries to $9,000; and when that failed I voted for a straight cut of 11 per cent on salaries of all Government employees, with an exemption of a minimum of $1,000, and this applied to salaries of Members of Congress. When that failed I voted for all other amendments which provided for the greatest decrease in salaries. In the present emergency I thought all employees should be willing to make some financial sacrifices.

I also voted to consolidate the Army and the Navy under one head, which it was estimated would save from fifty to seventy-five million dollars.

My record shows that I voted for various other proposed consolidations and eliminations of bureaus which would effect economy.

APPROPRIATIONS

During the first 15 months of Washington's administration the total expenditures of our Government amounted to $4,269,027. The expenditures for the present fiscal year made by the last Congress, including the Postal Service, will aggregate the staggering total of approximately $5,178,524,967.95. We spend more than one thousand two hundred times now for the expenses of the Government, in one year, than was spent during the administration of Washington.

The reduced appropriations by the present Congress for the fiscal year ending June 30, 1933, as they passed the House, are as follows:

For the Interior Department	$50,446,432.33
Treasury and Post Office Departments	1,059,778,163.00
Navy Department	326,353,459.00
Agricultural Department	175,408,814.00
First deficiency	125,159,042.75
War Department	392,586,146.00
Independent offices	985,931,431.00
State, Justice, Commerce, and Labor	124,215,992.33
District of Columbia	39,913,810.00
Legislative establishment	20,223,869.00
Second deficiency	15,398,873.01

In addition to the direct appropriations, other expenditures have been authorized in large sums for which Congress is obligated to make future appropriations.

To the amount of the above appropriations should be added $1,285,742,728, estimated amount of permanent and indefinite appropriations for interest on the public debt, sinking-fund requirements, and other miscellaneous and fixed purposes for which annual appropriations are not required or necessary.

BUREAU OF THE BUDGET

The Bureau of the Budget is the President's agency to study every item of expenditure requested by the head of a department, bureau, or independent commission. Congress appropriated for the current year $191,000 for the expenses of this bureau. The bureau has 35 employees. In addition, there may be detailed to it the services of 26 assistants from the Army and Navy Departments. The estimates prepared by the Bureau of the Budget are forwarded to Congress by and with the approval of the President of the United States. They are thus his estimates.

During the present year, let me repeat, the appropriation bills as they passed the House have been reduced by $161,000,000 under the estimates of the Bureau of the Budget, and the appropriations are $562,000,000 under the appropriations for the previous fiscal year.

FOREIGN DEBT SETTLEMENTS

During the World War Congress authorized loans to foreign governments in large sums and pledged our people that these amounts so loaned would be collected in full.

I voted against all settlements with foreign governments which canceled or remitted any part of them, principal or interest. I made an extended speech against the Italian debt settlement, which, calculated upon a 4¼ per cent interest basis, the amount we pay on our Liberty bonds, canceled $3,413,874,500, and I also made a speech against and vigorously protested the French debt settlement, based upon a 4¼ per cent interest basis, lost to us, or canceled, or remitted $4,527,225,895.83.

On the settlement with the 13 foreign governments, calculated upon a 4¼ per cent interest basis, according to figures prepared by the Treasury Department, we lost $10,705,618,006.90.

MORATORIUM RESOLUTION

I voted against the moratorium resolution in December, 1931, which extended the interest on these debts, amounting

to $252,566,803. Instead of this interest being extended for one year by the moratorium resolution, it is postponed to be repaid over a period of 10 years, beginning July 1, 1933.

TARIFF REVISION

All economists agree that one of the causes of the depression is the 1930 tariff act. In a large measure it destroyed our market for foreign products. It caused many foreign governments to enact discriminatory tariff legislation against us.

The tariff will not enable the farmer to secure more for those farm products of which we regularly raise an exportable surplus.

In 1930 we produced 13,932,000,000 bales of cotton and the imports of long-staple cotton were negligible; we produced 898,011,000 bushels of wheat and imported wheat and wheat products amounting to 21,000 bushels; we produced 2,060,185,000 bushels of corn and imported 1,554,971 bushels.

We regularly export wheat, corn, and cotton, our three major crops, and are therefore dependent upon a foreign market. Our imports of these three products are negligible.

To illustrate, in 1930 we imported one forty-fifth of 1 per cent of the wheat we produced; we imported a small quantity of long-staple or sea-island cotton, used principally in automobile manufacture, not a pound of which is grown in Oklahoma; we imported only about one-thirteenth of 1 per cent as much corn as we produced. The tariff bill placed a duty of 42 cents per bushel on wheat and 25 cents per bushel on corn. If we shut out entirely all imports of these three products it would not enhance their value to the producers.

We tried to make this duty effective through the debenture plan, which would have insured the producers 50 per cent of the tariff duty on their products, and where there is no duty on a product, such as cotton, the debenture plan provided 2 cents per pound.

The debenture plan was vetoed by the President. It is the only way to make the tariff effective as to those farm products of which we regularly raise a surplus and ship and sell to foreign markets.

Congress tried to assist the farmers in marketing their crops through the equalization fee, but this was defeated by threat of veto.

On the other hand, the tariff bill raises the duty on practically every commodity the consumer must buy, including clothing, boots and shoes, sugar, cement, lumber, steel products, rayon goods, and, in fact, on everything which the farmer must purchase. You can not make the farmer more prosperous by taxing him more. He has literally been bled white by the industrialists of the East. For this reason banks in farming communities have failed, business concerns have gone into bankruptcy, farm lands have been sold for taxes, mortgages have been foreclosed, all resulting in a general business depression.

I voted against the tariff bill, which can be of no possible benefit to the farmers of Oklahoma.

MUSCLE SHOALS

The Government has an investment of approximately $140,000,000 at Muscle Shoals. I have advocated the continued utilization of this plant primarily for the production of the ingredients of fertilizer in times of peace and for the manufacture of munitions in times of national emergency, and resisted the turning of this plant over to the power monopoly. Whether this plant is leased or operated by the Government, the sale of the power should be safeguarded so that it may not be monopolized by the Power Trust.

Congress passed a bill during the present session providing for the lease of the plant, and for its operation in event a satisfactory lease can not be made.

RURAL CREDITS

I was a member of the Banking and Currency Committee of the House in 1916 and assisted in the preparation and passage of the rural credits bill on July 17, 1916. This was a great piece of constructive legislation. It enables the farmers to borrow money through the Federal land banks with which to pay off existing mortgages, purchase livestock, and for other purposes; and this money is borrowed on long-time loans, repayable on the amortization plan at low rates of interest.

I have introduced in the House a bill to authorize the appointment of local agents to represent farm-land banks in initiating and supervising loans to farmers, which should greatly popularize this law and expedite the making of loans to the farmers without the necessity of organizing local loan associations. With this amendment adopted, I regard this bill as one of the most constructive measures in aid of the farmers that Congress has ever enacted.

SURETY BONDS TO PROTECT INDIVIDUAL BANK DEPOSITS

Since coming to Congress I have advocated the passage of legislation providing for the protection of individual bank deposits in all banks which are members of the Federal reserve system. Congress does not have jurisdiction over other banks. I introduced and have made a number of speeches in the House in favor of a bill to require all banks, National and State, members of the Federal reserve system, to furnish bonds for the protection of their general deposits.

The House has passed H. R. 11362, reported from the Banking and Currency Committee, which, while not making each individual bank guarantee its own deposits, does provide for the creation of a fund sufficiently large, which will be a protection to the general depositors. The depositors of all banks, State and National, are alike protected to the extent of the fund. This is a forward step in the interest of the depositor.

If it is necessary or desirable to require banks to protect Federal deposits and State, city, school, and Indian deposits, why, on principle, should not protection be required for the benefit of the individual depositors?

ROAD LEGISLATION

The enactment of the act of July 11, 1916, authorizing Federal cooperation in the building of roads, has greatly added to the enthusiasm for building roads throughout the country. I made a speech in favor of it and have supported all subsequent appropriations for Federal aid to roads.

Oklahoma was admitted to statehood November 16, 1907. The eastern half was composed of lands formerly occupied by the Five Civilized Tribes of Indians. The land had only recently been surveyed and allotted to the Indians. The roads had not been improved, but since then we have had a revolution in road building.

I have supported all subsequent appropriations to enable the Federal Government to continue to contribute to road building throughout the Nation.

RURAL MAIL SERVICE

The farmers are rendered no more important service than that given by the rural delivery of mails. This service was started in an experimental way in 1896. It has been extended to the most remote parts of the country, until on June 30, 1931, there were 42,412 rural routes in operation in the United States, 1,172 such routes in operation in the State of Oklahoma, and 92 in the second congressional district.

I have taken an active interest in postal matters. Appropriations have been increased from year to year, greatly expanding the service. As roads are improved and all streams bridged, I hope to see rural routes gridiron the second district and the Nation, so as to afford complete mail facilities to every rural community. The appropriations for this service during my service in Congress have increased from $53,000,000 to $106,000,000 annually. I have been instrumental in securing the installation of village delivery in the small towns of the second congressional district.

SOLDIER LEGISLATION

During my entire service in Congress, both during the World War and since the war, I have voted for all legislation recommended for the benefit of our soldiers of all wars.

We passed the Spanish-American War pension bill, placing the veterans of that war upon an equality with the veterans of other wars, greatly liberalizing the legislation and equalizing the pensions. Pensions for the survivors of the Civil War and their widows were increased, the minimum pensions for survivors being increased to $75 and where they are so disabled as to require an attendant, $100 per month.

Widows of Civil War soldiers receive $40 per month, and if married to the soldier during the war they receive $50 per month.

Congress has from time to time enacted additional legislation making provision for increased hospitalization facilities, extended the time for conversion of insurance, and for vocational training.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

I have earnestly supported legislation for the payment of the balance due in cash upon the adjusted-compensation certificates, both because this payment would be of great benefit to the ex-service men themselves and because, in my judgment, such payment would do more to relieve the depression than any other legislation Congress could enact. Such a payment would increase the currency in circulation in this country and aid every home and every community throughout the Nation; it would relieve the unemployment situation, increase the purchasing power of the dollar, and assist every business, great and small.

I earnestly supported the Patman bill providing for payment of these certificates in cash; but as an alternative measure, in event of unfavorable action on the Patman bill, I introduced a bill providing for payment of these certificates by exchange for 4½ per cent tax-exempt Government bonds, which would result in the ex-service men securing the balance due on their certificates. The quotations in the daily papers show 4¼ per cent bonds above par and not under, as has been misrepresented.

IMMIGRATION

In the consideration of the immigration bill eight years ago I earnestly supported the bill and made a speech in favor of its enactment. The number of immigrants to be admitted to this country has been reduced to approximately 150,000 annually. I voted for the Burnett immigration bill in 1917. In 1907 about 1,285,349 immigrants were admitted to this country. No person should be admitted who is not desirous or capable of becoming a patriotic citizen, obedient to the laws of our country and loyal to our flag.

During my service in Congress I have supported amendments designed and recommended to strengthen the immigration laws and to expedite the deportation of those undesirable aliens guilty of violations of the law amounting to a felony.

In a preceding Congress provision has been made giving preference of admission in the quota class of near relatives of American citizens, including husband and wife and father and mother.

INDORSED BY LABOR

My consistent record in sympathy with labor has won the hearty indorsement of the legislative representatives of the various labor organizations.

OLD-AGE PENSIONS

A number of bills have been introduced and one has been favorably reported to the House to protect labor in old age. I favor such legislation, both State and Federal.

HOSPITAL AT MUSKOGEE

The United States Veterans' Hospital No. 90, at Muskogee was purchased from the State of Oklahoma and later the municipal hospital was purchased from the city of Muskogee. I actively assisted in securing appropriations for these purchases. This hospital is ideally located, is adequate, and well equipped to care for the needs of the ex-service men and others eligible to admission from the area which it serves.

This splendid institution admirably serves the veterans of all wars eligible to hospitalization, and in addition is of great benefit to the city of Muskogee and surrounding territory. The Government spends $590,000 per annum upon its maintenance.

DIVISION OF FEDERAL COURT

In the division of the Federal court districts in Oklahoma we were successful in having a favorable division made of the business and area. The eastern district of Oklahoma embraces 31 counties.

PUBLIC BUILDING AT OKMULGEE

The public building for the city of Okmulgee is now under construction and the amount necessary for its completion has been authorized.

An amendment which I offered in the House to a pending court bill, and which was approved February 16, 1925, designated Okmulgee as a place for holding Federal court. The location of the Federal court there justified a much larger public building in that city for the purpose of housing the various governmental activities, including the Federal court and post office, and the appropriation was increased to $330,000 for this building.

THE OIL INDUSTRY

The oil industry is one of the most important in the Nation, and particularly so to the State of Oklahoma. The income derived from oil and gas has materially helped in the development of the State, built cities and towns, improved farms, made it possible to build better schools and churches, and through a gross production tax paid to the State, has contributed largely to a fund for the carrying on of every branch of our State government. From the gasoline tax roads and bridges are in large measure built and maintained. The individual farmer is interested in having his land prospected for oil and gas, and the public is interested in the development of the oil fields throughout the State, because of the revenues received which measurably reduce the tax burdens of the people.

The oil industry has been greatly depressed through the importation by four large companies of immense quantities of oil from foreign countries, rendering ineffective curtailment plans of our domestic producers. To protect the oil industry against these large importations I favor a tariff on oil. Every argument that can be made for a tariff on any other product can with equal, if not greater, force be made for a tariff on oil.

When we were unable to get a tariff on oil I urged an excise tax on all oil and its derivatives imported into this country, and we assisted in securing the insertion of a provision in the revenue bill placing an excise tax of 1 cent per gallon or 42 cents per barrel on oil and its derivatives imported into this country.

Every citizen of my State is intensely interested in this question because of the revenue derived from this source by the State of Oklahoma. In 1927 this revenue amounted to $11,476,851.40, but was reduced to only $4,332,123.60 in 1931.

THE ARKANSAS RIVER AND FLOOD CONTROL

The Arkansas River flows through the eastern part of Oklahoma, and its tributaries—the Illinois, Grand, Verdigris, Cimarron, Canadian, and Deep Fork Rivers and others—drain practically every county in the State.

The control of our inland waterways is of tremendous importance to the entire Nation and is of particular importance to Oklahoma.

Congress enacted comprehensive flood-control legislation and has provided for a survey of the Mississippi River and all of its tributaries, including the Arkansas River and its major tributaries. Of the amount appropriated for this purpose, $5,000,000 was authorized for use in making a survey of the tributaries of the Mississippi River, including the Arkansas and its tributaries. However, the report of this survey has not yet been completed by the War Department. It is expected that this report will justify a sufficient expenditure upon this river as to restore navigation and reduce freight rates, which will invite the location of factories and greatly add to the prosperity of the people of the Arkansas Valley and its contiguous territory.

We have been urging the reservoir plan of flood control, which, if adopted, would result in impounding the water in reservoirs at strategic points, to be gradually released for water power, irrigation, and navigation purposes. This would check the ravages of disastrous floods, save millions of dollars' worth of property from destruction, and make certain the cultivation of large areas of productive land.

INDIAN LEGISLATION

Congress has enacted much legislation affecting the Indians in Oklahoma. In all there are 33 Indian tribes in Oklahoma. No additional legislation is necessary to wind up the affairs of the Five Civilized Tribes unless it be appropriations to cover judgments, if any are secured against the Government in the suits which have been filed, and the closing up of the affairs of these tribes is now a question of administration.

The Five Civilized Tribes had 101,506 allottees. The number of living restricted allottees is estimated to approximate 10,000. The restrictions upon all others have been removed either by law, by the Secretary of the Interior, or by death.

a. Appropriations for the Indian Service

The appropriations for the Indian Service are carried in the Interior Department appropriation bill. Approximately $2,500,000 is expended annually in Oklahoma out of Federal funds for all appropriations for administering the Indian schools and hospitals, including $240,000 for the office of the superintendent for the Five Civilized Tribes at Muskogee, Okla.; $400,000 in aid of the common schools of eastern Oklahoma; for the Sequoyah Orphan Training School, $238,625; for the Euchee Boarding School at Sapulpa, $46,775; for the Eufaula Indian Boarding School, $68,125; for the Carter Seminary (Bloomfield Academy), $68,100; for the Chilocco Indian Boarding School, $382,000; for Wheelock Academy, $82,050; for Jones Academy, $68,125; for Haskell Institute at Lawrence, Kans., $396,000, 40 per cent of the attendance at which school is by children of the Five Civilized Tribes, $148,400.

In addition various amounts are expended on lump sums for Indian boarding schools, among the several Indian tribes in western Oklahoma. For preservation of health there is expended for various hospitals, including the hospitals at Claremore and Talihina, and numerous others, $353,000; there is expended out of the Osage funds $150,000 in support of the Osage Agency.

The total amount expended for schools, health work, and administrative purposes, but not including those for per capita payments for the Indian tribes in the western part of Oklahoma, aggregates the sum of $2,500,000.

b. Jurisdictional bills

I prepared and reported the jurisdictional bills for the Cherokees and Creeks and assisted in securing the enactment of jurisdictional bills for the other five tribes in 1924 authorizing each tribe to bring suit in the Court of Claims, with the right of appeal to the Supreme Court of the United States by either party, on all claims that each tribe may have against the Government. Under these several jurisdictional bills the Cherokees have prepared and filed 9 suits, the Creeks 14 suits, the Seminoles 9 suits, and the Chickasaws and Choctaws 9 suits. In a number of these suits two or more causes of action have been joined. The final date for filing all suits under these several jurisdictional acts, as amended, expired June 30, 1930.

Demurrers have been argued in some of the cases settling the legal questions, and all of them are to be tried during the next fiscal year. If any amount is found due in any suit against the Government Congress will be asked to make appropriations to cover the same.

c. Choctaw and Chickasaw per capita payments authorized

By an amendment to the Indian appropriation bill approved February 14, 1920, the Secretary of the Interior is authorized to make per capita payments to the Choctaws and Chickasaws out of any tribal funds available for that purpose. No further legislation is necessary by Congress.

d. Status of the Five Civilized Tribes

With the exception of the suits which have been filed and are pending in the Court of Claims the affairs of the Cherokee Tribe have been completely wound up. The same is true as to the Creeks, except as to the school property at Sapulpa and Eufaula, as to the Seminoles except the boarding school at Wewoka, and as to the Choctaws and Chickasaws, except the boarding school at Carter Seminary, Wheelock and Jones Academies, and the coal and asphalt deposits for which Congress enacted additional legislation authorizing reappraisement and sale, and an adjustment of the "leased district," which is pending in the Court of Claims for findings of fact and report.

AVIATION AND RADIO

I have supported all legislation and appropriations to stimulate aviation and the development of the radio.

As the motor car in a large measure succeeded the slower methods of transportation, aviation is destined to expand into universal use: For all kinds of commercial uses, for carrying the mails and express, lighter freight, passenger transportation, and by the Army, Navy, and Marine Corps for military purposes.

The radio is capable of unlimited development. No one will hazard a guess as to its immediate possibilities. It is revolutionizing communication. I have given whole-hearted support to the development of both aviation and the radio. Both should continue to receive the assistance of Congress through helpful legislation.

There must be the greatest vigilance in the enactment of legislation and in the administration of it to protect the public in the use of the radio and against monopoly and unfair discrimination in granting licenses for broadcasting stations.

SPEECHES

For a Member of Congress to keep up with all of the bills introduced is almost a physical impossibility. He of course is expected to be familiar with those reported from the committees of which he is a member, and every Member attempts to familiarize himself with bills of general importance to the entire country and especially with those which particularly affect his district and State.

I promised my constituents that I would do this, and I have consistently tried to keep that pledge.

In addition to participating in general debate upon a large number of matters, I have made a study of and speeches in the House on the following subjects:

First. Speech reviewing the Interior Department appropriation bill, which makes appropriations for the Indian Service, including the office of Superintendent for the Five Civilized Tribes at Muskogee, health work, boarding schools, and $400,000 annually in aid of the common schools in eastern Oklahoma.

Second. Speech in favor of the Norris ("lame-duck") constitutional amendment changing the time for the inauguration of the President and the convening of Congress soon after the general election in November to carry into effect the mandate of the people.

Third. Three speeches, one before the House Ways and Means Committee and two in the House, favoring the Patman bill for the payment in cash of the balance due the ex-service men on their adjusted-compensation certificates.

Fourth. Speech favoring the leasing of the Muscle Shoals plant and urging that it should be utilized primarily for the manufacture of fertilizer ingredients.

Fifth. Speech before the Banking and Currency Committee of the House in support of a bill to provide a fund for the protection of general depositors of failed banks.

Sixth. Three speeches, one before the House Ways and Means Committee and two in the House, urging an excise tax on imported oil and on imported gasoline for the protection of our domestic producers.

Seventh. Speech on the revenue bill, urging an increased rate on incomes in the higher brackets, larger estate taxes, greater economy in government, reduction of expenditures by 25 per cent, and opposing the sales tax.

Eighth. Speech explaining provisions of the Reconstruction Finance Corporation bill, its purposes, its aid in stabilizing conditions in the country, and showing that $63,342,103 of the amount appropriated has been loaned to the farmers.

Ninth. Speech opposing the moratorium resolution extending the date of payment of interest by the foreign governments indebted to us, amounting to $252,566,803, over a period of 10 years.

Tenth. Speech opposing increase in first-class postage rates on letters from 2 to 3 cents.

Eleventh. Speech in favor of appropriations for good roads, for aid of unemployment, and as an investment looking to the development of every section of our country.

Either during this session or in previous sessions of Congress I have discussed practically every subject of special interest to my district and State and of general interest to the Nation as a whole, and among them the following:

First. Speech analyzing and discussing in detail: (a) The farm bill on April 20, 1929; and (b) conference report on the farm bill June 3, 1930, in which I analyzed and discussed in detail the farm bill approved June 15, 1929.

Second. The tariff bill: (a) Speech of May 21, 1929, analyzing and explaining the tariff bill as not being beneficial to the farmers and consumers; (b) speech of April 25, 1930, (1) further analyzing in detail the objections to the tariff bill showing additional burdens to the farmers without any compensating benefits, (2) explaining the debenture as the only way to make the tariff effective as to agriculture, and (3) criticizing the power given to the President by the flexible provision of the tariff.

Third. Flood control—two speeches: (a) January 24, 1930, and April 25, 1930, emphasizing the necessity for flood control, (b) urging legislation for the Arkansas River and its tributaries, (c) inviting attention to the reservoir plan, (d) calling attention to advantages of navigation and the lowering of freight rates, and (e) inserting a report from the War Department showing the status of the surveys now being made of the Arkansas River and major tributaries.

Fourth. Tax-reduction legislation: (a) Views outlined on principles of taxation and (b) urging increased exemptions upon the small income-tax payers and advocating the collection of a larger percentage from those in the higher brackets having the ability to pay.

Fifth. Constitutional amendment: (a) Speech urging, in the interest of economy, a constitutional amendment authorizing the President to veto separate items in appropriation bills; and (b) citing letters from governors of many States indorsing the proposed amendment.

Sixth. Post office appropriation bill: A speech in support of the air mail and the rural mail service and emphasizing their importance.

Seventh. Interior Department appropriation bill: (a) Items affecting the Indian Service, schools, and health in Oklahoma, (b) insisting on expedition in winding up the affairs of the Five Civilized Tribes, (c) report of present status of affairs of the Five Civilized Tribes, including suits instituted and tribal property held.

Eighth. Speech on February 1, 1930, to enlarge the definition of oleomargarine and the protection of the dairy industry.

Ninth. Speech in support of amendment to rural credits bill providing for appointment of local agents for farm-land banks.

Tenth. Speech in support of an increase of pensions for Spanish-American War veterans, and bill to increase pensions of soldiers and widows of soldiers of the Civil War.

Eleventh. Speech in support of bill to liberalize legislation in aid of the ex-service men of the World War.

Twelfth. Speech in support of Federal aid to roads: (a) Road building and financing in Oklahoma explained, (b) nontaxable Indian lands considered, (c) $50,000,000 additional authorized and appropriated as Federal aid to roads, making total of $125,000,000 per annum.

Thirteenth. Tariff on oil: Speech in support of a tariff on oil, one of Oklahoma's principal industries: (a) To relieve curtailment by placing a duty on the importation of foreign oil; (b) showing the benefits of the oil industry to the taxpayers of Oklahoma; (c) the benefit to the farmers whose lands are being developed; and (d) explaining that the fears of exhaustion were without foundation.

DEPARTMENTAL WORK AND CORRESPONDENCE

We feel justified in inviting attention to our familiarity with departmental work and have made an effort to give diligent attention to all such matters. Our rule is to answer every letter and telegram the day it is received unless delay is occasioned in getting information from or action by the departments. There are many requests and inquiries with reference to the approval and assignment of oil and gas leases forwarded to the department here, the removal of restrictions on Indian lands, letters from ex-service men with reference to applications for compensation and hospitalization, applications for pensions and increases of pensions for soldiers of all wars, petitions for the establishment of rural mail routes and changes in existing routes, and letters, petitions, and telegrams with reference to innumerable bills pending in Congress, some favoring legislation and others protesting against it.

NUMBER OF BILLS INTRODUCED

In order that my constituents may know something of the number of bills pending in Congress with which a Member must keep in touch, and with which he must familiarize himself, there were introduced in the Senate during this session of the present Congress, 4,783 bills, and in the House of Representatives 12,386 bills. In addition to these bills a large number of resolutions were introduced.

These bills and resolutions are referred to appropriate committees, and by the committees referred to the various departments affected for report. Later they are returned to the committees for consideration and report and a great many of them placed upon the calendars of the House. Each Member must make some examination and study of them, and of the hearings and reports on the more important bills. Inquiries are made of us, however, on many bills which are introduced which have not been reported upon by the committees.

COMMITTEE ASSIGNMENTS—APPROPRIATIONS

Since coming to Congress I have had the experience of service on the following committees of the House:

Banking and Currency, Indian Affairs, Accounts, chairman of Committee on Expenditures in the Interior Department, and Education.

I am now promoted to a place on the Committee on Appropriations, which prepares and recommends all of the appropriations for the Federal Government. Many regard this as the leading committee of Congress.

I have been assigned to membership on two subcommittees of the Committee on Appropriations: (1) The Interior Department appropriation bill, which carries all the appropriations for the activities of that department, including public lands, the Indian Service, irrigation and reclamation, national parks, education, the Geological Survey, and other miscellaneous items expended under the supervision of the Interior Department.

This bill makes appropriations for the office of the Superintendent for the Five Civilized Tribes at Muskogee, Okla., health work among the Indians, appropriations for 12 boarding schools in Oklahoma, and $400,000 annually in aid of the common schools in eastern Oklahoma.

(2) Independent offices appropriation bill, which makes appropriations for all bureaus and commissions not supervised by a Cabinet officer, 33 in all, including the Veterans' Administration, which supervises and expends appropriations for pensions, hospitals, disability compensation, and, in fact, all expenditures for the veterans of all wars, including the ex-service men of the World War.

CONCLUSION

(1) The individual record of each candidate should be studied and (2) the right of franchise exercised by every eligible voter.

I invite attention to, and make this record of, some of my activities during my service in Congress, peculiarly affecting the people of my district as well as the Nation as a whole, for two reasons: First, because the people who commissioned me to represent them are entitled to know what their Representative has accomplished and his position on all public questions; and, second, in order to afford no opportunity for anyone to misstate my position on public questions.

I submit this record to the people of my district for their information and consideration with the confident hope that it will meet with their approval.

Let me emphasize that every citizen of the Nation should carefully study the individual record of each Member of

Congress in order to form a correct opinion as to his knowledge of conditions, his sympathy with the needs of the people, his ability, experience, and fitness to represent them, and should not fail or hesitate to exercise the right of franchise both in the primary and general election. When every citizen—not 51 per cent of them—goes to the polls and votes for his best interests and those of his children, and not his prejudices, his views will be reflected in Congress.

GUARANTY FUND FOR BANK DEPOSITS

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members of the House may have five legislative days within which to extend their own remarks on the bill that has just been passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mrs. PRATT. Mr. Speaker, no one—certainly not one who holds a position as Representative of a portion of the population in the National Legislature—can feel other than the utmost sympathy for the basic desire back of a bill which is to assure to bank depositors the ability to withdraw their deposits in whole or in part when desired or needed, with the certainty that there will be no loss of any portion, however small, whether because of failure of the bank or for any other reason.

If there is anything on which we can all agree, it is the need of greater safety to depositors who may be the innocent victims of failures for which they are in no way responsible. Their relationship to the banks in which they have deposited their money is not that of creditors in ordinary commercial dealings. There is no hope or expectation of profit in most deposits, which are made usually with a desire for a certain form of service generally paid for by the willingness to forego the receipt of any interest or the acceptance of a rate far below the prevailing rate. The bank in performing this service really acts as trustee for the depositors' funds, and the fact of trusteeship should require in this instance, as in all other similar relationships, the absolute safety of the trust in so far as is humanly possible.

I am opposed to the Steagall bill because I do not believe that the purpose can thus be achieved. Rather am I of the opinion that the bill will result in bringing about evils that will make our situation even worse than at present.

It has repeatedly been said that one of the advantages we have in this country as a result of our governmental structure is that in the existence of our 48 sovereign States we have 48 experimental laboratories in which new ideas in government, or affecting government, or requiring governmental sanction, can be tried out under varying conditions. If successful, the ideas can be extended to the other States, and ultimately to the entire country if uniformity be desirable or necessary. We have this advantage with regard to the idea of bank depositors' guaranties. Within the past quarter of a century, no less than eight States have experimented with the idea—and with disastrous results, making ultimate repeal imperative.

It was only a year ago when the announcement came that the Texas system was ready for final winding up—four years after repeal of the law during which the resources of the fund were impounded and suffered a shrinkage of one-fourth. And only as recently as five weeks ago, according to an item in the United States Daily of May 20, the superintendent of banks of South Dakota announced the existence of a net balance estimated at about $275,000 as available for distribution to the creditors of banks suspended prior to July 1, 1927, the date of repeal.

This will go to the holders of about 100,000 certificates, which means that the depositors will get an average of $2.75 each in the final liquidation. As a verbal statement credited to the banking superintendent placed the total deficit of the system at some $36,000,000, the dividend being distributed represents about three-quarters of 1 per cent of the liability.

The above represents a fairly typical picture of what has happened in the States which tried out the plan of guaranteeing bank deposits. Hence it may be interesting to present a brief summary of the history of the idea, which seems to have arisen from the depths of despair at an earlier period in our history which, like the present, wrought havoc with our banks. It was during the panic of 1907 and, like the Steagall bill, it was designed with the hope that it would—

First. Prevent distress to individual depositors.

Second. Avert financial embarrassment to other lines of activity indirectly.

Third. Check bank runs, hence panics, by improving the faith of the general public in the banks and the banking system.

Fourth. Increase the use of banks generally by the public.

Oklahoma was the first State to introduce the guaranty system, its anxiety for statehood being apparently mixed up, in part at least, to the desire for such a measure, which was adopted December 17, 1907, one month following admission as a State. The law was mandatory and laid down the general principles followed since, except for the fact that no limit was placed on special assessments made necessary by depletion of the fund. The Kansas statute, adopted the following year, differed in many important particulars, especially in that it was optional rather than mandatory. It was temporarily enjoined in 1909, and in March of that year Nebraska adopted a guaranty plan, but the injunction was dissolved, and the operation of the guaranty was resumed in 1910. The operation of the Nebraska law was also enjoined, but it was upheld by the Supreme Court, and operations commenced in 1911.

Texas followed Nebraska on August 8 of that same year, 1909. It was nearly five years before the idea had any more converts. Mississippi was the next State, its act being dated March 9, 1914. A year later, March 13, 1915, came South Dakota, and not for another four years, on March 10, 1917, did the last two States, North Dakota and Washington, fall in line.

At first the apparent effects of these laws seemed so good as to point to ultimate success for the guaranty principle. As a matter of fact, that was due merely to the fact that general economic conditions were good. In Nebraska they were such as to be ideal for almost any experiment; but the guaranty law was believed to be responsible, and the banks used the law in their advertisements for additional business. National banks tried to take advantage of these laws, but on July 28 the United States Attorney General ruled that they had not the power, under the Oklahoma law, and in 1909 he made a similar ruling with regard to the Kansas act, in spite of the effort to get around the principles involved by limiting the liability. The result was a rush of national banks to join the State banking systems, at least this was true in Nebraska, in order to secure the benefits of the law.

The system first showed its failings and weaknesses in the State that first embraced it—and with disastrous results. In its anxiety to establish the guaranty principle in popular esteem the State banking board was superficial and inefficient in its examination of new banks. Of the many that rushed into existence to take advantage of the business-getting possibilities a large number were weak at the outset, besides which unscrupulous men were attracted to the business. Because of the attractiveness of the guaranty, and lulled to a sense of security by its existence, the general public became less discriminating in their choice of banks. As a result bad banking became the rule.

The fact that Oklahoma did not enjoy even average prosperity in the period from 1909 to 1913 hastened the debacle. During these five years 27 banks failed, and the guaranty fund was being rapidly depleted. State banks hastened to reorganize under national charters. In desperation the banking board allowed insolvent banks to continue operations, buying their securities and making deposits in them in the hope of restoring them to solvency. As might have been expected, matters only went from bad to worse. In 1913 the system was admittedly a complete failure. Repeal of the law nevertheless seemed hopeless. In spite of the many failures of the guaranteed State banks during this period, when only three national banks failed in the State, the public favored a system which saved the independent

depositors from loss. But the law could not stand up under a continued succession of failures.

In 1913 the fund was left with only $35,000 cash on hand and with $400,000 of guaranty warrants outstanding. The ultimate crash was delayed for several years by the World War and the temporary boom that followed in its wake for agriculture. Bank failures became less frequent until 1920, and deposits in the guaranty fund grew until the outstanding warrants had been redeemed and there was $75,000 cash available. Again national banks had begun to enter the system in large numbers.

In 1921 crop values dropped and failures followed failures. Banks sound in themselves became overtaxed beyond their strength by assessments to cover the banks in liquidation and also crashed. The law was finally repealed March 31, 1923, with the fund showing a deficit of seven to eight million dollars.

The experience in Kansas paralleled that of Oklahoma. At first it looked like a success, and it was thought to be due to the merit of the provisions wherein the law differed from that of the neighboring States. Only three small banks failed during the first 10 years after the system was initiated. Deposits had poured into the banks, which made loans freely. Then came the deflation period following the postwar prosperity. In the depression 100 banks failed, two-thirds of which were members of the guaranty fund. As a result, the fund was depleted. By 1926 it had only $17,996 in cash, but there was outstanding $10,000,000 of interest-bearing certificates. With the maximum assessments that could legally be levied on the remaining 630 banks, it would have required 20 years to redeem them, provided no more banks failed and no interest were paid. Accordingly many banks applied for permission to withdraw from the system, and were permitted by the courts to do so, on certain conditions. Withdrawals followed on a large scale, and there being no alternative, the legislature repealed the law in 1929. The State had to issue bonds to meet the losses incurred.

In Nebraska the experience at first was like that in Kansas, with fair sailing up to 1920, until which year only eight banks had closed their doors. Then came the conditions that wrecked the other systems, and as elsewhere, hundreds of banks found themselves with frozen assets on which they could not realize. About 115 banks went through receivership, and the $2,500,000 in the fund soon became exhausted. As large assessments were imposed on the solvent banks, the depositors lost nothing, but by 1923 the fund was about ready to collapse.

As this would have meant delayed repayments to depositors and because it was recognized that debtors are generally more prompt in paying their debts to a going concern than to one in process of liquidation, an emergency measure was enacted creating a banking commission to take over and operate failed banks as going concerns. It was hoped that with the coming of better times the value of their assets would increase and the guaranty fund would save the losses incurred by dumping securities on the market under adverse conditions, besides which it was felt that drastic economies could be effected if liquidation proved necessary. For a time this staved off failures of the fund and restored a few banks to solvency.

In the end it only made matters worse by paying off some depositors in full and continuing to receive deposits from others. Though the public was soothed by its faith in the guaranty system and runs on the banks were not what they might otherwise have been, the system had much to do with making conditions bad as they were, or worse than they might otherwise have been. It put a strain on the sound banks, having cost the members 43 per cent of their capital, an average of 3 per cent a year.

Thus the system was cracking under the strain six years ago, and it was finally shattered. In October of 1928, 40 of the biggest banks in the State organized to resist the payment of further special assessments. Finally, after an audit and investigation made by Mr. SHALLENBERGER, who, as governor of the State, signed the act, it was repealed at a special session of the legislature called for the purpose on March 15, 1930. There was a deficit estimated at $16,000,000, and 65,000 depositors of failed banks were awaiting restitution. The repealer provided for a settlement fund by special assessments on the banks for a period of 10 years, expected to provide about $3,000,000 in addition to a similar amount to come from special assessments under the old law, and an appropriation of $8,000,000 by the State.

The Washington law has been inoperative since 1921, and was finally repealed in 1929. That of North Dakota was repealed by chapter 122 of the session laws of the same year, which went into effect on July 25, 1930. An opinion of the Attorney General was handed down on August 13, 1930, to the effect that assessments levied after July 1, 1929, were not enforceable. The assets of the fund, amounting to $26,000, were sufficient to pay a dividend of 10 per cent of claims on three banks in the class which closed after April 30, 1925. If it were prorated to all failures prior to July 1, 1929, the dividend would be approximately 15 per cent. The final deficit in the fund was some $14,000,000. As for Mississippi, the law was repealed in 1930. In his testimony before the Committee on Banking and Currency, the Comptroller of the Currency estimated the deficit in this fund to have been between $3,000,000 and $4,000,000. An issue of $5,000,000 in State bonds was planned to take up the certificates outstanding in the hands of the depositors of the 31 failed banks.

I have tried to outline as briefly as possible the history of this experiment during the past quarter of a century. If that history proves anything, it proves that even the existence of such a fund can not prevent bank closings and panics if conditions are fundamentally unsound, that revenues from a fair basic assessment can never be sufficient to meet the requirements of such a program, that the effort to save deposits in unsound banks leads merely to a weakening of sound, honestly, and efficiently managed and otherwise strong banks and pulls them down also.

Is it any wonder that the superintendent of banks and the Depositors' Guaranty Fund Commission of South Dakota express the opinion that this bill would place a premium on bad management, and that the secretary of banking of the State of Pennsylvania expressed his opposition before the Pennsylvania Bankers' Association on May 18? Is it surprising that our Comptroller of the Currency is opposed to the bill as one which would not accomplish the purpose for which it is intended but would rather tend to destroy the Federal reserve system by driving out of it the strong banks? Who is in a better position to pass judgment upon matters of this kind? And we can judge for ourselves. The facts presented in regard to the deficits on liquidation of the systems tried out were the results prior to the present depression. What would those deficits be if they had not previously been closed out? I hesitate to make even a wild guess.

If there is anything that has been proven by the history of banking in general and of depositors' fund guaranty in particular, it is that no panacea will take the place of sound banking practice and honesty and efficiency in management. Our colleague [Mr. SHALLENBERGER] was Governor of Nebraska when the guaranty law was signed. He was chief examiner in charge of a recent investigation of the banking system in the State, and made the report as a result of which the legislation was called into special session to liquidate the system.

In his testimony at the hearings of the committee he stated (p. 106):

> A great percentage of bank failures occurs because of the violation of two or three laws essential to sound banking.

And previously (p. 104) he stated that if we had competent supervision, insisted on observance and enforcement of the banking laws, and did not permit bankers to violate sound banking principles, there would not have been the failures that actually occurred.

I want to call your attention also to the fact that one of the sources of the fund proposed in the Senate bill would be the Federal Treasury to the extent of more than $150,000,000 that came from the franchise tax on the Federal reserve system. The necessity for providing this sum would upset the efforts we have made to date to balance the Federal Budget. To provide that additional deficit would

mean either special taxes in addition to those we are about to impose, or to increase the debt to that extent.

I wish also to point out that $121,000,000 of these taxes were paid in just two years, 1921 and 1922, and that earnings now available for the purpose and likely to be available in the future will probably be negligible. In the same way, the earnings of the reserve system, which are to be called upon for the purpose of the fund are also not particularly striking, though referred to by the author of the bill as very great. Of the nearly $525,000,000 earned during the 18 years of its existence, $149,000,000 came in a single year, nearly 30 per cent, in 1921.

If we add the two banner years, 1928 and 1929, when earnings were, respectively, thirty-two and thirty-six millions, we find that practically 40 per cent of the earnings can be accounted for by only three years, which are hardly likely to be duplicated in the near future. The load is thus likely to come upon the individual member banks of the system, and one has but to examine the facts furnished at the hearings to realize how burdensome that may be if the experience of the individual States with guaranty funds should be duplicated.

This measure should not have been introduced at this time and should have been defeated in the House as one of the most unsound measures affecting banks that has ever come before this body.

Mr. EVANS of Montana. Mr. Speaker, confidence of the public in its institutions is a prime requisite of a successful state. When any public or quasi-public activity is faced with a denial of public confidence, in whole or in part, that activity suffers. At such times the repercussions may be heard from afar, the effects are felt in every related industry, and when the activity embraces a scope national in extent the entire Nation may easily feel the tremors.

Following the era of unparalled prosperity, which grew out of the boom times of the war and the ensuing period of speculation and expansion, came the current depression. Its cruel destroying hand has reached into every city, hamlet, and rural community in the land until it is a fortunate family which has not experienced the blighting touch of fear and want.

Few if any of the industries of America have found easy sailing through the contemporary economic crisis. Most have been forced to close their mills, mines, and factories, either altogether or partially, with the inevitable result that the production of new wealth has practically ceased and unnumbered thousands of willing workers have been thrown to the mercy of charity, public and private.

It is a vital emergency now facing the American people. We must face the hazards squarely and strive with the fullest earnestness at our command to overcome the obstacles confounding us to-day.

During the past decade the banking system of our country has to a large extent suffered from the identical trends which likewise threw most other major businesses into the economic doldrums. From 1914 to 1931, inclusive, 8,309 banks have failed in the United States. Last year alone saw 2,290 banking houses go into the hands of the receiver. Their plight was chiefly the same as that of other failing business houses. It was a logical tail to the kite of overdevelopment. It was because, as has been well stated, there were too many speculators and too few bankers. It was a natural consequence of blowing the economic bag too full of wind.

Most bankers are fundamentally honest, fair, and considerate. Few would voluntarily betray their customers and few did. The comparatively few bandits who burglarized banks from the inside were merely the bad eggs that will, despite every precaution, slip into the basket. Their kin are found in every other industry and must be weeded out exactly as the farmer cleans his garden. In the long run the banking fraternity itself can be depended upon to take care of that part of the condition. But it can not of itself prohibit the recurrence of panics with their devastating effects upon our people. But such social cataclysms as the present depression must be averted. During such times the failure of banks wipes out the lifetime savings of people least able to withstand such a tragedy.

It causes fear to become widespread until those in charge of business are likely to hesitate before embarking in further enterprises. Thus industry is halted. More than this, the widespread failure of banking institutions ties up untold millions of dollars which are most needed in times of economic stress. The poor man who over a period of years places his little savings in the bank "for a rainy day" must be assured the protection of those savings when the rainy day rolls around. This task is one of the many which the present Congress must grapple with and conquer if we are to survive this depression.

The banks which failed in the United States during the past 10 years placed in jeopardy an estimated twenty-five hundred millions of deposits, while the failures of 1931 adversely affected a total of one and three-quarter billion dollars of deposits. The very fact that this money is withdrawn from circulation, tied up in the administration of the affairs of the defunct banking houses, has an enervating effect upon the entire order of society. Not only this but the failures with their consequent withdrawal of funds incites fear in the minds of people whose funds are deposited in sound institutions. This is translated into runs on the sound banks and hoarding by individuals. Tin boxes, mattresses, and pockets take the place of banks with the result that an ever-increasing sum is withdrawn from the money market, creating additional hardship and curtailment. It is like a snowball rolled through moist snow, ever increasing in size.

If any nations of the world are comparable to the United States and its institutions, they are Canada, England, and Scotland. They were affected by the depression before we felt it, and certainly the paralysis of their industry has been far more aggravated than our own. However, investigation discloses that Canada has experienced but one bank failure in the past 10 years, England has not had a failure in the contemporary century, and Scotland has not had a bank failure in the past hundred years. It is hardly conceivable that the financiers of those countries are endowed with a keener foresight; that they possess an integrity less untarnished. Consequently in view of the variance in results it must be that their systems of banking are superior to our own.

When Americans are assured that when they place their money in a bank they will be able to have access to it when they want it they will no longer withhold their confidence, hoarding will cease, and great sums of money now lying dormant will be available for the transaction of public business.

Before the Congress to-day there are pending several bills designed to secure the deposits of our people when their money is placed in the keeping of our banking houses. It is a movement toward additional regulation by Government of business, but the business to be regulated is so public in character that the additional regulation is to be commended if it achieves the ends for which it is dedicated.

The so-called Steagall bill is in the nature of a bank depositors' guaranty law. It proposes the establishment of a billion-dollar fund to guarantee deposits in banks. The fund is obtained in the following manner: $150,000,000 from the Federal Treasury representing the amount the Treasury has received in franchise taxes, $150,000,000 contribution from the $300,000,000 surplus of reserve banks, a $100,000,000 assessment upon reserve member banks, an additional $100,000,000 assessment per year upon reserve banks if necessary, and loans from the Reconstruction Finance Corporation to a total of half a billion dollars if that much is necessary. Such a program would not result in any increased taxation, would not actually draw a penny from circulation, and much of the money is already earned funds by the Federal reserve banks in excess of interest on investment allowed by law.

If such a law were in effect and a bank that joined the guaranty fund failed, the Federal liquidating board would be required within 90 days to pay to depositors not less than 50 per cent of their deposits if they did not exceed $1,000 and not less than 25 per cent if they did. Within six months of

the date of the failure a second installment would be paid, covering the balance of $1,000 accounts and 25 per cent of all others. The larger accounts would then be repaid in two more 6-month installments of 25 per cent each.

The bill would prevent organization hereafter of national banks having a minimum capital stock of less than $50,000. It would prohibit the payment of dividends by national banks except upon the basis of surplus. Under the proposed legislation banks would be forced to have a specified surplus, fixed on a sliding scale according to the bank's capitalization, before payment of dividends could be made. The rate of dividends is also fixed.

The bill would require Federal reserve banks to give immediate credit on checks drawn against them by members, but would permit charging the current interest rate until the checks are collected. It would provide that stockholders in national banks can be held responsible for double liability one year, instead of 60 days, after a transfer of stock. It would authorize the Reconstruction Finance Corporation to issue such securities as may be necessary to furnish all or part of the $500,000,000 and would require that the corporation's loans shall be made to the liquidating board without security.

Enactment of such a law would result in our people placing their money in guaranty banks with utmost safety. Depositors must place their money in banks if the banks are to be profitably operated. In no other way can banks loan money to assist in the transaction of the Nation's enterprises. Profits in banking come not from the use of the bank's capital. This constitutes merely a reserve or guarantee to the depositors, but the guaranty is too small to save depositors of a bank which is faced with real difficulties. This has been adequately demonstrated by the history of bank failures in this country throughout the lifetime of the system. It almost invariably happens that the bank's capital goes the same way as the funds placed in safekeeping by the depositors. The money which is actually loaned by the banks, and upon which they make their profit, is the depositors' money. Thus, the arrangement is on face mutually that of accommodation. The chief difference is that the banker takes chances of losing not only his own money but that of his patrons.

The bill is objected to principally because a very small charge would be levied against member banks as a source for building up the reserve fund for guaranty purposes. This objection can be eliminated by allowing member banks to exact a modest charge upon the accounts of depositors. There can be little doubt that depositors would willingly pay a negligible charge for assurance of absolute safety of their funds. It would actually be only an accommodation charge which would be of insignificant proportions in relation to the interest accruing.

From 1914 to 1930 inclusive a total of 5,177 State and private banks failed, while national bank failures totaled but 842. In 1931 of the 2,290 banks failing 1,772 were not members of the Federal reserve system. This implies that Federal supervision of banking is superior in some respects at least to State supervision.

It is pointed out that bank guaranty laws which have been enacted in various States have not proved satisfactory. This is admitted by the most enthusiastic supporters of the plan but reasons for the fact are manifest. The Nebraska law, for example, went into effect in 1911 and was disposed of in 1930 with the guaranty fund in bad shape. From the day that law went into effect until 1920 Nebraska suffered but three bank failures. From 1920 and thereafter the era of overdevelopment coupled with the deflation of agriculture resulted in numerous bank failures. Too many banks had been established on too flimsy foundations. It was a mushroom growth which had its counterpart in most every other State in the Union. The result was the failure of thousands of banks in the United States, particularly in the agricultural areas which were first, worst, and longest affected. Nebraska had its quota of failures but no more than other States in which corresponding conditions prevailed. Thus from 1920 to 1929, inclusive, a total of 273 banks in Nebraska failed. But the important item to be noted is that, whereas the depositors in States without guaranty laws lost their money, either in part or in whole, the depositors in Nebraska lost not one cent. This is the objective of such a law. The protection of the depositors is the end sought. If the banks must fail, whatever may be the cause, the man or woman placing confidence and money in the bank's keeping must be certain to reclaim both.

Such a law would result in confining the number of banks in a given community to the needs of that community. It would restrict the mushroom growth of banking houses which so often portends ultimate disaster. Those supervising the banking system would be extremely chary of issuing charters to institutions if the selected district in the least suggested that banking facilities were already sufficient. The minimum capitalization being raised would certainly prove an effective deterrent to irresponsible parties wishing to establish new banks and would increase the capacity of banks to face difficult times. In this regard it must not be forgotten that in large proportion the banks which failed during the past decade have been those of a small capital stock.

One of the reasons why State guaranty laws have not proven altogether satisfactory is because they embrace too small a district and cover districts which are too often engaged in a single or at least but few lines of industry. Thus, when unfavorable conditions struck these industries, the entire district was affected disadvantageously. The State guaranty system, unable to build up a sufficient reserve against sudden and wholesale shock such as this, was too likely to prove unable to bear the burden.

It is well known that conditions of prosperity are spotted in a country so large as ours. This uneven distribution of prosperity is reflected in a larger proportion of failures in certain districts than others. A national guaranty system, embracing all the districts, would be capable of building up a guaranty fund with the tremendous resources of the country behind it. Such a fund, administered over the entire country, would not be affected to such an extent by purely local or regional disorders in the economic system.

That such a plan is legal in every respect can be adduced from three decisions of the United States Supreme Court specifically finding as constitutional such a scheme of guaranty fund and regulation for banks of the country.

The Steagall bill would create a guaranty fund and provide for the administration of same, not only in the interest of the depositors but also in the interest of the bankers. It would insure depositors against loss of their savings. Money placed in a bank for safekeeping should be inviolate.

Every bank in the country is a creature of Government, State, or Nation. They all operate by permission and the sanction of the Government. So it is the duty of the Government to enact such laws as will protect the depositors when they put their money in a bank created by the Government. This is not a bankers' bill. This is a depositors' bill. For 60 years Congress has legislated for the banks; let us now legislate for the depositors.

ADJOURNMENT OVER

Mr. RAINEY. Mr. Speaker, I present a resolution and ask unanimous consent for its adoption.

The Clerk read as follows:

Resolved, That when the House adjourns on Friday, May 27, 1932, it shall stand adjourned until Tuesday, May 31, at 12 o'clock meridian.

Mr. HOWARD. I object, Mr. Speaker.

Mr. RAINEY. Mr. Speaker, I move the adoption of the resolution.

The resolution was agreed to.

DEATH OF FORMER MEMBER

Mr. MOREHEAD. Mr. Speaker, the Associated Press of May 26 made the following announcement:

LINCOLN, NEBR., May 26.—Charles Franklin Reavis, 62 years old, former Representative of the first district of Nebraska, died early to-day at a hospital after a short illness.

Reavis, a Republican, served three terms in the House of Representatives. He resigned in 1922, first year, fourth term, to practice law. In 1924 he was elected a delegate

at large from Nebraska to the Republican National Convention, and last month was elected a delegate from the first district to the Chicago convention.

He is survived by his widow and two sons—C. F. Reavis, jr., of New York City, and John W. Reavis, of Cleveland, Ohio. The Hon. C. Frank Reavis was a son of a Nebraska pioneer family and was a native of the city which has been my home for many years. I was personally acquainted with him and his estimable wife, who is also the daughter of one of the first settlers of Falls City, Nebr. He was a man of unusual ability, was recognized as one of the outstanding citizens of the State. He always took an active part in public affairs, as did also his father, who had quite an active part in the organization of the State from a Territory and was active in forming the first constitution of the State.

His untimely death will be a great shock to the people who knew Frank so well, and the sorrow not only goes out to his wife and sons but all who are thoroughly acquainted will join in extending sincere sympathy to his aged mother, who is recognized by all as one of our noble women of Nebraska, and who survives him.

CHOCTAW AND CHICKASAW INDIAN AFFAIRS

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my own remarks relative to Indian affairs in Oklahoma.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, in order that the members of the Choctaw and Chickasaw Tribes of Indians in Oklahoma may know in what manner I have labored for them as a Member of Congress, I wish to give the following report of my services:

First. I introduced in Congress soon after I became a Member a bill to authorize a sale of the coal lands to the Government at $12,000,000, and while the bill did not pass, it served to direct attention to the rights of the Indians in this matter, and will form the basis for future efforts along that line. These lands are valued at around $9,000,000, and I have insisted that the refusal of the Government to permit the sale of these properties at a time when they could have been sold at a fair value places a double burden on the Government to purchase them at the value the Government has placed upon them.

Second. I worked incessantly in the last Congress on my leased district bill, involving more than $7,000,000, for the western lands taken from the Indians by article 3 of the treaty of 1866, and we passed through Congress the bill authorizing the Indians to sue in the Court of Claims for these lands. This claim has been the subject matter of controversy for three-quarters of a century. It is true that President Hoover vetoed this bill, but the friends of the measure then went to work and procured the passage through the Senate of the resolution by which the Court of Claims is to give an expression to the Congress on the merits of the resolution. The Attorney General of the United States filed a motion to dismiss this resolution, and the Court of Claims has recently overruled this motion.

Third. I have aided and supported at all times the attorneys for the Choctaw and Chickasaw Nations in getting reports from the departments and in pushing forward their work in connection with the cases now pending in the Court of Claims in which the Indians are seeking to recover judgments on all cases in which suits have been filed in that court. These suits embrace about 15 distinct subject matters and involve more than $30,000,000. Whether they win will, of course, depend on the view the court ultimately takes of the cases.

Fourth. I have succeeded in getting Jones and Wheelock Academies, in the Choctaw Nation, and Carter Seminary, in the Chickasaw Nation, taken care of by the Federal Government, so that all funds for the maintenance of those dian schools are now coming from the Federal Treasury and not from the Indians.

Fifth. I have aided in getting $400,000 in reimbursements to the State for nontaxable Indian lands. When I came to Congress the State was receiving $250,000 for nontaxable Indian lands, but that appropriation has been increased until it is now $400,000 per year, having been increased $150,000.

Sixth. I was instrumental in getting passed through this Congress a bill providing the terms under which the coal lands may be leased in the future.

Seventh. Contrary to what some believe, the Choctaw and Chickasaw Indians have but little money to their credit; however, in 1929 I secured from the Indian Bureau a $10 per capita payment for the Choctaws—a total of about $210,000. The Chickasaws did not have sufficient funds to justify a payment. There is at this time to the credit of the Choctaws $111,184.08 and to the Chickasaws $1,262.42, not enough to justify the expense of a per capita payment. However, with the sale of the coal property, the settlement of the leased-district claim, and settlement of other cases filed by tribal attorneys and special attorneys in the Court of Claims, there will be millions to the credit of the tribes. That is what must be done before tribal affairs can be wound up, and that is what I am striving to do.

Eighth. I have labored at all times with an earnest desire to aid the Choctaw and Chickasaw Nations and the individual members thereof in all matters in which they were interested, either in Congress or before the departments. I feel that I have made substantial progress. The leased district controversy was resurrected from the grave and given the form of life. It is now in the courts, and I feel that this is an outstanding accomplishment. I may not succeed in getting Congress to take over the coal land, the sole remaining asset of any considerable value, but I have been pressing the claims of the Indians, and if I am permitted to do so, I intend to continue my efforts in behalf of these people.

OFFICE EFFICIENCY

The sharp criticism about congressional family favoritism is no doubt justified in some cases, but it can not in any way apply to my office. Mrs. Cartwright not only works full time but the salary which she actually earns is paid to other employees in my office in my earnest endeavor to keep up with the heavy correspondence, and give the best possible service to the people of my district.

The law governing a Congressman's office force provides that only two can be placed on the pay roll, but in no way designates who those two shall be. No two clerks could possibly do the work in my Washington office.

When I first came to Congress I secured a capable, experienced secretary who could handle the people's needs in governmental matters without wasting two or three years' of time and money in learning the work. Thus, I did not deprive the people of my district of efficiency in service that would have come with a new Congressman and inexperienced secretary. This lady is Marion Upshaw, an orphan girl who is now a resident of McAlester, Okla.

The rest of my office force during the present session of Congress consists of Marie Morrow, of Idabel, Okla., full-time stenographer; Jack Harrison, of Mead, Okla., part-time stenographer; Mayo Roberts, of Idabel, Okla., part-time employee; Truman Ward, who, as manager of the majority room, sends out my farmers' bulletin lists, Agricultural Yearbooks, and so forth, and Mrs. Cartwright, who works diligently in my office and who signs for the $175 per month, which is all used to pay these other employees with the exception of Miss Upshaw, who signs for her own salary. I pay from my own pocket for the printing of all the speeches I send out, multigraphing of all my form letters, and for addressing envelopes. I also pay an extra stenographer and office rent in McAlester during the summer.

This is the system I have used ever since I came to Congress. It certainly is no financial gain to me—in fact, we are actually donating Mrs. Cartwright's services free, but it enables me to use several employees during the busy session of Congress.

BIRTH CONTROL

Mr. CANFIELD. Mr. Speaker, under the rule, I ask that the bill (H. R. 11082) to amend section 305 (a) of the tariff act of 1930, and sections 211, 245, and 312 of the Criminal

Code, as amended, reported adversely by the Ways and Means Committee, be placed on the calendar.

The SPEAKER. Under the rule, the bill is referred to the Union Calendar.

H. R. 11499—THE GOLDSBOROUGH BILL

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the bill, H. R. 11499.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I am opposed to the bill under consideration.

The bill provides in section 2 that the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury shall be "charged with the duty of making effective" the declared policy that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921–1929, inclusive, "be restored and maintained by the control of the volume of credit and currency."

The report of the Committee on Banking and Currency states that "if the country knew that because of congressional mandate the Federal reserve system was going to raise the price level to the point indicated—confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment so that through buying of securities by the Federal reserve banks and through the restoration of confidence—the normal business activity of the country would very speedily be reestablished."

How simple it all sounds! How unfortunate that this solution has not been thought of before!

I am opposed to the bill, Mr. Speaker, because, in my opinion, it is impossible of execution, is unfair in representation to the American people, and is charged with possible consequences adverse not only to the Treasury and the Federal reserve system, but to the financial position of the country as a whole.

To enact this bill would be to impose upon the Federal Reserve Board, the Federal reserve banks, and the Federal Treasury a duty the execution of which, in my judgment, can not possibly be assured in the manner suggested. Price levels, both domestic and throughout the world, are determined by numerous factors over which these organizations have no control whatsoever. The mandate takes no account of uncontrollable economic forces, of uncontrollable psychological forces. It deals only with the control of the volume of credit and currency. The velocity of its turnover is not considered. It endeavors to deal with fundamental forces by "futile attention to surface effects." The general purpose sought is one to be devoutly desired. The means chosen can at best be but a gesture.

To enact this bill, in my opinion, would be to raise deliberately false hopes in the minds of the American people. The picture painted can not be realized in the manner suggested. It is particularly unfortunate to paint the picture in these difficult times.

To enact this bill, in my judgment, would be unfair to the Federal Reserve Board, to the Federal reserve banks, to the Federal Treasury. The mandate imposed can not possibly be executed by the means prescribed. Each of these organizations therefore will inevitably be placed in the position of failing to perform a duty which has been defined for it by Congress.

A further and more important objection to the bill remains. We have been seeking to maintain the integrity of the national credit. We have been fighting to preserve the confidence at home and abroad upon which that credit is dependent. The enactment of this bill at this time, in my opinion, would carry with it the possibility of severe injury to that confidence. Its enactment at this time with its declared intention of inflation to the extent specified would carry with it, in my judgment, an inducement to the withdrawal of funds by depositors both at home and abroad in amounts which it is impossible to estimate. The experience of Austria, Germany, Great Britain, and, indeed, of our own country during the past summer and autumn should make it unnecessary to emphasize the importance at this time of the maintenance of confidence both at home and abroad in American credit, in American currency.

For these reasons, Mr. Speaker, I am opposed to the bill.

Hearings on the bill afford no evidence that the opinion of the Secretary of the Treasury in respect to the bill was ever obtained or even requested by the committee. It is my understanding, however, that the bill is opposed not only by the Secretary of the Treasury but by the governor of the Federal Reserve Board, by other members of the board, and by the governor of the Federal Reserve Bank of New York as well.

Every period of depression brings with it a flood of legislative panaceas. Nothing is more dangerous at such times than unsound legislation threatening credit and currency.

The general purpose underlying the bill is one with which all must sympathize. It calls, however, in my opinion for discretionary action by the Federal reserve authorities, not for mandatory action by the Congress. And, Mr. Speaker, as a matter of fact, the Federal reserve system has been and is doing all that it can at this time in the desired direction.

The decision by the Democratic leaders of the House to bring this measure up under suspension of the rules of the House adds one more matter to the list of those upon which the House has been recently called to act without any possibility of amendment and, in my judgment, after totally inadequate debate. For a measure dealing with a principle of such outstanding importance to every individual in America this procedure, Mr. Speaker, seems to be indefensible.

THE STEAGALL BILL

Mr. BACON. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, having been deprived of an opportunity to express my opinion against the Steagall bill passed this afternoon without a yea-and-nay vote, I wish to make the statement that I voted against the bill.

THE ECONOMIC SITUATION

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes.

The SPEAKER. The gentleman from Michigan asks unanimous consent to address the House for 30 minutes. Is there objection?

There was no objection.

Mr. MICHENER. Will the gentleman from Michigan yield to me to put an inquiry to the gentleman from Illinois, the majority leader?

Mr. WOODRUFF. I will.

Mr. MICHENER. May I ask the majority leader what the program will be for Tuesday, as a number of Members want to go away?

Mr. RAINEY. There will be some reports from the Committee on Rules, and after those are finished I thought we might have general debate, if anybody wants to speak.

Mr. BANKHEAD. The gentleman from Michigan is familiar with the fact that the Committee on Rules has reported out several resolutions that have not been acted upon, and the majority leader and the Speaker, in their anxiety to get matters cleaned up, thought that we might take Tuesday to get rid of those rules.

Mr. MICHENER. Will the gentleman state what the rules are?

Mr. BANKHEAD. One is the Shannon resolution and the other involves the airship amendment to the maritime law.

Mr. JOHNSON of Washington. And there are two rules pending on the immigration question.

Mr. BANKHEAD. Yes; and we want to get rid of those.

Mr. JOHNSON of Washington. And to one of those, relating to the fathers and mothers, the majority of the Immigration Committee will undertake to offer an amendment.

Mr. BANKHEAD. The gentleman will not be deprived of his right on that. Another matter is the resolution sponsored by the gentleman from North Carolina.

Mr. MICHENER. Then I understand we will start with the rules from the Rules Committee, and afterwards indulge in some debate.

Mr. RAINEY. Oratorical ethics. [Laughter.]

Mr. WOODRUFF. Mr. Speaker, I decline to yield further.

Mr. Speaker, the world has reached an economic crisis such as it has never known before, and included in that economic crisis is the United States of America to-day the richest, most-favored nation on the globe. The reasons for this economic cycle, or depression, have been accumulating for the past 30 years. If radical and sensible measures to remedy the downward course of this depression are not taken, another war, or a wave of sporadic revolutions, already evidenced in Central and South American Republics, will become world wide.

Fear and greed are the underlying causes of this depression. They were the underlying causes of the great war. They will be the underlying causes of the next great war unless those who now are actuated by fear and greed—mostly fear at this time—awaken and see the way out.

Evolution of commerce and industry, expansion and improvement of transportation and communication facilities all have for the past 30 years been bringing together, hooking up more closely, all the countries of the world into one vast structure more rigid, more closely united, each part or country to all the rest, than ever before in all history.

The war increased this interdependence of nations one upon another and, finally, through our enormous public and private loans and investments to other nations—aggregate governmental and private loans and investments being at this time about thirty and one-half billions—we became the pivotal point, or the creditor nation of the world. As a consequence of this new relation, the United States also became the pivotal point of all economic shocks throughout the world.

Some nation has been in an economic depression at nearly every point in history. But previous to the unification of interests and activities into this great world structure of nations the picture was one of many small structures standing in a world of activity. When an economic shock affected one structure, or nation, the others were merely shaken slightly. While one nation was in an economic depression other nations around it were prosperous and were able to go to the financial assistance of the stricken nation. After the structure became solidified into what constitutes, economically at least, one vast rigid edifice instead of many individual and separate structures, any economic shock to any substantial member part of this edifice, so closely knit by industrial, political, commercial, financial, and social interests, must of necessity go through the whole structure with severity. And that is what has happened, largely as a result of the World War.

We are to-day most concerned with the question of recovery as soon as possible, and many remedies are proposed.

One view is cancellation of the so-called war debts, which really are "after the war debts."

If those debts should be canceled, what next may we expect? Foreign nations owe our private investors nearly $19,000,000,000. Will they then call upon American citizens to cancel these also? We are urged to cancel the war debts in order to expand our foreign commerce. If our past commercial relations with other countries is any index of what we may expect in the future, it must be recognized that not more than 7 per cent of any prosperity we may have is to be gained from our trade with them. In the past during peace times we have never sold in foreign markets more than 7 per cent of our products. In 1931 it was only 3¾ per cent, as compared to 1927. This means that not less than 93 per cent of our markets, 93 per cent of our prosperity, is right here in our own country. It is ours to have and to hold, if we are wise. It can, in a large measure at least, be with us always, if we will properly adjust our economic affairs, so that such blows as fall upon our national shoulders in the future shall fall upon all alike, and that such prosperity as comes to us shall, in a generous measure, reach into every home in the land.

Another remedy proposed is the remonetization of silver, with a doubling of the purchasing power of India, China, and the other silver-using countries.

Another suggestion is the repeal of the eighteenth amendment—

in order to create additional work and cause to flow into the Government Treasury the enormous sums of money now flowing into the hands of organized racketeers and gangsters.

Still another is to develop in every possible way our foreign markets, particularly in Central and South America. In this connection it may be said that Mr. V. W. O'Brien, a friend of mine in my home city, has advanced some new and, in my opinion, some very valuable ideas on the proposition. These ideas will some day command the serious attention of thoughtful citizens interested in the development of our foreign commerce.

Others advocate a system of intergovernmental tariff accords. Still others preach liberalization of the antitrust laws.

We are now trying to balance the Budget and to curtail, as far as practicable, the expenses of Government.

All of these suggestions may have merit but, after all, many of them are directed to the rehabilitation of our foreign markets rather than to the resuscitation of our greatest market, which is at home.

Mr. Speaker I ask unanimous consent to extend as a part of my remarks, an excerpt from brochures published by Young & Ottley, and also excerpts from an article by Mr. John P. Frey of the American Federation of Labor.

The SPEAKER. Is there objection? The Chair hears none.

Unfortunately there is and has been a very strong tendency on the part of business leaders, banking groups, and men holding important key positions in Congress and the administration to take the attitude publicly that "things are not so bad," but privately to admit to their conferees that they are quite worried about the fundamental readjustments that are of necessity still to come. They repeatedly say, privately, that the more important economic factors are still unfavorable, but that the only factors that can be mentioned to the public are the few minor favorable factors.

The reason for this situation is clear. These men we speak of are all trying to do a good job. They realize that in order to help work out the readjustments still to come, they must maintain the good will of the people in order to obtain the necessary support and coordinated action on measures still to be proposed.

We have sufficient confidence in the good judgment of the masses of the people to believe they do not need to be molly-coddled. We believe that if the present economic problems are clearly and frankly put before them, bringing out the true facts of the situation with its serious implications, they will respond with level-headed support. We believe that whatever objections exist on the part of the people of the United States to necessary economic readjustments, they are not the result of stubborn class hatred nor of isolationist bigotry, but are due rather to a sheer misunderstanding of the problems involved—a misunderstanding which is no fault of their own but rather the result of the almost absolute lack of courage on the part of those individuals who really know the truth.

The captain of a ship in a heavy storm does not tell his men that there is no storm. The strongest desire of men in a crisis is to know what it is that menaces them so that they can do whatever is necessary and be prepared. We do not believe that the people of the United States or of other countries have lost their capacity for meeting difficult situations.

The United States would not have progressed as far as it has in the last 150 years if the majority of the people were unreasoning bigots. The majority of the people are capable of understanding what is their welfare and what is the economic welfare of the country, if the economic facts, minus half-baked opinions, are placed before them with a true statement of the problems involved. If the business and political leaders of the country really believe that the reconstruction measures which they have in mind are not

primarily in the interests of any one group or class, but are really of vital importance to the entire economic community, then those readjustments should be openly discussed, because it is only in this way that economic cooperation will be gained. (Brochure, vol. 1, March 12, 1932, by Young & Ottley (Inc)., of 122 East Forty-second Street, New York, brokers, business analysts, and economists.)

Day after day we have been told by business, financial, and political leaders that fear, otherwise loss of confidence, is the basic and almost the whole cause of the continued depression. Fear of what? Loss of confidence in what?

The thing man fears most is something he does not understand. The thing he is most afraid of is the unknown. So, then, the fear which holds us in this depression is simply lack of understanding of what has caused the depression, of what will rescue us from it, and of how bad the future may become before things begin to get better. If the people understood these things, they would not fear. They might be angry at some groups or class because that group or class has exploited the people. Well and good. But if the people clearly understood the causes for this depression or how bad it is or how long it may last, and above all of what they can do to rescue themselves from it, everybody would go to work heart and mind to adopt and put into effect the remedy.

What have the people lost confidence in? Mostly in their ability to hold their present jobs or to get another one if they lose the one they have; or, having had no job in a long time, that they will never have another; or, as is the case with the farmers who now have to sell their products far below the cost of production, that prices on the things they have to sell will never rise to a profitable level; or of proper returns from investments with those who have to live on the income from the same.

Also, due to the appalling number of bank failures, the people lost confidence in the banks, while the bankers lost confidence in business, and everyone began to hoard every dollar he could lay his hands on, spending as little as he could and saving the rest, because he does not know how long the depression may last or how bad it may become. The banker hoarded his credit because he felt that the fears of his community might at any moment express themselves in loss of confidence in his bank and an overwhelming demand for deposits, so he ceased lending and began to hoard. The inevitable result of this fear and this hoarding was and is that business remains at a standstill, sinking deeper and deeper into the morass of depression.

The economic plight of other countries, plus the contraction of credits brought on by the attack of industrial, commercial, and financial indigestion we imposed on ourselves by overinflation and oversalesmanship, plus the labor-displacing technological advancements in industry, so unwisely managed as to produce a serious maladjustment of work, resulted in 1929 in the downward plunge the world, including this country, took from the heights of artificial prosperity into the depths of the depression we now are in. The all-important question is whether we have ceased plunging downward or whether we are still in that downward flight, and, if the latter is the case, how we are to arrest the downward spiral and turn about to spiral upward to a sound economic level again.

We have vainly tried nearly every remedy but the sound, sensible, most efficacious, the fundamental one. The time has arrived when we must frankly face the facts and adopt the proper and only sound measure of relief if we are to recover and avoid a progressively more desperate condition of affairs, which, carried far enough and long enough, will inevitably involve us in economic chaos, riot, and worse.

The foundation of all economic structure is consuming power. Without people to consume or to use things there could be no reason for producing those things. People without the means to buy things—or without purchasing power—would be the same, economically, as being without people to consume things. Therefore, this base line or foundation of the economic structure is consuming power, and consuming power is made up of people—plus their purchasing power.

Resting upon and regulated by consuming power is producing power. Producing power is composed of manufacturing capacity plus distribution facilities. Without the manufacturing capacity—the power to make or to grow things—we would have no need of distribution facilities such as railroads, automobiles, ships, and so forth. Without those distribution facilities the capacity to manufacture would be paralyzed, because the things made could not be delivered to the people needing or desiring them.

Resting upon these two base lines, consuming power and producing power, is financial power or credits. Financial power is composed of confidence, which we call credit.

Transportation is the means of transferring things from where they are to a point where they are of more use. Money, or credit, is the means by which the ownership of things is transferred from where it is to where those things will be more useful.

Therefore, then, the economic structure is made up of consuming power at the bottom, upon which rests producing power, and upon which, in turn, rests financing power.

The greatest excuse for financing power is because of some operation or activity taking place between consuming power and producing power. If there were no organized producing power, everybody would produce his own things, such as clothes, boots, farm products, lumber, and so forth, just as the early pioneers did, and there would be little need for any financing power except a small amount of token currency or pocket money.

If there were no consuming power, there could not be any organized producing power or industry, and therefore no need for financing power.

It becomes clear that as population increases or decreases the volume of production must, to be economically sound, increase or decrease proportionately, and the volume of financing power or credits must correspondingly increase or decrease with the fluctuating activity of exchange between the consuming power and the producing power. If a third of our population were to be wiped out by an epidemic, industry and finance would have to readjust their volume downward by one-third. If one-third of our population lost its purchasing power—and it has—then industry and finance would have to readjust their volumes downward by one-third—and they have.

The moment the volume of finance or credit departs upward or downward from its proper parallel line in relation to the other two lines of consuming power and producing power, inflation or deflation has begun to operate. The moment producing power departs from its proper parallel line in relation to consuming power and financial power, upward or downward, overproduction or underproduction begins.

The moment consuming power departs from its healthy, normal consuming capacity plus its purchasing capacity, upward or downward, it is in trouble. Overconsumption plus undercapacity to pay means industrial and financial indigestion. And that is what happened. Why?

Because during the 1920's the financial power departed from its base lines of consuming power and producing power upward into speculative levels, or inflation of credits. Financial power then coaxed producing power, or industry, which during the war had already greatly overexpanded by means of inflated credits, to still further overexpand plants or producing capacity. Industry then found that it had no more people, relatively speaking, to whom to sell, and the people had no more consuming capacity nor capacity to pay than they had before the inflation, so what must industry do? Financial power and producing power invented the installment system, plus high-powered salesmanship, plus intensive advertising, plus every other device calculated to induce people to buy on credit twice or three times as much as they had capacity to consume or to pay for. They were induced to buy two of this and three of that on credit, better homes than they could afford, more and better of everything that they needed or could pay for, and thus economic indigestion was caused in consuming power. Then the financial power saw the danger and started to be afraid.

It began to "become liquid," which meant that banks, recognizing a condition of overinflation and overproduction, called in their loans or credits. This action left producing power, or industry, without means to continue to manufacture and to distribute its products. It turned off workers. Everybody grew fearful. Hoarding began. Trade volumes fell. The stock market collapsed. Stocks and bonds lost their earning power—interest and dividends—and people began to unload their stocks and bonds. Rail loadings fell off and transportation facilities lost business. More employees were laid off, wages were reduced, and purchasing power was thus further reduced, and so downward we have been spiraling.

Now, about 80 per cent of our population is composed of wage earners, farmers, and other workers, including salaried employees and dependents of them all. Therefore, 80 per cent, relatively speaking, of the market for production resided in these individuals. The man who worked in the factory was the factory's ultimate customer. So when the factory cut its employees' wages or laid them off, it was actually reducing or destroying the purchasing power of its own customers. And that is exactly what has happened—what has been happening for several years.

The high wage standard in the United States is admitted by every authority to have resulted in a high living standard, which in turn resulted in a high level of prosperity; a high level of consuming power resulted in a high level of producing power, both agricultural and industrial, with good dividends, and a high level of financing power with good interest returns.

It must be obvious that if a high level of wages meant a high level of living standards, and if a high-level living standard meant a high level of profitable agricultural and industrial production, and if these two together meant a high level of financial volume with profitable interest returns, then to depart from a high-living level by reduction of wages must mean to depart from a high level of profitable production or credit volume. And that is what has happened.

Conversely, it must be true that if the way back to prosperity over a given period is to reduce wages—otherwise purchasing power—10 per cent, then we could recover prosperity five times faster by reducing wages 50 per cent. Nobody could believe that.

And it must be true that if the way back to prosperity is by reducing wages and salaries, then the way to keep that prosperity, after having recovered it, would be to continue to keep wages and salaries down to low levels. Nobody believes that.

Now let us see what has been happening over the past several years and thus get a clue to the causes for the depression and some indication of what will cure it and start us spiraling back upward toward a relative normal, stabilized level of prosperity, comfort, and happiness.

John P. Frey, secretary-treasurer Metal Trades Department of the American Federation of Labor, in an article in the American Federationist for July, 1931, has put the whole situation very clearly. He said, in part:

> The six years following 1922 were, in many respects, the most prosperous the United States has experienced. Wealth was created much more rapidly than ever before. Though agriculture did not fare so well, industry, commerce, and banking enjoyed astounding prosperity. The volume and the value of manufactured products increased enormously.
>
> In 1914 the value of our manufactured products was approximately $24,000,000,000. In 1921 it was forty-four billions. In 1923 it was sixty-one billions, while for 1929 it was sixty-nine billions.
>
> It is true that there has been a change in the purchasing power of the dollar between 1914 and 1929, but this change in money value is but a fraction of the difference between the total value of manufactured products in 1914 as compared with those for 1929.
>
> As the great annual increase in the national wealth from 1922 to 1929 was due principally to the wealth created by industry rather than by agriculture, a review of the causes for this increase will assist in a clearer understanding of the principal reason for the depression which began with the fall of 1929 * * *.
>
> It was in the United States that mass production had its origin. It is this American system of production, made possible through the application of more practical and scientific methods than are to be found elsewhere, that we owe the astounding annual increase in the value of manufactured products during the period under consideration.
>
> New conceptions relative to the methods of manufacturing products began to indicate themselves effectively some 30 years ago. What was termed "scientific management" began to assert its influence. The chemist, the mechanical, the electrical, and other technically trained engineers began to emerge from the laboratory and enter the workshops for the purpose of directly applying their skill and technical knowledge to every form and method and system of production then in existence. * * *
>
> There was a most rapid development in the invention of automatic and semiautomatic machinery. The use of machinery was greatly increased. The power applied to the operation of machinery per workman was doubled and trebled. Thirty years ago it was less than 2 horsepower per workman in the manufacturing industries. In 1929 this had increased to 5 horsepower per workman. * * *
>
> Mass production has been accompanied by a most rapid increase in the per capita volume of production in our industries. Federal statistics indicate that during the eight years ending in 1928 over 925,000 workmen were eliminated from our manufacturing industries, some 800,000 from agriculture, and approximately 250,000 from railway transportation. Yet with this greatly reduced army of workers manufacturing, agriculture, and railway transportation were of considerably greater volume than seven years before.
>
> It is this constantly increasing production per wage earner which has made labor costs so low in our country. In a number of our industries the labor cost in the United States has been lower than in other countries although the dollar-and-cent wage has been considerably higher.
>
> The American freight train hauls several thousand tons more than those in other countries. The American agricultural worker, particularly in the wheat fields, sows and harvests the wheat at a considerably lower labor cost per bushel than in those countries where coolie labor receives 9 and 10 cents per day.
>
> The American coal miner, working under the union wage scale, receives a considerably higher dollar-and-cent wage per day than the coal miners of any other country. But the average output per workman in the American coal mines is well over 4½ tons per day, while in England it is but a slight fraction over 1 ton, and in several of the continental countries of Europe less than 1 ton per capita.
>
> The predominance of American industry in the use of machinery is indicated in the following statistics giving the value of the machinery absorbed per year per capita in certain large countries.
>
> In 1913 the United States absorbed $15 per capita in machinery. This amount had arisen to $23 in 1925.
>
> In 1913 Great Britain had absorbed $5 per capita in machinery. This had increased to $10 in 1925.
>
> In 1913 Germany had absorbed $7 per capita in machinery. This had increased to $9 in 1925.
>
> In 1913 the machinery absorbed per capita in India amounted to 10 cents. This had increased to 17 cents in 1925.
>
> In China the amount absorbed per capita for machinery in 1913 was 14 cents. In 1925 this was reduced to 5 cents.
>
> In some of our American industries the per capita production since the war has been increased many hundred per cent. Where automatic machinery has almost wholly replaced hand labor, the output per workman has been increased several thousand times. Even in such an industry as agriculture, so our highest authorities inform us, the agricultural workers' output has been increased approximately 300 per cent since 1900.
>
> Volume and value being taken into consideration, it is found that many American workers have been paid a lower dollar-and-cent wage for the volume of their output than the workmen of a number of the other large industrial countries.
>
> Although the Nation had contracted a debt of $25,000,000,000 as a result of the World War, the burden apparently placed no check upon the rapid growth of national wealth. The national income increased to such an extent that Americans, while amply financing our industries and commerce, were able to lend some seventeen (now nearly nineteen) billion dollars to foreign individuals and foreign countries, in addition to the national loans to the allied nations.
>
> Although a most serious depression has afflicted us for 18 months (now nearly three years) our banks contain more money than ever before, and this is being lent on good securities at the lowest rates of interest in our history. There is no famine of money in the bankers' vaults, although industry is seriously depressed and at least six (now eight) million wage earners are wholly unemployed, with a large army of others employed part time. * * *
>
> The depression came at a time when the production of wealth in the United States had reached a pinnacle never before attained. The foodstuffs grown were greater in volume than ever before, the banks held more wealth. Even now, with stark poverty facing millions of wage earners, we find our grain elevators bursting with wheat and the bankers' vaults congested with money which they are vainly seeking to invest.
>
> There are most valid reasons for believing that the present depression was caused by the economically unsound policies which governed the captains of industry and finance during the so-called years of prosperity, 1923–1929. It was their incapacity to understand the economic results which must follow the business policies they were carrying out. It was their lack of understanding or their avaricious desire to acquire fabulous wealth in the

shortest time possible, or a combination of these, which brought about the calamity of the depression which now presses so destructive a burden upon at least one-fifth of the Nation's wage earners.

If we are to more clearly understand what was transpiring after 1922, it must be kept in mind that our export business never has supplied a market for the great bulk of our industrial production. * * *

From the days of the Civil War our total exports, including agricultural as well as manufactured products, averaged approximately 7 per cent of the whole. Our export of manufactured goods was increasing to an encouraging extent before the World War, but the enormous national debts incurred by European countries, their dominions and their colonies, led each to build up their manufactures as rapidly as possible. Most of them hoped, in addition to manufacturing for their own home market, to find in an export business the means of securing wealth with which to pay their debts.

The competition of manufactured goods in the world's markets became more keen. One effect of this world-wide condition has been to handicap our Nation's export business; and this handicap has been increased not a little, so far as our manufacturing industries are concerned, by the establishing of American branch plants in foreign countries and the enormous loans made by Americans privately to build up the business of foreign manufacturers. * * *

As our industries recovered from the depression of 1921, there were some outstanding facts with which our captains of industry and finance were familiar. The American system of industrial labor mass production had firmly established itself. But it was apparent that the full results of the application of power, machinery, and scientific direction of industry had scarcely accomplished more than to open the doors to the still greater efficiency of methods and processes which would be developed.

The chemists, the metallurgists, the technical and production engineers, were constantly improving upon the system of production they had established. This led to that constant elimination of workmen which has been called technological unemployment. Unless new industries, comparable in a way to the development of the automobile, were created, it would be impossible for a large number of workmen already displaced and to be displaced in the future to find unemployment.

It is true that the production of automobiles created new employments, and that larger numbers displaced found work in personal service and professional entertainment. It was equally true that a large number of the skilled workers eliminated from the manufacturing industries and railroads had been unable, even when they did secure other employment, to secure wages equal to those formerly received. The skilled worker, eliminated even in early middle life, can not acquire the same degree of skill in some new industry which will bring equally high wages.

There existed another well-established condition vitally affecting American industry—the growing difficulty of increasing our export of manufactured goods. Our business leaders had no reason for believing in 1922 that there would be any material increase in the volume of our exports. It was evident to those having control of our industries that approximately 95 per cent of our manufactured goods must be sold in the American market. They were also aware that approximately 80 per cent of our population is composed of wage earners and their dependents.

It did not require exceptional intelligence to realize that the capacity of the American wage earners to purchase what was being produced depended upon their real wage, the purchasing capacity of the dollars and cents in the pay envelope. If industry and commerce should fail to pay wages having a sound relation to the wealth being created, then, in addition to injuring the wage earners, industry and commerce itself would be seriously and perhaps dangerously affected.

It was the failure of our captains of industry and finance to be influenced by the evident economic facts which created the disastrous injury to the market in which their goods must be sold, and which, more than anything else, brought about the depression which overwhelmed the country in the winter of 1929. * * *

There have been periods when our bankers were able to make their business a most profitable one, but never was there such a gathering of profits as during the years which followed 1922. In December of that year the capital of the banks, members of the Federal reserve, was $1,940,000,000. This capital in 1929 had increased to $2,757,000,000. Their surplus at the end of 1922 was $1,625,000,000. At the close of December, 1929, this had increased to $2,864,000,000. Their undivided profits when 1922 closed were $797,000,000. The undivided profits had increased to $1,086,000,000 at the end of 1929.

This financial record indicates the great increase of capital acquired by the member banks of the Federal reserve, who represent approximately 70 per cent of the Nation's banking. This accumulation of reserves was paralleled by the net addition to their profits, which in 1922 amounted to $299,000,000 and in 1929 reached the huge sum of $556,000,000.

This period of rapidly increasing annual profits was accompanied by equally satisfactory dividends to the holders of the banks' stocks. In 1922 the fortunate holders of these stocks were paid $246,000,000 in dividends. Dividend payments increased from year to year, and in 1929 $408,000,000 were paid in dividend checks. The total deposits in these banks in 1922 was $27,288,000,000; in 1929 they had increased to $38,014,000,000. * * *

During the period following 1922 the annual value of manufactured products increased enormously, but not so rapidly as the bankers' profits. The total value of products manufactured in 1923 was $60,529,000,000. In 1927 our manufacturing industries did better, for the total value for that year was $62,718,000,000. This increase in the total value of manufactured products was eclipsed by the two years which followed; years during which rapidly added impetus was given to the causes which are principally responsible for the present depression. In 1929 the total value of manufactured products mounted to $69,417,000,000.

Keeping in mind the fact that the home market was the one upon which our American manufacturers were forced to depend for the sale of 95 per cent of their products, it is interesting to compare the total volume of wages paid in the manufacturing industries with the value of manufactured products.

In 1923 the total wages were $11,007,000,000. Although the value of manufactured products had increased in 1925 more than $2,000,000,000 above 1923, the total volume of wages in the manufacturing industries that year was less than in 1923, and the same is true for 1927. In 1929 there was an increase, for $11,421,000,000 were paid in wages.

Although the total value of manufactured products was practically $9,000,000,000 more in 1929 than in 1923, the total volume of wages paid in these industries in 1929 was but little more than those paid out in 1923.

Unless there had been an enormous increase in the wealth flowing to the agricultural population, and a similar great increase in the purchasing capacity of those employed outside of the manufacturing industries, it is evident that the mass of the people were much less able to purchase what was being produced in the United States in 1929 than they had been in 1923.

While the total volume of wages in the manufacturing industries was but a trifle more in 1929 than in 1922, all wages were less in 1929 than in 1926.

How did the owners of stocks, the captains of industry and finance fare during this period? In 1922, the total of dividends paid by all corporations was $930,648,000; in 1929, $3,478,000,000 were paid in dividends. Bondholders and the banks fared as well, for all corporations paid $2,469,000,000 as interest in 1922, while in 1929, the interest payments amounted to $7,588,000,000.

The failure of industry and commerce to pay wages in proportion to the wealth being created, resulted in a serious depression, or lack of consuming power, in the very market in which the manufacturing industries were compelled to depend for the purchase of 95 per cent of their product.

It is true that our American industries were engaged in turning out producers', as well as consumers' goods, but this fact does not change the economic unbalance which resulted through the failure to pay an economically sound wage. * * *

Mr. Frey shows in a chart accompanying his study that from 1899 to 1929 the workers' producing power increased about 65 or 66 per cent, while his pay in real wages (purchasing power of dollar wages) increased in the same period only about 23 or 24 per cent. Therefore, while his production per man increased 65 or 66 per cent, his ability to buy what he made actually increased only 23 or 24 per cent.

In another chart it is shown that in the period from 1899 to 1929 the annual value of manufactured products rose from about eleven billions in 1899 to $69,417,000,000 in 1929, while annual wages in manufacturing industries rose from about three and one-third billions in 1899 to only $11,421,000,000. In other words, while the annual production in 1929 had risen to approximately six and one-half times that of 1899, the 1929 real wages were less than four times as much as they were in 1899.

Another chart shows that from 1913 to 1929 hourly dollar wages rose about 132 per cent but that real wages, based on the purchasing power of the dollar, rose in the same period only about 40 per cent.

In a study of wage earnings it is necessary to bear in mind that a change in the amount of money received by the workers per unit of time is of significance to them only in relation to what those wages will buy. It is the real value of wages or earnings that determines whether a change in the money earnings has improved or lowered the financial position of the worker. For this purpose indexes of real earnings are computed generally by dividing the indexes of money or dollar earnings by the index of the cost of living.

For example, if the weekly earnings increase 20 per cent between two given dates, and the prices of commodities and the cost of services that enter into a wage earner's living expenses also increase 20 per cent, no benefit accrues to the workers. If the cost of living rises less than 20 per cent, the wage earners are in a more favorable financial position. If the cost of living rises more than 20 per cent, the wage

earner is in a less favorable financial position. That is what constitutes the difference between dollar wages, so called, and real wages, which is purchasing power.

So we see that the real purchasing power of 80 per cent of our customers was not keeping pace with the increase in the production. Another chart included in the article quoted shows this very clearly in another way. From 1900 to 1929 our population had increased only slightly more than 60 per cent, or a fraction more than 2 per cent a year, while the volume of products per annum had increased at the peak of 1929 about 250 per cent, and the value of those products had increased per annum about 650 per cent. So population increase was not keeping pace with manufacturing increase.

Of another chart showing the increase of total incomes of all individuals, the value of manufactured products, the volume of wages of all wage earners, and the salaries of all salaried employees, Mr. Frey says:

The most startling feature of chart No. 7 is the curve showing the volume of wages for all employees, which includes all wage earners in addition to those employed in the manufacturing industries. Here we find that, after increasing slightly from 1925, they remained at the same volume for a year and then after 1927 began to go downward, so that while the total national income and the total value of manufactured products were rapidly increasing, the total volume of wages paid in the United States actually decreased. It is not surprising that, with this reduced capacity to buy, the mass of the people were unable to purchase the goods from which the investors, the banks, and the captains of industry had been reaping such enormous profits.

Chart No. 7, in conjunction with chart No. 6, helps to visualize the statement recently made by Dr. Julius Klein, Assistant Secretary of Commerce, that real wages increased 13 per cent from 1921 to 1929, but that during this period the return to industrialists grew 72 per cent, while the gain in dividends on industrials and rails increased 256 per cent.

The outstanding economic facts of the so-called period of prosperity from 1922 to the end of 1929 present a depressing picture of economically unsound and destructive business policies. There is little if anything in the basic statistics to encourage or create confidence in the future. It is apparent that during this period the American wage earner was considered almost wholly as a producer of wealth, and that he was disregarded as the major consumer of the Nation's products.

In 1922 it was known that we could hope to export little more than 5 per cent of our manufactured products and that the bulk of our manufacturing industries must depend for their market upon the 80 per cent of the population represented by the wage earners and their dependents. Yet a business policy was carried out which could have no other effect than to steadily weaken the consuming market.

There are basically important moral and social questions involved in the just distribution of the annual wealth created, which must be considered in connection with the national welfare, but at present we are attempting to deal only with the economic factors.

The business practices carried out during the period under consideration, instead of solidly building up the Nation's prosperity, were in reality tearing it down, destroying it, for they were basically unsound.

Many of those who are responsible for the catastrophe because they failed to pay an economically sound wage are now informing the American public that the only hope of recovery is to still further reduce the total volume of wages. They are like the farmer, who, believing that his horse was eating too much gradually reduced the daily ration to the vanishing point, and then remarked to a neighbor, "I had just brought the rations down to the limit when the danged brute laid down and died."

After 1922 the nourishing blood of the national wealth filled the arteries of industry and commerce, but the financial heart, instead of pumping it throughout our economic system, created congestion. Instead of nourishing the Nation it caused a stoppage, the partial paralysis which we call the depression.

Our captains of industry and finance now find themselves much in the position of Midas—smothered by the hoards of gold they had heaped up. If they alone were the present sufferers because of their economic shortsightedness, there would be a large measure of justice in their situation; but their fatal economic policies have wrought havoc and spread suffering to millions of American wage earners and their dependents.

The period from 1922 was marked by the extension of combinations in finance, industry, and commerce. Mergers, trusts, and holding corporations not only increased rapidly in number but in their wide control. Certainly the period was not one in which sound economic policies guided those in control of the Nation's activities. What occurred bears much more resemblance to the law of the jungle than to the sane management of business by those responsible for its development.

The Nation fervently desires a return to prosperity, but if the improvement, which must come one of these days, is to be featured by the same unsound distribution of wealth which prevailed after 1922, then instead of prosperity we will be entering into another period during which the seeds of future business catastrophe will be sown. * * *

Having thus looked into the causes of the condition in which we find ourselves, we come to the question of what to do.

That we are in the midst of what is known as the "long type" of depression similar to that of 1873–1879 is now evident. As has been said, the question is, are we still plunging downward to further bank failures and bankruptcies, further wage reduction, further unemployment, further privation and suffering, further drain upon the charitable institutions, and finally, to rioting or the dole, or can we arrest the downward plunge and start to spiral upward again?

Another set of charts published by Young & Ottley (vol. 2) are significant. One chart shows (Chart No. VII) that from 1929 up to March 1 of this year employment had decreased roughly about 30 per cent while pay rolls have decreased about 55 per cent, showing the effect of wage cutting in addition to lay-offs. This means that if the workers had had no reserve savings, the purchasing power of 80 per cent of our market would have been 55 per cent destroyed. But savings held the purchasing power up for a while so that now business activity is down roughly 40 to 45 per cent.

Commodity prices have decreased since 1929 by 35 per cent, farm products by 55 per cent, and yet the purchasing power of the dollar has risen over the United States only 20.5 per cent.

It would seem at first glance that if commodities have gone down 35 per cent the purchasing power of the dollar should have increased in ratio. But the difference is in services and other items (besides foodstuffs and clothing), which have not decreased so rapidly. The total cost of living, including all items and services, at January 1 of this year was only 17 per cent lower than December, 1929. (National Industrial Conference Board (Inc.), New York, "The cost of living in the United States in 1931," p. 4.)

So, then, we find that instead of the purchasing power of the dollar having increased 45 or 50 per cent since 1929, as we are told frequently, the fact is that to-day's dollar will buy only 20.5 cents more than did the 1929 dollar. (Ibid., p. 49.) The cost of living to-day, despite the 17 per cent drop, is still 34 per cent above the level of July, 1914, so the cost of living has not gone down to pre-war levels as we are so frequently told. (Ibid., p. 4.)

It is estimated that about 8,000,000 people are unemployed in the United States at this time. Whether that estimate is correct no man can say. It is also estimated that about 12,000,000 more are on reduced time or reduced pay. Just how accurate that figure is no man can say. One close student of economics, basing his calculations on reduced business activity, reduced pay rolls, reduced employment, and increased hoarding, estimates, probably correctly enough, that about 40,000,000 of our population are without any income, although they still have some consuming power—through charity or savings.

This economist disagrees with some other authorities as to the actual number of citizens whose purchasing power has been cut off through unemployment. Many statements have been made to the effect that because the average number of persons in the family in the United States, as shown by the census of 1930, is 4.1, there are that many persons in the average wage earner's family. This economist points out that this could not possibly be true since the census of 1930 shows that the number of persons normally employed at gainful occupations in the United States was 48,832,589. (New York World Almanac, 1932, p. 44, 1st col.)

Based on this number, to say that three other persons are dependent upon the worker would require a population of 195,330,356 persons, whereas the census of 1930 disclosed for this country a population of only 122,775,046. Therefore, allowing for a leisure class, an average of two and one-half persons to the wage-earning family—the worker, his wife, and half a child, so to speak—would show a population dependent upon gainful employment to be the number of workers multiplied by 2½, or 122,081,472.

But considering the reduction in pay rolls, in employment, and so forth, it is safe to say that, roughly, one-third of our population, or 40,000,000, have, in effect, lost

their entire purchasing power and nine-tenths of their consuming power.

Figuring 8,000,000 workers to be entirely unemployed, at two and one-half persons to the family, would give a total of 20,000,000 without income. Added to that, we have a farm population, according to the 1930 census, of 30,477,550. (New York World Almanac, 1932, p. 305.) This population has lost at least half of its purchasing power, which in actual results would equal another 15,000,000 totally without purchasing power. This would bring the total of those without income up to 35,000,000. Then other gainfully employed persons who are on part time or reduced wages or salaries would make up the balance.

This figure of 40,000,000 persons without income or purchasing power agrees with the fall in business, in rail loadings, and so forth, closely enough to make it a good working figure.

It may be fairly assumed that we have a condition in this country which equals one worker in every four being without income or purchasing power, which would mean, roughly, that 25 per cent of our normally gainfully employed are out of employment now.

It must be evident that since at least 93 per cent of our market is within our own country (more than that now), and since more than 80 per cent of our entire population—consumers—is made up of those who normally are gainfully employed and their dependents, that our greatest avenue of recovery must be, not abroad in foreign markets, but at home in our domestic market. Our first concern should be the restoration of that 25 or 30 per cent depleted purchasing power which means that at least that much consuming power at home. How may that be done?

But one possible way is open. That is to get the unemployed back to work. And there is but one economically sound way of restoring these unemployed sufferers to employment, and that is by dividing up the available amount of work.

That means either fewer days a week or fewer hours a day, or both. The fact is that to completely take up the slack that has accumulated and stop the depression immediately it will be necessary to go to a 5-day week with a 6-hour day. Now, what would that mean?

It would mean no reduction in the hourly wage rate; in fact, wages could and should be put back to the 1929 level. But it would mean that each worker now employed would work one-fourth less time and would receive one-fourth less income than he did in 1929 until more prosperous conditions returned. It would mean that men now unemployed would have jobs. It would mean that the purchasing power of all our people, at least to the point where the necessities of life could be had, would be restored. It would mean that the wheels of our factories would necessarily begin to turn to supply the demands of this restored consuming class. It would mean much desired increase in the price of commodities, especially farm products. In short, it would mean a return to better wages and a short cut to normal prosperity.

Now, how would this work out in practice? It simply would mean that there would be a 25 per cent increase in purchasing power of all the people, and temporarily a decrease in the accumulation of savings of 80 per cent of the population, for the wage earner who now makes more than enough to live on comfortably is hoarding the rest of his earnings over and above necessary expenditures. He can not be blamed, for he does not have any assurance that his job or his wage standard will be continued for any given length of time.

It is true, if statistics published in an issue of the American Mercury last year are correct, that the gainfully employed contribute 87 per cent of all charitable funds, so the worker who is now employed is having to give up some of his income to keep his brother worker in idleness, on a starvation basis, in the rôle of beggary, all of which is unsound both economically and sociologically.

It is, of course, impossible to give exact figures for the increase in dollars which would flow directly into our markets at home through adoption of the 5-day-week, 6-hour-day plan. Figured on only a dollar a day basis, which is a most conservative figure, if 40,000,000 people now without purchasing power were given a dollar a day to spend for necessities, this would appear to assure a flow of $40,000,000 a day into commerce and industry, which would equal the stupendous sum of $14,600,000,000 a year. Other factors too numerous to mention here (such as subtraction of moneys now spent in charitable contributions for those presently unemployed) would enter into the picture, but it is certain that many billions of dollars—far more than our foreign markets bring—would pour immediately into our domestic markets. And these certain beneficial results would immediately begin to accrue:

First. Resumption of industry with an immediate improvement in farm prices as the result of increased demand for same.

Second. Stabilization of employment.

Third. Stimulation of all lines of production.

Fourth. Restoration of confidence in the future.

Fifth. Ease of strain on financial structure.

Sixth. Restoration of people's faith in their Government.

Seventh. Abolition of fear which results in hoarding.

Eighth. Rising prices.

Ninth. Reduction of strain on charitable organizations.

Tenth. Rising wages as industry recovered.

Eleventh. Stabilization of living standards at a point slightly below those of 1929.

Twelfth. A greater independence of foreign markets, most of which are gone from us for years to come.

Thirteenth. A new era of self-contained and stabilized prosperity.

Fourteenth. Rising values of all stocks and bonds.

Fifteenth. Balancing of the Budget through increased flow of income taxes and a repeal of all "nuisance" taxes.

Sixteenth. Increased dividends and interest payments.

Seventeenth. Prevention of an appalling social and financial cost in the future due to social and physical evils now being set up by bitterness, fear, worry, malnutrition, and privation.

Many other benefits would flow from the adoption of the plan of spreading the work available among all the workers. We are at present giving little thought to the appalling costs we are piling up for the future by our present conditions. We hear that nobody is starving. Starvation is not a matter of a given period. The individual who drags through weary months or years of privation and malnutrition to fall victim to some ailment which, were he normally sustained, he would successfully resist, is the victim of starvation just as surely as the man who may starve in a few weeks because he has had no food at all.

The cost to support the mentally or physically deficient, the criminally inclined, the cost of apprehending, prosecuting, and convicting the future criminals who may be made as a result of conditions of the present, can not be calculated, but it will be stupendous.

Congress can not put the shorter week-day plan into execution throughout the industry of the United States without a constitutional amendment. And a constitutional amendment could not be achieved in time to arrest our downward plunge in this depression. But the Congress can, in so far as the Government is concerned, adopt the plan, because in that case the Government is the employer.

The SPEAKER. The time of the gentleman has expired.

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to proceed for an additional ten minutes.

The SPEAKER. Is there objection? The Chair hears none.

Mr. WOODRUFF. Mr. Speaker, a modification of this plan was offered as an amendment to the economy bill under consideration in the House recently. It was offered by the gentleman from Iowa [Mr. RAMSEYER], and it followed the suggestion offered several times by President Hoover. It provided for a 5-day week only. I supported this amendment.

A further investigation and a scrutiny of available statistics disclose the fact that the Ramseyer proposal did not go

far enough. It should have also provided the 6-hour day. It was unfortunate that the proposal was defeated. It should have included the 6-hour day. Accepted, it would not only have preserved the jobs of the Federal workers now employed, but it would have added many thousands of those now unemployed to the numbers thereof and at the same time affected a substantial saving to the taxpayers. The Democratic majority of the House, in my judgment, was most unwise in rejecting this amendment.

If Congress would adopt the plan I am now offering, and if such action could be immediately followed by a conference between a coalition of leaders of both political parties in the House and Senate, with representatives of finance, industry, labor, and commercial organizations like the United States Chamber of Commerce, there is no question but that the plan could be put into execution—with sufficient propaganda in the press—to be effective in every line of industry in this country within a short time.

It is all well enough for doubters to say, "How would you prevent selfish interests from either refusing to cooperate, or, if pretending to cooperate, from violating the agreement?" My answer to that is this: Everybody old enough remembers the Liberty bond campaigns. There was no legal requirement for anybody to buy a Liberty bond in the days of the war, but every Member of this Congress knows what happened to the individual who refused or evaded the purchase of Liberty bonds. If this Congress, the administration, finance, industry, organized labor, and the press got behind a patriotic movement for the 5-day week, 6-hour day plan, in the interest of the welfare of this country, what employer would dare refuse to cooperate? How long could he evade? His own employees would expose him at his first attempt to violate the agreement, and popular resentment would ruin his business in a month. The plan can be put over and put over quickly if we are determined to do it.

Now, the argument arises that we are asking the wage earners and the salaried employees to give up 25 per cent of their gross income to save their country. That is true. And if the wage earner does that, then we can and are now demanding that wealth make the same proportionate sacrifice, too, through drastic increases in income and estate taxes, in order to more quickly reestablish this country upon a stable basis. Why? Because the stocks and bonds held by the wealthy would rapidly rise in value; dividends would be resumed; interest payments would be resumed; the personal security of the wealthy would be assured; the stability of this Government would be assured—and, mark you—nobody needs stable Government more than those who have the most wealth.

The financial leaders, the industrial leaders, the wealthy would be quick to see those benefits, and just as rising values of stocks and bonds and resumption of dividends and interest payments would soon wipe out the effects of this sacrifice on the part of wealth, so would rising wages soon wipe out the sacrifice on the part of the wage earner. We would be spiraling back upward toward at least a 90 per cent stabilized prosperity in this country, and of course everybody would be benefited by that, just as everybody has been hurt, badly hurt, by the downward spiral we have been and still are following.

So, then, if the Government takes the lead in this plan, it must be followed by private employers doing likewise; and the machinery is already set up for the plan to be put into effect. We have chambers of commerce in every city and village; we have banks in every city and village; we have central labor councils in every section; business and industrial interests could be assembled in conference in every community and the plan put into effect with very little delay.

Now arises the question, Would the wage earners agree to this plan? My answer is they would. They see the evil of cutting wages and asking workers to work eight hours for less than eight hours' pay. Suppose we had a private industry employing four or five thousand men; suppose the employers assembled their workers and said:

"Now, boys, we are faced, as you are aware, with this situation: There is business enough only for 75 per cent of our force and our capacity. Either one-fourth of you men must be laid off to go hungry, and with your families to go into the bread lines or you must all work one-fourth less time with no decrease in your hourly base rate of pay, but with a temporary decrease of one-fourth of your daily income in order that your unfortunate and unemployed comrades may also have jobs. Now, if we have to discharge one-fourth of you, we will put all your names in a hat, shake them up and the first 25 per cent of names drawn out lose their jobs; therefore, we can not tell which of you would go. The rest who would remain at work would have to give some of their earnings as charity to help keep their unfortunate, idle comrades from starving. Now, you boys decide this—vote on this proposition—if one-fourth of you boys lose your jobs it will be because you have decided it yourselves—now vote."

Who doubts that each of those men would vote for the same base wage to continue and hours and days of work to be cut one-fourth, rather than chance losing his job? Who doubts that the great majority of American workingmen would gladly accept this proposition if by so doing they were making it possible for all to have jobs and at the same time hasten the return of normal conditions?

The wage earner resents having his wages cut. And he should. If he is worth a certain wage for a certain amount of work one time, he must be worth the same wage for the same amount of work another time. But he can, in my opinion, and does understand the necessity for having to share up his work with his unemployed comrades, for he, to the extent of 87 per cent, is having to support that unemployed brother and his family now. So the sacrifice on the part of the wage earner would be a willing and voluntary sacrifice instead of an unwilling and enforced sacrifice.

The wage earner would object to and resent having to take a 25 per cent reduction in his gross income for the good of his country unless wealth made an equal sacrifice, and he should resent any such unfair proposal. Therefore, he would have to be assured that wealth would make its sacrifice too, and the faith would have to be kept. Congress is now providing such sacrifice on the part of wealth through drastic increases in the income and estate taxes, as I stated a moment ago.

We are face to face with the most serious situation in the history of this country. We must act now. The greatest burden has not yet fallen upon the charitable organizations. Millions who have not been heard of in this depression are moving toward the bread lines. Why? Because as the depression continues the savings of the thrifty are being consumed in supporting not only themselves but their unemployed relatives. Those savings are rapidly becoming exhausted, and that means that usually not one family but two or three families are thrown upon the public charge as each savings account is exhausted.

The effects of the depression become more rapidly and progressively cumulative. It is like a snowball started rolling down a mountain—the more snow it gathers the bigger it becomes; the bigger it becomes the more snow it gathers.

The emergency measures which have been adopted so far have all been beneficial in their way as temporary expediencies, but they are not enough. Through them we are treating the symptoms only. Necessary treatment, yes. But to cure permanently this patient the cause of this national illness must be removed. Unless and until labor is restored to those willing to work, until the purchasing power is pumped in at the base line of the structure—consuming power—through the resumption of wages to the wage earners, this depression will not lift but will become worse, and the patient will die. There is no other place to pump new blood into the anemic economic structure, and achieve lasting benefits.

Regardless of how much wealth one man may have, he can consume only so much food, wear only so many clothes, use only so many automobiles, use only so many doctors, have only so much laundry done. And it must be obvious that one man having all the wealth could not consume as much, waste as he would, as would 122,000,000 people with the wealth distributed among them. Money is not the only

limit of consuming capacity. So we must inject new life into the foundation, and when that is done, demand will turn the wheels of industry, labor in factory and on farm will be profitably employed, finance will again find investment at profitable rates and we will spiral upward. If we do not do this and we continue to spiral downward, no man can now foretell the extent of the evil results which may ensue.

To the thoughtful person this indicates that we are confronted with the selection of one of two roads we must follow in the future. We must either so arrange our affairs that there will be a limited amount of employment for all at fair and equitable wages or we must go down the years with an ever increasing number of those constantly unemployed for whom the balance of us must provide the necessities of life.

The thing taking place in the country and the world is complete economic readjustment. An exhaustive study of statistics and conditions will convince the most skeptical that a proper readjustment can come only from a frank acknowledgment of the situation so ably outlined by Mr. Frey, and a mutual determination on the part of industry, finance, and labor that the benifits of their combined endeavors shall be more equitably distributed. It is only in this way that the consuming power of the American people can be kept at a point where industry and finance can be profitably and continuously employed. All statistics show conclusively that benefits to labor and to agriculture have not kept pace with those to industry and finance, and until this condition is corrected no lasting benefits can accrue to any one of them.

The specific benefit of this plan to agriculture is manifold. The farmer's market is not among other farmers. It is among the non-agricultural classes, most of whom are the factory workers, the white-collar workers, and other gainfully employed persons of the towns and cities, who do not produce foodstuffs but do produce manufactured goods or service. With restoration of the consuming and purchasing power among the other gainfully employed, a demand for agricultural products which does not now exist by reason of reduced purchasing power would be revived. This, in turn, would result not only in an increased market for farm products, but the demand would, under the operation of the law of supply and demand, also increase the price for these products.

This is one of the phases of this whole plan which most strongly commends itself to me, because it now agreed by every economic authority in the United States that this country never can again be normally prosperous until agriculture has been made prosperous. The dry maxim that the farmer is the backbone of the country has been repeated so many times it has come to be regarded as a political expression rather than an economic fact. But it still remains an economic fact that agriculture is the backbone of this Nation and that until we can evolve some plan which will offer prompt and permanent relief for the American farmer, along the lines of sound economic production rather than governmental loans and encouragement to get further into debt, this country will not again be prosperous.

Mr. GARBER. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. Yes.

Mr. GARBER. Just what remedial legislation does the gentleman believe would be helpful to agriculture in the way of increasing the purchasing power?

Mr. WOODRUFF. I think the restoration of the purchasing power of the consumers of farm products through the plan I am submitting is the shortest cut to a prosperous agriculture. As a matter of fact, there can be no prosperity for the farmer unless the consumer has the money to buy. If we put into the hands of the city wage earners money with which to buy the crops of the farmers, it will create a genuine demand for those products, and prosperity will quickly come to the farmer through that demand. The McNary bill, reported the other day by the Senate Committee on Agriculture, if enacted into law, would make effective the tariff on agricultural products of which there is an exportable surplus, and this also would be helpful.

The American farmer at times needs governmental loans, but he much prefers to raise his agricultural products by his labor and then have a fair market in which to sell these products at a fair price, which will afford him a fair profit on his investment and a fair return on his labor and managerial effort.

The plan proposed here is a permanent plan, to be revised and made more efficient as experience is gained. It is based upon the 5-day week, made necessary by the development of labor-displacing machinery. It can be expanded when necessary by increasing the hours of labor per day. It can be contracted by decreasing the same, leaving all our people employed at all times. It has the virtue, among others, of offering agriculture the kind of relief that agriculture has been crying for, namely, a fair market in which to sell its products, a fair price for these products, with a fair return in profits for the energy, experience, and labor expended. [Applause.]

THE OIL INDUSTRY

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a statement by the chairman of the petroleum division of the American Mining Association.

The SPEAKER. Is there objection?

There was no objection.

Mr. GARBER. Mr. Speaker and Members of the House, while the oil industry is among the most widely patronized, yet at the same time it is among the least understood of all industries. Permit me to give you a suggestive outline.

Oil and its refined products comprise several important major industries. The producing industry, with its 300,000 producing wells, on an average drills 20,000 wells annually at a cost of $500,000,000, producing in 1930, 896,265,000 barrels of crude oil.

The transportation industry has a mileage of trunk and gathering lines of more than 100,000 miles. It has 150,000 tank cars and furnishes a greater railway tonnage to the railroads than any other industry. Its transportation by water includes 369 steam and motor tankers with a gross of 2,314,000 tons.

The refining industry has 1,035 refineries in 30 different States with a daily capacity of 10,516,000 barrels, representing 85 per cent of the world's refining capacity and one-fifth in total value among the manufacturing industries of the United States.

The marketing of crude oil and its refined products is likewise an important industry. It not only handles the billion barrels of crude produced annually but in addition approximately 400,000,000 barrels of gasoline, 60,000,000 barrels of kerosene, 400,000,000 barrels of gas for fuel oils, and 34,000,000 barrels of lubricants. It has built up an export trade of approximately $500,000,000 annually. In its retail trade it has 350,000 service stations which supply gasoline and motor oil for the 27,000,000 motor vehicles.

These various industries of oil pay more than $100,000,000 annually in the way of taxes. The consumers of gasoline pay State taxes totaling $500,000,000 annually on gasoline alone. With the exception of the railroads, the building trades, and shipping, the industries are the next best patrons of the products of iron and steel.

The common impression is that the direct benefits of the producing industry are limited to the producers of oil, but such is not the case. There is reserved to every landowner a one-eighth of all the oil and gas produced, delivered free of cost to the owner's credit in the pipe lines. In addition to that, in the oil States nearly all the land, at one time or another, has been under lease for long periods of time at a rental of $1 per acre. These rentals go direct to the landowners, who in a large majority of cases are farmers, a farm of 160 acres of land receiving annually $160 in cash for oil rentals. This money has helped maintain the family on the farm in the payment of taxes and inter-

est on the mortgage. In the State of Kansas alone the actual income to the farmers of that State from oil rentals is approximately $10,500,000 per year, and the same is proportionately true in the States of California, Wyoming, Montana, Colorado, Oklahoma, Arkansas, Louisiana, and the other oil-producing States.

The rentals of land for oil are not limited to the close proximity area of a producing well. They extend fifty or a hundred miles from producing territory, affording a reserve of prospective oil territory to the industry. The royalty reserved by the farmer in producing areas is a cash asset which, when distributed, affords a source for small investments to all classes of people who likewise become interested in the producing end of the industry.

The direct benefits are perhaps as widely distributed, if not more so, than in many other industries. The mammoth and costly equipment of all the industries of oil is composed largely of steel, iron, and the products of motor and truck factories in our Eastern States, products in which the element of labor reaches as high as 75 per cent of the cost. Production must have its steel rigs, steel casing, steel drills, cables, storage tanks, pipe lines, boilers, pumps, and engines, the purchase of which products affording steady employment at good wages to labor in the eastern iron plants and steel plants. It is an American industry with 90 per cent of its laboring men Americans.

There are 19 oil-producing States, a larger number directly interested in the production of oil than there are cotton States, wheat States, corn States, steel States, textile States. No other industry has an equal radiation of direct benefits or indirect benefits in the distribution of its production. The major industries of oil represent a capital investment of $12,000,000,000 by 2,250,000 investors and furnish employment to 2,000,000 men.

The following article by Earl Oliver, a leading representative citizen of Ponca City, Okla., and chairman of the petroleum division of the American Institute of Mining and Metallurgical Engineers, is incorported herewith for its constructive educational value. It is a brief statement of the ills of the industry, of the legislative program proposed, and the necessity of organized cooperative effort to secure an orderly rehabilitation of the industry, equally protective of the rights of the producers and the consuming public.

The article appeared in the issue of the Oil and Gas Journal of April 21, 1932, with the editorial comment following the article herewith.

OIL INDUSTRY'S PROBLEMS AND REMEDIES—CROSS-SECTION OF OPINION FROM MANY LEADERS SHOWS REMARKABLE SIMILARITY OF THOUGHT—PUBLIC SUPPORT NEEDED

By Earl Oliver, Ponca City, Okla.

The writer, under direction of the Oil and Gas Journal, interviewed many leaders of industry, of government, of law, of politics, in the endeavor to find out what is wrong with the oil industry, and, if possible, what the cure is. It would be impossible to set out in detail the many answers given, but in attempting to sift them out and find what they all mean, we believe we have found a remarkable similarity of thought running through them all. They differ in detail but in fundamentals they agree.

We have attempted to piece these answers into one complete whole in as simple a manner as possible. We believe the questions and answers hereafter propounded accurately represent a fair cross-section of opinion, as we found it to exist among well-informed leaders in these various fields of activity. They are given here in the hope they might help to simplify a somewhat complicated problem. We believe a sympathetic public opinion and unanimity of action can be developed toward correcting the oil industry's ills if the procedure hereinafter suggested, arising out of the observation of many men, is observed.

1. What is causing the petroleum industry's difficulties?—The basic laws of oil and gas conflict with sound engineering and economic principles and initiate a trail of results that dominate each successive branch of the industry. Even the destructive practices of the marketing branch are largely traceable back to the capture theory of ownership that forces crude oil on the market in excess of current demand.

2. How manifested?—By a competitive race to extract; by unfair division of oil and gas; by vast duplication of developing, producing, transporting, refining, and marketing facilities; by inefficient wasteful extraction; by failure of the law of supply and demand to operate effectively, thereby causing chronic overproduction; and by uncorrelated marketing—all resulting in high production and marketing costs, destructive sales competition, and elimination of profits.

3. With what result?—Ruthless destruction of the Nation's irreplaceable natural resources and economic chaos in the industry.

4. Who is injured, and how?—Oil company stockholders, through loss of capital investment and dividends; labor, through irregular employment; royalty and land owners, through decline of royalty, rental, and bonus payments; consumers, through destruction of supply leading to eventual high prices; the State, through loss of taxes; everybody, through demoralization of business.

5. Who is benefited, and how?—Nobody; not even the supply houses, for their business is rendered unstable by these conditions. The consumer's apparent benefit is misleading. He could enjoy the same permanent reasonable prices through sharing in the saving made possible out of production and marketing costs under proper methods, and in addition avoid later exceedingly high prices by delaying exhaustion.

6. Can these ills be corrected without changing the law?—No.

7. Why?—Because the law determines the right of each owner and thereby controls the method of development.

8. What changes in the law are necessary?—Changes that will promote instead of prevent the application of sound engineering and economic principles to the development of oil and gas pools.

9. Would this mean increased governmental supervision?—No. On the contrary, suitable changes would eliminate the need for extensive governmental supervision. The present laws promote methods of development and operation altogether unsuited to the products to which they apply. Suitable laws would permit the several States to dispense with martial-law control or State-employed umpires, and to hand back the operation of oil properties to their respective owners, to the great good of government, the owners, and society generally—for the State government has other more suitable functions to perform than to supervise in great detail privately owned oil properties as it is compelled to do under present oil and gas laws.

10. What should be the chief characteristics of these changed laws?—(a) They should be directed toward efficient development and production practices, not only in the public welfare, but that no one owner shall by his method injure another owner.

(b) They should substitute for the "capture theory" in oil and gas, regulatory action in development and operation that would have the same practical results as would "ownership in place," strictly applied.

(c) They should protect the small owner against injustice or elimination.

(d) They should protect the consuming public against exploitation in price or waste of product.

(e) They should provide for restricting production to market demand as estimated from time to time by some governmental agency—preferably by an interstate compact organization also authorized to negotiate for foreign restrictions (as per Secretary Wilbur's proposal).

11. Can the petroleum industry alone correct the difficulty?—No.

12. Why?—Because the petroleum industry is not the law-making body; also, because it represents only a small percentage of those who will be affected by the legal changes.

13. Who can correct these difficulties?—Legislative, judicial, and executive branches of Government, State and Federal.

14. Can they do it alone?—No.

15. Why?—They are neither sufficiently informed on the problem nor sufficiently supported by public sentiment.

16. What, then, is needed?—Education.

17. Of whom?—Oil men, royalty owners, landowners, consumers of petroleum products, voters, lawyers, legislators, judges, attorneys general, governors, Presidents, and other officials of Government, both present and potential, so that united thought and action might be developed among all interested parties.

18. On what?—On efficient engineering methods of oil-pool development and operation; on why and how present oil and gas laws interfere with application of efficient engineering methods, and on the penalties that are being paid because of the present laws by consumers of petroleum products, taxpayers, and society generally; also by royalty owners, landowners, individual producers, and oil company stockholders. The method should be that of true educational and factual information as distinguished from propaganda.

19. Education by whom?—By innumerable petroleum engineers, oil lawyers, company executives, and others who have made a study of those problems.

20. Why is it necessary to educate such a vast and varied number of people?—Because all these people are directly interested and consequently are entitled to a voice in settling the question; because they are not only entitled to a voice but can successfully demand it since they can defeat or control the proposed legislation, and will do so if its merits are not understood by them. Their power to defeat or control legislation is in proportion to their voting strength, and in that respect the consumer far outweighs all others. Since Government officials, who alone can change these laws, not only represent the oil industry but in like manner represent the consuming public that can and will remove any official who is believed to have betrayed their interest, it is imperative that the consuming public be educated as to the merits of the proposed change.

21. Can this vast educational program be successfully promoted without being well organized?—No.

22. What educational agencies are available? Trade associations, scientific and professional societies, governmental agencies, trade journals, newspapers, civic clubs, national-defense organizations, etc.

23. What is a trade association?—A voluntary combination of members of a class to promote the mutual welfare of its membership.

24. Name some trade associations that would be appropriate educational agencies for this purpose.—American Petroleum Institute, National Petroleum Association, Mid-Continental Oil and Gas Association, Independent Petroleum Association, Mid-Continent Royalty Owners Association, Texas Oil Conservation Association, etc.

25. What is a scientific society?—A voluntary association of members of a class to promote certain knowledge for the benefit of society generally.

26. Name some scientific and professional societies that would be appropriate educational agencies.—American Institute of Mining and Metallurgical Engineers, American Association of Petroleum Geologists, American Society of Mechanical Engineers, American Bar Association, State bar association, etc.

27. What is a government?—An organization of all individuals in a given area to regulate and control their mutual conduct toward each other.

28. Name some appropriate governmental agencies.—Federal Oil Conservation Board, Oklahoma Corporation Commission, Texas Railroad Commission, etc.

29. Are all the agencies named, together with trade publications and newspapers, needed in this educational task?—Yes.

30. Why?—Because of the magnitude of the task. Changing the habits of a vast industry and enlisting the confidence and consent of 40,000,000 voters, who are likewise gasoline consumers, to pass laws permitting that change is no small undertaking. Each of the agencies named will educate individuals within the circle of its own influence and the sum total of their several influences will be cumulative in effect, thus accomplishing the task much more rapidly; also because a task so handled is not only more certain to safeguard the rights of all interested parties, including consumers, but participation by their own leaders in formulating the change and promoting it will enlist the confidence and cooperation of those whose personal interests are affected. All the trade organizations affiliated with the oil industry are needed because the members of each have a special interest to protect. The scientific societies are needed to take the movement out of the realm of partisan activities and shape it to the welfare of society generally. Government agencies are needed not only to inspire confidence that the interests of all will be protected but also to assist in promoting the processes of law by which the change is to be made. The trade publications are the channels through which education is carried to those engaged in the industry, and newspapers are the channels through which education is brought to the consuming public. Civic societies are additional educational channels.

31. Can any one agency of these many successfully accomplish the task alone?—No.

32. Why?—In the first place it would be too slow. No one agency has force and influence to move the load. In the second place the movement must be taken from the realm of selfish group promotion and placed in the broader field of benefits to society generally before all the necessary influences can be organized behind it. These several agencies, including trade publications and newspapers, will not lend themselves to partisan propaganda, whereas they will lend themselves to the dissemination of scientific truth when that dissemination is clearly needed for the welfare of society. In the third place each individual and group naturally and properly feels that it is entitled to a voice in setting any matter involving its own welfare, and when excluded from exercising such voice resents the exclusion. Any single agency asserting the exclusive right to formulate solutions that involve the welfare of innumerable others will arouse suspicion, resentment, and opposition too great to overcome. Those excluded feel some advantage is being taken of them, and the suspicion is usually well founded, for a solution worked out by only one party in interest is likely to be biased in its effect.

33. How, then, can this great educational and legislative program be most effectively promoted?—By creating a central committee or organization that will gradually draw together into a united effort all the organizations named in questions 23 to 29, inclusive, that are willing to promote this movement, or such members of those organizations as favor the movement when the organization itself can not join in promoting it, because of divided sentiment among its membership. Stabilizing the petroleum industry is of sufficient consequences to justify taking whatever reasonable means will most effectively accomplish that end.

34. What should be the characteristics of the proposed central organization?—(a) It should be 100 per cent for the program; (b) it should be composed of individuals from every class of people that would be affected by the legislation; (c) its members should be selected, first, because of their peculiar fitness for the task undertaken, and second, because of their influence with their own class.

35. Why not use an organization already set up?—Because none of those now in existence meets the necessary qualifications. Having been organized for entirely different purposes, it is not to be expected the membership of anyone selected would be found 100 per cent for this program, or that it would be truly representative of all groups that would be affected by this legislation, or that the members were particularly fitted to promote or would take the time to study and present a complicated engineering-economic-legal problem.

36. From what groups should members of the proposed special organization be drawn?—From the oil industry, law, and government. From royalty owners and producers. From "independents" and "majors." From consumers and taxpayers. From State and Federal agencies.

37. Will not this diversity of representation make an agreement upon a program difficult?—No. Engineers are in 100 per cent agreement unit operation is the desirable method of oil-field development. Officials of government and leaders of industry both agree that some method should be devised whereby production can be restricted to market demand. Division of oil and gas from a common reservoir among the several landowners in proportion to the extractable content of their own land is generally regarded as fair. These are also the objectives sought by the oil industry. If it secures them it is not concerned by whom they are secured. If selection of membership is conditioned upon acceptance of these principles, with the purpose of promoting their adoption by legislation, the greatest element of division is thereby eliminated. The chief function of such an organization would be widespread education. Members of any organization who agree on the basic principles and are organized to promote them are not likely to differ on mere processes of education.

38. What are the chief obstacles to overcome in promoting this program?—Selfishness, fear, and suspicion—selfishness, in that each interest is frequently disposed to demand undue advantage at the expense of others and a deadlock ensues; fear of those competitors in whom much power is centered; and suspicion as to the good faith of those in position of leadership. Both unit operation of oil pools and restriction of production to market demand are being, and have been, regarded, misunderstood, and misrepresented by those opposed to them as mere devices of major oil companies to secure monopolistic control of the oil industry to the disadvantage of both the consumer and "independent." These two latter groups have such overwhelming voting strength that they can and will defeat any legislation promoting these remedies unless convinced said remedies would be beneficial to them.

39. How can these obstacles be overcome?—By education, by cooperation, and by leadership. Any thorough consideration of all facts will clearly demonstrate that both unit operation and restriction of production to market demand will tend to promote, if in fact they are not actually essential to economic recovery of the oil industry. Also, that instead of being detrimental to consumers and "independents" they will be highly beneficial to both groups provided proper safeguards are thrown around them. Many leading "independents," consumers, and officials of government are advocates of these measures. Enlisting their cooperation will inspire confidence in those several groups that adequate safeguards protecting them will be established.

Any determination of market demand should be made solely by Government agencies. Perhaps it should be determined by an interstate compact organization in which the Federal Government as well as the several oil-producing State governments will participate. In that event the consuming public will have every assurance the figure set from time to time as "market demand" does in fact represent such an approach to that concept as is to the best interest of all parties concerned. Representatives of government, both State and Federal, should, therefore, also be among those included in the special organization, so that consumers will have all assurances their interests are being protected.

Establishment of confidence on the part of all interests to be affected is the one prerequisite to successful promotion of the legislative campaign. Knowledge on their part of the things being done, and the privilege of participating in their development, are highly important; but over and above these must be leadership that will develop and maintain a broad, unselfish, open-door program—a leadership with vision, courage, and loyalty. Both industry and government are full of such men who have attained leadership in their own respective fields of action, large or small as that may be. Great numbers of these should be enlisted to form this special organization and to assist in promoting its objectives. Should the effort be so organized there is little doubt but that, with the help of the agencies named in questions 23 to 29, inclusive, public sentiment would soon not only permit but would even demand that legislation of the type we have described shall be adopted.

An effort organized in this manner, participated in by those outside the oil industry as well as those within, would develop a sympathetic public attitude toward the industry and a freedom of action for it that could not be secured if the industry were to promote the effort solely through its own membership and without outside help. A reasonable freedom of action for the oil industry is necessary if it is to serve society efficiently. The legislation problem does not arise out of the law's inability to correct, or even lack of knowledge of what law is needed, but it is due instead to fear on the part of the public that what is requested might enable the present large companies to become even larger and more powerful—all at the expense of the public and the small companies. Obviously this fear can be dissipated more effectively by students of the problem not interested in the large companies than it can by the large companies themselves. Any legislation adopted will have fewer objectionable restrictions if secured in the manner described rather than through the sole efforts of the industry. A familiar example of the latter type is the result that came from the recent special session of the Texas Legislature, wherein the law finally evolved had so many restrictions that it appears to be wholly inadequate to meet the situation, and continuance of martial law has been found necessary to prevent a return of chaos.

The oil industry is entitled to suitable legislation that will enable it to serve efficiently. But securing it is a political under-

taking. Progress will be made when it is recognized that that which is requested runs counter to the prejudice of millions of voters in whose hands the decision lies. Consequently any success means a campaign of education that will break down that prejudice. Facts are available with which to do it, and success is possible provided the plans are made equally extensive as is the magnitude of the task to be undertaken. The end sought is worth careful planning. This is a political problem and must be so handled.

40. Does this mean use of so-called practical politics?—No. The number of people that might be affected by these changes is too vast to enable them to be brought about in that manner. Instead the changes can only be accomplished through the means intended by those who designed the American form of government, namely, through an educated public opinion.

41. Is there a fundamental difference in approach between a political problem and an industrial one?—Yes; the distinction involved in the age-old conflict between human rights and property rights.

42. Does this distinction have a bearing on the problem under consideration?

We believe it does. At least an attempt will be made to analyze it in the hope it will reemphasize the kind of approach that must be taken to secure the desired legislation in this instance.

The primary function of government is to protect human rights while that of industry is to deal with property rights The second, of course, is merely subsidiary to the first, but their origins are so remote and their personnel so distinct that their true relationships are not always clearly defined. Too frequently they are regarded as conflicting spheres of action. Regarding the first it might be said the people of the United States are thoroughly imbued with the spirit of democracy—that all men are free and equal, which merely means that every man feels he is entitled to a voice in the adjustment of those things which affect him. It is the right that man has fought for through the ages although he rarely uses it wisely. Nevertheless he is jealous of it and will continue to fight for it perhaps even more strenuously than for any other single thing. All government in the United States, State and Federal, was designed to perpetuate that right. Every citizen was given a vote and he does not hesitate to use it when he is led to believe that right is being violated. Elections were made frequent and terms in office short so that officeholders might not forget where authority lies. Government built on that principle has disadvantages as well as advantages. Nevertheless it is the system we operate under and any legislative proposals that seem to run counter to it will meet with insurmountable opposition regardless of their inherent merit. Thus government in the United States is democratic in form and spirit.

On the other hand, by the very nature of the case industry can not be so. Those in authority are placed there by the owners of capital invested and their primary duty is to secure returns on that capital. Where great aggregations of capital are brought together the individual in command wields great power over the welfare of many human beings and the measure of his success is the amount he can get from and out of those over whom he wields this power. His obligation to his employer demands that of him. As the wealth he controls increases, his power over human beings increases correspondingly, and since his duty is to extract wealth from them, they in turn through their votes undertake to see that he shall not use his power unfairly. It is out of this ebb and flow of power the antitrust laws spring and they will probably be with us in some form so long as capital combines and men remain free. They can not be eliminated; they can only be adjusted.

While, therefore, American Government is democratic in form and spirit, industry of necessity is autocratic in form and spirit. In American Government power rests at the bottom and every precaution was taken to insure its remaining there. In American industry power of necessity rests at the top and precaution is taken by those who set up the machinery of industry that it shall remain there. That form of organization is more efficient.

Thus autocracy in industry and democracy in government both have their merits as well as their defects, and we believe it is well that the two exist together in this complementary relationship, for democracy in government tends to protect and perpetuate individual human rights while at the same time autocracy in industry tends to give the desired efficiency that arises out of that form of management. They tend to neutralize each other and form a composite result better than either alone would do. Yet these two conflicting principles working together in this close relationship also tend to promote conflict between government and industry, or at least promote difficulty on the part of their respective leaders in arriving at a common viewpoint as to type of legislation that will best serve society.

We again refer to the recent Texas legislative effort as a familiar illustration of the difficulty that arises out of these conflicting viewpoints of government and industry. Perhaps no question existed in any quarter relative to the need of legislation. The State, the industry, consumers, labor, landowners, and society generally were suffering greatly by the absence of suitable legislation and no one benefited by its absence. It seemed incredible before the special session was called that corrective legislation of some kind would not be quickly passed.

The various bills presented were concededly inadequate solutions, in that they did not go to the root of the trouble, but at least some of them promised a measure of relief and had the support of the great bulk of the Texas oil industry. They restricted certain freedom of action previously enjoyed by the individual, but that is characteristic of most every law passed. However, the opposition to legislation in any form managed to arouse suspicion against that which was proposed by branding it monopolistic. This charge, groundless as it was, was sufficient to develop so many restrictions and safeguards as to render the resultant legislation wholly inadequate under which to operate the Texas oil industry, and portions of it have since remained under martial law.

Consideration of the spirit of democracy in American life operating under a form of government that permits every man or woman to register his or her resentment or distrust in an effective manner, secretly and without fear of reaction, will make clear why the Texas legislative attempt failed to produce suitable oil and gas laws and why any other like effort will fail, either in Texas or elsewhere, that voting is free, unless public understanding is developed as to what the issues are about and confidence is established that liberty is not being surrendered. Otherwise legislation of the type proposed runs counter to prejudices that will defeat the undertaking or result in compromises that are little better than the evils meant to be corrected.

CONCLUSION

Thus we repeat, any legislation proposing a solution that might affect practically every inhabitant of this land through the price for which he or she purchases gasoline and other petroleum products; that might affect the freedom of action of the so-called independent oil man or oil company; that might modify the character of interest held by the vast multitudes of royalty owners—would have difficulty of passage under any circumstances unless its merits were understood. But when in addition it is misinterpreted and misrepresented as giving additional power to and for the benefit of great oil companies already vast in extent, and in popular estimation wealthy beyond the dreams of avarice, then passage of the legislation becomes impossible—unless an understanding public sentiment can be developed. And that public sentiment can be developed only through the cooperative action, not merely of the great oil companies, but of the consumers, and Government officials, and scientists, and independent operators, and royalty owners, and others who know the problem and the price society is paying for the present unsound methods of development. With such cooperative action well organized we believe an understanding public sentiment can be developed. And certainly the issues at stake justify the attempt.

REMOVE THE CAUSE

The oil industry has been sick a long time. Hundreds of remedies have been suggested, most of them ignoring the primal cause of the trouble.

Ingeniously elaborated prescriptions have been offered, and rough and tumble methods have been applied without assurance of permanent recovery because the seat of the disease remains untouched.

The industry is overwhelmed with too much oil, and every effort is being made to control the flood, but what is being done to stop its source?

For two generations men hunted oil like wild game. It was regarded as the property of whoever captured it. Out of that conception has come all the troubles that beset the industry to-day.

It inspired a ceaseless search for oil and immediate necessity of producing it when found because offsets might rob the discoverer of his find.

That necessity was recognized in lease requirements compelling instant production regardless of the law of supply and demand.

Although the industry had more than enough oil in Seminole and Oklahoma City and elsewhere and any new discovery meant a further demoralization of the business a Rusk County wildcat started a race that opened the floodgates in east Texas.

The State of Texas, the whole oil industry, was appalled at the waste and destruction that impended. Drastic, even desperate measures had to be resorted to but not before vast damage had been done and immense losses suffered in every branch of the oil business and in every business or community affected by the condition of the oil industry and those engaged in it.

As a consequence the oil industry finds itself more and more entangled in regulation, more and more obliged to look for aid in ordering its affairs to political intervention.

There is but one way out. That is, as Earl Oliver points out in this issue of the Oil and Gas Journal, to get to the root of the trouble, correct the fundamental error in the legal status of oil.

The industry will never be secure from periods of demoralization from overproduction so long as that condition continues.

If the oil industry is ever to be stabilized and placed on a firm foundation it must be protected from these violent fluctuations that arise from the competitive race to produce regardless of consequences.

Oil, instead of being considered free game to whoever is able to capture it, must be given a legal status like any other property. The man who has oil on his property should not be at the mercy of his neighbor.

The industry should not be subject to all the shocks and demoralization fostered by an antiquated conception of oil development that is contrary to all modern knowledge and enormously wasteful of our national resources.

Oil-producing States deriving their main revenue from oil should not be obliged to suffer the loss of millions in values depressed by the operation of iniquitous customs based on legal misapprehension.

The consuming public, in addition to being called upon to make up the losses in oil revenue by increased levies, shares the effects of the demoralization of business, additional taxation, and wasteful practices resulting from hasty overproduction incited by a mistaken law.

Mr. Oliver indicts that original cause by its manifest results: "The competitive race to extract; unfair division of oil and gas; vast duplication of developing, producing, transporting, refining, and marketing facilities; inefficient, wasteful extraction; failure of the law of supply and demand to operate effectively, thereby causing chronic overproduction; and uncorrelated marketing—all resulting in high production and marketing costs, destructive sales competition, and elimination of profits."

He suggests as a substitute for the "capture theory" regulation of oil and gas development and production that would have the same practical results as "ownership in place" strictly applied.

It would thus be possible to adjust output to market demand by letting surplus supplies rest in underground storage, thereby avoiding the excesses, extravagances, and wastes inseparable from the present system through the capture theory putting a premium on immediate production.

Such a reversal of law and tradition is, of course, a tremendous task. The oil industry alone can not hope to achieve it. But a continuance of the changing viewpoint of the industry on this aspect can be accelerated and should be. Oil men have had disastrous experience with the capture theory and its resultant evils. They are about ready to urge a change.

State governments have similarly been educated by dear cost in the fact that the problems of the oil industry react on the States. They need to be shown the fundamental weakness of the law that requires modernization.

The motive power in this campaign of education must begin with the oil industry although it can not stop there. It must, to be effective, be extended through the scientific societies associated with the industry, through trade associations, commercial and civic organizations so that it may produce an understanding among the rank and file of the great consuming and voting public which, in the last analysis, must be convinced into approval and support.

There has been a remarkable change in popular attitude toward the oil business within the past decade. The industry is no longer condemned offhand and unheard. Thanks to the policy of taking the public into confidence and placing the cards on the table the oil industry has emerged from the cloud of suspicion and distrust that made it for so long a veritable Ishmael.

A State official or Federal Government can now speak a word for the oil industry without being howled down by mob prejudice. The country understands that the oil industry is a business like any other and entitled to fair consideration of its problems.

It can be shown, as Mr. Oliver shows, that the chief obstacle to stabilization of the oil industry is the law which puts a premium on wasteful and unjust practices. It can be shown that the change needed will be in the general interest, not only of those in the oil business, whether producers, refiners, marketers, royalty owners, or stockholders, but in the interest of the public at large as consumers of petroleum products and taxpayers, by the elimination of the basic cause of the industry's troubles.

ORDER OF BUSINESS

Mr. BANKHEAD. Mr. Speaker, before we adjourn, in view of the fact that it is apparent that after the consideration of several matters that have been reported by the Committee on Rules, which we have announced we would undertake to dispose of next Tuesday, we will have time for the consideration of other matters, I take the liberty of suggesting to the majority leader, in view of the great demand for the consideration of the Private Calendar and that we hope we are approaching the end of the session of the House, that arrangement may be made next week for the consideration of that calendar for two or three days.

Mr. RAINEY. Mr. Speaker, I hope that can be done, and I shall present a unanimous-consent request now that the business in order next Wednesday be dispensed with, and that on Wednesday, Thursday, and Friday of next week it shall be in order to call bills on the Private Calendar unobjected to, under the old rule, commencing with the last starred bill.

Mr. MICHENER. Mr. Speaker, reserving the right to object, there is pending before the Committee on Rules an application for a rule to make in order the consideration of the home loan land bank bill. That is a most important bill. The Rules Committee might meet Monday, or tomorrow, and report the matter out. It seems to me it is vastly more important to the country that we proceed with the consideration of that bill next week than with the Private Calendar. Has the gentleman given any thought to that?

Mr. RAINEY. If the Rules Committee should report that out we might take it up Saturday or we might take it up after we get through with the Garner relief bill, which will probably come up a week from Monday.

Mr. MICHENER. Then it is the purpose of the leadership to bring the Garner relief bill up a week from the coming Monday?

Mr. RAINEY. We hope to do it then.

Mr. MICHENER. And the only work before the House during the coming week will be the rules on Tuesday and the Private Calendar during the rest of the week?

Mr. RAINEY. Yes.

Mr. MICHENER. May I suggest and beseech the gentleman to use his influence to have the Rules Committee report out of the home loan bank bill, so that we may give that consideration?

The SPEAKER. The gentleman from Illinois asks unanimous consent to dispense with business in order on Calendar Wednesday next and that Wednesday, Thursday, and Friday of next week it be in order to call up bills on the Private Calendar under the old rule, beginning at the last starred bill, and to consider those unobjected to in the House as in Committee of the Whole. Is there objection?

Mr. CHINDBLOM. Mr. Speaker, I reserve the right to object. Of course, this is not necessarily a fixed order. It simply makes it in order to take up the Private Calendar.

The SPEAKER. Anything else could be taken up. It is entirely within the discretion of the House.

Mr. BLANTON. Mr. Speaker, I ask for a division of the question, first, dispensing with Calendar Wednesday; then I desire to make a suggestion as to the other.

The SPEAKER. The Chair can not well divide the question.

Mr. BLANTON. I call the attention of the majority leader to the fact that the gentleman from Wisconsin [Mr. STAFFORD] is not here, that the gentleman from West Virginia [Mr. BACHMANN] is not here, that the gentleman from Indiana [Mr. GREENWOOD] is not here, that the gentleman from Mississippi [Mr. COLLINS] is not here, and that the gentleman from Alabama [Mr. PATTERSON] is not here. They all left here a few minutes ago when they thought the House was adjourning and have gone to their offices. They all help us on this Private Calendar, and it is a job even upon the few who assume to do that hard work. Their convenience ought to be consulted, and I hope the gentleman will postpone that request until Tuesday, because they ought to know what is coming up and they ought to be prepared. One or two can not handle all that business.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. BANKHEAD. It seems to me nearly a week's notice would be adequate for those gentlemen.

Mr. BLANTON. But suppose those gentleman have other plans?

Mr. BANKHEAD. The gentleman, of course, is familiar with the great pressure that is being put on the majority leader and the Speaker to try to get an opportunity to consider bills on the Private Calendar.

Mr. BLANTON. I have worked every night and Sunday and holiday since I have been here. I know that it is necessary that those gentlemen should be here. They may have made other plans.

The SPEAKER. May the Chair suggest to the gentleman that, of course, only one objection to these bills would be sufficient to keep them from passing?

Mr. BLANTON. But some of these bills may require more than one objection to stop them.

The SPEAKER. No; not under this rule.

Mr. BLANTON. It is understood, then, that one objection will stop any bill on these three days?

The SPEAKER. That was the request.

Mr. BLANTON. Then I shall not object to the request. I will be here and I will see that there will be at least one objection to every bad bill.

Mr. McFADDEN. Reserving the right to object, and I do not intend to object, will this deprive Members of the opportunity of addressing the House?

Mr. RAINEY. No; not on Tuesday.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADMIRAL FREDERICK C. BILLARD

Mr. BRIGGS. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRIGGS. Mr. Speaker on May 17 last there passed from the Coast Guard Service one of the finest officers and characters who had been in command of that service for many years, the late Admiral Frederick C. Billard.

There is a splendid editorial regarding such officer contained in the Galveston News of May 20, and I ask unanimous consent to extend my remarks and incorporate the editorial.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. BRIGGS. Actuated by the highest sense of duty, and with a devoted patriotism, Admiral Billard gave the best years of his life to his country and left a record of personal and official success of which anyone might well be proud.

The service, of which he was in command for a number of years, developed and grew into a greater and even more effective organization during his term of office than it had done in many previous years; and such accomplishment was chiefly due to his distinguished ability and untiring work and direction, supplemented by that of his fellow officers and the enlisted personnel of the Coast Guard.

There was in his nature a kindliness and a love for his fellow men which endeared him to all who knew and understood him; and both as an officer and a man he measured up to the highest standards of his countrymen. The editorial from the News reads as follows:

DEATH HALTS THE CAREER OF ADMIRAL BILLARD

Being closely connected with the service headed by Rear Admiral Frederick C. Billard, Galveston feels a sense of personal loss in the death of the commandant of the Nation's Coast Guard. The service has lost a beloved commander and a leader whose influence brought its equipment and rating on a par with its record of distinguished service to the country.

Admiral Billard directed the activities of the Coast Guard for eight years, serving longer than any other commandant. He entered the service in 1894 and advanced through the ranks of commissioned officers until 1924, when he was appointed commandant by President Coolidge. He was reappointed in 1928 and again last January. Under his command the Coast Guard not only lived up to his high standard of service in protecting shipping, in rescue work, and in guarding the coast line against smugglers, but it impressed itself on the country as a highly useful branch of Government service. Admiral Billard worked diligently for better equipment for his branch, and his influence in Washington was largely responsible for the splendid new cutters distributed throughout the service. The cutter *Saranac*, stationed at Galveston, is one of the type and apparently she was a favorite of the late commandant. Admiral Billard chose the *Saranac* as his flagship during the Yorktown celebration several months ago.

The Coast Guard has lost an able commander, and the Nation has lost a loyal servant. Galveston joins other friends of the service he loved in mourning his passing.

TAXICAB SITUATION IN THE DISTRICT OF COLUMBIA

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Speaker, because I have tried to keep General Patrick and his taxicab monopoly from running all of the independents out of business and have helped to stop him from installing meters in cabs and from imposing on the people of Washington, and have shown that our colleagues, Mr. HASTINGS, Major BULWINKLE, myself and others have been robbed here by meter cabs, there is a man by the name of Bernard L. Henning, who gives his address here as 907 E Street SE., has been writing some of you colleagues here attacking me. Every word he says in his malicious letters about me is untrue, and you colleagues here know that his letter is untrue. He is a dirty, low-down, lying, cowardly skunk to write a letter like that. Several hundred ex-service men who served our flag in France are making a living for their wives and little children by driving these 20-cent zone taxicabs, and if they had to go back to the meter system they would be run out of business.

You colleagues are familiar with every speech I have made against meters, and you know better than anybody else that he is lying.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H. J. Res. 407. Joint resolution making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3111. An act validating certain applications for and entries of public lands, and for other purposes.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly, and in accordance with the order heretofore made (at 4 o'clock and 54 minutes p. m.), the House adjourned until Tuesday, May 31, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, May 28, 1932, as reported to the floor leader by clerks of the several committees:

IRRIGATION AND RECLAMATION

(10 a. m.)

Hearings—Columbia Basin project.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

591. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation of $3,000,000 for the Department of the Interior, Bureau of Reclamation, for the fiscal year 1933, for continuing construction of the Boulder Canyon project; to the Committee on Appropriations and ordered to be printed.

592. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, House of Representatives, for the fiscal year 1933, in the sum of $2,150; to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 55. Resolution to authorize the procurement of a marble bust of Oscar W. Underwood, late a Representative from the State of Alabama (Rept. No. 1442). Ordered to be printed.

Mr. WARREN: Committee on Accounts. House Resolution 44. Resolution relative to the procurement of a marble bust of Nicholas Longworth (Rept. No. 1443). Ordered to be printed.

Mr. WILLIAMS of Texas: Committee on the Territories. H. R. 11717. A bill providing for the transfer of the duties authorized and authority conferred by law upon the board of road commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes; without amendment (Rept. No. 1444). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTSON: Committee on Indian Affairs. H. R. 12329. A bill to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota; without amendment (Rept. No. 1445). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTSON: Committee on Indian Affairs. H. R. 11595. A bill to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926; with amendment (Rept. No. 1446). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BALDRIGE: Committee on Claims. H. R. 627. A bill for the relief of the city of Glendale, Calif.; without amendment (Rept. No. 1447). Referred to the Committee of the Whole House.

Mr. BALDRIGE: Committee on Claims. H. R. 1806. A bill for the relief of M. Aileen Offerman; with amendment (Rept. No. 1448). Referred to the Committee of the Whole House.

Mr. MONTET: Committee on Military Affairs. H. R. 2332. A bill for the relief of Wilbur Rogers; with amendment (Rept. No. 1449). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 3537. A bill for the relief of Anna Lueger; without amendment (Rept. No. 1450). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 5543. A bill for the relief of Mrs. George Logan and her minor children, Lewis and Barbara Logan; with amendment (Rept. No. 1451). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 9152. A bill for the relief of Florence Hudgins Lindsey and Elizabeth Lindsey; with amendment (Rept. No. 1452). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9653. A bill for the relief of Grace P. Stark; without amendment (Rept. No. 1453). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 10410. A bill for the relief of E. B. Rose; without amendment (Rept. No. 1454). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAINEY: A bill (H. R. 12353) to relieve destitution, to broaden the lending powers of the Reconstruction Finance Corporation, and to create employment by authorizing and expediting a public-works program and providing a method of financing such program; to the Committee on Ways and Means.

By Mr. JENKINS: A bill (H. R. 12354) to change preferences within the quotas; to the Committee on Immigration and Naturalization.

By Mr. WYANT: A bill (H. R. 12355) authorizing the Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River, at or near California, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. OLIVER of New York: A bill (H. R. 12356) to amend the naturalization laws by conferring upon judges of State courts empowered to naturalize aliens the right to designate naturalization examiners to conduct preliminary hearings and to authorize said courts in their discretion to hold final hearings on petitions without the necessity for the attendance of the witnesses of the applicant; to the Committee on Immigration and Naturalization.

By Mr. DISNEY: A bill (H. R. 12357) to amend section 5 of the Reconstruction Finance Corporation act; to the Committee on Banking and Currency.

By Mr. JAMES: A bill (H. R. 12358) to authorize appropriations for construction at military posts, and for other purposes; to the Committee on Military Affairs.

By Mr. DOUGLAS of Arizona: A bill (H. R. 12359) to authorize the acceptance of relinquishments by the State of Arizona and the city of Tempe, Ariz., to certain tracts of lands granted by the act of April 7, 1930, and to direct the Secretary of the Interior to issue patent to said tracts to the Salt River Valley Water Users Association; to the Committee on the Public Lands.

By Mr. CARLEY: A bill (H. R. 12360) to authorize the Secretary of the Treasury to enter into a contract to purchase the parcel of land and the building known as the Grand Central Station Post Office and Office Building, No. 452 Lexington Avenue, in the city, county, and State of New York, for post-office and other governmental purposes, and to pay the purchase price therefor on or prior to June 30, 1937; to the Committee on Public Buildings and Grounds.

By Mr. JONES: A bill (H. R. 12361) to repeal the stabilization provisions of the agricultural marketing act approved June 15, 1929, and for other purposes; to the Committee on Agriculture.

By Mr. STEWART: Resolution (H. Res. 241) for the consideration of Senate Joint Resolution 41, a joint resolution granting consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey creating the Delaware River Joint Commission and specifying the powers and duties thereof; to the Committee on Rules.

By Mr. WOLVERTON: Resolution (H. Res. 242) for the consideration of Senate Joint Resolution 41, a joint resolution granting consent of Congress to a compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey creating the Delaware River Joint Commission and specifying the powers and duties thereof; to the Committee on Rules.

By Mr. BYRNS: Joint resolution (H. J. Res. 407) making an additional appropriation for the payment of Army and Navy pensions for the fiscal year ending June 30, 1932; to the Committee on Appropriations.

By Mr. GILBERT: Joint resolution (H. J. Res. 408) providing for the filling of vacancies in the Board of Regents of the Smithsonian Institution of the class other than Members of Congress; to the Committee on the Library.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE: A bill (H. R. 12362) granting a pension to Richard E. Lee; to the Committee on Pensions.

Also, a bill (H. R. 12363) for the relief of Dixie Waste Mills (Inc.); to the Committee on Claims.

By Mr. CABLE: A bill (H. R. 12364) granting an increase of pension to Margaret Flaharda; to the Committee on Invalid Pensions.

By Mr. CANFIELD: A bill (H. R. 12365) granting a pension to Howard Crider; to the Committee on Invalid Pensions.

By Mr. CONNERY: A bill (H. R. 12366) for the relief of William Cavanaugh; to the Committee on Naval Affairs.

By Mr. CRAIL: A bill (H. R. 12367) authorizing the President to present in the name of Congress a medal of honor to A. W. Lindberg; to the Committee on Military Affairs.

By Mr. DIETERICH: A bill (H. R. 12368) for the relief of Martin M. Philipsborn; to the Committee on Claims.

By Mr. HART: A bill (H. R. 12369) for the relief of Floyd L. Walter; to the Committee on Claims.

Also, a bill (H. R. 12370) granting a pension to Orvilla Finton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12371) granting a pension to Ray C. Strudgeon; to the Committee on Pensions.

By Mr. JOHNSON of Texas: A bill (H. R. 12372) granting a pension to Lula Davis; to the Committee on Pensions.

By Mr. LOVETTE: A bill (H. R. 12373) granting a pension to William B. Gordon; to the Committee on Pensions.

Also, a bill (H. R. 12374) granting a pension to Arthur Johnson; to the Committee on Pensions.

By Mr. MAY: A bill (H. R. 12375) granting a pension to Dennis S. Smith; to the Committee on Pensions.

By Mr. RAINEY: A bill (H. R. 12376) granting a pension to Anna Elizabeth Price; to the Committee on Pensions.

By Mr. SHREVE: A bill (H. R. 12377) granting an increase of pension to Emma J. Fisher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12378) granting an increase of pension to Lydia C. Dennis; to the Committee on Invalid Pensions.

By Mr. SEIBERLING: A bill (H. R. 12379) granting a pension to Martha A. Mills; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 12380) granting a pension to William Conrad; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12381) granting a pension to Elmer E. Finley; to the Committee on Pensions.

Also, a bill (H. R. 12382) granting an increase of pension to Katherine Meyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12383) granting an increase of pension to Sarah Ella Pinney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12384) granting a pension to Surelda J. Gilpin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12385) granting an increase of pension to Sarah Peart; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12386) granting an increase of pension to Jeanette Wallace; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8019. By Mr. BOYLAN: Letter from the Allied Printing Trades Council of New York State, N. Y., opposing an increase in second-class postal rates; to the Committee on the Post Office and Post Roads.

8020. Also, letter from the New York State legislative board of the Brotherhood of Locomotive Firemen and Enginemen, Albany, N. Y., favoring the passage of House bill 10023; to the Committee on the Civil Service.

8021. Also letter from C. E. Kennedy (Inc.), New York City, N. Y., opposing the proposed duty on lumber; to the Committee on Ways and Means.

8022. Also, letter from the New York Lumber Trade Association, New York City, N. Y., opposing the proposed duty on lumber; to the Committee on Ways and Means.

8023. By Mr. CRAIL: Petition of Henry S. MacKay, jr., of Los Angeles, Calif.; to the Committee on the Judiciary.

8024. Also, petition of L. H. Ledger, of Los Angeles, Calif., protesting against the action of the Federal Reserve Board in relation to the closing of the Standard Trust Bank at Cleveland, Ohio; to the Committee on Banking and Currency.

8025. Also, petition of Herbert, Vogel & Mark Co., of San Francisco, Calif., petitioning that in view of the ever-increasing failure during the past 12 years of our national experiment, the eighteenth amendment, and the enforcement laws thereunder you do everything possible within your proper power to bring about the earliest possible relief from Federal prohibition; to the Committee on the Judiciary.

8026. By Mr. CROWTHER: Petition of citizens of Schenectady, N. Y., urging the maintenance and enforcement of the prohibition law; to the Committee on the Judiciary.

8027. By Mr. CULLEN: Petition of the Federation of Jewish Women's Organizations (Inc.), indorsing prohibition reform so that the Federal Government may obtain a most-needed revenue which will materially aid the balancing of the National Budget, increase legitimate employment in legalized industries, and thus uphold and strengthen the morale of our citizenry; to the Committee on the Judiciary.

8028. Also, petition of the American Cotton Manufacturers Association, urging that the Budget be balanced by reducing appropriations, the decrease in waste and extravagance, and the efficient organization and operation of all branches of the Government; to the Committee on Appropriations.

8029. By Mr. KELLER: Petition of the Chicago Building Trades Council, urging a bond issue of $5,000,000,000 for public works; to the Committee on Ways and Means.

8030. Also, petition of the City Council of Murphysboro, by Hon. I. W. Ellis, mayor, requesting the passage of legislation to stabilize agriculture; to extend credit to agriculture and industry for a public-building program to relieve unemployment; for an economic council; for a shorter working day; and for an unemployment-insurance plan; to the Committee on Ways and Means.

8031. By Mr. LINDSAY: Petition of the Federation of Jewish Women's Organizations (Inc.), New York City, urging and indorsing prohibition reform so that the Federal Government may obtain a most-needed revenue which will aid in balancing the Budget and increase employment in legalized industries; to the Committee on Ways and Means.

8032. Also, petition of the American Cotton Manufacturers Association, Charlotte, N. C., urging the balancing of the Budget by reduction of appropriations, decrease in waste and extravagance, and the efficient organization and operation of all branches of the Government; to the Committee on Ways and Means.

8033. Also, petition of Frederick A. Stokes & Co., publishers, New York City, favoring the Sirovich copyright bill; to the Committee on Patents.

8034. Also, petition of Garrettson-Ellis Lumber Co., Springfield, Mass., opposing the $3 per thousand blanket duty on lumber; to the Committee on Ways and Means.

8035. Also, petition of the Brooklyn Savings Bank, Brooklyn, N. Y., opposing tax as proposed in the present revenue bill, and urging the substitution of a stamp tax on checks similar to the one imposed during the Spanish-American War; to the Committee on Ways and Means.

8036. Also, petition of the Chamber of Commerce of the United States, at its twentieth annual meeting in San Francisco recently, urging maintenance of the American merchant marine; to the Committee on Interstate and Foreign Commerce.

8037. By Mr. PARKER of Georgia: Petition of Jake Schwartz and 187 other citizens and voters of the city of Savannah, Ga., favoring the repeal of the eighteenth amendment of the Constitution of the United States of America; to the Committee on the Judiciary.

8038. By Mr. RUDD: Petition of Brooklyn Manhattan Transit Women's League, favoring the World Court equality amendment to the Linthicum resolution; to the Committee on Foreign Affairs.

8039. Also, petition of Garrettson-Ellis Lumber Co., Springfield, Mass., opposing the $3 per thousand feet duty on lumber; to the Committee on Ways and Means.

8040. Also, petition of the Brooklyn Savings Bank, Brooklyn, N. Y., favoring a stamp tax on checks similar to the one imposed during the Spanish-American War; to the Committee on Ways and Means.

8041. Also, petition of the American Cotton Manufacturers Association, Charlotte, N. C., favoring the balancing of the Budget; to the Committee on Appropriations.

8042. By Mr. SPARKS: Petition signed by J. H. Ruthford, Leo Gallagher, and M. E. Moore, of Osborne; C. H. Lattin and F. J. King, of Portis; and 110 others of Osborne County, all of the State of Kansas, favoring the abolishment of the Federal Farm Board; to the Committee on Agriculture.

8043. Also, petition signed by O. F. Lohoefener, F. F. Hensell, H. J. Hitchcock, of Oberlin; C. E. Anderson and John M. Beemer, of Dresden; and 115 others of Decatur County, all of the State of Kansas, favoring the repeal of the agricultural marketing act; to the Committee on Agriculture.

8044. Also, petition signed by John R. Chittenden, John M. Frank, and William Harman, of Hays, and 94 others of Ellis County, all of the State of Kansas, favoring the abolishment of the Federal Farm Board; to the Committee on Agriculture.

8045. Also, petition signed by C. A. Kalbfleisch, G. W. Caldwell, H. F. Cook, John Nichols, of Harlan; T. F. Harding, R. E. Martin, and Harry Dannenburg, of Gaylord; and 75 others of Smith and Osborne Counties, all of the State of Kansas, favoring the repeal of the agricultural marketing act; to the Committee on Agriculture.

8046. By Mr. WYANT: Petition of Benevolent and Protective Order of Elks, No. 773, of Monessen, Pa., protesting against proposed reduction of salaries of Federal employees; to the Committee on Economy.

SENATE

SATURDAY, MAY 28, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. GOLDSBOROUGH. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Sheppard
Bailey	Cutting	Jones	Shipstead
Bankhead	Dale	Kean	Shortridge
Barbour	Davis	Kendrick	Smith
Barkley	Dickinson	Keyes	Smoot
Bingham	Dill	King	Steiwer
Black	Fess	La Follette	Stephens
Blaine	Fletcher	Logan	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Broussard	Glass	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Moses	Vandenberg
Byrnes	Hale	Neely	Wagner
Capper	Harrison	Norris	Walsh, Mass.
Caraway	Hastings	Oddie	Walsh, Mont.
Carey	Hatfield	Patterson	Watson
Cohen	Hawes	Pittman	Wheeler
Connally	Hayden	Reed	White
Coolidge	Hebert	Robinson, Ark.	
Copeland	Howell	Robinson, Ind.	
Costigan	Hull	Schall	

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is still detained from the Senate in attendance upon the disarmament conference at Geneva. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce the necessary absence from the city of the junior Senator from Louisiana [Mr. LONG] on legislative business. He has a general pair with the Senator from Illinois [Mr. GLENN]. I wish this announcement to stand for the day and to be applied on all votes.

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present.

COMPETITION IN THE FLOUR INDUSTRY

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, in further response to Senate Resolution No. 163, Sixty-eighth Congress, first session, a supplemental report of the commission relating to that portion of the resolution dealing with conditions in the flour-milling business, which, with the accompanying report, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

Mr. BARBOUR presented a resolution adopted by the board of directors of the Kiwanis Club of Toms River, N. J., favoring the balancing of the Budget by means of retrenchment in governmental expenditures rather than increased taxation, which was referred to the Committee on Appropriations.

Mr. CAPPER presented memorials numerously signed by sundry citizens of the State of Kansas, remonstrating against the passage of legislation imposing a tax on bank checks under $10, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented papers in the nature of petitions from 165 citizens of the State of Massachusetts, praying for the modification of the Volstead Act and the repeal of the eighteenth amendment of the Constitution, which were referred to the Committee on the Judiciary.

He also presented petitions from 170 citizens of the State of Massachusetts, praying for the passage of legislation providing a pension system for railroad employees, which were referred to the Committee on Interstate Commerce.

He also presented papers in the nature of petitions from 220 citizens of the State of Massachusetts, praying for retrenchment in governmental expenditures and the balancing of the Budget, the imposition of a general sales tax, etc., which were referred to the Committee on Appropriations.

He also presented papers in the nature of petitions from 255 citizens of the State of Massachusetts, praying for the balancing of the Budget, the defeat of the bonus proposal, and the stopping of "all raids on the Treasury," and retrenchment in governmental expenditures, etc., which were referred to the Committee on Appropriations.

RELIEF OF UNEMPLOYMENT

Mr. JONES. Mr. President, I received this morning a telegram, which I ask the clerk to read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Chief Clerk read as follows:

TACOMA, WASH., *May 27, 1932.*

Hon. WESLEY L. JONES,
Washington, D. C.:

Due to the fact that the unemployed are on the verge of starvation, drop all other legislation and act for direct food relief or take the consequences.

PAUL I. JONES,
ALEXANDER CHISHOLM,
FRED ISACKSON,
JOHN MELVILLE,
C. L. SEAGROVE,
H. C. MCCORD,
Unemployed Citizens League, Executive Board.

REPORTS OF COMMITTEES

Mr. THOMAS of Idaho, from the Committee on Indian Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2613. An act for the relief of Lynn Bros.' Benevolent Hospital (Rept. No. 742); and

S. 3188. An act for the relief of Dr. A. M. Newton, of Pocatello, Idaho (Rept. No. 743).

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 2941) for the relief of the Holy Family Hospital, St. Ignatius, Mont., reported it with amendments and submitted a report (No. 744) thereon.

He also, from the same committee, to which was referred the bill (H. R. 10238) creating a reimbursable fund to be used for special medical and surgical work among the Indians of the Fort Peck Indian Reservation, Mont., and for other purposes, reported it without amendment and submitted a report (No. 745) thereon.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 4511) to amend sections 328 and 329 of the United States Criminal Code of 1910 and sections 548 and 549 of the United States Code of 1926, reported it with amendments and submitted a report (No. 746) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 4679) authorizing the Louisiana Highway Commission to construct, maintain, and operate a free highway bridge across the Pearl River at or near Pearlington, Miss., reported it without amendment and submitted a report (No. 747) thereon.

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, submitted reports to accompany the following bills reported from that committee without amendment on the 27th instant, as indicated:

H. R. 3527. An act for the relief of Berta C. Hughes (Rept. No. 748);

H. R. 5052. An act to authorize the incorporated town of Juneau, Alaska, to use the funds arising from the sale of bonds in pursuance to the act of Congress of February 11, 1925, for the purpose either of improving the sewerage system of said town or of constructing permanent streets in said town (Rept. No. 749);

H. R. 6487. An act to authorize the incorporated town of Petersburg, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of improving and enlarging the capacity of the municipal light and power plant, and the improvement of the water and sewer systems and for the purpose of retiring or purchasing bonds heretofore issued by the town of Petersburg (Rept. No. 750); and

H. R. 6713. An act for estimates necessary for the proper maintenance of the Government wharf at Juneau, Alaska (Rept. No. 751).

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 4773) for the relief of Capt. Guy M. Kinman (with accompanying papers; to the Committee on Claims.

By Mr. DALE (for Mr. AUSTIN):

A bill (S. 4774) granting an increase of pension to Nettie B. Sargent; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 4775) granting a pension to Sarah Hunter (with accompanying papers); to the Committee on Pensions.

By Mr. SCHALL:

A bill (S. 4776) to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. WAGNER:

A bill (S. 4777) for the relief of Jacob Durrenberger; to the Committee on Claims.

A bill (S. 4778) granting the consent of Congress to the Niagara Frontier Bridge Commission, its successors and assigns, to construct, maintain, and operate a toll bridge across the east branch of the Niagara River at or near the city of Tonawanda, N. Y.; to the Committee on Commerce.

By Mr. KING:

A bill (S. 4779) providing for the use of silver as security for Federal reserve notes in certain cases; to the Committee on Banking and Currency.

By Mr. BLACK:

A bill (S. 4780) to provide that advances under the Reconstruction Finance Corporation act may be made for crop planting or crop cultivation during the year 1932; to the Committee on Banking and Currency.

REVENUE AND TAXATION—AMENDMENTS

Mr. COSTIGAN, Mr. DILL, and Mr. WHEELER each submitted an amendment, and Mr. FLETCHER submitted two amendments intended to be proposed by them, respectively, to House bill 10236, the revenue and taxation bill, which were severally ordered to lie on the table and to be printed.

Mr. PITTMAN submitted an amendment intended to be proposed by him to the amendment intended to be proposed by Mr. WALSH of Massachusetts to House bill 10236, providing for a general manufacturers' excise tax, which was ordered to lie on the table and to be printed.

INVESTIGATION OF PRICES OF FARM MACHINERY

Mr. THOMAS of Idaho submitted the following resolution (S. Res. 217), which was referred to the Committee on Agriculture and Forestry:

Resolved, That a subcommittee of the Committee on Agriculture and Forestry consisting of three members appointed by the chairman of said committee be, and it is hereby, authorized and directed to make a thorough investigation of the prices of farm machinery.

The said subcommittee in its investigation shall ascertain:

(1) The comparative average prices paid by farmers in the United States and in the various States for farm machinery during the years 1931 and 1932 compared to the prices paid by them during previous years;

(2) Whether the prices paid by farmers for farm machinery have declined in proportion to the decline in the prices received by farmers for farm products during the periods enumerated under (1) hereof; and if not, what are the principal causes thereof;

(3) The average cost of production, distribution, and marketing of farm machinery in the United States;

(4) The average profits, commissions, rebates, bonuses, or other gains from the manufacture and/or sale of farm machinery;

(5) The extent to which farm machinery has been sold abroad by domestic concerns or individuals at cheaper prices than prevailing prices in the domestic market for similar articles;

(6) What discriminations, if any, exist in the prices charged for farm machinery in different regions of the country, taking into consideration any rebates, bonuses, or other remunerations affecting the costs of the articles.

(7) Any other information that the said subcommittee may deem pertinent to this inquiry.

In ascertaining this information the said subcommittee shall endeavor to secure data concerning representative types of farm machinery commonly used in the United States in the production of the principal farm commodities.

Said committee is hereby authorized, in the performance of its duties, to sit at such times and places, either in the District of Columbia or elsewhere, as it deems necessary or proper. It is specifically authorized to require the attendance of witnesses by subpœna or otherwise; to require the production of books, papers, and documents, and to employ counsel, auditors, accountants, or other experts, clerks, and other assistants; and to employ stenographers at a cost not exceeding 25 cents per 100 words. The chairman or any member of said subcommittee may administer oaths to witnesses and sign subpœnas for witnesses; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or fails to obey the process of said committee or who appears and refuses to answer questions pertinent to said investigation shall be punished as prescribed by law.

The expenses of said investigation, not exceeding in the aggregate $20,000, shall be paid from the contingent fund of the Senate on vouchers signed by the chairman of the said subcommittee.

The said subcommittee after making such investigation shall report its findings to the Senate.

Mr. THOMAS of Idaho. Mr. President, to accompany the resolution I present a table from the Agricultural Yearbook, 1931, showing the index numbers of prices paid by farmers for farm machinery, compared with prices of farm products, 1910–1931, which I request may be printed in the RECORD and referred to the committee.

There being no objection, the table was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

Index numbers of prices paid by farmers for farm machinery compared with prices of farm products, 1910–1931

[Base 1910–1914=100]

Year	Machinery	Farm products
1910	101	103
1911	103	95
1912	100	99
1913	98	100
1914	98	102
1915	101	100
1916	111	117
1917	132	176
1918	160	200
1919	178	209
1920	188	205
1921	175	116
1922	156	124
1923	151	135
1924	155	134
1925	158	147
1926	156	136
1927	157	131
1928	158	139
1929	162	138
1930	159	117
1931	154	80

Table 535, Agricultural Yearbook, 1931, Farm Business and Related Statistics. From the Agricultural Situation, issued by Bureau of Agricultural Economics, U. S. Department of Agriculture, May 1, 1932.

FIVE-DAY WEEK AND THE LABOR SITUATION

Mr. JONES. Mr. President, I have before me a very thoughtful and carefully considered article on the 5-day-week proposal and the labor situation generally, written by Mr. D. C. Henny, of Portland, Oreg., formerly connected with the Reclamation Service. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

UNEMPLOYMENT AND ITS CURE—MEETING OF PORTLAND CITY CLUB

PORTLAND, OREG., *February 12, 1932.*

The capitalistic world to-day stands before the paradoxical fact that in the midst of plenty there is hunger and starvation and suffering. The problem is the more serious as no daylight ahead is observable unless in some manner the underlying cause can be discovered and made clear.

The present depression is by many regarded as a mere repetition of past history. We have had hard times at more or less regular intervals. It is in the nature of things that life and change and action should cause undulations in industry and trade. We have periods of optimism followed by periods of pessimism. Since human nature does not rapidly change and the action of individuals is affected by the psychology of the many, such changes will continue. They bring with them hardship and suffering, but they also provide their own remedy. Prosperity leads to overconfidence, speculation follows and reaches a peak, collapse results, deflation

takes place, available stocks on hand become exhausted, and slowly the wheels of manufacture and business begin to turn again and society resumes its way back to normalcy.

Present conditions in the United States have, however, some unusual features. They are very seriously affected by disturbances abroad, in part the immediate result of the World War. International trade is blocked by tariffs and by inability of customers to pay. The effect of this is severe in relation to the extent that any country is dependent on foreign trade. England is probably at the head of the list. The United States has suffered far less seriously, and in such countries as India and China the masses have hardly felt a ripple of economic disturbance from this cause.

The severe depression into which the United States has drifted must have other causes reaching down deeper than reduced foreign trade, which at best amounted to less than 10 per cent of the total. The domestic market is still with us, based on a high standard of living, enjoying unhampered trade movement between the States and having the advantage of a uniform money standard.

Previous depressions have also been severe. That of 1893 is within the memory of many of us. It came with the failure of banks first in England and then here. It entailed suffering and caused a Coxie army to march upon Washington demanding relief. The sharp crisis did not last over a year.

Our present depression may be said to have begun with the sudden collapse of the stock market two and one-half years ago. It was confidently expected that the deflation which promptly followed would set us going back on a course of recovery, and some recovery actually occurred, but it was followed by a far more serious collapse, and accompanied by the ever-growing appalling degree of unemployment. It is not at this time that lack of capital is responsible, against which much of the depression of 1893 was charged. There never was more gold in the country and the savings banks were never more replete with money than they are now. It is not lack of goods. On the contrary, there is a notorious surplus. We now witness abundance of every desirable thing in life, plenty of raw material and capital in the shape of farms and factories to maintain and increase this abundance, and all this alongside of dire poverty which touches a large part of the entire Nation.

It is estimated that at present nearly 8,500,000 persons are out of work. Unemployed may be seen anywhere one goes throughout this country. Recently I visited New York City and stumbled on a long bread line, said to be one of many to be found on Broadway. In Chicago I noted crowds of workmen trooping around employment offices. Last Monday at the city hall in Portland I saw long lines of unemployed who had received emergency work and were waiting for their pay. It is of the utmost interest to size up these men and guess their status in life, and I was struck by the apparent total absence of professional loafers and hoodlums. The men in line were clearly decent, self-respecting, and law-abiding citizens, orderly, well behaved, and even good natured. A great many appeared to be skilled laborers, and there were some white-collar men. When men of this type, able and willing to work, patiently shuffle along in long lines waiting to be fed or to be given emergency work, when scenes of this kind are multiplied a hundred thousand fold, when it is realized that a great proportion of them must have families, when we picture to ourselves the long hunt for work and the hopeless home-coming day after day, the poverty, the sickness, which promptly follows its wake, and the chances of the lowering of decent morals, then the thought is burnt into one's mind that these things should not be necessary.

Why should a large part of our population, consisting of capable and willing workers, be suffering from want and another large part be gripped with fear that it, too, will gradually move into the shadow of distress?

This question has been studied by many thinking men and by groups of men and has received, as might be expected, numberless answers. The causes have been found numerous and complex. The remedies proposed have been legion and cover a wide field, running from easier credits to unemployment insurance, from double money standard to disarmament, and from wasteful consumption to controlled production.

Much of my life has been spent in close contact with workmen on public works and in industry. I know and understand the laborer and appreciate his fine and generous qualities, his intelligence, and his adaptability. The problem before which we stand is thus unavoidably touched by the emotions and arouses deep sympathy; yet we realize that it must be viewed with a cool head if the causes are to be discovered and correct remedies are to be applied.

Contact with conditions outside the United States affords a perspective to the problem. Not long ago I visited western Europe, later Japan and coast cities of China, and recently Java and British India. It became evident to me that the higher industry was developed in any country the more intense was underemployment, and conversely the closer the bulk of the population was to the soil the less was the disturbance of economic conditions. While in England the necessity for an immense dole threatens to become chronic, the effect on the masses in China and India is infinitesimal and is practically felt only by a small upper crust of city traders and industrialists.

Much has been said, and said truly, of the bad condition of farmers, but it is only where farmers have become single-crop producers or in a sense industrialists that they have suffered as severe hardships as are now being visited upon labor out of work. Farmers as a whole may suffer deprivation, but the most essential needs are provided and they are not homeless and without work.

In a study of this subject there is one outstanding fact which may impress itself upon the student's mind as being the principal cause of our present plight—overproduction or its ally underconsumption. It is the evident result, persistently and inexorably gaining in strength, of our civilization having definitely entered upon the machine age. An early effect was noted during the first half of the nineteenth century with the introduction of railroads in England and the resistance offered by displaced stage drivers. There were labor dislocations then and later throughout the entire century, while centers of machine industry developed, means of transportation improved, and international trade was proceeding with relative freedom of obstructions; there was felt the beneficial effect of banishment of periodic shortages of foodstuffs and other necessities of life under the shadow of which humanity had existed for untold ages.

Serious dislocations of labor occurred, but there were many possibilities of realignment and emigration was as yet practically unrestricted.

Many economists have clung to the belief that the production can never exceed consumption to any great extent because of an ever rising standard of living. Such belief, however, is not borne out by the facts. The increase in production tends to proceed at a geometric ratio so long as raw materials are available. Each invention, making a step in advance with the object of cutting out labor, becomes the mother of several other inventions. Witness, for instance, the amazing development of automatic machinery, the growth in size of machine units, the constant replacement of labor by machinery.

Consumption likewise goes up, but it can not continue to increase at a corresponding rate because it is subject to serious inherent limitations which do not affect production. A man's consumption is restricted by his ability to pay and his power to enjoy. A rich man can afford to eat more than he can digest; he can buy more clothes than he can wear; own more houses, automobiles, and yachts than he can use, but he confines his consumption to what adds to his enjoyment, since more would become a nuisance.

It is therefore an unavoidable result of the introduction of machinery that there should have grown to be a spread between capacity to produce and ability to consume, a spread which is persistently widening until checked by lack of warehouse capacity or of money to be locked up in the manufacture of surplus goods.

When this argument was first advanced years ago the surplus had not grown to the proportions it has attained since. But even then the signs of overproduction were evident on all sides. It was only necessary as proof of this to note the extreme to which advertising was being carried. For many years newspapers and magazines have subsisted on advertising in an amount and of a costly type such as could only be explained by a desire to outdistance competitors and force goods on the market at all cost.

Another evidence of overproduction was the device of installment buying. This made it possible to keep the wheels of industry moving by the questionable method of mortgaging future earnings. It was sure to aggravate any future depression, should it occur, and yet was capable only of taking up some slack which in the nature of the case had a distinct limit.

Overproduction has likewise resulted in embroilments with other nations. The open door is the symbol not of humanitarian desire to help other nations by working and manufacturing goods for them but of the effort to find an outlet for surplus goods created at home. Most recent wars have had economic objects, and even the World War had overproduction of the industrial nations of Europe among its obscure causes.

With all the evils of overproduction in evidence, it is natural that it is being charged with being the main cause of our present plight, and it is upon this belief that most of the proposed remedies are based. Among these are maintaining and increasing consumption, controlling and reducing production, and adding to available credit facilities.

Many of these measures have great merit, and some of them may be necessary for emergency relief. Upon reflection, however, it would seem that the cause of our present distress lies deeper and that it is not overproduction as such that can be charged with responsibility for the distress and poverty suffered by a large part of our population.

Just because there exists a great and unnecessary abundance for all, dire need and shortage for many should not necessarily follow. It should be clear that the fault of poverty can not lie in abundance. The inevitable conclusion is that it must be found in the faulty division of this abundance.

Division of wealth produced is effected through the instrumentality of money payment for labor, raw materials and capital employed. The portion earned by labor is transmitted in the form of money wages. Whether this portion is a fair one as compared to that earned by capital and by supervising ability has been and will be the subject of constant dispute. This question is, however, not seriously involved for the present in the search for the prime cause of our economic trouble. This cause is only partially the proportion of earnings received by labor but is mainly its distribution among labor itself.

During times of overemployment, when the supply of labor is insufficient and every laborer can find work, the money wages are well spread out. Such times occurred during 1906 to 1908, when incoming immigration could hardly supply the insufficiency in the

labor market. Another period of overemployment occurred during the war when 4,000,000 men were withdrawn from productive industry and when the work of the remaining population went largely into the production of war material. This condition continued for a few years after the end of the war because of the necessity of catching up with deferred building operations and delayed maintenance.

At all other times there has been unemployment. Thus there has been available a labor reservoir of idle men upon which drafts could be and were being made by industry.

There are many industries of a seasonal type, such as lake navigation, salmon packing, and lumbering, which produce underemployment during part of the year and cause a rise and fall in the stage of the surplus labor reservoir. This carries with it no special hardship, as wages in seasonal occupations are generally high so as to partly cover enforced idleness.

About the year 1885 labor began agitating for a reduction of daily labor hours from 12 to 10, and within five years the attempt was fairly successful over the entire country. The claim of labor was based entirely on humanitarian principles. Its secondary effect, however, was a reduction in the surplus labor available, thereby keeping unemployment down. Abundance of public farming land and the general opening up of the West took its quota of labor surplus.

About 1905, labor unions had grown in strength and succeeded in bringing about the reduction of hours per day from 10 to 8. On both occasions there was a general feeling on the part of employers that these sudden changes would result in shortage of commodities and a rise of prices. No such things happened owing to the rapid introduction of machinery which completely overcame the anticipated effect of reduction of hours, so that in the end the steps enforced by labor even though advocated on different principles were decidedly beneficial in keeping unemployment from swelling to dangerous proportions.

Since 1905 the introduction of machinery has continued with ever-increasing impetus. More and more labor was set free, but the war came demanding heroic increase of production, and after the war for several years there was need, as previously stated, of catching up with deferred work.

Unemployment was not seriously felt until after 1923, since which time it has grown in intensity in spite of all methods used for stimulating consumption. It was greatly aggravated by the general employment of female labor during the war, which has become permanent and suddenly added heavily to the available labor supply.

If the fact is doubted that man power is constantly being replaced by machinery, it is but necessary to study any type of industry and any class of public work. There is constant effort to cut out labor by perfection and growth in size of the machine units, aided by the universal use of electric power. It is true that part of the labor set free is taken up by employment in machine-making industry and in transportation, but there is a large remaining residue which keeps on swelling the ranks of unemployed labor. This in spite of constantly rising living standards.

Forced unemployment is repulsive to the sense of justice and is now fully recognized as lowering the average standard of living and reducing consumption, thereby aggravating the original cause.

We may now return to the main question: Is unemployment the necessary corollary of the introduction of machinery? Clearly if it is we had better consider returning to earlier, simpler, hard-working times rather than witness the injustice of a large part of our population suffering and starving. Such, indeed, is the attitude of governing classes in colonial countries. In Java, for instance, 40,000,000 hard-working peasants live contentedly on a small island from which the introduction of farming machinery is rigidly excluded.

Lightening human labor is the object of the use of machinery, but this need not mean unemployment. There is a very plain and simple way at hand to benefit from the former and avoid the latter, a way which has nothing radically new or strange in it, and which, indeed, is being proposed by many economists and labor leaders. The only strange thing about it is that it is not being stressed with greater energy and persistence as the one essential measure without which all other proposed remedies are but palliatives.

This measure is a prompt adoption of shorter working days, weeks, or months according to the exigencies of various industries, and its essence is that it should be of nation-wide scope and include all industries. Such reduction of working hours, after the two steps taken in 1885 and 1905, has been long since overdue. The point about it which must be stressed is that it should not consist of merely voluntary group employment of a local type such as put humanitarian employers at a disadvantage in competition, nor should it be confined to State or regional lines, thereby seriously disturbing competitive conditions, but it must be national in scope, cover all industries and be thoroughly applied with the one object in view of absorbing idle labor.

It was noted with interest from press accounts some weeks ago that at the Chicago conference of railroad unions and company presidents labor proposed a 6-hour day. According to reports this proposal was turned down for reasons not then stated. The only result finally emerging from this conference was a 10 per cent reduction of wages.

The attitude of the presidents may well have been that reduction of working hours would be fatal to any industry if applied to it alone, and that for the good of all railroads should be kept from the deadly effect of falling in the hands of receivers. Yet the reply might also have been that a shorter working day would be favored by the roads, provided and as soon as a shorter working day could be simultaneously enforced on all industries alike throughout the Nation.

It is realized that such measure, if it is to be brought about, requires a thoroughly awakened public opinion as to its necessity, besides a sense of frank and fair cooperation between the mass of employees on the one side and the employers on the other.

The measure might take the form of the appointment by the President of the United States of a permanent economic council, on which labor, manufacturers, contractors, railroads, engineering trades, and the power industries should have representatives. It would be the first duty of such council to ascertain from time to time the degree of time reduction necessary to reasonably absorb unemployed labor and yet permit an ever-rising standard of living.

It should recommend the passage of national and State laws governing the length of the labor day in public employment, on public works, and in the manufacture of goods in interstate traffic. Such body might be depended on to oppose other and unnecessary interference by Government with business, but it might consider other matters touching labor such as labor agencies, pensions, insurance, and safety, and publish its findings for the information of the public. Its first consideration, however, should at all times be the practical avoidance of unemployment.

As to the effect on foreign trade, it may be important but it must be remembered that this country can proceed along its own course successfully in a manner that would be impossible for any one of the smaller industrial nations of Europe. This is because the United States constitutes a large political unit, has practically a sufficiency of raw material, and has free trade within its own borders. There is no reason why this country with its enormous domestic market can not work out its own salvation, if necessary, without reference to the rest of the world.

Upon reflection it must appear axiomatic that reduction of working hours is essential before any permanent progress toward recovery can be made, and it is probable that no long time for study is required to decide upon a reduction which can be safely recommended to go into effect immediately. The president of the American Federation of Labor, previously referred to, estimates upon apparently correct data that of 30,000,000 wage earners, 8,300,000 are now unemployed. This fact alone would justify a reduction of working hours from 44 to 35 or even less per week.

If a council composed of various representative classes of labor, of industry, and of capital should reach a reasonable degree of unanimity on any measure deemed desirable, the public would quickly place itself behind it, and the lawmakers, whether municipal, State, or Federal, would respond promptly to such universal demand.

When the very difficult question of wages comes to be considered, it will be essential that both employers and employees take a cooperative attitude and that the burden of the change shall be fairly divided between producers and consumers. In unavoidable disputes it is only necessary for both sides of the problem to consider what the future might hold in store if no prompt decision can be reached. Without a reduction in the hours of labor, the number of unemployed will inevitably tend to increase, the average standard of living will most certainly be lowered, and consumption will drop, an effect which will aggravate the original cause.

The mental attitude of the unemployed will ultimately be affected by hardships and suffering so that it may become a menace to our social structure. The soviets will call attention to the injustice of our capitalistic system condemning a large part of our population to poverty in the midst of affluence and point with pride to its own system, which, with all its enormous drawbacks, has at least the advantage of avoiding unwilling idleness.

On the other hand, assume that through overwhelming force of an awakened public opinion shorter working hours are enforced on all. An immediate demand for labor will be created which would at once completely change the present hopeless psychology. Thereafter actual unemployment and the fear of unemployment would gradually disappear and in the minds of millions confidence will be reestablished, stagnation will cease, trade will resume its normal activities, and a return to healthy conditions will be possible wherein unemployment will be replaced by greater leisure and the introduction of the age of machinery will prove a blessing instead of a curse.

D. C. HENNY.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. SMOOT. Mr. President, I would like now to return to page 273, section 723, stamp tax on transfer of stocks, and so forth. The first amendment is on page 274.

The VICE PRESIDENT. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 274, line 7, after the word "thereof," insert "of the certificates of such corporation or other organization (or of the shares where no certificates were issued)," so as to read:

SEC. 723. STAMP TAX ON TRANSFER OF STOCKS, ETC.

(a) Subdivision 3 of Schedule A of Title VIII of the revenue act of 1926 is amended to read as follows:

"3. Capital stock (and similar interests), sales or transfers: On all sales, or agreements to sell, or memoranda of sales or deliveries of, or transfers of legal title to any of the shares or certificates mentioned or described in subdivision 2, or to rights to subscribe for or to receive such shares or certificates, whether made upon or shown by the books of the corporation or other organization, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manney to the benefit of such share, certificate, interest, or rights, or not), on each $100 of par or face value or fraction thereof of the certificates of such corporation or other organization (or of the shares where no certificates were issued), 4 cents, and where such shares or certificates are without par or face value, the tax shall be 4 cents on the transfer or sale or agreement to sell on each share (corporate share, or investment trust or other organization share, as the case may be)."

Mr. DILL. Mr. President, I do not know just how much this particular amendment affects the question that I want to discuss here this morning relating to the amendment, in line 14, striking out that part of the House text which provides one-fourth of 1 per cent on the selling price of stocks on the stock exchange and the amendment striking out, on page 276, from line 10 to line 14, on page 277. Has the pending amendment any relation to those amendments?

Mr. SMOOT. No.

The VICE PRESIDENT. The question is on agreeing to the first amendment of the committee on page 274.

The amendment was agreed to.

The next amendment of the Committee on Finance was, on page 274, line 14, after the word "that," to strike out down to and including the word "that" in line 17, as follows:

In no case shall the tax imposed by this subdivision be less than one-fourth of 1 per cent of the selling price, if any, of such shares, certificates, or rights: *Provided further*, That.

Mr. DILL. Mr. President, I would like to know why the committee struck out that provision.

Mr. SMOOT. I can state it in a very few words, as it was stated in the report that it is believed this is a burdensome rate and that the provision would cause administrative difficulties. Further than that, on all purchases of stock outside of the city of New York it would impose an additional tax. The committee, I think, was unanimous in striking that provision from the bill.

Mr. DILL. Mr. President, the argument that the tax would be burdensome is not a very impressive argument so far as I am concerned. Since the committee acted on this provision there have been some developments in the investigation of the stock exchange which it seems to me justify reconsideration even by the committee.

The New York Stock Exchange in particular and the stock exchanges of the various cities of the country in general have become more or less gambling institutions wherein a few men manipulate the market in such a manner as to make tremendous profits thereby and take from the American people not thousands or hundreds of thousands but millions and even hundreds of millions and, I think it is safe to say, billions of dollars. This small tax of one-fourth of 1 per cent is just double the ordinary commission that is paid on every stock-exchange deal to the broker. In a time when we are striving to balance the Budget, in a time when we are laying taxes upon industry and business that are legitimate and which are engaged in struggling to keep themselves out of bankruptcy, the committee strikes out a tax upon these gambling institutions.

I said a moment ago they are considered gambling institutions. The scratching of the surface thus far by the Committee on Banking and Currency investigation of the stock exchange shows they are not only gambling institutions but that the market in New York is a gambling institution in which the insiders use marked cards and loaded dice. The stories that have come out already are sufficient to shock every man and woman who has any sense of decency in business relationships. Take the story of Walter Sachs, president of the Goldman-Sachs Co., who testified that he paid $23,000,000 for a company that was worth only $1,700,000, and just previously to that issued $100,000,000 worth of stock and sold it on the market at $104 a share, and to-day the stock is worth $1.75 a share, bilking the people out of $90,000,000.

Oh, but it may be said the people run their own risk when they buy these stocks. I said a moment ago that the cards were marked and the dice were loaded. What did I mean? The mere cursory investigation so far conducted shows that when the promoters of the selling of stocks at high prices indulge in this business, they place on their pay roll publicity men who become propagandists to boost in the public mind the value of the stocks. Then when the profits of the pool are collected, these men are found to be on the pay roll and they get their share of the profits.

I have read the testimony of the representatives of the stock exchange and the brokers before the Senate Committee. They argued that this tax would not produce $75,000,000 a year, as the House believed it would. They said it would bring only $32,000,000 a year. Well, whether it brings $75,000,000, whether it brings $30,000,000, whether it brings only $20,000,000, I maintain that this is one place where the Government should levy a tax for the purpose of raising revenue and for the purpose of acting as a deterrent upon this gambling institution that has grown to such proportions that to-day there are millions of people who believe the prosperity of the country depends upon whether stocks go up or down in New York. The fact of the matter is that there is much reason to believe that the break in prosperity came as a result of this unconscionable boosting and building of the stock market by such methods as I have spoken of here as employed by Mr. Sachs.

Take the case of Warner Bros., one of whom sold stock of his own company for $16,000,000, under a system of boosting values, when he himself had inside information as to dividends to be paid, and then bought his own stock back for $7,000,000, making a clear profit of $9,000,000 out of the public.

Senators, it seems to me indefensible that in the case of such an institution we should consent to take off a tax that would raise the legitimate revenue and at the same time be a deterrent to operations resulting in the wild boosting of watered stocks and propaganda by which the prices of ordinary stocks are advanced to heights that are unconscionable and unbelievable.

I know the committee defends itself because the House raised the rate of the tax on the transfer of stocks from 2 cents to 4 cents, and I know it was claimed that probably that would raise almost as much money; but let me call attention to the difference between these two kinds of taxes. A tax upon the share of stock when it is transferred is the same, whether, for instance, Radio Corporation stock is boosted to 109, as it was by the pool that cleaned up $5,000,000 for a few insiders, or whether it is less than $3 a share as it was yesterday on the stock exchange. The same tax per share is still paid. If the House provision remained in the bill, then the rate of tax would be the same, but the amount coming into the Treasury and the amount paid by the gamblers in these various stocks would be larger as the stocks mounted in price. So it seems to me that the House method of taxing stocks, even if it brought no more money, is far more desirable, because it is based upon the amount of business done and not upon the mere transfer of stock.

Then, I am impressed with another thing; that the 4-cent tax now proposed does not apply if stock is loaned to brokers. What does that mean? It means that it will not apply to short selling. Even from the White House we had a tax suggested upon short selling; even from the White House we have been told that the stock market should be curbed as to its short selling; and yet the tax proposed by the Senate committee will not reach the loaning of shares to be used in short selling.

I do not want to take much of the time of the Senate, but I did want to direct attention to the fact that in these days of desperation—and I use the word advisedly—desperation

of our people, desperation almost of the Representatives and Senators to find legitimate sources to raise revenue to balance the Budget, we should not abandon the proposal to tax this institution which has become a parasite, aye, a parasite so big that it has swallowed up the legitimate business of this country, and load it merely upon a transfer of stocks to the extent of 2 cents increase.

Mr. WHEELER. Mr. President——

Mr. DILL. I yield to the Senator from Montana.

Mr. WHEELER. I want to call the Senator's attention to the fact that when the House placed that tax upon stock sales, and the stock market went down, there was a hue and cry all over the United States to the effect that it was because of the fact that this tax was placed upon such sales. The Senate committee reported an amendment to take that tax off the sale of stocks, and ever since the tax was taken off the stock market has been going down.

Mr. DILL. I thank the Senator for the suggestion. The fact of the matter is that practically every few days we read in the newspapers that "the leaders of the stock market yesterday struck new lows." The President told us when he proposed the moratorium that it was going to bring back prosperity; stocks rose; many people thought that prosperity had started to come back, and then stocks broke to lower levels than they had ever been.

Then we had before us the Reconstruction Finance Corporation bill, and we were told if we enacted that measure that everything would be fine; stocks began to rise again, and in a few days they dropped to new "low." Every time we do anything here in Congress to which the administration is opposed and stocks go down, we are told that is because we did not follow the President's leadership or did not do what they wanted done in New York. Then, when we do the things that the President may advocate or those in New York may advocate, stocks rise a few cents a share, and we are told that prosperity is coming back, only to find in a few days that stocks have gone even lower.

The fact of the matter is that it would be a fine thing if the Congress would pass a law to close every stock exchange in the United States during the present period of this emergency. In any case, there should be a tax levied upon the sales of stocks all over the country, first, in order to raise revenue, and, second, in order to act as a deterrent upon the practice of using the columns of the great newspapers for publicity and propaganda to build up in the public mind values until millions and millions of our people put their hard-earned savings into them and then find they own stock certificates that are not worth the paper upon which they are written, and that they are without any protection for the future because of the worthless investments they have made.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Florida.

Mr. TRAMMELL. Does not the bill provide for a tax on short sales?

Mr. DILL. I do not know where it does; I can not find it.

Mr. TRAMMELL. All character of short sales should be taxed. This bill does not provide for that?

Mr. DILL. The Senate committee amendment provides that when shares are loaned, not transferred on the books, the transfer tax shall not apply; and that is the most common way, as we have learned from the investigation, of carrying on short sales.

Mr. TRAMMELL. It is one of the greatest gambling devices employed on the stock exchange.

Mr. DILL. Of course it is.

Mr. TRAMMELL. Take as an illustration what happened on the stock exchange yesterday. I suppose the Senator noticed that the General Electric Co. made a considerable reduction in its dividend. General Electric stock went off about $3 a share on yesterday; Westinghouse also went off, and it affected the entire stock market. I do not know the facts, but I will guarantee that 90 per cent of the stock sales yesterday were short sales on the stock exchange, running prices down all the way from one to three dollars a share.

Mr. DILL. If we are to have any tax on stocks, the tax ought to apply to all such sales, and they ought not to be exempted by some device whereby if the stocks are loaned to somebody, the tax shall not apply as provided in the Senate committee amendment.

Mr. BLAINE. Mr. President——

Mr. DILL. I yield to the Senator from Wisconsin.

Mr. BLAINE. In reference to the suggestion of the Senator from Florida as to short sales, the amendment proposed by the Senate committee eliminates practically a large portion of the tax on short sales, for the reason that the stock exchange does not characterize as sales stocks that are loaned but on which there has been a transaction during the day, so that the proposed amendment practically permits all those short sales for tax purposes to go scot-free of any tax whatever.

Mr. DILL. That was one of the complaints I was making.

Mr. SMOOT. The Senator from Wisconsin is mistaken in that.

Mr. DILL. I did not hear what the Senator from Utah said.

Mr. SMOOT. I said the Senator from Wisconsin is mistaken in the statement he made in relation to short sales.

Mr. DILL. The amendment does provide that the tax shall not apply when stocks are loaned.

Mr. SMOOT. That is true.

Mr. DILL. That is the commonest method employed to consummate short sales.

Mr. SMOOT. Oh, no; in connection with the selling of stocks any kind of security may be put up; it is not necessary to have the certificate of the stock which is dealt in.

Mr. DILL. I think if stocks are loaned and used for the purposes of short selling, they ought to be taxed.

Mr. REED. Mr. President, will the Senator yield?

Mr. DILL. I yield.

Mr. REED. There is just this difference between borrowing and selling. If one makes a short sale, he has to find the stock to complete his contract. He borrows that stock and delivers it to the person to whom he has made the short sale. That sale carries a tax; it is only the borrowing that does not.

Mr. DILL. But under the committee amendment such a sale carrier no tax.

Mr. REED. I beg the Senator's pardon.

Mr. DILL. I do not see where it does.

Mr. REED. Certainly it carries the 4-cent tax, just like any other sale.

Mr. DILL. The amendment exempts loans of stock.

Mr. REED. It provides that there shall be no tax on the borrowing of stock, but when the stock is delivered to the purchaser in a short-sale transaction it has got to pay the tax just the same.

If the Senator will indulge me a moment further——

Mr. DILL. Yes.

Mr. REED. A very large proportion of the so-called short sales which this amendment takes care of are made under these circumstances: A constituent of the Senator in the State of Washington wants to sell stock on the New York Stock Exchange, the order is telegraphed to New York and executed. Under the rules of the New York exchange that stock must be delivered by a quarter past 2 on the following afternoon. Obviously, it is impossible to get a certificate from the State of Washington to New York City in time to make that delivery. The broker in New York, just as a matter of routine, borrows the stock in New York, delivers it on account of the contract, and then by and by the stock comes in from the State of Washington; the loan is repaid and the transaction is closed in that way. If we should put a tax on the lending as well as on the selling of stock, every person in the State of Washington who wanted to sell stock in a bona fide outright sale in order to raise money would have to pay a double tax on it. That would be wrong.

Mr. DILL. There would not be any double tax if the tax were on the selling price and did not apply to the stock. The Senator is talking about both a selling-price tax and a stock tax.

Mr. REED. How can we tax a loan on its selling price? There is not any selling price to a loan.

Mr. DILL. I do not approve of the committee amendment. I say the only proper way to levy this tax is upon the selling price of the stocks.

Mr. REED. If the Senator will indulge me one moment further, these taxes are collected through the transfer agent. The transfer agent will not make a transfer on the company's books until the proper stamp tax has been affixed. Suppose, for example, that the transfer agent finds that a certificate coming in to-day has an assignment dated perhaps six months ago. Such certificates, particularly those of stocks not paying dividends, may have been peddled around on the street for months; they are carried in the name of some street broker; they may have changed hands fifty times. How in the world is the transfer agent going to know what the price was? Such a tax could not be enforced.

Mr. DILL. It might result in breaking down the centralization of all stock deals in the great city of New York; and if it did that, it would be a God's blessing to the American people.

Mr. REED. Of course, if the Senator is going to reform the world by means of this tax, I can not meet him on that ground.

Mr. DILL. I am not going to reform the world; but I am not going to be turned aside from what I think to be a just proposal because of a system that has been worked up in this country that is a curse to the country, a curse to business, and a curse to the economic world. The fact that the Senator can dig up some transactions that would have to be stopped is no reason why we ought to avoid putting a tax upon the selling price of these stocks.

Mr. REED. It certainly is an argument against it if it is completely ineffective and unenforceable, and that is what the Finance Committee decided. We are just as pronounced in our view in the Finance Committee about this Goldman-Sachs transaction as the Senator is. Nobody is defending that.

Mr. DILL. Then why did not the Finance Committee provide for a sliding scale of tax upon the value of the stock when it was sold, instead of a flat rate of 4 cents per share, whether the stock was sold at $3, as it was yesterday in the case of the Radio Corporation, or whether it sold at $109, as it did when the pool was boosting it, and made $5,000,000?

Mr. REED. How is the Government's tax agent, or the company's transfer agent, or anybody else to know at what price the stock actually was sold? If we base our tax on the par value, as we have been doing for many years, everybody is able to calculate the amount of tax.

Mr. DILL. Let me ask the Senator a question. What is there mysterious about selling 100 shares of, we will say, United States Steel at 28 yesterday on the stock market? Nobody will have any trouble in finding out the value of that stock.

Mr. REED. Of course, they will not if the assignment comes in dated the day before it is presented for transfer.

Mr. DILL. Whether the assignment comes in or not, when the stock is delivered, it is delivered at 28. What difficulty is there about a Government agent collecting a tax of one-fourth of 1 per cent on that $28 a share?

Mr. REED. The stock may not be presented for transfer for another six months. How is anybody to know?

Mr. DILL. Then the sale will not be made.

Mr. REED. Of course not.

Mr. DILL. The Senator wants to continue the policy of selling futures.

Mr. REED. No; I do not.

Mr. DILL. I may be very dumb; but if stock is sold on the stock exchange at $28 a share, I can not understand how there is any difficulty on the part of the Government agent in charging one-fourth of 1 per cent tax on it. I know the stockbroker does not have any trouble in getting one-eighth of 1 per cent commission.

Mr. REED. Yes; but, if the Senator will just understand, a stock certificate assigned in blank becomes perfectly negotiable, like a dollar bill. If the stock is not paying dividends, there is no particular advantage in making the transfer into the purchaser's name. Consequently, that stock certificate, just like a dollar bill, may change hands a hundred times.

Mr. DILL. Then the Senator wants to encourage a policy of selling stocks that are never transferred. He wants to allow them to deal on margins as they deal in futures in wheat on the Chicago Board of Trade, selling millions and millions of bushels of wheat that are never there.

Mr. REED. No, Mr. President. I give up.

Mr. DILL. That is the argument the Senator is making. I do not want, as I say, to delay the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I should like to ask the Senator a question concerning his opinion of this amendment.

Mr. DILL. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. It will be recalled that when the provision imposing a tax on the selling price was incorporated in the House, many messages were sent contending that the rate was so high that it would result in a prevention of transactions that are wholesome and essential. Perhaps my office received as many messages on this subject as on any other that has been brought forward in this tax bill. The contention was made that the tax was so high, especially when considered in connection with other similar taxes that are being imposed, some by State authority—for example, the tax that is imposed by the State of New York on transfers of shares—that the provision would embarrass commerce, embarrass trade in stocks.

Has the Senator gone into that question with care, and what is his view regarding it?

Mr. DILL. Of course I do not know the nature of the particular protests that the Senator from Arkansas has in mind; but it may be that they are the same kind of protests that came to me, particularly from the mining people of the Northwest, and in fact from the mining people of the country, who claimed that as the House provision as a whole was worded there would be a tax of so much upon each share traded upon the market, when they were only selling for a few cents, and that this tax would make it impossible to deal in those shares. That can be very easily remedied by providing that no tax shall exceed one-fourth of 1 per cent of the total selling price.

Mr. ROBINSON of Arkansas. That is the provision in the bill.

Mr. DILL. That was in the bill, but it has been struck out. That part of it, I think, should be in the bill; but the whole point is this:

The brokers to-day charge 12½ cents for every $100 worth of stock that is sold on the stock exchange. If the Senator buys, or I buy, or anybody buys or sells on the stock exchange, he pays 12½ cents on every $100 of his selling price or purchase price.

Mr. ROBINSON of Arkansas. What is that accountable to?

Mr. DILL. To the broker who handles it.

Mr. ROBINSON of Arkansas. That is the commission?

Mr. DILL. That is the commission. This tax would be just twice that, or 25 cents for every $100. The members of the stock exchange who appeared before the Senate committee and were interviewed in the newspapers said that it would close the stock exchange, or that practically no business would be done. Well, perhaps it would. I do not think it would; but if it did deter a lot of this speculation it would be a God's blessing to the country.

I can not believe and I do not believe there is any ground for the assertion that if we impose a tax double that of the broker's commission we are going to destroy the business. I do not see where the justification for it is. Nobody finds himself seriously handicapped in paying one-eighth of 1 per cent, or 12½ cents, commission on a $100 sale. Why would it destroy the business and close all stock exchanges if we took 25 cents as a tax?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. DILL. I yield to the Senator from Utah.

Mr. SMOOT. I call the Senator's attention to the wording:

That in no case shall the tax imposed by this subdivision be less than one-fourth of 1 per cent of the selling price.

Mr. ROBINSON of Arkansas. Yes; that is a minimum rather than a maximum.

Mr. SMOOT. In other words, if the stock was selling for 4 cents a share or less it would take it all, and it would be absolutely impossible to transfer that stock.

Mr. DILL. It should be changed to "not more than one-fourth of 1 per cent," and that would very easily remedy it.

The whole point is that because the House in writing its language did not happen to cover these stocks that are sold for 4, 6, and 8 cents a share—the mining stocks, particularly, in many parts of the country—that is used as an excuse for destroying this tax. I maintain that that can be very easily amended and improved; and I shall offer an amendment that I think will meet that situation and in no way seriously interfere with the regular business of the stock exchange.

Mr. FLETCHER. Mr. President——

Mr. DILL. I yield to the Senator from Florida.

Mr. FLETCHER. The Senator made reference to the par value of stocks. I want to suggest to him that, according to the testimony before the Banking and Currency Committee, the greater portion of the stocks dealt in has no par value. They are stocks without par value—what are known as no-par-value stocks.

Mr. ROBINSON of Arkansas. May I also remark, with the permission of the Senator from Washington, that to impose a tax on par value seems to me economically unsound, because the less the taxpayer has the more he may be required to pay, relatively.

Mr. DILL. Yes; I think nobody intends to do that. To impose a tax upon the selling price, however, so that as speculation increased, as the boosting of stocks increased, the tax coming into the Treasury would increase, would act as a deterrent; and as the stocks went down, as the selling price went down, the tax coming into the Treasury would go down also.

I do not care to take any more of the time of the Senate.

Mr. HAWES. Mr. President, I ask unanimous consent that the editorial from the Baltimore Sun, which I send to the desk, may be read by the clerk.

The PRESIDING OFFICER (Mr. NORRIS in the chair). Without objection, the editorial will be read.

The Chief Clerk read as follows:

[From the Baltimore Sun of Saturday, May 28, 1932]

OUT WITH THE TRUTH!

Since the autumn of 1929, when the new economic era came crashing down around our heads, there has been one dominant idea in Washington. It is that the American people must not be told the whole truth. They may be too stupid to understand the truth. They may be too cowardly to endure the truth. They may punish any who stand boldly for the remedies that the truth dictates. Such have been the thoughts that have colored all thinking in high places.

It is more than a coincidence that this avoidance of utterly frank statement of facts has been paralleled by a downward movement in the economic life of the Nation, which has now reached a point that spreads terror among the authorities. Cause and effect are at work. The country is in a trough far deeper than could have been compelled by any or all of the grave mistakes in policy that preceded the collapse of 1929. Added to the consequence of all these mistakes in policy is what is commonly called the loss of confidence. It would be truer and more accurate to say there has been a loss of faith.

This loss of faith proceeds in large part directly from the consistent administration policy of understatement of the Nation's financial problems, from the therefore inevitable emergence of financial perils far exceeding those that had been expected, and from the corollary of increasing skepticism about the integrity of the national credit.

The time has come to make an end to that policy of shrinking evasion. The time has come to assume that the American people are not dolts or cowards, to inform them fully and honestly of the state of national finances, and to advise them of the burdens in taxation that must be shouldered if the national credit is to be protected.

It is plain that the administration and the leaders of both parties in Congress are gambling on a balance of the National Budget. It is plain that, even while they declare with all emphasis that the balancing of the Budget is the absolute condition of national solvency and of a revival of industry and trade, they are taking wide and dangerous chances that the pending tax bill will not effect a true or even a substantial balance. They are taking a chance that assertion that the Budget is balanced will be accepted as fact that the Budget is balanced.

One can understand some of the excuses. When estimates were presented and accepted last December there was hope of a revival. When, far from reviving, trade moved steadily downward and new estimates were offered in February, they also were made in the hope that a revival would soon appear, and they were accepted in that spirit. It was possible for the authorities to offer themselves the additional justification that the act of laying new taxes in large amounts and of effecting economies in large amounts would stimulate the revival. Nevertheless, in December and later in February, as in all previous statements on national finance, chances were taken on the optimistic side.

Now the time has come when it must be realized that these chances have not been made good, that even during the time the Congress has been struggling over taxes the further decline in business has been so swift and so heavy that millions more of new taxes must be levied to yield the return which will assure the balanced Budget that all proclaim to be imperative.

Stop the nonsense! It has gone on long enough. Tell the American people the full measure of the need for new taxation. Ask them to bear it. They will. The American people have sense enough, if the gentlemen at Washington will only stop to realize it, to understand the necessity of sound finance—sound in fact, not merely in name—and to bear whatever burdens sound finance may require.

What this means, in plain terms, is a general manufacturers' sales tax. It is not a question any longer whether it is a good tax or a bad. It is now an absolutely necessary tax. There is not a man in Washington, possessed of information about the state of business and the state of the National Treasury, who does not know quite well that it is impossible to get enough revenues without resort to this tax, and probably to a sales tax on beer in addition. Why not tell the truth, and why not act on the truth?

In particular, why not a plain statement of the facts from President Hoover? He knows what the state of business is. He knows what the state of the National Treasury is. He knows that the day is here when only a manufacturers' sales tax will balance the Budget. And yet, though he leads all others in insistence upon the necessity of a balanced Budget, not one explicit word has he ever uttered in behalf of the tax that will accomplish a balanced Budget. The hour has stuck when the Chief Magistrate of the American people must talk facts to the American people.

Mr. HARRISON. Mr. President, I do not know what was the object in having that article read, unless it was to bring to the attention of the Senate as a fact that the sales tax is all important.

We need not fool ourselves, and the country need not be fooled, as to the true situation here in the Senate. There are some of us who have laid our breasts bare to every target in order to help make receipts and expenditures balance. In the Committee on Finance and on the floor we voted for this and that tax, which met the approval of the Treasury Department, may I say, although in many cases we knew that doing so was unpopular. But we had read the press of the country, we had listened to those in high places in the administration, we had analyzed government receipts and disbursements, and we appreciated that it was necessary to preserve the credit of the country. So we went through with it.

We have done it unflinchingly and courageously. Some of us have voted for these taxes when others have faltered and floundered and deserted. I have no fault to find with those who want this or that plan with reference to balancing the Budget; but what is the situation that confronts the country to-day?

We have proceeded for some weeks in the Committee on Finance, and many days and nights in the Senate, voting on this item and that item, and we have reached almost the end of the road. There are very few other items to be considered. We have finally overcome every obstacle. We have almost balanced the Budget, according to the recommendations of the Treasury Department. When we shall have finished the consideration of these few remaining items, we will have balanced the Budget within $40,000,000 of the amount the Treasury said was required.

I am not going to argue the point whether or not the Treasury was mistaken in its estimates. I have always believed from the beginning that as to some of the sources of revenue recommended we were going to fall short of receiving the amount the Treasury estimated we would receive, and that on others they have underestimated the receipts. For instance, I thought they had overestimated the receipts from income and surtaxes and corporation taxes, because,

as the Secretary of the Treasury and the Assistant Secretary said when they appeared before the committee, their estimates were based on an expected 20 per cent improvement in business for this year, and we have not seen the improvement.

Be that as it may, the Treasury made its recommendations. It specified what particular things should be taxed in order that the Budget might be balanced, and we accepted those recommendations; and, over many obstacles, we have finally emerged to the present point in the consideration of the measure and have almost completed a bill that will balance the Budget.

We need about $40,000,000 more, or $70,000,000 more, according to the estimates of the Treasury Department, in order to balance the Budget; and, so far as I am concerned, when we shall have finished the consideration of the bill I am perfectly willing to accept sufficient increases in income or normal taxes, according to the plan suggested by the Senator from Texas [Mr. CONNALLY], in order to balance the Budget, and I think there are enough of us who are willing to join hands to put that through. So there is no question but that the Budget is going to be balanced if we will proceed along the orderly lines mapped out by the committee, suggested by the Treasury Department.

What has happened? After we have voted in this item and that item, and finished our labors, we read in the papers now that the President has called to the White House the leading newspaper owners of the country, and that, in a long conference there, there was discussed the general sales tax, which has been before the country from the time the bill was first introduced or suggested by the President. Indeed, we hear many rumors as to what happened in that conference.

The President has not come out for a general sales tax, but I hear it intimated and rumored here and there by Senators that they are against a general sales tax, but that if the President should come out in favor of it they would be for it.

The Treasury Department has been against a sales tax. The Assistant Secretary of the Treasury, when he appeared before the committee, indicated that he was against it, and in his utterances the Secretary of the Treasury has been against it. Of course, he finally said, "If that is the best way to balance the Budget, and Congress will accept it, very well; I will accept it to balance the Budget, because that is the one essential."

We see now, however, that every effort, every influence, is being employed to try to browbeat the Senate into undoing the work it has done and to accept the general sales tax. The movement for a sales tax has been at work for weeks. Those who are its proponents knew they were defeated. They never dreamed in the committee that they could muster enough votes to recommend it to this body. They put it off as long as they could, although some of us were pleading with them from the beginning to put it to a vote in the committee in order that we might settle it. Upon the floor of the Senate we have appealed to those who have favored a general sales tax to put it before the Senate and let Senators vote on it. Have they done that? No; but they go out into the anteroom, they get some of the press boys around them, and they say, "We have the votes." They know they have not the votes. They know they have not had the votes. They know that there has not been a moment since the time when we started the consideration of the bill when they have had the votes.

Certain press representatives, certain big papers in this country, have favored a general sales tax; they have tried to exploit it; they have propagandized the country; and they have made people believe that there was a tremendous force here for the general sales tax, and that it was going to be adopted.

If they have the votes, I challenge them now to take a vote this minute, without any more discussion of the proposition. They have not the votes, and they know they have not.

I was surprised to read this morning that the distinguished chairman of the Committee on Finance, whom I respect, and with whom I have labored and cooperated in this tax fight, was yesterday at the White House, and in leaving it said, "The general sales tax is growing and growing and growing."

Mr. SMOOT. Mr. President——

Mr. HARRISON. When yesterday I suggested to the leader on the other side of the aisle that we try to hasten the consideration of the pending bill and get it out of the way to-day, he said, "Oh, no; we must wait until Monday."

We must wait until Memorial Day, because the greatest service and the most patriotic thing we could do would be to work on this proposition Monday. In my opinion, the worst thing the Senate could do would be to adopt a general sales tax on Memorial Day, when the stores are closed and the church bells are ringing, and people are taking the day off to decorate the graves of their loved ones who have passed away.

Why the proponents of the sales tax want to put off a vote is because they think they can browbeat the Senate in some way and can get enough votes to pass the sales-tax amendment. They know they have not the votes to-day. They think they might have them Monday, and if they do not have them then, they will want to put it off until Tuesday.

Let the country know that we are ready for a vote. I say to the boys in the press gallery to send out the word, no matter whom you represent, that we are ready for the vote, and that if there is any delay in passing this bill it will be through the efforts of those who have been crying out heretofore to pass the bill and balance the Budget, and that everything would be well if we would do that. They are the ones who are delaying it, if there is any further delay.

Now I yield to my friend the Senator from Utah [Mr. SMOOT].

Mr. SMOOT. Mr. President, I want to say to the Senator that there is not a single, solitary word of truth in the article in the morning paper, so far as it represents me as saying anything about the sales tax.

Mr. HARRISON. I am glad to hear that.

Mr. SMOOT. I visited the President yesterday. I did not mention the sales tax; never mentioned it. I am perfectly willing to say what I went to the White House about. I went there on the question of silver, and not another subject was mentioned during the conference I had with the President.

Mr. HARRISON. Mr. President, of course I believe absolutely what the Senator says. That shows the extent to which the press is going in carrying out this propaganda, which was hatched the other night, even saying that the distinguished chairman of the Committee on Finance, who has worked overtime, and who has voted time after time for the taxes which have been suggested, as many of us here have, had gone to the White House and was helping in this propaganda.

Let Senators and the press and the business people and others who may want the general sales tax mark this, that if they really want to balance the Budget, and think the sales tax will help, let us have a vote on the sales tax now. But the proponents of the sales tax are not going to agree to that. Stop this propagandizing; stop this delaying. But they are not going to allow a vote on the sales tax, because it is inconceivable to me that they want to have a general sales tax. Why, the Senate unanimously voted out the tax on toilet articles, but now it is said that they want to put back the tax on tooth paste. The tax was taken off mouth wash, but now they say they want to put it back on that. It was taken off soap, but now they want to put it back on that. Under a general sales tax, from the time one is born until he finally passes away and is carried in his coffin to the graveyard everything he uses, except the things he eats and the clothes he wears, is taxed.

Just as an illustration, when you get out of your bed and go into your bathroom you wash your face in a bowl that is to be taxed, you use soap that is to be taxed, you use a toothbrush that is to be taxed, the tooth paste you use is to be taxed, your shaving cream will be taxed, the shaving brush will be taxed, the comb you use and the brush you use

will be taxed. When you go to your office you will find everything in your office taxed. When you go to eat your breakfast, everything except the food will be taxed, from the old skillet to the stove, and the pans, and the spoons, dishes, and the cups. Everything will be taxed. Not to carry the picture further, from the time you are born until you are laid away in your coffin everything will be taxed, and even the coffin itself will be taxed.

It is inconceivable to me that in this democratic country, where we have said that the taxes should be heaviest upon those things which are luxuries, and which the people do not have to have, that some should want to tax everything, irrespective of whether the poor man needs it or the rich fellow wants it. I am not willing to do that. Whenever you put your tax on here, Mr. Business Man in New York who is using his telephone to put over the general sales tax, Mr. Automobile and Mr. Rubber interests, Mr. Jeweler, and others, remember when you do that, if you want business revived, you are not helping in the movement because you are but delaying the balancing of the Budget. You are confusing the issue.

There are men here by the score who will not vote for the bill on final passage with a general sales tax in it. Whenever you put into this bill such a provision, and it goes to the House containing such a provision, there will be created a situation thereby that will be impossible to overcome. The House once by 70 and later by 75 votes has repudiated the idea. I went over there only yesterday and I talked with everyone I could find on the Democratic side, and not one but told me he did not know of a single man on the Democratic side who has changed his opinion regarding the sales tax.

We have practically balanced the Budget and are through with our labors. Why continue to confuse the issue and mislead the people on the issue?

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Mississippi yield to the Senator from Montana?

Mr. HARRISON. I yield.

Mr. WHEELER. In the light of what the Senator has said, I want to call his attention to a statement in this morning's Herald, as follows:

> President Hoover stands foursquare behind the general manufacturers' sales tax as the best method of balancing the Federal Budget, Senator SIMEON D. FESS, of Ohio, declared last night.
>
> The Ohioan made this announcement after an extended White House conference to discuss the general legislative situation and also the approaching presidential campaign.

I think it might be well to find out whether or not the statement attributed to the present occupant of the chair is also false and whether or not the President is in favor of the sales tax.

Mr. ROBINSON of Arkansas. Mr. President, it would be interesting also to know why this statement or announcement from the Senator from Ohio has been deferred, why the announcement was not made in the beginning of the consideration of the bill. Undoubtedly such a course would have resulted in the passage of the bill much earlier than it could be passed if a sales tax were now incorporated and the bill sent back to the House of Representatives containing such a provision. I would like to hear some one who has been propagandizing the country in favor of the prompt balancing of the Budget by the passage of the revenue bill answer the question how long he thinks it will be before the bill will be finally passed if a general sales tax is now incorporated in the bill.

We have heard it whispered about and some statements have been made in the press that there has been a reversal of attitude on the part of the House of Representatives touching this very important question. No doubt those who have made that statement are sincere in the belief that a change has occurred. But upon investigation it is found that there has been no material change. Those who are desirous of having a prompt balancing of the Budget can never explain or excuse their conduct in failing to bring forward the general sales-tax issue when the bill was first brought into the Senate. They can never explain or justify waiting week after week until the physical resources of Members of the Senate have been almost exhausted in the consideration of the bill, and then precipitating an issue which will defer the final passage of the bill for 30 or 60 days.

Let us understand why secret propaganda has been promoted. Is it true that the President, after the Congress has been in session for six months, has announced or prompted the announcement of a policy touching the taxation question which is at variance with the policy advanced by the Treasury Department? If that be true, let us have the explanation of it now and let the country understand that instead of causing a prompt balancing of the Budget, it will result in further confusion and delay. It will prolong the debate over the tax bill for at least 30 days.

Mr. HARRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Mississippi?

Mr. ROBINSON of Arkansas. Certainly.

Mr. HARRISON. I hope and I expect that the Senator from Ohio [Mr. FESS] is going to deny the statement. I hope that is true, because it may be some of the same propaganda. I had believed and I had hoped that the President would stand aloof and let the Congress enact its Budget legislation as it thought wise. I know that the Secretary of the Treasury, who came before the Finance Committee at least three times and was pleaded with to make suggestions, never at any time made a recommendation for a general sales tax. He made the suggestion of excise taxes upon a special basis and laid it down in black and white before the committee. He has never suggested a general sales tax.

Mr. FESS. Mr. President, will the Senator yield?

Mr. HARRISON. I yield the floor.

Mr. FESS. Mr. President, the article in the Washington Herald of this morning was called to my attention over the telephone by several persons asking me whether it was authentic. I had not seen the Herald until after the Senate convened at 10 o'clock this morning. I had seen the Washington Post. There is not anything stated in the Post that is not true. The facts are, that I called for a conference with the President last night.

Mr. HARRISON. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. FESS. I yield.

Mr. HARRISON. The Post did not quote the Senator as the Herald quotes him.

Mr. FESS. The Post refers to me as having been at the White House and refers to matters that were discussed, but nothing of the sort as stated in the Herald.

Mr. HARRISON. I see.

Mr. FESS. I asked for a conference at the White House over the preliminaries of the national convention, making it quite emphatic that it now appears that Congress is not going to get through with its work so we can recess for the convention. It looks as if we are going to be compelled to stay right here through the convention. Some of us will have to go to the convention anyway. I assume the Senator from Iowa [Mr. DICKINSON] will have to go. I intend to leave here on the 8th of June and to remain absent until after the convention is over. There are many subjects that ought to receive preliminary consideration, and naturally they come up for the chairman of the national committee to consider. Some of those I called to talk about with the President before we came to any definite decision. Everybody would understand that as an obvious situation, a thing that any chairman would feel under obligation to do.

As I left the White House last night I was met by several newspapermen. They wanted to know what was the subject of the discussion. Naturally I told them why I was there. Then they began to ask me questions. One question was whether we discussed the referendum. I stated flatly that we had not, that that was not a subject which I had gone to the White House to discuss. Yet in the Herald is a statement that we did discuss the referendum and also a

statement as to the position of the President. There is not a scintilla of fact in that statement.

I know that in the course of the conversation with the newspaper boys, and there were four of them there, I was asked about the tax situation and whether we had discussed that matter. I stated that we had, but that the subject of discussion was the progress we were making on tax legislation. The sales tax was not discussed. No particular phase of discussion was entered into except as to the probability of our reaching a vote soon.

I was asked what is the position of the President on the sales tax. I frankly stated that I was of the opinion that as between the excise tax and the sales tax the President would be in favor of the sales tax. I did not quote the President because he said nothing of the sort to me at all. I gave it simply as an opinion of my own. Probably I should not have done it, but now comes the statement as from me, as reported in the press, that I stated that the President is flatly behind the sales tax. There is absolutely no truth in that statement. In the first place, I would not quote the President even if he had stated any such thing as that, but he did not state anything of the sort and I do not know of my own knowledge the position of the President on the sales tax. I gave it as my opinion that as between the high excise taxes and the sales tax, the President would prefer the sales tax, but I made the statement without any authority except that it was my own judgment.

That is all there is to the statement in the Herald about prohibition and the referendum, which assumes that we discussed that question, and also about the sales tax, which assumes that I was quoting the President as being for the sales tax when I do not know what his position is.

It is along the same line that there seems to be an effort to draw a Senator into complications where some statement will be made and then immediately somebody identified with the statement will call me up and ask whether I said it. In other words, in their inability to get me to talk on a thing about which I am not talking, somebody will print it as if I had talked upon it and then call me up and ask me whether I did or not. That is a high grade of conduct on the part of men who represent the great press of the country.

Yesterday I made a statement relative to Senators coming into the Chamber late when the Senate met at 10 o'clock, a matter which had been discussed here. Commenting on that statement, the same news agency which had prepared the previous statement for the press, said "The Senate is very anxious to make the country believe that its Members are very studious and busy."

It is all right, perhaps, for members of the press to make such statements to people who understand the circumstances, but I contend that it is not a service but is a disservice to the country to utilize this as an open season for shooting at public officials who are trying to do their best to meet the problems with which they are confronted. It is not treating the country properly when such distortions as appear in the press this morning are printed without scruple. It seems to me there ought to be some change in attitude on the part of the press.

Mr. COUZENS. Mr. President, so long as the general sales-tax question has been raised this morning, I wish to indorse what the Senator from Mississippi has said with respect to delay in balancing the Budget and to discuss the question involved.

If the amendment proposed by the Senator from Massachusetts [Mr. WALSH] should not be offered, we could balance the Budget before we adjourned to-night. If there shall be any delay in balancing the Budget by the injection of the sales-tax proposal of the Senator from Massachusetts, the responsibility for the delay and for failing to balance the Budget within a month or six weeks will be upon the shoulders of those who sponsor and support the proposition. The responsibility will not be upon those who are now supporting the bill as reported by the Finance Committee.

Mr. WATSON. Mr. President——

Mr. COUZENS. I yield to the Senator from Indiana.

Mr. WATSON. In a conversation with the Secretary of the Treasury yesterday afternoon he stated to me, basing his estimate on the condition of the bill the night before at the time the Senate adjourned, that we had provided $969,000,000 of additional revenue, but that he thought it would be absolutely unsafe to undertake to balance the Budget with $969,000,000 of additional revenue unless the reduction in expenditures to be made by the economy program was greater than he thought might be made. He said that to be absolutely safe, to make sure that the Budget would be balanced, so that the country and the world would be satisfied that it had been balanced rationally, it would require $1,025,000,000 of additional revenue and a reduction in expenditures of $350,000,000.

The Senator from Michigan has stated that we can balance the Budget to-night. He is a member of the Finance Committee; he has studied all these questions and is familiar with them. I am wondering, having provided for raising revenue to the amount of $969,000,000 and it being necessary to have $1,025,000,000, where we are going to get the other $56,000,000?

Mr. COUZENS. Just how we are going to get that $56,000,000 may be left to the Senate. There are several ways of raising it. We can adopt the proposal of the Senator from Texas [Mr. CONNALLY], which will produce from $100,000,000 to $125,000,000 more, and then not go back to the war-time income-tax rates which I recommended. To adopt the Connally amendment will more than balance the Budget, and it will be better to more than balance the Budget than to have it unbalanced.

However, that is not exactly the purpose for which I rose. I rose to say that it would take a month or six weeks, probably, to debate the amendment submitted by the Senator from Massachusetts.

Mr. BARKLEY. Mr. President, will the Senator from Michigan yield there?

Mr. COUZENS. I yield to the Senator from Kentucky.

Mr. BARKLEY. If the Senator's statement be accurate, and if it be true, as the Treasury Department states, that each day we are losing $8,000,000 while we postpone the passage of the pending measure, a delay of 30 days would mean a loss of $240,000,000. Whether the statement of the Treasury is accurate or not I do not know, but we have been told that each day we delay the passage of the pending measure the deficit in the Treasury becomes $8,000,000 greater.

Mr. COUZENS. I understood the Senator from Utah [Mr. SMOOT] to say the deficit increased at the rate of $2,000,000 a day.

Mr. BARKLEY. The press has carried the statement that it was $8,000,000 a day; but even if the sum be $2,000,000, if we delay the passage of the bill for 30 days that would be $60,000,000, and that is more than the $56,000,000 now necessary to balance the Budget.

Mr. COUZENS. Every day we delay the passage of this bill to discuss theories of taxation, whether it be excise taxes on a few commodities or the surtax or other kinds of taxes, we are delaying the balancing of the Budget and are losing probably more in revenue day after day than we can gain by a change in the method of taxation.

Briefly, I want to point out some of the difficulties that will arise and some of the interpretations that will have to be arrived at when we are considering the amendment proposed by the Senator from Massachusetts [Mr. WALSH]. I want to draw attention to some of the exemptions his amendment proposes, how they will have to be interpreted, and the necessity of an interpretation of what the amendment means before we act upon it.

I want to say that there will be literally hundreds of amendments proposed to the amendment, because the amendment, as I view it, is already too inclusive of the necessities of life. For instance, beginning with the exemptions on page 5 of the amendment, it provides:

(1) Food for human or animal consumption (including those grades and forms of articles chiefly used as food for human or animal consumption in the form in which sold or after processing or as material for such food) and tea and coffee.

I think it would require a very long definition properly to determine what is intended by "food * * * including those grades and forms of articles chiefly used as food."

Then in subparagraph (2) the amendment provides—

Medicines—

Then in parenthesis—

(other than patent or proprietary medicines).

I should like to ask the Senator when he excludes proprietary medicines he means the——

Mr. WALSH of Massachusetts. Mr. President, may I suggest to the Senator from Michigan that we refrain from discussing my amendment until it shall be reached in the consideration of the pending measure? I think that would be much more orderly procedure and possibly save time.

Mr. COUZENS. I dislike to disagree with the Senator's suggestion, but the Senator knows that the most intensive propaganda is now proceeding in order to induce Senators to vote for this proposed plan. Not only 39 newspaper publishers, I understand, have been pledged but it is even whispered around the Senate that the Scripps-Howard publications are going to switch and come out for the sales-tax plan; and it is also whispered around that Mr. Roy Howard has already been induced to switch over and indorse the sales-tax plan. I do not propose to sit here and wait until next week, when this propaganda may influence a sufficient number of Senators to enable the sales tax to be put in this bill.

Mr. WALSH of Massachusetts. The Senator knows that this proposal did not come from the administration or the Treasury Department but from the Democratic members of the House Ways and Means Committee.

Mr. COUZENS. I am not saying it did; I am saying where the source of it now is.

Mr. WALSH of Massachusetts. The Senator knows that propaganda, if there is propaganda, has been of recent origin and of recent intensity, and that when this proposal was first offered by the Ways and Means Committee there was very little propaganda for it.

Mr. COUZENS. I am not disagreeing with the Senator as to that.

Mr. WALSH of Massachusetts. The Senator, of course, may criticize and discuss the amendment as he sees fit, but I really would prefer that the debate should be delayed until we reach and may discuss the amendment section by section, and until I can give my reasons for supporting it and can enumerate the objections to it. I propose to enumerate every objection of which I have heard and to give what seems to me to be an explanation in reply to the objections.

Mr. COUZENS. Out of consideration for the Senator——

Mr. WALSH of Massachusetts. I will say this regarding the amendment that it is similar to the provision drafted by the House Ways and Means Committee; that it was drafted by the experts of the Treasury; it was modeled after the Canadian plan; and a great deal of time and a great deal of study have been given to the matter by experts of our Government. They think they have drafted a workable amendment. It has defects; it is not perfect; it perhaps can be improved; but it is, on the whole, as satisfactory a manufacturers' excise tax as could be drafted.

Mr. COUZENS. Out of respect for the Senator's wishes, I will not ask him any question.

Mr. WALSH of Massachusetts. I appreciate that.

Mr. COUZENS. In discussing the amendment, I think it is fair to its proponents to point out some questions that will be raised and some of the amendments that will be offered for consideration before it can be voted on by the Senate.

Mr. WALSH of Massachusetts. I want, when I have an opportunity to present the amendment, to explain its provisions. I hope to give to the Senate the arguments that are in favor of it; I hope to present every known and repeated argument against it, and to give my views in reference to the weight that should be attached to those objections.

There are objections to it just as there are objections to the excise taxes proposed in this bill, but not one objection can be lodged against a single tax proposed to be levied by the amendment than can be lodged against the tax now in the bill on candy, on chewing gum, on radios, on automobiles, on tubes and tires, and many other articles, except that in my amendment the rate is infinitely smaller than in the bill which is now before the Senate.

Mr. COUZENS. Of course I disagree with the Senator that there are not great objections to the proposal, because it covers the whole field of human needs except food and cheaper clothing. If the excise taxes are objectionable—and I agree that they are—they are confined to a few articles; but the objections to the Senator's amendment can be multiplied by the number of articles that would be included in it.

Mr. WALSH of Massachusetts. May I ask the Senator a question?

Mr. COUZENS. Yes.

Mr. WALSH of Massachusetts. Suppose I came here with an amendment providing for a tax of 1¾ per cent on expensive furniture, on rugs, on carpets, on draperies, on laces, on linen, on chinaware, on silverware, and 100 or more other commodities that the well-to-do and prosperous purchase, would the Senator object to such a tax?

Mr. COUZENS. I do not desire a consumption tax, because I am conscious of the fact that the only way to employ our unemployed is to supply more luxuries.

Mr. WALSH of Massachusetts. Is there not just as much justification for the kind of taxes I have suggested as for the special excise taxes levied by this bill?

Mr. COUZENS. Absolutely; there is no question about that.

Mr. WALSH of Massachusetts. Then I think the Senator will give me credit for eliminating, as far as it is humanly possible and so far as is possible of administration, every single necessity of life which the worker and the poorer classes of our population consume.

Mr. COUZENS. That is where the Senator and I wholly disagree. I do not believe the Senator has eliminated from his amendment one-half the things that ought to be eliminated.

Mr. WALSH of Massachusetts. The Senator can not deny statistics, and statistics show that 73 per cent of the earnings of the workers goes for food, clothing, and rent. That has been shown by test after test and examination after examination.

I will concede that in this amendment it is proposed to tax part of the 27 per cent income of some of the working class, but from that must be deducted expenditures for amusements and for other incidentals of life that are not reached and are not in the category of purchases. I repeat, that examination after examination as to how the income of the worker is spent shows that over 70 per cent is spent for food, clothing, and rent, and they are all exempted by the amendment; indeed, the amendment provides a tax on the rich and wealthy of the country, who because of their wealth have the most money to spend, and is an amendment to free and liberate the poor from taxation so far as it is possible to do it by law.

Mr. COUZENS. I could argue for months and months, and be wholly in disagreement with the Senator's viewpoint that what he proposes is a tax on the rich. It is obviously a tax on the poor, because, as the Senator's own candidate for the Presidency, Mr. Alfred Smith, pointed out, an individual with an income of $1,000 under this proposal for a sales tax would pay $8.

Mr. WALSH of Massachusetts. I do not care what Mr. Smith or anybody else said, I repeat, it provides the revenues necessary to run the Government from the wealthy consumers and reduces to a minimum the tax burden on the poor.

Mr. COUZENS. I am telling the Senator what the proponents of the measure say.

Mr. WALSH of Massachusetts. I am trying to treat this on a broad basis. I enumerated 10 or more articles, and the Senator has just agreed with me that there is just as much reason for taxing those articles as there is for taxing the commodities mentioned in the bill pending before us. Indeed, there is more reason, because the things I have named—the laces and the linens and the carpets and the

rugs and the art and the china and the bric-a-brac and the silverware—are purchases that will be particularly used by the rich, and be subject to this tax.

Mr. COUZENS. I should like to ask the Senator whether the poor live in bare houses?

Mr. WALSH of Massachusetts. Certainly not.

Mr. COUZENS. Do the poor have to get along without carpets and rugs and kitchen utensils and chairs and kitchen tables and knives and forks and napkins?

Mr. WALSH of Massachusetts. No, Mr. President; but the poor have to use for 20 years the tableware from which they eat, the furniture in their homes, and the other commodities they use. They are not every six months or every year or every three years buying these expensive commodities as styles change, and the Senator knows it well.

Mr. COUZENS. Those things are not exempted in this bill. If the Senator wants to get at the point he desires, and with which I am in agreement, why does he not present an excise tax on the commodities to which he has just referred? If he does, I shall be glad to support it.

Mr. WALSH of Massachusetts. If the Senator can enumerate to me the things that he wants to eliminate from this bill that will exempt the poor from every tax, I will agree with him; but he can not do it, and I will tell him why. He can not eliminate the tablecloth of the poor that costs 50 cents unless he eliminates the tablecloth of the rich that costs $100.

Mr. COUZENS. Oh, yes; I can.

Mr. WALSH of Massachusetts. He can not eliminate the wash towel that the poor buy in the 5-and-10-cent stores for 5 cents unless he eliminates the towel that costs $1, $5, $10, or more.

Mr. COUZENS. I disagree with that entirely. The Senator's own bill indicates that.

Mr. WALSH of Massachusetts. Let the Senator draw an amendment, and name in that amendment every commodity that the worker and the poor consume, and I will accept it.

Mr. COUZENS. That is just what I rose to say.

Mr. WALSH of Massachusetts. But I will tell the Senator that he is limited to about 10 per cent of the expenditures of the poor, because 70 per cent is eliminated under this bill.

Mr. COUZENS. It will be my intention to eliminate the other 30 per cent.

Mr. WALSH of Massachusetts. The Senator can not do it. Some of it goes when the poor man goes to church on Sunday. Some of it goes when he goes to the movie. Some of it goes when he goes to the baseball game. Some of it goes for things that are not and can not be eliminated from a tax bill.

Mr. COUZENS. We are going to eliminate them just as far as we can; and I thought it was due to the Senator and due to the other advocates of the sales tax to notify them how long it would take to get this bill through, not only because of the misunderstandings but because of the lack of adequate exemptions.

Mr. WALSH of Massachusetts. The Senator and I absolutely agree that if we are going into the excise-tax business we want every single thing excepted that the poor eat and wear. I am with him in that. Let him draw the amendment, and I will accept it.

Mr. COUZENS. I point out also that there are 10 pages, I am informed, of exemptions under the Canadian law. Let me say that I am not influenced by what the Canadians do in raising their taxes any more than I am influenced by what the British do in raising their income taxes, although I want to point out the great difference between the income-tax rates paid by British citizens and the income-tax rates paid by American citizens.

Mr. WALSH of Massachusetts. I hope the Senator will at least admit that if we were going into the field of a general manufacturers' excise tax, this amendment was drawn as fairly as could be expected in undertaking a new venture of this character and kind. I will agree that he can name towels, he can name tablecloths, he can name chairs, he can name tables in the homes of the poor that this does not reach; but I have not been able to get experts to advise me just where to draw the line between the $1 chair and the $100 mahogany parlor chair.

Mr. COUZENS. Let me point out to the Senator that he has attempted it by putting a tax on suits over $35 and shoes over $5, and he excepts only a very few articles.

Mr. WALSH of Massachusetts. As the Senator knows, that was my own idea, because the proposal of the House Ways and Means Committee exempted all clothing and all shoes. I could not understand why a woman who was willing to pay $10 or more for a pair of shoes, or a man who could import his clothing from abroad and pay $100 or $150 for an overcoat, should not pay a tax. That is why I provided that those who buy the cheaper clothing and the cheaper shoes should be exempt, and only those who could buy expensive clothing and expensive shoes should be taxed. If that can be done in the field of furniture and in the field of table linen and bedding, I will go along with the Senator; but I want to tell him that it is a difficult thing to do. It is an exceedingly difficult thing to do.

Mr. COUZENS. The Senator has raised the very question I wanted to raise. I know he is sympathetic with exempting those articles.

Mr. WALSH of Massachusetts. I am for it, and I will try between now and Monday to see if it can be done; but I want to impress upon the Senator that it is a very difficult thing. I also want to impress upon him that the poor are not in the stores buying china, they are not buying crockery, they are not buying knives and forks, they are not buying linens and towels, every day or every week. These things have to last them a lifetime, and the burden upon them is very light, though it is there.

Mr. COUZENS. The Senator certainly does not mean to imply that those living on incomes of less than $2,000 a year, which are exempted under the income-tax brackets, do not have to replenish their napkins and bedclothing and household utensils?

Mr. WALSH of Massachusetts. No; but the figures I will give later come from the Senator's own city and State. A canvass was made and an examination was made, and months were devoted to it, to find out where the expenditures of the workers in the Ford factory went, how they were divided; and, I repeat, the statistics showed that 73 per cent of their expenditures went for food, clothing, and rental, and they are all eliminated from this bill. What the worker spends for other purposes is a very small percentage of his wages.

Mr. COUZENS. I disagree with the Senator that rent is eliminated from this bill.

Mr. WALSH of Massachusetts. There is no tax upon any existing building or institution in this country. It is true that if the Senator or I or anybody else undertakes to build a home to-morrow we will be subject to this tax.

Mr. COUZENS. Yes; and all repairs will be subject to the tax.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. But is it not a fact that the owners of property base their rent upon the cost of duplicating the building, or, at least, that is an important factor in the rents charged? Therefore, if this tax goes into effect and has the tendency, which I contend it will have, to increase the cost of duplicating these buildings, that factor will be taken into consideration in fixing the rent on existing buildings.

Mr. COUZENS. There is no question about it.

Mr. WALSH of Massachusetts. Undoubtedly that is true to a degree. I do not claim for a moment that there is not going to be some burden upon this class of people; but it is insignificant compared with the burden that there will be upon the man who builds a $500,000 home. It is inconsequential. It goes up and up and up as the cost increases. Unless conditions change rapidly there will not be many homes built by the workers, and rents give no promise of increase.

Mr. COUZENS. I want to answer some of these questions that the Senator raises before he completes his speech.

Mr. WALSH of Massachusetts. The Senator invited me to interrupt him. I did not seek the floor. I say now that I think we are just going over the ground again and again. I much prefer to present my views when the amendment is moved and to answer questions at that time rather than to have to go over the ground again.

Mr. COUZENS. I said to the Senator a while ago that I would not ask him any more questions, but I would just inform him and his supporters in the sales tax of some of the things that were yet to be considered and the length of time it would take to have them properly considered before we could possibly vote on his amendment. I thought it was a friendly gesture to those who were proposing to put this amendment over to be advised in advance as to what the contentious points would be with respect to it.

Mr. WALSH of Massachusetts. I just want to say one thing further, if the Senator will permit me. The only difference between my proposal and what is in the bill is this: The bill provides for taxes upon certain special commodities or goods and articles at a high rate. My proposal levies the tax at a greatly reduced rate in the same fashion, in the same manner, without pyramiding, but it takes in all goods and all commodities except those that the working class purchase as necessities of life.

Mr. COUZENS. I disagree with the Senator in his statement that there is not pyramiding. It can not be avoided.

Mr. WALSH of Massachusetts. If there is pyramiding in this bill, there is pyramiding in mine. It is the same system. Taxes are levied upon commodities in the same way.

Mr. COUZENS. I understand that; but there is pyramiding in all sales taxes, and that is what I am trying to demonstrate.

Mr. WALSH of Massachusetts. Nobody disputes it. That is already in the bill on hundreds of special manufactured articles.

Mr. COUZENS. I have never supported any of the excise taxes in this bill. I never have been in favor of a tax on consumption. Every single cost of production is pyramided.

Mr. GLASS and Mr. WHEELER addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator from Michigan yield?

Mr. COUZENS. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, I should like to inquire of both the Senator from Michigan and the Senator from Massachusetts if either one of these classes of taxes by itself will balance the Budget, in their definite opinion?

Mr. WALSH of Massachusetts. In my opinion, they will not. In my opinion, no bill that we will draft or propose to draft here will do it; but I will say about my proposal that it seeks to raise all the money that is provided for in the Senate bill with an increase of $40,000,000 to take care of the loss that has been sustained by reason of changing the exemption on admissions.

Mr. GLASS. I understand, then, that the Senator's amendment is proposed as a substitute for the so-called nuisance taxes?

Mr. WALSH of Massachusetts. Absolutely. It is to strike out all the nuisance taxes and propose a general manufacturers' tax.

Mr. GLASS. If we should strike out all the nuisance taxes we would strike out the whole bill, because all taxes are nuisances, for that matter.

Mr. WALSH of Massachusetts. Yes; of course—the so-called nuisance or sales taxes.

Mr. GLASS. But what I want to reach is whether we might not retain the nuisance taxes and adopt the Senator's proposal also, and thereby come nearer balancing the Budget.

Mr. WALSH of Massachusetts. It undoubtedly would assure the balancing of the Budget more nearly than any other proposal that has been made.

Mr. GLASS. I am utterly opposed to going to the country upon the false pretense that we are balancing the Budget when we are not balancing the Budget.

Mr. WALSH of Massachusetts. I agree with the Senator.

Mr. COUZENS. Mr. President, the only advantage that these excise taxes have over the proposal of the Senator from Massachusetts is that each specific item is definitely taxed. The people know they are taxed. The people can buy or refrain from buying. The proposal of the Senator from Massachusetts, however, is what the propagandists call a painless tax. They want it concealed. They want it extracted from the people without knowing that it is being extracted. Telegrams and letters I am receiving in support of the sales tax say that it is a fair and equitable tax because it is a painless tax. It is a definite drive to extract millions and hundreds of millions of dollars from the pockets of the people of the United States without their knowing about it.

Mr. GLASS and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator yield?

Mr. COUZENS. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, may I ask the Senator if all the manufacturers involved in this proposed tax do not constitute a privileged class, and if they are not to-day under the guise of a tariff exacting tribute from every consumer in this country?

Mr. COUZENS. I do not know all the articles that are covered by a tariff; but——

Mr. GLASS. Would not the Senator say, in general, that that is true?

Mr. COUZENS. I think, in general, that that is true.

Mr. GLASS. Then there are some of us who are inclined to vote for this proposition, although I am not definitely committed to it, because it would mean a drawback from this privileged class.

Mr. COUZENS. I do not know whether the Senator is predicating those remarks on the theory that the producers are going to absorb this tax or not.

Mr. GLASS. Yes; my understanding is that the producers are going to absorb the tax. I understood that the proposition was so hedged about that the tax could not be pyramided.

Mr. COUZENS. If the Senator has any such idea as that, we will have to disillusion him before we get through.

Mr. GLASS. I questioned the Senator from Michigan the other day, and I understood him to reply that under the Canadian system the consumers did not have to pay the tax.

Mr. COUZENS. Mr. President, I think the Senator misunderstood me. What I said was that under the Canadian system, and under the proposed amendment offered by the Senator from Massachusetts, a very great deal of pyramiding is obviated, it is true. The licensing system contained in the law in Canada, and in the Senator's amendment, does prevent a lot of pyramiding, but it does not prevent all of it. There is no human possibility of preventing pyramiding in connection with any production tax.

Mr. GLASS. The difference with the Senator's proposition, as the Senator from Michigan concedes, is that we will derive millions of dollars of revenue toward the support of the Government, applying the burden, as I conceive is intended, upon a privileged class which does not pay a dollar of revenue to the Government, but levies tribute upon every consumer of every article they manufacture in this country.

Mr. COUZENS. But the Senator predicates that statement on the view that the manufacturer who is alleged to have received the benefits of the tariff absorbs the tax. That is not so. Every one of these taxes will be passed on to the consumer, and even the strongest advocates of the general sales tax claim in their arguments that it is an easy and a painless tax, passed on to the people of the United States.

Mr. GLASS. That is the only excuse for a high tariff, and it is the only reason why the American people have not sense enough to wreck this high tariff policy.

Mr. COUZENS. Anybody who approves of the general sales tax is just adding to what the Senator from Virginia is now complaining about.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. BARKLEY. One of my reactions to the general sales tax proposal when it was first inaugurated years ago was the belief that it was originally designed ultimately to eliminate income taxes from this country so as to substitute a general sales tax as a permanent system of taxation on the people of the United States, in the hope that after a while it would be substituted for the income tax. The so-called nuisance taxes in this bill, if they are as irksome as represented, will be repealed earlier than they would otherwise be, and, as a matter of fact, the 2-year limit applies to all of them in the bill. If they are as irksome as it is claimed, we may assume that the people will demand their repeal as early as possible, and that the revolt against them will be so noticeable that they will not be extended beyond the 2-year period unless our present situation should continue. But if its proponents do succeed in engrafting upon our taxing system a general sales tax, does the Senator believe we shall ever be able to get rid of it as a part of the permanent taxing system in this country? I would like to have his views.

Mr. COUZENS. In a statement I made on Friday the 13th I pointed out clearly that the movement back of the sales tax is one of the most subtle campaigns to eliminate the income tax. The junior Senator from California [Mr. SHORTRIDGE] read in the Finance Committee—as I think the Senator from Kentucky will remember, because he is a member of that committee—an editorial published on the front page of the Hearst papers in which they condemned the House and condemned the Congress for not accepting the general sales tax; and I want to give them credit for being perfectly frank. They said that if we will adopt a general sales tax there will be no need for increasing income taxes.

Mr. BARKLEY. I recall that long before the depression began, and when we were running over one another here to reduce taxes in order to reduce the surplus in the Treasury, there was a very pronounced advocacy on the part of some people in this country of the inauguration of a sales tax, not as a matter of necessity, not as a war tax, not as an emergency tax, not for the purpose of raising money to wipe out a deficit in the Treasury, but as a permanent taxing policy in this country.

It may be that our present unfortunate circumstances have given the occasion when that effort may be and is probably being intensified, though I acquit the Senator from Massachusetts of any such desire, because I know he not only favors the income tax but that he has voted to increase the brackets so as to raise a larger amount.

Mr. WALSH of Massachusetts. I proposed in the committee the high brackets which are found in the pending bill.

Mr. BARKLEY. What I said about the purpose of those who originally inaugurated the plan for a sales tax in no way applies to the Senator from Massachusetts. I do recall that our mail has been flooded, and propaganda has come to us for years, I think probably for 8 or 10 years, in behalf of a general sales tax.

In view of this long-extended effort to bring about the sales tax as a permanent taxing policy in the United States, the question I asked the Senator was whether, even if for temporary purposes, or to meet an emergency, it is now adopted, he thinks we shall ever be able to eliminate it?

Mr. COUZENS. It is my opinion that we will not, because we will have the same organization that is now working to put it over maintained for the purpose of keeping it in our taxing system. In other words, their whole argument is based on the fact that it is a painless tax. Any tax that is painless is a bad tax, because the only way the people will keep familiar with and informed on governmental expenditures is by knowing they are being taxed to maintain those expenditures. The subtleness of the thing is the fact that it is called a painless tax.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. GEORGE. Can the Senator imagine that the enormous propaganda, the direct lobbying, of almost every character, that has gone on for the sales tax would have been undertaken if it had been contemplated that we would abandon it within two years, as, of course, the bill will provide?

Mr. COUZENS. I have not the slightest idea that that is their intention.

Mr. GEORGE. It seems to me it could not be expected that there was any desire or purpose to abandon it, because since I have been in the Senate I have known of no more intense propaganda than has been brought to bear, at least upon the members of the Finance Committee, for this particular proposal.

Mr. COUZENS. The intensity of the propaganda for the proposal is terrific. Not only that, but the proponents of the tax are taking advantage of the present situation to put it over; and remember, if we ever put the tax over, in two years all the great organs of publicity and all the agencies and attorneys of wealth will be saying, "Why repeal such an unburdensome tax? Why remove a tax which has been collected so easily and has been so painless?"

Mr. GLASS. Mr. President, will the Senator yield to me again?

Mr. COUZENS. I yield.

Mr. GLASS. The thing that concerns and mystifies me is that Senators who stand here and vote consistently and invariably for high protective tariff duties, many of those duties positively prohibitory, from which the Treasury does not derive one dollar of revenue, are now so concerned about a sales tax, which will produce millions of dollars of revenue; and their objection to it is that the sales tax is a painless tax. That is the very basis of tariff taxation, that people do not know when they are paying the tax.

The average American citizen who is not compelled to pay an income tax, who does not come in personal communication or contact with the internal revenue collectors, does not understand that every time he goes into a grocery store to make a purchase, that every time he makes a purchase of any nature whatsoever, practically, the man behind the counter collects from him, not a tax for the use of the Treasury at Washington, but a tribute to be paid to the manufacturer.

Mr. COUZENS. O Mr. President——

Mr. GLASS. Yet Senators who stand here and vote for taxes of that kind object to the sales tax because it is a painless tax, and may not ever be repealed. I want it understood that I am not speaking for a sales tax; I do not know exactly how I shall vote upon the proposition, but I am concerned that these gentlemen who are willing to have us pay tribute to these manufacturers from one year's end to the other are not willing to draw back a small proportion of their privileged profits.

Mr. COUZENS. Of course, if the Senator wants to get into a tariff discussion, I should wholly disagree with his statement that every time a purchaser went into a grocery store to purchase anything he paid tribute to the manufacturer. That is not correct, when millions of our citizens are going into the stores of the country to-day and buying eggs at much less than the cost of production on the farm, or buying other farm products at less than the cost of production on the farm, and are paying no tribute to the producers, to the manufacturers, or to anyone else.

Mr. GLASS. Every time a person goes into a store and purchases an article on which a tariff levy prevails, he pays tribute to the manufacturer of that article.

Mr. COUZENS. That may or may not be true. That tribute may be paid to the workers who produce the goods. It may be for the purpose of maintaining a higher standard of living than is maintained by our European or Asiatic competitors.

Mr. GLASS. That is the same old plea, of protecting American labor against the pauper labor of Europe. At the same time we were bringing the pauper labor of Europe over here by the millions. That is what has produced the unemployment in this country, the fact that we have millions of people here who ought to be somewhere else.

Mr. COUZENS. Mr. President, this is not a tariff argument. I did not rise to discuss the tariff. It may have its weak points, but I think the country is committed to the

principle, at least, that we are going to maintain as high as possible the standard of living of our workers here.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. WHEELER. The Senator from Virginia speaks of the drawback. There will be no drawback under a sales tax from the manufacturer. The drawback will be from the people themselves, and if we ever get this principle established of a sales tax in this country, I do not care to how few articles it may apply, the working people of this country and the farmers of this country want to get it into their heads that if food is exempted this time, and if clothes are exempted this time, they will not be exempted the next time. This is simply a proposal on the part of the great financial interests of the country and the manufacturing interests of the country themselves, who want to have this tax imposed and pass it on to the poor classes of the people.

Mr. COUZENS. Mr. President, that is undoubtedly true, and I want to say in this connection that all we have to read is the inspired articles. Here is one from the great spokesman of the White House, Mark Sullivan, an article which appeared in the Washington Star last night, wholly misrepresentative of the facts, wholly untruthful as to the facts, and wholly inspired by some source unknown to me.

Mr. WALSH of Montana. Mr. President, I trust the Senator will not be diverted from the purpose with which he started out, to point out to us the number of controversial questions in this bill that would likely prolong debate indefinitely.

Mr. COUZENS. I do not intend to be diverted so that I will not touch upon that before I get through if it takes all day; but, of course, I yield to my colleagues if they want to express any view concerning this question.

I rose to point out that if this amendment is presented and seriously taken up, it can not be disposed of in less than a month, and I want to point out that if there is any failure to balance the Budget, if there is any delay, the responsibility will be on the proponents of this amendment, because such a proposal as is contained in this amendment can not be disposed of in less than a month.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Massachusetts?

Mr. COUZENS. I yield.

Mr. WALSH of Massachusetts. The Senator does not question the right of another Senator or a group of American citizens to propose a substitute for the tax plan involved in the bill, does he?

Mr. COUZENS. Certainly not.

Mr. WALSH of Massachusetts. Then why does the Senator say that the mere proposal of it will mean a month's delay?

Mr. COUZENS. Because of the intricacies of the substitute which has been proposed by the Senator from Massachusetts.

Mr. WALSH of Massachusetts. Who causes the month's delay, the proponents of the substitute or those who object to it?

Mr. COUZENS. The proponents, because they have not properly analyzed it.

Mr. WALSH of Massachusetts. Are those who oppose it to be held without blame because they want to discuss it for a month, and are the proponents of the substitute to be blamed because it takes the opponents a month to discuss it?

Mr. COUZENS. Certainly; it is the fault of the proponents that the delay will be caused.

Mr. WALSH of Massachusetts. We have the right of petition, we have the right to be heard, we have the right to our day in court. The Senator from Michigan is attempting to claim that another Senator has not any right to propose a tax plan here which he considers better for his country, without threats being made that it will mean months of delay and attempting to shift the responsibility for not balancing the Budget to those who make the new proposal.

Mr. COUZENS. It is the responsibility of those who make the proposal. If the proposal is not brought before the Senate there will be no such delay. Nobody denies the right of petition. I merely want to point out what will happen as the result of the petition. I am not denying the right of the Senator or anybody else to petition.

Mr. WALSH of Massachusetts. The Senator was threatening that if we propose this plan it will delay proceedings for a month. That is a threat and nothing else, and I resent it.

Mr. COUZENS. I do not care what the Senator resents. The fact is that I do not make any threats. I am telling what the practical proposition is. The Senator has not given me an opportunity, nor have other Senators, to disclose what is involved in the proposal. I want to say that before the involvements are threshed out and understood by the public a month will have elapsed. If the Senator wants to construe that as a threat, let him so consider it. I do not propose to be a party to having a monstrosity like this put over on the American public without a protest on my part—a monstrosity that will never be gotten out of the taxing system if it is ever made a part of it by legislation.

The Senator from Massachusetts blames me and says I am threatening. I make no threats. It is the Senator, perhaps, because he is introducing an amendment to the bill involving the whole taxing problem of the United States for us to swallow whole without any criticism being offered or any amendments being proposed.

Mr. WALSH of Massachusetts. Not at all; but it has not taken a month to discuss the whole bill, and the Senator from Michigan is now claiming that it will take a month to discuss one amendment, in the nature of a substitute, substituting a general excise tax for the special excise taxes which are now in the bill.

Mr. COUZENS. The reason why is because the Senate never before had any such monstrosity as this to consider. Every proposal that is now in the revenue bill is one with which the Government and the people of the United States have had experience. I do not know of a single tax that was approved by the Finance Committee or that has been approved by this body with which the Government and its people have not had experience. But the proposal of the Senator from Massachusetts involves a taxing principle different from anything with which we have ever had to contend. It is one with which I hope we will never have to contend. It is the greatest monstrosity of a taxing system that I ever heard conceived of.

I want to point out something else. The Senator from Montana [Mr. WALSH] asked me not to overlook the reason for which I rose, which was to point out what is involved in the substitute offered by the Senator from Massachusetts. I thought it was perfectly fair for the opponents of the amendment to advise the proponents of what they will have to contend with in the way of amendments to the amendment, in the way of definitions, and so forth, before the Senate would be willing to accept such a monstrosity.

If the proposal of the Senator from Massachusetts carries out the intent, or at least what I believe to be the intent, of the Senator, it would relieve all those who have difficulty in maintaining a decent existence. I have not contended that the Senator from Massachusetts has any other desire. He does, however, point out the great difficulties which would be involved in exempting the people in whom he seems to be so greatly interested. If they should be exempted, there would be no task too great for this body to undertake than to see that they are exempted. It will be my purpose to offer amendments as we go through the Senator's amendment to see that those people are exempted.

I resent the charge of demagoguery every time a public official rises anywhere to defend or protect a less-privileged class of my country. Every time a public official, every time a newspaper, every time a political candidate, even including Governor Roosevelt, of New York, raises a voice in behalf of the 40,000,000 or 50,000,000 of those gainfully employed, seeking their welfare, saying something in their defense, something for their protection, he is charged with being a

demagogue. The great ex-Governor of the State of New York rises in defense of the great industries of New York, the great banking industries, and charges Governor Roosevelt with being a demagogue because he raises his voice in defense and in support and in protection of the group of our citizens who need the most consideration.

And yet the amendment now submitted proposes to take hundreds of millions of dollars out of the pockets of the greatest purchasing group of the United States—what for? To relieve other taxpayers. If we are going to take up this proposal seriously, paragraph by paragraph, obviously amendments will have to be made.

I had reached this point when I was diverted. I was about to refer to exemption No. 2, medicines, other than patent or proprietary medicines. I assume that cascarets, cascara, agar-agar, aspirin, veronal, and all those articles which we purchase at the drug stores to prevent pain, to prevent or cure sickness, are to be taxed. What for? For the purpose of saving a tax on some special article which may or may not be needed for our existence.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WHEELER. Nearly all of the articles the Senator has classified and mentioned, including such items as listerine and similar household articles and proprietary medicines, are used by the poor of the country.

Mr. COUZENS. Undoubtedly, because they are not always able to run to a high-priced physician to get a special prescription. No one objects to a tax on the articles which the Senator from Massachusetts mentions, but I submit that a plan to tax the purchasers of expensive draperies, rugs, pictures, jewelry, and so forth, can not be used as a screen to get the 40,000,000 others who would be involved.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Texas?

Mr. COUZENS. I yield.

Mr. CONNALLY. If the proponents of the sales tax are so much concerned in taxing the rich man's draperies and jewelry, they can reach that rich man by adopting the income-tax increases which we have proposed, can they not?

Mr. COUZENS. Certainly. I am not charging the Senator from Massachusetts with having this motive, but I want to say that the great master mind behind this screen is perhaps not apparent to the public. I say the proponents of the general sales tax have answered the siren call of that group, not intentionally, but nevertheless answered it.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. I yield.

Mr. LA FOLLETTE. While the Senator is on the subject of proprietary medicines, I would like to refer to one of the reports of the committee on the cost of medicine in the United States. As the Senator probably knows, the chairman of that committee is the Secretary of the Interior, and its membership comprises many of the most prominent physicians in the United States. It is a study which has had the cooperation of the American Medical Association. After very exhaustive researches they report that the annual bill for medicines in the United States is approximately $715,000,000. They state that this is nearly as much as the amount spent annually for physicians or for hospitals; that more than 70 per cent of the total expenditure for drugs and medicines is for self-medication; that is, for patent medicines and home remedies. They state further that physicians are writing fewer prescriptions and that the production and consumption of ready-made package medicines is increasing; that in the great majority of the 60,000 drug stores in the United States pharmacists are called upon to devote only one-half of their time to the practice of pharmacy.

In that connection may I further point out, to supplement what the Senator has already said, that these are not the so-called patent medicines which are "good for man and beast," which will cure an itch on the head and a pain in the back with one dose. More and more it has become the practice of the legitimate manufacturers of drugs and medicines to put up the recognized medicines in patented form for the consumption of the public. To supplement the list given by the Senator just now, the disinfectant S T 37, which is in very common use, would be taxed under the proposal of the Senator from Massachusetts. Mercurochrome, used commonly in the household for the prevention of infection in cuts or bruises, and many other similar items would be involved, which I shall not take the time of the Senator to mention. I wanted to point out the enormous bill for medicines which would be taxed under the proposal of the Senator from Massachusetts as it now stands.

Mr. COUZENS. Not only is that true, but let me point out that every piece of lumber, every shingle, every bag of cement, every piece of electrical equipment that goes into the workingman's home is to be taxed under the new proposal. When these matters come before the Senate amendments will be offered to exempt them, so that Senators will have an opportunity to declare by their votes whether they want to tax these items or not.

The Senator from Massachusetts has been here long enough to know that these matters can not be disposed of in a few days. It will take weeks to go through all the items involved, so that the Senate will be able to determine whether we want to place this special burden on these particular commodities.

I would propose that all articles used in the building or furnishing and maintenance of the home costing less than $8,000 be exempted. I would have every brick, every bit of lumber, every bathtub, all the things enumerated by the Senator from Mississippi [Mr. HARRISON] this morning, exempted from this proposal if it is to be seriously considered.

It seems to be assumed that all the young couples who are going to get married or who are just getting married are not going to be permitted to equip a modest home without having to pay this atrocious tax on every purchase they make, not only in the purchase of the home itself but in its furnishings. As we go through the proposal of the Senator from Massachusetts, there will be thousands and thousands of amendments offered to exempt various items from being included in the sales tax.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. COUZENS. I yield.

Mr. LOGAN. I would like to ask the Senator what is the difference between the sales tax he is discussing and the tariff tax which he favored so vigorously? Is not the sales tax exactly the same thing as the tariff tax which the Senator is supporting?

Mr. COUZENS. Mr. President, I had a colloquy with the Senator from Virginia [Mr. GLASS] about it this morning, and I do not want again to become involved in a tariff debate now.

Mr. LOGAN. I was not in the Chamber at the time, and I just wanted to know the difference between the tax the Senator is calling a sales tax and a tariff tax.

Mr. COUZENS. The Senator, of course, knows that tariff taxes are not all workable; they do not all become effective. The Senator knows that hardly any of the protective tariff duties on agricultural products are effective at this particular time, and he also knows that there are other commodities on which the tariff is not effective because of competitive conditions. For example, take the motor-car industry. There is a tariff on motor cars, but it is not effective, because we sell motor cars in this country for less than they can be sold abroad, so that the tariff is ineffective. In other words, we can go through the list and find cases where the tariff is effective and where it is not

effective; but under this amendment, excluding the exceptions made by the Senator from Massachusetts, the tax is applicable to all. I do not, however, want to get into a tariff discussion.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield.

Mr. GLASS. A more accurate answer to the question of the Senator from Kentucky would be to say that a tariff levy does not necessarily involve the collection of a tax by the Treasury to maintain the Government, whereas the proposal now being discussed would collect hundreds of millions of dollars for the Treasury.

Mr. COUZENS. Mr. President——

Mr. GLASS. A tariff tax means tribute for the privileged classes, while a sales tax——

Mr. COUZENS. Who has the floor, Mr. President?

Mr. GLASS. I supposed the Senator had yielded to me. I beg his pardon for interrupting him.

Mr. COUZENS. The point was made, I will say to the Senator from Kentucky, that this proposed tax would come out of the manufacturers, and before the Senator from Kentucky came in I was showing that it would not come out of the manufacturers.

Mr. GLASS. Mr. President, what I was saying to the Senator from Kentucky was that what the Senator from Michigan failed to point out was that the tariff tax eventually means tribute for a privileged class, while a sales tax means money brought into the Federal Treasury.

Mr. BORAH. From whom?

Mr. COUZENS. Mr. President, I disagree with the Senator from Virginia, much as I dislike to do so, but the fact is that the tariff tax is not collected in many cases, but wherever it is collected it is to protect American workmen.

Mr. WHEELER. Mr. President——

Mr. COUZENS. I yield to the Senator from Montana.

Mr. WHEELER. Regardless of whether or not the tariff may be wrong or may be right, two wrongs do not make a right. Even if we assume that the cases are parallel, it seems to me perfectly preposterous to say because we have enacted one law that may be wrong that we should go ahead and put further taxes upon the people of this country because the Congress sees fit to put another burden upon them.

Mr. COUZENS. That is true.

Mr. WHEELER. That is just drawing a red herring across the trail, it seems to me, in order to help out the manufacturers and the great income-tax payers of this country who want to shift the burden from their own shoulders and place the tax upon the workers and the farmers of the country.

Mr. COUZENS. Mr. President, the Senator from Virginia seemed to imply that this proposed tax was coming out of the manufacturers who benefit by the tariff law. Assuming that they do benefit, I want to reiterate that the $350,000,000 which the Senator from Massachusetts desires to have collected under a taxing system, which is new in our fiscal scheme, will not come out of the manufacturers but out of the consumers; and a large part of it out of the consuming public who are unable to bear the burden. I do not disagree with the Senator from Virginia in a desire to get from the rich taxes on profits that might come to them from the benefits they enjoy under the tariff when such benefits are unreasonable or excessive. In that respect I agree that we ought to tax them either through income or profits taxes.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. Under the plan proposed the tax of 1¾ per cent is to be paid in the first instance on the sales price by the manufacturer?

Mr. COUZENS. Yes.

Mr. FLETCHER. Is the Senator confident that the manufacturer will in every instance be able to add that tax to his selling price? Will he not be obliged at times to absorb it himself?

Mr. COUZENS. Of course, no one can tell exactly what will happen, but I want to say that if it is absorbed by any group it, of course, will be absorbed by the great and powerful interests and will further tend to centralize capital and control of industry. It will be, perhaps, one of the most decisive steps that we have ever taken to drive out of business the independent stores, the little manufacturer, the small business men all over the country, who will not be able to absorb the tax. So if we should adopt it, and if, as the Senator says, some of the producers may attempt to absorb it, it will be absorbed by those already powerful and rich and, therefore, will tend further to concentrate wealth and industry into great organizations.

Mr. President, paragraph (3) of the amendment of the Senator from Massachusetts exempts:

> wearing apparel for any part of the body, not including boots or shoes sold for (or, if imported, valued under subsection (c) (1) at) more than $5 a pair, and not including any article sold for (or, if imported, valued under subsection (c) (1) at) more than $35. A suit or dress shall be considered a single article for the purposes of this paragraph.

I wonder how feasible that provision is of administration. In order to escape the tax all one would have to do would be to sell a suit of clothes for $34.99, and the tax would be avoided, whereas if he sold the suit for $35.10 the tax would have to be paid. If one should buy a pair of boots or shoes for $4.99, he would pay no tax, but if he should buy a pair of shoes for $5.10, he would pay a tax. Those are samples of the impracticable and unworkable provisions in the amendment, and obviously it will take hours and hours of the Senate's time properly to interpret and amend them.

Mr. BARKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. COUZENS. I yield.

Mr. BARKLEY. In view of what the Senator from Michigan said earlier in the day in reference to the attitude of the Scripps-Howard newspapers, is he willing to yield long enough to have the clerk at the desk read an editorial from to-day's Washington News on the subject?

Mr. COUZENS. I would be very glad to have the editorial read.

Mr. BARKLEY. I ask that the clerk read the editorial which I send to the desk.

Mr. COUZENS. Before the editorial is read I should like to make plain to the Senator from Kentucky and to the other Senators that I did not charge that the statements were true.

Mr. BARKLEY. I understand that.

Mr. COUZENS. I said very plainly that they were being "whispered around the Senate," and that they were being "whispered by the proponents of the sales tax." A great motor car company president said to me, "I think we have got Roy Howard committed to the sales tax, and if he is committed to the sales tax will you not also 'come across' for the sales tax?" I said, "if everybody else in America comes out for the sales tax, I will not."

Mr. BARKLEY. I think the editorial will make the situation clear as to the Scripps-Howard publications.

Mr. COUZENS. I will be very glad to have the editorial read, and I yield for that purpose.

The PRESIDING OFFICER. The clerk will read, as requested.

The legislative clerk read as follows:

[From the Washington Daily News, Saturday, May 28, 1932]

THE SALES TAX

Balance the Federal Budget before the political conventions and before Congress is turned into a campaign free-for-all! That is the demand of the country. All sides agree that prolonged delay in passing the tax bill would be disastrous.

Further delay would injure the national credit. It would retard business. It would hold up the vitally necessary unemployment-relief program. The entire country would suffer.

After long months of study and debate, the Republican-Democratic bipartisan tax bill is on the threshold of final passage. It is through the House. Senator HARRISON, ranking Democrat in charge of the bill, says that it can pass the Senate to-day.

It can go through conference in short order and be sent to the President. The tax bill can become law within a few days.

The Senate can then proceed with the remaining appropriation bills, the economy measure, and the relief legislation, and Congress can adjourn before the June conventions and the campaign.

There is only one threat to this desired speed. That is the attempt to revive the defeated sales tax.

The chance of the sales tax passing both Houses is slight. But the chance of the sales tax last ditchers blocking action for several weeks is very grave.

Senators SMOOT and HARRISON, the Republican and Democratic tax leaders, both say the sales tax can not pass the Senate. But even if the sales tax could pass the Senate, virtually everyone at the Capitol admits that it can not pass the House—which has already defeated it once. Allowing for a political miracle, tactics of delay and obstruction might conceivably get the sales tax through the House.

But that delay of the tax bill, and consequent delay of the whole balance budgeting and relief program, are precisely what the country can not stand.

If it were the other way around, doubtless the country would be willing to swallow a bad sales tax as better than none, as better than disastrous delay. But that is not the situation. It is the reverse.

The only way to get through the relief and economy measures and balance the Budget before the conventions is to pass the bipartisan Republican-Democratic tax bill at once.

Whether the sales-tax principle is good or bad—and we believe it is bad—is an academic question now. The practical issue is speed. Business is waiting for a balanced Budget. The unemployed are waiting for relief.

Congress must act, and act quickly.

Mr. COUZENS. Mr. President, paragraph (5) exempts agricultural implements and articles used in agricultural production. It reads as follows:

(5) Agricultural implements and machinery and parts thereof, and gas and electricity for farm use or for use for irrigation or other agricultural purposes.

So, in effect, in order to collect this tax, every switch box, every power board, will have to be measured to ascertain how much of the power is by activities other than those which are exempt under the provisions of the amendment.

Paragraph (6) provides that workmen's hand tools shall be exempted; so that the equipment of every great industrial plant will be exempted from taxes in so far as such equipment comprises tools which workmen use with their hands. Therefore that provision will have to be made definite.

Then I want to point out the very great tenderness paragraph (9) exhibits for the newspapers, magazines, and other periodicals. Just why great successful newspapers should be exempted from paying any production tax, I am unable to understand, unless it be that they are to be relied upon to put over and to compel the public to swallow this iniquitous tax.

Therefore, Mr. President, I hope that we will not seriously have to take up this question for consideration.

Mr. LA FOLLETTE. Mr. President, I realize that the sales tax is not now pending before the Senate, and that the Senator from Utah and other Senators want to get on with the bill, but I do not wish the present discussion of the sales tax to close without emphasizing the realities of the situation.

The House of Representatives had a long and bitter fight over the sales tax, and it was rejected in that body by a substantial majority. The Senator from Arkansas, the leader on the other side, stated this morning that, in so far as his investigations have gone, if I understood him correctly, he is unable to ascertain that there has been any substantial change in sentiment in the other House which would justify the contention by the proponents of the sales tax that the House has reversed its position. It seems to me, therefore, Mr. President, that it is obvious that those who now in the closing hours of the deliberations of this body on the tax bill bring forward a measure which strikes at the fundamental principle of graduated taxation upon which taxation has been based in the United States since 1913, must assume responsibility for any delay which may be occasioned by the consideration of that proposal.

Had the House of Representatives adopted the sales tax, and were those of us who oppose that vicious method of taxation in the position of endeavoring to strike it out of the bill at this time, it might well be said that the responsibility for delay would rest upon the opponents of the sales tax. To-day the revenue bill is, after weeks of work on the part of the Senate Finance Committee and of the Senate, practically ready to be passed, without any change in the fundamental principle upon which taxation has been based in this country for 20 years.

I wish to emphasize that it is unfair of the proponents of this measure to contend that those of us who are unalterably opposed to it should accept their proposal without offering amendments or debating the fundamental principle involved in it.

As I have said before in the debate upon this bill, I have not been one of those who, either within or without this Chamber, have contributed to creating in the public mind unreasoning fear over balancing the Budget; but the fact exists that responsible officers of the administration, business men, bankers, Members of Congress, and the press, have carried on in the public press and over the radio a propaganda which has had the effect of creating in the public mind a virtual panic concerning the balancing of the Budget. In view of that fact, as a rather recent member of the Finance Committee, I have in the consideration of this bill, voted for some of the taxes that it contains, not because I believe that they are sound in principle, but because I have believed it was necessary to expedite the passage of the bill in view of the fears that have been created in the public mind.

Every Senator here knows that if I had had my way about it, I would have achieved this result by the continuation of the sound principle of taxation embodied in graduated income and estate taxes; that the burden, whether it be light or heavy, shall be distributed in proportion to the ability of the taxpayer to carry that burden. But the amendment offered by the Senator from Michigan [Mr. COUZENS], and the amendment offered by the Senator from Texas [Mr. CONNALLY] were defeated by a majority of this body. I, therefore, faced the realities of the situation; and, knowing that the sales tax—vicious as I believe it to be in principle and unjust as it is to the common people of the United States—would be offered, I said that I would vote for the highest tax rates upon special commodities rather than to have this vicious principle become a part of the fiscal policy of this Republic.

Under special excise taxes there may be some relief for the taxpayer. He can decline to purchase if he believes the tax too high. But under the general sales-tax proposal now put forward, may I say, by a prominent member of the party which pretends to draw its inspiration from Thomas Jefferson, there is no relief. It taxes the unborn; it taxes the individual while he lives; and after he is dead, and before he can be interred in the ground, it continues to place this inequitable and unjust form of taxation upon him.

Ever since the war—in fact, ever since adoption of the constitutional amendment granting to the Federal Government the power to levy graduated income taxes—there has been a bitter fight over every revenue bill to prevent the adoption of rates upon incomes and upon estates which would place a fair and proportionate share of the cost of government upon those best able to bear it. In the debate upon the Couzens amendment I pointed out that when the war was declared and it became necessary to raise enormous sums of money for the purpose of prosecuting the war, those who believed sincerely in the system of graduated taxation sought to extract every dollar of war profits from those who were profiting at the expense of the country's war-time extremity. They were defeated. The Government adopted rates infinitely lower than those imposed even by Great Britain, and chose to raise the largest share of the burden of the war by the issuance of bonds. That policy increased the Federal per capita debt in the United States from $12.50 in 1916 to $150 to-day, even after the repayment of several billions of the debt incurred during the war.

That burden must be paid; and we are fighting here, in opposing the sales tax, not only over the question how rev-

enue shall be raised to achieve an alleged "balanced Budget" in this emergency, but we are fighting to determine whether the cost of the war shall be borne in proportion to ability to pay, or whether we shall put that burden upon those who were called upon to fight this war on foreign soil, 3,000 miles away, and upon their children and their children's children.

Confronted with that issue, I would fight to the last gasp to prevent the writing into law of the insidious policy embodied in the sales tax. I shall therefore claim my right, as a representative in part of the people of a sovereign State of this Union, to debate fully the issues involved in the sales-tax proposal, and, if it is to become a part of the law, to fight for amendments to relieve in so far as possible the low-income group in the United States—the underprivileged, as they are described by the Senator from Michigan [Mr. COUZENS].

The Senator from Massachusetts [Mr. WALSH] says this is a plan to tax the rich. If the Senator from Massachusetts really wanted to tax the rich he had his opportunity on two roll calls in connection with this bill—one on the amendment offered by the Senator from Michigan [Mr. COUZENS], which would have permitted the elimination of all the special consumption taxes, and the other on the amendment offered by the Senator from Texas [Mr. CONNALLY], which would have permitted us to eliminate at least some of them.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Michigan?

Mr. LA FOLLETTE. I yield to the Senator.

Mr. COUZENS. May I also point out that the Senator from Massachusetts had an opportunity to vote to eliminate that group in the low income-tax brackets for which he pleaded so hard in opposition to the taxes proposed by the Senator from Texas [Mr. CONNALLY] and myself. As the Senator will remember, the Senator from Louisiana offered an amendment to eliminate that group—the group that was so pleaded for by the Senator from Massachusetts—and the Senator from Massachusetts voted against that amendment.

Mr. LA FOLLETTE. Mr. President, if in arguing this question we are going to designate these amendments by slogans, if the amendment of the Senator from Michigan is denounced as a plan to "soak the rich," we are justified in saying that the plan of the Senator from Massachusetts is a plan to "soak the poor." Since the Senator from Massachusetts has contended that his amendment would not fall upon those who toil in this country, and would reach the rich, perhaps it would not be amiss to read a letter signed by the president of the American Federation of Labor, who speaks for millions of workers and for millions out of work in the United States to-day.

Under date of May 26 he addressed to me the following letter, which I assume was addressed to all other Senators:

WASHINGTON, D. C., *May 26, 1932.*

Hon. ROBERT M. LA FOLLETTE, Jr.,
Senate Office Building, Washington, D. C.

DEAR SIR: I am taking the liberty of addressing you for the purpose of transmitting to you the attitude of labor toward the revenue measure which is now being considered by you and your associate Members of the United States Senate.

As reasonable-minded people, labor recognizes the necessity of enacting a tax measure at this session of Congress which will provide additional revenue for the Government. Working men and women recognize that the expenses and income of the Government must be balanced as nearly as possible.

Because the burden of taxation must rest very heavily upon labor, those affected are of necessity concerned with the character of tax legislation approved by Congress. Real estate, tobacco, cigar, amusement, and other forms of taxation of that kind are inevitably borne by the masses of the people. While labor may submit uncomplainingly to the payment of this character of taxes, it is irrevocably opposed to the imposition of a sales tax.

Labor is opposed to the sales tax because it is wrong in principle. It tends to impose the burden of taxation upon those least able to pay it and to relieve the more fortunate of taxation burdens which they should rightfully bear. We are convinced that some of those who support Federal sales tax legislation hope eventually to replace this form of taxation for the income-tax plan which is now in effect, and which some of the advocates of the sales tax declare "has degenerated into a racket."

Laboring people have always proceeded upon the assumption that our tax structure has been erected upon the basis of capacity to pay. This would mean that the burden of taxation would be equitably borne by all groups of people. It is inconceivable at this time when millions are dependent because of unemployment and when so many people are forced to economize and forego even the bare necessities of life that the burden of taxation should be laid more heavily upon them through the enactment of a sales tax law. The mere suggestion that foodstuffs and certain lines of clothing would be exempt could not appeal to the conscience and judgment of the masses and would not influence them to support the sales tax law.

People must buy more than food and clothing. To compel them to pay a sales tax upon all purchases made with the exception of food and certain lines of clothing means that workers must buy less and use less.

I am firmly convinced that the social consequences which would follow the enactment of a sales-tax measure would be most disastrous in effect. You must know, as well as all who are in close touch with the unemployment situation, that great social unrest and much economic dissatisfaction prevail. We are doing everything that lies within our power to preserve industrial peace and to minimize social unrest. The enactment of a sales tax would, in my opinion, inflame the minds of distressed workers so that the social unrest which now prevails would be very greatly aggravated.

May I earnestly request that when the sales-tax proposal is presented for definite action that you will keep fresh in mind the opposition of labor and of the masses of the people to its adoption by the Congress of the United States? I earnestly hope that you will share labor's point of view in its opposition to the enactment of a sales tax law.

Very respectfully yours,

WM. GREEN,
President American Federation of Labor.

The Senator from Massachusetts characterized as a threat the statement by the Senator from Michigan that if this proposal were brought forward the opponents of it would find it necessary to offer innumerable amendments in an endeavor to prevent the heavy hand of the Federal tax gatherer from falling unjustly on the backs of an already overburdened and restless people.

I hold in my hand the Canadian sales tax law. It contains six pages of exemptions. This Canadian law has been held up as a model by the advocates of the sales tax. I shall not take the time to read all of the exemptions at this time, but I wish to point out some of the things which are exempted. Among them are books for the blind; books not printed in Canada; nicotine; nonalcoholic preparations or chemicals for dipping or spraying; nonalcoholic preparations or chemicals such as are used in disinfecting or spraying; fire brick containing not less than 90 per cent of silica; magnesite brick; bells when imported for the use of churches; castings of iron or steel; coil chain; chain links; milking machines and attachments therefor; fruits and vegetables; washing machines; windmills; portable engines with boilers; equipment for generating electric power; machinery and apparatus for use exclusively in washing or drying coal; machinery and apparatus and complete parts used in producing unrefined oil from shale; well-drilling machinery and apparatus; seamless iron or steel tubing; well-drillng machinery and apparatus complete; machinery and appliances of iron or steel; articles for use exclusively in the metallurgy or smelting of iron; machinery and apparatus of a kind or class not made in Canada; ore crushers, rock crushers, stamp mills, and so forth; diamond drills and core drills; coal-cutting machines; sundry articles of metal; pumps and vacuum pumps; amalgam safes; automatic ore samplers; machinery and apparatus and complete parts thereof for the recovery of solid or liquid particles, and so forth; machinery for use in sawing lumber up to but not including the operation of planing; machinery, logging cars, cranes, blocks and tackle, wire rope; cylinder stave saws; shovels; spades; engines and complete parts thereof to be used in the propulsion of boats; articles which enter into the cost of manufacture of goods enumerated in certain tariff items, and so on.

It certainly could not be contended—and I am sure the Senator from Massachusetts would not contend—that if he brings forward a proposal here which many of us feel would change the fundamental character of our tax system, we should not, in the first place, debate fully the fundamental

principle involved; and, secondly, threatened as we might be with its enactment into law, that we should be precluded from offering all necessary amendments intended to alleviate the burden of this tax upon the common people.

I had not intended to dwell at all upon the principle involved in the sales tax; but I feel so deeply about it that I was diverted. What I rose to say—and what I wish to say, in conclusion—is that I believe, in view of the legislative situation, as the Senator from Arkansas pointed out this morning, that those who intend to inject the sales-tax argument into the closing hours of the consideration of this bill must accept full responsibility, not only for the delay which will be necessarily and legitimately occasioned in the Senate but also for the delay which may be occasioned if the House of Representatives rejects this tax and it becomes necessary to bring the bill back to the Senate to do over the work which we have already done in the past two weeks.

I ask to have printed as a part of my remarks Schedule III of the Canadian special war revenue act.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

SCHEDULE III

Bread; bakers' cake and pies, not to include biscuits; flour, including self-raising flour, oatmeal, rolled oats, and cornmeal; rolled wheat, buckwheat meal, and pea meal; pearl barley; split peas; barley meal; pot barley; animals living; live poultry; meats and poultry, fresh; milk, including buttermilk, condensed milk, evaporated milk, and powdered milk; cream; butter, and substitutes therefor; cheese; lard, lard compound, and similar substances, made from animal or vegetable stearine or oils; eggs; vegetables, fruits, grains, and seeds in their natural state; bran, shorts, middlings, alfalfa meal; oil cake, oil-cake meal; grains mixed or crushed for cattle or poultry feed; hay; straw; hops, when produced in Canada; nursery stock; vegetable plants; other farm produce sold by the individual farmer of his own production; bees; honey; sugar; molasses; corn sirup; maple sirup, and sugarcane sirup; salt, when manufactured or produced in Canada; ice; fish and products thereof; ores of metals of all kinds; fuel of all kinds; gold and silver in ingots, blocks, bars, drops, sheets, or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; split fence posts; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest, when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly, and semimonthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment, and repair of ships; ships licensed to engage in the Canadian coasting trade; calcium carbide; radium; electricity; gas manufactured from coal, calcium carbide, or oil for illuminating or heating purposes; materials for use solely in the manufacture of any substitute for butter or lard; artificial limbs, and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; war veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles for the use of the Governor General; articles imported for the personal or official use of the British high commissioner, ministers of foreign countries, consuls general who are natives or citizens of the country they represent and who are not engaged in any other business or profession; Bibles, missals, prayer books, psalm and hymn books, religious tracts, and Sunday school lesson pictures; manila fiber for use only in the manufacture of rope not exceeding 1½ inches in circumference for the fisheries; boats, bona fide, purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats, bona fide, built for individual fishermen for their own personal use in the fisheries; fiber for use only in the manufacture of binder twine; fertilizers; dried-beet pulp; manuscript; raw furs; wool not further prepared than washed; drain tiles for agricultural purposes; printed textbooks authorized by the department of education of any Province in Canada, and materials used exclusively in the manufacture or production thereof; insulin; extract of rennet; calf, cattle, hog, or poultry feed; ice cream; rice, cleaned; macaroni and vermicelli; meats, salted or smoked; carbolic or heavy oil, to be used only in creosoting logs and round unmanufactured timber; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, manufactured or produced by a licensed manufacturer or producer; articles and materials, not to include permanent equipment, which enter into the cost of manufacture or production of goods manufactured or produced by a licensed manufacturer or producer; wrought, seamless, or lap-welded iron or steel tubing, less than 4 inches in diameter, threaded and coupled, or not, when used only in oil wells, and materials used in the manufacture of such tubing, machinery, and apparatus used only in the pumping of crude oil out of wells, and articles and materials used in the manufacture of such machinery or apparatus.

Usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax; materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax; woolen rolls or wool yarn milled for a producer of wool from such wool supplied by him for his own use; cotton duck and cotton sail twine to be used only in the manufacture of equipment for ships or vessels; official stationery imported by His Majesty's Trade Commissioners in Canada from His Majesty's Stationery Office in England; crushed stone, produced or manufactured by any municipality exclusively for use in building or maintaining its roads or sidewalks, and not for sale, and sand, gravel, rubble, and field stone; lasts for boots and shoes including rubber footwear and patterns and dies for boots and shoes including rubber footwear; apples, dried, desiccated, or evaporated; articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased in good faith for use exclusively by the said hospital and not for resale; preparations for use exclusively as gopher poison.

GOODS ENUMERATED IN CUSTOMS TARIFF ITEMS

45. Milk foods, not otherwise provided for; prepared cereal foods, in packages not exceeding 25 pounds weight each.

46. Prepared cereal foods, not otherwise provided for.

64. Sago and tapioca.

173. Books, embossed, and grooved cards for the blind; and books for the instruction of the deaf and dumb and blind; maps and charts for the use of schools for the blind.

175. Books not printed or reprinted in Canada, which are included and used as textbooks in the curriculum of any university, college, or school in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, public libraries, libraries of universities, colleges, and schools, or for the library of any incorporated medical, law, literary, scientific, or art association or society, and being the property of the organized authorities of such library, and not in any case the property of individuals—the whole under regulations prescribed by the Minister—provided that importers of books who have sold the same for the purpose mentioned in this item shall, upon proof of sale and delivery for such purpose, be entitled to a refund of any duty paid thereon.

209b. Nicotine sulphate.

219a. Nonalcoholic preparations or chemicals for disinfecting, dipping, or spraying, not otherwise provided for.

219c. Nonalcoholic preparations or chemicals, such as are used for disinfecting, dipping, or spraying, when in packages not exceeding 3 pounds each in weight.

Dry preparations used for the same purposes as goods enumerated in items 219a and 219c.

281. Fire brick containing not less than 90 per cent of silica; magnesite fire brick or chrome fire brick; other fire brick valued at not less than $100 per 1,000, rectangular shaped, the dimensions of each not to exceed 125 cubic inches, for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment.

281a. Fire brick, not otherwise provided for, for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment.

352a. Bells, when imported for use in churches only.

391a. Castings of iron or steel, being ingot mold for use in the production of steel.

406. Coil chain, coil-chain links, including repair links, and chain shackles, of iron or steel.

409a. Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk, or cream; complete parts of all the foregoing.

409b. Cultivators, harrows, seed drills, horse rakes, horse hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing.

409c. Plows; farm, field, lawn, or garden rollers; soil packers; complete parts of all the foregoing.

409d. Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing-machine separators, including the motive power incorporated therein, and complete parts of all the foregoing.

409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure-testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; animal dehorning instruments; and complete parts of all the foregoing.

(ii) Fruit and vegetable grading, washing and wiping machines and complete parts therefor.

409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers, and grain or hay grinders for farm purposes only, post-hole diggers, snaths, stumping machines, and all other agricultural implements or agricultural machinery, not otherwise provided for, and complete parts of all the foregoing.

409g. Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing.

409i. Scythes, sickles, or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, not otherwise provided for.

409j. Fanning mills, pea viners, corn-husking machines, threshing-machine separators, including wind stackers, baggers, weighers, and self-feeders therefor; complete parts of all the foregoing.

409k. Windmills and complete parts thereof, not including shafting.

409n. Portable engines with boilers, in combination, for farm purposes; horsepowers and traction engines for farm purposes, not otherwise provided for, and complete parts of all the foregoing.

409o. Equipment for generating electric power for farm purposes only, viz, engine, gas tank, generator, storage battery, and switchboard; and complete parts of all the foregoing.

410b. Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas, and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter.

410c. Machinery and apparatus and complete parts thereof for use exclusively in producing unrefined oil from shales; not to include motive power, of a class or kind not made in Canada.

410d. Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing over 8 inches in diameter, for use exclusively in drilling for water, natural gas, or oil, and in prospecting for minerals, but not to include motive power; including goods enumerated in this item of a class or kind made in Canada.

410e. Well-drilling machinery and apparatus and complete parts thereof, and rope 2,100 feet and over in length, capable of drilling wells of 2,000 feet and over in depth, of 4 inches and over in diameter, and of raising and lowering casing over 4 inches in diameter for such wells, for use exclusively in drilling for water, natural gas, and oil, and in prospecting for minerals, not to include motive power.

410f. Machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining.

410g. Articles for use exclusively in the metallurgy or smelting of iron, viz: Machinery and apparatus for sintering or nodulizing iron ore, concentrated or not, or flue dust; machinery and apparatus for use exclusively in the construction, equipment, and repairs of blast furnaces for smelting iron ore, such machinery and apparatus to include hot-blast stoves and burners, blast piping and valves connecting the blowing engines with the furnace, scale cars, charging and hoisting apparatus, blast-furnace gas piping, cleaners, and washers; and integral parts of all the foregoing, but not to include wrought-iron pipe or valves 10½ inches and under in diameter, nor structural ironwork.

410k. Machinery and apparatus of a class or kind not made in Canada, for use exclusively in handling ore and other materials to be charged into the blast furnace from the dock, car, or stock pile at the smelting works.

410l. Ore crushers, rock crushers, stamp mills, granding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, not otherwise provided for, and complete parts of all the foregoing for use exclusively in mining, metallurgical, or quarrying operations.

410m. Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, of a class or kind not made in Canada, and integral parts of the foregoing, for use exclusively in mining operations;

410n. Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, not otherwise provided for, and integral parts of the foregoing, for use exclusively in mining operations.

410o. Coal-cutting machines, not otherwise provided for; coal-heading machines; electric or magnetic machines for concentrating or separating iron ores; automatic scales for use with conveyors; and integral parts for all the foregoing, for use exclusively in mining or metallurgical operations.

410p. Sundry articles of metal as follows, for use exclusively in mining and metallurgical operations, viz, furnaces for the smelting of ores; converting apparatus for metallurgical processes in metals; machinery for the extraction of precious metals by the chlorination or cyanide processes, not to include pumps, vacuum pumps, or compressors; blast furnace blowing engines for the production of pig iron; and integral parts of all the foregoing.

410q. Pumps and vacuum pumps, and complete parts thereof, for use exclusively in the extraction of precious metals by the chlorination or cyanide processes.

410s. Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; pyrometers; bullion furnaces; amalgam cleaners; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations.

410z. Machinery and apparatus, not otherwise provided for, and complete parts thereof, for the recovery of solid or liquid particles fom flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameters.

411. Machinery for use in sawing lumber, up to but not including the operation of planing, and complete parts thereof, not to include motive power, when for use exclusively in sawmills (for the purpose of this item motive power is defined as equipment for driving the machinery of the sawmill).

411a. Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump, or common or other carrier.

411b. Cylinder stave saws, wheel-type stave jointers, crozing and chamfering machinery, when for use exclusively in making staves.

431. Shovels and spades, of iron or steel, not otherwise provided for.

431a. Axes.

439c. Farm wagons, farm sleds, logging wagons, logging sleds, and complete parts thereof.

439d. Freight wagons, drays, sleighs, not otherwise provided for, and complete parts thereof.

440k. Engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats bona fide owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the minister.

442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the minister.

442a. Notwithstanding the provisions of tariff item 442, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own factories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the minister—

(1) Pig iron.

(2) Bars or rods, of iron or steel, hot rolled.

464. Steel dies, of a class or kind not made in Canada, valued at not less than $1,000 each, for use exclusively in stamping metal sheets or metal plates: *Provided*, That such dies shall be exported from Canada under customs supervision within three months from the date of import entry.

476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; surgical operating tables for use in hospitals; microscopes valued at not less than $50 each by retail; and complete parts of all the foregoing.

476a. Glassware and other scientific apparatus for laboratory work in public hospitals; apparatus for sterilizing purposes, including bedpan washers and sterilizers, but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the minister.

480. Crutches or specially constructed staffs for cripples.

538. Binder twine or twine for harvest binders.

663b. Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers.

666. Nitroglycerine, giant powder, nitro and other explosives.

667. Blasting and mining powder.

682. Fishhooks, for deep-sea or lake fishing, not smaller in size than No. 2; bank, cod, pollock, and mackerel fishlines; and mackerel, herring, salmon, seal, seine, mullet, net, and trawl twine in hanks or coil, barked or not—in variety of sizes and threads—including gilling thread in balls, and head ropes for fishing nets; marline, and net norsels of cotton, hemp, or flax; and fishing nets or seines, and manila rope, not exceeding 1½ inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets, or ropes commonly used for sportsmen's purposes.

692. Coins, cabinets of; collections of medals and collections of postage stamps; medals of gold, silver, or copper, and other metallic articles actually bestowed as trophies or prizes and received and accepted as honorary distinctions, and cups or other metallic prizes (not usual merchantable commodities), won in bona fide competitions.

695a. Paintings in oil or water colors, and pastels, valued at not less than $20 each; paintings and sculptures by artists domiciled in Canada but residing temporarily abroad for purposes of study, under regulations by the minister.

696. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, photographic reproductions, casts as models, etchings, lithographic prints or charts; mechanical equipment of a class or kind not made in Canada. All articles in this item, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the minister.

700. Animals and articles brought into Canada temporarily and for a period not exceeding three months, for the purpose of exhibition or of competition for prizes offered by any agricultural or other association: *Provided*, a bond shall be first given in accordance with regulations prescribed by the minister, with the condition that the full duty to which such animals or articles would otherwise be liable shall be paid in case of their sale in Canada, or if not reexported within the time specified in such bond.

701. Menageries, horses, cattle, carriages, and harness of, under regulations prescribed by the minister.

702. Carriages for travelers, and carriages laden with merchandise, not to include circus troupes or hawkers, under regulations prescribed by the minister.

703. Travelers' baggage, under regulations prescribed by the minister.

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest.

1017. Lapwelded tubing of iron or steel, not less than 4 inches in diameter, threaded and coupled or not, when used in casing water, oil and natural gas wells, or for the transmission of natural gas under high pressure from gas wells to points of distribution.

UNENUMERATED

Iron or steel pipe, not butt or lapwelded, and wirebound wooden pipe, not less than 30 inches in internal diameter, for use in alluvial gold mining, including articles and materials used exclusively or consumed in the manufacture of the said pipe.

ARTICLES AND MATERIALS TO BE USED EXCLUSIVELY IN THE MANUFACTURE OF GOODS ENUMERATED IN CUSTOMS TARIFF ITEMS

Items 219 a, 219c—Dry preparations used for the same purposes as goods enumerated in items 219a, 219c, 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 409o, 410b, 410d, including goods enumerated in this item of a class or kind made in Canada; 410e, 410f, 410g, 410k, 410l, 410m, 410n, 410o, 410p, 410q, 410s, 410z, 411, 411a, 411b, 431, 431a, 439c, 439d, 440k, 442, 442a, 476, 476a, 480, 538, 663, 663a, 663b, 666, 667, 696, tubing enumerated in customs tariff item 1017.

MATERIALS, NOT TO INCLUDE PLANT EQUIPMENT, CONSUMED IN PROCESS OF MANUFACTURE OR PRODUCTION, WHICH ENTER DIRECTLY INTO THE COST OF GOODS ENUMERATED IN CUSTOMS-TARIFF ITEMS

Items 281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 409o, 410b, 410d, including goods enumerated in this item of a class or kind made in Canada; 410e, 410f, 410g, 410k, 410l, 410m, 410n, 410o, 410p, 410q, 410s, 410z, 411, 411a, 411b, 431, 431a, 439c, 439d, 440k, 442a, 476, 476a, 480, 538, 663, 663a, 666, 667, 696, tubing enumerated in customs tariff item 1017. (1931, c. 54, secs. 15 and 22.)

All orders in council providing for the payment of 50 per cent of the rate of consumption or sales tax imposed on certain goods are repealed.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of to-day's business the Senate take a recess until 10 o'clock Monday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order will be entered.

Mr. PITTMAN. Mr. President, for the purpose of having the proposed amendment printed, I offer an amendment to the amendment of the Senator from Massachusetts relative to the manufacturers' tax, to come at the end of his amendment. It is what was known as the Connally amendment, with regard to the income-tax schedule. I ask to have it printed and lie on the table, to be proposed by me at the proper time.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. DILL. Mr. President, in regard to the provision on page 274, I should like to have pending as an amendment to the House text in line 15, page 274, after the word "than," to strike out the word "one-fourth" and to insert in lieu thereof the word "one-eighth," so that the tax on the stock-exchange sales would be one-eighth of 1 per cent instead of one-fourth of 1 per cent, as the House provided. I would like to have that amendment pending.

Mr. WALSH of Massachusetts. Mr. President, I do not rise at this time for the purpose of discussing the merits or demerits of the proposal contained in the amendment known as the emergency manufacturers' excise tax. I fully appreciate that there is much that can be said in opposition to the adoption of this policy as well as any other taxation plan, and I have no quarrel with those who desire to debate the proposition as long as they choose.

The able senior Senator from Michigan [Mr. COUZENS] pointed out to the Senate that there were provisions in the amendment which would be subject to many amendments. He appeared to be armed with a great deal of objections to the various provisions of the proposal. I was disappointed when he finished, for I found that the only criticism he made was of the exemptions. Let me briefly refer to them, because it seems to me his criticisms are very trivial.

His first criticism was of the language which exempts food for human or animal consumption. What language could be broader, what language could be used that would include all food and feeds better than the words "food for human and animal consumption"? The Senator did not go into details in his criticism of that item, however.

The next item he took up was that relating to medicine, and he named certain medicines which were not exempted. I want to say, in reply to that, that if there is one provision in this amendment where the tax will be absorbed, it is in the case of medicines. It is the one provision, in my judgment, in this amendment where the tax will not be passed on because of the competition in medicines, the large number of drug establishments, and the fact that the prices of practically all medicines are fixed.

The Senator pointed out some medicines which are in common use, but he did not tell us the price of the medicines, and he did not tell us what the tax would be. Under my proposal a bottle of medicine costing $1, assuming it is in the class that would be taxed, would pay a tax of only 1¾ cents. Some of the medicines he enumerated retail for 25 cents and less. The tax upon medicines of that kind would be a fraction of a penny.

There are a large number of medicines which contain alcohol in various proportions. Some of those patent medicines are produced by some of the most prosperous business concerns of the country. I have in mind now a medicine called "Pepsin Wine," which is very largely and very extensively used. I inquire, Why should medicines of that character be exempt from the provisions of a general sales tax?

However, it is inconsequential whether the exemption be of all medicines or whether we limit it to medicines other than proprietary medicines. That is a trivial issue, and inconsequential. In fact, only yesterday I spoke to the experts about making that provision include all medicines. I do admit that I was very much impressed with the large number of patent medicines in this country costing very high prices, and in that class of medicines the tax would be absorbed.

What is the next objection he makes to this proposal? The third objection he makes is the exemption of newspapers, magazines, and other periodicals.

One would think from the attitude and from the manner of the distinguished Senator, my friend from Michigan, that he could tear the amendment to shreads; and yet when we get right down to it, he criticizes the exemption of food, he criticizes the fact that I have not excluded all medicines, he criticizes the exemption of books and magazines, and that is all.

Now let us see about books, magazines, and periodicals. First of all, they are in the amendment because they were in the bill as drawn by the Ways and Means Committee. Secondly, the magazine publisher and the book publisher and the newspaper publisher will pay the tax, because he has to pay a tax on his paper and on his ink and on his other supplies. He has practically no exemption. He is exempted simply for the cost, in addition to his ink and paper, of putting the book or magazine together.

Here is the sum total of the objections to a proposal covering 28 or more printed pages—not a proper definition of food, magazines, and newspapers should be exempted, not a broad enough exemption of medicine.

Oh, yes; there was another objection! He objected that I was excluding the electricity used on the farm. The Senator did not object to that, but he was not able to see how that could be worked out administratively.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Michigan?

Mr. WALSH of Massachusetts. I yield.

Mr. COUZENS. Does the Senator mean to say that is all the objection I made to his proposal?

Mr. WALSH of Massachusetts. Will the Senator state any further objection he made—I mean to the specific sections of the proposal? Of course, the Senator is opposed to the general principle of a manufacturers' excise tax.

Mr. COUZENS. I pointed out very clearly, as I thought, that there were no exemptions for the home of the man

which is to cost less than $8,000, for the furnishings or the equipment, for the bathtub, or anything of that kind in such a home.

Mr. WALSH of Massachusetts. The Senator did point out that the exemptions do not include the cost of homes to be built in the future, the cost of materials to be used in homes and office buildings and mansions to be built in the future. The Senator also pointed out that it did not exclude household furniture, the bedding and linens used in homes, and, I think, during the colloquy I had with him I explained the difficulties in trying to reach an exclusion of those particular articles.

As I said, I shall at another stage of the proceedings give what seem to me to be reasons in favor of the tax and discuss the objections which have been made. But I want to say, and I shall say it again and again, that I can not understand how any Senator can defend levying taxes upon particular commodities and articles which must be borne by certain industries, by all the people who purchase articles from those manufacturing industries which will bear a tax of from 2 to 15 or more per cent, and object to a proposal to include all articles except the mere necessities of life and make the rate of taxation 1¾ per cent.

I can not understand the reasoning and logic of one who is willing to accept a heavy, high tax upon certain industries and the products of ceratn industries levied in the way that they are to be levied under my proposal, and yet refuse to put all industries on an equitable basis, namely, to make the rate the same for every industry and to exempt all the necessities of life. It is a proposal to make the lavish spender pay more taxes than those who of necessity must spend frugally.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Virginia?

Mr. WALSH of Massachusetts. Certainly.

Mr. GLASS. What I can not understand is why Senators should be so solicitous about the washbasin that is to go into a house that will cost $8,000 and yet stand here and vote to put a tax on the lumber out of which the house is to be built.

Mr. WALSH of Massachusetts. Yes; not only to tax lumber, but to tax it at a rate which is 33⅓ per cent on the cheap lumber that goes into the home of the workingman and only 2 per cent upon the mahogany lumber that goes into the mansion.

Mr. BROUSSARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Louisiana?

Mr. WALSH of Massachusetts. I yield.

Mr. BROUSSARD. While the Senator is talking about the tariff on lumber, may I make this inquiry in order to understand the scope of the amendment: Does the amendment of the Senator from Massachusetts include any of the very contentious tariff rates which are now contained in the bill?

Mr. WALSH of Massachusetts. My amendment does not. It excludes any consideration of any tariff item.

Mr. BROUSSARD. Neither oil nor copper nor lumber nor coal?

Mr. WALSH of Massachusetts. That is true. They are all excluded.

Mr. President, reference has been made to my vote on proposals for increasing the rates of income taxes. I supported the committee in that matter. I have supported the committee in every feature of the bill except that I have taken the position that we should substitute a general excise tax for a special limited excise tax. That is the only difference between the committee and myself.

I want to say further to the Senator from Michigan [Mr. COUZENS] that I differ with him and he differs with me in this particular. I agreed with him that when the country was prosperous and corporations were making large profits and incomes were large, in increasing surtaxes and normal taxes. I did not accept the proposal of the Secretary of the Treasury that the increasing of the surtaxes upon wealth would tend to drive money out of business and would result in less capital flowing into private business. I have refused to accept that principle until now.

With business depressed, with profits gone, with incomes wiped out, I believe there is no inducement—and that is one of the troubles with the country—for the man and woman of wealth to put their money into business. An entirely different situation exists now from former years. They are putting their money to-day into tax-exempt securities. I will go farther. If they want to preserve their money and be sure it is safe, they have got to do that. What we are doing when we propose these high surtaxes is further to push the capital out of business enterprises and into tax-exempt securities.

In the prosperous days there was an opportunity, an invitation, to invest and speculate in business enterprises, to make big profits by putting money in business. But what man to-day with $100,000 or $10,000 of income intends or proposes to put it in any business with conditions the way they are in this country? The banks even will not do it on business securities. That seems to me to be one of the problems we have to bear in mind, that we must so shape this tax bill and so shape legislation as to give confidence and hope to the man with money that he can invest his money in private business and open up the avenues of employment for our people.

I make a clear distinction between conditions when the country is prosperous and conditions when the country is prostrate. I say that the whole tendency and the chief inducement to-day for the man or the woman of small means or limited means or wealth, if one wants to be sure that his money is safe, is to go into tax-exempt securities, and they are doing it. Business is suffering. Unemployment is increasing. Money is not flowing into the avenues of business. I do not intend, under these conditions, to pursue a course that will discourage and dishearten business. I want to help private business to recover and thus help relieve unemployment.

One of the advantages of the proposal made by me is that such people—the tax-exempt investors—will be taxed. No other proposal in the bill or any other bill will reach the people by the tens of thousands and hundreds of thousands in this country who have enormous incomes without paying a cent of taxation. But they spend money, and they spend it lavishly, and if they spend money this plan of mine will tax them, and the more they spend the more revenue will flow into the Public Treasury.

Mr. President, I do not care to prolong the discussion any further at this time, but at a later time I hope to have an opportunity to discuss in detail the principles involved in my proposal.

Mr. COSTIGAN. Mr. President, the Senator from Massachusetts [Mr. WALSH] referred to the absence of any amendment to the pending bill tending to curb the escape of those who seek to evade income taxes through tax-exempt securities. I send to the desk a proposed amendment to the pending bill dealing moderately with that subject, and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. COSTIGAN. May I also take occasion to ask that there be placed in the RECORD at this point portions of certain editorials appearing in the St. Louis Post-Dispatch, the Washington Daily News, and the New Republic having to do with the sales-tax proposal while under discussion in March and April of this year in the House of Representatives.

The VICE PRESIDENT. Without objection, it is so ordered. The editorials are as follows:

[From the St. Louis Post-Dispatch, March 7, 1932]

AN UNDEMOCRATIC TAX BILL

The sales tax, which is depended upon to contribute $595,000,000 of the estimated $1,100,000,000 by which Federal revenues are to be increased by the new tax bill, is far from popular.

The basic flaw in the scheme is the failure of the bill thoroughly to explore the upper brackets of the income tax for funds before a general sales tax, which will increase the cost of living, is imposed upon the country. If we are going to have a sales tax, then it should by all means be balanced by greatly increased

surtaxes. During the World War the surtaxes went as high as 60 per cent. We are at war now with a vastly greater foe and one much nearer home. Yet Congress is still proposing to stop surtaxes at 40 per cent. Its excuse is that higher taxes will encounter diminishing returns.

Nevertheless, since the range of the income tax is to be lowered to include many persons of small means heretofore exempt, it should be raised in proportion as a matter of principle. Common decency will be revolted by the spectacle of a tax bill that hits the poor man with a sales tax and higher income taxes, while letting the rich man off with a mild increase represented by a top surtax of only 40 per cent. We should at least make the people in the upper brackets say they have not got the money before we attempt to collect taxes from the people we know have not got it. Congress would be in a much happier position if it went as high as 80 per cent upon all incomes over $10,000,000. Increasing the estate tax to 40 per cent, and placing a 30 per cent tax upon gifts in excess of $100,000, are much fairer provisions than the income-tax schedule.

In his article on The Country's Plight—What Can Be Done About It, Charles G. Ross said in the Post-Dispatch of November 29, 1931:

"The various tax proposals coming before Congress may be grouped under two heads. On the one side are those which would broaden the tax base and on the other are those which would use the taxing power for the double purpose of raising revenue and breaking up, to some degree, the vast accumulations of wealth revealed by the income-tax statistics. The drive is already under way for a general sales tax or a 'selective' sales tax. A sales tax is the income tax in reverse. It is large or small, according to the amount consumed by the taxpayer; the income tax, called by economists one of the fairest taxes ever devised, is large or small according to capacity to pay. A sales tax bears inequitably upon persons of small means; as Prof. E. R. A. Seligman, of Columbia University, has testified, it 'sins against the cardinal principle of equality in taxation.' The fight for or against a sales tax brings into head-on collision the opposing theories of government which have been mentioned. The tax is advocated at this time, manifestly, in an effort to avert higher levies on the rich."

Some notion of how a sales tax of 2.25 per cent on manufactured products will be received may be gained from what is happening in some of the States. Down in Kentucky a protest against a sales tax took the form last week of a mob invasion of the governor's mansion. It is unfortunate that Government economies can not ameliorate the condition more than seems possible. The Government Budget is overloaded with waste. Millions could be saved by limiting veterans without dependents to $25 a month each while they are in Federal institutions, soldiers' homes, or veterans' hospitals. The appropriations for both the Army and the Navy are too large; but with a scant hope of any great achievement at Geneva and with the war in China, it is unlikely that either can be pared. There would, however, be virtue in the proposed consolidation of the Army and Navy under a single head. The feeling about these service funds is very strong in Congress.

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However, it is the cost of war, past, present, and to come, that takes most of the Government's revenues. Mr. Hoover places the share of Mars as high as 70 per cent of every dollar that the Government receives. The veterans of the last three wars take more than a billion dollars a year out of the Treasury. War has become a much greater economic factor all over the world than is generally recognized.

The bill does not tax food, * * * but it is still a renunciation of everything for which the Democratic Party * * * is supposed to stand.

[From the New Republic, March 16, 1932]

The Democratic-Republican tax bill is a disguised attempt to saddle the Government deficit as little as possible on the rich and as much as possible on the poor. By placing a so-called "manufacturers' tax" of 2¼ per cent on every article produced except foods, books, magazines, and religious goods, it will levy at least 2¼ per cent on a large part of every consumer's income. The man who makes $500 or $1,000 a year will have to pay this tax as well as the man who makes $100,000. How outrageous this is may be realize when we remember that even those in the lowest brackets subject to income tax will be charged, in that tax, only 2 per cent on their net incomes. If the bill had honestly gone about its purpose, it would have abolished all exemptions to the income tax and would have charged everyone a minimum of 2¼ per cent on his earnings, allowing, say, a 40 per cent deduction for food expenses to those with net incomes below $2,000. But, of course, no Congress could do this and still represent itself as interested in the welfare of those who are too poor to get along as it is. So the levy is disguised. A real "manufacturers' tax" would have raised the rate on corporate profits from 12 per cent, not to 13 per cent as in this bill, but to 15 or 20 per cent. This tax, not being paid by those companies which make no profit, could not so readily be passed along.

[From the Washington Daily News, March 19, 1932]

THE TAX VICTORY

In one of the most dramatic and unexpected political revolts in years the House of Representatives yesterday overthrew the combined Democratic and Republican machines in a fight on the tax bill. The rank and file Representatives raised the normal income-tax rate from 6 to 7 per cent on all incomes over $8,000, and jumped the maximum surtax rate from the proposeed 40 per cent and the present 20 to the war-time figure of 65 per cent. The vote was 153 to 87—almost 2 to 1.

Party lines were broken. The administration and the Garner-Rainey-Crisp Democratic dictatorship, using all their power in a reactionary defense, were unable to prevent higher taxation of the middle and wealthy classes. This bill puts a sales tax on the poor man's shoes, clothing, and necessities, but touches only lightly the upper bracket incomes. Yesterday's vote corrects the income-tax injustice. The direct fight on the general sales tax is ahead.

But opponents of the general sales tax, which would hurt consumers through higher prices and hurt business by slowing down sales, have won half their battle. For the Democratic-Republican machine leaders, in trying to put over the general sales tax, have admitted its injustice but argued it was a necessary evil. They claimed there was no other way to cover the $600,000,000 remaining Federal deficit. Now, by increasing the income and surtax rates, the House has provided an estimated $250,000,000 or more.

That leaves about $350,000,000 of deficit uncovered. But the House by applying to estate taxes the same just principle it applied yesterday to incomes can provide double the amount needed—though receipt of the cash would be delayed a year. The Joint Committee on Internal Revenue Taxation, which is the official counselor of Congress on revenue, reports that taxation of estates—after allowing a $50,000 exemption—at the same rates as incomes under the pending bill would produce an additional $714,000,000.

The Republican-Democratic machine is not willing to put such a burden on large estates. But the House rank and file, who have just insisted on taxing large earned fortunes, should be able to see the unfairness of allowing large unearned fortunes to escape a commensurate part of the tax burden in this national emergency.

If the House is determined to protect great fortunes at the expense of the consumers and the business men dependent upon trade revival, it at least can restrict its sales tax to luxuries and semiluxuries.

* * * * * * *

[From the Washington Daily News, March 22, 1932]

WHAT EXPERTS SAY

It might be assumed that the leaders of the House of Representatives acted upon expert advice when they wrote their vicious general sales tax bill. Search of the record fails, however, to reveal the opinion of one outstanding fiscal expert inside or outside of Government circles who was whole-heartedly for this basic change in the American tax system. If there are any such experts their number is small.

No later than December 14, Ogden Mills, then Under Secretary, and now Secretary of the Treasury, said that the Treasury Department had rejected the general or turnover tax "not only because it bears no relation to ability to pay and is regressive in character, but because of the enormous administrative difficulties and the almost inevitable pyramiding of the tax in the course of successive sales."

Again on March 1[illegible] Mills said: "I happen to be one who in the past has not favored a sales tax. I prefer a tax system consisting of a progressive tax on individual incomes with a broad base, a corporation income tax, an estate tax, customs duties, and a selective group of excise taxes." Now he merely says the Ways and Means sales-tax plan is "acceptable."

Under Secretary of the Treasury A. A. Ballantine is quoted as having denounced the general sales tax as "essentially unjust" and "grossly discriminatory."

E. C. Alvord, Treasury specialist, was asked in committee hearings by Representative CRISP whether as an American citizen he favored the general sales tax. He replied: "At the present time, no, sir."

Dr. Thomas S. Adams, of Yale, a committee witness, thought the system in Canada a success, but admitted he had not talked with Canadian farmer, labor, or consumer groups.

Economists have been almost unanimous in opposing indirect taxes upon the people's needs. For instance—

Adam Smith in his Wealth of Nations: "Tax on the necessities of life operates exactly in the same manner as a tax on the wages of labor."

John Stuart Mill: "Exclusion must be made upon all taxes on commodities, necessities of life, or on materials or instruments employed in producing these necessities. Such taxes are always liable to encroach on what should be left untaxed—the income barely sufficient for healthful existence."

Prof. E. R. A. Seligman, of Columbia: The sales tax "sins against the cardinal principle of equality of taxation."

Dr. William J. Schultz, financial economist for the National Industrial Conference Board: "The supreme drawback to a Federal sales tax would be its social injustice."

Dr. John R. Commons, president of the Consumers League and Wisconsin University economist: "A sales tax reduces the purchasing power and welfare of the millions of low-paid consumers. It is a tax exactly reverse to the better principle of ability to pay."

Dr. John Dewey, of Columbia: "A sales tax is governmental blackmail on hunger and small earned incomes."

The National Industrial Conference Board report of 1929; United States Chamber of Commerce committee on Federal taxation; organizations representing upward of 50,000,000 farmers, union workers, consumers, and retail men, all oppose the sales-tax principle.

Even former Secretary of the Treasury Mellon did not propose a sales tax. When approached upon it last September, Senator REED, after an hour of argument with him, admitted that Mellon "was not so keen for it."

[From the St. Louis Post-Dispatch, April 5, 1932]

THE SENATE AND FEDERAL TAXES

It is encouraging to learn that the Senate, while favorable in the main to the Federal tax bill passed by the House, is disposed to correct its inequalities.

The House did very well until the powerful influences which usually control it began to make themselves felt. As a result the House completely reversed itself in the matter of surtaxes in the upper brackets. First adopting the Swing resolution carrying these rates up to 65 per cent, it at last weakened and returned to the Treasury's 40 per cent top.

Since higher surtaxes could not hurt anyone unable to pay them, it is fair to assume that it was the fear of dwindling campaign contributions that at last drove the House from its position.

Thus did the system which Professor Taussig says rules the country reassert its power to escape its proportionate share of the tax burden. It may be debatable whether the great incomes are capable of producing more revenue than the Treasury says they can produce; but the numerous excises which have been voted could have been imposed with much better grace had the House first demonstrated its willingness to tap the great fortunes which favorable governmental policies have permitted their possessors to acquire.

On the whole, however, the common man has gained more by the bill than he has lost. It is infinitely to be preferred to the program which was originally advanced by the Treasury. The administration proposed, for instance, to obtain only 9 per cent of the amount necessary to balance the Budget by reducing expenditures; 8 per cent from the taxation of corporations; 14 per cent through taxes which would fall primarily on wealth; and the great majority, 69 per cent, by taxing general trade.

The final House bill, by contrast, proposes to raise 16 per cent of the required funds by cutting appropriations; 13 per cent by taxing corporations; 30 per cent by taxing wealth through higher income and estate taxes, gift taxes, luxury taxes on jewels, furs, yachts, and the like, the reduction of capital-loss deductions, and the taxation of dividends; and only 41 per cent by lowering income-tax exemptions, raising postal rates, and imposing excises on admissions, cosmetics, soft drinks, candy, telephone and telegraph messages, automobiles, radios, and other articles of common consumption which fall most heavily on the masses.

The bill, moreover, is vastly superior to the measure which the Democratic-Republican coalition in the Ways and Means Committee attempted to wish upon the country. The general sales tax has been killed by a decisive vote of 235 to 160. The selective levies which have been imposed in its stead will not be greeted by the public with enthusiasm. But that is precisely why they are to be preferred. These nuisance taxes will unquestionably be repealed as soon as the fiscal emergency has passed.

Their unpopularity is a guaranty of their temporary character. The great threat of the general sales tax was that it would become so hidden in the price structure that it would arouse no serious complaint. The ultimate destruction of income and inheritance taxation and the substitution of extended sales levies would have become only a matter of time. The general sales tax was an entering wedge for the eventual abolition of progressive taxation. Its defeat should be cause for general rejoicing.

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Mr. SHIPSTEAD. Mr. President, I desire to enter a motion to reconsider the vote by which the amendment of the junior Senator from Nebraska [Mr. HOWELL] was rejected. That amendment would have limited the check tax to bank checks of over $5.

The VICE PRESIDENT. The motion to reconsider will be entered.

Mr. BULKLEY. Mr. President, I wish to enter a motion to reconsider the votes which were taken on the following amendments:

Amendment relating to second-class postal rates, on page 310, line 17;

Amendment relating to tax on matches, on page 253, line 7;

Amendment relating to abatement of excise taxes, on page 248, line 13; and

Amendment relating to effective date of Title IV, on page 264, line 14.

The VICE PRESIDENT. The motions to reconsider will be entered.

Mr. HAWES. Mr. President, it seems to me the Senate should understand and the country should understand that the proposal of the Senator from Massachusetts [Mr. WALSH] is not a general sales tax plan. If it were, I would not support it. It is limited in its application. It has certain exclusions which have been described.

But the matter that I desire to present particularly to the attention of the Senate is this: I have been informed, and have relied upon the information, that when the Senator from Massachusetts introduces his amendment or substitute, an amendment will be offered carrying with it what we may call the Connally income-tax rates; that the two will go together; that we will have an opportunity to vote to raise the income taxes to the amount of approximately $100,000,000 a year; and that the proposal of the Senator from Massachusetts will provide an income of $345,000,000 a year, the total increase in revenue coming partly from incomes and partly from the manufacturers' sales tax. Such an increase in revenue will certainly balance the Budget. To-day no one knows whether the measure before the Senate will do that or not. On yesterday a change of one vote on the tax on checks would have made a difference of $95,000,000 in the revenue-raising program of the committee. A motion has just been made to reconsider that vote, and one additional vote will strike from the committee's program $95,000,000.

It has been stated here that there will be long delay because the House will not accept the manufacturers' license tax plan. Let us remember, Mr. President, that the Speaker of the House, the minority leaders in the House, and the majority leaders in the House, all supported in substance this plan. When the House voted it was not confronted with an option. Since that time Members there understand the situation.

It has been stated here to-day, with some vehemence, that the House would not change its position. I think I can say, Mr. President, with equal certainty that the House will change its position; that there will not be unreasonable delay, and the country should know that, in accepting the proposal of the Senator from Massachusetts, there is coupled with it the income-tax rates suggested by the Senator from Texas.

Men may predict what the other House will do, but each of us has an equal right to make his own predictions, and it is my opinion that if the Senate shall adopt this compromise, embodying the manufacturers' license tax amendment and the income tax provisions of the so-called CONNALLY amendment, that action will be supported by the House, because I know it will be in response to an almost unanimous national and universal sentiment.

The VICE PRESIDENT. The question is on the amendment of the Senator from Washington [Mr. DILL].

Mr. SMOOT obtained the floor.

Mr. TRAMMELL. Mr. President, I suggest the absence of a quorum, unless the suggestion shall interfere with some other plan the chairman of the committee has in mind.

The VICE PRESIDENT. Does the Senator from Utah yield for that purpose?

Mr. SMOOT. I yield.

Mr. TRAMMELL. I suggest the absence of a quorum.

The VICE PRESIDENT. The secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bailey	Cutting	Kean	Shipstead
Bankhead	Dale	Kendrick	Shortridge
Barbour	Davis	Keyes	Smith
Barkley	Dickinson	King	Smoot
Bingham	Dill	La Follette	Steiwer
Black	Fess	Lewis	Stephens
Blaine	Fletcher	Logan	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Broussard	Glass	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Moses	Vandenberg
Byrnes	Hale	Neely	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Oddie	Walsh, Mass.
Carey	Hatfield	Patterson	Walsh, Mont.
Cohen	Hawes	Pittman	Watson
Connally	Hayden	Reed	Wheeler
Coolidge	Hebert	Robinson, Ark.	White
Copeland	Howell	Robinson, Ind.	
Costigan	Johnson	Schall	
Couzens	Jones	Sheppard	

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present. The question is

on the amendment offered by the Senator from Washington [Mr. DILL] to the House text.

Mr. DILL. Mr. President, the amendment which I have offered proposes to amend the House text by changing one-fourth of 1 per cent to one-eighth of 1 per cent, so that the tax on stock sales will be exactly the same as the fee the broker receives on such sales. I think that is a very small tax; in fact, it is so small that I can not see why anybody should object to it.

I hope that the amendment may be adopted; and if it shall be adopted, then I shall ask that the Senate committee amendment, beginning on page 274, line 14, be disagreed to and also the amendment on page 273 which relates to the imposition of this tax.

Mr. NORRIS. Mr. President, let me ask the Senator what about the committee amendment?

Mr. DILL. The committee amendment, as I have said, should be disagreed to if my amendment shall be adopted.

Mr. SMOOT. Mr. President, the object I had in voting to strike out the provision in the House text at this point was because I think a tax of one-fourth of 1 per cent is too heavy a tax on the shares of mining companies, particularly of the West, many of which sell for 4 cents and 5 cents, and most of which sell for a price under a dollar.

Mr. DILL. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. DILL. Striking out this provision will not remedy that; the 4 cents a share tax is still in the bill. That must be remedied by another amendment. The remedy for the situation of which the Senator complains is not by striking out the provision of the House text beginning in line 14 on page 274, but by amending the provision imposing a tax on future sales. That is the provision which I think the Senator has in mind. The only way to protect the low-priced mining shares of the western section of the country is simply to provide that no transfer tax shall exceed one-eighth of the selling price, and I intend to offer such an amendment as I have indicated, whether my amendment now pending shall be agreed to or not, because I want to protect such low-priced shares.

However, the amendment now pending changing one-fourth of 1 per cent to one-eighth of 1 per cent provides a tax of exactly the same amount as the brokerage fee which everyone pays if he buys stock on the stock exchange. I do not understand under what theory the Senate will levy a tax upon business of this country and not levy a tax on stock sales equal to the amount of the brokerage fee.

Mr. SMOOT. Mr. President, I hope the amendment will not be agreed to, and I should like to have the yeas and nays on it.

Mr. DILL. Let us have the yeas and nays.

Mr. WHEELER. Mr. President, I do not know whether or not the Senator's amendment will reach this matter, but surely there is no reason why we could not put a tax upon the sales made upon the stock market. Of course, we would not be able to reach a transfer of stock where the stock certificate was signed in blank and was passed on from one individual to another. We might not be able to reach that, but surely we can reach every transaction that is made upon any stock exchange in the United States by putting a tax on it. It seems to me there can not be any question about that; and we can put on the same identical tax that the stockbrokers charge as a commission at the present time.

Mr. BLAINE. Mr. President, as I understand, the Senate committee amendment reduces the revenue below the House proposal $68,000,000. I think that is correct.

I do not intend to debate this matter, but I do want to call to the attention of the Senate the information that has been brought to Congress by Congressman LAGUARDIA, of New York. That is found—if any Senator or anybody else desires to read it—in the CONGRESSIONAL RECORD of May 21, 1932, beginning on page 10864, wherein Congressman LAGUARDIA discloses that Mr. Whitney, the president of the New York Stock Exchange, falsely, no doubt deliberately, misrepresented this proposition before the Finance Committee of the Senate.

I desire to read just this one paragraph from Mr. LAGUARDIA's remarks before the House:

> Now, gentlemen, I submit that the tax in England is five times what we propose on a $200 sale, and proportionately larger on other stock transfers. Responsible officials of the New York Stock Exchange appeared before the committee and only disclosed one of the three taxes applicable to the transaction on the London Stock Exchange. It is not only startling and shocking, but it is something which should not remain uncensured.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Colorado?

Mr. BLAINE. I yield.

Mr. COSTIGAN. Is my recollection correct that Congressman LAGUARDIA, in the same connection, caused to be placed in the CONGRESSIONAL RECORD a stock-transfer tax table supporting his statements?

Mr. BLAINE. Yes. The table, which appears on page 10865, shows, for instance, that on stocks selling at $100 per share the British tax is $1, while the Finance Committee's proposal is only 4 cents. I am using that by way of illustration; but the table makes a comparison between the British tax and the Finance Committee's proposal.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. I yield.

Mr. COPELAND. When the Senator spoke about Mr. Whitney's testimony, did he quote Congressman LAGUARDIA as saying that Mr. Whitney deliberately and falsely stated something?

Mr. BLAINE. I think Congressman LAGUARDIA presents very clearly that President Whitney did misrepresent the British tax when he discussed the question before the Finance Committee.

Mr. COPELAND. I want to say that Mr. Whitney might have been mistaken, but I could not conceive that Mr. Whitney—who is a man of known honor and integrity—would deliberately and falsely state anything, because my opinion of Mr. Whitney, which is shared by thousands of citizens of my State, is that under no circumstances would he deliberately and falsely state anything.

Mr. BLAINE. Mr. President, I am making no charge against President Whitney, but let me call attention to one or two facts which show the deliberation with which Mr. Whitney represented the British tax before the Finance Committee.

I will read that part of Mr. LAGUARDIA's remarks:

> The president of the New York Stock Exchange, Mr. Whitney, appeared before the Finance Committee, and in reply to a question as to the stock-transfer tax in England stated that he had the information, that he would supply the Senate committee with the information; and on April 18, 1932, he furnished the information—which will be found on page 1231 of the Senate hearings—sent it with a covering letter of that date, prepared a comparative statement of the tax in Canada and the proposed tax in the United States and the English tax.

That is, he went to his office and he must have done this under deliberation. It was not in the heat of excitement in testimony before the committee; but he prepared it in the form of a table and covered that with a letter to the committee.

Further quoting from Mr. LAGUARDIA:

> When he gave the English tax he submitted only what is known as the contract-note stamp tax, which is only 1 cent on stock transactions of $75 to $150, while the proposed House tax, coupled with the New York State tax, would be 41½ cents—

I am quoting from Mr. LAGUARDIA—

> By so doing he deliberately misrepresented the English tax, because he must have known, and his experts must have known—as they deal on the London exchange—that there were two additional taxes which were maliciously and willfully omitted from the table submitted by Mr. Whitney, the president of the New York Stock Exchange, to the Finance Committee of the Senate. He thereby led the Senate committee to believe that there was no stock-transfer tax and that the only tax was what is known as the contract-note stamp tax.

Then Mr. LAGUARDIA further shows that he took up the matter with the State Department. The State Department referred the matter to Ambassador Mellon. Mr. Mellon

sent a cablegram, and also there was a cablegram—as I recall, it was a cablegram—from the American commercial attaché of the London embassy, both of which communications clearly show that Mr. Whitney had misrepresented the British tax before the Finance Committee.

I am not going to discuss the matter further; but I think Mr. LAGUARDIA has well established his charge.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. Certainly.

Mr. COPELAND. I hold no brief for the New York Stock Exchange, nor for the New York superbanker. If ever anybody has spoken in set terms regarding them, I have. I can well understand, however, how in the maze of figures which were presented and considered by the Finance Committee, or by the Committee on Banking and Currency—because I sat there myself for two or three days as an interested spectator——

Mr. BLAINE. Mr. President, let me correct the Senator. This information which was prepared by Mr. Whitney was prepared at the request of the Finance Committee; and he sent that information in table form to the Finance Committee, covering the communication with a letter.

Mr. COPELAND. All right. Now, let me say further that Mr. Whitney might have been mistaken, and sadly mistaken; that the figures might have been muddled; but I do not believe that Mr. Whitney would willfully of malaciously mislead anybody. I think that if there are figures there which can be shown to be mistaken ones—and I am not qualified to speak—it was an honest mistake; and I resent any statement regarding Mr. Whitney that he would maliciously, willfully, falsely, or deliberately seek to deceive anyone.

Mr. BLAINE. Well, let us assume that he did not do it willfully or maliciously. He did give this information, however. There is not any question about that. It is not my purpose to attempt to convict Mr. Whitney. I call the attention of the Senate to this matter to point out that if the House text is defeated the Treasury loses $68,000,000, as I figure it. If the amendment proposed by the Senator from Washington [Mr. DILL] is adopted, the Treasury will receive $34,000,000 more than the Treasury would receive under the Senate committee amendment; and I understand that it was understood by many of the members of the Finance Committee that the proposal in the House bill was far in excess of the tax upon like transactions in Great Britain. I merely wanted to point out those facts.

Mr. COSTIGAN. To complete the information of the Senate, may I say to the able Senator from Wisconsin that the cablegrams about the British stock-transfer tax received from Secretary Mellon and the commercial attaché of the London Embassy are set out on page 10865 of the CONGRESSIONAL RECORD?

Mr. BLAINE. Yes. The evidence is set forth in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. The question is on the amendment of the Senator from Washington [Mr. DILL].

Mr. SMOOT. Mr. President, does the Senator desire a yea-and-nay vote on this amendment?

Mr. DILL. I do not particularly care, Mr. President. I think it might not be fair to some of the Senators to take the vote at this time. This is a rather important item, and they might feel that they wanted to vote on it; and since it has been reconsidered once, there would be no chance to reconsider it again. I think it might be well to let the vote go over until Monday, if the Senator is willing.

Mr. SMOOT. I am sure one or two Senators who were called away from the Senate desire to speak on the subject. Therefore I should not like to have a vote upon the amendment at this time.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SMOOT. Yes.

Mr. CONNALLY. I desire to suggest to the Senator that on Monday I hope to be able to propose a unanimous-consent agreement that the Senate, prior to discussing the sales tax and all the amendments to it, shall have a vote directly on the question of whether we are for or against a sales tax.

Mr. SMOOT. Before the discussion?

Mr. CONNALLY. Before the offering of all these hundreds of amendments that probably will be offered to the sales-tax amendment.

It does seem to me that the President, or whoever is responsible for this propaganda in behalf of the sales tax, ought to know right now that the injection of the sales tax is going to entail endless delay in the favorite pastime now of "balancing the Budget," about which we hear so much. The Senate Committee on Finance and the Senate have been working diligently, and, I think efficiently, in handling this tax bill. We are now practically through the tax bill; and it is a most unfortunate situation to have the proponents of the sales tax rush in here now and kick over the apple cart under the leadership of the White House.

Mr. SMOOT. I do not think the Senator ought to say that it is under the leadership of the White House. I hope the Senator will at least withdraw that statement until we actually know that it is so.

Mr. CONNALLY. I do not want to discuss this matter at length, Mr. President, but I shall refer the Senator to my authority. I just wanted to give notice that I desire to get a vote on the sales tax on Monday.

Mr. WALSH of Massachusetts. What is the unanimous-consent proposal?

Mr. CONNALLY. I propose to ask on Monday for a unanimous-consent agreement that we vote straight out as to whether we are going to have a sales tax or not.

Mr. WALSH of Massachusetts. After limited debate?

Mr. CONNALLY. Without going into the endless debate over the amendment, and what we are going to take out. Will the Senator from Massachusetts agree to that?

Mr. WALSH of Massachusetts. I certainly will. I will agree to anything that will expedite business.

Mr. CONNALLY. I make the proposal now, then.

Mr. SMOOT. Will not the Senator leave that until Monday? There are so many Senators away this afternoon that I hardly think it would be fair.

Mr. WALSH of Massachusetts. If the understanding is that it is to come to a vote, and there is to be limited debate, I will agree to it.

Mr. GLASS. There may be some of us away Monday who would like to vote now.

Mr. CONNALLY. Let us get the agreement. We want speed. I know the Senator from Utah wants speed, and I am trying to help him, and I hope he will not object.

Mr. SMOOT. I appreciate the Senator's cooperation.

Mr. CONNALLY. I ask unanimous consent that on Monday, after two hours' debate, the Senate take a vote on whether or not we shall have a sales tax——

Mr. WALSH of Massachusetts. No; take a vote on my amendment.

Mr. CONNALLY. If the Senator is going to insist on a vote on his amendment, that will mean that there will be hundreds of amendments offered prior to the vote.

Mr. WALSH of Massachusetts. The Senator is asking me to do what I could have proposed in the case of his amendment, not to have a vote on his amendment to put a tariff item in this bill. Of course, the Senator does not mean to do that.

Mr. CONNALLY. I am not trying to cut the Senator off, but my proposal was that we vote straight out on whether we shall have a sales tax or not. If we have it, then the Senator's amendment will be proceeded with and we will debate it.

Mr. WALSH of Massachusetts. Then the Senator is asking unanimous consent that we consider something that does not exist.

Mr. CONNALLY. I thought the Senator was in agreement.

Mr. WALSH of Massachusetts. I am in agreement upon voting on my amendment, which proposes a manufacturers' excise tax and limiting the time for debate on it. I am not in agreement with something that is intangible.

Mr. DILL. Mr. President, if the Senator would couple with his unanimous-consent request a request that in case the Senate voted for the Senator's amendment, and a motion was made to reconsider, as, of course, it could be reconsidered, it should not be subject to a motion to lay on the table, so that the debate might then continue. If that were done, then we would have a chance to go back and amend the bill.

Mr. WALSH of Massachusetts. Mr. President, may I make this inquiry of the Senator from Texas? If there is a majority in this Chamber that does not want the sales tax, when I offer my amendment a motion can be made to table it; and if there is a majority, the roll can be called and the debate ended. That is fair enough.

Mr. LA FOLLETTE. Mr. President, may I say to the Senator from Massachusetts that I know of several Senators in the Chamber who very reluctantly vote for motions to lay important matters on the table and cut off debate.

Mr. WALSH of Massachusetts. I was answering the Senator's proposal. He wants a vote on Monday on this matter.

Mr. CONNALLY. Mr. President, my proposal was that the Senate simply enter into a unanimous-consent agreement that we vote yes or no as to whether we shall have a sales tax. Then, if we decide to have a sales tax, we may take up the Senator's amendment and debate it and amend it.

Mr. COUZENS. That is entirely satisfactory to me.

Mr. CONNALLY. There is no sense in the Senate spending a week or two weeks' time debating a sales tax which the Senate is not going to adopt.

The Senator from Utah made some complaint to the effect that I suggested something about this drive under the leadership of the White House to turn over the apple cart which he has conducted so well along the highway toward a balanced Budget. I do not make that charge; but here is an Associated Press dispatch carrying a statement with reference to the gathering of newspaper publishers at the White House a few nights ago, in which it is stated:

> The sales levy was discussed from several angles, it was explained, including the possibility of using it as a possible lever for breaking the legislative jam of Budget-balancing measures on Capitol Hill.

Mr. SMOOT. All I had reference to was the statement the Senator made in relation to the White House forcing this question at this time.

Mr. CONNALLY. I shall say to the Senator that I firmly believe, from the evidence that has been presented, not only in the press but by the attitude of leading supposed White House spokesmen, that the White House is secretly and covertly urging the sales tax, while it has not the courage to come out in the open and say so.

Mr. SMOOT. I do not know anything about that.

Mr. CONNALLY. I am taking the responsibility.

Mr. SMOOT. All I can say is that I have never mentioned sales tax to the President, nor has the President to me. So I do not know how the President stands on it.

Mr. CONNALLY. I accept the Senator's statement; but the President knows he does not have to speak to the Senator about that matter, because the Senator wants to get this bill through.

Mr. SMOOT. That is what I want.

Mr. CONNALLY. If the President knows anything, he ought to know if he does not know, if he is in conference with any of his leaders on the Senate floor, that the injection of the sales tax at this time is going to entail a lot of delay, and that Budget balancing will not take place soon.

The senior Senator from Ohio [Mr. FESS] suggested this morning that he was at the White House, and that the President did not discuss with him the sales tax. Yet the Senator from Ohio believes that the President wants the sales tax, because he said so.

Mr. FESS. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield. I never refer to a Senator without according him the courtesy of an opportunity for immediate reply.

Mr. FESS. Mr. President, it is somewhat difficult for me to understand just what the Senator has in mind. When the newspapermen asked me about the sales tax and spoke to me about the President, wanting to know what the President's view was, I stated that it had not been discussed.

Mr. CONNALLY. That is correct; I so stated.

Mr. FESS. And then I gave it as my opinion that, in the choice between the sales tax and the high excise taxes, the President would favor the sales tax.

Mr. CONNALLY. That is what I said. I shall make it clear if I did not.

Mr. FESS. I want it understood that I am not giving any information which came to me from the President, for none came to me on that question; I stated only my opinion.

Mr. CONNALLY. Let me say to the Senator from Ohio that he must not have been paying close attention to the Senator from Texas—which, of course, the Senator from Texas deeply regrets—for the Senator from Texas said that the Senator from Ohio had been to the White House, and that the President had not said anything to the Senator from Ohio about the sales tax, and yet the Senator from Ohio said that it was his opinion that the White House preferred the sales tax to the excise tax.

Mr. FESS. Let it be understood that the opinion is not made up from anything that was said to me by the President.

Mr. CONNALLY. I tried to make that clear, because I quoted the Senator while I was looking directly at him, so that he would have an opportunity to correct me if I were wrong.

Mr. FESS. I do not think the Senator is wrong in that statement.

Mr. CONNALLY. Now, I want to answer the Senator from Utah. The Senator from Utah took issue with me because I said that the sales tax was being injected here under what I thought to be the leadership, or the suggestion, at least, of the White House. He says I am doing the White House a great injustice.

Mr. SMOOT. No; I said that as far as I know, the Senator is doing the White House an injustice.

Mr. CONNALLY. Well, so far as the Senator knows. Then what is the Senator from Ohio doing to the White House? He says that it is his opinion that the White House wants a sales tax instead of these excise taxes which the Senator from Utah and the rest of us have put into this bill. Is it any crime for the Senator from Texas to think the same as the Senator from Ohio, the chairman of the National Republican Committee, who was over at the White House in intimate contact with the President about the meeting of his party?

Mr. SMOOT. No——

Mr. CONNALLY. The Senator from Ohio feels that the President wants it, just as I feel that he wants it, because the Senator from Ohio has read in the public press that the President called into conference a great host of prominent newspaper editors from over the country. For what? To generate propaganda and to bring about pressure, through the propaganda agencies of the country, on Congress.

In that conference what did the President do? He brought up the matter of the sales tax. If he is against the sales tax, there would have been no occasion to bring it up, because it is not being pressed by the Committee on Finance, it is not being pressed by the Senate. The House has already rejected it. So, if the President brought up in his conference with newspapermen at all the questions of the sales tax, he brought it up in order to enlist their aid in driving it through this body. There can be no other inference from the fact. So I say that, like the Senator from Ohio, I believe that the President wants the sales tax instead of the excises.

I go further than that. I believe the White House wants the sales tax in preference to the income taxes offered by the junior Senator from Texas or the income taxes offered by the Senator from Michigan [Mr. COUZENS]. When we scratch down below the surface of this question of a sales tax, we find that its dominating force is an effort to get rid of the income tax. It is said it is a painless tax. Yes; it is painless and a hidden tax; but if the sales tax is once incorporated in the law, because it is painless and because it is unseen, the object will be to keep it on the people, while

from year to year and from time to time the high surtaxes are reduced. That is the motive power behind Mr. Mellon all these years in advocating the sales tax.

Mr. President, let us see what happened in the Finance Committee. The Secretary of the Treasury has never advocated the sales tax, at least not in the open. He came before the Finance Committee and said that he did not advocate it. He said he rejected it. He said that they had considered the manufacturers' sales tax. This is what Secretary Mills said when he first came before the committee. Here is what he said in the hearings:

> We considered a general sales tax, or turnover tax, and rejected it because of administrative difficulties, and because we considered it unsound in principle.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. BORAH. Did not the Secretary of the Treasury afterwards, in discussing different phases of the tax bill, justify what he called a manufacturers' sales tax and say that the only objection that they had had to it was the administrative matter?

Mr. CONNALLY. He was before the committee, I shall say to the Senator from Idaho, on a number of occasions, and I would not want to quote him from memory unless I had time to go through the hearings a little more closely.

Mr. BORAH. I was impressed with the thought that he modified the original statement he made. I may have been mistaken, but I came to the conclusion that the Secretary of the Treasury was leaning toward the sales tax.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. CONNALLY. Let me answer the Senator from Idaho, and then I shall yield.

My own opinion about that is that the Secretary of the Treasury has really in former years been absolutely for the sales tax. He has been for it, and probably is at heart for it now; but in making up the tax bill, back in December, it was not regarded as politically wise, probably, to include the sales tax. I am coming to the very point the Senator has in mind. I want to point out that Mr. Mills said:

> We decided to recommend, instead—

Instead of what? Instead of proposing a sales tax, the Treasury decided to recommend "a series of selective excise taxes."

That is what we have in this bill now.

Mr. JOHNSON. What was the date of that statement, please?

Mr. CONNALLY. This was on April 6, when the committee first began working on the bill.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. WALSH of Massachusetts. A representative of the Treasury on the floor, who was present when this testimony was given, said that Mr. Mills was referring to the turnover sales tax, and not to the manufacturers' sales tax. I think it is just that this statement be made.

Mr. CONNALLY. Frankly, while I have respect for the representative of the Treasury, I would rather take Mr. Mills's own printed words than the vocal utterances of one of his representatives.

Mr. WALSH of Massachusetts. Will not the Senator read what went before what he quoted?

Mr. CONNALLY. I will read it all. The Secretary said:

> We considered the manufacturers' sales tax as exemplified by the Canadian law.

And he rejected it. That is the Senator's bill, is it not? That is what I am trying to make clear here.

He makes a distinction, however. He said:

> I want to make a very sharp distinction between the manufacturers' sales tax and the general sales or turnover tax. They are something totally different from the administrative standpoint, from the standpoint of pyramiding, and from the standpoint in many cases of incidence.

I do not want to read all of his testimony on this point. It is on pages 4 and 5 of the hearings. He did modify and show a little more leniency toward the manufacturers' tax, but he never came before the committee and gave his unqualified approval to a manufacturers' sales tax. If he did, I do not recall it.

The point I am making is that if the President of the United States wants a sales tax, why does he not send a message to Congress and say so? Why should he send his Secretary of the Treasury to tell the Finance Committee that they do not recommend the sales tax, but instead have recommended the excise tax, and then in a surreptitious manner, in a covert manner, seek to drive Congress into the attitude of adopting a sales tax through the manufacture of propaganda by these conferences at the White House with representatives of the press?

As I recall, the Constitution provides that the President of the United States shall advise the Congress from time to time with respect to legislation. The Constitution lays down the manner in which he shall make known to the Congress his views and his recommendations. He may make them known in person or in writing. I find nothing in that instrument which provides that the President shall proceed through agencies of propaganda, through newspaper pressure, through flattery, through flattering newspaper editors and others by calling them to the White House and making them realize their importance by being designated by the President to come to Washington to solve these questions and then going back home under the seduction of that flattery and undertaking to get Congress to do something which the President himself does not publicly and in an official way tell the Congress he wants done. I am protesting against this method of double dealing, on the one hand this method of seeming to be against the sales tax through the Secretary of the Treasury before the committee, and on the other hand this other method of seeking for political effect to drive the Senate into embracing the sales tax and then saying to the country, "We did not recommend it. We were not for it. Congress has adopted the sales tax and of course we have to accept the result."

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Michigan?

Mr. CONNALLY. I yield.

Mr. COUZENS. May I point out that the Finance Committee agreed upon what it wanted to present to the Senate. The next day the chairman had the Treasury Department come before the committee, represented by the Secretary, who had a typewritten sheet as to how to balance the Budget, and the committee accepted that. There was nothing there about a manufacturers' or any other kind of a sales tax. Is not that true?

Mr. CONNALLY. That is correct as I recall it.

Mr. COUZENS. There was no evidence before the committee that there was any indorsement of a sales tax, a general sales tax, or a manufacturers' sales tax, or a general excise tax.

Mr. CONNALLY. In reply to the Senator from Michigan, may I say that my recollection is in substantial agreement with what the Senator has said, that in the final so-called compromise, which was not a compromise at all, the Secretary of the Treasury appeared before the committee with a typewritten list of items which would be put back in the bill and of items that would be taken out, and there was no mention of a manufacturers' sales tax at all.

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Mississippi?

Mr. CONNALLY. I yield.

Mr. HARRISON. I think the Senator is absolutely correct, but I want to call his attention to what Mr. Ballantine, the Under Secretary of the Treasury, said on this question. He said:

> The general sales tax is grossly discriminatory. In so far as the tax can not be shifted, it is distributed according to gross income, which furnishes no measure of tax-paying ability.

Mr. CONNALLY. I thank the Senator for calling that to my attention. I have high regard for the Under Secretary of the Treasury, Mr. Ballantine, and for his views. I

want to take this occasion to say that he was of infinite assistance to the committee during its deliberations on this bill.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Utah?

Mr. CONNALLY. I yield.

Mr. KING. I hope the Senator, before he takes his seat, will comment upon the position of the American press. It has always pretended to be independent and yet we find representatives of the press going to the White House, either by invitation or by threat, and then immediately upon leaving the White House carrying on a propaganda such as indicated by the Senator. It seems to indicate that the American press lacks that independence which it has claimed in the past and which many of us would be glad to attribute to it.

Mr. CONNALLY. Let me say to the Senator from Utah that I have observed since being in Washington that White House food has a flavor which is much more tempting and seductive than that of the common herd. If a man is invited to the White House and puts his legs under the mahogany table along with the President, whether he be newspaper editor, public official, or private citizen, his backbone is frequently limbered up and his views are often much modified. [Laughter.]

Mr. GLASS. Mr. President, may I suggest to the Senator from Texas that the White House food tastes just as good to a United States Senator as it does to a newspaper publisher? [Laughter.]

Mr. CONNALLY. Oh, I said "public officials," which would, of course, include United States Senators. The Senator from Virginia must not have heard me, because I specified newspapermen and public officials and private citizens and said that White House food had a peculiar flavor and a seductive influence.

Mr. GLASS. I simply wanted to emphasize the fact that scrambled eggs and bacon at the White House do not taste any different to a newspaperman than they do to a United States Senator, and that there have been more United States Senators than newspapermen called up there.

Mr. CONNALLY. The Senator from Virginia evidently is a better judge of this matter than I am, because I am not accustomed to dining at the White House—and I do not mean to imply that he is. But he speaks with such positiveness about the situation that I accept his judgment. I do not think it makes any difference whether it is a newspapermen—and I tried to say that to the Senator—or a United States Senator or a politician or a public official or a private citizen. A little White House food bulges out their chests as well as their belts.

Mr. JOHNSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from California?

Mr. CONNALLY. I yield with pleasure.

Mr. JOHNSON. May I say to the Senator from Texas that we are about to take a recess. I beg him not to permit men like myself to leave here in a confused state mentally at the present time——

Mr. CONNALLY. That is impossible for the Senator from California.

Mr. JOHNSON. In a confused state mentally concerning the President of the United States, the Secretary of the Treasury, and the Under Secretary of the Treasury, I am utterly at sea, and with that intensity of desire to follow the President that is always mine, I want to be clear before we adjourn to-day, in order that my Sunday may be peaceful and may not be disturbed with thoughts of differences between or among those who represent our Government. First, I understand, from what the Senator has said, that the President has expressed no view upon this subject. But my friend from Ohio [Mr. FESS], after a visit to the President, out of the circumambient atmosphere, has grasped the opinion that the President favors the sales tax.

I gather as well that the Secretary of the Treasury, on the 6th day of April last, appeared before the Finance Committee and then, in terms that can not be misunderstood, expressed himself against the sales tax. Then, I gather from what the Senator from Mississippi said, that the Under Secretary of the Treasury, not to be outdone in the expression of opinion, in writing expressed himself as against the sales tax.

And now we have permeating the atmosphere of this Chamber, and of Washington, and the press generally, the idea that the administration is wildly enthusiastic for the sales tax. Will the Senator set at rest the minds of some of us so our Sunday may be at peace, as we desire, on the question of what is the fact, to be accurately informed, notwithstanding this vicarious responsibility under the present administration?

Mr. CONNALLY. I shall say to the Senator from California that I should be glad to reveal the real situation, and if I were as close to the White House as is the Senator from California I might be able to do so. [Laughter.]

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Oklahoma?

Mr. CONNALLY. I yield.

Mr. GORE. Does the Senator from California think that the Senator from Texas or anybody else could tell him to-day what the President's views will be to-morrow?

Mr. CONNALLY. Mr. President, let me say to the Senator from Oklahoma that we are not concerned with what his views may be to-morrow. We are trying to find out what his views are to-day.

Mr. GORE. I was sympathizing with the distress exhibited by the Senator from California, which I believe can not be assuaged by any prophet, here or elsewhere.

Mr. JOHNSON. Mr. President, you see what Sunday means to those of like views. [Laughter.]

Mr. CONNALLY. Mr. President, the thing I want to suggest to the Senate is that if the President really wants the sales tax he should have the courage—and we hear a good deal of talk from the White House about courage in other people—to tell the Congress and the Senate that he wants the sales tax. But I object to the White House or any other agency of the Government sending the Secretary of the Treasury to the Finance Committee to oppose the sales tax and say that the administration is not for the sales tax and then through methods of propaganda and through covert influences really urging the sales tax and wanting to force the sales tax upon the Senate by political pressure and by pressure of public opinion.

The Senator from Ohio [Mr. FESS] says that he believes the President favors the sales tax. Where did he get it? I think when the Senator from Ohio went to the White House he knew before he went, or believed before he went, that the President was in favor of the sales tax; but I accept the statement of the Senator from Ohio that the matter was not discussed at all. Still the Senator from Ohio believes that is the view of the President.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. If all utterances of Senators were confined to that kind of statement, there would not be so much confusion; but what is to be the interpretation when a friend like the Senator from California [Mr. JOHNSON] makes the specific statement that when the Senator from Ohio goes to the White House and then comes out he is convinced that the President is for the sales tax? I think the Senator from California is fair enough, when I state that the matter was not discussed and that what I said did not come from the White House, not to make a statement of that kind.

Mr. JOHNSON. Mr. President, I am afraid the Senator from Ohio misunderstood what I said. I said the Senator from Ohio went to the White House, that he did not discuss the sales tax, that he came out of the White House, and then out of the circumambient atmosphere he acquired the opinion that the President is in favor of the sales tax. I can

not see that there is anything objectionable in an opinion being formed by the Senator—we might leave out the circumambient atmosphere and say it was formed in some other fashion.

Mr. FESS. My opinion as expressed and repeated here is wholly due to this situation. I think the sales tax would be preferable to a high excise tax, and I think that anyone who views the problem as I do would come to the same conclusion. I say that with no reference whatever to anything that I have ever heard the President state. I have assumed that between the two forms of tax the man who thinks as he does would favor the sales tax in preference to the excise taxes. That was the basis of my statement; it had nothing to do with my being at the White House last night.

Mr. President, if the Senator from Texas will yield to me farther, let me say if no one can go to the White House to consult about matters that are in his mind without having it alleged when he comes away that he stated that the President takes a certain view on a subject that is controverted here but which was not discussed, it is better that he should never go to the White House; otherwise the White House is brought into a discussion without any responsibility simply for the capital that might be made out of it by those who do not agree with the President.

Mr. CONNALLY. Mr. President, let me say to the Senator, in answer to his suggestion that Senators had better not go to the White House, for it is my observation that most of them who do go there get into trouble.

Let me state further that I undertook to be just to the Senator. I accepted his statement; I made no inference from it. I understood the Senator to say that when he went to the White House he believed the President was in favor of the sales tax, and I accepted the statement. The point I am trying to make is that the Senator from Ohio has been reading the same newspapers that the rest of us have been reading; the Senator from Ohio has been observing the same maneuvers the rest of us have observed; the Senator from Ohio has been listening to the Senator from Pennsylvania [Mr. REED], who is close to the White House, and to his advocacy of the sales tax; and the Senator from Ohio, thinking, as he says, like a normal man, reaches the same conclusion that the rest of us have reached, and that is that the White House, from the secretaries up, say that they are not for the sales tax, and yet they are covertly and secretly seeking to bring pressure upon Congress to make it swallow the sales tax, which it is not going to do.

Mr. JOHNSON. Mr. President——

Mr. CONNALLY. I yield to the Senator from California.

Mr. JOHNSON. Mr. President, I should not like to have any misunderstanding, and I would not do the Senator from Ohio any injustice, and have not sought to do so; but to understand exactly what the Senator from Ohio means is a little beyond me. If I had the intuitive ability of Reggie Fortune, Mr. Bailey's creation, or if I had the inductive power of Sherlock Holmes, then I could understand or ascertain exactly what it is that he intends to convey and could comprehend what has been stated as actually transpiring as related by him. It seems that the situation was that the Senator from Ohio thought when he left the White House and was interrogated by members of the press that the President thought like he thought; and so, both of them thinking alike, he reached the conclusion, as I gather now from what he has said, that he gathered the conclusion that the conclusion that he had concluded was concluded by the President to be the conclusion that the President would conclude of like character with him. [Laughter on the floor and in the galleries.]

The VICE PRESIDENT. The Chair will state that if there are any more demonstrations in the galleries he will order them cleared, including the press gallery as well as the others.

Mr. LEWIS. Mr. President——

Mr. CONNALLY. Does the Senator desire me to yield to him?

Mr. LEWIS. I should like the floor.

Mr. CONNALLY. I shall conclude in a few moments.

The VICE PRESIDENT. The Chair is going to hold hereafter that a Senator can yield only for a question.

Mr. CONNALLY. Mr. President, that is satisfactory to the Senator from Texas.

Mr. President, anyone who knows anything knows that the House of Representatives rejected the sales tax by an overwhelming vote. Any Senator who will now investigate the situation in the House will find that the House is not going to reverse its attitude, for many reasons. One of those reasons is that they have had a roll-call vote. Members of the House are on record on this question, and they are not going to be put in the position of facing a record reversal of that vote.

Furthermore, the sales tax, according to my view, has not a majority vote in the Senate. So why take up a week or 10 days or 2 weeks of the time of the Senate discussing a sales tax when it has no chance whatever of adoption? I do not propose to go into the merits of the sales tax. I am not going to support it, and I have not supported it in the past. Mr. President, the White House, the Senate leaders, and everybody else who wants the Budget balanced ought to forego presenting this question at this time.

While I am on my feet, Mr. President, I want to say that the charges against the Senate and the references to a legislative jam in the Senate are unmerited and unworthy of the sources from which they come. The Associated Press dispatch with regard to the newspaper conference at the White House speaks about the "legislative jam" and the delay in the measures to balance the Budget on Capitol Hill. There is no jam here. The Senator from New Hampshire [Mr. MOSES] very truly said on yesterday in this Chamber that the Senate had conducted the consideration of this bill more expeditiously and with less consumption of time than was the case in relation to any revenue bill that had been considered while he has been a Member of this body. The Senate has been working, as Senators know, many nights until 10 o'clock, working anxiously, vigorously, energetically, pushing this measure, and it is unjust for these charges to come from the White House or from anywhere else.

If the President wants speed, let him withdraw the agencies which he is setting in motion to propagandize the Senate and to try and bring pressure on the Senate to spend weeks and perhaps months in discussing an amendment proposing a sales tax, which tax will never be adopted by this body.

Mr. LEWIS. Mr. President, in these addresses on the tax we are hearing I have been aroused to the serious import of the meeting of the distinguished members of the press, summoned to a gathering at the White House by the President. Sirs, it is the privilege of the President of the United States to invite any person he chooses to the White House, either as a personal guest or as a guest of the public bureau known as the White House; but, Mr. President, when such invitations are extended to gentlemen who are supposed to mold the public opinion of the country, and who are individually rarely or never invited in their personal capacity to make a visit to the President in anywise whatever, we are aroused to inquire what is the object, where the hidden design, and what is the purpose. Let us reflect that many of the editors whose presence is demanded are those whose politics, it is well known, is in opposition to that for which the administration stands and often to all it represents; from this fact we can come to but one conclusion. That conclusion is that the President brought these molders of public opinion, these ambassadors of public thought, to the White House in order that he might use the power of his great office to influence their thought in behalf of that which he demands or by manner so to intimidate their situation as to obstruct their opposition.

Mr. President, there are two distinguished men who have been Presidents of this Nation who lived in our lifetime and who declined to do the things that we have seen transpire lately—once in the case of the country press, what might be called a weekly press association, and then following in the case of the present daily press association. We dwell for a moment on the instant situation. I am able to say that

when such publishers and editorial gentlemen such as Colonel Knox, of the Daily News, of Chicago, formerly of the Manchester Union, of Manchester, N. H., and afterwards one of the representatives of some of the press of that eminent patriot and statesman, W. R. Hearst, and his great army of newspapers and periodicals—when such a man as Colonel Knox is chosen to be one of the captains in the management and receives the order to command these newspapermen to come from their homes and their business and assemble at the White House to receive the directions of the President of the United States, it must be that a situation of unusual character has been invoked against these gentlemen—the representatives of this newspaper citizenry.

Colonel Knox I know to be a man of eminence in his capacities, patriotism in his life, and the last man who would lend himself to aiding a form of official public pressure upon those who should have freedom of action and leave open to all America and to the world of public opinion the imputation that they were susceptible to be brought down by command by the President of the United States for obedience to orders as ancient kings did their courtiers and princes. We deplore the aspect presented similar to that vested in administration of kings—where if royal command were not obeyed the estates and the privileges of those of the royal dispensation were to be promptly revoked and the future of these underofficers deprived of the hope of reward.

Sir, two Presidents of the United States—one, Theodore Roosevelt, a distinguished Republican, and the other, Woodrow Wilson, a distinguished Democrat—were solicited to use this form of respectable bribery over the opinion of those of the press and to avail themselves of the thought that, in the emergency of the press, they would seek the favor of the Government, therefore as a bid for the favor would respond to whatever request was made, or, in the weakness of their character, would hesitate to dispute or refuse obedience to the demand. In this manner it is expected that the American editors are to become the servile servants of that royal and newly assumed arrogance on the part of those who call themselves the head of the Government; let us recall that these Presidents I name, upon reflection, upon the assembling of the gentlemen of the press, specifically did both Mr. Wilson and Mr. Roosevelt decline to allow conferences between himself and his fellow coadjutors to be confidential, taking the position that the treatise of the meetings being called for public uses were public property. These American Presidents—in the American spirit—treated all of the Americans of their country as entitled to know what was urged for them or as to them. This just position enabled the citizen to approve or oppose the demand of the President made through a misunderstanding of the conditions or because of being pressed to the action by the power of favored privilege.

Each of these Presidents I name declined to allow the impression to be left upon the public mind that, while these conferences were as to the legislation of the country, and touched the legislators who were creating the legislation, and that possibly embodied strictures upon these legislators and criticisms upon their conduct, there would be an order of secrecy put on the newspapermen. These Presidents would not give the character of a personal and private relation to the action—as the whole meet was in the relationship of gentlemen with gentlemen in private converse. Sirs, it is now known that Senators—Members of this body—were made the victims of specific discrimination, of criticism by the distinguished advisers of the White House and by the eminent President, but as to which and what confidence was so imposed and the bar of silence so fixed and erected that no reply can be made by these men who are under the charges. The world now knows that the secret whisper of the distinguished President or his directing political and financial captains charged inefficiency on certain Senators on the one hand, political obstruction by some, and personal wish to embarrass the President. To serve these purposes the designated Senators are charged with "jamming up" legislation in the Senate, defeating the immediate "balancing of the Budget," and refusing to cooperate with the President. That all this is committed as offenses to defeat the passage of the revenue bill and refuse relief to the people. Taking in all the press is left with the impress that the President measures any opposition, or opposing Senators, as deficient in capacity, and in character puny and contemptible. All of these things, we understand, were intimated to these eminent gentlemen of the press. Sirs, the object was that they should carry back the opinion of the head Executive of the Government; but these officers of the press can not speak freely of what was said of these men, which, if truly publicly reported, could give the legislators impugned the privilege and opportunity to reply, to answer the charge, to meet the indictment, to confront the malediction and their accuser. No; none of these just situations are to be allowed, but the legislators are to be fixed in the judgment of the public as unworthy the confidence of their constituents, and unworthy of the respect of their fellow citizens. This judgment is placed upon them by inference for some conduct in which, it is assumed, they have committed political sin, according to the estimate of the President. Or for the failure in some conduct which he regarded a virtue necessary to be adapted for the uses of the Nation.

Sir, if these conference are to be held pleasingly, let us say gratifyingly, let us admit, to all concerned from a social point of view, we approve wholly. But if they are to touch the public affairs of the Nation, there is no theory of American government that authorizes the sovereign power of any President to summon agencies of public opinion and there, sir, plant the seed of distinctive opposition to these men who are his coadjutors by which these who have been influenced shall move to the discharge of the task imposed, and by report and editorial reflect upon those who have never had a chance to defend themselves against the injustice of the imputation, but who are to be left before the country as unworthy the indorsement of their home fellow citizens or of the confidence of the Nation.

Mr. President, I will not assume that these gentlemen of the press are so weak in character, so menial of nature, that they must be influenced by this form of specious social bribery. I deny that because they are allowed the altitude of eminence of being able to sup with the President they become thereafter servile to serve the purposes that shall first distract the honest attention of their countrymen; then, sir, impress upon the public nature a want of confidence in their own public servants. Lastly, sirs, to discount whatever legislation the legislators may enact, of any nature whatever, as being something condemned secretly by the President, being reluctantly accepted during all the time of its operation as unworthy, and discounted of value on the assumption that the legislation were the result of legislators lending their offices to dishonorable theory and to the consummation of what would be injury to or destruction of their country.

Mr. President, when the time shall come in this Republic that a President of the United States, to carry out a purely personal pride in a political purpose or private object in financial legislation and to achieve either or all, he is by custom privileged to send for the press, and in secret conferences take up the disposition by the press of the matter and by these public agencies of the country express and indorse personal opinion of the President, all commandeered through a decree commanding silence and imposing confidential relation which bans it from being told to the country, but where it is to be expressed under the pencils of editorials of influence, and power over the legislative officials, we shall have lost the theory of the independence of the citizen on the one hand and the sovereign independence of the public servant on the other.

I invite you, sir, to the history of your land and its mother country; you must recall the fact that a great king once summoned the men who were the lieges and power of England. He sought to have them obey the order that went forth that they should not meet out upon the grounds called

later Runnymede, or the Farm of the Runny Land, and should not present a protest against the royal decree of their sovereign master. They declined to attend the assemblage that had for its purpose the controlling of their actions; and it was to rebuke this very object on the part of the sovereign and his audacious impudence that sought to smother these men to silence that they subsequently met and sent forth the defiance which took its form in what is now designated in history as the great chart of political rights, the Magna Charta.

Mr. President, some good friend ought to inform the President of the United States that these manner of men who come at his bidding, out of respect to the call, but who are soon set free and left in a position where they must act as the envoys of opposition against the representatives of the people, are likely, if there remains in them the manhood natural to their nature, if their character shall remain firm according to their inheritance of an American, are more likely to repudiate the purpose of the direction and to turn promptly to defeat the purpose and oppose the very theory and measure that is assumed by the Executive. He will find later that this form of character and manhood will say—and without regard to what may be the virtue in the proposal—that if the Executive shall inaugurate the practice that in its effect is to establish in the judgment of citizens of his home, where he lives, that this editor or publisher is to be hereafter recognized as an editor who has no independence, as a publisher with no opinion; one who will not support the private interests of his home, who will not protect the welfare of the locality where he resides; and that he is only to express that by which he is ordered to do by the President of the United States through using his great office to effect the object. This editor of independence and character will turn about to reverse any course, defeat any action, overthrow any conclusion attempted to be put upon him by such means. He will take such course as evidence of his manhood and that he might preserve his own personality and prove his worth in private character, and move to hold the respect he long has enjoyed from the community in which he resides.

Mr. President, it is now well known that the distinguished President of the United States expressed to these eminent gentlemen of the press his opinion that many of the Senators of the United States were unworthy of the trust they hold; that many were disobedient of the injunction that should be obeyed as their duty; that others were without the capacity to discharge their office, and that most of them had failed in patriotism. They are held out as a band of obstructionists, unworthy the approval of their countrymen and guilty of little less than treason to their Nation.

If this is the opinion of the honorable President, he has a right to that opinion. It is his privilege, sir, to hold that opinion of the body. But I sit as one of the Members of this body, as one of the American citizens permitted from time to time to speak to my countrymen, and I do demand that the President shall treat us as he will treat every other man, if he be a courageous man and a gentleman—as he is both—and that he will speak to our faces the accusation he wishes to make against us. I beseech him, as I do all his allies, that they will not say in the secrecy of a private undertaking that which brands us in some mark of unworthiness; that in whatever opinion of us shall be expressed the President shall not put the limitation of secrecy and characterize the proceedings as the private conversation between a host and his guests. Sirs, if before any people we are to be brought to the low level of the disdain by their countrymen, at least let us have the first opportunity to meet the false estimate placed against us and to refute the wrongful imputations laid at our door.

I summon the honorable gentleman who is President of the United States to the history of these two eminent predecessors of whom I speak, which will be found in the scrapbooks of the eminent secretaries of the Presidents and corroborated by the gentlemen of the press.

I, sir, conclude by bringing to the Chair's attention, as I do to that of the Senate, that there are many men who might have supported some view who when they understand they are to be driven to it in a manner unbecoming an American and that yielding to it would leave them in contempt by the people among whom they live—that they would be held forever in the disrespect of those for whom they speak. The servants of such quality would rather maintain their independence and keep the friendship of their friends and the respect of their constituency by opposing the very thing than to have it go out that they are accepting it under the whip and lash of power on the one hand or on the other by the fear of open, public slander of press that has been inspired by orders given in secrecy.

Senators, I ask, what is this body? Is this some committee that has been organized in America to hear the voice of the President in some indirect manner and to obey it while the crouched forms of its Members in Congress submit in a manner that renders them unworthy of the attitude and position they occupy here by the sovereign will of their American citizenship? Have we come to the point where we can fall so low that the great public of our country shall recognize that we have not courage beyond adopting, sir, the challenge thrown out by surrendering to it without either the courage of a man to resent it or the power of an exalted official to punish it?

I hope there will come often the conferences of the press with the President. I hope there will come often the opportunity of the President to confer with every member of the press. I trust they may enjoy his private hospitality as citizens, and likewise engage from time to time in exchange of views as the representatives of public welfare. But I pray God that there shall never be established by any man in that power the right to hold men who are the agencies of public opinion under secret ban, and through them to pour his malediction and condemnation against public servants, particularly—as is now the true situation—where we all are public servants who are his public colleagues. I hope that these ambassadors of the press may return to their homes, yet, under no form of influence, whip the independent opinion of the public representatives into disobedience of the needs of their own people, or violation of their own honest will. Since we trust the press and the editors we know that their sense of honor will not surrender to any source to any purpose which misrepresents to the constituencies, their public officials, nor dwindle into an insignificance these faithful and independent legislators—to reduce them to a station contemptible.

I pray that we will never again, at a critical time in this Government such as now, be compelled to have the world to see that the head officer of this Government summons the great voice of the press, that they might be called together in some form, in secret assemblage, pledged to silence, where they may record the animosity of our President to our official action or his political antagonism against his colleagues in the great administration, merely because of an independent view of their own in the fulfillment of their duty in behalf of their people, and the obedience to their solemn oath before their Almighty God.

I thank the Senate.

Mr. CONNALLY. Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the press statement to which I referred in what I said earlier in the Senate. I think it just and fair that this statement should go in.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. CONNALLY. I want to call the attention of the Senate to this portion of the statement:

During the parley—

That is, the parley at the White House with the editors of the country—

During the parley, it was added, there was a full discussion also of the general legislative situation, including the possibilities of a revival of the sales tax.

The sales levy was discussed from several angles, it was explained, including the possibility of using it as a possible lever for breaking the legislative jam of Budget-balancing measures on Capitol Hill.

This is significant:

It was known that the President expressed the view that if the sales tax came up for another vote in the House it would gain far more supporters than when it was rejected.

I submit that statement, and it is from the Associated Press. Mr. President, I am not attacking the press; I am defending the press. I am defending its integrity and its freedom. Why did the President suggest to these editors that if the vote on the sales tax should come up in the House again it would get more votes, unless that was the hope and the wish of the President? These editors did not suggest that to the President; the President suggested to the editors that "If we can get up the sales tax in the House again, we shall get more votes for it than we did before."

What was the purpose? Was that to insinuate into the minds of the editors the hope and the expectation that, as a result of their gathering, they should go back home and bring the pressure of their papers, the pressure of their influence, and the pressure of their views, upon Senators and upon Representatives, to revive the sales tax and to put it across?

Mr. President, the Senator from Illinois [Mr. LEWIS], in scholarly and brilliant fashion, has adverted to the practice of having conferences with the press in secret. The Anglo-Saxon race and its history have been enriched by the story of the struggle for the freedom of the press. We stand for the freedom of the press. But if the press is to allow itself to be muzzled, if it is to allow itself to become an agency of secret propaganda, if it is to participate in conferences about which it can not talk, and the results of which it can not reveal, then the press, instead of being a free press, is to become the secret and covert agency of a vicious system of propaganda and executive pressure to stifle the free processes of government under the Constitution.

We stand in this Chamber, not because we were selected by the President, not because we are courting the favor of the President; we are here because the people of the several States sent us here to discharge our functions under the Constitution of the United States, and when the President wants to make known his views to the Congress or to the Senate, he should follow the form set out in the Constitution and send the Senate a message stating his views.

I protest against this form of secret and silent manufacture of propaganda in an effort to array the country against the Congress, and by the cunning manufacture of inspired opinion to force the Congress to do things which neither its wisdom nor its patriotism approves.

(The Associated Press article submitted by Mr. CONNALLY is as follows:)

PUBLISHERS TO AID PRESIDENT'S PLANS—PLEDGE SUPPORT IN SETTING UP NETWORK OF RECONSTRUCTION COMMITTEES

Newspaper publishers who spoke at last night's conference with President Hoover were said at the White House to-day to have unanimously expressed approval of the setting up of committees in large cities similar to that under the chairmanship of Owen D. Young in New York, with the aim of helping business activity.

The President outlined a program for "reconstruction committees" of leading men. He stressed the necessity for cooperative action in this direction as a remedy for ailing business, it was said, and received from the publishers "unanimous expression of sympathy with the program."

During the parley, it was added, there was a full discussion also of the general legislative situation, including the possibilities of a revival of the sales tax.

The sales levy was discussed from several angles, it was explained, including the possibility of using it as a possible lever for breaking the legislative jam of Budget-balancing measures on Capitol Hill.

GREATER SUPPORT SEEN

It was known that the President expressed the view that if the sales tax came up for another vote in the House it would gain far more supporters than when it was rejected.

Between 25 and 30 publishers outlined their individual views and discussed conditions in their communities.

One of the President's secretaries, describing these talks, said "the dominant note was one of urging speedy action" for completing the legislative program.

There was a general expression of hope, he said, that there could be an early adjournment of Congress.

COLONEL KNOX DINNER HOST

Earlier, the publishers gathered at a meeting of their own. At a dinner given by Col. Frank Knox, publisher of the Chicago Daily News, definite suggestions were made for rallying the press of the entire Nation behind a drive for a speedy clean-up of pending legislation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks, in which it requested the concurrence of the Senate.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting several nominations, was communicated to the Senate by Mr. Latta, one of his secretaries.

HOUSE BILL REFERRED

The bill (H. R. 11362) to amend the national banking act and the Federal reserve act, and to provide a guaranty fund for depositors in banks was read twice by its title and referred to the Committee on Banking and Currency.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting several nominations of officers in the Marine Corps, which was referred to the Committee on Naval Affairs.

RECESS

Mr. McNARY. I move that the Senate take a recess until Monday at 10 o'clock.

The motion was agreed to; and the Senate (at 2 o'clock and 50 minutes p. m.), under the order previously entered, took a recess until Monday, May 30, 1932, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate May 28 (legislative day of May 9), 1932

PROMOTIONS IN THE NAVY

The following-named midshipmen to be second lieutenants in the Marine Corps, revocable for two years, from the 2d day of June, 1932:

Walter Asmuth, jr.	Julian G. Humiston.
James C. Bigler.	Cleo R. Keen.
Robert O. Bisson.	Roland O. Lucier.
Alpha L. Bowser, jr.	William B. B. Lyons.
George N. Carroll.	Ellsworth N. Murray.
Clarence O. Cobb.	Robert R. Porter.
Thomas J. Colley.	Paul J. Shovestul.
George Corson.	James G. Smith.
Robert L. Denig, jr.	Marvin T. Starr.
Hector de Zayas.	Forest C. Thompson.
William K. Enright.	Joseph Thompson.
Marion A. Fawcett.	Harvey C. Tschirgi.
Oscar A. Heinlein, jr.	Howard J. Turton.

SENATE

MONDAY, MAY 30, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. TYDINGS. Mr. President, with only a few other Senators in the Chamber at this time I dislike very much to submit a unanimous-consent request for the consideration of a resolution to obtain information from the Treasury Department. If Senators think it would be better to have more Senators present, I should be glad to yield to anyone to suggest the absence of a quorum.

Mr. BRATTON. Mr. President, I suggest the absence of a quorum.

Mr. KING. Mr. President, the Finance Committee has been in session for more than an hour this morning and it was still in session when I left the committee room a few moments ago. There were 20 members of the committee attending the meeting and they will be here very soon.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Dale	Kean	Sheppard
Barbour	Dickinson	Kendrick	Shortridge
Barkley	Dill	Keyes	Smith
Bingham	Fess	King	Smoot
Blaine	Fletcher	La Follette	Steiwer
Borah	Frazier	Logan	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glenn	McKellar	Thomas, Okla.
Bulkley	Goldsborough	McNary	Townsend
Bulow	Gore	Metcalf	Trammell
Byrnes	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hastings	Norbeck	Wagner
Carey	Hatfield	Norris	Walsh, Mass.
Cohen	Hawes	Nye	Walsh, Mont.
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Patterson	Wheeler
Copeland	Howell	Pittman	White
Costigan	Hull	Reed	
Couzens	Johnson	Robinson, Ark.	
Cutting	Jones	Robinson, Ind.	

Mr. SHEPPARD. I wish to announce the necessary absence from the city of the junior Senator from Louisiana [Mr. LONG] on legislative business. He has a general pair with the Senator from Illinois [Mr. GLENN]. I wish this announcement to stand for the day and to be applied on all votes.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of May 26, 27, and 28.

The VICE PRESIDENT. Without objection, it is so ordered.

TREASURY DEPARTMENT ESTIMATES

Mr. TYDINGS. Mr. President, I send to the desk a resolution and ask that it be read, after which I shall address myself to it for a very few moments only.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The Chief Clerk read the resolution (S. Res. 218), as follows:

Resolved by the Senate of the United States, That the Secretary of the Treasury be, and he is hereby, requested to furnish to the Senate as soon as possible the following information, to wit:

(a) As of May 31, 1932, the amount of revenue, by item, which the rates contained in the revenue bill, at the time of its presentation to the Senate by the Finance Committee, will raise.

(b) The amount of revenue by item said rates will raise as amended by the Senate up to the present time.

(c) The amount of revenue, if any, now required in addition to that estimated in paragraph (b) as necessary to balance the Budget, with contemplated economies and without provision for debt retirement.

Mr. TYDINGS. Mr. President, I think the resolution is self-explanatory. In December it was estimated that we were $921,000,000 short; that is, without debt retirement and with contemplated economies. In February there had been a further decline in business, and the Secretary of the Treasury then, in view of the circumstances existing in February, said that the probable deficit would be $1,241,000,000, without debt retirement and with contemplated economies.

Since February there has been a further decline in business, as we all know. Mr. Mills himself has stated that at the time he made his estimate the situation was different from that which exists at this time. The purpose of my resolution is simply to get an up-to-date estimate from the Treasury Department, so that we may see whether or not in the estimation of the Treasury Department sufficient revenue is provided for in the bill to balance the Budget.

Mr. WATSON. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Indiana?

Mr. TYDINGS. I yield.

Mr. WATSON. Does the Senator's resolution contemplate the adoption of the remainder of the items in the bill that have not yet been considered; for instance, lubricating oil?

Mr. TYDINGS. Paragraph (b) asks how much money the bill will raise as amended; in other words, as it stands to-day.

Mr. WATSON. That is, assuming the other portions of the bill will be passed which have not yet been considered?

Mr. TYDINGS. It assumes that they will remain constant, but with the amendments we have heretofore adopted. The third paragraph of the resolution asks how much additional revenue, if any, is required now, May 31, 1932, as we look into the business picture, to raise sufficient money to balance the Budget. It simply asks for information. The information may be discounted or discarded, but I do think before we vote on the bill we ought to have the last word from the Treasury, so we can see whether or not in the estimation of the Treasury Department sufficient money is going to be made available as a result of the passage of the bill to balance the Budget.

Mr. DICKINSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Iowa?

Mr. TYDINGS. I yield.

Mr. DICKINSON. There is another phase of the matter that I think is important, and that is the question of what economies are going to be made by virtue of an economy bill which will be presented to the Senate following the passage of the tax bill. The matter of how much we can economize and how much we can reduce appropriations is just as important as the estimate of the Treasury, so regardless of whether we get the information desired through the Senator's resolution, there is the uncertainty in the ultimate outcome with reference to economies Congress can make effective.

Mr. TYDINGS. The Senator is correct, but if he will look at the committee report, he will find there was an estimated economy at the time they presented the bill to the Senate of about $260,000,000. I have assumed for the purpose of those economies that about that figure will be assumed by Mr. Mills in making his estimate. Of course, if we make larger economies or less economies, those figures will have to be changed just that much.

Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I object.

Mr. TYDINGS. May I ask the Senator from Utah if he will not state the reason for his objection.

Mr. SMOOT. I object to the consideration of the resolution at this time.

Mr. TYDINGS. May I state to the Senator that all this resolution does is to ask for information?

Mr. SMOOT. I want it to go over to-day.

Mr. TYDINGS. We may vote on the bill to-day.

Mr. SMOOT. Mr. President——

Mr. TYDINGS. I still have the floor, and if the Senator will give me his attention, I should like to ask him a question. I do not see how any of us here can vote intelligently upon this bill when the whole thing is predicated upon estimates of the Treasury Department and when the Treasury Department itself now says that the estimates adduced in February are not the estimates which they would present to-day.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Michigan?

Mr. TYDINGS. I yield.

Mr. COUZENS. I should like to draw the Senator's attention to the colloquy which took place between the Senator from Indiana and myself on Saturday, in which the Senator from Indiana, speaking for the Treasury Department, said the bill was $56,000,000 short at this time of balancing the Budget. It seems to me that that is the latest information we can expect to get, when as late as Saturday it was declared by the Senator from Indiana on the author-

ity of the Treasury Department that $56,000,000 more was needed in order to balance the Budget.

Mr. TYDINGS. Even assuming that is true, I feel, without questioning the statement of the Senator from Indiana in any way, that we should get information from the responsible governmental department. It strikes me that Mr. Mills would gladly furnish this information if the Senate would ask him for it.

Mr. COUZENS. Mr. President, but the Senator from Indiana quoted the Secretary of the Treasury; I have all confidence in what the Senator from Indiana says, and when he says that the Secretary of the Treasury told him at that time that the bill was $56,000,000 short of balancing the Budget, I take it for granted that that statement is absolutely accurate.

Mr. TYDINGS. Of course, I would not put myself on the same plane with Mr. Mills as a financier when it comes to dealing in millions and billions, but I am convinced, from what little study I have made of the bill, that $56,000,000 more will not touch the amount of revenue that has to be raised in order to balance the Budget. May I point out also, to use almost the exact words of Mr. Mills, that he said, "I can not make these estimates from day to day; when I made the estimates back yonder, I contemplated at that time an increase in business activity of about 20 per cent"? He counted on a pick-up in business of 20 per cent. Since then business has not even held its own; it has gone downhill. So if the estimates were based upon a pick-up of 20 per cent, and we have had a decline, certainly $56,000,000 is not going to bridge the gap.

Mr. COUZENS. I also want to point out that the Senator from Mississippi suggested on Saturday, I think it was, if we would adopt the rates on incomes proposed by the Senator from Texas [Mr. CONNALLY], they would more than twice cover the $56,000,000 deficit. If we will do that, we can wind up this bill to-night.

Mr. TYDINGS. I do not mean to contend that we can not balance the Budget, but certainly we should not say that we are balancing the Budget from the taxes now in the bill unless we are actually doing so.

Mr. COUZENS. What I am trying to say to the Senator is that if we adopt the suggestion of the Senator from Mississippi, we can conclude this bill to-night and provide practically $56,000,000 more than necessary, which would allow for any deductions that might have to be made in the estimate.

Mr. WATSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Indiana?

Mr. TYDINGS. I yield.

Mr. WATSON. We all know that the first estimates came to us in November and that subsequent estimates came in February. The House of Representatives passed this bill some months ago. The bill then came to the Senate; we have had it for many weeks, and during that time there has been a decrease in business activity, in certain instances amounting almost to disintegration. Therefore, the estimates made some weeks ago are not now entirely reliable.

Mr. TYDINGS. Of course, they are not.

Mr. WATSON. We all understand that. I stated the other day the estimates that were furnished by the Secretary of the Treasury at that time. Whether or not he has made other estimates up to this time is more than I know.

I wish to say to my friend from Michigan that I doubt very seriously whether the adoption of the so-called Connally rates would produce the amount of revenue that he estimates. My judgment, from what I have recently learned, is that even if we were to adopt the Connally rates they would not produce at the most at this time over $75,000,000.

Mr. TYDINGS. Mr. President, in view of the statement just made by the Senator from Indiana, there is all the more reason why we should have the last-minute estimate of the Treasury Department.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. Taking the statement of the Senator from Indiana as being 100 per cent correct, the answer to it, it seems to me, would be the adoption of the Couzens rates on incomes, which would bring up the revenue a couple of hundred million dollars more.

Mr. WATSON. That is a mooted question, I want to say to my friend from Nebraska.

Mr. JOHNSON. Mr. President——

Mr. TYDINGS. Mr. President, I should like to have the attention of the Senator from Utah for just a moment, and then I will be glad to yield to the Senator from California.

Mr. President, ever since the administration called the attention of the country to the deficit, we have "sold" to the country the idea that, so far as was humanly possible, the Congress was going to balance the Budget. It may not have been the right thing to do or it may have been the right thing to do, but everybody now expects us to do it, and if we do not balance the Budget, and if we go into the fiscal year 1933, and after the 1st of July has gone by it is evident that this bill does not balance the Budget, then the Treasury Department is going to issue a statement that we are running behind so many million dollars a month, and those who have been led to believe that the Budget was balanced are going to be thoroughly undeceived. I am not going to be a party to that deception without making an effort to ascertain whether or not this bill, in the eyes of the administration and in its view, does actually or does not balance the Budget.

Mr. WATSON. Mr. President——

Mr. TYDINGS. I yield first to the Senator from California.

Mr. JOHNSON. Mr. President, I merely wish to ask what is the use of debating how much revenue a single item or the entire program will produce? Here is an opportunity to obtain from the Treasury Department exactly what is the situation from its standpoint. Whether or not we believe the statement of the Treasury Department will be accurate is another proposition entirely, which may ultimately be developed; but at least that department is the only place to which we can go for an accurate determination of the amount that will be brought in under the pending measure, and we ought to proceed to get the estimate of the Treasury Department. It is of little avail, may I submit to the Senator from Maryland, for our distinguished leader upon the Republican side to say, "I do not believe if a particular scheme is presented here, it will produce more than $75,000,000 revenue," when there has been an estimate heretofore made that it will produce almost twice that much. So why not, even though it differs from 64 other estimates that may have been made by the Treasury, get a definite estimate at the present time?

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. I will yield to the Senator, provided I do not lose the floor.

Mr. SMOOT. Mr. President, the only object I had in objecting to the consideration of the resolution was to secure action on the bill. So far as I am concerned, I do not care whether the resolution which the Senator has offered is adopted or not, and I will withdraw my objection in order that we may proceed with the consideration of the bill, for that is what counts.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. HARRISON. Mr. President, I reserve the right to object until I express myself. The Senator from Maryland says that the Treasury has made no estimate. I say to the Senator from Maryland that the Treasury has made at least three or four estimates. The Committee on Finance has not been derelict in its duty in trying to ascertain the wishes of the Treasury Department, may I say to my good and genial

friend from Maryland? The department made its recommendations to the Ways and Means Committee and stated how much was needed to balance the Budget, and the department also took into consideration to what extent the Congress would have to economize in order to balance it. They put that estimate down as low as a hundred million dollars.

Three weeks ago, about May 8 or May 7, I believe, the Secretary of the Treasury appeared before the Finance Committee for the last time and estimated that the Congress would bring about retrenchments of approximately $230,000,000, and if we should do that he said he would issue a statement to the country saying if the Finance Committee reported the bill as it was reported to the Senate that it was a sound, stable measure and would, according to his estimates, balance the Budget. That was his statement before the Finance Committee; that he would assume the responsibility to that extent.

Mr. WATSON. Mr. President, will the Senator from Maryland yield to me right there?

Mr. TYDINGS. I yield.

Mr. WATSON. I want to ask my friend from Mississippi if that was not coupled with the statement that we should reduce expenditures by the economy bill to be brought forward by at least $250,000,000?

Mr. HARRISON. No; I stated—I am sorry the Senator was not listening at that time or did not hear me——

Mr. WATSON. I did not hear the Senator's statement.

Mr. HARRISON. I stated that he said if Congress would cut the expenditures and bring about economies aggregating $231,000,000, he would give out such a statement as I have indicated. We brought in the bill providing revenue to that extent. Now, if we go ahead and finish the bill and carry out the recommendations of the Finance Committee as to the remaining items, of which there are merely two or three, we will need, according to the Treasury's estimate and that of Mr. Parker, of the joint committee, about $56,000,000—around $50,000,000. So if we would go ahead now and finish the bill, carrying out the recommendations of the Finance Committee on the remaining items, and then adopt the rates in the Connally amendment on income taxes, which are estimated to raise about $100,000,000 to $113,000,000, the Treasury says they will raise about $90,000,000—and Mr. Parker, I believe, estimates around $113,000,000—we will have approximately $40,000,000 to $50,000,000 more than the Treasury estimated would be required to balance the Budget, provided the Senator from Maryland and other Senators, as well as myself, will join in cutting expenditures to the extent of $231,000,000. I hope that we will cut them $300,000,000; every indication is we will cut them $250,000,000, from what I hear of the committee's work on the economy program.

I am not saying the Treasury is right in its estimate—but it is the authority in this land which is in charge of the fiscal policies of the Government; upon the estimates of the Treasury Congress has heretofore relied, and I would rather rely on them in this case than on the statements of this person or that person to the contrary. They may underestimate the prospective revenue; but, so far as I am concerned, when the Treasury says that a certain amount is necessary in order to balance the Budget and we are providing that amount and, indeed, are willing to provide $50,000,000 more than that, and are also willing to save $50,000,000 more by economy measures than they say is necessary, namely, $231,000,000, I am not willing then to say, "You are wrong up there and I am going to tax the American people from $300,000,000 to $500,000,000 more than the Treasury estimates we ought to do."

So I submit that we ought to go along here in an orderly way, finish up this bill, and, as the Senator from Michigan says, we can do it by to-night if every one will put his shoulder to the wheel and stop this business of hitting over here and hitting over there and having flank movements and every other kind of movements in the consideration of the measure.

Mr. TYDINGS. Mr. President——

Mr. COUZENS. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I will yield in just a moment. What earthly harm can there be in eliciting this information from the Treasury Department? Are we to vote without the facts? Are we to have the head of the Government, responsible for its financial affairs, not now advise us when we have the statement of the Treasury Department to the effect that the situation is changing from day to day? Are we asked merely to take this bill and tell the country it balances the Budget without any figures upon which to base the statement? All the resolution asks for is information. If that is true, what objection can there be? Should we not have all the information we can get in acting upon a bill of this magnitude?

Mr. HARRISON. May I ask the Senator one question?

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. The Chair will suggest that the Senator himself has no right to yield. Senators desiring to interrupt should address the Chair and ask to be yielded to.

Mr. SMOOT. Mr. President, I offered an objection. I object to the consideration of this resolution.

The VICE PRESIDENT. Objection has been made. The bill is debatable under the amendment of the Senator from Washington; and for that reason the Chair has not called attention to the objection.

Mr. COUZENS. Mr. President, will the Senator from Maryland yield to me?

Mr. TYDINGS. Have I the floor?

The VICE PRESIDENT. The Senator from Maryland has the floor. Does the Senator from Maryland yield to the Senator from Michigan?

Mr. TYDINGS. I yield to the Senator from Michigan for a question.

Mr. COUZENS. Mr. President, may I point out to the Senator that as late as May 6, about three weeks ago, the Secretary of the Treasury came down with a prepared memorandum with all of the estimates; so why this resolution? Certainly there has not been enough change in three weeks to change the entire schedule of the Treasury Department. In addition to that, as the Senator from Mississippi says, we are willing to go $50,000,000 above what the Treasury asks; and then certainly we can rely upon the Treasury estimates.

Mr. TYDINGS. Even assuming that the remarks of the Senator from Michigan are accurate—and I do not question their accuracy—what reason can there be for not now asking the Secretary of the Treasury in a formal way to tell the Senate exactly what this bill proposes to do? Are we afraid of the information? Has it come to the point that we must vote without adequate information?

I did not see the statement of the Secretary of the Treasury. If certain Members saw it, they can not act for me. There are other Members here who have not seen it; and what earthly reason can there be for not having this information when we come to vote on this bill?

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I do.

Mr. BARKLEY. I think three or four days ago the Secretary of the Treasury gave out a statement through the newspapers in which he said that the bill as acted on by the Senate up to the present time plus a reduction in Government expenses of about $300,000,000 would balance the Budget. That statement, according to my recollection, was given out not more than four days ago. I merely mention that to supplement what the Senator from Michigan and the Senator from Mississippi have already stated.

In that connection, may I ask the Senator how much time would be required to secure a report from the Secretary of the Treasury? Would it require time enough to incur a lot more delay in the consideration of this bill?

So far as I am concerned, I have reached the conclusion that it would be better to pass an imperfect bill and get rid of it than to stay here all summer and then pass one that might be slightly better.

Mr. TYDINGS. Let us take up what the Senator from Kentucky has said in the order of his statement.

First of all, he said the Secretary of the Treasury four or five days ago gave out a statement to the press. Well, things have certainly come to a sorry pass when we have to pick up the newspapers to get our information from the Secretary of the Treasury.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. Just let me finish; then I will yield. We actually have to read the newspapers; we are so cowardly that we can not actually ask the Secretary of the Treasury ourselves. We have to pick up some newspaper and see what the Secretary of the Treasury said. What I want is a formal, businesslike statement of what the Treasury Department estimates this bill will yield, and how much more money, if any, is necessary then to do what the country was told would be done—balance the Budget.

I am sold on the idea that there is not enough money in this bill to balance the Budget, and I want to quote just one isolated instance.

Mr. BARKLEY. Mr. President——

Mr. TYDINGS. The Senator from Michigan [Mr. VANDENBERG] the other day, in the course of a very able address upon automobile taxation, pointed out that the previous estimate of the Treasury Department, based on 1931 purchases of automobiles, was that the automobile tax would yield a certain amount of money, whereas by an actual mathematical calculation the Senator from Michigan showed that only a proportion of that money would be obtained at this time by the proposed tax on automobiles. All that we had to do was to take the volume of business in 1931 and multiply it by the rate, and the figure was less than that estimated by the Treasury Department.

If that estimate was based on 1931 sales of automobiles, who in this Chamber will rise and say that in his opinion the sales in 1932 are going to equal the sales of 1931? I dare say there is not a Senator here who will make such a statement. Instead of being equal to 1931, since December sales of all business have steadily declined.

What I want now is an up-to-date estimate from the Treasury Department, upon whose estimate these rates were put in the bill, as to how much money it will raise now, looking at the situation as it now exists, at the time when we are going to vote upon it. Therefore, if it will not raise sufficient money, how much are we short, so that we can see where we can get it.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Kentucky?

Mr. TYDINGS. I yield.

Mr. BARKLEY. I appreciate the force of what the Senator says. It only illustrates, however, the fact that we have had the cart before the horse all the time in the consideration of the question of taxation and economy.

What ought to have been done, in my judgment, was for Congress in the very beginning to have reduced Government expenses, so as to know how much more would be required to balance the Budget. Instead of that, we are passing a tax bill first, and undertaking to reduce expenses later.

So it seems to me that no report that the Secretary of the Treasury might make here would throw any light upon the difference between the amount of money that will be needed now and the amount that may be needed after we have reduced expenses; and, admitting the Senator's good faith—which I always do—I am wondering whether the requirement of this report will not further confuse and delay matters, so as to bring about still greater confusion and uncertainty with respect to the passage of this bill, and greater uncertainty and confusion in the whole country as to the final action of Congress.

Mr. TYDINGS. Mr. President, when the time comes that information from a responsible head of the Government confuses the Senate, we had better adjourn anyhow.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Georgia?

Mr. TYDINGS. In a moment I will yield. When the time comes that we can not receive what is supposed to be the best information because it will confuse us, we had better close these doors and go on home, because there will not be any use of our staying here.

Secondly, certainly at this hour we can have the best judgment of the Treasury Department as to how much actual revenue the bill as now projected is going to raise. There can not be any question about that; and then we will know how much we have to raise even without economy, so that we can make provision if necessary to fill the gap between what we expect to raise and what will have to be raised in order to balance the Budget.

I now yield to the Senator from Georgia.

Mr. GEORGE. Mr. President, I want to suggest to the Senator from Maryland that the President can communicate with the Congress, and presumably he would communicate with the Congress, if we were about to pass a bill here which would be inadequate to meet the actual necessities of the Government. I submit in all candor that the Secretary of the Treasury could not know any more about what this bill will raise to-day than he knew on his last appearance before the Finance Committee.

At this moment we are within $47,200,000, or around $50,000,000, of what the Secretary of the Treasury then advised us he wished the bill to raise—that is to say, the amount that would be necessary to balance the Budget—and inasmuch as the President of the United States can always submit to the Congress such information as he thinks it ought to have in dealing with a matter of such vital importance as this, it does seem to me that it is a needless consumption of time and unnecessary delay to ask the Secretary of the Treasury to send down any further information to us.

With all kindness, I should like to say to the Senator that I should object to the immediate consideration of his resolution.

Mr. TYDINGS. I am very sorry the Senator from Georgia will object, because it puts us in the position, according to the Senator's own statement, that we should wait until something goes wrong, and then the President of the United States should advise us that something has gone wrong, so that we can correct it.

What I want to do is to get from the responsible head of this Government, from the department charged with the estimates upon which this bill is predicated, the figure as to how much revenue it is estimated this bill as now written will raise, and whether or not there is an insufficient amount to balance the Budget, so that I can, during the rest of the day, tell whether I should vote for a higher or a lower or the fixed rate on any matter now in the bill.

I say to my friend from Georgia that notwithstanding the statement he has made that we are only about $50,000,000 short, in my humble judgment, this bill will not balance the Budget by four, five, or six hundred million dollars. Not one of these estimates is founded on actualities.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Idaho?

Mr. TYDINGS. Yes.

Mr. BORAH. If that is true, it is useless to call for any more estimates, because we have had estimates supposed to be based on realities, and any additional estimates would be from the same sources. In other words, I think we shall have to exercise our own judgment about the matter; and I am disposed to offer a resolution that the next Member of the Senate who mentions balancing the Budget be expelled. [Laughter.] It is used to bolster up all proposals, the unwise as well as the wise, the unjust as well as the just.

Mr. TYDINGS. I think that resolution would be very apropos if we consider that this bill is going to do that job; and if we all vote for it we ought all to be expelled, because it will not balance the Budget. But, after all, here is the real milk in the coconut:

In the face of the fact that the Secretary of the Treasury says that the estimates he made when this bill was written, and those supplemental thereto, are not the estimates he would make now, we refuse to ask him, "What are your estimates as of to-day?"

I want to point out that there are Members here who think this bill ought to be rushed through whether it balances the Budget or not. They think that is the way to restore confidence in the country. They say any old kind of a tax bill is better than no tax bill, or better than a good tax bill if it is delayed.

May I point out that when the next fiscal year starts, on the 1st of July, 1932, it will not be 30 days before statements will be coming from the Treasury, unless we balance the Budget actually, that the Budget is not balanced, that we are running behind so many million dollars a month, and that the estimated deficit for the fiscal year 1933, based on present indications, will be thus and so. Where will our restored confidence have gone then? After we have sat here through this whole session and told the country we have balanced the Budget, told the country that the Federal finances are on a sound basis, and we go into the first or the second month of the new fiscal year and the truth comes out that we have not done the job, where are our Federal bonds going then? And, mind you, on top of that situation, if any kind of relief measures are passed by this session of Congress, we will be selling more Federal bonds just at that time. We will be selling extra Federal unemployment bonds just at the time the news goes out to the country that we have not balanced the Budget, after we have told them we were going to do it.

Mr. HARRISON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Mississippi?

Mr. TYDINGS. In just a minute.

I say that if these bonds are sold with the fact before the country that the Budget is not really balanced, it is going to affect the price of the bonds. They will sell at a lower figure than they would have sold had the Budget been balanced. Therefore, when the American taxpayer pays off these bonds he is going to make up the difference between the figure at which they actually sold with an unbalanced Budget and the higher figure at which they could have been sold had the Budget actually been balanced.

I yield to the Senator from Mississippi.

Mr. HARRISON. If the Treasury says that this plan will balance the Budget, does the Senator know any better method for raising doubts in the minds of the American people and the world that we have not balanced the Budget than by such speeches as he is making now?

Mr. TYDINGS. Of course, because when the 30 days have gone by, the whole world will know we have not balanced the Budget. It will not be 30 days before the Treasury Department will be saying that the new tax bill will not raise sufficient money to put Federal finances on a sound basis.

Mr. HARRISON. Will the Senator yield further?

Mr. TYDINGS. I will in just a moment. If we had met here in December and had told the country we were going to levy some new taxes, and that what we could not raise by new taxation we would borrow in order to balance the Budget, that would have been one thing; but all I have heard here from December until this good hour is the fact that Congress must balance the Budget, and I am not going to be a party intentionally to the hypocrisy and the sham and the deception of telling the country the Budget is balanced when I believe over half the Members of this body in their own consciences and in their own minds know that the Budget is not balanced, that the revenue will not be as great as estimated.

Now I yield to the Senator from Mississippi.

Mr. HARRISON. The Senator has given great study to this matter and, no doubt, is backed up with facts and figures. Will the Senator tell me how much will be raised in the fiscal year 1932 from the recommendations of the Treasury for increased taxation? How much increased revenue for the fiscal year 1933 will we get from the additional taxes we are to impose?

Mr. TYDINGS. Mr. Mills estimated in February that it would be $1,241,000,000.

Mr. HARRISON. No; $1,009,000,000.

Mr. TYDINGS. That is his last estimate; that was later on. I am talking about his first estimate; his February estimate.

Mr. HARRISON. That included the estimated reduction by Congress——

Mr. TYDINGS. Of $231,000,000 in expenses, and without debt retirement.

Mr. HARRISON. The Secretary stated that this would result in increased revenue to the amount of $1,009,000,000 in 1933. Is not that right?

Mr. TYDINGS. That is correct.

Mr. HARRISON. How much is it for the fiscal year 1934?

Mr. TYDINGS. I have not the figures on that here.

Mr. HARRISON. Is there any increase estimated?

Mr. TYDINGS. I can not tell the Senator without looking at the figures.

Mr. HARRISON. I want to tell the Senator that the figures show that it is estimated there will be between three and four hundred million dollars more in 1934 than in 1933.

Mr. TYDINGS. That on its face is an absolutely wild statement, because there is no man beneath God's Heaven who can tell whether in the fiscal year 1934 we are going to be out of the present depression, on the same plane we are now, or further down in the mire of business depression.

Mr. HARRISON. The Senator says that is a perfectly wild statement?

Mr. TYDINGS. Yes.

Mr. HARRISON. That is the Treasury's estimate, and that is the estimate of Mr. Parker, of the joint taxation committee. It may be a perfectly wild statement——

Mr. TYDINGS. I think it is.

Mr. HARRISON. But the Committee on Finance is taking the views of experts and not of newspapers.

Mr. TYDINGS. Let me interrupt the Senator long enough to say that there is no expert on earth who knows what the year 1934 is going to bring forth. That is a pure shot in the dark, and no adding machine and no public accountant has any patent on that information. It is absolutely in the lap of the gods. The way to make the Senator's prediction come true, to make 1934 a better year than 1932 or 1933, is to actually balance the Budget 100 per cent.

Mr. HARRISON and Mr. KING addressed the Chair.

The VICE PRESIDENT. Does the Senator from Maryland yield; and if so, to whom?

Mr. HARRISON. Let me follow this up.

Mr. TYDINGS. I yield to the Senator from Mississippi first, and then I will yield to the Senator from Utah.

Mr. HARRISON. I stated to the Senator that the Treasury's estimate and that of the Joint Committee on Taxation was that between three and four hundred million dollars more would be collected for the fiscal year 1934 than for the fiscal year 1933. The reason for that, may I say to the Senator, is that in the year 1933 they do not expect to get any of these increases in estate taxes. We do not figure anything along that line. But for the fiscal year 1934 we expect to get more than $125,000,000 out of the gift and estate taxes, and from income taxes and surtaxes and corporation taxes we will get practically twice as much as we get for this year. That is the reason why we are counting on getting more for 1934, may I say to the Senator, than for 1933.

Mr. TYDINGS. A lot of people who are expecting gifts in 1934 may find that the donors will not have the money to enable them to make the gifts when the time comes.

Mr. SHORTRIDGE. Mr. President, will the Senator yield?

Mr. TYDINGS. In just a moment. May I ask my good friend from Mississippi what earthly reason can there be for not asking the Secretary of the Treasury for his estimate? I do not care whether we agree or disagree with him; all I am asking the Secretary of the Treasury to do is to give us what he says is the best information. Can we not get that? Is there anything private in that? I do not want to hold up the consideration of the pending bill, but I am to be asked

to vote in about five minutes, asked to vote for a certain schedule of taxes; I am to be told that the Treasury Department said thus and so three or four or five weeks ago, and I am to be expected to vote on that indirect information. The information ought to be before every Senator, so that when he votes he will know whether or not these taxes are necessary and whether or not they are going to raise the revenue.

Now I yield to the Senator from California.

Mr. SHORTRIDGE. Mr. President, I think we can all agree that in order to balance the Budget there must be a substantial reduction in the costs of the Government; and, second, an increase of revenue derived from various sources. I have listened to the Senator with due respect, and I gather from his remarks that he discredits the estimates of the Treasury heretofore submitted to the Finance Committee. If that be so, why invite another estimate, if we are to discredit the estimates?

Mr. TYDINGS. Because the Secretary of the Treasury himself said, at the time he made these estimates, that the condition was different from what it is to-day, so that it occurred to me that the correct and proper and sound thing to do was to say, "Mr. Secretary, what are your estimates as of to-day," or as of the time when we shall actually vote on the bill? I am not finding fault with the Secretary of the Treasury. No man can make accurate estimates of what the conditions will be. I am simply saying, Let us see what the Secretary of the Treasury says now.

Mr. SHORTRIDGE. Within less than 10 days the Secretary made an estimate. We are not going to vote on this bill in an hour. I merely want to express this thought, that I see no particular advantage or benefit to be gained from getting another estimate, in view of the information we already have. Personally speaking, I would have no objection whatever to having the resolution passed and getting the information.

Mr. TYDINGS. Of course not. All that is asked for is information.

Mr. HARRISON. Mr. President, will the Senator yield to me again?

Mr. TYDINGS. I yield.

Mr. HARRISON. Would the Senator, and those who are trying to put over the sales tax, be willing to vote on it at not later than 3 o'clock if this resolution were passed?

Mr. TYDINGS. I would be willing to vote in half an hour.

Mr. HARRISON. We will say half an hour, then, or an hour.

Mr. TYDINGS. I would like to get the resolution adopted so that I could get the information, because if the sales tax is unnecessary I am not going to vote for it.

Mr. HARRISON. Would the Senator yield until I submit a unanimous-consent request?

Mr. TYDINGS. Yes.

Mr. HARRISON. I ask unanimous consent, Mr. President, that we vote on the amendment that is to be offered by the Senator from Massachusetts at not later than 3 o'clock to-day.

The VICE PRESIDENT. Is there objection?

Mr. REED. Mr. President, in the absence of the Senator from Massachusetts [Mr. WALSH], and further because of the fact that he has not yet offered his amendment, I should feel obliged to object.

Mr. HARRISON. Could the Senator from Pennsylvania give us any indication as to when the amendment will be offered?

Mr. REED. I hope it will come soon. I hope it can come very soon.

May I say to the Senator from Maryland that any estimates we might get from the Treasury as the result of his resolution might be good to-day, but they would not be good to-morrow.

Mr. TYDINGS. I would be the first one to admit that.

Mr. REED. It is only fair that we should face the facts, that at the present moment the export of gold from this country is limited only by the amount of insurance that can be secured on the shipments in a single vessel.

Last week as much gold went out of the country on the steamers that were leaving the country as it was possible to get insurance on. To-day and Saturday the exchanges were against the United States in practically all of the exchange markets of the world. Not only were they against the United States but they were considerably above the gold export point in every one of those exchanges.

With the present deterioration of business going on, any estimates we will get to-day or to-morrow will not be good the day after. The whole world is waiting for Congress to pass a tax bill that will balance the Budget.

Mr. TYDINGS. If I may interrupt the Senator just a moment, I would like to make a statement for his information and for that of my colleagues. We met in December; the President asked us to balance the Budget; every Member of the Senate and every Member of the House agrees that the Budget should be balanced; we told the country we were going to balance the Budget; and everybody we meet on the street, with few exceptions, is for balancing the Budget.

Let us suppose that we have been too optimistic about the situation, that Mr. Mills would give us a greatly revised estimate to-day, but that we go along on the old estimate and finish this fiscal year without a balanced Budget, and go into the next fiscal year without sufficient revenue to take care of the present situation, when we know that the future situation is apt to be worse than that which we now have. Just about that time one of these relief bills, so called, will pass the Congress, in my judgment, or, perhaps, later on. The Government will be going out to sell Government bonds when its own Budget will not be balanced, when its own finances will not be on a sound basis. What will be the result? The bonds will sell at a lower figure than that at which they would sell were the Budget balanced, and that, in turn, will be reflected in the price of every share of stock and security which every private person holds.

Mr. REED. Mr. President, will the Senator permit me to say one thing more?

Mr. TYDINGS. I yield.

Mr. REED. We here in Congress know we are going to balance the Budget. I think we all know we are going to do it.

Mr. TYDINGS. We are going to do our best.

Mr. REED. Our best is going to be good enough. We are going to do it. But the world at large does not believe that.

Mr. TYDINGS. That is true.

Mr. REED. They have not any faith in it. They do not believe our assurances that we are going to accomplish it. The picture will change for the better just as soon as we have balanced the Budget, but no sooner.

Mr. HARRISON. Mr. President, will the Senator yield to me again?

Mr. TYDINGS. I yield.

Mr. HARRISON. In view of what the Senator from Maryland has said and the terrible situation pictured by the Senator from Pennsylvania, does not the Senator from Maryland think that the quicker we get this bill out of the way the better it will be?

Mr. TYDINGS. Provided it will really balance the Budget.

Mr. HARRISON. Then, if the Senator will yield, I will submit another unanimous-consent request that debate on all amendments to this bill be limited to 10 minutes.

The VICE PRESIDENT. Is there objection?

Mr. TYDINGS. Mr. President, that will have to apply after I finish talking. I do not intend to be taken off the floor in 10 minutes.

Mr. HARRISON. Of course that is up to the Senator.

Mr. TYDINGS. I will say to the Senator that my resolution only asks for information. Are we afraid of the truth? That is all I am asking for, for information.

Mr. HARRISON. If the Senator is propounding that inquiry to me, I have not made any objection to the resolution, but I call to the attention of the Senator and of every Senator here that only three weeks ago the Secretary of the Treasury gave his estimate before the Finance Committee.

Mr. TYDINGS. The Senator recalls the figures quoted by the Senator from Michigan [Mr. VANDENBERG] the other day, namely, that he would multiply these proposed levies by

the total automobile business done in 1931, which would raise only about 70 per cent of the estimated revenue.

What is the use fooling ourselves? Every man with ordinary intelligence knows that the probabilities are that 1932, an election year, and with all the other factors entering into it, will not be as good a year as 1931.

Mr. WATSON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WATSON. I understood the Senator from Maryland to ask unanimous consent for the consideration of his resolution. That has been objected to, has it not, by the Senator from Utah?

The VICE PRESIDENT. It has.

Mr. WATSON. Does not that end it?

The VICE PRESIDENT. It ends that, but the Senator from Maryland has a right to talk on the amendment which is pending, which is the amendment offered by the junior Senator from Washington [Mr. DILL].

Mr. WATSON. Of course, I have no desire to take the Senator off the floor.

Mr. TYDINGS. Speaking on the amendment of the Senator from Washington, may I say to the Senator from Indiana that I want to know what the Treasury estimates are, so that I can vote intelligently on the amendment.

Mr. WATSON. But objection has been made, and the Senator can not get his resolution through to-day.

Mr. TYDINGS. I want to bring out a few points about the situation.

Mr. WATSON. In the interest, not of haste but expedition, let me ask the Senator if he will not forego making a speech and let us go on and pass the bill?

Mr. TYDINGS. I will do that if the Senator, being the Republican leader of this body, will be so kind as to elicit, or try to elicit, from the Secretary of the Treasury privately the information which I would like to get publicly, and will put that information in the RECORD.

Mr. WATSON. My opinion is that the Senator from Maryland himself can obtain that information from the Secretary of the Treasury if he will seek it.

Mr. TYDINGS. Perhaps I could and I would not say that I could not, but I thought perhaps the Secretary might be so busy with other matters that unless the request came from the Senate as a whole he might not want to put all his experts to work getting the information that I seek. Obviously if we do not get it to-day or to-morrow it will not be of any avail.

Here is what is going on. We might as well tell the truth about it. There is one group of Senators who want increased income taxes. Another group want the sales tax. There are proponents perhaps in each group for each one of those ideas who do not want this information elicited because perchance it may tend to defeat this or the other proposition. Here we are considering a bill based upon the estimates of the Secretary of the Treasury, which he himself says are out of date to-day, and we can not get the information because this body will not ask for it. Apparently it is the desire that we act upon information which we know is faulty rather than upon information which we know would be more like the truth.

Mr. SMOOT. Mr. President, is the Senator through?

Mr. TYDINGS. No; I am not through, but I yield to the Senator from Utah.

Mr. SMOOT. In order to balance the Budget we ought to save every dollar we can. We are losing about $2,000,000 every day we delay the passage of the bill. Already one-tenth of the day has passed to-day, and one-tenth of $2,000,000 is $200,000. I call that to the attention of Senators.

Mr. TYDINGS. I am sorry the Senator did not think of that before we voted on the tariff items, which took four or five days to consider.

Mr. SMOOT. And the Senator from Maryland occupied more time than anyone else.

Mr. TYDINGS. That is true. This is the first time, so far as I know, since I have been a Member of this body when any Senator has asked for information from the Government departments that there has been objection to it. I do not know of another time in the five years I have been here when a Senator has asked for information from a department of the Government that the information has not been forthcoming because the Senate agreed to it. If I were trying to write some policy into the bill, if I were trying to tear down the truth and place a falsehood in its stead, there would be ample room for objection; but when we have the admission of the Secretary of the Treasury himself that the estimates which he furnished to the Senate and to the committee several months ago are now out of date, we actually refuse to get up-to-date estimates and information, and yet we are going to tell the country that we are balancing the Budget.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. TYDINGS. I yield.

Mr. REED. So far as I am concerned, the Senator is talking to a jury that is already with him.

Mr. TYDINGS. I know that.

Mr. REED. I would like to see the Senator's resolution passed right away.

Mr. TYDINGS. I appreciate that.

Mr. REED. But it has been objected to by the Senator from Georgia [Mr. GEORGE]. He is not willing to withdraw his objection. What is the good of talking about it? Why will not the Senator write a letter to the Secretary of the Treasury and ask for the estimates, or telephone for them? I venture to prophesy that if he will do either of those things he will get a prompt answer giving the best estimate the Secretary can give.

Mr. GORE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield.

Mr. GORE. I have just acted in advance of the suggestion of the Senator from Pennsylvania. I have telephoned the Assistant Secretary, who has been attending upon the Finance Committee and assisting it in the preparation of the bill. He says the items so far agreed to by the Senate—and, as I understand, he has kept up to date with his estimates—would produce about $909,000,000 of revenue; and that if the other items recommended by the Finance Committee are agreed to by the Senate it would raise a total of about $965,000,000. As I understood him, that is the estimate of the Treasury Department up to the present.

Mr. TYDINGS. I want to thank the Senator, and I want to say that things have come to a sorry pass when a Senator has to get information from a Government department through another Senator. If that is true, if the information can be elicited so easily, what earthly objection can there be to immediate consideration of the resolution in order to have the facts adduced? If we can get the information in the way suggested, why not get it in a formal way?

I am going to ask the senior Senator from Georgia [Mr. GEORGE], for whose ability and patriotism in this situation I have the highest regard, if he will not withdraw his objection and let us get the information in an official way? I would like to have it for myself. It will not overturn or upset the bill. I would like to have the information.

Mr. GEORGE. Mr. President, I shall insist upon my objection. I thank the Senator for the sentiments he has expressed toward me. I have the utmost consideration for him, but neither this bill nor any other bill that can be passed by the Congress will raise the necessary revenue unless there is an improvement in business in the country. If we delay longer the passage of the bill, we are simply gambling on the possibility of a return of business revival. By revival I do not purport to indicate a very sudden upturn, but I do believe that success of the revenue bill must depend upon a reasonable degree of confidence on the part of business and a reasonable return of business toward the normal.

Mr. TYDINGS. In view of the Senator's fixed objection, although I was hoping he would relent and recant and let us have the resolution considered, I feel that I have gone

as far as I can justly go by way of obtaining the information. Not wishing to delay longer, therefore, I shall surrender the floor; but I do think it is unfortunate in this hour of great need for balancing the Budget that we have to proceed upon figures which are admittedly erroneous.

REVENUE AND TAXATION—AMENDMENTS OF FINANCE COMMITTEE

Mr. SMOOT. Mr. President, at a meeting of the Finance Committee this morning quite a number of perfecting amendments, mostly administrative, were agreed to, and I now offer them and ask that they be printed and lie on the table.

The PRESIDENT pro tempore. The amendments will be received, printed, and lie on the table.

RELIEF OF UNEMPLOYMENT

Mr. JONES. Mr. President, I have a copy of a telegram which has just been handed to me this morning from citizens of my State. While it does not deal directly with the proposition before the Senate, yet it does deal with the deplorable situation that confronts our people and indicates, I think, that very early action, just as prompt action as we can possibly have, must be taken to relieve the situation. I ask that the telegram may be read.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

SEATTLE, WASH., *May 28, 1932.*

D. C. BOTTING,
Manager Federated Industries,
Hotel Washington, Washington, D. C.:

Unemployment situation becoming very serious. Seattle has 58,000 on total and partial relief. Balance of State have between eighty-five and ninety on full relief, with additional forty thousand on partial relief. Shutdowns now taking place in lumber and pulp mills and other allied industries will greatly increase number unemployed. Everett pulp mill closing down June 1, will throw 1,500 more men out of work. This will add about 4,000 more people to the relief list. The Anacortes and Bellingham pulp mills are also closing down. These figures by State relief committee and Seattle unemployment relief committee. I. F. Dix, chairman. This report up to date and authentic. Please place this information in hands of Senators JONES and DILL and each Member of Congress from our State.

JOHN E. FROST,
President Federated Industries of Washington.
N. D. MOORE,
Chairman State Unemployment Relief Committee.

UNEMPLOYMENT RELIEF IN THE DISTRICT OF COLUMBIA

Mr. COSTIGAN. Mr. President, the telegram just read by request of the Senator from Washington [Mr. JONES] recalls the gravity of the situation touching relief of distress in the District of Columbia. Yesterday morning's press carried a statement by General Glassford, superintendent of police of the city of Washington, to the effect that the relief needs of Washington, as President Hoover made clear some time ago, demand the immediate consideration of Congress. Out of order, therefore, I ask permission at this time to introduce a bill for an emergency appropriation to meet the urgent necessities of human want in the District of Columbia.

The PRESIDENT pro tempore. Without objection, the bill will be received and appropriately referred.

The bill (S. 4781) authorizing an emergency appropriation for the relief of needy and distressed residents of the District of Columbia and for the temporary care of transient and homeless persons in said district, was read twice by its title and referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

Mr. GOLDSBOROUGH presented a letter in the nature of a petition from the Marine Engineers' Beneficial Association No. 5, Baltimore, Md., praying for the passage of legislation consolidating and absorbing the Bureau of Navigation with and into the Steamboat Inspection Service rather than the consolidation of the Steamboat Inspection Service into the Bureau of Navigation, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Riverside Local Federation No. 8, Baltimore & Ohio and subsidiary lines, of Baltimore, Md., favoring the immediate release from prison of Tom Mooney, which was referred to the Committee on the Judiciary.

He also presented a telegram in the nature of a memorial from the Baltimore Tube Co. (Inc.), of Baltimore, Md., remonstrating against the imposition of a tariff duty on copper, which was ordered to lie on the table.

He also presented a letter from C. Blake Pitt, president of the C. M. Pitt & Sons Co., of Baltimore, Md., making certain suggestions in regard to the prompt and proper balancing of the Budget and governmental finances, which was ordered to lie on the table.

Mr. WHEELER presented petitions of sundry citizens of the State of Montana, praying for the passage of the so-called Wheeler bill, being the bill (S. 2487) to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes, which were referred to the Committee on Finance.

He also presented a petition of sundry citizens of the State of Montana (identical with the above-noted petitions), which was referred to the Committee on Finance and ordered to be printed in the RECORD without the signatures, as follows:

CULBERTSON, MONT.

We, the undersigned citizens of Roosevelt County, Mont., believing that agriculture is one of our basic industries and that the economic security of our Nation is dependent upon the economic security of the American farm, favor such legislation as will provide for the solvency of the American farmer.

We believe that the only way out of the present depression is to raise commodity prices and thereby reduce the burden of debt. Under the present gold standard debts contracted three years ago, if paid this year, would require three times the amount in farm commodities as when they were contracted. All of the important countries of the world have gone off the gold standard except France; it is therefore impossible for us to trade with them. This keeps commodity prices down.

We feel that if prosperity is to return to this country we must go off the gold standard, which is the cause for most of our economic ills.

We therefore respectfully petition the Senate of the United States of America to pass the Wheeler silver bill, No. S. 2487, which provides for the remonetization of silver by providing for the free coinage of silver as well as gold at the fixed ratio of 16 to 1.

THE SALES TAX—EXEMPTION OF SURGICAL DRESSINGS

Mr. BARBOUR presented a telegram from Robert Wood Johnson, of New Brunswick, N. J., favoring exemption for surgical dressings in any sales-tax provision in the pending revenue bill, which was ordered to lie on the table and to be printed in the RECORD, as follows:

NEW BRUNSWICK, *May 28, 1932.*

Hon. W. WARREN BARBOUR,
United States Senate, Washington, D. C.:

Should Senate adopt sales tax urge no exemption whatever. Reported Senate considering exemption for medicine. If true, strongly advise exception for surgical dressing and allied products. In sickness both are essential and used widely by the medical profession and public. Both are sold by the same wholesalers and dealers and frequently manufactured by the same corporation. If policy to exempt medical products is sound then surgical dressing and allied products fall in the same category. Can I be of assistance?

JOHNSON & JOHNSON.
ROBERT WOOD JOHNSON.

REPORT OF THE COMMITTEE ON INDIAN AFFAIRS

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 10884) to authorize the Secretary of the Interior to adjust reimbursable debts of Indians and tribes of Indians, reported it with amendments and submitted a report (No. 752) thereon.

BILL INTRODUCED

Mr. HOWELL introduced a bill (S. 4782) authorizing adjustment of the claim of Arthur R. Saffran (with accompanying papers), which was read twice by its title and referred to the Committee on Claims.

REVENUE AND TAXATION—AMENDMENT

Mr. CUTTING submitted an amendment intended to be proposed by him to House bill 10236, the revenue and taxa-

tion bill, which was ordered to lie on the table and to be printed, as follows:

On page 262, after line 2, insert a new section, as follows:

"SEC. —. EXEMPTION OF ARTICLES MANUFACTURED OR PRODUCED BY INDIANS

"No tax shall be imposed under this title on any article of native Indian handicraft, manufactured or produced by Indians on Indian reservations, or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska."

AMENDMENT TO WAR DEPARTMENT APPROPRIATION BILL

Mr. FLETCHER submitted an amendment intended to be proposed by him to House bill 11897, the War Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

Insert the following at the end of the item entitled "Rivers and Harbors":

"*Provided further*, That the existing project for the improvement of the Miami River, Fla., authorized by the rivers and harbors act, approved July 3, 1930, is hereby modified to include the improvement recommended by the Chief of Engineers in the report submitted in Senate Document No. 95, Seventy-second Congress, first session, provided that the authorization of $800,000 for the existing project shall not be increased but is hereby continued as the total authorization for the project as herein modified."

COINAGE OF SILVER

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Banking and Currency the text of a bill "To amend the law in respect of the standard fineness of silver coins current in the United Kingdom and in other parts of His Majesty's Dominions," as passed by the British Parliament in 1920, together with certain extracts from the official report of the parliamentary debates in the House of Commons during that year. I also ask leave to have printed in that connection a copy of a letter which I recently addressed to the Director of the Mint and his reply thereto.

There being no objection, the matter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

SILVER COINAGE BILL

(Memorandum)

The object of this bill is to restore the token character of the silver coinage.

Owing to the rise in the price of silver from its pre-war level of something under 30d. per ounce to the present price of about 88d. per ounce it is not possible to mint British silver coins except at a loss. It is proposed by the bill to reduce the fineness of the silver in the coins hereafter minted from 925 fine to 500 fine; with silver at 88d. The intrinsic value of a 1-shilling piece 500 fine will still be considerably more than the intrinsic value of a 1-shilling piece 925 fine in July, 1914.

A bill (as amended by Standing Committee B)

To amend the law in respect of the standard fineness of silver coins current in the United Kingdom and in other parts of His Majesty's dominions.

Presented by Mr. Chancellor of the Exchequer, supported by Sir Auckland Geddes and Mr. Baldwin.

Ordered by the House of Commons to be printed March 2, 1920.

Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. (1) The first schedule to the coinage act, 1870, as amended by section 2 of the coinage act, 1891, shall as regards coins made after the commencement of this act have effect as though for the words "thirty-seven fortieths fine silver, three-fortieths alloy; or millesimal fineness 925," in the column relating to standard fineness there were substituted the words "one-half fine silver, one-half alloy; or millesimal fineness 500," and as though for the figure "4" in the column relating to the remedy allowance in respect of millesimal fineness there were substituted the figure "5."

(2) Where by virtue of a proclamation made under section 11 of the coinage act, 1870, the whole or any part of that act is in force in any British possession at the date of the commencement of this act, that act shall as from that date apply in that possession as amended by this act, and any order in council or proclamation directing that any coins which under the coinage acts, 1870 and 1891, are legal tender in the United Kingdom shall be current and legal tender in any British possession shall extend to coins which are legal tender in the United Kingdom under those acts as amended by this act.

Provided that the provisions of this subsection shall not apply as respects any self-governing dominion unless and until those provisions are adopted as regards the dominion by a proclamation of the governor-general or governor.

2. The standard trial plates of silver to be used for the purpose of the trial of the pyx shall, instead of being made of a standard fineness in conformity with the provisions of the coinage acts, 1870 and 1891, be made of pure silver.

3. (1) This act may be cited as the coinage act, 1920, and shall be construed as one with the coinage acts, 1870 to 1891, and those acts and this act may be cited together as the coinage acts, 1870 to 1920.

(2) In this act the expression "self-governing dominion" means the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, the Union of South Africa, and Newfoundland.

PARLIAMENTARY DEBATES—SILVER COINAGE

(February 16, 1920)

Mr. Stewart asked the Chancellor of the Exchequer what estimated amount of silver subsidiary coinage per capita of the population was held in the United Kingdom before the war; what amount of silver had been purchased and coined during the war; what is the estimated amount per capita in the hands of the public at the present time; and whether, in view of the risk of higher prices should the coinage be depreciated, there is any need of an increase in subsidiary coinage at the present time?

Mr. CHAMBERLAIN. The answer to the first part of the question is approximately 13s. per head; to the second and third parts about £33,000,000 (net) face value and about 27s. 6d. per head. I do not think the increase of the subsidiary coinage, which is legal tender up to a very limited amount (40s.) has any appreciable bearing on the increase of prices of which it is a consequence rather than a cause.

SILVER COINAGE—BRITISH POSSESSIONS

(February 26, 1920)

Mr. D. Herbert asked the Under Secretary of State for the Colonies in what British possessions outside Great Britain, British silver coinage is legal tender, and in which of such possessions there is any, and what limit on the amount for which British silver coinage is legal tender?

Lieutenant Colonel AMERY. British silver coinage is legal tender in the following dominions, colonies, and protectorates to the amount shown:

LEGAL TENDER

Commonwealth of Australia, up to 40s.
New Zealand, up to 40s.
Fiji, up to 40s.
Union of South Africa, up to 40s.
Rhodesia, up to 40s.
Basutoland, up to 40s.
Bechuanaland, up to 40s.
Swaziland, up to 40s.
Nyasaland, up to 40s.
Gibraltar, up to 40s.
Malta, up to 100s.
Gambia, no limit.
Gold Coast, no limit.
Nigeria, no limit.
Sierra Leone, no limit.
Bahamas, no limit.
Barbadoes, no limit.
Bermuda, no limit.
British Guiana, no limit.
Jamaica, no limit.
Leeward Islands, no limit.
Trinidad, no limit.
Grenada, no limit.
St. Lucia, no limit.
St. Vincent, no limit.
Falkland Islands, no limit.
St. Helens, up to 40s.

SILVER COINAGE

(March 2, 1920)

Mr. Stewart asked the Chancellor of the Exchequer the amount coined since August 4, 1914, of the various denominations of silver coinage—3 pence, 6 pence, 1 shilling, 2 shillings, half a crown, 4-shilling piece, and 5-shilling piece.

Mr. CHAMBERLAIN. Since August 4, 1914, the following British silver has been coined and issued by the mint:

3d. pieces to the value of	£1,126,060
6d. pieces to the value of	2,641,325
1s. pieces to the value of	8,156,658
2s. pieces to the value of	10,114,605
2s. 6d. pieces to the value of	16,187,722
Total	38,226,380

No 4s. pieces have been coined since 1880 and no 5s. pieces since 1902.

SILVER COINAGE

(March 12, 1920)

Mr. Bartley Denniss asked the Chancellor of the Exchequer what was the per capita circulation of silver before 1910; and how much it is now as shown by the mint returns.

Mr. CHAMBERLAIN. The per capita circulation of silver coin in the United Kingdom is estimated at about 11s. in 1910 and about 27s. 6d. now.

Mr. Denniss asked the Chancellor of the Exchequer what was the profit to the Treasury in 1915 and 1916 on the coinage of silver; what will be the profit when the amount of the silver is reduced in the coinage under the silver coinage bill when passed; and whether 5s. notes would sufficiently achieve his purpose and yield a large profit in addition.

Mr. CHAMBERLAIN. The profit on silver coinage was £4,694,378 in 1915 and £4,445,586 in 1916, the issues in these years being exceptionally large. It is not possible to say what it will be on the new coin, as that depends on the amount of coin issued in any given year and the price at which the necessary silver can be obtained. Five shilling notes would not obviate the necessity of coining smaller denominations of silver coin, and would be open to many objections which do not apply to metallic currency.

Mr. Denniss asked the Chancellor of the Exchequer whether he has considered the effect of the introduction into the Nigerias of a five-tenths in place of a nine-tenths English silver coinage, and whether he will make up any loss to the native holders of English coins saved up by them when the contemplated new English silver coinage is introduced into those colonies?

Mr. CHAMBERLAIN. These are matters for the consideration of the West African Currency Board, which is responsible for the currency of Nigeria, and to whose reserves profits on existing West African silver coinage accrue. It is not likely that any of the new British silver will be bought by the board for issue in West Africa.

SILVER COINAGE

(March 16, 1920)

64. Mr. Oman asked the Chancellor of the Exchequer whether, in view of the fact that the price of silver had fallen from 88d. per ounce to 69d. in the last fortnight, and that the profitable coinage of silver money at the old rate of purity can be resumed at a profit when silver has fallen to 66d. per ounce, he will suspend the issue of new currency of silver at the lowered purity.

Mr. CHAMBERLAIN. No, sir. I can not accept this suggestion.

SILVER COINAGE

(June 15, 1920)

Col. L. Ward asked the Chancellor of the Exchequer whether, in view of the recent fall in the price of silver, it will still be necessary to debase the coinage by taking advantage of the coinage act of 1920.

Mr. BALDWIN. It is proposed to proceed with the recoinage of British silver coins at 500 fineness. As I have more than once explained, there is no question of "debasing" the coinage. What is in question is the production of a token coinage of which the intrinsic value will not be likely to exceed the face value in any circumstances.

WASHINGTON, D. C., *May 27, 1932.*

Mr. R. J. GRANT,
Director of the Mint, Washington, D. C.

DEAR SIR: Referring to our conversation over the telephone, I shall be obliged if you will send me answers to the following questions:

"What is the highest price per fine ounce which could be paid by the British Government for coinage into half crowns, shillings, sixpence, etc., of present weight and nine-tenths fine with the pound sterling stabilized at to-day's gold value of $3.68? What is the maximum price for silver with the value of the English pound fixed at $4? At $3.50?

Yours very sincerely,

CARL HAYDEN,
United States Senator.

WASHINGTON, D. C., *May 27, 1932.*

Hon. CARL HAYDEN,
United States Senate, Washington, D. C.

MY DEAR SENATOR HAYDEN: In response to your telephone request, I am forwarding the replies to your inquiry.

The highest price per fine ounce which could be paid by the British Government for coinage into half crowns, shillings, 6-pence, etc., of present weight and nine-tenths fine with the pound sterling stabilized at a gold value of $3.68 would be $1.124 plus.

The maximum price of silver with the value of the English pound fixed at $4 would be $1.222 plus.

The maximum price for silver with the value of the English pound fixed at $3.50 would be $1.069 plus.

Very truly yours,

R. J. GRANT,
Director of the Mint.

CHIEF JUSTICE ROGER BROOKE TANEY

Mr. GOLDSBOROUGH. Mr. President, of the many sons of Maryland adorning the pages of history, there is none more outstanding than Roger Brooke Taney, former Chief Justice of the Supreme Court of the United States. Born in Calvert County, Md., in 1777, he began the practice of law in Frederick, the county seat of Frederick County, in 1801; served as a member of the Maryland State Senate from Frederick County from 1816 to 1821; was attorney general of Maryland from 1827 to 1831; Attorney General of the United States by appointment of President Andrew Jackson from 1831 to 1833; Secretary of the Treasury from 1833 to 1834; and Chief Justice of the Supreme Court of the United States from 1836 until his death in Washington in 1864.

Chief Justice Taney administered the inaugural oath to seven Presidents of the United States, Martin Van Buren, William Henry Harrison, James K. Polk, Zachary Taylor, Franklin Pierce, James Buchanan, and Abraham Lincoln, inducting into office more Presidents than any other man in American history.

At the age of 80 years Chief Justice Taney wrote the opinion in the Dred Scott case. Following the flood of villification which burst upon him and which he bore with remarkable tranquillity, in a letter to President Pierce he said:

> At my time of life, when my end must be near, I should have enjoyed to find that the irritating strifes of this world were over and that I was about to depart in peace with all men and all men in peace with me. Yet perhaps it is best as it is. The mind is less apt to feel torpor of age when it is thus forced into action by public duties. And I have an abiding confidence that this act of my judicial life will stand the test of time and the sober judgment of the country.

The paradox in Taney's life becomes vivid when upon examining the record we find that Taney set his own slaves free.

The profound legal learning, passionate courage, dignity, and steadfastness which marked his service during the trying years preceding the Civil War went far toward shaping this critical period of the Nation's life and left its deep imprint upon national as well as local history.

No less impressive was the remarkable judicial poise which he exhibited during his long tenure of office, and his calmness in the face of exciting controversy, struggle, criticism, and abuse gave him an unassailable place in American history as a man of rare character and high attainments.

The original home of the late Chief Justice Taney was opened as a national shrine on April 15, 1930, in Frederick, Md., and on September 26, 1931, at the unveiling of a bust of Taney at the shrine, Chief Justice Charles E. Hughes paid a magnificent tribute to his great predecessor in an address which, in my opinion, should become public record, be given as wide a distribution as may be possible, and be preserved for posterity.

I ask unanimous consent that the address of Chief Justice Hughes delivered at that time be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

ADDRESS OF CHIEF JUSTICE HUGHES ON THE UNVEILING OF THE BUST OF CHIEF JUSTICE TANEY, AT FREDERICK, MD., ON SATURDAY, SEPTEMBER 26, 1931, AT 2.30 O'CLOCK

You have graciously permitted me to share in this tribute to the eminent jurist who in this community laid the foundation of one of the most distinguished careers in American annals. I respond to your invitation not only with gratification but with a keen sense of obligation. The Justices of the Federal Supreme Court are not merely titular successors in important official duties, but inheritors and developers in a continuous process of exposition, and thus enter with a lively consciousness of fellowship into the problems, the anxieties, and the achievements of those who have preceded them in their necessary but difficult task as weavers of the fabric of constitutional law.

The life of Roger Brooke Taney covered the period in which our institutions were created and solidified. He was born within the year following the Declaration of Independence, as the fortunes of Revolution hung in the balance, and he died in the closing days of the Civil War. He was admitted to the bar in 1799, and his professional activity was practically coterminus with the judicial service of John Marshall whom he succeeded as Chief Justice in 1836. For over 28 years—a time of bitterest controversy ripening in tragical conflict—he presided over the Supreme Court, maintaining in the face of rancorous criticism, and amid the excesses of passion, a serenity and dignity, as well as a conscientious devotion to his task, which won the highest praise from the ablest and most discriminating of his associates, whose appreciation of character and talent was not impaired by either political or judicial disagreement.

Entering upon professional practice in Frederick in the year 1801, Taney could not but be inspired by the traditions of the illustrious Maryland bar. It was a period favorable to the development of lawyers. Legal education, it is true, was but rudi-

mentary. But there was opportunity to know all that was necessary to meet the demands of the day. Painstaking study was required, and Taney tells us that "for weeks together" he "read law 12 hours in the 24." In speaking of his early efforts in special pleading, he says: "Chitty had not made his appearance, and you were obliged to look for the rule in Comyn's Digest, or Bacon's Abridgment, or Viner's Abridgment, and the cases to which they referred; and I have sometimes gone back to Lilly's Entries and Doctrina Placitandi—in searching for a precedent." Still, it was not difficult for a diligent, capable student to become familiar with all the law that had been declared here and in England, and also to have an appropriate acquaintance with Roman law. And Taney had what Willim Wirt called a "moonlight mind." The comparative paucity of material in published reports of judicial decisions made mastery the easier, and in questions of substantive law principles were more important than precedents. Developing communities and evolving institutions presented problems and interests worthy of the keenest minds, and it was a golden age for those who were apt in disputation. Questions were large and populations small, and superior ability shone forth with an opportunity which was more sparingly granted in subsequent days of a more crowded rivalry and a higher average of attainment. Eloquence was the crown of forensic effort and the methods of the courts favored those who had a talent for oratory. Oral arguments were expansive. Even at a much later time, a competent observer of the arguments of eminent lawyers in the highest tribunal was able to say that "one of the learned counsel occupied an entire day for the purpose of demonstrating this very difficult proposition in America, that the people are sovereign; and then pursued his argument on the second day by endeavoring to make out the extremely difficult conclusion from the first proposition, that being sovereign they had a right to frame their own constitution." From the beginning, argumentation was broad as well as deep, and successful lawyers were noted quite as much for the display of polemical powers and ambitious rhetoric as for acute analysis and precise reasoning. It was in this leisurely and congenial atmosphere of the courts that the abilities of both statesmen and jurists were ripened.

The bar of Maryland enjoyed a distinction second to none. Frederick is honored by the memorial, not only of Taney but of Thomas Johnson—who had the distinction of nominating Washington to be Commander in Chief—the first Governor of Maryland and appointed by Washington to be Associate Justice of the Supreme Court of the United States. In the galaxy of great Maryland lawyers of the earlier day we find such eminent names as those of William Paca; Daniel Dulany, of Daniel; Jeremiah Townley Chase; Luther Martin (in his prime the acknowledged leader of the bar); and two who were appointed Associate Justices of the Federal Supreme Court, Robert Hanson Harrison and Gabriel Duvall. In the period of Taney's professional activity there were in addition to Luther Martin and aside from Taney himself such outstanding Maryland lawyers, to mention but a few, as William Pinkney (of whom Marshall is reported to have said, "He was the greatest man I have ever seen in a court of justice," and whom Webster described as the greatest of advocates), Robert Goodloe Harper, William Wirt, William H. Winder, Francis Scott Key (Taney's brother-in-law and fellow student, who wrote the Star-Spangled Banner), and younger but rising rapidly, Reverdy Johnson. It was under the influence and example of such illustrious inspirers and associates that Taney practiced law. After 22 years in this community he removed to Baltimore, following in recognized leadership in the footsteps of Martin and Pinkney until Wirt came a few years later to divide the honors. Political distinction now awaited Taney. After serving as attorney general of Maryland he was appointed by President Jackson in 1831 Attorney General of the United States and Secretary of the Treasury in 1833. I shall not attempt to review his brief political career, the circumstances of the acrid controversy over the removal of Government deposits from the United States Bank, or the animosities which were aroused, so violent and implacable that they led to the rejection by the Senate of Taney's nomination as Secretary of the Treasury and later of his nomination (although it met with Marshall's favor) as Associate Justice of the Supreme Court of the United States. Thus rejected in 1835, within little more than a year as a result of changes in the Senate but after a long struggle he was confirmed by the Senate as Chief Justice, and his judicial career, with its momentous consequences, began.

There were no sufficient grounds for the attack upon Taney's qualifications. Henry Clay, who, with Webster, determinedly opposed Taney's confirmation, later magnanimously admitted his error, and with a depth of feeling that did him credit told the Chief Justice himself: "Mr. Chief Justice, you know that in my place in the Senate before your nomination to the office you now fill was submitted to that body, as well as during its consideration, I said many harsh things of you * * *. But I now know you better. * * * I am now convinced that a better appointment could not have been made." Clay came to feel, as he said, that the ermine so long worn and honored by Marshall had fallen upon a most worthy successor. It would have been a difficult undertaking in the best circumstances to succeed the great Chief Justice, but the acrimony of partisan criticism made Taney's task one which required an exceptional equipment of courage, firmness, and judicial equanimity. Apart from mere partisan bias, there was, indeed, a strong feeling among his opponents that under the new leadership of the court the principles of constitutional construction, which the genius of Marshall had established against vehement and continuous assaults most ably directed, would be undermined and that the essential authority of the Nation would be placed in serious jeopardy. But Taney had been a Federalist, and while his judicial work came to be distinguished for his support with the force of profound conviction of the power of the States "over their own internal police and improvement"—a power the exertion of which was especially demanded by economic changes—still he recognized in many notable opinions the importance of maintaining national authority and its supremacy within its constitutional domain.

Thus, in the case of Holmes *v.* Jennison (14 Peters, 540), Chief Justice Taney, dealing with the question of extradition, emphasized the exclusive power of the United States in foreign relations. "It was one of the main objects of the Constitution," said he, "to make us, so far as regarded our foreign relations, one people and one Nation; and to cut off all communications between foreign governments and the several State authorities. The power now claimed for the States is utterly incompatible with this evident intention and would expose us to one of those dangers against which the framers of the Constitution have so anxiously endeavored to guard." In Marin *v.* Waddell's Lessee (16 Peters, 367), the Chief Justice in determining the extent of the authority of New Jersey over lands under tidewaters held that the rulings of the State court upon the construction of early instruments not framed by the people of New Jersey, but were royal charters under which rights were claimed by the State on the one hand and private individuals on the other—although the decision of the State court was entitled to great weight—did not bind the Federal tribunal. Taney concurred in the ruling in Dobbins *v.* Erie County (16 Peters, 435) that a State had no power to tax the compensation fixed by Federal law of a Federal internal-revenue officer. While as his biographer, Doctor Steiner, of this State, has observed, "Taney never got over the feeling that the commerce clause should be somewhat narrowly construed," it should not be overlooked that the Chief Justice took part in the decision in Cooley *v.* Port Wardens (12 Howard, 299), which, after the uncertainty caused by the diverse opinions delivered in the License cases (5 Howard, 504) and the Passenger cases (7 Howard, 283), established a principle which has been of the greatest value in solving the difficult problems constantly recurring in the effort to maintain in relation to the highly important subject of commerce the constitutional balance between State and national authority. Said the court in the Cooley case, speaking through Mr. Justice Curtis, with the concurrence of the Chief Justice: "Now the power to regulate commerce embraces a vast field, containing not only many but exceedingly various subjects, quite unlike in their nature, some imperatively demanding a single uniform rule, operating equally on the commerce of the United States in every port; and some, like the subject now in question (pilotage), as imperatively demanding that diversity which alone can meet the local necessities of navigation." And this consideration of a question pertaining to navigation led to the announcement of the more comprehensive doctrine that has since prevailed: "Whatever subjects of this power are in their nature national, or admit only of one uniform system or plan of regulation, may justly be said to be of such a nature as to require exclusive legislation by Congress." It may also be recalled that one of the early appearances of Taney as counsel before the Supreme Court of the United States was in the case of Brown *v.* Maryland, in 1827 (12 Wheaton, 419), the "original package" case, where the court, rejecting Taney's contention, decided that the Maryland statute imposing a license tax upon importers was unconstitutional as a tax on imports and an interference with foreign commerce. Thirty-four years later, in deciding Almy *v.* California (24 Howard, 169), which held a State stamp tax on bills of lading of commodities transported from the State to be unconstitutional as a tax on exports, Chief Justice Taney followed the decision in Brown *v.* Maryland, in opposition to the position he had taken as counsel, and commented upon Chief Justice Marshall's opinion as showing that the former case had been "carefully and fully considered by the court."

With respect to the admiralty jurisdiction, Chief Justice Taney was even more "national" than Marshall himself, and the decision of the court in the case of the Genesee Chief (12 Howard, 443) departing from the views of Marshall and Story, recorded an advance which has been called revolutionary in the conception of Federal power. The court decided, in a powerful opinion of the Chief Justice, that the jurisdiction of the admiralty courts of the United States extended over navigable waters, although not tidewaters (thus embracing, for example, the Great Lakes), when commerce is carried on between different States or with a foreign nation. "Now," said Chief Justice Taney, "there is certainly nothing in the ebb and flow of the tide that makes the waters peculiarly suitable for admiralty jurisdiction, nor anything in the absence of a tide that renders it unfit. If it is a public navigable water, on which commerce is carried on between different States or nations, the reason for the jurisdiction is precisely the same. And if a distinction is made on that account, it is merely arbitrary, without any foundation in reason." In this substitution of sound reasoning based upon essential national interests, in place of an ultra conservative adherence to the precedents of English law established under different conditions, Taney was at his best.

It is unfortunate that the estimate of Chief Justice Taney's judicial labors should have been so largely influenced by the opinion which he delivered in the case of Dred Scott. (19 Howard, 393.) It would be futile at the present time to reexamine the circumstances and consequences of that historic controversy. It should be said, however, that the charge, which formed part of the violent and malignant attack upon the decision, that it was the result of a conspiracy or political bargain had not the slightest

foundation. Whatever may be said of the merits of the case or of the scope of the court's determination, or of the reasoning employed, there can be no doubt of the integrity of the members of the court and of the sincerity of the action of the Chief Justice, who thought he was rendering a national service. In looking at the background of the decision, it is apparent that there was a fundamental error in the supposition that the imperious question which underlay the controversy could be put at rest by a judicial pronouncement. That issue was beyond the resources of the forum or of the legislature—it was an issue definitely settled by the arbitrament of war. With that settlement, the Dred Scott case passed into history as an event pregnant with political consequences of the highest importance, and having a most serious effect upon the prestige of the court, chiefly because of the unbridled criticism induced by the temper of the times, but having a negligible influence upon the development of the constitutional jurisprudence with which we are now concerned.

At this time, in calm retrospect, rejoicing in national unity and in the collaboration of a peaceful people, we may make a juster appraisement than was possible in the passionate days of civil strife. Nothing could be more unjust than to estimate the judicial work of the days of Taney by a disproportionate emphasis upon the decisions which were called forth by the vexed questions growing out of the institution of slavery and the prospect of its extension. Rather I should like to take this opportunity to recognize the important service of Chief Justice Taney in setting forth principles that are guiding stars in constitutional interpretation, to some of which I have already alluded.

At once upon taking office the Chief Justice was confronted by the long-standing controversy over the Warren Bridge between Boston and Charlestown, Mass., presenting the question whether the contract contained in a corporate charter providing for a toll bridge was impaired by a later grant to another corporation of the right to build a parallel bridge. The case was argued by the most distinguished counsel and aroused the keenest interest. Against strong dissent the new Chief Justice sustained the statute under review (11 Peters, 420), laying down the principle that in the absence of express provision a grant by the State of exclusive privileges was not to be inferred. While vigorously attacked at the time, the soundness of this principle and its importance to a developing country have been generally recognized. The forward look of Taney may be noted in his words describing the consequences of a different decision: "We shall be thrown back to the improvements of the last century and obliged to stand still until the claims of the old turnpike corporations shall be satisfied; and they shall consent to permit these States to avail themselves of the lights of modern science and to partake of those improvements which are now adding to the wealth and prosperity and the convenience and comfort of every part of the civilized world. Nor is this all. The court will find itself compelled to fix by some arbitrary rule the width of this new kind of property in a line of travel, for if such a right of property exists we have no lights to guide us in marking out its extent."

This freedom of development was again aided by the opinion delivered by the Chief Justice in Bank of Augusta *v.* Earle (13 Peters, 519), holding that in the absence of legislation to the contrary the consent of a State upon the principle of comity would be presumed to the making of contracts within its borders by a corporation of another State. To Justice Story, who had vigorously dissented in the Warren Bridge case, Taney's opinion in the case of the Bank of Augusta gave no little gratification, which he emphasized in a letter to the Chief Justice, saying that the opinion did "great honor to yourself, as well as to the court." To those who found it difficult to understand the effort of the justices of the court to deal with each case in an objective spirit and to declare the law conscientiously and with judicial independence, the decision gave "consolatory reflection" that "the fears of judicial radicalism had not been realized." Indeed, the apprehension that the constitutional protection against the impairment of contracts had been seriously weakened by the decision in the Warren Bridge case was proved to be unfounded by the opinion of Chief Justice Taney in Bronson *v.* Kinzie (1 How. 311). That decision held invalid a State statute which was representative of a popular class of legislation endeavoring to succor debtors in a period of extreme economic depression by changing the rights of mortgagees. The views of the Chief Justice on the importance of the reserved powers of the State were not open to question, but with notable courage he also maintained against much clamor the constitutional safeguard against impairment of the obligation of contracts, observing in his opinion that the purpose of the constitutional provision was not "to protect a mere barren and abstract right, without any practical operation of the business of life"; that it was "to maintain the integrity of contracts and to secure their faithful execution throughout this Union by placing them under the protection of the Constitution of the United States." This decision, however, evoked opposition so intense that it was now a Senator from Illinois who proposed an amendment to the Constitution prohibiting the Supreme Court from declaring void any act of Congress or any State regulation on the ground that it was contrary to the Constitution of the United States. Later, in 1848, when the court in West River Bridge Co. *v.* Dix (6 How. 507), sustained the State power of eminent domain, which had been exercised with respect to a toll bridge, it was recognized that the court's views as to the maintenance of contracts did not lead to the denial of State power appropriately exercised.

A few years thereafter, in Ohio Life Insurance and Trust Company *v.* Debolt (16 Howard 416), Chief Justice Taney strongly upheld the principle that corporate privileges, that case being one of tax exemption, were not to be regarded as conferred by implication. His point of view with respect to corporate charters was emphasized in words frequently quoted: "For it is a matter of public history, which this court can not refuse to notice, that almost every bill for the incorporation of banking companies, insurance and trust companies, railroad companies, and other corporations is drawn originally by the parties who are personally interested in obtaining the charter; and that they are often passed by the legislature in the last days of its session, when, from the nature of our political institutions, the business is unavoidably transacted in a hurried manner, and it is impossible that every member can deliberately examine every provision in every bill upon which he is called to act. On the other hand, those who accept the charter have abundant time to examine and consider its provisions before they invest their money. And if they mean to claim under it any peculiar privileges or any exemption from the burden of taxation it is their duty to see that the right or exemption they intend to claim is granted in clear and unambiguous language." Where the grant of a particular privilege or exemption was, as he thought in the Piqua Bank case (16 Howard 392), "too plain to admit of any other construction," he sustained it. Thus did Chief Justice Taney seek to maintain the constitutional balance.

In another field the opinion delivered by the Chief Justice for the court established the important doctrine that the court will not undertake to decide political questions and that controversies under the constitutional guaranty of a republican form of government are for the consideration and action of the Congress. It is true that Taney sought to carry the application of the principle too far when, in the earlier part of his service, he opposed the view that the court had jurisdiction of a boundary dispute between States (12 Peters 752), a jurisdiction which has since been frequently exercised to great public advantage. But in the contest arising out of the Dorr rebellion in Rhode Island, the principle that the Chief Justice held so tenaciously was applied in dramatic circumstances (7 Howard 1). That was a case full of opportunities for the emergence of the political views supposed to be entertained by the majority of the members of the court, but the decision disregarded the wishes of party and recorded the triumph of dispassionate judicial deliberation. It was a contest in which the fundamental principles of popular government were thought to be involved, and intense feeling had been aroused among its champions. On the other side were the sturdy opponents of Loco-Focoism. But, said Chief Justice Taney, the question of the legitimacy of the government in the State was a political one upon which the court had no authority to pass. "For," said he, "as the United States guarantee to each State a republican government, Congress must necessarily decide what government is established in the State before it can determine whether it is republican or not. And when the Senators and Representatives of a State are admitted into the councils of the Union, the authority of the government under which they are appointed, as well as its republican character, is recognized by the proper constitutional authority. And its decision is binding on every other department of the Government and could not be questioned in a judicial tribunal. It is true that the contest in this case did not last long enough to bring the matter to this issue; * * *. Yet the right to decide is placed there and not in the courts." Thus the court maintained the surest safeguard of its appropriate jurisdiction by refusing to become entangled in political controversies with which it had no concern. This salutary doctrine was recently applied by the court in an opinion by Chief Justice White in the Oregon case, where the court refused to deal with a controversy arising out of the adoption in that State of the initiative and referendum (223 U. S. 118).

Chief Justice Taney had deep-seated convictions as to the constitutional right of personal liberty, and even in the stress of Civil War, and at the risk of violent abuse, to which, indeed, he was subjected by those whose excess of patriotism outran their intelligence, he maintained that right against the Executive, deciding (when sitting in the Circuit Court in 1861) that the suspension of the writ of habeas corpus had been beyond the powers of the President. (Tyler's Memoir, Appendix, p. 646.) The Chief Justice was then 84 years of age. He had suffered during the years following the Dred Scott case the gravest assaults upon his judicial action and personal character; but, while frail in body and deeply grieved, he was still fearless in spirit, vigorous in mind, and unshaken in will. He was ever ready without hesitation to do his duty as he saw it. It was after his death that the principles which he had set forth were vindicated by the pronouncement by the Supreme Court in the Milligan case (4 Wallace 2) which buttressed individual rights with the memorable declaration: "The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men, at all times, and under all circumstances. * * * Martial rule can never exist where the courts are open, and in the proper and unobstructed exercise of their jurisdiction. It is also confined to the locality of actual war."

The crown of the judicial career of Chief Justice Taney is found, I believe, in the opinion he delivered for the Supreme Court in Ableman *v.* Booth, in 1859 (21 Howard 506). The case grew out of the violation of the fugitive slave law, but the permanent importance of the decision lay in its relation to the maintenance of the authority of the Federal judiciary. Booth, convicted in the Federal court for violation of the Federal law, had been released on writ of habeas corpus by the Supreme Court of Wisconsin, which pronounced the Federal law invalid. The

hostility to the Supreme Court of the United States and deliberate and open antagonism to its authority, which had been proclaimed in earlier days in the South, and had found expression in Ohio and California, were now voiced in Wisconsin and elsewhere under the stress of antislavery sentiment. In most forcible language and with luminous reasoning, Chief Justice Taney's opinion set forth the essential supremacy of the Federal tribunal within its sphere under the Constitution and laws of the United States. "The Constitution," said he, "was not formed merely to guard the States against danger from foreign nations, but mainly to secure union and harmony at home; * * * and that, in the sphere of action assigned to it" (the General Government), "it should be supreme, and strong enough to execute its own laws by its own tribunals, without interruption from a State or from State authorities. And it was evident that anything short of this would be inadequate to the main objects for which the Government was established, and that local interests, local passions, or prejudices, incited and fostered by individuals for sinister purposes, would lead to acts of aggression and injustice by one State upon the rights of another, which would ultimately terminate in violence and force, unless there was a common arbiter between them, armed with power enough to protect and guard the rights of all, by appropriate laws, to be carried into execution peacefully by its judicial tribunals." Maintaining this postulate of the Constitution, he found in it nothing in derogation of the dignity of sovereign States which had entered the compact of the Union; on the contrary, he said, "the highest honor of sovereignty is untarnished faith." In this eloquent and uncompromising utterance, upholding the authority of the court at a time of extreme passion and agitation, Chief Justice Taney discharged unflinchingly the supreme duty of his office.

In this hour of tribute by those who prize the happy traditions of this community I can do no better than to recall the appraisal of an associate of the Chief Justice, who in the peculiar intimacy of the labors of the court knew the quality of Taney's work better than others, whether friends or critics. I quote, not the words of a political supporter, but the estimate of Justice Benjamin R. Curtis, of Massachusetts, one of the ablest men who had sat upon the bench and one who had strongly dissented from the decision of the Chief Justice in the case of Dred Scott. Said Justice Curtis in his remarks on the death of Taney:

"When I first knew him he was master of all that peculiar jurisprudence which it is the special province of the courts of the United States to administer and apply. His skill in applying it was of the highest order. His power of subtle analysis exceeded that of any man I ever knew, a power not without its dangers to a judge as well as to a lawyer, but in his case it was balanced and checked by excellent common sense and by great experience in practical business, both public and private. * * * For it is certainly true, and I am happy to be able to bear direct testimony to it, that the surpassing ability of the Chief Justice and all his great qualities of character and mind were more fully and constantly exhibited in the consultation room, while presiding over and assisting the deliberation of his brethren, than the public knew or can ever justly appreciate. There his dignity, his love of order, his gentleness, his caution, his accuracy, his discrimination were of incalculable importance. The real intrinsic character of the tribunal was greatly influenced by them, and always for the better. * * * He was as absolutely free from the slightest trace of vanity and self-conceit as any man I ever knew. * * * The preservation of the harmony of the members of the court and of their good will to himself was always in his mind."

With the passing of the year and the softening of old asperities the arduous service nobly rendered by Roger Brooke Taney has received its fitting recognition. He bore his wounds with the fortitude of an invincible spirit. He was a great Chief Justice.

LETTER OF FORMER SENATOR JOSEPH I. FRANCE

Mr. TYDINGS. Mr. President, I ask unanimous consent to have inserted in the RECORD a letter from former Senator Joseph I. France.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *May 10, 1932.*

HERBERT HOOVER, Esq.,
Executive Office, Washington, D. C.

SIR: At the last moment for doing so you filed your name in Maryland as a candidate for the Presidency against me. An organization of Federal officeholders, their dependents and friends, were able to secure for you about 26,000 votes. I make no complaint because you caught me off my guard with but a few days to campaign without any organization, and as a result I was unable to secure as many votes as yourself, so the 19 votes from Maryland will be pledged by law to and should vote for you at the Republican National Convention.

If you had lost in the presidential preference primary in Maryland, as you have lost by defeat or your failure to file as a candidate in the other States having presidential primary laws, would you have claimed the delegates from Maryland, as you are now claiming, if reports are correct, the delegates from North Dakota, Illinois, Nebraska, Pennsylvania, New Jersey, West Virginia, and Oregon?

Of course, it is possible that you are not claiming any of the 231 delegates from these primary States where I shall have won over you. While you did not file in North Dakota, Illinois, Nebraska, and Pennsylvania, under the laws of these States voters can, and sometimes do, write upon the ballot the name of an unfiled popular candidate. In North Dakota very few, if any, wrote your name upon the ballot, and the same was true in Illinois and Pennsylvania. In Nebraska, where Federal officeholders evidently were active in your behalf, 13,934 voters wrote your name upon the ballot, but I received 40,481 votes, defeating you nearly 3 to 1. Yet I had no opportunity to make a campaign in Nebraska, and I had no organization. I received more than twice as many votes in Philadelphia alone as you received in the whole State of Maryland. I have received the tabulated vote from but one precinct in Pennsylvania, and the result was 51 votes for me and 8 for yourself. A prominent press service after the primary failed to report my victory over you in Pennsylvania but brazenly asserted that the delegates from that State would be for you, in spite of the fact that a distinguished member of the Pennsylvania delegation had previously declared that the Pennsylvania delegation would be unpledged, and, in the face of the fact, subsequent to that statement, I had carried the presidential primaries.

My sense of personal honor and duty to uphold the laws of the States would cause me to resent and repudiate any statement to the effect that the delegates from Maryland now pledged to you would vote for my nomination at Chicago in violation of law and the directing votes of the people, even though the delegates desired to do so. And yet your methods in Maryland were not above criticism, if not beyond the law.

I would remind you that your chief duty, as President, as prescribed by the Constitution, is to "take care that the laws be faithfully executed." I call upon you now to repudiate the allegations that you and your supporters will seek to permit, influence, or coerce delegates, to the number of 231, from the aforesaid States, having primary laws, who shall be pledged to me, to vote for your nomination.

You must repudiate or deny these reports that your supporters intend to secure votes at the convention contrary to law, or present to the American people the spectacle of a Chief Magistrate who sets himself above the mandates of the Constitution of the United States, the statutes of sovereign States, and the expressed will of the people.

While there can be, under the Constitution, no prison penalties for delegates to a political convention who fail to obey the direction of the primary laws, there are drastic penalties for men who enter into a conspiracy to do an illegal act, or even to accomplish a legal end by illegal methods.

One's duty to his country and the integrity of its laws should urge him to seek the indictment of any group of men who might seem to be implicated in such a conspiracy to evade or violate the election laws of seven of the States of the Union. No man can become so exalted in this Republic as not to be amenable to its laws.

But this question involves a greater issue. I maintain that the present afflictions and distress of our country are due to an absolutely pernicious, false, and destructive doctrine, to which you have heretofore subscribed, and apparently still do, namely, that men may set aside law when their own plans and ambitions or the exigencies of the situation seem to demand such action.

You were one of a group, to which I was absolutely opposed, which held that in time of war the Constitution could be suspended and that under the war power officials of the Federal Government may defy the constitutional mandates and set aside its guaranties.

The Supreme Court in 1866, in Ex parte Milligan, had denounced such doctrine in the following words:

"The Constitution of the United States is a law for rulers and people, equally in war and in peace, and covers with the shield of its protection all classes of men at all times and under all circumstances. No doctrine involving more pernicious consequences was ever invented by the wit of man than that any of its provisions can be suspended during any of the great exigencies of government. Such a doctrine leads directly to anarchy or despotism."

The views which you held in 1917 as to the right of men to rape the Constitution when it suits them were still unchanged in April, 1924, as indicated by the quotation from a letter alleged to have been written by you to Congressman JOHN J. MCSWAIN on the military bill. I quote:

"I would also suggest that, from a legal point of view, a general clause should be added to the bill giving a blanket authority to the President to fix prices, wages, transportation charges, compensations, embargoes on imports and exports; to exercise the war powers of requisition under circumstances that 75 per cent of the estimated value may be paid and the balance determined by the courts in case of disagreement; suspend habeas corpus; and generally complete and absolute authority in all ramifications over the whole civilian life with the provision that he may delegate these authorities through these various agencies.

"War is an unhappy business and the great bulk of our ordinary safeguards of life must be forgotten, and the more evident it is that the whole Nation will be put in the storm and made to bear its share of the sacrifice the less likely we are to go to war."

Under your doctrine unscrupulous men could create a technical state of war, confiscate liberty and property, and set up tyranny. Any man holding such perverted views of our American system of government is unfit to hold any position of trust in this Republic.

You advocated the League of Nations and, when you were exercising an almost despotic power as Food Administrator as a part of the régime of Woodrow Wilson, you called upon the country to return a Democratic Congress to support President Wilson in his advocacy of this unconstitutional and iniquitous scheme to get us

into an alliance with foreign empires. It is reported that you are still at work to get us into the league by the back door of the World Court. The absurdity and insincerity of any plan to form a World Court, in the absence of a codified system of law based upon the American doctrine that the prime function of all government is to preserve the "unalienable rights of men" against invasion by governments, must be apparent to every honest-minded man.

You once called the eighteenth amendment "a noble experiment," and since that time, resting upon your laurels with the "drys," with sly and reassuring winks and whispers from your followers to the "wets," you have evaded, compromised, or kept silent upon this issue, hoping to again secure a victory with the attempt to seek the highest office by the way of fraud, deceit, and dishonor. You have not shown the courage, as our Chief Executive of this Nation, to condemn, defend, or to enforce the eighteenth amendment and the Volstead Act.

Certainly the eighteenth amendment is one more of the lawless acts which have brought distress upon us.

I call your attention, sir, to the fact that, except yourself, every candidate for nomination at the coming conventions of the Republican and Democratic Parties has declared himself unequivocally on this prohibition issue in which the people of this country are to-day so vitally concerned. I, as a candidate for the Republican nomination at the Chicago convention, June 14, have made my position clear in favor of the repeal of the eighteenth amendment. In the Democratic Party, Governor Roosevelt, of New York, former Governor Smith, of New York, and Governor Ritchie, of this State, and every other prominent candidate for the Democratic nomination, has made it clear where each of them stands on this great national issue.

You, Mr. Hoover, stand alone in failing to state in a straightforward manner your position on this prohibition issue. In the State of Maryland it is a question in which our people have a vital interest. In this, my State, 46,964 citizens voted for the repeal of the eighteenth amendment in the Literary Digest poll, while only 14,318 Maryland citizens voted for the retention of the prohibition law, a vote of 3 to 1 for repeal.

I ask you, therefore, to issue a statement as to how you stand upon this prohibition question. Failure on your part to make your position clear on this prohibition issue should, and I believe will, disqualify you from the right to ask the people of this country to support you for nomination in Chicago, June 14. I believe the people of these United States will not elect to the Presidency, at this critical time, any man who lacks the candor and the courage to state boldly where he stands upon this and every important issue of vital concern to the American people.

I might trace, if space permitted, our whole present distress to these and similar violations of laws and principles of legal and righteous American action. You, for example, have been an advocate of a policy which is a repudiation of a principle enunciated by George Washington, as a corollary of our American system, to "cultivate the friendship of all nations." Our international policies have been dictated by the considerations of European politics, not by sound American principles. Your attitude toward Russia, a great potential market for American goods, as I have pointed out since 1919, is stupid, reactionary, and indefensible.

I realized, at the close of the war, that a general international reconciliation and a common effort to overcome the loss and repair the devastation of war, were imperative.

But under your influence, in large part I must believe, we permitted an economic "war after war" to proceed in Europe while billions of American dollars were sent to Europe to save nations who would not save themselves by an abandonment of policies of retribution and vengeance.

Can it be possible that your whole failure is due to the fact that you are not grounded in the principles of our American system of government? Do you set yourself above the law? Do you believe in personal, not in legal government? Do you lack the courage which springs from convictions? For a lack of convictions you give us a pack of commissions.

I test your courage, candor, and honor by the following direct questions:

1. Do you concede to me the 231 delegates from the primary States where I won over you as I concede you the 19 votes from Maryland, and will you request these delegates to fulfill their moral and legal obligations to me and the people of their several States?

2. Do you still entertain the view that the mandates of the Constitution may, under certain conditions, be suspended, placing our liberty and property in jeopardy, at the mercy of autocratic officials?

3. Do you still believe in the League of Nations as you did when you were the faithful follower of Woodrow Wilson?

4. Do you still intend to play European politics or will you accept the admonitions of George Washington, cultivate the friendship of all nations, including Russia, and open up to American commerce the vast waiting markets of the world?

5. Will you state to the American people where you stand upon the eighteenth amendment, a most pressing problem of government?

6. Will you renounce your alleged purpose of getting us into the World Court and thus implicating us in the countless quarrels of the world?

There are other pertinent and pressing questions which I might put to you concerning your views and policies, but the limitations of a letter prevent a general discussion of your policies and failures.

You are at present a pathetic figure, exposed and without defense or defenders, if I may except your personal appointees, and even some of these have seemed unwilling to defend you in written or open discussion with me. Like their valiant chief, they retreat from every challenge. My purpose in opposing your nomination had its origin in the devotion which I feel for my country plunged, unnecessarily, into distress and peril by men who sought to direct the affairs of government in disregard and violation of sound and proven principles of constitutional action.

I believe we can have no return to general prosperity until we have a return to political morality

Will you dodge, evade, equivocate, and attempt again to be elected to the highest office through a campaign of intolerance, hypocrisy, lies, meanness, bigotry, and dishonor?

Your answers to my other questions, or your failure to answer, will be the answer to this one.

I believe nothing which you can say or leave unsaid can save you. A pauperized, Hooverized, and humiliated Nation will repudiate you at the first opportunity.

I am forwarding this letter to you by registered mail.

Yours truly,

JOSEPH IRWIN FRANCE.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Washington [Mr. DILL].

Mr. DILL. Mr. President, in order that the Senate may know what the amendment is, may I state that it is the amendment which I discussed on Saturday relative to a tax upon the selling price of stocks and bonds on the stock exchanges of the country. I shall not repeat the arguments which I made then but simply explain that the House provision, which provided for one-fourth of 1 per cent tax on the selling price, which is 25 cents on every $100, was stricken out by the Senate committee.

There has been some question as to whether that amount is too high, so I have offered an amendment to the House text, on page 274, in line 15, to strike out the word "fourth" and insert the word "eighth," so the tax would be one-eighth of 1 per cent instead of one-fourth of 1 per cent. One-eighth of 1 per cent is the amount which the brokers charge as a commission on all sales or purchases they make on the stock exchange.

There is a dispute as to how much revenue this will raise. When the bill was before the House it was estimated to raise $75,000,000 at one-fourth, which would mean $37,000,000 at one-eighth. When members of the stock exchange were before the Senate committee they said it would raise only $32,000,000 at one-fourth, which would be $16,000,000 at one-eighth. But whatever may be the amount, it seems to me it is a source of taxation that should not be disregarded when we are seeking sources that will not be burdensome to the American people.

Stock-exchange gambling is one of the things that has aroused the American people as few things have aroused them. It seems to me it is not unreasonable, but is a just and fair proposal that we tax them one-eighth of 1 per cent, the amount of the commission.

Mr. JONES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Washington yield to his colleague?

Mr. DILL. Certainly.

Mr. JONES. Mr. President, as I understand the matter, what the Senator proposes is to reduce the amount of the tax?

Mr. DILL. I do; I propose to reduce it to one-half of what the House proposed. The House proposed a tax of one-fourth of a cent.

Mr. JONES. That will produce a smaller amount of revenue then?

Mr. DILL. Yes.

Mr. JONES. The Senator proposes a tax on such stock transactions, but, as I understand, he says it is a smaller tax than that proposed by the House?

Mr. DILL. Yes; but owing to the fact that the bill increases the charge for each transfer of each share of stock from 2 cents to 4 cents, some think that to make the rate

in this instance one-fourth of 1 cent would be so heavy that it would unduly burden the stock-exchange business. So in order that that objection might be met I offer the amendment to make the rate one-eighth of 1 per cent, or one-half of the tax of one-fourth of 1 per cent proposed by the House.

Mr JONES. I understood it that way, but I thought that was really contrary to the Senator's suggestion that these transactions should bear a pretty good tax?

Mr. DILL. I think they should.

Mr. JONES. That is one reason why I am inclined not to support the Senator's amendment.

Mr. DILL. I am raising the Senate rate, but I am decreasing the rate of the House bill.

Mr. JONES. Is the Senator increasing the rate provided by the Senate bill?

Mr. DILL. I am raising the rate in the Senate bill one-eighth of 1 per cent on the sales price of the stock transferred.

Mr. JONES. The Senator's amendment, then, increases the rate in the Senate bill?

Mr. DILL. Yes; and it will raise anywhere from $15,000,000 to $35,000,000 of revenue, depending on who is right in the estimates.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. DILL. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator has just answered the question I was about to ask him, namely, how much revenue would be derived.

Mr. DILL. The amendment proposed by me increases the tax levied by the Senate committee bill, but it is less than the tax levied by the House provision.

I ask for the yeas and nays on the amendment.

Mr. REED. Mr. President, a good many Senators were not here when this question was discussed on Saturday. I want to state as briefly as I can what the objections are to the amendment of the Senator from Washington. At the present time the Federal Government taxes all transfers of stock at the rate of 2 cents on each $100 of par value, or, if there is no par value, then the par of each share is assumed to be $100. The State of New York, in which most of these transactions take place, had a similar tax, but a few months ago it doubled that tax and now charges 4 cents on each $100 par value. So to-day these transactions are carrying a burden of 6 cents on each $100 of par value. The Senate Finance Committee has recommended that the Federal tax be doubled, that is, raised from the present 2 cents to a new tax of 4 cents, which will make a double burden carried by such transaction of 8 cents on each $100 par value.

The Senator from Washington and the House of Representatives each proposed a tax based, not upon par value which is readily ascertainable from the face of the stock certificate, but based upon the price for which the stock is sold. The objections to that are two-fold. First, on apparently credible testimony, given to us in considerable volume, we came to the conclusion that such a tax, if it were practicable, would defeat its own purpose because it was much more than the traffic could bear. It would, instead of taxing the present volume of sales, have the effect of very much diminishing the present volume of sales, and in the long run we would get much less out of that supposedly high tax than we would out of the rather stiff but still somewhat moderate tax recommended by the committee. That is one objection, that it imposes a greater tax than the traffic would bear, and there would be no traffic.

The second objection goes to the practicability of the tax. As everyone knows, a stock certificate can be signed in blank, the signatures being on the back of it but the name of the assignee being left blank, and if it is the certificate of a known banking or brokerage house and the signature on the back of the assignment is guaranteed by some bank or known brokerage house that certificate will circulate around in New York perhaps for a year, passing through a hundred different hands. If the stock is not a dividend-paying stock, there is no need of transferring it.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WHEELER. Is not the proposed tax in this bill open to identically that same objection?

Mr. REED. No.

Mr. WHEELER. How is that condition remedied by the provisions of the bill?

Mr. REED. That is what I wanted to explain. The tax put on by the Finance Committee is based on the par value of the stock which is known by the transfer agent, which is known by everybody who reads the certificate, and consequently the purchaser of the stock knows exactly how much stamp tax the seller ought to put on when he delivers the certificate to consummate the sale.

Mr. WHEELER. Yes; but suppose I have a certificate and transfer it to the Senator and it does not go through the stock exchange, is it necessary to pay the tax each time the certificate is passed on?

Mr. REED. Yes.

Mr. WHEELER. How is that going to be reached any more than in the other instance?

Mr. REED. It is reached because the tax is paid by the seller; it is to buyer's interest to see that it is paid, and he will not accept delivery until it is paid.

Mr. WHEELER. Yes; but if the stock is indorsed in blank, I can pass it on to the Senator and he can pass it on to somebody else in a private transaction.

Mr. REED. Certainly; but I will not take it from the Senator until the necessary stamps are attached.

Mr. WHEELER. But so long as the first tax is paid the purchaser is not going to be interested, if it is his purpose to beat the tax; and the other tax can be beaten in exactly the same way.

Mr. REED. No.

Mr. WHEELER. There is not any question about it at all. Does the Senator mean to tell me that when somebody wants to beat the tax he can not indorse the certificate in blank and then, one tax having been paid, the certificate can not be passed on privately from one person to another? It is perfectly good upon its face so long as it has paid the first tax.

Mr. REED. The Senator has not allowed me to finish. If he will hear me to the end I know he will see the point I am trying to make. The tax imposed by the present law can not be escaped because every time a certificate is presented for transfer the transfer agent knows to a penny what the tax must be, because it is based on par value and the transfer agent will not make the transfer until the proper tax is put on.

Now, under the proposal of the House bill——

Mr. WHEELER. Mr. President——

Mr. REED. Wait a minute, please—under the proposal of the House bill and under the proposal of the Senator from Washington the tax would be based on the sale price; a certificate may be presented for transfer with the assignment dated six months ago, and no living human being except the intimate parties to the transaction can know what the sale price was.

Mr. WHEELER. I——

Mr. REED. Let me finish; I am just about through. The transfer agent, therefore, has no means of checking up on the amount of the tax that should be paid to the Government, and either must disregard it or must make the transfer at his peril. We can not reasonably expect the transfer agent to know what that sale price was, and we have not provided in the bill any method of making that sure for the transfer agent or for the Government tax agent, who would be just as much in the dark as would be the transfer agent. If somebody should present a certificate for United States Steel stock with the assignment dated perhaps a year ago, or, to take a less extreme case, three months ago, the transfer agent could not tell and the Treasury could not tell and nobody could tell what the sale price of that certificate was.

Mr. WHEELER. Now, will the Senator yield?

Mr. REED. Yes; I yield.

Mr. WHEELER. I submit that the Senator has not cleared up the situation at all, so far as the certificate of stock that is indorsed in blank is concerned. I have a certificate for a hundred shares of United States Steel; I indorse it, and then my signature is guaranteed—or it is not necessary that it be guaranteed if it is witnessed by somebody—and that certificate of stock then passes on to the Senator from New York. It has the stamps on it at the time it is transferred, but it can be passed on privately after that ten times or fifty times between individuals, and the only time that the tax is going to be paid is when it is actually transferred on the books; the only time the Government will get a tax upon the sale of the certificate is when it is sold upon the stock exchange.

Mr. REED. We do not need to prophesy about it, because these trades have been made by the million ever since this tax was first put on; and it does not matter how many times the certificate is passed around under the present system no broker will accept it from one in furtherance of a purchase he has made unless a memorandum of sale bears the stamps.

Mr. WHEELER. Of course, no broker probably will, but I am talking about transfers that are passed on from person to person and do not go through brokers' offices. In the same way a tax can be put on every sale, every transaction, just as a tax is put upon every sale that is made upon the stock market. A charge can be imposed just as the stock broker charges a commission. In other words, a tax can be put on every sale that is made upon the stock exchange or made through some brokerage office. Say that the commission is 12½ cents; we can put a tax on of 12½ cents, and have brokerage house collect it.

Mr. REED. I do not think there is very much use in my persisting, because I do not seem to be making any headway with the explanation. When the Government comes to fix the tax on the sale price it is an outsider to the transaction and can not fix the tax with the same readiness and accuracy that the broker can fix his commission, because he is a party to the deal and knows exactly on what basis to calculate his commission.

Mr. WHEELER. Then the Senator is saying that the broker at the same time he makes the sale can not collect the money for the tax that has been levied by the Government.

Mr. REED. Nobody proposes to make the broker the collecting agency of this tax.

Mr. DILL. Mr. President, the Senator's argument comes down to this, that this tax should not be imposed because it will not be collected.

Mr. REED. That is one reason.

Mr. DILL. If that is true, then it will not do any harm. The stock exchange is opposed to it because it knows it will be collected.

Now, I want to call the attention of the Senate to the provision beginning in line 10, on page 276, which has been stricken out by the Senate committee, which amendment I shall ask to have disagreed to if my amendment shall be adopted. That provision reads:

> (b) The tax provided for in subsection (a) shall be imposed on all sales, agreements to sell, and/or memoranda of sale or delivery consummated entirely within the United States or between citizens or residents of the United States; and in addition—

And so forth.

There is a specific provision to reach the very thing the Senator is talking about. It seems to me a ridiculous argument to oppose this tax on the theory that it can not all be collected.

Mr. REED. If it is not obvious to the Senator, I do not believe I can make it obvious to him.

Mr. COUZENS. Mr. President, I want to say that when the Finance Committee gave consideration to this transfer tax, both as to stocks and bonds, it was quite conclusive that there would be great difficulty in collecting it. I think it was more because of the difficulty in collection than for any other reason that the committee eliminated it.

I submit, however, that the collection of this tax is not more difficult, in my judgment, in fact, not nearly so difficult as to attempt to collect a general sales tax from the many more items involved in such a tax as to which we will have to rely upon the manufacturer for the purpose of computing it. That would be more difficult of administration than having to rely upon the broker or banker who sells or transfers stock for the purpose of seeing that proper stamps are applied.

The amendment proposed will raise considerable additional revenue, and I believe, in view of the fact that one-fourth of 1 per cent has been reduced to one-eighth per cent by the amendment, that the amendment might properly be adopted and let the Government collect what it can through the same source through which we would have to collect the sales tax if one were imposed, and that is the agency which does the business.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Washington [Mr. DILL] to the House text, on which the yeas and nays have been demanded. Is there a second?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent. Therefore, I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I do not know how he would vote, and I am unable to secure a transfer, so I withhold my vote. If at liberty to vote, I should vote "yea."

The roll call was concluded.

Mr. HAYDEN. My colleague the senior Senator from Arizona [Mr. ASHURST] is necessarily absent from the Senate. He is paired with the Senator from Iowa [Mr. BROOKHART]. If my colleague were present, he would vote against the amendment, and the Senator from Iowa would vote in favor of it.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. I transfer that pair to the Senator from Illinois [Mr. LEWIS], and will vote. I vote "nay."

Mr. NORRIS. I desire to announce that the Senator from Iowa [Mr. BROOKHART] is absent from the city. If he were present, he would vote "yea" on this question. He is paired with the senior Senator from Arizona [Mr. ASHURST].

Mr. LOGAN. I have a pair with the junior Senator from Pennsylvania [Mr. DAVIS], who is absent. I do not know how he would vote, and therefore withhold my vote. If at liberty to vote, I should vote "yea."

Mr. GLENN. I find that I can transfer my pair to the Senator from Connecticut [Mr. WALCOTT]. Therefore I am at liberty to vote, and vote "nay."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I understand that if he were present he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "nay."

Mr. FESS. I desire to announce that the Senator from Colorado [Mr. WATERMAN] has a general pair with the Senator from Kansas [Mr. McGILL].

Mr. SHEPPARD. I desire to announce that the Senator from Arizona [Mr. ASHURST], the Senator from Illinois [Mr. LEWIS], and the Senator from Virginia [Mr. SWANSON] are necessarily detained from the Senate on official business.

I also wish to announce that the Senator from Virginia [Mr. GLASS] and the Senator from Louisiana [Mr. LONG] are necessarily out of the city.

The result was announced—yeas 37, nays 45, as follows:

YEAS—37

Bankhead	Cohen	Kendrick	Sheppard
Black	Connally	La Follette	Shipstead
Blaine	Costigan	McKellar	Smith
Borah	Couzens	Neely	Thomas, Okla.
Bratton	Cutting	Norbeck	Trammell
Broussard	Dill	Norris	Walsh, Mont.
Bulkley	Frazier	Nye	Wheeler
Bulow	George	Oddie	
Capper	Howell	Robinson, Ind.	
Caraway	Johnson	Schall	

NAYS—45

Bailey	Glenn	Keyes	Stephens
Barbour	Goldsborough	King	Thomas, Idaho
Barkley	Gore	McNary	Townsend
Bingham	Hale	Metcalf	Tydings
Byrnes	Harrison	Moses	Vandenberg
Carey	Hastings	Patterson	Wagner
Coolidge	Hatfield	Pittman	Walsh, Mass.
Copeland	Hawes	Reed	Watson
Dale	Hayden	Robinson, Ark.	White
Dickinson	Hebert	Shortridge	
Fess	Hull	Smoot	
Fletcher	Kean	Steiwer	

NOT VOTING—14

Ashurst	Glass	Long	Walcott
Austin	Jones	McGill	Waterman
Brookhart	Lewis	Morrison	
Davis	Logan	Swanson	

So Mr. DILL's amendment was rejected.

Mr. TRAMMELL. Mr. President, I offer the amendment which I send to the desk.

Mr. SMOOT. Is this an amendment to the committee amendment?

Mr. TRAMMELL. It is an amendment to the stock-transfer provision.

The PRESIDENT pro tempore. The question now is on agreeing to the amendment proposed by the committee.

Mr. TRAMMELL. Mr. President, the amendment I am proposing is to this provision.

The PRESIDENT pro tempore. It comes in at a later point, following the amendment which is now before the Senate.

Mr. TRAMMELL. It qualifies one of the provisions of the amendment proposed by the committee; so it seems to me that this is the proper moment for the consideration of the amendment which I send to the desk.

Mr. SMOOT. Let the amendment be read.

The PRESIDENT pro tempore. The amendment will be stated for the information of the Senate. The Chair still thinks the amendment is not in order until the present committee amendment has been disposed of.

The CHIEF CLERK. The Senator from Florida offers an amendment, on page 274, line 23, after the word "loaned," to strike out the colon and add:

But the tax upon stock loaned for the purpose of protecting short selling shall be 1 cent on each share so loaned or transferred.

The PRESIDENT pro tempore. For the information of the Senator from Florida, the Chair will state that the Senate is now dealing with the amendment contained in lines 14, 15, 16, and 17, on page 274, whereas the Senator's amendment is not proposed to be added until we come to line 23.

Mr. TRAMMELL. I will offer the amendment later, then, Mr. President.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

The amendment of the committee was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The CHIEF CLERK. On page 274, line 21, it is proposed to strike out the word "deposited" and insert "deposited, nor upon mere loans of stock," so as to read:

Nor upon the delivery or transfer for such purpose of certificates so deposited, nor upon mere loans of stock—

And so forth.

Mr. WALSH of Montana. Mr. President, the Senator from Washington [Mr. DILL] made some comment on this particular provision of the amendment now under consideration a few days ago. I desire to inquire if he has in mind offering any amendment with regard to it.

Mr. DILL. Mr. President, I do not know to what the Senator refers, unless it be the matter of the low-priced stocks on the exchanges.

Mr. WALSH of Montana. No; the matter of proposed loans of stock.

The PRESIDENT pro tempore. The Chair understood the Senator from Washington to say that if the amendment which he proposed, and which was just voted upon, was carried, he intended to offer another amendment later.

Mr. DILL. I did intend to. Of course, the truth of the matter is that when we attempt to lay a tax on the stock exchange that will be effective to stop gambling, we can not get a majority of the United States Senate.

Mr. WALSH of Montana. Anyway, we should test it out. I move to amend by striking from the amendment proposed by the committee the language "nor upon mere loans of stock."

Mr. President, it is, in my opinion, quite justifiable to exclude from the operation of this tax stock that is put up as collateral. That is not really sales stock; but under all ordinary circumstances a loan of stock to make good a short sale is a sale of that stock. Of course, the Senator from Pennsylvania [Mr. REED] the other day pointed out a state of circumstances under which a loan of stock might be very properly made in aid of perfectly legitimate transactions; but it is no secret at all that the borrowing of stock, so called, is in practically every instance an incident of a short sale. Indeed, under the rules of the exchange a short sale can not be accomplished without a loan, so called, of stock. The speculator proposes to sell short. He proposes to sell in the expectation that the price of the stock is going to fall. He then borrows from his broker the stock so as to make the sale, to be returned at some time in the future when the broker calls for it, when the trader expects to get it at a lower price, and thus make a profit.

He must, however, the next day after offering upon the exchange to sell the stock, deliver the stock, and he has not the stock, so he borrows it of his broker, and in all reasonable probability that broker borrows it of some other broker, and actually delivers the stock. So that eventually he returns not that stock at all. A loan would contemplate the redelivery of the very stock which is loaned, but nothing of the kind takes place at all. If it is to be returned at all—and in all reasonable probability it will not be returned—he will be obliged to go out into the market and buy some other stock, not the particular stock that was used in the transaction. So that the loan of stock under those circumstances is actually a sale of stock, because the trader buys the stock in effect from his broker to make good a sale he offers to make upon the exchange.

I can see no reason at all for excluding from the operation of the tax a loan of stock, so called, and making the tax effective against a straight sale of stock. That is really what it is.

The PRESIDENT pro tempore. May the Chair suggest to the Senator from Montana that the purpose he has in mind may be secured by a rejection of the committee amendment?

Mr. WALSH of Montana. I do not desire to exclude the word "deposited," because that is perfectly proper.

The PRESIDENT pro tempore. If the Senate rejects the amendment, the word "deposited" in point of fact will not be stricken out.

Mr. WALSH of Montana. The Chair is quite right. I accept the suggestion.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the committee.

Mr. SMOOT. Mr. President, the testimony before the committee was such that I think many members of the committee, if not a majority of the committee, came to the conclusion that the loaning of stock is essential to the carrying out of many legitimate transactions, such as a sale of stock to those living at a distance from the stock exchange. In other words, if a person living anywhere in the State of Montana, or in Utah, or any long distance from the stock exchange, desired to purchase stock or sell stock wherever he held it, he could not get his stock certificate there in time perhaps to sell upon a certain day, and yet the stock broker would be authorized to sell it. That stock broker, in order to sell the stock upon the day when the trader desired to have the sale of the stock take place, borrows the stock to take the place of the stock that is on the way, and as soon as the stock is received, he then delivers the stock borrowed back to the one from whom he borrowed it.

Mr. WALSH of Montana. Who made that explanation?

Mr. SMOOT. Who made it?

Mr. WALSH of Montana. Yes.

Mr. SMOOT. The Treasury Department made it before the committee.

Mr. WALSH of Montana. From whose testimony does the Senator read about the matter?

Mr. SMOOT. I am reading now from the report of the committee.

Mr. WALSH of Montana. But upon whose testimony is this report of the committee founded?

Mr. SMOOT. I have not the testimony here, but I remember very well that Mr. Whitney came before the committee.

Mr. WALSH of Montana. Let me ask the Senator whether the committee had the explanation that really the loan of stock is a necessary incident of every short sale of stock?

Mr. SMOOT. Not of every short sale, but——

Mr. WALSH of Montana. No, no; I understand that explanation was made. I want to know from the Senator whether the other explanation was made.

Mr. SMOOT. As to the short sale?

Mr. WALSH of Montana. Yes.

Mr. SMOOT. That is not involved in this amendment.

Mr. WALSH of Montana. But was it explained to the committee, if explanation was necessary, that a borrowing of stock is a necessary incident of every short sale?

Mr. SMOOT. In many cases, I will say, that is true, but this is as to legitimate sales.

Mr. WALSH of Montana. I am not asking what the truth is; I am asking whether that explanation was made to the committee.

Mr. SMOOT. More than likely it was.

Mr. REED. Mr. President, will the Senator yield?

Mr. SMOOT. Mr. Whitney testified before the committee, I will say to the Senator.

Mr. REED. May I ask who has the floor?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The Senator from Georgia is recognized.

Mr. REED. Mr. President, will the Senator bear with me a moment?

Mr. GEORGE. I merely wish to ask a question.

Mr. REED. I would like to have the attention of the Senator from Montana.

The mechanics of a short sale were apparently understood by the members of the Finance Committee. They were also explained to the members by Mr. Whitney, the president of the New York Stock Exchange. I do not think there is very much doubt in anybody's mind about what takes place when a short sale is made.

The committee was ready enough, I think, to tax short selling if it could reach short selling by itself; but we discovered that there were so many transactions entirely legitimate that would be penalized by any tax upon the borrowing of stock that the committee came to the conclusion that it would be unwise to impose such a tax.

For example, it is not true that every short sale entails a borrowing of stock. It entails the borrowing of stock only in case the sale is left open; the seller remains short overnight. There are tens of thousands of short sales made which are covered the day they are made, and such a short sale does not entail borrowing at all, and a tax would not begin to reach such transactions.

On the other hand, whenever a man is sick and can not get to his safe-deposit box and wants to sell some stock, or when he is on a vacation and wants to sell some stock which he has in his box back at home, he sells the stock on order through his broker. He can not get there to make delivery. If the sale is made on the New York Stock Exchange, the delivery has to take place by 2.15 o'clock the following afternoon. So the broker is driven to borrow the stock to carry out that perfectly legitimate sale, which is not a short sale.

Mr. WALSH of Montana. Mr. President, then what is the difference between that and a purchase of stock from the broker? What is the difference between the trader purchasing the stock from his broker and borrowing the stock from his broker? He is not in a situation to carry out the transaction he would like to carry out, but the broker is, so he really buys the stock from the broker and he expects to return that stock to the broker in the course of time. He really buys the stock from the broker instead of borrowing it from him.

Mr. REED. If the Senator wants to find every borrowing on collateral as a succession of two sales, of course that is what it becomes.

Mr. WALSH of Montana. I expressly disclaim that. Here is a man with stock in his safe, and he wants to borrow on it. He goes and delivers it as collateral. That ought not to be taxed, and I do not intend that it shall be. The bill would not tax it. That is excluded entirely. But when he makes a short sale, he actually, it is said, borrows the stock from his broker; but, as a matter of fact, he buys it from his broker.

Mr. REED. It is certainly a borrowing when the borrower is bound to return the identical thing borrowed or its equivalent. That is a loan.

Under the rules of the New York Stock Exchange delivery must always be made by 15 minutes after 2 o'clock of the day following a sale. It is obviously impossible for a security holder living more than 24 hours from New York to sell there on telegraphic order and complete the transaction by 2.15 of the following day. One result, therefore, of the adoption of the motion of the Senator from Montana would be to make it cost every American who lives more than 24 hours from New York twice as much as it costs a New Yorker to perform the same action. We would be putting a penalty upon the country; we would be giving a further advantage to the man who lives in New York City. We would let the New Yorker perform exactly the same act performed by the man living at a distance for just one-half the cost. It did not seem to the committee that that would be fair.

Mr. GEORGE. Mr. President, it is just on that point that I rose to make an observation, and I direct the attention of the Senator from Montana to what I am about to say.

The requirement that the delivery be made by 2.15 on the day following a transaction is a rule of the New York Stock Exchange. It is a rule, of course, which may be modified or changed at any time. The exchange could very well lengthen the time for the actual delivery of the stock in any bona fide transaction. The Senator will find on inquiry that the stock exchanges in nearly every other country allow a much longer time.

Mr. WALSH of Montana. It is a week in London.

Mr. GEORGE. I believe that it would make for the stability of the stock exchange itself, that it would tend to discourage short selling, that it would tend to prevent the pure speculation which has been so often the basis of complaint in the two years last past, if a longer period of time were actually permitted for the delivery of stock.

The Senator, I think, can see at a glance that if the stock can be immediately or almost immediately delivered, there is more inducement to enter into these speculative transactions. It so seems to me.

When Mr. Whitney, the president of the New York Stock Exchange, was before the committee, I asked him whether the exchange could not allow three days for actual delivery, or four days, and Mr. Whitney said that the exchange could, but that the exchange believed that it would be exceedingly hazardous, if not disastrous, to lengthen the time for the delivery after sale.

He had in mind, however, the stock market in its present condition, and short selling, beyond all doubt, is somewhat responsible, at least in some measure responsible, for the condition in which the stock exchange has found itself in the last two years, especially during the last several months.

I think it must be conceded, while there are those who take the opposite view of it, that short selling has few, if any, virtues. I believe that the consensus of opinion is that it is an evil. It is certainly an evil when the country faces a condition such as we are now going through. If the New

York Stock Exchange itself should see fit to base the time for delivery upon the distance away from the market of the particular stock, lengthen it in the case of some one actually holding the stock in San Francisco, let us say, and who wished to sell it, and who did order a sale of it on the exchange, it would tend for greater stability, rather than the present speculative tendency and present disposition to engage in short selling on the exchange.

I rose merely to make that statement, Mr. President.

Mr. SMITH. Mr. President, as I understand, it is contemplated, as explained by the Senator from Pennsylvania, that the present practice is to accommodate those who are too far away to sell and deliver the identical stock offered for sale and ultimately to be delivered.

I think all of us agree that fixing the next day at 15 minutes after 2 as the limit for the delivery of a stock sold has brought about a system of marginal trading, under which thousands sell stock they never own, but take a gambler's chance on being able to deliver the stock, or their broker being able to buy it, they assuming responsibility for the margin up or down. It is not a transfer of stock. They never intend to actually buy it or sell it, but they simply put an order with their brokers, for instance, to sell so many shares, and it is understood that they are to settle whatever margin there may be. The broker takes the stock as collateral. It is a pure gamble as to whether it will go up or down. When settlement day comes there is no stock delivered, but the individual who sells short is the one that pays. It is simply a gamble on margin, as it is termed. The party who buys or sells it never delivers the stock and never owns any piece of it.

Mr. REED. Mr. President, what the Senator is doing is describing a transaction in a bucket shop.

Mr. SMITH. No; on a stock exchange.

Mr. REED. Of course, a tax on those sales would not touch the bucket shops at all.

Mr. SMITH. It is not a matter of the bucket shops. The Senator knows that thousands of people throughout the country order their brokers to buy or sell on the stock exchange certain given stocks, and they are legitimate transactions. If the broker can borrow the stock, he holds it as collateral against the individual who buys or sells, and the individual has to make up the difference between the purchase price and the rise or drop. If he loses, he pays the balance of the margin and the transfer is made by the broker without him participating whatsoever.

Mr. BLAINE. Mr. President, the amendment proposed by the committee reaches only a very limited number of short sales. It reaches only those short sales so characterized by the stock exchange, but those are not the only short sales. All of the certificates that are loaned may be used for speculative purposes and not investment purposes. It has been disclosed before the Committee on Banking and Currency that loaned stock is not characterized on the stock exchange as a short sale. Mr. Whitney testified, giving illustrations such as the Senator from Pennsylvania [Mr. REED] has given, but in no case has any specific instance been brought to the attention of the Committee on Banking and Currency that any of the sales of loaned stocks were other than speculative stocks. They are essentially speculative stocks.

There is another type of short selling which the stock exchange does not regard as short selling. That is the type of short sale which involves a short position for one day only, where a sale is made early in the session on the exchange and the covering movement is made before the close of the market. That is essentially a short sale, but not so characterized by the stock exchange, nor is that type of sale reached by the amendment proposed by the Finance Committee.

There is another type of short selling that is not reached by the committee amendment, and that is the type of short selling which is popularly characterized as a "sale against the box." A sale against the box is an operation which involves a position in which the seller actually owns the stock, but goes short on it on a margin account with his broker, or with a brokerage office, where at the beginning of the operation in the morning session the seller is actually short of the stock on the margin account, and at the end of the operation the seller has to cover his short sale or his commitment. That is a type of short selling that is not covered by the amendment proposed by the committee.

I do not know whether we can reach all of the different types of selling even though they are essentially short sales, but as has been proposed by the Senator from Montana [Mr. WALSH] we could reach all of that type of short selling where loaned stocks are involved in the operation. I think I state the fact accurately when I say that not one single specific instance has been brought to the attention of the Committee on Banking and Currency by Mr. Whitney or any broker where loaned stock has been used for any other purpose than a speculative purpose, and not for investment purposes.

Mr. CUTTING. Mr. President, I wish to invite the attention of the Senate to an interesting news item sent out on Saturday last by the United Press reading as follows:

For the second time within a year a 10 per cent reduction in salaries was announced by the Aluminum Co. of America, a Mellon interest, to-day. The new wage cut, affecting all employees of the company and its subsidiaries, will become effective June 1. The first reduction was made last September. Officials said the action had been considered for several weeks, but had been delayed until it became necessary as an economy measure.

Mr. President, on May 5, 1931, Mr. Mellon, then Secretary of the Treasury, made an address before the Congress of International Commerce in which he stated:

In this country there has been a concerted and determined effort on the part of both Government and business not only to prevent any reduction in wages but to keep the maximum number of men employed and thereby to increase consumption.

It must be remembered that the all-important factor is purchasing power, and purchasing power, in so far as America is concerned, is dependent to a great extent on the standard of living which obtains in this country. That standard of living must be maintained at all costs, and certainly the present is no time to undertake drastic and doubtful experiments which may even conceivably result in breaking down the standard of living to which we have become accustomed.

That was Mr. Mellon's statement on May 5 of last year. On October 1 last a 10 per cent reduction in wages of all employees of the Aluminum Co. of America went into effect, and, as we learn now from the daily press, another reduction of 10 per cent will become effective on the 1st of June.

I think under these conditions it becomes pertinent to call to the attention of the Senate an address made by Mr. Andrew W. Mellon, the American ambassador to Great Britain, at the London Mansion House on the 6th day of the present month. I shall not read the entire article, which was published in the London Daily Telegraph on the following day, Saturday, May 7, but I shall ask to have it printed in the RECORD at this point in my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

[From the London Daily Telegraph, May 7, 1932]

MR. MELLON ON AMERICA'S EFFORT—SETTING ITS HOUSE IN ORDER—PUBLIC CREDIT TO BE PROTECTED—BANKING STRUCTURE SOUND

Mr. Andrew Mellon, the American ambassador, was entertained at luncheon yesterday at the Mansion House by the lord mayor. A distinguished company, representative of the city, was present to meet his excellency.

The lord mayor, in proposing the health of his guest, said the leading bankers, merchants, and citizens of London welcomed that opportunity of greeting the American Ambassador.

"There is," added the lord mayor, turning to Mr. Mellon, "a special reason why I should give you an opportunity of meeting the leading financiers of the city. You have through your life been intimately associated with finance and commerce in the United States, even before you assumed the office, 11 years ago, of Secretary of the United States Treasury.

"You have arrived in this country at a time when the whole world is confronted with the greatest financial and economic problems that have arisen since the termination of the war. I can only express the hope that our two countries will continue to work whole-heartedly together, as they have done in the past, to mitigate distress and promote the advance of civilization throughout the world." [Cheers.]

MR. MELLON'S FAITH

Mr. Mellon, in the course of his reply, said:

"I was in America last autumn when England went off the gold standard, when a general election hung over the country, and when you faced other difficulties which to the outside world seemed almost insuperable.

"On all sides I heard dire predictions of what would happen; but knowing the steadiness, courage, and real capacity of the British people, I never for one moment doubted that you would surmount your difficulties by rising to the occasion, as you subsequently did, and as England alway does in times of great emergency. One must have faith in the British people and not be misled by events, and so it is as regards America also.

"You read in the papers over here that our Congress is having difficulty in balancing the Budget, and one is apt to get the impression that there is a lack of will on the part of either Congress or the country, whereas the very opposite is the case. The country has determined that the Government shall set its own house in order, and that the public credit shall be protected at all costs. The confusion that you read of in Congress is merely as to the ways and means of doing this, and is almost inevitable under our system of framing revenue legislation.

NEW TAX LEVY

"The important thing to remember is that the American Congress is seeking means to levy over a billion dollars of new taxes, and that this is not an easy thing for any legislative body to do, especially on the eve of a general election and in the face of depressed business conditions.

"There is a very clear understanding, however, of what should and must be done not only on the part of the leaders of both parties in Congress but of the President, who has shown leadership of the highest order in submitting to Congress a program of legislation, most of which has been enacted, and all of which is designed to strengthen the credit structure and to restore confidence.

"The great banks of America, corresponding to your great institutions here, have weathered the storm remarkably well, and the banking structure itself, with the vast resources and steadying influence of the Federal reserve system in the background, has shown no serious impairment either in resources or stability.

ORDERLY DEFLATION

"There is much that I would like to say as to the relief work for the unemployed which is being carried on cheerfully and effectively in thousands of communities throughout the United States, and also the way in which organized labor, farmers, and every section of the population have accepted cuts in wages, lower commodity prices, and a general deflation of values without precedent in the history of the world.

"Deflation in America is proceeding calmly and in an orderly way, without strikes or riots or any of the violence that in times past have accompanied such drastic readjustments in the Nation's economic life.

"A great and patriotic American, who lived much in England and loved this country, once said to a compatriot, 'Never sell America short.' I would reiterate now what Mr. Morgan said then, and I would apply it to England no less than to my own country.

"None of us has any means of knowing when or how we shall emerge from the valley of depression in which the world is now traveling. But I do know that, as in the past, the day will come when we shall find ourselves on a more solid economic foundation and the onward march of progress will be resumed."

The Marquis of Reading proposed the toast of "the lord mayor," to which his lordship briefly replied. Among those present were:

Mr. Runciman (President of the Board of Trade), Viscount Astor, Lord Bethell, Lord Camrose, Lord Hyndley, Lord Marshall, Lord Revelstoke, Lord Wakefield.

Mr. F. C. Goodenough, Mr. E. C. Grenfell, M. P., Sir Auckland Geddes, Sir Arthur Maxwell, Mr. J. G. Latham (Attorney General for Australia), Sir Charles Addis, Sir George Beharrell, Mr. Lionel de Rothschild, Sir Harry McGowan, Sir Robert Kindersley, Mr. J. W. Beaumont Pease, Sir Louis Newton.

Sir Edmund Vestey, Sir John Hanbury-Williams, Sir Kynaston Studd, Sir Archibald Campbell, Sir Phené Neal, Mr. W. Lints Smith, Mr. J. G. Jarvie, Sir Frederick Bowring, Sir George McLaren Brown, Mr. S. Samuel, M. P., Sir Basel Blackett, Mr. C. D. Seligman, Sir George Penny, M. P., Sir Gilbert Garnsey, Wing-Cmdr. Louis Greig, Sir George Gillett, M. P., Sir James Bell, and Sir Alfred Lewis.

Mr. CUTTING. I wish to read just an excerpt or two:

Mr. Andrew Mellon was entertained at luncheon yesterday at the Mansion House by the lord mayor. A distinguished company, representative of the city, was present to meet his excellency.

I need hardly refer to the fact that by "the city" is meant that district of London which is concerned with business and financial interests. The audience which listened to Mr. Mellon was typical of the big banking and business world of London.

In the course of his remarks Mr. Mellon said—and this was a speech by a banker to fellow bankers:

The great banks of America, corresponding to your great institutions here, have weathered the storm remarkably well, and the banking structure itself, with the vast resources and steadying influence of the Federal reserve system in the background, has shown no serious impairment either in resources or stability.

Here the Daily Telegraph inserts a significant subhead, "Orderly Deflation."

I continue with Mr. Mellon's remarks:

There is much I would like to say as to the relief work for the unemployed, which is being carried on cheerfully and effectively in thousands of communities throughout the United States, and also the way in which organized labor, farmers, and every section of the population have accepted cuts in wages, lower commodity prices, and a general deflation of values without precedent in the history of the world.

Deflation in America is proceeding calmly and in an orderly way, without strikes or riots or any of the violence that in times past have accompanied such drastic readjustments in the Nation's economic life.

I shall not read the rest of the article, but will say, as anyone might assume without my saying it, that a large part of the address is devoted to the necessity for "balancing the Budget."

Mr. President, it seems to me that Mr. Mellon's public statements addressed to an audience which would naturally be most sympathetic with his views, together with the reduction in wages in his own company, are very significant of the attitude which is being urged upon us by so many statesmen, business men, and people of national repute that at all costs we must balance the Budget. I admit that by the persistence of this kind of propaganda we have reached a point where we have got to increase taxation more than would otherwise be justified in order to prevent the panic which might come upon the Nation if the hopes which the people entertain about the Budget should be dashed to the ground. That is not an indorsement of the policy of balancing the Budget. It is merely a dictate of common sense in view of the critical situation which has been stirred up by forces not under the control of the legislative branch of the Government.

Every Senator in this Chamber receives every day letters from hundreds of constituents begging that the Budget be balanced. I suppose there are not one-thousandth part of the people who write the letters who know what the Budget is, who could explain a system by which it might best be balanced, or who could say why, in a time of upheaval and crisis, the country's expenditures should by some mythical and mysterious process precisely balance its revenues. Yet the fact remains that the subject is of great concern to the average citizen.

In the consideration of the pending bill I have voted for taxes which I could not justify on any other ground except the necessity for satisfying this popular clamor, stirred up by interested parties, in favor of balancing the Budget.

If, instead of the phrase "balancing the Budget," we should substitute Mr. Mellon's phrase "orderly deflation," I think we should convey to the average citizen much more clearly what is going on in the United States at the present time.

Mr. President, the other night at 3 or 4 a. m. I was awakened to answer a long-distance telephone call from a gentleman who wanted to know how I stood on the revenue bill. Incidentally, he was a constituent of the distinguished Senator from Pennsylvania, and no doubt reflected his views and those of the ambassador to Great Britain. He asked, "How do you stand on this revenue bill? Are you for it or against it?" I said, "This is a bill of 318 pages; I am for certain sections and against certain others. Is there any particular section to which you refer?" He said, "Yes; I refer to the section which balances the Budget." [Laughter.]

I have no great belief in capital punishment, and I have an unlimited belief in freedom of speech, but I think that if, at the moment, some one had asked me to vote for a bill establishing capital punishment for anyone who should mention "balancing the Budget," I should have been willing to vote for it.

I am going to read a short paragraph from the last issue of the New Republic.

Take a notebook and jot down the names of the officials, the speakers, and the writers who are now saying that the great need of the time is to balance the Budget, cut governmental expenditure, avoid bond issues for a large program of public works, prevent inflation, and protect the gold standard in the United States. Write down in another place the names of those who in many respects advise a contrary policy—like the economists who support Senator WAGNER'S public works bill, the engineers who advise similar programs, the economists of the University of Chicago

who say that temporary, controlled inflation is the best way to bring about a future balance of the Budget. If, as we expect, the advice of the first group is followed, look at the economic situation six months from to-day, note the persons who gave this advice, and judge their competence accordingly. If many citizens had been making this check in previous years and months, we doubt if the deflationary group would now command much support. Barring unforeseen accidents, we strongly suspect that this little exercise in social science would discredit many of the leaders of opinion now dominant.

The rules of the Senate would probably prevent me from putting into the RECORD at this point the names of such of my brethren as have consistently supported the policy mentioned in the first sentence of that article. I shall confine myself to one or two outside the Senate.

Here is an article which appeared in an Associated Press dispatch from Chicago, dated May 28:

Congress was called upon in a statement to-day by Frank Knox, chairman of the President's Antihoarding Committee and publisher of the Chicago Daily News, to balance the Budget, cut Government costs by $250,000,000, enact a sales tax, provide $300,000,000 for early relief of distress, and go home.

It may be a surprise to certain Members of the Senate to find that Colonel Knox's program includes $300,000,000 for the relief of distress. That is the policy which the President about a year ago characterized as "playing politics with human misery." Even as lately as the time when the La Follette-Costigan bill was before the Senate every effort of the administration was put into play to prevent the enactment of such a program. Now, however, in accordance with the usual practice of the administration, after opposing with the utmost vigor a particular proposition, it surrenders; and before the end of the campaign we shall probably see the administration taking credit for having put across a direct Federal relief program in spite of the inertia and opposition of recalcitrant Members of the House and of the Senate.

I continue reading from the article:

Knox was instrumental in calling together a group of newspaper publishers recently for a conference with President Hoover.

Flailing the Democratic Members of Congress under Speaker GARNER'S leadership for advocating a $2,100,000,000 relief bill, Knox accused them of "resorting to the discreditable device of sugaring all sections with proffers of post offices and other substantial gifts from the Federal Treasury," by way of "preparing for the November harvest of votes."

PRAISES HOOVER PROGRAM

"In the past anxious months of congressional frivolity, the only leadership worthy of the name that has shown itself anywhere is that coming from the White House," said Knox. "The White House program is simplicity itself. It may be stated in three words—

Need I repeat them? "Balance the Budget!"

Mr. President, I do not intend to take a great deal of the Senate's time in discussing the President's statement about Speaker GARNER and his public works bill. I do not advocate that particular bill; and furthermore I believe the Speaker of the House is quite competent to defend himself. I do, however, want to call particular attention to the first words in the President's statement:

The urgent question to-day is the prompt balancing of the Budget. When that is accomplished I propose to support adequate measures for the relief of distress and unemployment.

In other words, the relief of our starving population, the restoration to them of opportunity for profitable employment is an entirely secondary consideration. First comes the grand statesmanlike ideal which appeals to us all—the ideal of balancing the Budget.

How long has the President felt that way? Can anyone find any utterance of his when he was running for office which dealt with the balancing of the Budget? Speaker GARNER in his reply has quoted several utterances of the President as to a public-works program. On September 17, 1928, for instance, the President said:

In my speech of acceptance I outlined our national program of prospective public works, including the development of water resources, public roads, and the construction of public buildings. In that speech I pointed out that these projects would require upwards of $1,000,000,000 within the next four years. I therefore recommended that, so far as practicable, this work should be carried on in such a way as to take up the slack of occasional unemployment.

Be it noted that in his reply to Speaker GARNER the President does not advocate any alternative program of public works; he is content with opposing the program laid down by the Speaker. There is no place apparently in his philosophy—and when I say "philosophy" of course I mean his philosophy of May 28, 1932—for public works of any kind.

The other day I referred to the program laid down in November, 1928, at the governors' conference in New Orleans by Governor Brewster, in the name of President-elect Hoover. I should like to emphasize the following quotation from the New York Times of November 22, 1928:

Mr. Hoover and Governor Brewster have exchanged views on the employment situation since election. Governor Brewster on November 10 sent Mr. Hoover a thousand-word summary of his address prepared for delivery at the conference of governors yesterday. On November 11 it was said Governor Brewster received a reply from Mr. Hoover authorizing him to present the program to the conference as being that of the President-elect.

This program, as Senators will remember, called for the creation of a reserve fund of $3,000,000,000 to forward a plan of public works in time of general unemployment. The Christian Science Monitor of May 14, 1929, made inquiry of the governors of the various States as to what they thought of Mr. Hoover's program. Thirty-seven of the forty-eight governors expressed themselves as being whole-heartedly in favor of the Hoover plan for public works in times of national unemployment.

Mr. CONNALLY. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. I yield.

Mr. CONNALLY. When was it that the President put forth a program of public works?

Mr. CUTTING. Governor Brewster inaugurated this program at the meeting of governors which took place at New Orleans in November, 1928. The dispatch from the New York Times which I quoted is dated New Orleans, La., November 22.

Mr. CONNALLY. Does the Senator from New Mexico refer to President Hoover or to President Coolidge?

Mr. CUTTING. I refer to the then President-elect Hoover.

Mr. CONNALLY. Does the Senator mean to say that President Hoover advocated at one time a public-works program?

Mr. CUTTING. Yes, Mr. President; up to that time he had always advocated it. He advocated it all the time when he was Secretary of Commerce. He was chairman of a commission appointed by President Harding to deal with the subject. Later, in February, 1923, he gave it his personal indorsement. I tried to show a short while ago that he recommended it in his campaign speeches. Here was the November, 1928, program for $3,000,000,000 to be placed in reserve as a fund for constructing public works in times of unemployment in the country.

Mr. CONNALLY. But there is a distinction; the President was not a candidate for reelection at that time, was he?

Mr. CUTTING. What the Senator says is quite pertinent. I have no doubt that in October, 1932, Mr. Hoover will revert to the policy which he propounded in the 1928 campaign, if that will satisfy the Senator.

Mr. CONNALLY. Has the Senator from New Mexico examined the message of the President to Congress in December, 1930?

Mr. CUTTING. Yes; I have examined that.

Mr. CONNALLY. Is there anything stated there about a program for public works?

Mr. CUTTING. The message to which the Senator refers is the one in which, when we attempted to afford some relief for the starving people of the South, the President said that Congress was "playing politics with human misery," is it not?

Mr. CONNALLY. I think that was it.

Mr. CUTTING. As far as I remember, that message contained no reference, except in a derogatory way, to public

works other than those suggested in his $150,000,000 building program.

Mr. CONNALLY. I probably am thinking of the 1928 statement. I have a recollection that the President—either the President elect or the President hoping for reelection—had come out for public works on one or two occasions. I remember that we passed a largely increased program of public buildings since the President has been in office, with his approval.

Mr. CUTTING. I do not know whether I can be a guarantor of every statement that has come from the President. I know that recently he said something about a "continuation of such public works in aid of unemployment as do not place a strain on the taxpayer and do not necessitate Government borrowing." If the Senator can get any comfort from that statement, I shall be glad to have him do so.

Mr. CONNALLY. I will say to the Senator that if the Senator from Texas were looking for comfort, he would not go to the White House.

Mr. CUTTING. As I was saying a short time ago, the governors of the country accepted this Hoover plan enthusiastically.

Governor Graves, of Alabama, said:

> The Hoover plan of pressing public work • • • is sound.

Governor Phillips, of Arizona, said:

> President Hoover has conceived the greatest plan I have ever heard of for averting economic crises and panics. The idea of taking up slack employment in times of depression should appeal alike to employer and employee, because the welfare of both depends upon quantity production.

Governor Emmerson, of Illinois, said:

> I am in hearty accord with President Hoover's expressed desire that public construction work may be organized, so far as practicable, in such a way as to take up the slack in occasional unemployment.

Governor Sampson, of Kentucky, said:

> Kentucky is enthusiastically for the Hoover-Brewster stabilization plan.

Governor Dillon, of New Mexico, stated:

> I have carefully read Herbert Hoover's proposed plan to undertake a larger-visioned development of our water resources; also his plan to take up the slack of unemployed labor through a national program of public works, including development of water resources, public roads, and construction of public buildings. New Mexico will do everything possible to cooperate with President Hoover in carrying out this plan, which appears to be just, sound, and workable, and whereby the Nation will reach a level of prosperity and contentment never before attained.

And so on throughout the States. The governors, the men elected by their people to represent them and to keep in touch with conditions in their respective States, agreed that this Hoover $3,000,000,000 public-works program was the greatest program ever devised to keep the people of the country from unemployment crises. How unfortunate that that plan was never adopted! And how unfortunate that the President of the United States is now under the impression that public works must be confined to such as he may consider "self-liquidating." "Self-liquidating"—another one of these magnificent, profound phrases which will perhaps go down in history together with that of "balancing the Budget"!

I spoke a little while ago of what Ambassador Mellon said about "orderly deflation." That is the policy of the administration in this country at the present time.

Why is there no interest, for instance, in the question of silver, a question so often raised by the junior Senator from Montana [Mr. WHEELER]? Does anyone think it is on account of the merits or demerits of the issue? Does not everyone know that the opposition to discussing such questions, the thing which makes some people see red when they are mentioned, is that they would interfere with this regular, logical, sensible, calm, orderly program of deflation?

When it is proposed to pay off the ex-service men's adjusted-compensation certificates at the present time, rather than waiting until 1945 to do it, does anyone think that the opposition which is engendered is caused by any real belief that the ex-service men are not entitled to that payment? The fact of the matter, of course, is that the opposition comes from those who want to continue this deflation process—this process of cutting down the purchasing power of the mass of our people.

When these people talk about the hopelessness of trying to raise $5,000,000,000 for public works, whether by bond issue or in any other way, they do it because it will interfere with this general national program of deflation.

Mr. WHEELER. Mr. President——

Mr. CUTTING. I yield to the Senator from Montana.

Mr. WHEELER. We have pending before us Senate bill 4412, which authorizes an appropriation of $125,000,000 out of the Treasury of the United States to be immediately available to a corporation as paid-in surplus for the purpose of carrying out the provisions of that banking bill. My understanding is that the administration was in favor of appropriating something like $150,000,000 for this purpose, to be turned over to a private corporation composed of members of the Federal reserve banks. Nothing that I recall was said by the administration—perhaps the Senator recalls it—in opposition to that appropriation, and nothing was said to the effect that, if we appropriated it, it might keep us from balancing the Budget.

Mr. CUTTING. I have not studied the particular matter to which the Senator refers; but it seems to me that in many instances during this session of Congress we have voted, at the request of the administration, for so-called inflationary measures; but the inflation produced by those measures has always been what has been called "controlled inflation"; that is, inflation controlled by a certain body of people, the wise men of the country, the men who fell for Kreuger to the tune of $250,000,000, the men who sold billions of dollars worth of South American bonds to the citizenship of this country. Those men undoubtedly can be trusted to control the processes, both of inflation and of deflation, as their interest dictates. I have no doubt of that. Has the Senator?

Mr. WHEELER. No. Mr. President, will the Senator yield again?

Mr. CUTTING. I yield.

Mr. WHEELER. This authorization of an appropriation of $125,000,000 is in the so-called Glass bill, S. 4412, which we had before us just a short time ago, and which is to follow this bill as the regular order. Among other things, it provides for $125,000,000 to be turned over to a banking corporation. Nothing was said when this bill was pending before the Congress to the effect that we were "playing politics with human misery" when we wanted to appropriate $125,000,000 for the banks. Nothing was said about a "swarm of lobbyists" when the banking group were down here lobbying for the passage of that provision. But let some one come here asking for an appropriation to take care of the people who are out of employment in this country, or let them come here asking for a soldiers' bonus, and then immediately the voice of the White House is raised, protesting to Congress against appropriations of that kind.

Mr. CUTTING. I hope the Senator sees the point I am trying to make—that, according to the opinions laid down by Ambassador Mellon, everything is going the best possible way. There is no trouble about deflation. It is going on quietly, without any criticism, without any disturbances, without any unruly attitude on the part of the population; and, of course, we want to continue that process, do we not?

Mr. WHEELER. I was going to say that as I understand the meaning of the ambassador's statement, he is entirely in accord with the processes of deflation that are going on, and apparently approves of the deflation.

Mr. CUTTING. I shall be glad to read it again for the Senator's benefit:

> Deflation in America is proceeding calmly and in an orderly way, without strikes or riots or any of the violence that in times past have accompanied such drastic readjustments in the Nation's economic life.

The other day we heard a close friend of Mr. Mellon's, the senior Senator from Pennsylvania [Mr. REED], explain to us that though the present revenue bill could have been better written by any 50 inhabitants of St. Elizabeths Hospital, yet

the statesmen and bankers all over the world were insisting that we here must balance our Budget; and the Senator said, in conclusion:

> Just as soon as we show the will to balance the Budget, our troubles will be over.

"Our troubles will be over," Mr. President! The "orderly deflation" will be allowed to continue. People will continue to starve peaceably. The standard of living in this country will be lowered calmly, without riots, without violence of any kind. Thousands of people, perhaps, will commit suicide; but they will make no particular disturbance about it. A million homes may be broken up; but the breaking-up will not be accompanied by any of the excitement "that in times past have accomplished such drastic readjustments in the Nation's economic life."

I said the other day that the President's program seemed to leave no alternative to the unemployed except on the one hand revolt and on the other starvation. It must be very gratifying to all Members of the Senate and the rest of the citizenship of this country who read the remarks of our distinguished ambassador to Great Britain to learn that the people will starve; they will not revolt.

How can anyone stand here on the floor of the Senate and suggest that the main thing before the people of this country is a matter of bookkeeping, a matter of juggling accounts to show in some strange way that the expenditures for this year will exactly balance the receipts? No one can show it. No one knows. The estimates of the Treasury Department have been proved fallacious time and time again.

Why should a country which is sick expect necessarily to cure itself within the year? Why should not a country which is overburdened be permitted to draw on the future to the extent of obtaining the remedies which are going to bring to it recovery, or at least convalescence?

Mr. President, we spent $45,000,000,000 to win the war. Nobody said then, "You can not win the war. You must give up trying, because to do so would interfere with the balancing of the Budget." Our main objective was victory. If it could not have been obtained by the expenditure of $45,000,000,000, there was enough patriotism in this country to see that it was done by the expenditure of more money.

The present crisis, as the President has said repeatedly, is one which in many ways is more serious than war. If we could spend $45,000,000,000 in a process of consumption and destruction, can anyone say that the country can not spend $5,000,000,000 in a productive way to save us in the crisis which we are passing through?

I received to-day a copy of the Engineering News-Record, certainly an exceedingly conservative publication. It states that the American Society of Civil Engineers prefers some methof of expansion of public works other than a bond issue. I am inclined to disagree with them in that respect, Mr. President, but what they say is in other respects entirely pertinent. The paper says:

> There are worse things than expanding Federal public works, and worse things than issuing Government bonds (which was done without trepidation or harmful result during the war).

Referring to the President's statement of the other day, and speaking of "contradictions" and "half truths" and "misleading statements" which appeared in it, the Engineering News-Record states:

> Many other contradictions, half truths, or misleading statements appear in the President's letter, but they are overshadowed by the basic misappreciation just indicated. The erroneous charge that the society advocated "public works of remote usefulness" or such as would "impose unbearable burdens upon the taxpayer" can be overlooked. The suggestion that toll bridges and toll tunnels provide an answer to the present problem will find little acceptance. A claim that public buildings and highways are "nonproductive works" is in conflict with the fact that the Federal Government pays millions each year for rentals, and that highways produce a huge excise income. The assertion that loans by the Reconstruction Finance Corporation are made without issuing Government bonds is a deceptive half truth, since everyone knows that Treasury money has supplied most or all of the corporation's funds.
>
> But after all, the affirmative content of the President's letter is the essential thing. If we examine this content we find first that he brushes aside the plan of creating employment through public works, except for his unworkable singling out of so-called self-liquidating works, most of which are inevitably speculative. One cryptic paragraph in Mr. Hoover's "program" suggests a more friendly attitude: "The continuation of such public works in aid to unemployment as do not place a strain on the taxpayer and do not necessitate Government borrowing." But this definition lacks interpretation.
>
> No other plan for making employment is advanced in the letter except the granting of loans to private industry; but no hint is given as to how industry is to put men to work while it lacks orders because so many of its consumers are unemployed.
>
> In simplest summary it may be said that the President advocates charity and rejects public construction. His message to the country may be expressed as doles for the unemployed and faith in the ability of industry with the aid of public money to provide means of existence for the idle masses before they are reduced to the poorhouse. It is a program of inactivity and little hope.

I wish also to read to the Senate from "A Statement and Appeal to the Mayor and Board of Estimate of the City of New York; to the Governor and Legislature of the State of New York, and to the Public," issued from March 20 to April 20, 1922, and signed by such eminent conservatives as Bishop William T. Manning, Cardinal P. J. Hayes, and many other citizens. The statement says:

> The question is often asked, How can the city, State, or Nation afford to employ the unemployed? Ought not the inquiry to be reversed—how can the State afford not to employ them?
>
> No policy is so unwise and expensive as our present practice of supporting a part of the unemployed, without labor in return for such support, in our prisons as vagrants and criminals; through public and private charity, and by individual and, therefore, necessarily indiscriminate almsgiving.
>
> How futile is the cry that we can not afford to employ the unemployed; that taxes are now so high that we must retrench and not embark upon expensive public works for the unemployed! If the unemployed are not starving in our streets—

This statement was issued 10 years ago—

> many are, to our shame—they are being supported. Will it not be a wise economy to obtain from the unemployed themselves some form of productive labor in return for their support?
>
> Poverty, in the midst of the inexhaustible natural resources and with the unimpaired labor and financial strength of such a country as the United States, is not only a disgrace to the Nation but an indictment of the intelligence of its people and contrary to the ethics of its religion.

Mr. President, if this country is going to continue to retain the respect of the civilized universe, it will devote a little less of its attention to the mere question of balancing the Budget, important though that may be, and will devote an infinitely greater proportion of its attention to the question of restoring the purchasing power of the consuming population of this country, of maintaining the American standard of living, and of preventing misery, unemployment, distress, and starvation.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. FESS in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Jones	Reed
Austin	Costigan	Kean	Robinson, Ark.
Bailey	Couzens	Kendrick	Robinson, Ind.
Bankhead	Cutting	Keyes	Schall
Barbour	Dale	King	Sheppard
Barkley	Dickinson	La Follette	Shortridge
Bingham	Dill	Lewis	Smith
Black	Fess	Logan	Smoot
Blaine	Fletcher	McGill	Thomas, Idaho
Borah	Frazier	McKellar	Thomas, Okla.
Bratton	George	McNary	Townsend
Broussard	Goldsborough	Metcalf	Trammell
Bulkley	Hale	Moses	Tydings
Bulow	Harrison	Neely	Vandenberg
Byrnes	Hastings	Norbeck	Wagner
Capper	Hatfield	Norris	Walsh, Mass.
Caraway	Hayden	Nye	Walsh, Mont.
Carey	Hebert	Oddie	Watson
Cohen	Howell	Patterson	Wheeler
Coolidge	Johnson	Pittman	White

The VICE PRESIDENT. Eighty Senators have answered to their names. A quorum is present.

Mr. WHEELER. Mr. President, my understanding of my colleague's amendment is that on page 274, line 22, that portion of the committee amendment beginning with the word "nor" is to be stricken out.

Mr. WALSH of Montana. Mr. President, that was the amendment which I offered. My attention was called to the fact that what is intended to be accomplished by the amend-

ment would be accomplished by disagreeing to the committee amendment, so I withdraw my amendment. The question now comes upon the adoption of the committee amendment. Those who concur in the views expressed by myself will vote "nay" on the pending question.

Mr. WHEELER. I understand the reason for disregarding the committee amendment is so that a tax would be placed on short sales.

Mr. WALSH of Montana. Exactly.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Wisconsin?

Mr. WHEELER. I yield.

Mr. BLAINE. Let me suggest that short sales would involve the transfer of loaned stocks. That is in reality another type of short sales, but is not a short sale as characterized by the stock exchange. In all its essential particulars it is a short sale.

Mr. WHEELER. I do not know whether this particular provision will reach the short sales in general. I am afraid it will not. But whether it will or whether it will not reach all of the short sales, I think it will have a very wholesome effect, and for that reason I hope that the committee amendment will be rejected.

It seems to me rather strange, when we come to deal with the stock exchange, that there are always plenty of Senators who are perfectly willing to defend it. If anyone should rise in the Senate and say that we should try to reach the money that has been made by Al Capone, no one would rise in his place and try to offer the slightest excuse or any technical objection to this or that proposal that we should tax the receipts or the money made by Al Capone. Yet I venture to say, without fear of successful contradiction, that those men who have been operating in Wall Street and have brought about the wreck of many of the greatest industries of the country through short selling, who have wrecked more homes, who have caused more people to commit suicide, and who have brought starvation in the midst of plenty in this country are the very men whom we are seeking to protect upon the floor of the Senate at this time.

When the House sought to put a tax upon the stock exchange, what was the result? Never since I have been a Member of the Senate has such a swarm of lobbyists come here to Washington. Never once while that swarm of lobbyists were here about the Capitol was the President's voice raised with reference to the matter. I think something ought to be done to tax short sales if it is possible to do so. I think the amendment which has been suggested by my colleague will have a tendency in that direction.

I merely want to repeat what I said a moment ago, that so far as I am concerned, I think that those who are talking about others said to be trying to destroy the Government of the United States, those who are talking about racketeers, those ministers who are praying that we shall be delivered from men like Al Capone, might well turn their attention upon those who have been operating in short selling upon the stock exchange and that we and they would be better off if that were done. This applies not only to those who have been operating on the short side, but likewise to those who have been operating on the long side and have been creating pools and boosting the stock market up to unprecedented and unwarranted heights.

Yet, as I said a moment ago, if anyone attempts to propose a measure in the slightest degree affecting the gambling that is going on in the stock market and tries to put out of business through taxation or in any other way that group of individuals who have brought wreck and more ruin to the country, destroyed more homes, destroyed more business enterprises than anything else, immediately we see in this body, here and on the other side of the Chamber, somebody rising in his place to make some technical objection as to why the particular provision should not be adopted for fear it may put out of business the greatest gambling hole in the world. I say without fear of contradiction that the gambling that went on in the stock market had more to do with the wrecking of the country and its financial institutions than anything else that has happened in this country or in any other country. It not only brought wreck and ruin to business enterprises, but to everbody in the country, and it likewise had its effect upon the business of countries throughout Europe.

We recently adopted a resolution to investigate the New York Stock Exchange. Thus far very little has come of it, and I am frank to say that I doubt if anything will come of it to any very great extent. But something should come of it. If nothing comes of the investigation that has been ordered by the Senate and is now being conducted by the Banking and Currency Committee, let me say that when the next Congress assembles I propose to see to it that there is an investigation that will be a real investigation of the stock exchange. Thus far nothing of a substantial nature has come from the investigation now in progress. Why is it that Members of the Senate of the United States are afraid to investigate the gambling on the New York Stock Exchange as they would investigate gambling that is carried on in the ordinary gambling den in any large city?

It is not necessary to permit this sort of thing to be carried on. We ought to have courage enough and sense enough and we ought to have intelligence enough to go ahead and put a stop to the one thing that everyone on the floor of the Senate will admit privately, if not publicly, has done more to bring about the wreck and ruin of our whole economic situation than anything else that has occurred.

Mr. DILL. Mr. President, the pending amendment not only exempts those who loan stocks for short sales, but those who loan stocks for selling on margin. The trouble with the whole proposal of taxing these stocks is that it is based on the transfer of the stock and not on the selling price of the stock.

When the provision contained in the bill as it passed the House of Representatives was agreed to, there came from our western cities, particularly the cities of the far Northwest, many letters and telegrams declaring that if it was adopted in the form in which it passed the House the stocks which bring a few cents per share in these hard times would be driven off the exchanges, mining stocks in particular. Why? Because under the amendment in its entirety it would cover all agreements to sell and would cover sales that were not transferred on the books.

Under the amendment as it is reported by the Senate Finance Committee the tax of 4 cents a share still exists, and that tax will be avoided simply by indorsing the stock in blank, as the Senator from Pennsylvania [Mr. REED] explained this morning, and the stock will not be transferred on the books once out of fifty times that the stock itself is sold back and forth on the stock exchange. We can no more place an effective tax upon the stock-exchange business of the country to-day through this bill than we can tax the Bible. The Bible is not any more sacred in the estimation of those who love it and believe in it than is the stock exchange in the estimation of a large number of those who are voting on this tax bill.

To me it is unbelievable that Members of the House and Senate, if they understand this at all—and we can not excuse their ignorance if they do not—will vote to pass a bill that proposes to tax literally many of the necessities of life and then refuse to vote for amendments to the bill that would place some of the burden upon the daily sales on stock exchanges of the country. Senators say they do not want to tax these stocks now because their price is so low and they do not want to add this burden. Others say we ought not to depreciate the value of seats on the stock exchange. Why did they not think in these terms when they included other taxes in the bill? No; the other taxes will bear down upon the masses of the people by the millions, but this tax would bear down upon those who traffic in stocks which have become so numerous that they are almost as worthless as the paper upon which they are printed.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Montana?

Mr. DILL. I yield.

Mr. WHEELER. The suggestion has also been made to me from time to time that if we put a tax upon these stocks we would throw out of employment over in New York City and in various other places in the country thousands of people who are employed in stock exchanges. I am reminded that some years ago, when I was a member of the State legislature and we were proposing to pass through the legislature a bill prohibiting gambling, that all the gamblers and many other people surrounded the legislature and said, "You can not pass this bill, because if you do you are going to put out of employment many people who are working in these gambling houses and you will add to unemployment."

Mr. DILL. Mr. President, I think the argument that a small tax upon the stock exchanges will put them out of business simply can not be taken seriously. A business where millions and millions of shares of stock are traded in day after day in this country is not going to be ruined by a tax equal to the collections made by the brokers on everything that is bought and sold. So I refuse to become greatly alarmed by the argument that we are going to throw people out of work. I do believe it would reduce some of the gambling on the exchanges, because it would make the trading in stocks more burdensome. That would be an incidental result that it seems to me would be most highly desirable, and at the same time it would bring in some of the revenue that is so badly needed by the Treasury.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SMOOT. Quite a number of Senators have asked what is the amendment now to be voted on, so I ask that it may be stated.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 274, line 21, the committee propose to strike out the word "deposited" and to insert "deposited, nor upon mere loans of stock."

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. WHEELER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHEELER. A Senator desiring to eliminate the committee amendment would vote "no" on the roll call?

The VICE PRESIDENT. That is correct

The Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). I have a general pair with the Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "yea."

Mr. KING (when his name was called). Upon this vote I have a pair with the junior Senator from New Jersey [Mr. BARBOUR], and therefore withhold my vote.

Mr. LOGAN (when his name was called). Making the same announcement as to my pair as upon the previous roll call, I withhold my vote.

The roll call was concluded.

Mr. BYRNES. I have a general pair with the junior Senator from Vermont [Mr. AUSTIN]. Not knowing how he would vote on this amendment, I withhold my vote.

Mr. GLENN. I have a pair with the junior Senator from Louisiana [Mr. LONG], who, I understand, is absent from the city. Not knowing how he would vote, I withhold my vote.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is absent from the city. Not knowing how he would vote, I withhold my vote.

Mr. FESS. I desire to announce the pair on this question of the Senator from Connecticut [Mr WALCOTT] with the Senator from Iowa [Mr. BROOKHART]. If present, the Senator from Connecticut would vote "yea" and the Senator from Iowa would vote "nay"

The result was announced—yeas 37, nays 40, as follows:

YEAS—37

Bailey	Carey	Dale	Goldsborough
Barkley	Coolidge	Dickinson	Hale
Borah	Copeland	Fess	Harrison
Broussard	Couzens	Fletcher	Hastings
Hatfield	McNary	Smoot	Walsh, Mass.
Hebert	Metcalf	Steiwer	Watson
Jones	Moses	Thomas, Idaho	White
Kean	Patterson	Townsend	
Keyes	Reed	Tydings	
Lewis	Shortridge	Wagner	

NAYS—40

Ashurst	Connally	McGill	Schall
Bankhead	Costigan	McKellar	Sheppard
Black	Cutting	Neely	Shipstead
Blaine	Dill	Norbeck	Smith
Bratton	Frazier	Norris	Stephens
Bulkley	George	Nye	Thomas, Okla.
Bulow	Howell	Oddie	Trammell
Capper	Hull	Pittman	Vandenberg
Caraway	Kendrick	Robinson, Ark.	Walsh, Mont.
Cohen	La Follette	Robinson, Ind.	Wheeler

NOT VOTING—19

Austin	Davis	Hayden	Morrison
Barbour	Glass	Johnson	Swanson
Bingham	Glenn	King	Walcott
Brookhart	Gore	Logan	Waterman
Byrnes	Hawes	Long	

So the committee amendment was rejected.

Mr. WHEELER. On page 274, line 9——

The VICE PRESIDENT. There is another committee amendment yet to be disposed of in that paragraph.

Mr. WALSH of Montana. Mr. President, will my colleague yield?

Mr. WHEELER. I yield.

Mr. WALSH of Montana. On page 274, line 23, there is another committee amendment yet to be disposed of, which is really a part of the amendment just acted on. I suggest to my colleague that he defer offering his amendment and allow that amendment now to be acted on, because it is merely complementary to the other amendment.

The VICE PRESIDENT. The amendment referred to will be stated.

The CHIEF CLERK. On page 274, line 23, before the word "loaned," it is proposed to insert the word "so," so as to read "nor upon the return of stock so loaned."

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was rejected.

Mr. WHEELER. Now, Mr. President, on page 274, line 9, I move to strike out the figure "4" before the word "cents" and to substitute "6" in place of "4," and on line 11 to strike out the numeral "4" and to substitute the numeral "6."

The VICE PRESIDENT. The amendment proposed by the Senator from Montana will be stated.

The CHIEF CLERK. On page 274, line 9, before the word "cents," it is proposed to strike out the numeral "4" and to insert the numeral "6"; and in line 11, before the word "cents," to strike out the numeral "4" and to insert the numeral "6."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Montana.

Mr. SMOOT. The present law provides for a tax of 2 cents, and the Finance Committee increased that by 100 per cent, making it 4 cents.

Mr. WHEELER. Yes. May I inquire of the Senator from Utah how much that amendment will reduce the revenue as compared with the House provision?

The fact of the matter is that the House provision would raise many more millions of dollars than would the present law. The House raised it from 2 cents to 4 cents. The Senate Finance Committee did nothing with it.

Mr. HARRISON. The Ways and Means Committee recommended to the House a tax of 4 cents flat. That was double what the present law provides. Then an amendment was adopted upon the floor of the House offered by Mr. LAGUARDIA making the tax not less than one-fourth of 1 per cent of the selling price.

Mr. WHEELER. The tax of one-fourth of 1 per cent was stricken out by the Finance Committee and a tax of 4 cents flat was inserted, doubling the present rate.

Mr. SMOOT. Lines 14, 15, and 16, which have been rejected, were offered by the committee. The LaGuardia amendment is at another place in the bill.

Mr. WHEELER. May I ask the Senator from Utah how much will be raised by this 4-cent tax?

Mr. SMOOT. Twenty-two million dollars.

Mr. HARRISON. Mr. President, the Senator from Utah is wrong. The proposition to make the tax one-fourth of 1 per cent was offered on the floor of the House by Mr. LaGUARDIA. The Committee on Ways and Means recommended a flat rate of 4 cents.

Mr. SMOOT. Mr. President, I will call attention to the LaGuardia amendment later. It does not make any difference.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana [Mr. WHEELER]. [Putting the question.] By the sound the "ayes" seem to have it.

Mr. SMOOT and Mr. HARRISON called for the yeas and nays, and they were ordered.

Mr. BARKLEY. Mr. President, may we have the amendment stated?

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Montana proposes the following amendment:

On page 274, line 9, strike out "4" and insert "6"; and the same amendment in line 11, page 274.

Mr. JONES. Mr. President, that does not indicate to us what the 6 cents is, what rate it is, or on what it goes.

The VICE PRESIDENT. The clerk will read the paragraph.

The CHIEF CLERK. The paragraph, in part, reads as follows:

or by any paper or agreement or memorandum or other evidence of transfer or sale (whether entitling the holder in any manner to the benefit of such share, certificate, interest, or rights, or not), on each $100 of par or face value or fraction thereof of the certificates of such corporation or other organization (or of the shares where no certificates were issued), 4 cents, and where such shares or certificates are without par or face value, the tax shall be 4 cents on the transfer or sale or agreement to sell on each share (corporate share, or investment trust or other organization share, as the case may be).

The Senator from Montana proposes to strike out the numeral "4" and insert "6" in both places.

Mr. SMOOT. Mr. President, where a certificate of stock is worth 6 cents a share, there will be a 6-cent tax imposed upon it under this amendment.

Mr. DILL. That is true also where it carries a tax of only 4 cents and is worth 4 cents a share. The Senator knows that the way that is avoided now is by not transferring the stock on the books. The owners indorse it in blank. That is why this whole tax is a farce so far as really taxing the stock exchange at all is concerned. It does not tax the trading.

Mr. SMOOT. There is some point where stock is sold because the purchaser thought there was value in it; and if we put a tax of 6 cents a share upon stock of that kind now, what can the owner do with it when it will not sell for 6 cents?

Mr. DILL. There are some stocks selling at 4 cents and some selling at 3 cents.

Mr. WHEELER. There are some selling at 2 cents.

Mr. DILL. But they do not transfer it except once in a large number of sales.

Mr. FLETCHER. Mr. President, there is a State tax imposed on these transactions, and the State tax amounts to pretty nearly as much as the Federal tax; so that they would not only pay the Federal tax of 4 cents but they would have to pay a State tax also.

Mr. GEORGE. Mr. President, I was going to make this suggestion: If this amendment should be adopted, the burden and hardship upon those shares of stock that are selling for less than 6 cents could well be cared for by providing that in no case should the tax imposed by this subdivision be more than one-fourth of 1 per cent of the selling price of such shares or certificates, so that in no event would the share that was worth less than 6 cents be affected by the amendment.

The VICE PRESIDENT. The question is on the amendment of the Senator from Montana.

Mr. SMOOT. Let us have the yeas and nays.

The VICE PRESIDENT. The yeas and nays have already been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). Making the same announcement of my pair as before, I vote "nay."

Mr. LOGAN (when his name was called). Making the same announcement as on the previous roll calls, I withhold my vote.

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, I withhold my vote.

Mr. FESS. I desire to announce that the Senator from Connecticut [Mr. WALCOTT] has a pair with the Senator from Iowa [Mr. BROOKHART]. If present, the Senator from Connecticut would vote "nay," and the Senator from Iowa would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Missouri [Mr. HAWES] and the Senator from Oklahoma [Mr. GORE] are detained on official business.

The result was announced—yeas 32, nays 47, as follows:

YEAS—32

Blaine	Costigan	Johnson	Schall
Borah	Couzens	La Follette	Sheppard
Bratton	Cutting	McGill	Shipstead
Bulow	Dill	McKellar	Smith
Capper	Frazier	Neely	Stephens
Caraway	George	Norbeck	Thomas, Okla.
Cohen	Howell	Norris	Walsh, Mont.
Connally	Hull	Nye	Wheeler

NAYS—47

Ashurst	Dale	Kean	Shortridge
Austin	Dickinson	Kendrick	Smoot
Bailey	Fess	Keyes	Steiwer
Bankhead	Fletcher	King	Thomas, Idaho
Barbour	Goldsborough	McNary	Townsend
Barkley	Hale	Metcalf	Tydings
Broussard	Harrison	Moses	Vandenberg
Bulkley	Hastings	Oddie	Wagner
Byrnes	Hatfield	Patterson	Walsh, Mass.
Carey	Hayden	Reed	Watson
Coolidge	Hebert	Robinson, Ark.	White
Copeland	Jones	Robinson, Ind.	

NOT VOTING—17

Bingham	Glenn	Long	Walcott
Black	Gore	Morrison	Waterman
Brookhart	Hawes	Pittman	
Davis	Lewis	Swanson	
Glass	Logan	Trammell	

So Mr. WHEELER's amendment was rejected.

Mr. SMOOT. Mr. President, I ask unanimous consent that at the conclusion of the day's business the Senate take a recess until to-morrow at 10 o'clock a. m.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, I could not hear the request.

The VICE PRESIDENT. The Senator from Utah asks unanimous consent that when the Senate concludes its business to-day it take a recess until 10 o'clock to-morrow. Is there objection? The Chair hears none, and it is so ordered.

The clerk will state the next amendment of the committee, which will be found on page 275, line 3.

Mr. NEELY. Mr. President, the chronic disease known as "virulent verbosity" which has raged in the Congress during the last five months is one of the most costly, contagious, and menacing maladies that has ever afflicted the taxpayers of America. It has prevented the enactment of relief legislation for more than a million bankrupt farmers; it has prevented the enactment of relief legislation for more than eight million unemployed men and women who are in dire distress; it has prevented, and still prevents, the passage of the revenue bill and the balancing of the Budget at the staggering cost, through the loss of revenue, of $2,000,000 a day.

The base Indian who threw away a pearl that was richer than all his tribe was a model of thrift in comparison with the indefatigable, inexhaustible, and irrepressible orators

whose eloquence is losing the Government more than $83,000 an hour—almost $200 for every beat of the normal human heart. Since the revenue bill was reported by the committee 19 days ago a few interesting and valuable speeches have been made in the Senate. But no Member would solemnly assert that a single vote in this body has been lost or won by anything that has been said in the course of the 120 hours of day and night debate which has been held here in the last 12 legislative days. No one but a tyrant would wish to restrict legitimate, relevant, reasonable discussion. But the debates which appear in the last 12 voluminous numbers of the CONGRESSIONAL RECORD, now before us, contain, according to my best estimate, more than seven thousand times as many words as the Master used to promulgate the Ten Commandments for the guidance and government of all the nations and tribes of men from the days of Moses to the end of the world. If the children of Israel had been encumbered with this ponderous repository of useless verbosity, they would still be in the wilderness; they never would have reached the Promised Land.

It is seriously contended that every important beneficial or justifiable word of discussion in this 7-pound parcel of closely printed paper could have been said just as appropriately and effectively in a single session of five hours. In other words, Congress has practically thrown away 115 precious legislative hours of the last 13 days. Since last December to the deserving unemployed millions who have petitioned us for work we have given nothing but talk; to the destitute who have prayed to us for relief we have given more talk; to the hungry who have implored us to save them from starvation we have given and are giving still more talk.

Under normal conditions the loss of a few weeks or a few months might be regained. But prevailing conditions are not normal. They are abnormal to a terrifying degree. The present is the most critical time in American history since Washington's freezing, starving soldiers, with their bleeding feet stained the snowy fields at Valley Forge. Not only the credit but the very solvency of the Government is at stake. Existing unemployment has shattered every previous record, and multitudes of thoughtful ones grow sick at heart when they contemplate the appalling suffering that enforced idleness has caused all over the land. Want walks every street. Hunger stalks every highway. Famine, hideous and heartless, infests myriads of toilers' homes.

Uncle Sam's house is on fire from the foundation to the roof. And unless the Congress promptly solves the Nation's frightful unemployment problem the fire will become a horrifying, all-consuming conflagration. In this heart-breaking situation reputable papers carry the melancholy prediction that the Senate will long continue the debate on the revenue bill. If we permit this disparaging prophecy to be fulfilled, we shall deserve the bitter condemnation which, because of our inglorious, irritating inaction is daily launched at our heads.

Let us learn wisdom from Solomon, who said, "In all labor there is profit, but the talk of the lips tendeth only to penury."

Let us learn common sense from Job, who in despairing agony cried out to his loquacious friends just as millions are crying out to us, "How long will ye vex my soul and break me in pieces with words?"

If the honorable and accomplished artificers of congressional oratory will henceforth resist the seductive temptation to indulge in unnecessary and unprofitable speech and will vote and work for the next 15 days as persistently and as vigorously as they have talked since last December, the revenue bill will be passed, the Budget will be balanced, and adequate relief measures will be enacted for the bankrupt farmers and for the millions who are pleading for work and wages and bread. And all this can be done in time to adjourn the Congress before the 15th day of June.

Senators, the hands of unemployed men, the hands of destitute women, the hands of starving little children—millions of hands are extended to you, supplicating you to refrain from talking while helpless, hopeless humanity hungers and suffers and dies. Millions are praying to you for immediate, intelligent, and adequate action to rescue the perishing, restore national confidence, and secure the foundations upon which all the institutions of your Government rest.

Let me respectfully join the supplicating hosts and humbly pray you promptly to prove yourselves the patriots, the statesmen, and the humanitarians which at heart you all must wish to be by banishing all unnecessary discussion to the remotest island of oblivion and forthwith enacting the relief legislation for which mankind fervently hopes and devoutly prays.

National necessity is greater than ever before. Your opportunity is just as great as the necessity. If you nobly live up to this opportunity you will save your country, bring unspeakable happiness to untold millions, and write your names in the golden book of immortality.

Until the imperative duties of this hour shall have been performed, if talk we must, let us in our speaking be governed by Mr. Justice Story's sound advice, which is in the following elegant language:

Whene'er you speak, remember every cause
Stands not on eloquence, but stands on laws.
Pregnant in matter, in expression brief,
Let every sentence stand in bold relief;
On trifling points, nor time nor talent waste,
A sad offense to learning and to taste;
Nor deal with pompous phrase, nor e'er suppose
Poetic flights belong to reasoning prose.
Loose declamation may deceive the crowd
And seem more striking as it grows more loud.
But sober sense rejects it with disdain
As naught but empty noise and weak as vain.
The froth of words, the schoolboy's vain parade
Of books and cases—all his stock in trade—
The pert conceits, the cunning tricks and play
Of low attorneys, strong in long array;
The unseemly jest, the petulant reply
That chatters on, and cares not how nor why,
Studiously avoid—unworthy themes to scan,
They sink the speaker and disgrace the man;
Like the false lights by flying shadow cast,
Scarce seen when present, and forgot when past.
Begin with dignity, expound with grace
Each ground of reasoning in its time and place;
Let order reign throughout—each topic touch,
Nor urge its power too little nor too much.
Give each strong thought its most attractive view
In diction clear, and yet severely true,
And as the arguments in splendor grow,
Let each reflect on all below;
When to the close arrived, make no delays
By petty flourishes, nor verbal plays,
But sum the whole in one deep solemn strain,
Like a strong current sweeping to the main!

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee on page 275, line 3, which will be stated.

The CHIEF CLERK. On page 275, line 3, after the word "facts," the committee report to insert the following proviso:

Provided further, That the tax shall not be imposed upon deliveries or transfers from a fiduciary to a nominee of such fiduciary, or from one nominee of such fiduciary to another, if such shares or certificates continue to be held by such nominee for the same purpose for which they would be held if retained by such fiduciary, or from the nominee to such fiduciary, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts.

The amendment was agreed to.

The next amendment was, on page 276, after line 9, to strike out:

(b) The tax provided for in subsection (a) shall be imposed on all sales, agreements to sell, and/or memoranda of sale or delivery consummated entirely within the United States or between citizens or residents of the United States; and in addition, such tax shall also be imposed upon the seller or transferor resident in or a citizen of the United States when the buyer or transferee is not a citizen or resident of the United States. When the seller or transferor is not a citizen or resident of the United States and does not pay the tax imposed by subsection (a), the buyer, if a citizen or resident of the United States, shall be liable for the full amount of such tax subject to the provisos and penalties set forth under subsection (a). A resident or citizen of the United States, acting through a broker or agent abroad, shall be liable for the full amount of the tax provided in subsection (a) as though buying, selling, receiving, or transferring without the intervention of such broker or agent. A broker or agent resident in or a citizen of the United States shall be liable for the full amount of the tax

provided in subsection (a) notwithstanding that his principal is or may be a resident or citizen of a foreign country. In all cases where sales or transfers of stock taxable under subsection (a) are consummated through dummies or by ruse or device designed to evade the tax provided in subsection (a), the parties shall be liable for the full amount of the tax as though such dummies, ruse, or device were not employed, provided that nothing in this sentence shall be construed to relieve the parties from the operation of the penalties provided under subsection (a).

Mr. DILL. Mr. President, I would like to know from the Senator from Utah why the committee proposes to strike this language out. Here is an amendment which does not change the rate, but attempts to make effective the 4-cent transfer tax. I would like to know why the committee proposed to strike that language out. The provision is that the tax shall be imposed on all sales, agreements to sell, memoranda of sale or delivery, and so forth. What is the matter with that provision?

Mr. SMOOT. The object is to prevent these sales going to Canada.

Mr. DILL. Oh, no; the first sentence has nothing to do with Canada.

Mr. SMOOT. But that is the object of it.

Mr. DILL. The second provision refers to Canada:

The tax provided for in subsection (a) shall be imposed on all sales, agreements to sell, and/or memoranda of sale or delivery consummated entirely within the United States or between citizens or residents of the United States.

There is nothing about foreigners there. Why does the Senator want to take that out? That is for the purpose of getting the 4-cent transfer tax.

Mr. SMOOT. If it is consummated in the United States, of course, it would be taxable anyhow.

Mr. DILL. This is to reach those cases where the transfer is not made on the books. It is to reach them by compelling them to put the stamp on every time the stock goes from one hand to the other.

Mr. SMOOT. That is not the object of it.

Mr. DILL. What harm would it do if it covers that kind of sales?

Mr. SMOOT. But it does not cover them.

Mr. DILL. The Senator started to say that this tax is so large he was afraid they would undertake to escape it. They do escape it and will continue to escape it unless we have this provision in the bill.

Mr. SMOOT. I think it is just the reverse of what the Senator says. The rate was 4 cents and now it has been increased to 6 cents.

Mr. DILL. No; the rate is still 4 cents.

Mr. SMOOT. That was the House rate. The Senate committee proposes to strike out this language in order that these transfers of stock shall not go to Canada and evade the tax.

Mr. DILL. But this is for the purpose of covering them when they do go to Canada:

When the seller or transferor is not a citizen or resident of the United States and does not pay the tax imposed by subsection (a), the buyer, if a citizen or resident of the United States, shall be liable for the full amount of such tax.

Then we have the third provision, relating to "a resident or citizen of the United States, acting through a broker or agent abroad." This is for the very purpose of catching the people who go to Canada to evade the tax. I would like to know why the committee struck it out.

Mr. SMOOT. Not only was the 4-cent tax involved, but the one-fourth of 1 per cent was involved.

Mr. DILL. That is true, and we took the Senator's view and refused to adopt it. But that is not any reason why the safeguards put in here to compel them to pay the tax should be stricken out.

Mr. SMOOT. If we strike it out, the 1¼ per cent——

Mr. DILL. We would still have the 4-cent tax just the same.

Mr. SMOOT. Yes; but we would not have the one-fourth of 1 per cent.

Mr. DILL. This paragraph was designed to reach the people who dodge the transfer tax. Simply because we reduce the high tax is no reason why we should strike out the provisions intended to compel the payment of the tax. I can not understand why the Finance Committee wanted to get rid of the provision that is designed to compel the payment of the tax levied.

The Senator from Pennsylvania [Mr. REED] this morning argued that we could not collect this tax because we do not know about the transactions, that the stocks are transferred from hand to hand, and that this provision is designed to cover those very points. I think the Senate committee amendment ought to be disagreed to because it is a provision designed to compel the payment of these taxes.

Mr. SMOOT. If we strike this out in conference, then it will be disposed of.

Mr. DILL. If this provision goes to conference, with the Senate amendment in it, we know the stock-exchange influence will dominate the conferees.

Mr. SMOOT. I know the stock-exchange influence will not dominate the conferees.

Mr. DILL. Let me put it the other way, then. If it goes to conference, it will never come back; but if these safeguards, which the House wrote into the bill, are kept in the bill, the conferees can not take them out. I think the proper thing to do is to protect the collection of the taxes by keeping the provision that safeguards the collection.

Mr. SMOOT. We have already agreed to strike out the provision in lines 14 to 17 on page 724, and upon the basis of that agreement the Senate should strike out this provision.

Mr. DILL. Oh, no; those lines do not refer to this matter.

Mr. SMOOT. That is why the committee did it.

Mr. DILL. Of course the Senator says the committee struck them out because they struck out the other provision, but that does not change the fact that the language on pages 276 and 277 is for the purpose of compelling people to pay the transfer tax. Why should the Senate want to strike out the provision which will insure the payment of the tax?

Mr. SMOOT. The Senator does not agree with the department on this matter.

Mr. DILL. Read lines 14 to 16 and see what we strike out. We struck out the provision that the transfer tax must be at least one-fourth of 1 per cent. We cut down the amount of the tax. Now, because we cut down the amount of the tax the Senator from Utah proposes that we should strike out the provisions that were put in to compel the payment of that tax. Just because the tax is not to be quite so high, the Senator insists that we shall strike out the provisions that would insure the payment of the tax.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Florida?

Mr. DILL. I yield.

Mr. FLETCHER. The report of the committee says:

Section 722 (b) of the House bill, intended to prevent evasion of the tax by resort to foreign exchanges, has been eliminated. With the reduction in the rate, the danger which subsection (b) was intended to meet will not exist.

Mr. DILL. The first lines of the provision have no reference to foreign exchange. They refer to transactions between citizens of the United States.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Georgia?

Mr. DILL. I yield.

Mr. GEORGE. I think what the Senator from Washington has said is entirely correct. It was contended in the House, after the adoption of the majority amendment, that it was necessary to adopt the language here proposed to be stricken out because it was said that the tax being so high all transactions of this character would be removed into Canada, and therefore the language which is applicable to that kind of a situation contemplated. I think the Senator is quite right, that much of this language is still pertinent. I do not see why the chairman should hesitate to accept it.

Mr. SMOOT. I am quite sure the object of the department was——

Mr. DILL. O Mr. President, the Senator from Utah can read the English language and the Senator can understand the English language. It is so plain that even a school boy can understand it. The provision is:

The tax provided for in subsection (a) shall be imposed on all sales, agreements to sell, and/or memoranda of sale or delivery consummated entirely within the United States or between citizens or residents of the United States; and in addition, such tax shall also be imposed upon the seller or transferor resident in or a citizen of the United States when the buyer or transferee is not a citizen or resident of the United States.

That is language which is so plain that a school boy can understand it. What is wrong with it? Why take it out? The Senate has gone far enough when it refused to make them pay a tax of 4 cents a share, but certainly the language put in there to protect the Government in the collection of this tax when it was to be so high ought to be retained even if the tax is not to be so high.

Mr. FLETCHER. It seems from the report of the committee that it is not needed.

Mr. DILL. It will do no harm.

Mr. FLETCHER. They do not find any fault with it except that it is not needed.

Mr. DILL. But in fact it is needed.

Mr. FLETCHER. There may be some question about administration, but the committee finds it is not needed. However, if it is believed that it is needed, I see no objection to leaving it in the bill.

Mr. DILL. Let me show the Senator the difference. If we leave out the amendment, there is no possible way to reach any of these sales where they do not transfer the stock on the books. This is intended to reach sales where they do not transfer the stock on the books but where they pass it from hand to hand indorsed in blank. Why should not that provision be left in the bill? It was placed there for the purpose of compelling these people to pay this tax. The Senate has gone far enough when it cut down the tax. We ought not to strike out the provision that will compel the payment of the tax we do levy. I have not yet heard anyone explain anything objectionable or dangerous in the provision if it is left in the bill.

Mr. SMOOT. As I said, in the first place, section 722 of the House text was intended to prevent evasion of the tax by reason of foreign exchange. We eliminated that, as the Senator knows. The reduction in rate was intended to meet a danger that will not now exist. That is what the department says, and that is the reason why the committee struck it out.

Mr. DILL. But the committee has raised the rate 4 cents.

Mr. SMOOT. It was 4 cents in the House text and we left it there.

Mr. DILL. What harm would it do to have a provision that will prevent them from going to Canada, as the Senator said? What harm would there be in having a provision that those agreements shall still be taxed?

Mr. REED. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Pennsylvania?

Mr. DILL. I yield.

Mr. REED. In the first place, there is no sense in going to Canada to escape the tax here, because the tax in Canada is substantially the same as the new tax which we are proposing to levy. Nobody would want to do it, in the first place.

Mr. DILL. Then it will not do any harm, will it?

Mr. REED. Yes; it will.

Mr. DILL. What harm will it do?

Mr. REED. The harm is that it is perfectly foolish for the Congress of the United States to pretend to tax a transaction in some other country by people who may be citizens of that other country merely because some time or other they have been residents of the United States. That is what this would do as stated in the House text.

Mr. DILL. But suppose Canada lowers her tax, as she may do very quickly, then the danger will exist and our law will still be in effect.

Mr. REED. The tax will not be enough to justify anybody going up there to evade it. Let us suppose two Canadian citizens who happened to be residents in Buffalo go up to Toronto and one of them sells a Canadian stock or an American stock to the other Canadian there in Toronto. This section pretends to tax them. We have not any more power to tax such a transaction than we have to tax real estate on the moon. It is perfectly foolish.

Mr. DILL. What does the Senator say about the first sentence in paragraph (b)? There is nothing about foreigners in that.

Mr. REED. Yes; there is.

Mr. DILL. What is it?

Mr. REED. Will the Senator follow me? I shall omit the unnecessary words.

The tax provided for in subsection (a) shall be imposed on all sales consummated between residents of the United States wherever consummated.

Mr. DILL. Why not?

Mr. REED. Suppose two Canadian citizens residents of Buffalo go to Toronto and one sells the other some stock in Toronto; how can we tax that?

Mr. DILL. But these are deals consummated entirely within the United States.

Mr. REED. I beg the Senator's pardon. It is consummated within the United States or between citizens or residents of the United States.

Mr. DILL. Yes; or within the United States.

Mr. REED. No.

Mr. DILL. Where is there anything about a foreign country in that sentence?

Mr. REED. The word "or" expresses alternative.

Mr. DILL. But where is there anything about a foreign country?

Mr. REED. There are no jurisdictional limits on it at all.

Mr. DILL. The Senator can not place that construction on language that is as clear as this language is. This would apply to a foreigner or resident in the United States if he consummated the contract in the United States.

Mr. REED. Absolutely.

Mr. DILL. Why should a foreigner come here and trade and not be taxed the same as other people?

Mr. REED. He would be taxed without the use of this language at all.

Mr. DILL. Then it will not do any harm.

Mr. REED. Yes, it will; because after the word "or," occurs the alternative on which the tax is imposed.

Mr. DILL. In what country?

Mr. REED. In any country.

Mr. DILL. No, sir; I beg the Senator's pardon. He can not show me a word to that effect.

Mr. REED. I have just showed it to the Senator.

Mr. DILL. Show me the word.

Mr. REED. I will show the Senator the second time; if he desires; I will be glad to do so.

Mr. DILL. Very well.

Mr. REED (reading):

On all sales * * * consummated entirely within the United States or—

And "or" does not mean "and"—

Or between citizens or residents of the United States.

Mr. DILL. Yes; but it is still within the United States.

Mr. REED. I give up, Mr. President.

Mr. DILL. The Senator's superior attitude does not answer anything. I repeat, there is nothing in this sentence that says anything about any sale outside the borders of the United States. The part that covers transactions outside of the United States is in the next sentence, but the Senator takes the superior attitude that he can read meaning into the language when it is not there.

Mr. REED. If this is not intended to apply to sales outside the United States, it is not needed at all, because the other section quite adequately taxes sales in the United

States, and the whole purpose of putting this section in is to tax sales consummated outside the United States.

Mr. DILL. That is true of the latter part of the section, but the first sentence says nothing about foreign countries, and the Senator has not mentioned a word out of the six or eight lines that will justify his argument that it does refer to foreign countries.

Mr. REED. Then, we understand English differently from one another.

Mr. DILL. No; we do not understand English differently.

Mr. REED. Doubtless I am wrong and the Senator is right, but the construction I put on it is shared by everyone else with whom I have talked about it.

Mr. DILL. The latter part of this paragraph refers to sales in foreign countries; there is no question about that; but the first sentence has no reference to sales in any foreign country. I again challenge the Senator to mention the words that refer to any sale outside the United States; there is no language here to that effect. The purpose of this language is to catch the very transactions which the Senator this morning said could not be reached by the taxes we were talking about. It may be that the latter part of this language should be stricken out, but the first sentence of the portion stricken out refers entirely to sales consummated within the United States.

Mr. REED. And they are taxable, anyway.

Mr. DILL. They are not reached; the Senator so stated this morning.

Mr. REED. I did not say that.

Mr. DILL. If the Senator will pardon me, I think he said that we could not reach the transfer of shares in blank and which did not go to the books of the company at all.

Mr. REED. I was merely trying to explain to the Senator the mechanics of the transfer of a stock certificate, but that had nothing whatever to do with this question at all. The whole purpose—perhaps some other Senators may see my point, even if the Senator from Washington does not—of inserting this section was to tax sales made outside the United States; it was to prevent primarily American citizens from going abroad and transacting a tax-free sale, thereby escaping the American tax. With the tax that is fixed by the Finance Committee, there is no longer any inducement for an American to do such a trick, for he would have his expenses for his pains and he would not save any money. That is the first reason against the section; it has ceased to be necessary.

The second reason is that by this language it is pretended to tax foreign transactions between citizens of a foreign country merely because they personally happen to be residents of the United States, although their residence in the United States has nothing whatever to do with the sale. Obviously that is beyond the power of Congress. For both those reasons the Finance Committee thought it wise to strike this provision out.

The VICE PRESIDENT. The question is on the amendment reported by the committee.

Mr. SMOOT and Mr. REED demanded the yeas and nays.

The VICE PRESIDENT. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. JONES (when his name was called). Making the same announcement as before with reference to my pair and its transfer, I vote "yea."

The roll call was concluded.

Mr. DAVIS. I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. As I am informed he would vote as I intend to vote, I feel at liberty to vote, and vote "yea."

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I understand that if present, he would vote as I intend to vote. Therefore I am at liberty to vote, and vote "yea."

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is absent from the city. Not knowing how he would vote, I refrain from voting.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Massachusetts [Mr. COOLIDGE];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Illinois [Mr. LEWIS]; and

The Senator from South Dakota [Mr. NORBECK] with the Senator from Oklahoma [Mr. GORE].

I am not advised as to how any of the Senators mentioned would vote on this question if present.

Mr. SHEPPARD. I wish to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from Massachusetts [Mr. COOLIDGE], the Senator from Oklahoma [Mr. GORE], and the Senator from Illinois [Mr. LEWIS] are absent on official business.

The result was announced—yeas 54, nays 26, as follows:

YEAS—54

Ashurst	Davis	Kean	Schall
Austin	Dickinson	Kendrick	Shortridge
Bailey	Fess	Keyes	Smoot
Barbour	George	King	Steiwer
Barkley	Goldsborough	La Follette	Thomas, Idaho
Bingham	Hale	McNary	Townsend
Broussard	Harrison	Metcalf	Tydings
Byrnes	Hastings	Moses	Vandenberg
Capper	Hatfield	Oddie	Wagner
Carey	Hayden	Patterson	Walsh, Mass.
Copeland	Hebert	Pittman	Watson
Couzens	Howell	Reed	White
Cutting	Hull	Robinson, Ark.	
Dale	Jones	Robinson, Ind.	

NAYS—26

Bankhead	Cohen	McGill	Smith
Black	Connally	McKellar	Thomas, Okla.
Blaine	Costigan	Neely	Trammell
Bratton	Dill	Norris	Walsh, Mont.
Bulkley	Fletcher	Nye	Wheeler
Bulow	Frazier	Sheppard	
Caraway	Johnson	Shipstead	

NOT VOTING—16

Borah	Glenn	Logan	Stephens
Brookhart	Gore	Long	Swanson
Coolidge	Hawes	Morrison	Walcott
Glass	Lewis	Norbeck	Waterman

So the amendment of the committee was agreed to.

The VICE PRESIDENT. The next amendment of the committee will be stated.

The CHIEF CLERK. On page 277, line 20, after the word "cents," it is proposed to strike out—

and by striking out the following: "In no case shall the tax imposed by this subdivision be less than one-fourth of 1 per cent of the selling price, if any, of such shares, certificates, or rights: *Provided further*, That."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 278, line 8, after the numeral "1," to insert "and of a kind the issue of which is taxable thereunder."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

The next amendment was, on page 278, line 14, after the word "thereof," to strike out "2 cents" and insert "4 cents."

The amendment was agreed to.

The next amendment was, on page 278, line 15, after the word "That," to strike out:

In no case shall the tax imposed by this subdivision be less than one-eighth of 1 per cent of the selling price, if any, of such instrument: *Provided further*, That.

The amendment was agreed to.

The next amendment was, on page 278, line 22, after the word "deposited," to insert:

Provided further, That the tax shall not be imposed on deliverics or transfers of bonds in connection with a reorganization (as defined in sec. 112 of the revenue act of 1932) if the entire amount of gain or loss from the exchange or distribution involved in the delivery or transfer is not recognized under the income tax law applicable to the year in which the delivery or transfer is made.

Mr. SMOOT. Mr. President, the Senate committee left out a word in the amendment agreed to on line 25. It should read, "if any of the."

The VICE PRESIDENT. That amendment has been agreed to. The question now is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

The next amendment was, on page 279, line 9, after the word "facts," to insert the following additional proviso:

Provided further, That the tax shall not be imposed upon deliveries or transfers from a fiduciary to a nominee of such fiduciary, or from one nominee of such fiduciary to another, if such instruments continue to be held by such nominee for the same purpose for which they would be held if retained by such fiduciary, or from the nominee to such fiduciary, but such deliveries or transfers shall be accompanied by a certificate setting forth the facts.

The amendment was agreed to.

The next amendment was, on page 281, Part IV, tax on transportation of oil by pipe line, in line 24, after the words "transportation of," to strike out "oil" and insert "crude petroleum and liquid products thereof," so as to read:

(a) There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipe line originating on or after the 15th day after the date of the enactment of this act and before July 1, 1934.

The amendment was agreed to.

The next amendment was, on page 282, line 3, after the words "equivalent to," to strike out "8 per cent" and insert "3 per cent," so as to read:

(1) A tax equivalent to 3 per cent of the amount paid on or after the 15th day after the date of the enactment of this act for such transportation.

Mr. GEORGE. Mr. President, some one spoke to me about this particular amendment.

Mr. SMOOT. Somebody spoke to me about it, also.

Mr. GEORGE. If the Senator will pass it over for just a moment, I am probably under obligations to call for a quorum in connection with it.

Mr. SMOOT. As I say, somebody spoke to me about it.

Mr. JOHNSON. Mr. President, will the Senator yield? I think the Senator who spoke in reference to this particular matter was the Senator from Oklahoma [Mr. GORE]. I do not know whether his interest still continues in it or not; but I am sure that he spoke to me about the same thing.

Mr. SMOOT. I will ask that it go over. I believe it was Senator GORE who spoke to me, but I am not sure.

Mr. GEORGE. If it was Senator GORE, I imagine he would not desire to increase the tax. I think his position is as the committee recommended it.

Mr. SMOOT. I judge that would be the case, but I am not sure.

The VICE PRESIDENT. Does the Senator want it passed over? It will be temporarily passed over.

Mr. SMOOT. Does the Senator from Georgia think it would be agreeable if we should agree to it with the understanding that if Senator GORE desires it to be reopened, we will consent?

Mr. GEORGE. That would be agreeable. I should feel under obligation to have a roll call otherwise.

The VICE PRESIDENT. Without objection, the order for the yeas and nays on the amendment will be vacated, and the amendment agreed to.

Mr. COPELAND. Mr. President, before we leave the stock-exchange item I want to call attention to a colloquy I had on Saturday with the Senator from Wisconsin [Mr. BLAINE].

At that time the Senator from Wisconsin quoted from one of the Congressmen, who had stated that Mr. Whitney, the president of the New York Stock Exchange, had deliberately and maliciously and willfully and deceitfully sought to mislead the Senate. I said I could not conceive it possible that a man of the high character of Mr. Whitney would indulge in any such effort.

I learned that Congressman CHINDBLOM, of Illinois, had received a letter from Mr. Whitney replying to those charges. I do not care to take the time of the Senate, unless it is desired, to read this letter; but I do ask that the letter from Mr. CHINDBLOM to me, and the inclosure, the letter of Mr. Whitney to Mr. CHINDBLOM, be inserted in the RECORD at this point and referred to the Finance Committee.

In this letter Mr. Whitney makes it very clear that the statement which he had made to the committee was an accurate statement of the facts. I should not be content to have the RECORD fail to show exactly what Mr. Whitney's statement was and have the RECORD show also that, in my opinion, Mr. Whitney was entirely frank in the statement which he made to the committee.

The VICE PRESIDENT. Without objection, the letters will be inserted in the RECORD and referred to the Committee on Finance.

The letters are as follows:

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 30, 1932.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In compliance with your request, I take pleasure in handing you herewith a copy of the letter dated the 25th instant to myself from Mr. Richard Whitney, president of the New York Stock Exchange, discussing the remarks made by Representative LAGUARDIA, and my reply thereto in the House of Representatives Saturday, May 21, 1932, with reference to statements alleged to have been made by Mr. Whitney and other representatives of the New York Stock Exchange in regard to the stock-transfer taxes imposed by the Government of Great Britain. I have not had this letter inserted in the proceedings of the House.

Yours very truly, CARL R. CHINDBLOM.

NEW YORK STOCK EXCHANGE,
May 25, 1932.

Hon. CARL R. CHINDBLOM,
House of Representatives, Washington, D. C.

DEAR MR. CONGRESSMAN: My attention has been called to the remarks made by Representative LAGUARDIA in the House of Representatives, Saturday, May 21, 1932, in which he charged that I and other representatives of the exchange had willfully misrepresented the facts in regard to the British tax on security transactions, not only to the Ways and Means Committee of the House but also to the Finance Committee of the Senate. I also read with great interest your very prompt reply, in which you pointed out the basic difference between the American and English methods of taxation, and the fact that the English transfer tax applied only to a limited number of transactions in registered English securities.

In view of Mr. LAGUARDIA's charges, I think you may be interested in knowing precisely what took place. On March 28, 1932, during my absence from town, the Ways and Means Committee of the House hurriedly sent for representatives of the exchange and of the Federal Reserve Bank of New York to appear before the subcommittee of which Mr. RAGON was chairman. Two representatives of the exchange and the economist of the Federal reserve bank proceeded immediately to Washington and appeared before the subcommittee on the evening of March 28. In the extended discussions which took place the question of the nature and size of foreign taxes on security transactions was brought up, and the representatives of the exchange explained to the members of the committee that there were three English taxes which affect security transactions.

The first of these is a tax upon the issuance of shares of British companies. This tax is normally 1 per cent, in the case of registered shares, and 3 per cent in the case of share warrants which are bearer instruments. The second tax is the so-called English transfer tax, which approximates 1 per cent but which is applicable only to registered English shares when they are transferred of record. It does not apply to share warrants or registered shares which pass by delivery when indorsed in blank. It, therefore, does not apply to American stock certificates, which are customarily delivered in the form of indorsed certificates. Furthermore, this tax is paid by the purchaser if he desires shares transferred into his own name. It is not like our so-called transfer tax paid by the seller of securities. The third tax is the English contract stamp tax, which is a true sales tax paid by the seller. It is not solely a security tax but applies also to various commercial and financial transactions.

The American transfer tax is essentially a sales tax. It applies to all sales or agreements to sell or transfers of title with or without consideration. It is payable irrespective of whether the purchaser has the stock transferred of record or not. Therefore, in comparing our tax system with the English tax system, it was logical to compare our transfer tax with the British contract stamp tax and not with the British transfer tax, which, as I have said above, is of an entirely different nature. I am advised that these various points were fully discussed before the subcommittee at the hearing on the evening of March 28, and that the analysis of the English tax system presented by the representatives of the exchange was concurred in by the economist of the Federal Reserve Bank of New York. Clearly, therefore, Mr. LaGuardia's statement that a willful misrepresentation was made by representatives of the exchange is not true.

On April 15, 1932, I appeared before the Committee on Finance of the Senate and made a statement in regard to the pending

revenue bill. In the course of my statement I was asked by Senator BARKLEY if I would make a comparison between our American taxes on security transactions and English taxes. I explained that it was difficult to make a direct comparison because of the different nature of the British taxes and their method of distinguishing between bearer and registered certificates. I pointed out that the English tax on transfers of record was heavy, while the tax on trading in certificates, which, of course, includes American stock sold in England, was light. There was no time to go into an elaborate discussion of the different methods of taxation, but I, nevertheless, pointed out that such differences existed when I was answering Senator BARKLEY. My remarks under this heading are reported on page 1220 of the Senate Finance Committee's hearings. Subsequently, and in response to Senator BARKLEY's request, I submitted to the Senate Finance Committee a table comparing the American taxes with certain foreign taxes on stock sales. The column of this table which referred to the English tax was correctly headed: "London contract tax (pound sterling=$3.50)," thereby clearly indicating that I was comparing the London contract stamp tax with our American transfer tax.

In the face of this record, I am at a loss to understand how Congressman LAGUARDIA can charge me with having made a willful misrepresentation and a deliberate and willful omission in order to deceive the Senate.

One of the questions under consideration by both the Ways and Means Committee of the House and the Senate Finance Committee was whether the proposed tax upon security transfers was so high that the volume of transactions would be reduced to a point where the yield of the tax to the Government would be lowered and the security business in this country practically annihilated. The comparison of the proposed American tax with existing foreign taxes was appropriate so as to see whether foreign experience justified the imposition of high taxes and also whether a possibility of evasion by having security transactions made abroad did not exist. For such a purpose only the English tax which had a direct bearing upon the sale of securities had to be considered. The fact that the English have another and an entirely different tax which imposes a substantial burden upon investors who see fit to register their securities in their own names was entirely immaterial. Furthermore, the English contract stamp tax was the only one applicable to English transactions in American securities indorsed in blank. From the point of view of studying the danger of evasion, the London contract stamp tax was the only one which had to be considered. As I have said above, the exchange did not in any way misrepresent the facts. On the contrary, it presented them fully at the hearing before the subcommittee of the Committee on Ways and Means. I can not help feeling that Congressman LAGUARDIA, in charging the exchange with having misrepresented the facts, is attempting to confuse the issue. The fact that the English tax upon transfers of record of English securities is called a transfer tax does not make it directly comparable with our transfer tax. Although the two taxes have the same name, they are essentially different, as must be clear to anybody who will take the trouble to study the matter.

I have written you thus at length because I feel that I am entitled, after the deliberate charges made by Congressman LAGUARDIA, to see that the true facts are presented.

Faithfully yours,

RICHARD WHITNEY, *President*.

Mr. BLAINE. Mr. President, it is not my purpose to object to the insertion of the letters in the RECORD; but in that connection, and so that the reference may follow immediately the insertion in the RECORD, I ask unanimous consent to have printed in the RECORD, following the letter of Mr. Whitney, the remarks of Congressman LAGUARDIA.

Mr. COPELAND. I have no objection whatever to the inclusion in the RECORD of the statements of Mr. LAGUARDIA as recited by the Senator from Wisconsin. I am very glad to have the statements there, because, in my opinion, the letter of Mr. Whitney, which I have already inserted in the RECORD, is a complete refutation of the charges made in another body.

The VICE PRESIDENT. Without objection, the request is granted.

The matter referred to is as follows:

[From the CONGRESSIONAL RECORD of Saturday, May 21, 1932]

Mr. LAGUARDIA. Mr. Speaker, during the hearings before the Ways and Means Committee of the House on the tax bill the subject of a stock-transfer tax was presented. Comparisons were made between the proposed tax and taxes in other countries, and I am sure that many gentlemen will recall that officials of the New York Stock Exchange stated that if a stock-transfer tax were imposed they could easily transfer their transactions to the London exchange and the Canadian exchange. The stock-transfer tax came up toward the end of the hearing before the Committee on Ways and Means, and this House passed a tax of one-quarter of 1 per cent. It was a very live subject before the Senate Finance Committee in its hearings on the bill, and the reason I asked for time this morning is that they are now considering the tax bill on the floor of the Senate.

It is quite necessary that the Senate should be informed on the stock-transfer tax in England. The reason is that it has not received correct information. Were the Senate committee still in session, I would appear before it and present the information that I have. This is the only means now available to inform the Senate that when the president of the New York Stock Exchange appeared before it and was asked specifically to furnish the committee with information on stock-transfer taxes and taxes on transactions on the London Stock Exchange that the committee was deceived. Anyone reading the testimony of Mr. Richard Whitney, president of the New York Stock Exchange, and the table of taxes which he put in, omitting the real stock-transfer tax, can not escape the conclusion that a willful misrepresentation was made, a deliberate and willful omission, in order to deceive the Senate in the hope of defeating the stock-transfer tax placed in the bill by the House. The House transfer-tax provision was eliminated by the Senate committee.

The president of the New York Stock Exchange, Mr. Whitney, appeared before the Finance Committee, and in reply to a question as to the stock-transfer tax in England stated that he had the information; that he would supply the Senate committee with the information; and on April 18, 1932, he furnished the information—which will be found on page 1231 of the Senate hearings—sent it with a covering letter of that date, prepared a comparative statement of the tax in Canada and the proposed tax in the United States and the English tax. When he gave the English tax he submitted only what is known as the contract-note stamp tax, which is only 1 cent on stock transactions of $75 to $150, while the proposed House tax, coupled with the New York State tax, would be 41½ cents. By so doing he deliberately misrepresented the English tax, because he must have known and his experts must have known—as they deal on the London exchange—that there were two additional taxes which were maliciously and willfully omitted from the table submitted by Mr. Whitney, the president of the New York Stock Exchange, to the Finance Committee of the Senate. He thereby led the Senate committee to believe that there was no stock-transfer tax and that the only tax was what is known as the contract-note stamp tax.

This is quite in keeping with the omission of information in the Kreuger-Toll bond issue, in stock flotations, and in the daily paid publicity stock brokers send to their customers in order to sell securities and stock at inflated, artificial prices. As a witness to that I call upon the millions of American investors who have lost billions and billions of dollars since 1929.

When I saw this statement—I knew there was a transfer tax in England; I had referred to it on the floor of the House—I asked the State Department to inquire here in this country from the British Embassy. The State Department informed me that there was a stock-transfer tax in England on stock-exchange transactions, according to the information which they had obtained. Mark you, Mr. Speaker, this is in conflict with the phrase that has been repeatedly given to members of the Ways and Means Committee and to the Senate Finance Committee—that "transactions carried on in the ordinary course of business between members of the stock exchange are excepted from the British transfer tax."

The matter was vitally important, in the face of these contradictory interpretations from such important and authoritative sources. I therefore asked the State Department to cable London and get the actual correct information right at the stock exchange.

I did not want to take any chance whatsoever in charging the New York Stock Exchange officials with deliberately misleading the Senate Finance Committee and our own Treasury Department in stating that they did not think such a tax would be workable. The State Department was kind enough to cable London, and I have here a reply, dated May 19, 1932:

"Transfer tax is 1s. for each £5 sterling or fraction thereof up to £25 sterling; 5s. for each £25 sterling or fraction thereof up to £300 sterling; 10s. for each £50 sterling or fraction thereof above £300 sterling. These taxes apply to both stock exchange and private sales. Short and long transactions subject to transfer tax only when terminated by payment and transfer of title. No separate tax applicable to private sales. For carry-over sales see commercial attaché cable to Commerce No. 391, dated March 3.

"ANDREW W. MELLON."

And, Mr. Speaker, that is signed by a financial authority—Andrew W. Mellon, present ambassador to the Court of St. James, and former Secretary of the Treasury, himself.

Here is the cable referred to, which was sent to the Department of Commerce. It is dated March 3, 1932, and it becomes important by reason of the fact that the Treasury Department officials appeared before the Finance Committee a month later and must have had this information, which the Department of Commerce tells me was available to the Treasury Department. The cablegram is as follows:

[Transcript of cable No. 391, to Department of Commerce, March 3, 1932]

Contract-note stamp required on all contracts evidencing purchase of stock on stock exchange.

Both contract-note stamp and conveyance (transfer) stamp required in all cases of purchase of registered stock involving conveyance (transfer) thereof to the stock broker or banker, to be held as security for customer on time or margin.

Conveyance (transfer) stamp not required when stock purchases involve bearer stocks and stock that pass by indorsements.

Authorities indicate that title passes to customer in case of purchase made by banker or stock broker for customer on time or margin.

Broker and banker have what is known here as a possessory lien and stock to cover debt of customer incurred in connection with the purchase and for general balance owing the banker or stock-broker.

The procedure known as carry-over provides a method of continuing a stock purchase from one settlement to another. With each continuance a continuing contract note is executed requiring a contract-note stamp.

COOPER,
Commercial Attaché, London Embassy.

They clear over there every 14 days. If there is an order for a sale or purchase of stock and that is not cleared, that is "continued" and requires another contract-note stamp, and as soon as the sale is executed, whether short or on margin, or otherwise, the stock-transfer tax applies.

I will, with the permission given me, insert a comparative statement in the RECORD showing a comparison of the present British stock-transfer tax with what was proposed in the House.

To give you an idea, on a stock selling for $10 the British sale tax would be 2½ per cent. Under the tax bill passed by the House it would be one-fourth of 1 cent, and with the minimum provision of the House bill it would only be 4 cents. The minimum in England is 1 per cent, while the highest that was proposed here was one-fourth of 1 per cent.

To illustrate, a $200 sale of stock in England would pay $2.50, while under the House bill it would only pay 50 cents.

I will insert the entire comparison in the RECORD. The following comparison is based upon the sale of 1 share of stock of $100 par value:

Selling price ($100 par value)	British tax (transfer)		United States tax		
	Amount	Per cent	Present law	House bill	Senate Finance Committee
$10	$0.25	2.59	$0.02	$0.04	$0.04
$20	.25	1.25	.02	.05	.04
$30	.50	1.66	.02	.08	.04
$40	.50	1.25	.02	.10	.04
$50	.50	1.00	.02	.13	.04
$60	.75	1.25	.02	.15	.04
$70	.75	1.07	.02	.18	.04
$80	1.00	1.25	.02	.20	.04
$90	1.00	1.11	.02	.23	.04
$100	1.00	1.00	.02	.25	.04
$125	1.25	1.00	.02	.31	.04
$150	2.50	1.66	.02	.38	.04
$175	2.50	1.43	.02	.44	.04
$200	2.50	1.25	.02	.50	.04

(This information was sent to us by L. H. Parker, chief of staff, Joint Committee on Internal Revenue.)

I also insert the following table for comparison of the figures given to the Senate Finance Committee by Richard P. Whitney, president of the New York Stock Exchange, and the true transfer tax figures on transfers of securities in England as furnished by Mr. L. H. Parker, chief of staff of the Joint Committee on Internal Revenue Taxation.

Comparative table showing figures given to Senate Finance Committee by Mr. Richard P. Whitney, president of the New York Stock Exchange, contrasted with true figures regarding English tax on transfer of nonnegotiable securities

Selling price per share	Tax figures given to Senate Finance Committee (p. 1232 of hearings) by Mr. Whitney (London contract-stamp tax)	True minimum tax on English stock transfers [1]
$1	$0.000009	$0.125
$2.50	.000009	.125
$5	.0000075	.125
$10	.0000075	.25
$25	.000035	.25
$30	.000035	.50
$50	.000052	.50
$60	.00007	.75
$75	.00007	.75
$100	.00007	1.00
$150	.0105	1.50

[1] As given by Mr. L. H. Parker, chief of staff, Joint Committee on Internal Revenue Taxation.

Now, gentlemen, I submit that the tax in England is five times what we propose on a $200 sale and proportionately larger on other stock transfers. Responsible officials of the New York Stock Exchange appeared before the committee and only disclosed one of the three taxes applicable to the transaction on the London Stock Exchange. It is not only startling and shocking but it is something which should not remain uncensured. [Applause.]

The SPEAKER. The time of the gentleman from New York [Mr. LAGUARDIA] has expired.

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Mr. Speaker, my purpose is to offer to the House, as a portion of such relief plan as the House may later determine, a public building bill. It is a bill which it was my pleasure to introduce at the last session of Congress—and also at this session of Congress—which would provide for distribution, by congressional districts, of such funds or portion of such funds, as we may have appropriated for Federal construction.

I believe that the bill will be of special interest to my colleagues, and, at the conclusion of my remarks, I shall ask permission to print it in the RECORD. The bill is H. R. 7120 and provides for the construction of post-office buildings to relieve unemployment and economic depression, and for other purposes. It would expend about one-half million dollars in each congressional district, giving buildings for practically all second and third class offices. It provides for local architects, local engineers, local material, where possible, and for local labor. Al sections of the country would benefit equally and alike under its provisions. If the GARNER plan for relief is adopted by the Congress, then this bill, if adopted, will carry out that portion of the plan pertaining to the proposed Federal construction program.

In addition to this bill I desire, if I may, to again call the attention of the House to the importance of at least a partial reimbursement for losses sustained by Florida growers during the Mediterranean fruit-fly campaign. I hope to address the House on that subject next week.

Mr. Speaker, I ask unanimous consent to print in my remarks this bill for Federal building.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. GOSS. Mr. Speaker, reserving the right to object, would not the gentleman be willing to refer to the bill by number instead of printing the entire bill in the RECORD? It is five or six pages. If the gentleman will just refer to it by number the membership will be able to get copies of the bill. Therefore I shall have to object.

Mr. GREEN. All copies have been exhausted.

The SPEAKER. Objection is heard.

The time of the gentleman from Florida has expired.

Mr. CHINDBLOM. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I shall not object to this request; but I will make a point of order when the gentleman finishes.

There was no objection.

Mr. CHINDBLOM. Mr. Speaker, of course no Member of this House—and certainly not I—could have any possible objection to a contribution for the information of the House, and perhaps the information of the Senate, of the character that was given to us a moment ago by the gentleman from New York [Mr. LAGUARDIA]. I have not had an opportunity to check on the facts presented by the gentleman, but I have no doubt they are substantially correct. Whether misrepresentations were made before the Finance Committee of the Senate by a representative of the New York Stock Exchange, it seems to me is hardly a matter for very prolonged discussion in the House, but might better be presented to another forum, preferably the Senate itself.

However, Mr. Speaker, I arose to say that if we are to pattern our revenue system after the revenue system of Great Britain, we have yet far to go. We will be on the road toward very serious consequences in the United States if we adopt that policy. Great Britain, fortunately, with its homogeneous population devoted to the single cause of preserving and saving that country from the verge of bankruptcy, has been able to impose most drastic taxes upon all of its lines of business and classes of property.

By way of comparison, I might say that under the present income tax law in the United States, a man with a wife and one dependent, having an income of $5,000, at the present time pays $12.38 income tax. In Great Britain he would pay $650.22. A person with an income of $10,000, similarly situated, in the United States under the present law would pay $92.25, while in Great Britain he would pay $1,799.93. Under the pending revenue bill, as passed by the House, the corresponding payments would be $29.50 and $194; and under the proposals of the Senate Finance Committee they would be $44.25 and $271, respectively.

We have not attempted to impose any such taxes upon the people of the United States, nor have we attempted to impose upon business, whether it be the business of the stock exchanges or of the produce exchanges, or the business of the farmer or of the manufacturer or the merchant or anyone else, any such burdens. Let us hope we may not be compelled to impose upon our people any such taxes as are imposed upon the people of Great Britain.

We should rather rejoice than complain that it has not yet become necessary in this country, in comparison with the unfortunate tax burdens of other nations, to practically cripple commerce, agriculture, industry, trade, or even the promotion of the arts and sciences among our people.

Mr. Speaker, under the leave to extend my remarks, let me say that I do not believe the Treasury Department made any effort to advise either the House Ways and Means Committee or the Senate Finance Committee as to the British tax on stock transfers. I am advised that the system of handling stock sales and making settlement of them is so different in England from what it is in the United States that it is hard to make a fair comparison. There was really nothing new in Ambassador Mellon's cable of May 19, presented here by the gentleman from New York. The transfer tax, amounting roughly to 1 per cent, as the cable states, applies to "short and long transactions subject to transfer tax only when terminated by payment and transfer of title." On the other hand, cable No. 391, from Mr. Cooper, commercial attaché at London, states:

"Conveyance (transfer) stamp not required when stock purchases involve bearer stocks and stocks that pass by indorsements."

To determine to what proportion of all stock transactions the tax of 1 per cent applies it would be necessary to ascertain what part of those transactions involve transfers of title and what part relate to other changes of ownership or control. The extent to which transfers of title are required in Great Britain in the case of registered shares is understood to be greatly reduced by the custom of having fortnightly settlements between brokers, so that what is required to be transferred at the time of settlement is the net balance instead of the aggregate volume of daily transactions. In all events, neither the amount of the British tax nor its method of application seems deserving of enthusiastic emulation by our Government.

Mr. COPELAND. Mr. President, I am entirely satisfied to have the record made as indicated by the Senators from Nebraska and Wisconsin. Indeed, I court that procedure, because I know Mr. Whitney and I know his very high standing; and while, as I have said before, I hold no brief for the stock exchange or for many of the superbankers of New York, I do always hold a brief for a high-minded man of the character of Mr. Whitney.

The VICE PRESIDENT. The clerk will state the next amendment of the committee.

The next amendment was, on page 282, line 6, after the word "person," to strike out "paying for such transportation and to be collected by the person," so as to read:

(1) A tax equivalent to 3 per cent of the amount paid on or after the fifteenth day after the date of the enactment of this act for such transportation, to be paid by the person furnishing such transportation.

Mr. BORAH. Mr. President, may I ask the Senator from Utah what became of the amendments on page 282 with reference to pipe lines? Do I understand that they went over?

Mr. SMOOT. No; we are on that subject now. We have agreed to strike out "8 per cent" and insert "3 per cent"; and the next amendment, that is now before the Senate, is on lines 6 and 7, to strike out "paying for such transportation and to be collected by the person." In other words, we are putting the burden upon the pipe line to collect the tax rather than the individual.

Mr. LA FOLLETTE. Do I understand the Senator to say that the amendment in line 3 has been agreed to?

Mr. SMOOT. I understand so.

The VICE PRESIDENT. It was agreed to.

Mr. LA FOLLETTE. I thought it had gone over.

Mr. BORAH. Did not the Senator from Oklahoma [Mr. GORE] want it to go over?

Mr. KING. It was agreed to with the understanding that Senator GORE, or any other Senator, if he desired to have the matter reopened, might have that done.

Mr. LA FOLLETTE. I know the Senator from Oklahoma will not want to reopen it, because he was the one who had it reduced in the committee.

Mr. KING. Any other Senator.

Mr. BORAH. If it includes any other Senator, that is all I care about.

Mr. KING. That was the understanding.

The VICE PRESIDENT. The question is on the amendment just read by the clerk.

The amendment was agreed to.

The next amendment was, on page 282, line 11, after the words "equivalent to," to strike out "8 per cent" and insert "3 per cent," so as to read:

(2) In case no charge for transportation is made, either by reason of ownership of the commodity transported or for any other reason, a tax equivalent to 3 per cent of the fair charge for such transportation, to be paid by the person furnishing such transportation.

The amendment was agreed to.

The next amendment was, on page 282, line 17, after the word "to," to strike out "8 per cent" and insert "3 per cent," and, in line 18, after the word "of," to strike out "the difference between such fair charge and the amount paid for such transportation" and insert "such fair charge," so as to read:

(3) If (other than in the case of an arm's-length transaction) the payment for transportation is less than the fair charge therefor, a tax equivalent to 3 per cent of such fair charge, to be paid by the person furnishing such transportation.

The amendment was agreed to.

The next amendment was, on page 283, line 8, after the word "person," to strike out "collecting the tax imposed under subsection (a) (1) and every person," and, in line 10, before the word "shall," to strike out "(2) or (3)," so as to read:

(c) Every person liable for the tax imposed under subsection (a) shall make monthly returns under oath in duplicate and pay such taxes to the collector for the district in which is located his principal place of business or, if he has no principal place of business in the United States, then to the collector at Baltimore, Md. Such returns shall contain such information and be made at such times and in such manner as the commissioner, with the approval of the Secretary, may by regulations prescribe.

The amendment was agreed to.

The next amendment was, on page 283, after line 18, to strike out:

(d) The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time when the tax became due until paid.

(e) Any person making a refund of any payment upon which tax is collected under this section may repay therewith the amount of the tax collected on such payment; and the amount so repaid may be credited against amounts included in any subsequent monthly return.

(f) The provisions (including penalties) of section 1114 of the revenue act of 1926 shall be applicable with respect to the taxes imposed by this section.

(g) The commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this section.

Mr. SMOOT. All of that is transferred to page 287.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The next amendment was, on page 315, after line 3, to insert:

SEC. 1106. REFUNDS OF MISCELLANEOUS TAXES

Subsection (a) of section 3228 of the Revised Statutes, as amended, is amended by adding at the end thereof the following: "The amount of the refund shall not exceed the portion of the tax, penalty, or sum paid during the four years immediately preceding the filing of the claim, or if no claim was filed, then during the four years immediately preceding the allowance of the refund."

The VICE PRESIDENT. The question is on the amendment of the committee.

Mr. SMOOT. Mr. President, I sent to the desk this morning an amendment in that connection.

The VICE PRESIDENT. The Senator from Utah offers an amendment which will be stated.

The CHIEF CLERK. The Senator from Utah offers the following amendment in connection with section 1106:

On page 315, line 5, at the beginning of the line, insert "(a)."

In line 8, after "refund," insert "(in the case of taxes other than income, war profits, excess profits, estate and gift taxes)."

And after line 12 insert a new subsection to read as follows:

"(b) The amendment made by subsection (a) of this section to section 3228 of the Revised Statutes shall not bar from allowance a claim for refund filed prior to the enactment of this act which, but for such enactment, would have been allowable."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. SMOOT. Mr. President, the first amendment passed over was on page 16, line 10.

Mr. CONNALLY. Mr. President, let me ask the Senator from Utah what was done with the tax on safe-deposit boxes on page 284? Did we amend that?

Mr. SMOOT. That was agreed to when we passed over some of these proposals, the first time we went through the bill.

Mr. CONNALLY. But the Senator recalls that we had a meeting of the committee the other day, and, I thought, agreed to a new amendment on that subject.

Mr. SMOOT. Yes; we did.

Mr. CONNALLY. Is that the one that was adopted?

Mr. SMOOT. I offered it as soon as I came into the Chamber, and it was rejected.

Mr. CONNALLY. I see.

Mr. SMOOT. Now, Mr. President, I ask whether Senator GORE is to attend the session to-day? Does anyone know?

Mr. LA FOLLETTE. Mr. President, if the Senator will yield, I understand that the Senator from Oklahoma is attending some ceremony at Arlington this afternoon. I expect him to return later.

Mr. SMOOT. The first two amendments that were passed over were passed over because of the fact that he was out of the city.

Mr. KING. In view of the Senator's interest in these amendments, I suggest that we pass them over temporarily. I think the Senator from Oklahoma will return to the Chamber when the exercises at Arlington are concluded.

The PRESIDING OFFICER (Mr. BINGHAM in the chair). Without objection, the amendment on page 16, line 10, will be passed over.

Mr. SMOOT. Mr. President, the next amendment passed over was on page 31.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 31, to strike out lines 8 to 24, both inclusive, and on page 32, to strike out lines 1 to 7.

Mr. SMOOT. That went over at the request of the Senator from New Hampshire [Mr. MOSES] and the Senator from Rhode Island [Mr. METCALF].

Mr. KING. I ask that the amendment may go over temporarily.

The PRESIDING OFFICER. Without objection, the amendment will be passed over.

Mr. NORRIS. Mr. President, I have offered an amendment to be inserted on page 65, following line 3. I desire to withdraw that amendment and to offer a different one.

The PRESIDING OFFICER. The Senator from Nebraska offers an amendment, which the clerk will read.

The CHIEF CLERK. On page 65, line 3, after the word "purchases," the Senator from Nebraska proposes to insert the following proviso:

Provided, That any such association shall not be denied exemption because it does not keep ledger accounts with nonmembers of the business it transacts with such nonmembers, but it shall only be required to keep such records of its business with nonmembers as will show the actual business done with such nonmembers and the profit, if any, derived therefrom: *And provided further*, That the profits, if any, derived from its business with nonmembers in any fiscal year of the association shall be allowed to remain in the business of the association subject to the right of such nonmember to use his share upon a patronage basis to qualify as a member of the association.

Mr. NORRIS. Mr. President, this amendment does not tend to change the law, but to clarify the exemptions which we have allowed to cooperative associations of producers of farm products.

Mr. COPELAND. Mr. President, will the Senator yield to me to ask a question?

Mr. NORRIS. I yield.

Mr. COPELAND. What became of the amendment on page 63, line 10? I understood the Senator from Wisconsin to ask that that go over in order that he might change the language.

The PRESIDING OFFICER. The Chair is informed that that amendment was rejected.

Mr. COPELAND. Now, the Senator from Nebraska is seeking a further amendment on the next page?

Mr. NORRIS. I am seeking an amendment on page 65, at the end of line 3.

This particular section with reference to exemptions runs over several pages. The House language is existing law. The House provided for exemption from the payment of tax cooperative—

associations organized and operated on a cooperative basis (a) for the purpose of marketing the products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (b) for the purpose of purchasing supplies.

The law provides for the exemption of such associations from paying a profit tax because, as a matter of fact, no profit goes to that kind of an association.

In order to make sure that the members of this sort of an association should be entitled to this exemption, on page 64 the existing law is set out. For instance, it provides, beginning near the top of the page:

Exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 per cent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than nonvoting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who market their products or purchase their supplies and equipment through the association.

I have not read all of that, but just enough of it to show that the subject is the question of the exemption of these organizations.

Mr. President, this matter came before the Committee on Agriculture and Forestry in the shape of a resolution for investigation, because the charge was made that the officials of the Bureau of Internal Revenue were making certain exactions on these organizations which made it impossible for them to get the benefit of the exemption features of the law. A subcommittee was appointed, and they took evidence. They have not concluded the investigation, but they went far enough to convince the subcommittee that we should probably remedy the difficulty and settle the controversy which exists between the Bureau of Internal Revenue and these associations by an amendment to the pending bill. We reported such an amendment to the full committee, the committee approved it, and I was authorized to offer it in the name of the committee, and as I first had it printed it was in the form which had been approved by the committee.

Within the last few days the subcommittee, consisting of the Senator from West Virginia, the Senator from South Dakota, and myself, have ascertained that that amendment, as we proposed it, would probably conflict with the laws of some of the States where these cooperatives exist. So we have changed the amendment, and the amendment as now offered is approved by the subcommittee. We have had no opportunity to submit it to the full committee, because there has been no meeting of the full committee since the amendment was changed.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HATFIELD. A suggestion was made on the part of the representatives of the Bureau of Internal Revenue that this course be taken by the committee in order to get this kind of relief for the cooperatives.

Mr. NORRIS. Yes.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COPELAND. Did the investigation made by the committee referred to by the Senator reveal any considerable amount paid in dividends by these concerns?

Mr. NORRIS. Not very much. I am coming to the matter of the amount of the dividends. Of course, the dividends are very small. It is impossible for me to say how much

they amount to, but they probably run from $35, $40, or $50 up to sometimes $100, in the case of an association.

Mr. COPELAND. Did the aggregate run up into the millions?

Mr. NORRIS. No. They are supposed to have exemptions now under the law, but they are not all getting them, because of what the committee believes are technicalities which the experts of the bureau require of these organizations, composed in 90 per cent of the cases entirely of farmers, producers of stock and grain.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. KING. My information is that there have been one or more refunds to the Hawaiian Sugar Co. and other organizations claiming to be cooperatives, organizations which possibly within the letter if not within the spirit of the law are cooperatives.

May I say to my friend from Nebraska that information has come to me that in some instances bankers and capitalists are members of these so-called cooperatives, having acquired a few shares of stock and probably owning some land or some dairy farm or some dairy products; and, having accumulated considerable stock, are the beneficiaries of rather large profits, far greater than they would obtain in their regular business. I was wondering whether the subcommittee had found evidence of that fact.

Mr. NORRIS. No, Mr. President; in my judgment that is not involved. If there is such a condition, this amendment would not affect it one way or the other. In my judgment, such organizations as the Senator mentions would not be affected one way or the other by this amendment. The people who would be affected are the small corporations, associations organized for a cooperative purpose under the laws of the several States, particularly in the Middle West, where a large number of these organizations exist.

State laws, as a rule, while they vary some, are very strict. Let me give the Senator something of an idea of the law which exists in my State. Where farmers growing wheat, for instance, want to buy an elevator, so as to get the benefit of the full price of the wheat produced in the community, the law provides that, in order that they may obtain money with which to operate, capital stock may be issued upon which a dividend is to be paid. The law provides that the capital stock, which can be subscribed to by anybody, shall be limited to a very small amount, and the rate of interest is limited in my State to 8 per cent, and the owners of the stock have no voting power. It is simply for the purpose of giving them a capital to operate on.

The members operate the organization themselves; they select a board of directors, and in 99 cases out of 100 the board of directors will be composed of farmers living in the community. The residents of a near-by town may subscribe to some of the stock, upon which they can not get interest to exceed 8 per cent, by virtue of their ownership, and they have no vote whatever in the operation.

They operate for a season. They have a fiscal year. At the close of the year they close up their books. Let us say that one of these little organizations, outside of the holders of the stock composed of the farmers of the community, perhaps 50, perhaps 100 of them, has sold the wheat to the organization, and that that wheat has been thrown on the market. Let us assume they make a profit, and that at the close of the year they have $10,000 profit. Every farmer who sold wheat has received the market price. The organization pays that, the same as any elevator would. They have been paid in cash. But if from the sale of the wheat by the elevator to Kansas City, or Chicago, or Duluth, or any other place, there is a profit which the middleman would otherwise get, that profit goes to the organization.

First, there is paid 8 per cent upon the stock to the men who have furnished the capital stock, and that is all they get. The balance of the profit is divided up among the farmers who have furnished the wheat, in proportion to the number of bushels of wheat which they brought in.

That is a cooperative organization. Other States have different laws, but they are very similar to that in Nebraska. The principle underlying them in all the States is the same. Nobody makes any profit. The case I am citing is that of a purely cooperative organization of farmers who raise wheat.

Congress undertook to give to that kind of an organization an exemption from the payment of income tax, because all the members pay their own individual income taxes, if they have sufficient incomes, and because in the organization as such there is absolutely no profit. The profit is all paid to the men who furnished the wheat. That is the law now. They are supposed to be exempt. Of that kind of organization there are nearly 12,000 now in the United States. Less than 700 have succeeded in getting the exemption. Most of them do not try because of the experience and the difficulties of those who have tried.

Here is what happens. Let us take the same imaginary corporation I have been describing. It has a board of directors of five men who are farmers. They live out on their farms. They are wheat raisers. The other wheat raisers elect them as a board of directors. They select a man to manage the elevator. He buys and sells the wheat. They make their returns. Here is one of the difficulties that arise.

Some farmer who raises wheat out in this community is not a member of the association and he brings to the association a load of wheat. It may be in the community where the association has the only elevator. It may be a little community that has just a post office and one store. It may be in a large city, where there are a dozen private elevators. The farmer who is not a member comes to this elevator owned by the cooperative association and sells a load of wheat.

Congress did not want to prevent these men from taking the wheat of somebody who was a nonmember because in hundreds of communities it would make it impossible for the nonmember to sell his wheat without hauling it a long distance, because the cooperative organization might be the only outfit prepared to buy the wheat. That would have forced him into the organization. It was not the desire of Congress to compel anybody to go in, but to permit him to stay out if he wanted to do so.

The law provides that the cooperative organization may not do more than 50 per cent of its business with those who are not members. If it does, it loses the right of exemption. In the cooperative organization, if they have 25 per cent of the farmers in the community who do not belong to the organization, but who bring in their wheat, they would still be entitled to the exemption. But upon wheat brought in by the nonmembers, if there was a profit at the end of the season, that profit would accrue just the same as though they had been members. The association must keep their records so as to show exactly how much business they do with nonmembers as well as how much business they do with members.

To be technical about it, the man buying the wheat would probably be another farmer who would have to keep books. He would have to open up a ledger account with every man who was not a member as well as with those who were members, showing the amount of wheat sold, when it was sold, how much was paid, so that at the end of the year they could make a computation of how much that man was entitled to receive.

If they do business with 100 farmers who are not members of the association, they would have to open up 100 different accounts. They are not expert bookkeepers. They do not keep their books that way, but they do keep records to show what they buy of nonmembers, how much they buy, and the profit at the end of the season. The smart auditor, the man representing the bureau, who wanted to show his ability to hold his job, would come out in the country to the organization I have described and would call in these five farmers who were the board of directors. They do not know much about bookkeeping. The man who is keeping the accounts of the elevator is not an expert bookkeeper, but he is able to show, as he must be able to show under this amendment, just how much business he did. They do it by keeping tickets, as they call them. When a farmer sells a load of wheat there is a ticket issued for it. It is made in duplicate. One copy goes to the farmer and the other is kept by the organization, hung on a hook there, and that is the only

record they keep. At the end of the season this manager computes how much of the profits belong to the nonmembers.

But the representatives who go out from the bureau, when they get these farmers in there, scare them nearly to death; and I am going to place in the RECORD some letters showing how they scared these men nearly to death. They made them believe they had made returns that were false, that were untrue, and that they were liable to prosecution and that they might go to the penitentiary. Then, when they had them properly frightened they pulled a statement out of their pockets which these men signed, sometimes without reading, and in no case that I ever heard of did they ever get a copy of what they signed. In a few days they would get notice that their right to exemption was canceled, that they had no exemption, that their own statement showed they were not entitled to exemption, and they did not get any exemption.

Cases of that kind can be multiplied by the hundreds. That was the kind of treatment that brought about the investigation before the committee. That was why the subcommittee was appointed to investigate the situation. When we went into session, as chairman of the subcommittee I invited the Bureau of Internal Revenue, as I had notified them on the introduction of the resolution, to appear at the hearings. I think six of their men were there. There was one man representing the farmers, the auditor whom they hired to go out and examine their books or their accounts. The farmers were not able to come here to testify. I think six representatives from the bureau were present, and their names appear in the record.

There were some other technicalities, pure technicalities. There was no question about the good faith of these organizations. There was no question but what they were being denied the exemptions that the law provided for them. I see honoring me with their attention the Senator from South Dakota [Mr. BULOW] and the Senator from West Virginia [Mr. HATFIELD], who heard all the testimony. If I have made or if I shall before I conclude make a statement not corroborated by the evidence that was produced there, I hope they will correct me and call it to the attention of the Senate.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. I yield.

Mr. KING. I am curious to know whether in the investigation the subcommittee considered some of the big cooperatives, like the Hawaiian Sugar Co. and some of the fruit and citrus companies in California, the wine growers of California, and others claiming to be cooperatives, handling millions and perhaps receiving large profits, as the Hawaiian Sugar Co. did. As I understand, the Government paid $400,000 in refunds to that cooperative.

Mr. NORRIS. No; we did not investigate them. There is nothing in this amendment that will give them any privilege they do not have now. There is nothing in this amendment that will do anything except to give to the farmers, who are not expert bookkeepers and who can not keep their records according to the demands of the experts in the bureau, what the law intended to give them. If the kind of organizations referred to by the Senator are getting anything they are not entitled to now, this will not enlarge that right and it will not curtail it, I am sorry to say, because I would like to curtail it if I could.

Mr. KING. I am inclined to think that the experts to whom the Senator referred or other experts of the Internal Revenue Bureau seem to be more concerned with some of the little organizations such as the Senator describes than some of the large so-called cooperatives which have imposed upon the Government.

Mr. NORRIS. Mr. President, I ask unanimous consent at this point to insert in the RECORD without reading, unless some Senator desires, the resolution under which the Committee on Agriculture and Forestry was acting, together with the opening statement made as set forth on pages 1, 2, 3, and 4 of the hearings before the subcommittee.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter is as follows:

"[S. Res. 43, Seventy-second Congress, first session]

"RESOLUTION

"Whereas a large number of controversies have arisen between various farmers' cooperative organizations in different parts of the country with the officials of the Bureau of Internal Revenue regarding the exemption features of the present revenue act as applied to farmers' cooperative organizations (sec. 231, par. 12, act of 1926, and a similar paragraph in the 1928 act); and

"[Whereas it is claimed by representatives of various farmers' cooperative organizations that the officials of the Internal Revenue Bureau are guilty of acts of intimidation against officers and employees of various farmers' cooperative organizations, in that said officers and employees have been, through threats and otherwise, induced to sign affidavits and make statements concerning the financial operations of said cooperative organizations, by which the said officers and employees have been frequently induced to pay taxes against such organization when, as a matter of fact, no tax is or was due under the law; and]

"Whereas it is claimed on the part of the officials of farmers' cooperative organizations that the Internal Revenue Bureau is not fairly administering the tax-exemption feature of the laws which apply to such organizations but is compelling the officials of such organizations to pay taxes which have been illegally assessed; and

"Whereas it is claimed by the officials of such cooperative organizations that instructions have been given these associations at variance with and contrary to the exemption features of the revenue acts governing the taxable status of farmers' cooperative organizations by which a large number of said cooperative organizations have been misled as to their legal rights and have not made claims to exemptions when, as a matter of fact, they were entitled to such exemption under the law: Therefore be it

"*Resolved*, (1) That the Committee on Agriculture and Forestry be, and it is hereby, authorized and directed to investigate the entire question of the exemption of farmers' cooperative organizations under the various revenue acts and ascertain whether or not the officials of the Internal Revenue Bureau have been guilty of any unfair or illegal practices in regard to the exemption features of the revenue acts as they apply to farmers' cooperative organizations.

"(2) That the committee ascertain specifically whether or not the officials of the Internal Revenue Bureau have been unjust or unfair in their attempt to enforce the said revenue acts as against such farmers' cooperative organizations.

"(3) That the committee ascertain whether or not the intent and spirit of the revenue act has been fairly and judicially enforced in regard to the exemption features in said law applying to farmers' cooperative organizations.

"(4) That the committee ascertain whether or not such farmers' cooperative organizations have received the full benefit of the exemptions for such organizations provided for in the law, and, if they have not received such benefit, has the same been brought about by any dereliction, inefficiency, or illegal acts of any of the officials of said bureau.

"Said committee is hereby authorized, in the performance of its duties, to sit at such times and places, either in the District of Columbia or elsewhere, as it deems necessary or proper. It is specifically authorized to require the attendance of witnesses by subpœna or otherwise; to require the production of books, papers, and documents; and to employ counsel, experts, clerical, and other assistants; and to employ stenographers at a cost not exceeding 25 cents per 100 words.

"Said committee is hereby specifically authorized to act through any subcommittee authorized to be appointed by said committee or by the chairman thereof. The chairman of said committee or the chairman or any member of any subcommittee appointed hereunder may administer oaths to witnesses and sign subpœnas for witnesses; and every person duly summoned before said committee, or any subcommittee thereof, who refuses or fails to obey the process of said committee or who appears and refuses to answer questions pertinent to said investigation shall be punished as prescribed by law.

"The expenses of said investigation, not exceeding in the aggregate $5,000, shall be paid from the contingent fund of the Senate on vouchers signed by the chairman of the committee or the chairman of any subcommittee.

"All hearings before said committee shall be public."

Senator NORRIS. The resolution was once passed on by the full committee, who reported it to the Senate. Inasmuch as it provided for an appropriation from the contingent fund, it automatically went before the Committee on Audit and Control. That committee held it for some time. At least, they were holding it up because of this appropriation made from the contingent fund. There was no objection to the balance of it.

It occurred to me that we might possibly get the evidence without passing the resolution, and at my request the Senate discharged the Committee on Audit and Control and reported the resolution back to the Committee on Agriculture and Forestry.

Then, at my request, the chairman of that committee appointed a subcommittee to consider it. It is possible that we can get all the evidence that is necessary in this preliminary hearing.

The result of this resolution, which I introduced on the 9th day of December, was the culmination of a great deal of consideration that had been given to the subject, upon complaints made by the Farmers Union of my State.

I took the matter up with the Internal Revenue Bureau, and after a good deal of consideration and correspondence back and forth, I thought we had reached an agreement, whereby the denial of the exemption from the taxation order of the bureau would be reopened and another hearing be had; and I had the understanding that Mr. French, who is the attorney for the Farmers Union, would be invited in by the board or the officials of the bureau in the reconsideration.

It was my belief—and I still hold to that idea—that if there could have been a fair talking back and forth between the representatives of the Farmers Union and the bureau, across the table, with technicalities thrown aside, an understanding could have been reached. As a matter of fact, I left Washington—that was in the last Congress—under the belief that that agreement had been reached and they were going to consider it in that way. But when I returned I discovered it had not been done, the cases had been reopened and passed on again by the bureau, and Mr. French had no opportunity according to the understanding I thought I had that he was to have. So I introduced this resolution.

The claim is made by the Farmers Union that the bureau has not given them the benefit of the exemption features of the taxing law. Under the law, we undertake to exempt cooperative organizations of farmers, and these various associations and organizations of a cooperative nature belonging to the Farmers Union in Nebraska had been having trouble, as I said, with the bureau.

I know it was the intention of Congress—and I think everybody will agree with that—that we wanted to exempt these cooperative organizations. I have seen them grow in my State. I have seen the difficulties they have been up against. From my correspondence here the claim is made, at least, that these objections are technical and that the bureau has not given to the act a liberal construction.

A great many of these cooperative organizations, with which I am personally acquainted, are organizations of farmers operating cooperative elevators. They are mostly farmers. They are not experts in bookkeeping. I have no doubt but what in a technical sense any expert could find fault with the way they keep their books, but I am convinced in my own mind that they have been perfectly honest and that they are not trying to evade any law, that they are trying to comply with the rules and regulations of the bureau, and they feel that they have not been properly treated.

Possibly we ought to show at this point that the bureau is represented here by Mr. Burnet; and will you give the other names of the gentlemen here?

Mr. BURNET. David Burnet, commissioner, Bureau of Internal Revenue; Mr. Clarence M. Charest, general counsel; Mr. L. K. Sunderlin, head of rules and regulations; Mr. P. R. Baldridge, special deputy commissioner; Mr. L. P. Watson, member of the general counsel's office; and Mr. Bartholow, Benjamin H. Bartholow, special assistant to the Secretary of the Treasury.

Senator NORRIS. And the Farmers Union is represented hereby Mr. French. What are your initials, Mr. French?

Mr. FRENCH. Arthur S. French.

Senator NORRIS. Mr. French is attorney for the Farmers Union of Nebraska.

I believe I ought to read some of these letters that I have gotten, that set forth the claims on the part of this union. For instance, here is one [reading]:

FARMERS UNION COOPERATIVE ASSOCIATION,
Neligh, Nebr., November 14, 1931.

Hon. GEORGE W. NORRIS,
Senate Building, Washington, D. C.

DEAR SIR: We are operating a cooperative general store and have filed income-tax return reports for many years until in 1928 our attention was called to the fact that as a cooperative we should be exempt. We accordingly filed our claim, and on September 7, 1929, we were granted this exemption by the bureau.

Mr. Congdon, of the Omaha office, filed a report with the commission, recommending that our exemption be denied on the grounds that we were not treating nonmembers and members alike with regard to distribution of patronage dividends. In the early summer of this year a party of men, consisting of Mr. Newberg, Mr. Barbour, Mr. Smith, of Washington, D. C., and Mr. Congdon, of the Omaha office, called and asked for more information regarding the manner in which we conducted our business with the thought of rechecking Mr. Congdon's report to headquarters. After the three gentlemen above referred to from Washington, D. C., had made the necessary examination and found the information desired, they, collectively, stated to me that our records were all right and that they would recommend our exemption be confirmed and remain as granted.

Now I am informed that they have filed a report with the commission that the revenue agent's report is correct and that we are not entitled to exception. I have written the Omaha collector to this effect, but he advises me that his instructions require him to secure a report for the years past, 1929, 1930, and 1931.

I am writing to you asking for your assistance in obtaining justice, as I am doing everything I know of in conforming to the requirements of a cooperative organization to entitle me to this exemption. I am inclosing last year's financial report as proof of my claim and wish to direct your attention to the items at the bottom of the sheet, as follows:

General stockholders at 3 per cent, $1,882.93; nonstockholders at 3 per cent, $1,807.12.

If you can find time to look into this matter and desire further information, please write me.

Yours truly,

FARMERS UNION COOPERATIVE ASSOCIATION,
ALVIN E. GRAYBIEL, *Manager.*

Here is an other letter from the Farmers Union Cooperative Exchange, H. C. Bredemeyer, manager, Hartington, Nebr., directed to me [reading]:

HARTINGTON, NEBR., *December 20, 1930.*

GEORGE W. NORRIS,
Washington, D. C.

DEAR SIR: In reply to your letter of December 15, 1930, we employed Arthur S. French, through the Farmers Union State Exchange, to try and get back for us income tax that we paid for 1926, so he came to Hartington, Nebr., and checked over our books, getting all the records that he claimed were necessary to get us back our income tax that we had paid, which I signed before a notary public.

Then, last year, about February or March, along came two men from the Internal Revenue Bureau, asking for our books, which they, with the assistance of our auditor, checked over, and when they got through asked me if I knew where Mr. French had gotten his figures and if I had signed those papers, to which I told them that we had hired Mr. French as our attorney and under his directions I had signed, so they went on telling me that I had laid myself liable by signing something that I did not know what it was or where Mr. French had gotten his records, and then went on and asked me if I would be willing to sign the affidavit that they had, releasing me from the other by claiming that I did not know how Mr. French had gotten his records, which I refused to do and I told them that we had hired Mr. French as our attorney, through the recommendation of the Farmers Union State Exchange of Nebraska and that he would take care of this for us.

So I did not hear any more from them until about a month ago I got a letter from the department telling us that our claim had been turned down, and this letter I sent to Mr. French.

Yours truly,

FARMERS UNION COOPERATIVE EXCHANGE,
H. C. BREDEMEYER, *Manager.*

Mr. NORRIS. Let me read to Senators a list of those who were present. Mr. Burnet, Commissioner, Bureau of Internal Revenue, was there; Mr. Charest, general counsel of the bureau; Mr. L. K. Sunderlin, head of the rules and regulations of the bureau; Mr. P. R. Baldridge, special deputy commissioner, were all present. Mr. L. P. Watson, member of the general counsel's office, and Mr. Benjamin H. Bartholow, special assistant to the Secretary of the Treasury, were present. They were invited to be present. They were invited to cross-examine the only witness who appeared on behalf of the farmers.

This witness was an accountant. He is referred to in the hearings as an attorney. As a matter of fact, he was employed by the Farmers Union of the State of Nebraska to go to the separate individual organizations and try to help them get the exemptions to which the law provides they shall be entitled. He testified, giving to the committee his experience and relating his activities, showing that he was an accountant, that he was an expert, that for many years he worked as such for the Government, resigning several years ago to go into private practice, and having an office in the city of Washington. The cooperative associations had to employ this man in order to get what we intended, when we passed this law, should belong to the cooperatives as a matter of right without any expense and without any effort.

The letters to which I have referred tell the story. I could fill the CONGRESSIONAL RECORD with them. On page 5 of the hearings is a letter which I am going to read, and I am picking this one merely at random. There are hundreds like it, but only a few were printed in the hearings in order to prevent encumbering the record. This letter reads as follows:

FARMERS COOPERATIVE GRAIN & LUMBER CO.,
Humphrey, Nebr., October 2, 1930.

Mr. H. G. KEENEY,
President Farmers Union, Omaha, Nebr.

DEAR MR. KEENEY: I think you should know about the experience I had with the revenue men from the Omaha office.

Your representative, Mr. French, called upon me last year to talk about income-tax exemption. He left a questionnaire and a power of attorney for our signatures, with instructions to take up with our board of directors if we wanted to get exemption. They decided to ask for exemption and the papers were sent to Mr. French. Later we received our exemption letter from Washington, as Mr. French said we would.

Later two revenue agents called upon me and went over our books. By questioning me about the questionnaire and working with me they had me scared that I had done something I ought not to have done and they presented an affidavit and asked me to sign. This I did, without knowing what I had signed or the effect it might have upon our claim for exemption. They did not leave a copy of the papers with me and I have no way of knowing what was on the affidavit.

I do not think this is treating us managers right, as we do not know anything about income-tax matters and think you should know about it.

That is a sample of the complaints these men made, and I have some letters that are much worse than this one. Here is another letter to Mr. Keeney. I will read a part of it, and I will ask permission to insert all of it.

The VICE PRESIDENT. Without objection, permission is granted.

Mr. NORRIS. The letter reads as follows:

FARMERS UNION STORE,
Guide Rock, Nebr., October 8, 1930.

Mr. H. G. KEENEY,
President Farmers Union, Omaha, Nebr.

DEAR MR. KEENEY: We have been having so much trouble with the representatives of the revenue department at Omaha that I think I should call it to your attention, in hopes that you and the State board can take steps to see that we receive fair treatment.

In the first place, a Mr. Brown, from Hastings, called upon us in connection with our income-tax return for 1928. He stated that it had not been filed, but we advised him that we had filed our claim for exemption. After several trips here he finally told us that he wanted a check for the tax and an additional penalty of $1,500. He said he was going to stay here until he received the check for the entire amount. We advised him that Mr. French had charge of our income-tax work and we have not seen him since, neither have we paid the taxes he demanded.

Later we were visited by two agents from the revenue agent's office in Nebraska, who had been sent for the purpose of investigating our exemption claim. They told us that if we could show them that we did more business with members than nonmembers that we could qualify and they would recommend exemption. Our office proved to them very clearly that the business with members exceeded the nonmembers' business in a very short time, but they still stayed here for two days, apparently trying to find other operations that would prevent us from qualifying for exemption. During their stay they advised us that it was a very serious offense to sign a questionnaire with estimates, that the estimates might not prove out and then in that case it would go hard for the party that signed the questionnaire.

It was apparent that after we had proved our exemption rights that they tried to scare us into the thought that asking for exemption was a dangerous thing to do, and that we had better withdraw our claim.

After two days they finally found a clause in our by-laws that had been passed in 1930 for the use in future years that they now apply to the past years 1925 to 1928, inclusive, and have advised the Washington office that we do not qualify for exemption. The new by-law, if effective at all, merely affects the future years and not the period under examination by them.

Senators will understand what that means. These agents were trying to make, and evidently did make, a by-law that was adopted in one year applying to business that was transacted prior to its adoption.

In any event, we have received our denial of exemption, and after we had notified Mr. French he had a conference with the officials at Washington, and has since advised us that the only reason that appeared at the conference was the clause in the by-laws that had been taken from the agent's report.

We have instructed Mr. French to continue his efforts to procure our exemption; but the question with us is, Why are the cooperative associations of this State put to all of this trouble with the revenue agents to procure the rights that have been afforded us by the law?

Why do the revenue agents try to scare and bulldoze us into keeping us from getting exemption? I thought you would be interested in this experience, and we will give you more details if you desire.

Yours truly,

S. SHIPMAN, *President.*

Here is another letter found on page 6 which I will read in part and include all of it in my remarks.

The VICE PRESIDENT. Without objection, permission is granted.

Mr. NORRIS. The letter is as follows:

FARMERS UNION ELEVATOR CO.,
Bloomfield, Nebr., September 29, 1930.

Mr. H. G. KEENEY,
President Farmers Union, Omaha, Nebr.

DEAR MR. KEENEY: In January, 1929, Mr. Reynolds, our district representative on the State board of directors, advised us of the arrangements that had been made with Mr. French in regard to getting exemption from income taxes. In August, 1929, I gave Mr. Reynolds a signed blank questionnaire for the purpose of filing for exemption of our association, as I understood that Mr. French had been furnished with the information necessary for filing. The questionnaire was filed in August, 1929, and in September, 1929, our association was advised that they had been granted exemption from income taxes.

During February, 1930, two or three revenue agents called at our office for the purpose of looking at our records. I was away at the time, but the men waited until I returned, and I was called to our office to meet them. Very soon after I had arrived I was told by one of the men, named Hayes, that I had signed a false affidavit in the claim for exemption, that the signing of a false affidavit was a very serious offense, and that there was only one thing to do to protect myself. The men even mentioned the Federal prison at Leavenworth. Mr. Hayes then showed me an affidavit which he drew from his pocket and asked me to sign.

It will be noticed that the affidavit was prepared before the interview—

Not knowing anything else to do and being scared of what might happen if I did not sign, I signed the affidavit at his suggestion.

You know, being a farmer, that I do not know about such things as income-tax matters. I have no idea of what was in the affidavit and a copy of the paper was not left with me. I do not know whether the affidavit will be used to affect our exemption or not, as our association is still exempt; but why does the Revenue Department think it necessary to scare us farmers into doing these things? If getting exemption means all this trouble, it is not worth it; and why was our association picked out in this manner, as so many of our neighbors are not having this trouble?

Our men were so scared because these revenue agents talked the way they did that we filed our income-tax return for 1929 and paid about $317 tax, even though we still have our exemption from even filing returns, and we will now have to wait a long while for our refund. After getting exemption for the years 1925 to 1929 we filed refund claims last October for taxes paid in those years, but here it is almost one year later and we have not received our money for our refunds.

I thought that you should know about such things, as we should not be treated in this manner; and if our representatives in Congress knew about such things I think they would see that it is stopped.

Yours truly,

W. LAMPRECHT.

There is another letter, commencing on page 7, which I ask to have printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

FARMERS UNION COOPERATIVE EXCHANGE,
Hartington, Nebr., September 29, 1930.

Mr. H. G. KEENEY,
President Farmers Union, Omaha, Nebr.

DEAR MR. KEENEY: I want to tell you about our experience with the revenue agents sent out by the Omaha office. Through the representative of the Farmers Union, Mr. French, we filed our claim for exemption last year and were granted exemption in October, 1929.

In April, 1930, two revenue men called upon us and submitted an affidavit for my signature. The affidavit had been made out before they had talked with me, and I was told that I had signed an affidavit that they could not verify the amounts upon the books. They said that if I signed the affidavit they had I would be released from any liability of false information on the other affidavit, and I was advised by them to sign the one presented by them.

The amounts on the affidavit that I did sign were based upon estimates of the amount of business done with Farmers Union members and stockholders of our association. These percentages were furnished Mr. French and used by him upon our questionnaire filed for the purpose of claiming exemption and were based upon a 75 per cent basis of the business done by our association.

I refused to sign the affidavits, as I thought that as long as Mr. French was handling our claim he should be advised; and I know that if I had signed the affidavit they presented, it would have been used to cancel our claim for exemption that had already been granted to our association.

I do not see why revenue agents should try to get us to sign any papers that we do not know anything about, and I think you and our State board did the right thing in making arrangements with some one like Mr. French who can represent us in such matters.

Because of the action taken by Mr. French we are exempt from paying income taxes and are now waiting for our refund claim to be paid.

Yours truly, H. C. BREDEMEYER, *Manager*.

Mr. NORRIS. Mr. President, the farmers in that State employed, at considerable expense, a Mr. French to go out there and to make investigation and see what was wrong and why they could not get their exemption. I am going to read from the testimony of Mr. French to show his qualifications for the work:

Mr. FRENCH. My name is Arthur S. French. I am a certified public accountant, president of Arthur S. French & Co., home office at the Munsey Building, Washington. I am a public accountant with 25 years' experience, 14 of which have been with certified public accountants degree.

As far as my experience goes, pertaining to the matters before the subcommittee, in 1921 Secretary Wallace appointed me as general auditor of the packers and stockyards administration in the Department of Agriculture. That job gave me full control over all accounting work in all of the matters of the packers and stockyards and livestock commission public markets. As the packers and stockyards act made a special dispensation with regard to cooperative organizations, we were forced to study the details of the cooperatives, in allowing them to pay rebates. For that reason my experience with the department gave me a very wide touch with cooperative procedure; and upon the death of Secretary Wallace I resigned and went back into public accounting practice, specializing in the work of the cooperative associations.

That was the man, Mr. President, whom these people employed. I do not know what they had to pay him, but probably it was quite a sum. One would not expect him to go over there, halfway across the continent, and spend probably two or three months in going around examining these associations in order to find out what was the matter and why it was they could not get their exemptions, without adequate compensation.

Mr. President, it seemed to me—and that is the impression of the committee, I think—that some employees of the Government, desirous of showing some reason for their retention in the Government service, were anxious to find fault of a technical nature, and in many cases they may have been technically right, with the manner in which the books of the cooperatives were kept.

During the last summer I had this matter up with the cooperative associations of the country. I had been importuned to do something. As we all know, everyone was busy; but I took the matter up with the bureau. I had Mr. French and Mr. Keeney here and went over the situation with them. It took a good deal of my time to familiarize myself first with the law and then with the facts in the case. Mr. French said that if he could meet with the bureau's representatives, if they would take him into their confidence and sit around the table, he thought we could adjust it all.

Mr. ASHURST. Mr. President——

Mr. NORRIS. In just a moment I will yield to the Senator. I, too, thought so, and I made an arrangement for such a meeting. They had rejected many of the claims for exemption. I asked them to reopen those claims, and then to notify Mr. French, the representative of these organizations, and let him examine their records; let him sit in with them and talk the matter over. As I said in the letters I wrote to them, "I believe if you will do that we can adjust this matter satisfactorily." They did reopen the claims at my request. They made that agreement with me in black and white by correspondence. I left Washington when the last session of Congress adjourned with the idea that this was all going to be settled and that there would be no difficulty about it. I was surprised to learn that they did not let Mr. French in on the readjudication of the cases; that they took them up without notifying him. All they did was to reopen them at my request; and when Congress adjourned they passed on them again, and denied the exemption in all cases. That is the reason I introduced the resolution.

After the subcommittee entered upon the investigation, as the members of the subcommittee will agree, and proceeded with the taking of testimony, with representatives of the Government present and Mr. French representing the association, an agreement was entered into that we would stop taking testimony and that the representatives of the department, whose names I have read, should call Mr. French in, and they would see if they could not reach an understanding as to the construction of this law and whatever would be necessary in order to give exemption to the cooperatives.

Two or three days after we adjourned, with that understanding, I got a letter from the bureau calling my attention to a statute that we had passed which kept these records secret, and which provided that no body had a right to examine them except members of the Finance Committee of the Senate and members of the House Ways and Means Committee, and also members of any committee specifically designated for that particular purpose by either branch of Congress. Of course, the Committee on Agriculture and Forestry was not so designated. We notified these men at a hearing that we would appoint Mr. French as our representative to look over the accounts and documents on file in order to see what, if any, reason they had for refusing exemption, and if their reason was good, that we would try to remedy the situation by a proper amendment that would rectify the error.

When I read that letter I realized that the committee were up against an impossibility; that the Agricultural Committee had no right to examine these records; that the bureau really had no right to show them to us; and so we were unable to go any farther with our investigation. But in this great Government, where Congress has undertaken by law to give exemption to certain cooperative associations, when there is a dispute now as to what is wrong, as to why they shall not get those exemptions, and we want to examine the records of our own country, even Members of the Senate are denied the privilege.

We are to blame for that. That is part of the secret government. We have conferred that sacred right only upon the exalted members of the Finance Committee. The members of the Agricultural Committee, having to do with agriculture, having to do with farming, having to do with organizations of this kind, have to stand outside. We can not go in; and in those secret archives are the records that have denied to these cooperative organizations all over the United States the right to the exemption that the law intended to give them.

I yield now to the Senator from Arizona.

Mr. ASHURST. Mr. President, I sought to interrupt the able Senator only to say that to my mind he has clearly and distinctly made out his case. I shall support his amendment; and I am pleased that he has availed himself of this opportunity to comment upon some of the acts, approaching tyranny, committed by the Federal income-tax officials.

One of the reasons why the income tax is losing its popularity is that many of the citizens of the United States have begun to look upon that bureau not as an agency willing to assist them and give them sound advice, but rather as an agency liable at any moment to entrap them, mangle them, and mulct them out of their earnings, if not send them to the penitentiary, when no misdeed was willfully attempted or contemplated.

The Senator has done well in excoriating those who perpetrated this wrong upon the farmers, and I am going to support the amendment.

Mr. NORRIS. I thank the Senator.

It is the desire of these associations to get just as many members as possible, and the latter part of this amendment—the only part that we put in—provides that the profit coming to nonmembers shall be retained in the hands of the association, and that the nonmember entitled to the profit can utilize the accumulation of the funds to pay for a share that will admit him into the association.

Unless Senators have some questions, I do not believe I have anything further to say.

Mr. SMOOT. Mr. President, I want to say that this is the first I have heard of this matter; and after listening to the Senator I am perfectly willing that the amendment shall go into conference, and then we can attend to the details of it.

Mr. NORRIS. I do not want this amendment to go into this bill with the idea that it is going out in conference.

Mr. SMOOT. I did not say that.

Mr. NORRIS. I know; but that happens so often. The Senator said he was willing to go into conference with it. If there is any objection to it, I should like to meet it now.

Mr. SMOOT. This is the first I have heard of it, so I do not know; but I think it is worthy of most serious consideration.

Mr. NORRIS. Mr. President, it comes down to this: Are we wrong in trying to give exemption to cooperative organizations? The exemption is based on the theory that they make no profit. It is all returned to the members.

So far as I know, no one has ever denied the righteousness of the principle that purely cooperative organizations should not pay an income tax, because they have no profit. It all goes back to the members, who are assessed the same as everybody else on this kind of income, as on everything else. If that principle is right, then this amendment is necessary to give effect to our law.

Mr. HATFIELD. Mr. President, the senior Senator from Nebraska [Mr. NORRIS] has ably stated the merits of this amendment, and I trust that the Senate will adopt it.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. SMOOT. Mr. President, the Senator from Oklahoma [Mr. GORE] is in the Chamber now, and I should like to recur to page 16, line 10.

Mr. GORE. Mr. President, I have offered an amendment to that amendment which is now lying on the table.

The CHIEF CLERK. The Senator from Oklahoma offers the following amendment to the committee amendment beginning on page 16, line 10:

On page 16, line 13, strike out "individual for personal services" and insert "director or employee of a corporation for personal services to such corporation," so as to read:

(e) There shall be levied, collected, and paid for each taxable year upon the amount by which the compensation (including salaries, commissions, emoluments, and rewards) of any director or employee of a corporation for personal services to such corporation exceeds compensation at the rate of $75,000 per year, a tax of 80 per cent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amount.

Mr. GORE. Mr. President, that amendment simply conforms the language to the original intention when the amendment was submitted to the Finance Committee. It limits it to the directors, executive officers, and employees of corporations. Through an inadvertence on the part of the experts, who were overworked at the time, it was made applicable to partnerships and professional men, as well as corporation officers and directors.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. NORRIS. Is it the intention to pass upon this matter now?

Mr. GORE. I assume so.

Mr. NORRIS. I am not familiar with the facts myself, but some Senator—I am not sure who it was—called my attention to this particular amendment.

Mr. SMOOT. The Senator from Oklahoma [Mr. GORE] is the only one who has ever spoken to me in relation to it.

Mr. NORRIS. If it is the $75,000 amendment, I should like, if it is agreed to now, to have the understanding that if the Senators who are interested, and who are not present, want to have it reconsidered, there will be no objection to it.

Mr. SMOOT. I certainly hope it will not be agreed to, but if it is agreed to——

Mr. NORRIS. Does the Senator mean this is a committee amendment?

Mr. SMOOT. Yes; the committee reported it.

Mr. NORRIS. But this is an amendment to the committee amendment, as I understand.

Mr. GORE. The amendment just read; yes, sir. I may state that I was the author of the amendment, and presented it before the Finance Committee. It was agreed to by the Finance Committee, and is now one of the committee amendments.

Mr. NORRIS. Mr. President, I am called out of the Chamber, and I know of several other Senators who are in conference right now; and I should like to have an understanding before I go, if I can—I can not even wait to hear this discussion—that the action of the Senate may be reconsidered later if those Senators desire it.

Mr. GORE. I am sure the Senator from Nebraska will favor this amendment.

Mr. NORRIS. I probably shall. I do not know as to that.

Mr. GORE. In fact, this is the amendment I discussed with the Senator from Nebraska a few days ago.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oklahoma to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 22, line 21, after the word "equity," it is proposed to insert:

The amount by which the compensation (including salary) of any person for personal services exceeds compensation at the rate of $75,000 per year shall not be deductible under this subsection.

Mr. SMOOT. That is the same amendment as the other.

Mr. GORE. This amendment, in a sense, is a companion to the one just adopted. The two are related to each other, and I hope this amendment will be adopted.

Mr. SMOOT. They are related to each other; and, of course, having adopted the first one, the other one would naturally be adopted as well.

Mr. GORE. The other one goes in as a matter of course.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GORE. I wish to have printed in the RECORD at this point, and in connection with these amendments, a document gotten out by the minority stockholders of the Bethlehem Steel Co., and I hope the Senate will indulge me in one word in that connection.

This has particular reference to an evil that has grown up in this country in the last few years—an evil which in large measure has destroyed confidence in the securities of many of the great corporations, and destroyed the confidence of stockholders in their own directors and officers.

I have in mind particularly the Bethlehem Steel Co. In 1917 or 1918 it embarked upon a policy of paying bonuses. From 1918 to 1928, inclusive, that concern paid more than $30,000,000 to its officers and directors in bonuses, and paid only $40,000,000 to its common-stock holders.

From 1925 to 1928, inclusive, that company paid out $6,000,000 in bonuses, and paid no dividends whatever on its common stock.

During those four years, when no dividend was paid out on common stock, $3,000,000 in bonuses was paid to the president of that company.

In 1929, $1,600,000 was paid to the president of the Bethlehem Steel Co.

In 1931, $1,000,000 and more was paid to the president of that concern in the form of a bonus, even though the company did not earn its dividend that year.

It is to correct evils of that sort that these amendments have been offered; and they are part of a larger scheme which I have in mind, which will ultimately restore faith on the part of the stockholders of this country in the corporations of the country; I mean some system patterned after that which prevails in England, where the people know what they are buying, and are assured of getting value received in exchange for their money.

Sooner or later Congress must adopt some system, applying it to concerns engaged in interstate commerce, that will destroy practices of this sort and establish confidence in the minds of the stockholders and in the minds of the public.

The VICE PRESIDENT. Without objection, the matter referred to by the Senator from Oklahoma will be printed in the RECORD.

The matter referred to is as follows:

PROTECTIVE COMMITTEE FOR STOCKHOLDERS
OF BETHLEHEM STEEL CORPORATION,
March 20, 1931.

To the Common and Preferred Stock Holders of Bethlehem Steel Corporation:

This letter is addressed to you upon the subject of the Bethlehem bonus system.

The undersigned were organized as a protective committee through the action of a group of former stockholders of the Midvale Steel & Ordnance Co., who became Bethlehem common-stock holders upon the acquisition in 1923 of Midvale by Bethlehem.

This group of stockholders felt that the facts relating to the Bethlehem bonus system disclosed in the Youngstown suit, required the concerted action of stockholders for the protection of their interests, and it was for this purpose that the protective committee was thus organized under a protective agreement dated the 12th day of November, 1930.

This committee thereupon employed counsel and investigations were made as to the facts and the law relating to these bonuses. The committee, having been advised that the bonuses were unwarranted, decided to address the stockholders generally. Since early in January, when the committee decided to make its representation general, it has been actively endeavoring to obtain a list of the stockholders for the purpose of permitting the stockholders who had originally brought about the organization of the committee, to address their fellow stockholders. Judicial proceedings, which eventually had to be brought by the committee, have finally resulted in the corporation acceding to the demand for this list. Although numerous stockholders, who have heard through the public press of the activities of the committee, have come forward and joined the original group of stockholders and authorized the committee to act for them, the representation of the committee is still comparatively small for the reason that until now for want of the list the committee has not been in a position to address the stockholders.

Although the bonuses have thus been made the subject of inquiry and criticism by the group of stockholders represented by the committee and although a suit has been brought by other stockholders in the New Jersey Chancery Court to obtain redress in respect to the bonuses (in which suit the committee has intervened), the directors of the corporation, nevertheless (while denying to the committee access to the list of stockholders to which they were clearly entitled), have seen fit to send to the stockholders a letter of Chairman Schwab under date of March 2, 1931, together with a notice of the annual meeting to be held on April 14, 1931, stating as one of the special purposes of such meeting "The approval and ratification of the administration of the bonus system since 1917" and have solicited proxies running to Mr. Schwab and several of his fellow directors authorizing them to vote at such meeting in approval of their own acts since 1917 in respect of the bonuses. In other words, the directors have attempted to secure a vote of immunity while denying to the other side any opportunity to be heard. Nothing could be more unfair.

Chairman Schwab, in his letter of March 2, attempts to make it appear that the practices of the directors as to the bonuses have been known to the stockholders. This is contrary to the fact. It has been the regular yearly practice of the directors to take proxies authorizing them to vote at the annual meetings in favor of the ratification of their acts for the preceding year. If the bonuses had been the subject matter of disclosure to the stockholders during these years, it would be pointless to ask for proxies authorizing a vote in ratification of the bonuses since 1917.

A careful scrutiny of the annual reports of the corporation for the period in question will show that there is not in any of them the least mention of bonuses nor could the most astute analyst have gleaned from any of the earnings statements or balance sheets accompanying these annual reports anything relating to the compensation of officials, which subject is submerged in one bare item of "operating expense."

Not only were the bonuses not disclosed but they were studiously concealed. The annual reports deal in the text as well as in the schedules of figures at length and in detail with the pension system of the corporation which involved an expenditure of a few hundred thousand dollars a year but no mention whatsoever is made of bonuses which run into millions annually.

The plain fact of the matter is that not voluntary disclosure has been made of this bonus system and that it was only when the Bethlehem officials were recently cross-examined in the Youngstown suit that the facts became known. You are a stockholder. When and how did you first learn of the extent and character of this bonus system?

The stockholders who came into Bethlehem through mergers or acquisitions of other corporations, such as Midvale, Lackawanna, and others, have a special grievance. They were not informed, when requested to exchange their stock, of the bonus system. The effect of this was that without their knowledge the earnings contributed by their corporations became subject to these huge bonuses.

The amount of the bonuses is most unseemly and improper. The president, Mr. Grace, it now appears, received in the year 1929 a bonus of $1,623,753 and in the year 1930 a bonus of $1,015,591. During the period in which these bonuses for executive officers have been in force, and up to the close of 1928, there has been taken out of the corporate treasury for this purpose $31,878,255 as against $40,886,996 paid to common-stock holders. In other words, the amount paid as bonuses is about 80 per cent of the amount distributed as common dividends to the owners of the equity of the property. In the four years 1925–1928, inclusive, during which not a dollar of dividends was paid to the common-stock holders, $6,800,524 in bonuses was paid to these few favored directors and other executives. The president alone took $3,105,963 as bonuses during these years. Although the company in 1930 failed to earn its dividends it nevertheless paid a bonus of $1,015,591 in that year to its president.

Mr. Schwab, at page 17 of his letter, states: "There is, of course, no relation between compensation to executives and the payment of dividends." He then goes on to point out that the question of the payment of dividends is in the sound discretion of the directors. If the condition of the corporation is such that the directors in the fair exercise of discretion should withhold from the owners of the property any share of the earnings, it must, of course, follow that fair exercise of discretion would compel them to avoid paying inordinate bonuses to favored directors and other executives.

Mr. Schwab's attempt to, justify this bonus system is chiefly upon the ground, as he claims, that the services of expert executives for large American corporations can not be effectively retained without the payment of excessive rewards. This we believe is very far removed from the truth. It is undoubtedly a fact that, for example, the chief executives of all of our great American railway systems and the chief executives of our great public utilities do not receive as compensation more than a small fraction of the amount paid to the president of the Bethlehem Steel Corporation. It is preposterous to suggest that the president of the Bethlehem Steel Corporation has shown himself to be more capable of running his job than, for example, the president of the Atchison, Topeka & Santa Fe Railway, or the president of the American Telephone & Telegraph Co. Nor can it be claimed that the successful management of a manufacturing business requires any higher degree of ability, if as high, as that necessary in railway management or public-utility management.

It is true, as Mr. Schwab states, that, under modern conditions, the management of large American corporations is generally entrusted to men who are not the proprietors of the business which belongs to thousands of stockholders, who in turn have no active part in the management. But we believe that Mr. Schwab is out of step with his times in contending that men entrusted with the management of such corporations must, in order to give competent and loyal service, receive such inordinate compensation as has been paid to the Bethlehem officials. Executives of our hundreds or thousands of large American industrial, railway, utility, financial, and other corporations constitute in a sense a new profession, and it is an unfair indictment of this profession and of American business men in general to suggest that the thousands of high executives employed in this country in the management of corporations as large and as well conducted as Bethlehem Steel Corporation are not giving their most efficient and loyal service, because indeed, they are not being compensated at the rate of $1,000,000 a year.

We wish also to call to the attention of the stockholders that, besides this bonus of Bethlehem Steel Corporation for the exclusive benefit of 10 or 12 favored directors and other officials, the cost of which is indicated by the figures above quoted, there is, as shown by the letter of Mr. Schwab, and by other facts which have come to the attention of the committee, an additional bonus system which is separately conducted in the various operating subsidiaries of Bethlehem Steel Corporation. Up to the present the committee has not been able to ascertain any of the detailed facts in respect to these other systems, such as the amount of their cost and whether these same officials also share in them by virtue of holding offices in the subsidiary companies. These facts will be developed, no doubt, in the course of the litigation which is now pending and in which, as above stated, the committee has intervened.

Mr. Schwab's letter refers to a by-law adopted by the stockholders in 1918 purporting to authorize the board of directors to administer a bonus system limited to "8 per cent of the consolidated net earnings after deducting all fixed charges and an amount equal to annual dividends on preferred stock outstanding but before deducting depreciation." It will be noted that the by-law does not provide for 8 per cent bonuses, but merely fixes 8 per cent as the maximum limit. Even if the bonuses had been kept within this limit, the directors were in duty bound to apply the rule of reason and propriety in determining these bonuses and the division thereof. The payment to a chosen 10 or 12 executives, including several of the directors, of highly excessive bonuses is not a proper exercise of the directors' discretion. That the directors kept within the maximum limit does not excuse the extravagant, unjustifiable distributions.

It is believed that a complete analysis will eventually disclose that even the maximum limit was exceeded. At best the by-law was ill-conceived in that it provides that the 8 per cent limitation shall be computed before instead of after depreciation. The annual reports of the Bethlehem Co. show write-offs aggregating over $190,000,000 embodied in a single item under the caption of

"depreciation, obsolescence, and depletion." In so far as the aggregate amount of the bonuses was determined by calculating 8 per cent of the earnings before deducting obsolescence and depletion the bonus exceeded even the maximum limit permitted by the by-law. The obsolescence of the plant, especially the wartime plant, and the depletion of the mining properties must have made up a large part of this $190,000,000.

In regard to Mr. Schwab's comparison of the ratio of administrative, selling, and general expense to total sales wherein a more favorable showing is claimed to be made for Bethlehem than that obtaining for United States Steel or Youngstown, the committee would wish first to hear comments of the two last-named companies before accepting Mr. Schwab's claims as final. Computations of cost are frequently misleading unless all of the facts and circumstances are set forth.

If you agree with the committee and the stockholders who have already authorized it to act for them that the bonus system of the corporation should be put a stop to or at least modified to one within reason, we would ask that you sign the inclosed power of attorney and return it in the addressed envelope herewith also inclosed.

The stockholders who have already authorized the committee to act for them have all contributed at the rate of 25 cents a share toward the expenses of the committee. The directors have the corporate treasury at their command. The committee looks to the stockholders for the necessary financial support in representing them and taking the necessary concerted action properly to protect their interests. The committee was originally organized to act only for common-stock holders, as such stockholders, the owners of the equity in the business, are more directly affected by the bonuses than are the preferred-stock holders. Since, however, the directors have now solicited proxies of both preferred and common stock holders authorizing them to ratify the administration of the bonus system since 1917, the committee has amended the protective agreement so as to make its representation apply both to preferred and common stock holders and, therefore, seeks the proxies of both. The committee would ask, especially from the common-stock holders, that all who feel that they can lend their financial as well as their moral support send their contributions to the committee at the rate of 25 cents a share. Checks may be drawn to the order of Henry B. H. Ripley, treasurer.

We wish to call particular attention to the fact that the inclosed proxy does not seek authority to act at the meeting except upon the question of bonuses.

Very truly yours,

HENRY B. H. RIPLEY,
SAMUEL D. HOPKINS,
EDWIN D. LEVINSON,
Protective Committee for Stockholders of Bethlehem Steel Corporation.

Special caution: Be sure to date your proxy. The last-dated proxy is controlling.

The CHIEF CLERK. The next amendment passed over, at the request of the Senator from Oklahoma [Mr. GORE], is on page 145.

Mr. SMOOT. Mr. President, I should like to take up now the amendment on page 31, beginning on line 8 and going to line 2 on page 33, limitation on stock losses. The Senator from Rhode Island [Mr. METCALF] is in the Chamber now.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 31, the committee proposes to strike out lines 8 to 24, both inclusive, and on page 32, lines 1 to 7, both inclusive, in the following words:

(r) Limitation on stock losses: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges. This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers.

(s) Same capital assets: Losses from sales or exchanges of stocks and bonds (as defined in subsection (v) of this section) which are capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(t) Same offsets:

(1) Losses disallowed as a deduction by subsection (r) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks or bonds which are capital assets.

(2) Losses disallowed as a deduction by subsection (s) shall, for the purposes of this title, be considered as losses from sales or exchanges of stocks and bonds which are not capital assets. In no case shall this paragraph operate to make the tax less than a tax computed without regard to the provisions of subsections (r) and (s) and this subsection.

And to insert:

(r) Limitation on stock losses:

(1) Losses from sales or exchanges of stocks and bonds (as defined in subsection (t) of this section) which are not capital assets (as defined in section 101) shall be allowed only to the extent of the gains from such sales or exchanges.

(2) Losses disallowed as a deduction by paragraph (1), computed without regard to any losses sustained during the preceding taxable year, shall, to an amount not in excess of the taxpayer's net income for the taxable year, be considered for the purposes of this title as losses sustained in the succeeding taxable year from sales or exchanges of stocks or bonds which are not capital assets.

(3) This subsection shall not apply to a dealer in securities in respect of transactions in the ordinary course of his business with his customers, nor to a bank or trust company incorporated under the laws of the United States or of any State or Territory.

Mr. KING. Mr. President, I offer an amendment to the committee amendment. It has been approved by the Treasury Department as I am advised.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. The junior Senator from Utah offers the following amendment: On page 33, after line 2, insert:

Nor to persons carrying on banking business where the receipts of deposits constitute a major part of such business in respect of transactions in the ordinary course of such banking business.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the junior Senator from Utah to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. KING. I submit a statement to accompany the amendment.

The VICE PRESIDENT. Without objection, the statement will be printed in the RECORD.

The matter referred to is as follows:

The proposed amendment is necessary in order to avoid discrimination against the unincorporated banking institutions of the country and to place them upon the same footing as incorporated banks and trust companies with respect to their business losses.

The bill as introduced in the Senate (sec. 23 (r)), provides that losses from the sale or exchange of securities shall be allowed only to the extent of gains from such sales or exchanges, but provides that this shall not apply to dealers in securities nor to incorporated banks and trust companies. The Senate bill thus recognizes that the limitation upon security losses should not be applied to the banking business but fails to include unincorporated banks when there is no reason whatever for distinguishing incorporated from unincorporated banks.

The resources of all banks doing a deposit business are subject to fluctuations because of varying deposits and withdrawals. Banks must necessarily maintain readily available assets to meet the fluctuations in deposits and at the same time, as a part of their regular business, must employ their resources so as to obtain a reasonable return. To maintain this secondary reserve, banks invest a part of their resources in readily marketable securities. Unavoidably, there will be losses as well as profits in this phase of the banking business, and these losses, which are incurred in the ordinary course of the banking business should manifestly be treated as any other business losses and be deductible from the ordinary income of the business.

The present provisions of the Senate bill allow incorporated banks to deduct losses from the sale or exchange of securities even though there are no gains in the same year from such transactions. Unincorporated banks receiving substantial deposits carry on identically the same kind of business as incorporated banks and trust companies. Unincorporated banks maintain secondary reserves in the form of readily marketable securities and may sustain losses upon such securities in the regular course of their banking business, as in the case of incorporated banks. The reasons justifying the exemption in the case of incorporated banks apply equally to unincorporated banks. To grant relief to one and deny it to another would seem to be discrimination, imposes an unjust and unreasonable burden upon a well-recognized class of banks, and presents a constitutional question under the decision of the Supreme Court in Quaker City Cab Co. *v.* Pennsylvania (277 U. S. 389), which held unconstitutional a Pennsylvania tax law discriminating between incorporated and unincorporated concerns carrying on the same business.

The amendment now proposed is so phrased as to permit the exemption of unincorporated banks without opening the door to evasion. Only those banks that do a substantial deposit business are exempted under the amendment, since it is limited to banks "where the receipt of deposits constitutes a major part" of the banking business. In order to prevent the individual members of an unincorporated bank from obtaining the benefits of the amendment, with respect to their personal transactions, the amendment specifically limits the relief to "transactions in the ordinary course of such banking business."

The proposed amendment, therefore, will avoid discrimination and assure equality of treatment to unincorporated banks without permitting evasion.

Mr. METCALF. Mr. President, I propose the amendment, which I send to the desk, to the amendment of the committee.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 32, strike out lines 22 to 24, down to and including the word "customers," and insert in lieu thereof:

(8) This subsection shall not apply to a dealer in securities (as to stocks and bonds acquired for resale to customers) in respect of transactions in the ordinary course of his business.

Mr. SMOOT. Mr. President, the department has no objection to that amendment, and I do not see any objection to it.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. FLETCHER. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 315, between lines 12 and 13, the Senator from Florida offers an amendment, to be known as section 1106½, to read as follows:

The existence of a closing agreement shall not constitute a bar to a refund or credit of an overpayment of internal-revenue taxes in any case where it is proved to the satisfaction of the Secretary of the Treasury that an overpayment has been made; nor, in any such case where a closing agreement has been heretofore entered into under such section, shall the expiration of any period of limitations constitute a bar to any such refund or credit if claim therefor is filed within two years from the date of the enactment of this act.

Mr. SMOOT. Mr. President, I sincerely hope the Senate will not agree to that amendment. It is a very dangerous suggestion, and would mean that the closing of accounts would be done away with and there would never be an end to them.

Mr. FLETCHER. Mr. President, I think the Government should be put in the same position in which individuals find themselves. If an adjustment has been made and an agreement has been reached and afterwards the Treasury admits that, by reason of fraud or mistake or some misrepresentation or mistake of fact, there has been an overpayment, does not question it, and it is proven, as the amendment specifies, there should be a reopening of the account.

Mr. SMOOT. Wherever there is fraud, and that can be proven, the account can be opened at any time.

Mr. FLETCHER. There may not be actual fraud. Let me give a specific case, of which I happen to know, and I will close the whole discussion with it.

Let us assume that a man has stock in a certain corporation, and transfers that stock. We will say that "A" owns stock and transfers it to "B," and has an agreement with "B" that 50 per cent of the dividends on the stock are to be paid to "A."

A Treasury agent adjusts the matter of income on the dividends which have been paid, finding, of course, that the dividends have been paid to "B," but under the agreement half of the dividends have been transmitted to "A." The agent insists that "B" pay the entire income tax on the dividends because the stock stands of record in the name of "B" and "B" pays the tax on the entire dividends.

In the case to which I am referring A lives in a State different from that in which B resides. A does not know anything about the settlement made with B, and pays a tax on the part of the dividends sent to him. The Government is advised of the fact that B has already paid the tax on the dividends, but the Government says, "No; we have no authority to adjust this, because the tax was paid under the law, and there is no way by which the account can be reopened."

The amendment I have offered simply authorizes the Government to reopen an account where a mistake like that has been made and where the Government concedes there was a mistake. In the case I suppose there is a double payment of the tax, the tax paid by a taxpayer in one State and by another taxpayer in another State. The Government has the money, twice paid in. Is it honest, is it just, and is it right that the Government should not adjust that matter and return the overpayment? The officials say they can not do so under the present law.

There would not be any fraud in a case like that, but there would be a transaction between two people and the Government, each one being ignorant of the settlement made by the other. The payments were actually made, and the Government admits having received two payments of the same tax.

Mr. SMOOT. Mr. President, the Government is in exactly the same position the individual is in. The Government could not recover after the time had expired. There must be some time when the accounts are closed. The Government is put upon the same basis with the taxpayer. The same law applies to the Government that applies to the taxpayer, and I can not see any injustice in it. It seems to me the amendment is a dangerous one and should not be agreed to.

Mr. FLETCHER. Mr. President, where an individual comes to an understanding with the Government as to how much a tax is, and agrees to pay it and does pay it, he must take the consequences. But, as I have said, there are circumstances where one party is charged with a tax and another party is charged with the same tax, and one makes a settlement which the other knows nothing about, and the Government receives double payment, under which the Government should return the overpayment, when it is admitted and conceded that there is an overpayment, and there is no question of doubt at all.

This amendment provides that the Government must be satisfied that the overpayment has been made, and that within two years a claim must be set up. Otherwise a claim would be barred. I grant that there ought to be a time set, and I have amended my own amendment to cover that.

Mr. KING. Let us have a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment.

On a division, the amendment was rejected.

Mr. FLETCHER. Mr. President, this simply means that the Senate insists that the Government of the United States, because it is the Government, shall follow—

> The simple plan,
> That they should take who have the power,
> And they should keep who can.

It is admitted that two payments are made of the same tax. That is provided for in the amendment. Yet it is said that the Government is to keep the overpayment, because the money is in the Treasury, and the Government does not propose to pay it out. It is no more honest for the Government to do that than it would be for an individual to do it.

The VICE PRESIDENT. The next amendment passed over will be stated.

The CHIEF CLERK. On page 145——

Mr. SMOOT. Mr. President, the senior Senator from Wisconsin [Mr. LA FOLLETTE] has been called out of the Chamber. He wanted to be here when this amendment is considered, and therefore I ask that it may go over.

The VICE PRESIDENT. The amendment will be passed over.

Mr. HOWELL. Mr. President, I offer the amendment I send to the desk.

The VICE PRESIDENT. Let the amendment be reported.

The CHIEF CLERK. The Senator from Nebraska offers the following amendment:

On page 257, after line 11, insert the following new section:
"SEC. —. There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 per cent of the price for which so sold, payable from net income but not otherwise."

On page 262, line 6, after "article," insert "(other than electrical energy)."

Mr. SMOOT. Mr. President, there has been no hearing on that amendment. The committee has not considered it at all.

Mr. HOWELL. Mr. President, if the committee has not considered the amendment, it was not because the amend-

ment was not before the committee. As a consequence, the only place where a hearing can be had is here on the floor.

Mr. SMOOT. I agree that the Senator has a right to offer the amendment.

Mr. FRAZIER. Mr. President, this is an important amendment, and I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Nebraska yield for that purpose?

Mr. HOWELL. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Schall
Austin	Couzens	Johnson	Sheppard
Bailey	Dale	Jones	Shipstead
Bankhead	Davis	Kean	Shortridge
Barbour	Dickinson	Kendrick	Smith
Barkley	Dill	Keyes	Smoot
Bingham	Fess	King	Steiwer
Blaine	Fletcher	Lewis	Stephens
Borah	Frazier	Logan	Thomas, Idaho
Bratton	George	McGill	Thomas, Okla.
Broussard	Glenn	McKellar	Townsend
Bulkley	Goldsborough	McNary	Trammell
Bulow	Gore	Metcalf	Tydings
Byrnes	Hale	Moses	Vandenberg
Capper	Harrison	Neely	Wagner
Caraway	Hastings	Norbeck	Walsh, Mass.
Carey	Hatfield	Nye	Walsh, Mont.
Cohen	Hawes	Oddie	Watson
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Reed	White
Copeland	Howell	Robinson, Ark.	

The VICE PRESIDENT. Eighty-three Senators have answered to their names, a quorum is present.

Mr. HOWELL. Mr. President, I have offered what I regard as a very important amendment. If adopted, it will add $50,000,000 of revenue provided for in the pending bill. I shall not take much time to discuss the amendment. I have condensed into a very short statement the matter which I propose to offer in support of it.

The production and distribution of electric energy is undoubtedly the most prosperous industry in the United States to-day. Instead of feeling the pinch of the depression of the last two years, as has been the lot of most other industries, it has enjoyed an increase in income as compared with 1929, while benefiting from the fall in cost of labor, coal, copper, and other supplies.

Assuming the gross revenue of all power plants throughout the country for 1929 as 100, the revenue for 1930 was 102.7 and for 1931, 101.5. In short, the first year of the depression was the power industries' banner year, while 1931 was but 1.2 per cent behind, and yet 1½ per cent ahead of 1929.

As evidence that this prosperity has not been confined to particular sections of the country, but has been general, consider power plants operating under such widely different economic conditions as are found in Washington, D. C., and in Omaha, Nebr., the latter city located in the distressed agricultural region of the Midwest.

In the case of the Potomac Electric Power Co., serving Washington, we find that its gross income for 1931 was 8 per cent in excess of that for the boom year of 1929. Furthermore, that the company has enjoyed an average annual net income during the last seven years of more than a million dollars in excess of all costs of operation, maintenance, depreciation, taxes, and the 7½ per cent return on its rate base—now $55,122,000—allowed by the Public Service Commission. In 1930 this excess was $1,650,000.

In this connection it should be borne in mind that the maximum charge for service in Washington in 1931 was more than 2 cents less per kilowatt-hour than the average maximum rate prevailing throughout the country. For that year, 1931, the maximum rate charged small domestic consumers was 4.2 cents per kilowatt-hour. For this year, 1932, the rate has been reduced further to 3.9 cents.

In the case of the power plant in Omaha, a city directly dependent upon distressed agriculture for its prosperity, the power company's gross income instead of decreasing in 1931 was more by 14 per cent than in 1929, while the increase in net income was in excess of 30 per cent. Yet the maximum rate in Omaha is 5.5 cents per kilowatt-hour, or more than a cent less than the average for the country.

In a recent interview, Mr. Insull, president of the Midwest Utilities Co., an electric holding corporation, which recently went into the hands of receivers, attested as to the general prosperity of the power industry by stating in effect that the operating power companies controlled by Midwest had their best year in 1931.

The phenomenal development of power holding companies, even to the third and fourth degree, which has been in progress during the past two decades or more, has created a prevalent and abiding suspicion that not only the investing public but also the consuming public was being imposed upon by the power industry through the issuance of watered securities based upon excessive rates of service. However, the magnitude of such inflations and operating profits can be adequately realized only by a study of concrete examples. This is now possible because of data rendered available by the Federal Trade Commission as a result of its recent investigations of the so-called Power Trust; and the following facts are drawn largely from that commission's report on the Nebraska Power Co., serving Omaha, Council Bluffs, and a number of other communities within a radius of some 50 miles.

NEBRASKA POWER CO.—HOW IT GOUGES CONSUMERS

An inventory of the Omaha electric light plant in 1903 under the direction of its officials listed physical property valued at $794,000, while the stocks and bonds outstanding totaled $1,201,000.

In the same year this capitalization of $1,201,000 was increased to $3,831,300, though less than $66,000 in money or property was received by the company for the additional securities—a write up of some $2,564,300.

Fourteen years later, in 1917, the stock of the Omaha company was accumulated by the Electric Bond & Share Co. for the account of its subsidiary, the American Power & Light Co., and the property turned over to the Nebraska Power Co., a new corporation organized by Electric Bond & Share.

The increased capitalization of the new company resulted in again writing up the value of the property—this time by the amount of $7,067,363—though not a dollar in property or cash was received by the new company for the additional securities.

By the end of 1920 the capitalization of Nebraska Power had reached $17,800,000, of which $9,631,663, or more than 54 per cent, was represented by the write up of 1903 plus the write up of 1917.

The consequences of accumulating the stock of the Omaha plant and recapitalizing under the name of the Nebraska Power Co. were: First, that American Power & Light acquired the common stock of Nebraska Power—consisting now of about 1,000,000 no-par-value shares—at an ultimate cost of some $766,000; and, second, that Electric Bond & Share, though the expenses it incurred as a result of this transaction were but $15,000, exacted a fee of $1,247,971 in cash and securities. Thus it is evident that had Electric Bond & Share been satisfied with a net fee of a quarter of a million dollars, its subsidiary, American Power & Light, would have acquired its million shares of common stock not only without cost but with a profit of $217,000 besides.

Nor is this all the profit for Electric Bond & Share that has followed in this case. From 1918 to 1930, inclusive, Nebraska Power has paid Electric Bond & Share and affiliates for supervision and other services $1,431,524—more than $100,000 per annum. This is a method employed by holding companies for milking a subsidiary company.

Neither does this liberality end with the Electric Bond & Share. Whereas Nebraska Power does not maintain a public relations department as such, it did expend $90,000 for advertising in 1930 of which about $60,000 went to newspapers. Moreover, nine citizens of Omaha, prominent members of civic organizations, were maintained on the board of directors, eight of whom were granted the privilege of purchasing and holding 5,000 shares, and one director 2,000

shares of common stock, at 50 cents per share. However, upon retiring from the board, each must resell his stock to American Power & Light, but at a promised advance of 50 per cent. In the meantime, a director enjoys the common dividends on his holdings. These have been running about $4,000 per annum on a 5,000-share block of stock. In addition, each director receives $30 for every board meeting attended.

The $35,000 which these nine directors cost American Power & Light and Nebraska Power each year, is undoubtedly deemed a purely public-relations expense, inasmuch as these directors do little directing, the real power of the board being exercised by an executive committee composed of two vice presidents of the company, also officers of American Power & Light, who live in New York, and the company's president, a resident of Omaha.

The liberality of Nebraska Power, disclosed by its patronage of the public press, by its treatment of local directors, and by the fees it allows for supervision, suggests how easy is money with that company, due to the swollen profits which it is allowed to enjoy. Such profits are due to the fact that the power industry has been a beneficiary rather than a victim of the depression, inasmuch as rate schedules have remained largely constant while revenues have increased and expenses fallen.

In the case of the Nebraska Power Co. a maximum rate of 5½ cents per kilowatt-hour to small consumers has been in effect more than 10 years, yet its cost of generation and distribution fell about 44 per cent from 1920 to 1930, and in 1931 the company's gross revenue, as previously stated, exceeded that of the boom year of 1929 by 14 per cent, while its net income increased more than 30 per cent.

To many a maximum rate of 5½ cents may seem low. It was low in 1921, and is now in the neighborhood of 1½ cents below the average for the country. But to-day 5½ cents is excessive, while the higher rates obtaining elsewhere amount to positive robbery.

This is clearly demonstrated by the dividend and earnings record of Nebraska Power. As previously stated, American Power & Light, a subsidiary of Electric Bond & Share, acquired the million shares of common stock of Nebraska Power as the result of an investment of some $766,000, which sum was in effect part of the fee of $1,247,971 exacted by Electric Bond & Share for acquiring, recapitalizing, and transferring the control of the Omaha plant to American Power & Light. Here it should be recalled that the expenses incurred in this transaction by Electric Bond & Share totaled but some $15,000. Of course, this million shares of common stock, so far as the public is concerned, represents nothing but distilled water. Nevertheless the people of Omaha and vicinity—I want Senators to mark this—contributed actual dividends on this $766,000 of 48 per cent in 1924, 48½ per cent in 1925, 66½ per cent in 1926, approximately 97 per cent in 1927, and 96½ per cent in 1928. Since 1928, after paying all costs of operation, maintenance, depreciation, taxes, fixed charges, and dividends on preferred stock, there remained, in 1929, for this investment of $766,000, 191 per cent; in 1930, 226 per cent; and in 1931, 250 per cent.

In 1931, had American Power & Light been willing to limit the earnings for its common stock of Nebraska Power to 50 per cent of its investment therein of $766,000, the charges to Nebraska Power's consumers for service of $6,823,000 could have been reduced by $1,536,000, or an average of more than $23 per consumer for that year.

Unfortunately, public officials throughout the country whose duty it is to protect the public from contributing such huge profits seem incapable of relieving their constituents of such unjust burdens. This is largely due, without doubt, to the barbed-wire entanglements of legal regulation by which public-utility corporations are protected. However, where public officials avoid the line of least resistance and determinedly fight for justice to consumers, public sentiment ultimately accomplishes results where regulation utterly fails.

In the case of Omaha, unfortunately, such regulation as is possible is not in effect. The regulatory body is the city council, and no attempt has been made to compute a rate base for Nebraska power and correct it annually for the purpose of determining and putting into effect just and reasonable rates from time to time, as is done in the District of Columbia and in other jurisdictions where regulatory bodies efficiently function. As a matter of fact, even the usual monthly and annual reports exacted by such bodies have never been required.

In the District of Columbia, or at least in Washington, practically all power-transmission lines and those serving consumers are buried in conduits. This means expensive construction as compared with the practice in Omaha, and yet the rate base of the Potomac Electric Power Co. for 1928, used for determining charges to consumers, was but $305 per consumer. On this basis the rate base of the Nebraska Power Co. for that year would have been less than $19,500,000 upon which the company's net earnings for 1928 would have indicated a return of 12 per cent, an unconscionable profit to extract from a community in the midst of our distressed agricultural regions.

Mr. President, this is what is going on all over the country. As I stated, 1930, the first year of the depression, was the banner year for power companies of the United States. In 1931, the second year of the depression, the gross income of these power companies was 1½ per cent more than their gross income in 1929, the boom year in this country.

Mr. President, as further evidence of this prosperity, and of the views of the officials of these companies, I hold in my hand the report of the president of the Nebraska Power Co. to the stockholders of that company for 1930. He states:

To the Stockholders of the Nebraska Power Co.:

Submitted herewith is the annual report of your company's operations for 1930.

This year has been a satisfactory one for your company. While the country as a whole has been materially affected by a general slackening of business, the company has had a normal increase in the sale of electrical energy throughout the year. The electric output for the year was 320,412,000 kilowatt-hours, or 20 per cent over 1929. Gross earnings for 1930 were $6,603,262, an increase of $619,392 over 1929, or about 10 per cent, and net earnings from operation amounted to $3,368,510, an increase over the previous year of $404,809, or about 14 per cent.

That, I repeat, is the report of the president of the Nebraska Power Co., to the stockholders of what was achieved in 1930.

I hold in my hand a prospectus respecting stock issued by the Nebraska Power Co., circulated by one of the trust companies of Omaha acting as agent for the sale of these securities. The statement begins:

DEPRESSION-PROOF LOCAL SECURITIES

It is generally agreed that conditions during 1930 and 1931 have materially altered the investment status of many securities. It is common knowledge that a large number of bonds and stocks are no longer well protected by earning power and consequently have declined in price. The fact that during the period in question some companies have succeeded in improving their condition is not so well recognized, but is equally true.

In this connection, the excellent reports of some of the better known local companies are particularly noteworthy.

And then follows the statement that the net earnings for 1931 of the Nebraska Power Co. were $241,000 more than they were in 1930.

Again, Mr. President, I hold in my hand the annual report of the Pacific Lighting Corporation, a public utility operating on the Pacific coast far removed from Washington and Omaha. It begins in this manner:

SAN FRANCISCO, *March 12, 1932.*

To the STOCKHOLDERS:

The forty-fifth annual report of the Pacific Lighting Corporation and its predecessor company, the Pacific Lighting Co., for the calendar year 1931 follows.

Since the revenues of your companies come principally from the consumption of gas and electricity in all departments of community and industrial life, the 1931 earnings have naturally reflected a part of the present decline in general business.

However, the year 1931 has demonstrated the inherent stability of earnings of public utilities whose business is predomi-

nantly in the domestic field, supplying households with inexpensive services which are equally indispensable through good times or bad.

Net earnings available for Pacific Lighting Corporation dividends were $50,659.02 higher than in 1930, notwithstanding the decrease of $884,539.74 in total gross revenue of your companies.

This decrease in gross revenue occurred almost entirely in sales to industries, which have but small effect upon the net because of the low rates.

While there has been a decrease in kilowatts consumed, it is a decrease due to the cessation of manufacturing by establishments which pay very low rates, upon which there is little profit, but the rates paid by domestic consumers, Mr. President, are fixed; they have not varied greatly in the last 10 years, whereas during that period, as I have stated, the cost of generation and distribution has decreased 44 per cent—at least, that has been the case in Omaha.

Mr. President, it is recognized that those should contribute to make up the deficit of the Treasury and to the conduct of the affairs of the Government who are best able to contribute. Here is an industry that has scarcely known there is a depression. It has a tremendous income, amounting to $1,938,000,000 for 1929, and its profits were greater last year than for the preceding year. We are imposing higher taxes on companies whose profits have been greatly affected, but here is a great industry whose profits have not been affected; here is a great industry that can contribute to make up the deficit, that can contribute more than it has been contributing to the conduct of our Government; and if we levy a tax of 3 per cent upon the gross income, we will obtain approximately $50,000,000 to add to the revenues which will be assured by this tax bill.

A similar amendment was proposed in the House, and a somewhat similar amendment by some one besides myself, I presume, was presented to the Finance Committee by the Senate; but the amendment proposed in the House provided for a tax of a quarter of a cent per kilowatt-hour to be collected from consumers. Of course, a tremendous objection to that was made by business interests. There are many manufacturing establishments throughout the country that are buying electricity for a half a cent a kilowatt hour. Such an enterprise would have been confronted with a 50 per cent increase in the cost of power; and, of course, they objected. The amendment I have proposed, however, if it were passed on by the power companies, would mean an increase of only fifteen one-thousandths of a cent per kilowatt-hour.

My amendment does not propose that a constant factor be added to the various rates charged. It is 3 per cent upon whatever the rate may be. It will not be passed on, because it is so small an amount that it will not be practicable to do so. Moreover, if an attempt were made by power companies to pass it on they would have to get the consent of the public-service commissions, and their answer would be, "Very well; if you want to increase your rates it is time to have a valuation of your property," and none would want a revaluation at this time.

Mr. President, this is a practicable method of obtaining additional revenue. Not only is it practicable, but it is a fair and just proposal for obtaining additional revenue. If we obtain additional revenue in this manner, we will be obtaining it from those who are able to pay and not squeezing out additional revenue from those who are suffering from this depression.

I pointed out the other day how little was the profit in the creamery business at the present time. I pointed out that a report from the Dairy Herd Improvement Association of Nebraska—which was organized through the assistance of railroads and other business enterprises in Nebraska in promotion of diversification by farmers and the improvement of dairy herds—a report from that dairy association, based upon 5,086 cows, selected and culled, showed that the average produce for the month of April was a little less than 1 pound of butterfat per day, that the butterfat sold for 15 cents per pound, and that even if we assumed a profit of 1 cent a pound on that butterfat it meant less than 30 cents per month per cow.

I pointed out further that we were putting a 2-cent tax on the checks or drafts that the farmers might draw to secure their pay for their dairy products and their poultry products; and remember that from poultry and dairy products comes one-third of the income of the agricultural industry. I pointed out that we were putting a 2-cent tax on such checks, averaging from $2.15 to $2.40 each; and I begged the Senate to exclude checks of $5 and less. The Senate, however, saw fit to vote down that proposal.

Mr. President, something must be done for agriculture. Agriculture must be rescued. We can do something here for agriculture by taxing sources of revenue that will least affect those who pay; and that is what we should do. I have offered a method of securing $50,000,000. If the Senate saw fit, it could provide for that $50,000,000 and then could relieve the dairymen and the poultrymen from this tax of 2 cents on checks. That would be relief in a small way, at least.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER (Mr. COPELAND in the chair). Does the Senator from Nebraska yield to the Senator from Texas?

Mr. HOWELL. I yield.

Mr. CONNALLY. In what form is the Senator's tax? How does he levy it?

Mr. HOWELL. It is 3 per cent on the gross income of operating power companies, but payable from net earnings only. In other words——

Mr. CONNALLY. If they make it they pay it, and if they do not they do not?

Mr. HOWELL. That is the proposal.

Mr. President, I present this feasible plan. If it is desired to obtain additional income, I do not care how much income this tax bill may produce, we will need this $50,000,000; and there is no industry or other source of income better able to pay than the power industry.

I trust that the amendment may be adopted.

Mr. HARRISON obtained the floor.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. HARRISON. I do.

Mr. BORAH. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Mississippi yield for that purpose?

Mr. HARRISON. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Robinson, Ind.
Austin	Cutting	Kean	Schall
Bailey	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Smith
Barkley	Dill	La Follette	Smoot
Bingham	Fess	Lewis	Steiwer
Blaine	Fletcher	Logan	Thomas, Idaho
Borah	Frazier	McGill	Thomas, Okla.
Bratton	George	McKellar	Townsend
Broussard	Glenn	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Tydings
Bulow	Gore	Moses	Vandenberg
Byrnes	Hale	Neely	Wagner
Capper	Harrison	Norbeck	Walsh, Mass.
Caraway	Hastings	Norris	Walsh, Mont.
Carey	Hatfield	Nye	Watson
Cohen	Hayden	Oddie	Wheeler
Connally	Hebert	Patterson	White
Coolidge	Howell	Pittman	
Copeland	Hull	Reed	
Costigan	Johnson	Robinson, Ark.	

The VICE PRESIDENT. Eighty-five Senators having answered to their names, there is a quorum present.

Mr. HARRISON. Mr. President, the pending amendment is one offered by the junior Senator from Nebraska [Mr. HOWELL], is it not?

The VICE PRESIDENT. That is the pending amendment.

Mr. HARRISON. Would the Senator from Nebraska object to withdrawing his amendment temporarily until I can make a motion? I think the motion I am about to make might expedite the consideration of the bill, and it will not in any way prejudice the amendment of the Senator.

Mr. HOWELL. Mr. President, I am willing temporarily to withdraw the amendment.

The VICE PRESIDENT. The Senator from Nebraska temporarily withdraws his amendment.

Mr. HARRISON. Mr. President, we have reached a point in the consideration of the pending bill when some of us think that we ought to determine just what course we are to take in order to finish its consideration as quickly as possible, and get the bill to conference.

This morning the estimate of the Secretary of the Treasury, made some three weeks ago, as to the amount required in the way of increases in taxes in order to balance the Budget, was mentioned in some of the speeches. We have practically concluded the consideration of the rates of taxation; and if the remaining odds and ends are accepted by the Senate as recommended by the committee, we will have lost from the original recommendations of the Finance Committee, according to the expert of the joint committee on taxation, Mr. Parker, $47,000,000; and some have said that probably the Treasury has underestimated the receipts.

I voted against the Connally amendment when it was presented. That amendment provided for a 4 per cent normal tax in the first bracket and 8 per cent in the second, going as high as 55 per cent in the surtaxes. If that amendment should now be adopted, after a reconsideration of the vote by which it was defeated, it is estimated by the tax expert, the representative of the Joint Committee on Taxation, that under that amendment there would be collected more than $100,000,000 in excess of what would be collected under the provision heretofore adopted by the Senate. In other words, if, on a reconsideration of the vote, the Connally amendment should be adopted, and if the remaining recommendations of the Finance Committee, which are small in number, should be agreed to, the Government will raise, through this revenue bill, some $50,000,000 more than was estimated by the Treasury Department as necessary to balance the Budget.

Many of us think it is essential that our work should be concluded just as speedily as possible and the consideration of the bill finished. Therefore I am going to move, in order to expedite the passage of this legislation, that the vote by which the Connally amendment was rejected be reconsidered.

The VICE PRESIDENT. A motion to reconsider was entered by the Senator from Texas [Mr. CONNALLY], the Chair is advised.

Mr. HARRISON. I shall ask that the motion be taken from the table and a vote had on it.

I appreciate, Mr. President, that there are many Senators here who conscientiously believe that a general sales tax is the proper way of raising the additional revenue needed, that more can be raised through that method than in following the custom we have followed heretofore of raising the excise taxes upon special articles, such as luxuries, amusements, and things of that kind. But we have concluded the consideration of those matters. We have made these excise levies. So far as the Senate is concerned, the consideration of them is practically finished; and even though Senators might believe conscientiously that the sales tax was the best method to be adopted, I think I can say in all truth that it would be impossible to adopt a sales-tax amendment to this bill in the Senate.

The House has already expressed itself on that matter, expressed itself by a majority of 70 on one occasion and 75 on another occasion, and from every fair investigation that can be made in the House, one must conclude that there would be no hope of reversing its action.

I stated the other day, and the statement is confirmed from all I hear to-day, that on the Democratic side in the House, at least, not a single person can be found who has changed his vote from opposition to the sales tax. So there would be no hope in the House, even if there were a majority here, for favorable action upon the sales tax.

So far as the Senate is concerned, so anxious were some of us to speed the pending bill along and conclude its consideration so as to let those who were sponsoring the sales tax know that a majority were against them that we have signed up in a statement here 55 Senators, 35 on this side and 20 on the other side, saying that they will not vote for the general sales tax in connection with this bill.

Is not that evidence sufficient to convince anyone that it would be useless to continue the fight for the sales tax? Some of us are hopeful that this may aid in expediting the passage of the pending bill.

If the motion for a reconsideration of the vote by which the Connally amendment was defeated is agreed to, and the Connally amendment is adopted, we shall then raise through that means forty to fifty million dollars more than the Treasury has estimated is necessary to balance the Budget, and we ought to stay here following that action to-night and get through with these various other propositions and send the bill to conference. In my opinion, there is no reason why it should stay in conference for any considerable time, but I believe it could be gotten back here and acted on and sent to the President within a few days.

For these reasons, Mr. President, I call up the motion to reconsider the vote by which the Connally amendment was rejected.

Mr. WALSH of Massachusetts. Mr. President, I would like to inquire of the Senator from Mississippi whether 55 Members of the Senate have signed a memorial requesting that no amendment be offered here proposing a manufacturers' excise tax?

Mr. HARRISON. I will read the Senator exactly what was signed:

> In order to expedite the passage of a revenue bill to balance the Budget and to prevent unnecessary prolongation of debate thereon, the undersigned now declare that they will at this time vote against any and every form of general sales tax on the pending bill.

That is signed by 20 Senators on the other side and 35 on this.

We are not trying to forestall the Senator from offering any amendment—if the Senator feels like offering the amendment, well and good. We only hope we can consider it speedily and take a vote upon it.

Mr. MOSES. Mr. President, will the Senator yield for one observation?

Mr. WALSH of Massachusetts. I yield for an observation.

Mr. MOSES. Once before in the history of the Senate within my time a round robin has been signed. The manager of the round robin did not hesitate to put it into the RECORD with the signatures, and I ask the Senator from Mississippi if he will not do that with the document to which he has just referred?

Mr. HARRISON. So far as the Democratic side is concerned, I ask unanimous consent to insert the statement in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

> In order to expedite the passage of a revenue bill to balance the Budget and to prevent unnecessary prolongation of debate thereon, the undersigned now declare that they will at this time vote against any and every form of a general sales tax on the pending bill.
>
> JOE T. ROBINSON.
> PAT HARRISON.
> MORRIS SHEPPARD.
> T. J. WALSH.
> JOHN S. COHEN.
> C. C. DILL.
> CARL HAYDEN.
> HENRY F. ASHURST.
> CORDELL HULL.
> W. J. BULOW.
> W. H. KING.
> B. K. WHEELER.
> ALBEN W. BARKLEY.
> ROBERT J. BULKLEY.
> TOM CONNALLY.
> ELMER THOMAS.
> WALTER F. GEORGE.
> HATTIE W. CARAWAY.
> PARK TRAMMELL.
> EDW. P. COSTIGAN.
> GEO. McGILL.
> DUNCAN U. FLETCHER.
> T. P. GORE.
> E. D. SMITH.
> KENNETH McKELLAR.
> JOHN B. KENDRICK.
> M. M. NEELY.
> CARTER GLASS.
> JAS. HAMILTON LEWIS.
> H. D. STEPHENS.
> HUGO L. BLACK.
> JAMES F. BYRNES.
> SAM G. BRATTON.
> J. H. BANKHEAD.
> HUEY P. LONG (per telegram).

Mr. LA FOLLETTE. Mr. President, I desire to ask unanimous consent to have inserted in the RECORD immediately following the list submitted by the Senator from Mississippi [Mr. HARRISON] the names on an appended statement similar to the one inserted in the RECORD by that Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The list is as follows:

In order to expedite the passage of a revenue bill to balance the Budget and to prevent unnecessary prolongation of debate thereon, the undersigned now declare that they will at this time vote against any and every form of general sales tax on the pending bill.

ROBERT M. LA FOLLETTE, Jr.	PETER NORBECK.
JOHN J. BLAINE.	SMITH W. BROOKHART.[1]
R. B. HOWELL.	JNO. THOMAS.
LYNN J. FRAZIER.	CHAS. L. MCNARY.
JAMES COUZENS.	HIRAM W. JOHNSON.
WM. E. BORAH.	H. D. HATFIELD.
HENRIK SHIPSTEAD.	ARTHUR CAPPER.
G. W. NORRIS.	TASKER L. ODDIE.
BRONSON CUTTING.	W. L. JONES.
GERALD P. NYE.	FREDERICK STEIWER.

Mr. WALSH of Massachusetts. Mr. President, this is the first time since I have been a Member of the Senate when I have observed indirect methods being resorted to for the purpose of preventing open, free debate and discussion of an important public question. It seems to me the action that has been taken by Members of this body can mean nothing less than an attempt to close the door against the presentation and discussion of an important public question.

If this precedent shall be followed, we will behold the spectacle of round robins being circulated through this Chamber on every occasion when any Senator proposes to offer a bill or an amendment to an important bill. It is legislating in secret. It is offensive to every theory of representative government that the Senate has heretofore cherished.

The action seems to me to be all the more deserving of condemnation when we appreciate that we are dealing with a question of vital importance to this country, and one which has tremendous support throughout the land.

I can well understand Members of this body differing and opposing the imposition of a manufacturers' excise tax, but I can not understand any Member of this body, when he realizes that this question is considered of such vital importance by the business interests of this country, regardless of party, as it is, signing Members of this body to take a position before there has been debate, before there has been discussion, even before the proposal has been formally offered in this Chamber.

This is not even cloture. It is an attempt to prevent or block the introduction of petitions to be heard. It is slamming the door in the face of petitioners who ask only for a right to be heard through their elected officials, for an open, frank debate, and that Members of this body keep their minds open until the time comes for calling the roll. It is like asking a jury to sign a round robin before a case is heard, indicating their opposition to any finding which might be justified upon hearing the evidence, and after hearing all the arguments in the case.

Mr. President, I construe the action taken to be nothing more nor less than an attempt to embarrass and restrict open and free discussion of this important question. Furthermore, I believe it will have a very detrimental effect upon the country. Rightly or wrongly, millions of citizens deeply concerned about the economic conditions in this country believe in this proposal. It would be bad enough, from their standpoint, to meet with defeat after discussion; but before even discussion begins, when 55 Senators declare that no matter what the arguments may be, no matter how powerful the reasons for a given position may appear, they propose to close their ears and to close their eyes and refuse to go forward under any conditions with what millions of men and women believe to be the one necessary and essential and vital thing to restore hope and confidence in the economic life of the Nation. I can not find words strong enough to denounce the procedure.

[1] Signed by telegraphic authority as per attached message.

[Telegram]

DES MOINES, IOWA, *May 30, 1932.*

Senator ROBERT M. LA FOLLETTE, Jr.,
Senate Office Building:

My answer, yes. Will not support sales tax.

SMITH W. BROOKHART.

The country will strongly condemn it. It is, to say it very mildly, an attempt to intimidate action and an attempt to restrict open and free discussion. It is un-American, it is undemocratic, at this stage in the proceeding, to have a document signed and presented here indicating a course of action which the Senate proposes to take before it has even had the question formally presented or had any discussion on the merits or demerits of the question.

Mr. PITTMAN. Mr. President, as I now understand it, the matter under consideration is the motion of the Senator from Texas [Mr. CONNALLY] to reconsider the vote by which his amendment was rejected, which, if carried, will bring about another vote to determine whether or not the income-tax schedule shall be raised as provided in the so-called Connally amendment.

I voted for that before, and it was defeated, as I recollect, by a vote of 46 to 31. I voted for a more extreme income-tax rate schedule presented by the Senator from Michigan [Mr. COUZENS]. That was defeated by a very much larger vote. I think the effort of the Senator from Texas [Mr. CONNALLY] through the motion to reconsider will be entirely futile. It is perfectly apparent now that an effort to raise further taxes by a combination of the so-called manufacturers' tax with the House exemptions, combined with the raise in the taxes on incomes, is equally foreclosed. I do not wish to place the blame on particular groups or factions for this condition, and yet I am satisfied there has been a mistake in action on both sides in the matter.

On Thursday, May 26, I made some remarks on this subject. I wish to read a few of them for the RECORD at the present time, as very few Senators heard what the proposed compromise was which I offered, and the press either did not mention it at all or misrepresented it. On that occasion I said:

If I were only satisfied with balancing the Budget as the Budget seems to be anticipated by the administration, it would not be a matter that would be very material to me; but as one of those who feel that it is essential in some way to raise more money to meet destitution in this country and to carry on the productive works of the Federal Government, I feel that this whole process of raising money is going to be unsatisfactory.

I think so now. I have not changed my mind about it at all.

I have constantly opposed a manufacturers' tax or a sales tax because I believe that it is in the nature of a per capita tax. I think the fairest tax we ever inaugurated in this country was the income tax. It is based on a sound principle, in my opinion. We are told, however, that there is a limit to the return from an income tax as the rate is raised. That may be true to a certain extent; but I do not believe it is absolutely true in any sense of the word, because I believe that the experience of the income-tax collections in England absolutely refutes it.

* * * * * * *

I realize that this legislation is only emergency legislation that will exist, I believe, for a period of two years—at least, it should be limited to that. We should treat it exactly as war emergency legislation, in my judgment. I believe that the legislators in this body and in the other House will have to reach a compromise. Human nature has manifested itself here in a way that everyone understands. Everyone wants to raise revenue to balance the Budget, and yet the constituents of every Senator here are opposed to a tax on those things that they produce. That attitude is reflected in the votes of Senators, and it is natural that it should reflect itself in their votes.

I wish to state personally—

Here is the compromise I suggested:

I wish to state personally that I have arrived at the point where I am prepared and willing to vote for a manufacturers' sales tax along the lines suggested by the Ways and Means Committee of the House, with the exceptions provided in the report of the Ways and Means Committee of the House, provided that those in this body who have opposed an increase in the income taxes over and above those reported in this bill by the Finance Committee are also willing to make concessions and vote for a substantial increase in the income taxes over and above those reported in the bill coming from the Finance Committee.

That was the compromise I suggested for consideration. Further on in that address I said:

What I want to know now is whether it is impossible for those who feel that they represent the poor people of this country, on account of the localities, we will say, in which they live, where poor people do exist, to meet with those who represent constituencies where the great wealth of the country is in increasing the burdens of both classes so as to avoid the constant skipping around

the edge of whether or not we are going to balance the Budget; and, even if we balance the Budget, whether we will have anything left after we balance it with which to meet the real obligations of this Government toward its destitute people and its unemployed. That is what I want to know.

Mr. REED. Mr. President, I think we have already gone more than half way in that direction. We have more than doubled the income taxes which will be paid by all classes of income-tax payers from the smallest to the biggest. We know that if we raise those income-tax rates further on the big incomes the yield will be perfectly negligible. We can tax the big incomes up to 80 per cent if we wish, and we would not add more than four or five million dollars to the revenue of the United States, because those incomes have well-nigh disappeared.

Further on I stated:

I am endeavoring to urge the Senate to do something bold, something unselfish, not only for the purpose of taking away the capital tax of 10 per cent on the wage earners of the country, not alone for the purpose of balancing a Budget that means bare existence, but for the purpose of balancing a Budget that does away with the necessity of this cut of 10 per cent in the wages of those people, and, in addition, that which will make available to the Treasury of the United States enough money to meet its necessary duty toward the destitute of the country where the local authorities, the municipalities and the States, have found that they have exhausted all their resources.

I want a sufficient fund for the purpose of enabling the Government to go on with its normal and natural development in the country. It can not be done under the terms of this bill as it is now before us, and we know it is impossible. Therefore I am willing to vote for the per capita tax if Senators on the other side of the Chamber have enough bold and unselfish courage to face the necessity of increasing the income tax upon the income-tax payers of the country. If they are unwilling to meet that compromise, then, of course, I will financially die with the poor constituents of my State like those Senators will probably die with the rich constituents of their States.

How was that suggested compromise met? The Senator from Michigan [Mr. VANDENBERG] boldly stated that he was in accord with the theory. Some Senators on this side of the Chamber voluntarily stated to me that they were in accord with the theory. Other Senators on the other side of the Chamber later in the day said they had come to the conclusion that it would be essential.

But what did the press of the country say? Was there anything indefinite about the suggested compromise? Was there anything that could be misunderstood by the able and experienced representatives of the press, many of whom have sat here as long as I have? Not at all; not in the slightest. And yet I challenge anyone to take a metropolitan paper reporting that day's proceedings, or any special article written by an able and conscientious writer, and find a single, solitary reference to the compromise. One article did me the honor to state that I made an address supporting a compromise for substituting the manufacturers' sales tax for the excise tax in the bill. Was there any foundation for that statement? It would have been fairer to have said nothing at all about what I said. Is there any Senator who represents a constituency who are burdened by the income tax who since that time has ever said a public word in favor of such a compromise?

The metropolitan press who favor the manufacturers' sales tax have favored it editorially for weeks. They have obtained statements from financiers and industrialists in support of it. Did they editorially mention the advisability of such a compromise? Did they urge any of the big income-tax payers to meet the proposition and favor an increased tax upon themselves while favoring an increased tax upon all the rest of the people of the country? Not a word of it. Not an interview from any source advocating it. Why? Let us be frank about it.

Many of us have known members of the press gallery for 20 years. They know every current in this body. They know every faction here. They know every school of thought. They know exactly what a Senator means when he speaks. They understood the proposal I threw out for consideration. It would seem peculiar to the stranger to press reports that the only report of the compromise suggested on that day was a substitution of the manufacturers' sales tax for the excise tax in this bill. But it is not peculiar; it is not strange. It is the natural thing.

If the gentlemen in the press galleries owned the papers, we would have newspapers; but to-day the metropolitan press of the country is personally owned and personally used for personal propaganda, and everyone knows it, and I challenge anyone of them to deny it. There is but one newspaper published around this section, so far as I know, which is not in that category, and that is the United States Daily. That journal actually publishes the debates in this body on both sides of every question.

Think of the injustice of attributing such an attitude to me, who has for years charged that the sales tax was a burden and was a per capita tax. I repeated that statement the other day, and gave my reason because of which alone I would stand for a burden of that kind, namely, in order that we might obtain increased revenue for this country, my opinion being that that was the only way we could obtain the necessary amount. Yet the statement I have indicated was made about my position.

Undoubtedly the manufacturers' sales tax would be a burden on the poor people of this country; but every tax eventually reaches the consumer, and the excise taxes which we have in this bill to-day will reach them exactly the same as would a manufacturers' sales tax. There can be no question about that.

I was willing to vote for the excise taxes, but I do not believe that we can raise sufficient money from them to do what we want to do, nor do I believe that we can possibly raise sufficient money without making those who have the money pay higher taxes on their incomes; and I do not believe we can do it without a compromise. However, that is now dead and gone; that is over.

I only rose for the purpose of placing myself right, at least with the United States Senate, because one can never place himself right with the country when the press sees fit to misrepresent his attitude for political purposes. That, however, is immaterial. I only want the Senate to know, before I conclude, what the situation is, so far as I am concerned.

As I stated the other day—and I repeat the statement now—I am more interested in the Government having sufficient money with which to pay the interest on its obligations and to insure the amortization of its debt, so that it may take some action to reduce unemployment in this country and relieve destitution, than I am in the question of increasing taxes 10 per cent, no matter on whom the burden may fall. Yet we have repeatedly by our action reached the point where the administration will be unable, in its opinion and under its philosophy, to aid those suffering because of lack of employment in this country.

Mr. Mills a few days ago stated that this bill, if enacted as reported, would balance the Budget if an economy program were adopted by Congress, which would reduce the Budget $300,000,000. What does that mean? That means we have got to start in on a policy of cutting the wages of Government employees. Although such a program will result in reducing expenditures only about $12,000,000, yet the policy has got to be established or the Budget will not be balanced. It means that the present contention that we can not afford at this time to enter upon the construction of any Government work will be justified by the argument that Congress has not provided sufficient money for the Treasury with which to pay interest on Government obligations or to provide the necessary sinking fund and amortization requirements for obligations which might be issued, whether they be called bonds or debentures or promissory notes or I O U's.

I heard the subterfuge mentioned the other day that it would not cost the Government anything because the Reconstruction Finance Corporation could issue its debentures and the Treasury could buy them. Where does the Treasury get the money with which to buy debentures? Does not the Treasury have to borrow the money to buy the debentures from the Reconstruction Finance Corporation? Does it not have to issue interest-bearing obligations that must be redeemed?

It is a circuitous route and a circuitous reason. It means nothing; it is a subterfuge. Yet everyone knows that there is a bill pending before the Banking and Currency Com-

mittee, which was drafted by 5 Senators and approved by 20 or 30 others, that not only provides for $1,500,000,000 to aid in self-liquidating projects that carry a rental or a toll or royalty which will insure the return of the fund—and that is all the bankers of this country want, as I understand—but also provides $500,000,000 for Government work of the character and the kind that is of economic benefit to the United States; that is, the Government will make more by the investment of the money than it will by continuing to rent properties in various places. However, the President is opposed to that. We proposed that bonds should be issued as and when necessary as the work progressed, but he said "No; we can not issue any more bonds," though he himself is willing to provide the Reconstruction Finance Corporation with $1,500,000,000 for corporations which are self-supporting. How can that be done and $500,000,000 not be provided which may be made available through debentures of the Reconstruction Finance Corporation without burden on the Government? The Treasury Department simply buys, so they say, the debentures and nobody is out of pocket. I trust that I do not have to argue that absurdity any longer.

What I am getting at is this: This bill is going to pass soon. I would not engage in the absurd process of attempting further to carry out the suggested compromise that I threw out; it is useless to do so. Fifty-five Senators have agreed not to vote for any form of sales tax under any form of amendment, no matter whether it were coupled with the Couzens amendment as to income taxes or not. So that ends that; we are through; we will pass this bill, and I see no use in any longer debating it one way or the other. Let us pass it!

According to Mr. Mills, the revenue it will bring in will be $300,000,000 less than the amount necessary to balance the kind of existing, nonconstructive, nonrelief Budget he has in mind. Pass it! We ought to pass it. It is Mr. Mills's bill. Why should we take the responsibility when this powerful administration and its great economist and financier say the bill is fine? I think possibly all of us have been absurd in wasting time thinking. We will pass Mr. Mills's bill, and we ought to pass it to-night before we quit. It will not come within $300,000,000 of balancing the Budget, and yet he has sent no supplemental estimate and no further advice except through the newspapers. He trusts for carrying out his policy on economies in Government expenditures, which means the slashing of Government wages, not because of the amount of money involved, because that will only mean a saving of $12,000,000, but in order to establish a policy; and that must be done because, under the statement of the President, it will be impossible to go on with Government work. If we are going to do without that, then let us pass the bill.

It would have been better if at the start the House and the Senate both had done just what they are doing now and had then simply said to the Chief Executive, "Mr. President, this deficit has arisen under your administration; you have more knowledge of it than Congress has; you have all the instrumentalities to enable you to know how to raise the money; tell us how much you want and how to raise it, and we will vote it." It would have been much better. We would have obviated these months of attempted thought. But now it is a foregone conclusion.

I am not worried about balancing the Budget. I am worried as to the excuses that will arise and will exist and will be offered by the administration if we put no more money in the Treasury than this bill will put there. I do not think it takes any vivid imagination to realize that the President will say, "We have not the money with which to pay the interest or establish a sinking fund for any new Government obligations, and, therefore, we will stop; we will exist as we are; we will continue as we are; all the programs to relieve unemployment will be impossible."

As we know, there are two schools of thought here. One school of thought sincerely believe that all that is necessary to do is to establish confidence in the minds of the bankers of this country and prosperity will return at once. That belief is sincerely entertained. There is another school of thought, constituted of those who believe that the downward trend that has been going on for two years is now a race downhill toward the precipice, and will soon reach that precipice unless something is done to increase the purchasing power of this country. Every time unemployment is added to, every time commodity prices fall, the number of people in this country who can not buy is increased; when they can not buy the local storekeeper ceases to order from the wholesaler, the wholesaler from the manufacturer, the manufacturer discharges employees, and every time he discharges an employee he adds to the number of those who can not purchase. So the vicious circle revolves and grows until it is crushing the richest as well as the poor people in this country and will continue to do so.

That school of thought under the administration away back in 1929 commenced to handle this thing through the "great minds of the country." It is wonderful what the "great minds" of this country have done so far. It is too bad they could not have been in Congress, they think. Away back in 1929 the National Committee on Law Enforcement and Observance, under Wickersham, was created. Does anybody know just exactly what that commission accomplished? Then we had the Federal Farm Board, under James C. Stone. Has that organization stopped the depression in the farming sections of the country? Then we had the Committee on the Conservation and Administration of the Public Domain. Has anything happened with regard to that? And here is the prize commission of all; here is a commission that should have satisfied everyone who has a hatred for the Congress of the United States; here is something that is often advised now—National Business Survey Conference, Julius Barnes, chairman. Mr. Julius Barnes was very closely associated with the President, as I understand, in a business way years ago. He was president of the Chamber of Commerce of the United States, and he gathered together all the best financial and business minds of the United States in a business-survey conference for the purpose of settling this whole trouble; and what happened? Mr. Barnes resigned and the commission scattered.

Here is another one: Conference on Home Building and Ownership. They could not trust Congress for anything like that. That required independent men of genius and of brains, great business men, great bankers, economists. They gather them all together, and they go down to the White House, and they sit around and talk wisely, and they come out, and the whole country is enthusiastic. Stocks go up half of 1 per cent; they go up half a point probably, if there is any such thing, because few of them went up a point. Well, how about the house building? The Senator from Kansas [Mr. CAPPER] makes a speech to find out why the rents are going up, and no houses are built.

Here is another good one. Now, mind you, this has all been done: The Advisory Committee on Unemployment Statistics—Mr. John P. Frazier. What unemployment statistics did they get? What advice did they give us as to how to relieve unemployment? In what way did they aid the Congress of the United States, and what suggestion did they make that we could put into legislation? None; and every time a Senator or Congressman has dared to make a suggestion with regard to unemployment, they said, "This is a matter for business men, not for Congress. You can not accomplish this by legislation. It has to be accomplished through business methods."

Here is another one—the Emergency Committee for Unemployment; Col. Arthur Woods, director; Secretary Lamont, chairman.

There was a committee headed by one of the great business men of this country. He was going to solve the unemployment problem; was he not? We did not interfere with him here in Congress. We let him go. We were ready to take any recommendations he made. What did he accomplish? What recommendations did he make to Congress? Nothing—absolutely nothing.

Here is another one. This became a law: The Federal Employment Stabilization Commission, headed by D. H. Sawyer. This was Senator Wagner's bill. That committee

has done good work. It has done splendid work. Mr. Sawyer has been before the subcommittee on this side of the Chamber that prepared a bill and brought it in here. It was on his advice and on his information that we provided $500,000,000 for construction work. I want to say that there is not a project mentioned by Mr. Sawyer in that whole thing that will not be an economic project for the United States Government, and no one has denied it. Mr. Sawyer's recommendation is opposed by the President, and will continue to be opposed, principally on the ground that our Government can not raise sufficient money. Poor Government!

All right. We have another one here—the President's Organization on Unemployment Relief. Walter S. Gifford is the head of it, one of the biggest business men in this country, familiar with employment. What did Mr. Gifford do? Did he tend to reduce unemployment? Did he suggest anything practical that Congress could do? No. He ran away from the job; that is what he did. Yet whenever anyone in Congress suggests any legislation looking toward it he is met with the answer, "You can not accomplish these things through legislation."

We have had another meeting lately of the bankers' committee. They have called all the bankers together now. Why? They called the bankers together to ask them to be good, to be generous. That is what they called them together for—to chide them; to say, "Why do you not circulate currency among the people? Why do you not help do something? Congress has passed the Glass-Steagall bank bill, which will allow you, if you want to, to circulate three or four billion dollars in currency throughout the country; and, as a matter of fact, you have not circulated anything. Do not do that. You are getting us in bad." But the bankers of the country say, "We hold trust funds. We can not lend money to industry that is not profitable." They say, "No industry that can not make money on the money that we lend it will borrow money, and we do not like to lend it to any other kind." The bankers are right. Industry is right. Would you expect a business institution that is using only 20 per cent of its capacity, and can not earn money on the investment, to borrow more money? What for? That would be an utterly futile thing to do.

We come back to the fundamental principle that people can not sell unless other people have money to buy. There is not a thing that has been suggested that will increase more than a very little the purchasing power of the people of this country.

It is admitted that there are from eight to ten million idle men, and that means three times that number when we count their dependents—30,000,000 nonbuyers out of 125,000,000 people. Everyone knows that most of the farmers of this country can not sell their product for what it costs them to produce it; and while they are more fortunate than those of the cities, because they can eat their own produce and not starve to death, they can not buy.

The fact is called to my attention that we had an antihoarding committee. What an absurd thing—to advise a man who has no confidence in a bank to leave his money there through patriotism! It was not done. The money that has gone out of the Federal reserve banks into the purchasing of bonds, and so forth, is not in the banks to-day. Two-thirds of it has disappeared from the banks and has gone into safe-deposit boxes. It was taken out for that very purpose. Yet we hear the Senator from Pennsylvania [Mr. REED] to-day state that the gold is leaving this country just as fast as the insurance can be paid on it. It is true. We read in the papers that the poor Italian is sending his gold notes over here so as to have them put in the form of gold to take back to Italy. It is true. But tell me, who has caused the scare in this country?

You have not heard the farmers of this country crying that Government bonds were no good. You have not heard them say anything about the disappearance of gold. You have not heard them say anything about hoarding. You have not even heard the patient eight or ten million unemployed people of the country saying it.

I want to say to you, and I charge it, that the timidity and the selfishness of large banks and those of the greatest wealth in this country have communicated their fear not only to all the people of this country, which has caused withdrawals from banks and hoarding, but they have extended that fear to foreign countries.

Whenever anyone says—any bond buyer, any man with capital—that there is any chance whatever of the bonds of this country ever being repudiated, he is not only a coward but he is unintelligent. The taxing power of this country extends to everything in the country, not only to the income but to capital, to the land, to everything. Do you tell me that this country, with its hundred of billion dollars' worth of property, is not good for four or five or six or ten or twenty billions of dollars in bonds? It is perfectly absurd. If the bonds of this country are not good, it means that this country is not good; and if this country is not good, I ask you, Where in the name of Heaven can you find any country that is worth a continental?

If the great bankers of this country and the bond buyers and capital of this country will just come out and say the word, "We will buy every bond that this Government issues," we will not have the poor Italians and the poor Germans, and everybody else with a few American gold notes or securities exchanging their holdings for gold.

I guarantee to you that the everyday man and woman that we meet throughout the length and breadth of this country—in the little stores, on the farms, in the brickyards, labor, and everyone else—have more confidence in this Government than the men who have made fortunes out of it, who should have the most confidence in it. Instead of calling bankers together and begging them to do something that they do not want to do and do not intend to do, let us act on our own judgment with fearlessness, and we can put men and women to work, increase commodity prices, and restore confidence in our Government and prosperity in our country.

Mr. VANDENBERG. Mr. President, I desire to submit a brief observation touching the situation in which the Senate now finds itself respecting the sales tax, the increased income tax, and the swift completion of this Budget-balancing bill.

I was not one of those who signed the so-called round robin against the general sales tax; but I am unable to agree with the able and distinguished Senator from Massachusetts [Mr. WALSH] that those who did sign the round robin are guilty of any disservice either to the Senate situation or to the country. It seems to me that in a situation where time is so utterly the essence of our desperate problem, any clear demonstration of the unalterable purpose and will of a clear majority of the Senate respecting a major proposition is an exceedingly important thing to have at the bar of the Senate. It obviously makes for the speed of decision which the country wants and which our fiscal situation requires.

Therefore, it seems to me—and I repeat that I was not a signer of the round robin—that since there are 55 Senators who take this conclusive and final attitude against any substitution of any general sales tax for the other excise items in this bill, it was distinctly an act of useful public service to make that plain at the present hour. Thus the track is expeditiously cleared for final action.

Every man in the Senate knows that I am utterly opposed to the special discriminatory excise taxes in this bill. They know that I have supported every possible alternative for those taxes. I have supported the 1918 income taxes and the 1922 income taxes as alternatives. I joined with the able Senator from Nevada [Mr. PITTMAN] in proposing a composition between higher income taxes and manufacturers' production taxes by way of a substitution. I have favored the latter tax alone if that would do the job. But the important thing above everything else is expedition in the conclusion of these labors. The utterly important thing is that we shall not waste time upon futilities. Therefore, I submit again that when the demonstration is laid upon the bar of the Senate that any further consideration of a gen-

eral sales tax at the present time is a futility, it is a service to the situation and the country to have that demonstration made. In its presence I bow to the inevitable.

In the face of this demonstration, Mr. President, I heartily concur in the hope expressed by the senior Senator from Mississippi [Mr. HARRISON] that we may proceed in order to complete the pending bill to-night without any further needless consideration of futile tax alternatives. The doom of a general sales tax is written in advance. There is nothing to be gained by discussing it. At least let us give the country the benefit that will come from the earliest possible conclusion of the issue.

I can think of nothing that would be a finer culmination of this national holiday, which we have dedicated to the public work, than to crown it with the conclusion of this bill.

Mr. REED. Mr. President, the nature of the taxes we shall impose, the character of the taxes we shall select, is of entirely subordinate importance to the greater question, whether this country shall show a determination to balance its income with its expenses.

As a sincere believer in the justice of a uniform manufacturers' excise tax, I have thought that that was preferable to the system of irregular, spasmodic special excise taxes on particular industries. But that disagreement would be relatively unimportant if the bill now before the Senate actually balanced our Budget and showed the country that American finances were sound. The trouble is that the bill would not do that. We know it, the Treasury knows it, the public knows it, the people in foreign countries know it. They know, as do we, that the estimates upon which we rely when we say that this bill would balance the Budget have become untrue by the falling off in business since they were made last February.

Even if the Connally amendment, embodying the 1922 income-tax rates, be adopted, the pending bill as it stands will fall short a couple of hundred million dollars of meeting our necessities, of matching our income with our expenses in the next fiscal year; and I say that is true even if our Economy Committee is able to accomplish its utmost ambition and save for us somewhere in the neighborhood of $300,000,000 on our spending.

Mr. GEORGE. Mr. President, if the Senator is correct, would we not have to impose a sales tax of more than 1¾ per cent?

Mr. REED. No, Mr. President.

Mr. GEORGE. I fail to understand the Senator's logic. If these estimates prove groundless to the extent of $200,000,000 of loss, by the same token will not the amount suggested for a general manufacturers' tax of 1¾ per cent likewise prove defective?

Mr. REED. The estimate of the yield from a 1¾ per cent manufacturers' sales tax, made up this very month of May, indicates that its yield will be about $335,000,000.

Mr. President, I say again, and I hope I may be understood, that after effecting economies amounting to some $300,000,000, after passing this bill with all the additional taxes it imposes, after ignoring the sinking fund upon our national debt—and complying with the sinking-fund requirement by fresh borrowing, retiring one bond by issuing another—after doing all those things, we still are going to be short of income in the next fiscal year, according to the best information I can secure, by about $200,000,000.

Mr. HARRISON. Mr. President——

Mr. REED. Just a moment. The question that presents itself is whether the 55 signatures on this round robin, which begins with the declaration that it is the desire of those Senators who sign it to balance the Budget, will prevent a different decision by the signers when they come to know the full facts.

I am so confident, Mr. President, of the patriotism of the Senators who have signed that round robin that I know that their patriotism will rise higher than the superficial assurance they have given in this round robin.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. CONNALLY. The Senator speaks of patriotism. What about the patriotism of the Treasury Department? Has it been withholding from the Senate the facts as to these estimates? Was it not stated last night by the Secretary of the Treasury that the items now in this bill would balance the Budget, with the exception of $56,000,000?

Mr. REED. There was no statement to that effect in my hearing.

Mr. CONNALLY. The Senator knows that the Secretary of the Treasury has been before our committee repeatedly; and if he had known all along that his estimates were erroneous and false, why have not the Secretary of the Treasury and the administration told the Congress of those facts, and why is it that the Senator from Pennsylvania, seemingly in possession of all this knowledge, withholds it until the last moment in an effort to seek to drive through the Senate the sales tax?

Mr. REED. Those estimates when made were not erroneous or false. Those estimates were probably amply warranted on the assumption that Congress would act with reasonable speed to get through a tax bill. Congress has not done that for reasons upon which I need not dilate. Delay has resulted, and during that delay the business of this Nation has so far gone off that the same taxes will not yield the money they were estimated to yield when they were discussed last winter.

That is perfectly natural. Within the last three weeks the picture has changed very much for the worse. Within the last 12 hours the foreign-exchange markets abroad, which have been opened on this day, have crumpled against us. There is no question about it in anyone's mind.

We are going to face the facts when we consider this bill the remainder of the time it is under consideration. We are going to face the facts and realize that as Americans it is our duty to balance the Budget and show the world that America is sound. We know it is sound, but the world has begun to distrust it.

As I said this morning, gold is being drained out of the United States as fast as the steamers can take it. The amount that can be carried upon any one steamer is limited by the amount of insurance the underwriters will give on a single shipment in one vessel, and, thank heaven, the number of vessels going is comparatively limited. We lost about $100,000,000 in the six business days of last week. We lost half that much the week before. Heaven only knows what we will lose this week. But the limit is the capacity of the steamers themselves and the amount of insurance that can be obtained upon them.

We can stand that drain for a while, but unless we balance our Budget and do it now, in this session, we will be exposed to a drain which can mean nothing else than a gold embargo, which will mean going off the gold standard.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. NORRIS. What the Senator has said about the estimates being right a few days ago and not right now, that we do not have any now that are correct, and that this change is going on continually, will make it impossible—if the Senator's theory is right, as I get it—for us ever to balance the Budget. What assurance have we, if we balance it to suit the Senator to-night, that it will not be off to-morrow?

Mr. REED. Only the assurance that common sense gives us, that if we once remove the cloud that is hanging over the fiscal affairs of the American Government, if we once show people that there at least is something that is stable that men can have confidence in, we will have laid the groundwork for a decent resumption of business, and until we do that it is an utter impossibility for business to resume. Until the fiscal affairs at Washington are sound, the fiscal affairs of no one in this country will be sound. Until the United States Government is firmly on a gold basis, until the world knows that it is paying as it goes, no one's fiscal affairs can be considered as on a safe basis.

Mr. NORRIS. Mr. President, will the Senator yield again?

Mr. REED. I yield.

Mr. NORRIS. Then, I want to ask the Senator, If we had balanced the Budget three weeks ago, or at any other time in the recent past, according to the figures of the Treasury Department, if we had balanced it on the very day when the Treasury Department gave its estimates, I take it the decline would not have taken place and that business would be operating now as usual?

Mr. REED. It is an absolute certainty that the decline in the exchanges would not have taken place. There is a very strong probability that the demoralization we saw last week in the bond market would not have taken place.

Mr. NORRIS. Then it follows, it seems to me, that if the members of the Finance Committee had stayed out of the combination that was formed, if they had not gone into a deal to put into the bill the four tariff items, covering coal, lumber, oil, and copper, we could have balanced the Budget then and passed the bill long ago, if that combination had never been made, and we would have escaped all this trouble, according to the Senator.

Mr. REED. We might have saved three or four days in the consideration of the bill, and every day we had saved would have been that much to the good.

Mr. NORRIS. We would have saved at least a week.

Mr. REED. Perhaps.

Mr. NORRIS. There is no doubt in anybody's mind that the bill could have been passed long before this if that had not been done.

Mr. REED. That is possible.

Mr. NORRIS. And when we find that the leaders of the Finance Committee voted to put these tariff items in, it seems to me we ought to put the responsibility for the delay right where it belongs.

Mr. REED. Mr. President, I think that much more important than recrimination is a study of what we are going to do now, and that brings me to the closing point I wish to make.

I have said that I think the patriotism of the signers of the round robin transcends all else; that if they found it to be necessary, on further study of the facts, to retract the declaration in the round robin I believe they would do it.

In conclusion, when we come to see what this bill does and find out how far short of the necessities it comes and then begin to explore the field of possible additional taxes to fill the gap, I believe we will find it an impossibility to fill the gap without resorting to the general manufacturers' excise tax.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. What amount of revenue would be stricken from the bill by the proposed general sales tax amendment?

Mr. REED. I have not studied the amendment of the Senator from Massachusetts since it was printed, but I have a notion that it would result in striking out more than we could afford to strike out. Obviously, if we have the task of balancing the Budget, we will strike out just as much as we can afford to.

Mr. ROBINSON of Arkansas. I regard the Senator as something of an expert on this subject, and he is speaking as if he were, if he will pardon me for the statement.

Mr. REED. I think time has impeached them.

Mr. ROBINSON of Arkansas. The Secretary himself has not impeached them. The Senate has no information that he regards the figures as inapplicable now. I repeat the question, What amount of revenue does the proposed general sales-tax amendment strike from the bill, or approximately what amount?

Mr. WALSH of Massachusetts. It is $292,000,000.

Mr. REED. I thank the Senator.

Mr. ROBINSON of Arkansas. Here is a proposal to strike out $292,000,000 and add $325,000,000 or $335,000,000. That is a poor way to overcome what the Senator from Pennsylvania says is a deficit as of to-day of $200,000,000.

Mr. REED. I thank the Senator for his suggestion, but very obviously it will not be possible to vote to strike from the bill $292,000,000. That was the hope of the Senator from Massachusetts when he prepared his amendment. Evidently it was. But I am perfectly confident that he can not realize that ambition, that we will not strike so much from the bill, because we shall have to retain a very considerable part of it. If in the final analysis we can strike from the bill $135,000,000 of these special taxes, I shall be satisfied under the circumstances.

Mr. ROBINSON of Arkansas. What special taxes that have been agreed to by the Senate does the Senator now propose to strike from the bill?

Mr. REED. I would leave that to the Senate.

Mr. ROBINSON of Arkansas. The Senator would have to leave it to the Senate?

Mr. REED. Of course.

Mr. ROBINSON of Arkansas. I am trying to get the thought that is in the mind of the Senator. He is insisting that the adoption of the general sales-tax amendment is essential to the balancing of the Budget. He realizes, as I think we all realize, that we are committed to that balancing policy and that the Senate has proceeded implicitly upon the figures furnished by the Treasury Department.

Mr. REED. Exactly.

Mr. ROBINSON of Arkansas. And that the proposal which is now before the Senate will result in an excess of some $50,000,000 above the amount which the Secretary in his last statement said would be required to accomplish the balancing of the Budget. Now, the Senator proposes not to agree to the amendment offered by the Senator from Massachusetts. He says that will not do because the problem has progressed since that amendment was offered and he thinks that if action were immediately taken $135,000,000 instead of $292,000,000 can be stricken from the bill and the Budget balanced if the general sales-tax proposal be adopted in a modified form.

Mr. REED. The answer to that is that we will strike from the bill the special taxes just as far as we can afford to do it and leave the Budget balanced. If I am not ready to reply at once as to which specific taxes I would prefer to exclude, I would remind the Senator that we have not yet had an opportunity to consider the Walsh amendment. By the time we have considered it we shall doubtless have that specific information which will enable us to specify just what should be stricken out.

Furthermore, if I am vague in the exact amount of shortage which will result from the passage of the bill now before us, I would remind the Senator that part of that vagueness is due to the fact that by objection this morning on the part of the Senator from Georgia [Mr. GEORGE] we were not permitted to pass a resolution calling upon Mr. Mills for his up-to-date estimate.

Mr. ROBINSON of Arkansas. We had the information through the Senator from Oklahoma [Mr. GORE] in an unofficial way. I myself had no objection to the consideration of the resolution to which the Senator has referred, and I made no objection.

But if I may have just a moment of the Senator's time to express the thought that is in my mind——

Mr. REED. I yield.

Mr. ROBINSON of Arkansas. Time is of the essence of this matter. Prompt action is essential. The Finance Committee reported a bill to the Senate two weeks ago which was commonly accepted as calculated to balance the Budget. The proposal of a general sales tax, having been rejected in the House, was not brought forward by the Finance Committee. It was brought forward in the minority report by the Senator from Massachusetts [Mr. WALSH]. The Senate relied on the report of the committee. It relied on the refusal of the Finance Committee to make a recommendation for a general sales tax.

Now it is proposed to undo all that has been done during the two weeks in which the Senate has been considering the bill. It is proposed to upset every arrangement the Finance Committee recommended and resort to a new form of taxation which, if properly considered, will require a length of time during which the conditions complained of

will progress, and by the time the amendment is made applicable it will be necessary to resort to new forms of taxation.

If the Senator will permit me further——

Mr. REED. I believe I have the floor, and I would like to answer the Senator as he goes along.

Mr. ROBINSON of Arkansas. Yes; I know the Senator has the floor.

Mr. REED. Time is important. It is vitally important. But time is not so important as the honest balancing of the Budget. Nothing could be worse for the United States than for us, under the plea of hurry, to adjourn with our job half done. We must get the Budget balanced. If it takes three or four days more to do it, that will hurt the country infinitely less than to adjourn with insufficient revenue provided for.

Mr. ROBINSON of Arkansas. Can we agree now on a time to vote on the sales tax amendment and all other amendments to the bill?

Mr. SMOOT. Without further debate?

Mr. ROBINSON of Arkansas. Yes; without further debate.

Mr. REED. Of course not, Mr. President. We have got to get the figures from the Treasury to know what our task is. We have got to find out what the shortage is. If I am correct in my estimate, it is about $200,000,000; but no one can act on my estimate. We have got to get the advice of the Secretary.

Mr. ROBINSON of Arkansas. That is the difficulty of the matter. The condition is constantly changing, and the Senator is not even willing to act on his own estimate. He wants an estimate to-morrow that will become obsolete before an agreement can be had to vote on the bill.

The Senator from Pennsylvania has been kind to me in permitting me to interrupt him and I wish to repeat, in conclusion of my interruption, that I think we ought to vote. It is all right to say that these great questions are of interest to the country and that they ought to be debated at length. But if a Senator knows how he is going to vote what is the use of prolonging the debate? What is the use of deferring the vote?

Mr. REED. No Senator knows how he is going to vote until he knows the facts. I know the Senator from Arkansas too well to think that he would close his mind to vital facts which affect the situation.

Mr. ROBINSON of Arkansas. Bring the facts forward.

Mr. REED. That is what I have been trying to do.

Mr. ROBINSON of Arkansas. What are we to do? We have asked for official information.

Mr. REED. I beg the Senator's pardon. We do not do that. The Senator from Maryland [Mr. TYDINGS] this morning tried to ask for official information, and the consideration of his resolution was blocked.

Mr. ROBINSON of Arkansas. The Secretary was called before the Committee on Finance and asked the specific question just a few days ago, and his answers were that if the bill which the committee had in contemplation were reported with certain reductions on account of economies that were in prospect, he would feel at liberty to state to the country that it had accomplished the balancing of the Budget.

Mr. THOMAS of Idaho. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. I yield.

Mr. THOMAS of Idaho. I hesitate to take any of the time of the Senate on account of the importance of the situation and the necessity for getting action on the bill. But I want to remind the Senator that for six months we have been working on this bill, and during that time the deficit has increased $600,000,000.

Mr. REED. And it will increase $600,000,000 more if we take six months more to consider it further.

Mr. THOMAS of Idaho. While we had the bill under consideration in committee the sales tax was the subject of controversy and occasioned considerable delay. I am not blaming either side, but the delay occurred. Before reporting the bill out, the chairman of the committee asked the Secretary of the Treasury to come before the committee and tell us whether or not he approved of our action. On that occasion, as the Senator will remember, Mr. Mills came before the committee and as earnestly and as eloquently as I ever heard the question presented stressed the importance of speed and of the necessity of getting the bill out.

I have voted since that time for many rates to which I was opposed, but in the interest of getting the bill passed. But that day, as the Senator will no doubt recall, I called attention to the fact that the sales tax was the cause of the delay, but that in order to get the bill reported out and passed so that the Budget might be balanced I was perfectly willing to accept the rates recommended by the Treasury.

Mr. REED. Yes; I remember that.

Mr. THOMAS of Idaho. At that time it was tentatively agreed that there would be no particular effort for the sales tax, and it was quite all right with me. I am not criticizing anybody who wants the specific sales-tax amendment adopted. I am not talking for it, and I am not talking against it. I am talking about the situation that is developing. We are talking and quibbling about a sales tax that everybody knows can not possibly be passed through the Senate either to-night, to-morrow night, or next week. That is the situation.

The Secretary of the Treasury, when he was asked why he did not recommend the sales tax, said to the committee, "For the reason that I know it was beaten in the House and I do not see any chance of getting it through." I remember the Senator from Mississippi [Mr. HARRISON] asked for a concrete recommendation for balancing the Budget. We took it without going into it fully.

The bill is now before the Senate. That was only two weeks ago. In all candor I am wondering whether the Secretary of the Treasury has changed his estimate of two weeks ago to the extent of $200,000,000 or $250,000,000. I am perfectly willing to go along. I want the bill passed. I do not want to take up the time of the Senate or of the country, but it seems to me that my good friends who are so much interested in the sales tax are making a very serious mistake if they undertake to prevent any vote that would mean the final passage of the bill.

Mr. REED. Mr. President, replying to the Senator from Idaho, he is exactly right when he says that the question of the sales tax or no sales tax is not the big question. I think I said that when the Senator was not here. The important question is that we want to get some tax that we can add to the bill to raise the amount of revenue that is necessary to equal our expenses—some tax, I say. It does not need to be the sales tax.

Mr THOMAS of Idaho. As a matter of fact, are there not a number of items in the bill as it passed the House which might be reconsidered in conference and which could be adjusted so as to come out of conference with the Budget balanced?

Mr REED. No; I do not think so

Mr. THOMAS of Idaho. We have eliminated a number of such taxes here.

Mr. GEORGE and Mr. HASTINGS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield; and if so, to whom?

Mr. REED. I will yield to no one for the present.

I say it is relatively unimportant what kind of taxes we add. We have got to add something or else our tax bill is a hollow sham, because it does not measure up to the necessities. I think, although, perhaps, I may be wrong—and I readily admit that I may be—that when we come to explore the field of possible taxes the manufacturers' excise tax will be found to be the only one that is practicable to meet the situation.

Mr. THOMAS of Idaho. There were a number of items suggested by the committee—cigarette taxes, for instance—that were rejected, and there were other items rejected that might be a means of raising additional revenue. I am not quarreling with my friend about the sales tax; but it seems

very certain that the injection of the sales tax into this discussion simply means delay, until we will be required to provide taxes which will raise about two or three hundred million dollars more, or about as much, perhaps, as we would get from the sales tax, if there had not been delay. The reason I signed the agreement against the sales tax was to end useless discussion and to secure immediate passage of the bill.

Mr. REED. My impression is that the whole situation will become clear with considerable speed.

Mr. HASTINGS. Mr. President——

Mr. REED. I yield to the Senator from Delaware.

Mr. HASTINGS. I want to state my difficulty in this situation. It seems to be admitted that we are nearly through considering the rates in this bill. It seems also to be conceded that when enacted it will not raise sufficient revenue to balance the Budget. After some of the taxes provided had been stricken from the bill, the Finance Committee held a meeting and recommended additional taxes, and the Senate promptly wrote them into the bill. There are many of us here who are depending very largely, if not wholly, upon the recommendations of the Finance Committee; and in this situation it seems to me, with no recommendation of the committee before the Senate that is sufficient to balance the Budget, the sensible thing to do is for the committee to get together and to recommend to the Senate some additional taxation which will balance the Budget. That is what I should like to have done before I vote upon the question that is now before the Senate, namely, the reconsideration of the amendment proposed by the Senator from Texas [Mr. CONNALLY].

Mr. REED. Mr. President, the Senator from Delaware is exactly right in that respect, but it is also true that the Finance Committee can not act intelligently until it knows definitely how far short this bill falls of meeting our necessities.

Mr. HASTINGS. Can not that be ascertained now by conferring with the Treasury Department?

Mr. REED. The Treasury Department can not pull estimates out of the hat. We are only just finishing the consideration of the bill. I have no doubt they will work all night on the problem, but estimates to be of the least value have to be studied. Furthermore——

Mr. HASTINGS. Of course, I concede it can not be done in a few minutes.

Mr. REED. It can not be done in a few minutes, but I hope we will have the information to-morrow. Then we shall know what our problem is, and if my dismal prophecy of a $200,000,000 deficit in spite of this bill proves to be incorrect, the problem is solved; we shall not need the sales tax, we shall not need any other additional taxes, we can go ahead and pass the bill, and the job is done; but if my prophecy is right, our job is not done.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Pennsylvania yield to the Senator from Georgia?

Mr. REED. I yield.

Mr. GEORGE. The Senator from Idaho [Mr. THOMAS] very properly asked the Senator from Pennsylvania if the Senate had not omitted certain taxes which the House itself had adopted. Let me call the attention of the Senator to the fact that it was estimated by the Finance Committee this bill would produce $1,009,500,000. The items now in the bill are estimated to produce that amount less $47,200,000, or $962,300,000. It was estimated by the Finance Committee that there might be effected by the work of the Economy Committee, which has been engaged on the task, a saving in expenditures of $231,500,000. That would make a total of $1,193,800,000. The estimated deficit, or the stated deficit, submitted to us by the Treasury itself was $1,241,000,000. The Connally amendment, imposing the 1922 income rates, if adopted, would result in the raising of $1,289,000,000, or $48,000,000 over the estimate.

Mr. REED. Does the Senator mean that the Connally rates would yield $1,289,000,000?

Mr. GEORGE. No; but they would do so if added to the items already in the bill.

Mr. REED. How much does the Senator add under that amendment if adopted?

Mr. GEORGE. The sum of $96,000,000, which is the Treasury estimate.

Mr. REED. Mr. President——

Mr. GEORGE. Let me proceed for just a moment. That added to the items in the bill would give an amount of $48,000,000, assuming the estimates to be accurate—and, of course, nobody can vouchsafe the absolute accuracy of the estimates—over the deficit as stated by the Secretary of the Treasury.

In addition, Mr. President, I invite the Senator's attention to the fact that the House bill carried the following items which the Senate has not adopted and which the Finance Committee rejected:

Increased tax on consolidated returns $8,000,000, according to the Treasury estimate.

A tax at the normal rate on stock dividends to yield $89,000,000.

A tax on stock transfers, over and above the estimated revenue from similar provisions in the Senate bill, $48,000,000.

Tax on bond transfers over and above the estimated return under the Senate bill, $20,000,000.

Tax on oil pipe lines, $14,000,000, in excess of the revenues which will be produced by the reduced rates in the Senate bill.

Miscellaneous, $30,000,000.

Total, $209,000,000.

That $209,000,000 added to the items in this bill and the revenue that will be produced by the adoption of the Connally amendment will give us $257,000,000 more than the stated deficit by the Secretary of the Treasury.

Mr. REED. Mr. President——

Mr. GEORGE. If the Senator will let me finish—I very well know that the Senate has rejected certain House rates because, in our judgment, they were not so desirable as the rates which we provide, but they will be in conference; and, if we face anything like the extreme necessity for prompt action that the Senator from Pennsylvania indicates by language and speech, which I must think is calculated to do more harm than good, the conference committee will have it in its power, under the rates adopted by both the House and the Senate, to make up, and more than to make up, the full amount of the shortage which the Senator himself estimates will result from the overestimate made of the rates carried in the pending bill.

Mr. REED. Mr. President, the Senator reads a lot of fascinating figures, and I can only wish that the facts would justify them now, as they seemed to justify them when the estimates were made. The original Treasury estimates were made last November, in order to be submitted at the opening of Congress; they were modified downward in February. We have had no studied estimates since that time. I have ventured the prophecy on what the studied estimate will show. I think we will get those estimates within 24 or 36 hours, and then we will know what kind of a job we have done so far.

Mr. LEWIS. Mr. President——

Mr. REED. I yield to the Senator from Illinois.

Mr. LEWIS. Has the Senator yielded the floor?

Mr. REED. No; but I will do that, too.

Mr. JONES. Mr. President, I should like to ask the Senator from Pennsylvania a question before he yields the floor.

Mr. REED. I yield to the Senator from Washington.

Mr. JONES. The Senator knows he has presented an amendment, and I have presented a similar amendment, seeking to take care of the situation growing out of the depreciated currencies of foreign countries which are sending their goods to the United States. I think the Senator appreciates that such an amendment would raise from sixty million to one hundred and twenty-five million dollars and would not only replenish the revenue of the Treasury to that

extent but also would meet an industrial situation that is very serious. Does not the Senator think that some proposition like that should be adopted in connection with this bill without very much delay?

Mr. REED. Yes, Mr. President; I agree with the Senator from Washington; and I should like to see something of the kind adopted, for unless we do our job here and do it right our currency is going to depreciate as much as the currencies of the countries of which the Senator speaks.

Mr. LEWIS. Mr. President, I impose again upon the Senate for what I trust may not be more than a moment, but upon a subject as to which I am attracted in great seriousness.

The eminent Senator from Pennsylvania [Mr. REED] is an authority both within his own capacity, touching matters of the Treasury, as well as a trusted envoy bearing messages of secrecy and fidelity that the department would desire to have conveyed. We have just heard that distinguished Senator, speaking as a prophet of the administration, tell the Senate that delay caused by the mere confusion or conflict of schedules of taxation fought over in the revenue bill here in the Senate is producing an influence which, as the eminent Senator from Pennsylvania described, is inducing the financiers of the United States, wherever they are, to send out the gold of this country in the large sums of millions to foreign lands. We hear the Senator wail out this catastrophe as being occasioned by the Senate taking time to contrast and contest the varying systems for raising revenue as presented here by differing and opposing Senators.

Mr. President, I ask, have we at last sunk to that detestable depth in the proved patriotism of the country that a set of financiers can proceed to degrade the credit of their own Nation whenever such serves and flaunt the trick to our faces as intimidation to either create a tax that may be to their private profit or to defeat one that might be to the general public welfare?

Mr. President, you who remember the holy law will recall that in the fourth chapter of Joshua there comes the interrogation, "Who are ye who bring forth and cast these stones?" I ask the Senator from Pennsylvania, Who are these who are taking the money of the United States and casting it to the sea upon the vessels that shall take it to the different repositories of the world where it may enrich the opponents of America and discredit their own country? Is this gold "earmarked," of which we have heard description, and belonging to some other land? Then it is not ours; it belongs to them; and to frighten our country with the open declaration that such gold is being taken out of our land because of loss of confidence in our country aroused by our delay in the work of shaping a just measure of revenue is a false conclusion. Why is the act of returning gold to its owner cast up to create a terror that can bring on the threat that was intimated this morning of a "panic" in the offing, being controlled by the engineered forces of the financial masters, and kept in restraint only until they shall let it loose. If the gold is that of the United States, and by bankers is being sent to Europe to serve the purpose of destruction of American credit and working the aspect of our gold standard being surrendered unless this body, the United States Senate, shall obey whatever orders may come forth from whatever financial interest may serve their private welfare by dishonoring their own Nation and discrediting their own homeland.

I propound to this honorable body, conscious as we are of the great strength of the statements of the Senator from Pennsylvania; conscious as we are that he is a man learned in what is transpiring amidst the financial manipulations of the Treasury and of those who are its allies called the financiers and international bankers, we ask who are these, in the language of Scripture, who are "casting these stones"? Who are these who are being instructed and now threaten to execute the orders of destruction of the financial credit of our country in the marts of the world? When the honorable Senator, distinguished by years of financial alliance with banking power, summons this body to hastily act and accept the measure of the favored masters, and this is commanded in the name of patriotism, and it is gravely affirmed by the Senator that only by obedience to the demand and as expression of our patriotism would restrain the conduct of these marauders, who are about to assail their own Nation by the demolishment of its credit and in the dissolution of its national honor. Then, sirs, if it is patriotism which we are to take as incentive to action, I ask where is that patriotism on the part of those who, merely because of a difference of opinion in the execution of legislation, would bring upon the Nation that inexcusable fate of reducing its finances to insolvency, strain the quality of its credit to where a panic could be summoned up by the genii of financiers, or by these evildoers work the debasement of our standard of coin and circulation, and dishonoring our commerce and revenues before the world? Are these the international bankers? Are these who it is that claim monopoly of patriotism? If such is patriotism, I place it in the category defined by old Samuel Johnson—the patriotism that is "the last refuge of a scoundrel."

Mr. HAWES. Mr. President, I have been detained at my office and have not heard the discussion within the last hour, but it seems to me this situation has reached a point where we should proceed with some frankness and some certainty and some understanding.

I am not quite familiar with the rules of the Senate. I have never quite mastered them; but we have a cloture rule here which can be invoked by 16 Senators, with the approval of two-thirds of the Senate, which will stop debate. But in my reading of American history, with my limited knowledge of the parliamentary procedure of the Senate, we are now proceeding under an entirely new theory of government, an entirely new theory of action in the Senate, and that is by petition.

The Senator from Massachusetts [Mr. WALSH] is about to present, but has not presented and it has not been discussed, a proposal for a limited manufacturers' license tax. So far as I am personally concerned I would not approve of that by itself; but, coupled with an increase under what might be termed the Connally income-tax amendment, the two taken together are very worthy of our careful consideration.

But what has happened? Gentlemen who have not discussed this compromise, Members who have not considered the joint issue of the Walsh suggestion—if I may so term it—and the Connally suggestion, have signed an agreement not to vote for either one; and they are sending to the people of America a statement that 35 men on one side and 20 men on the other, in advance of any argument and any discussion, have said that they would not vote for these two coupled propositions. Apparently that settles the question.

I am not a very careful student of American history, and yet I have given it fair consideration—I think possibly an average consideration; possibly a little above the average consideration—and deciding in advance, before debate, before discussion, before consideration, by the signing of a petition, that men will not consider anything at all, is certainly a departure in the procedure of the United States Senate as I understand the history of the Senate.

To-night men say, "This will balance the Budget." To-night men say, "It will not balance the Budget." A very intelligent newspaper, the Baltimore Sun, has stated that we are not within $500,000,000 of balancing the Budget. If we are to attempt to balance the Budget without considering the program that the House has suggested, without considering the program that it has been intimated will be presented here by the leader on this side, the senior Senator from Arkansas [Mr. ROBINSON], and others, maybe we will hit it within fifty or a hundred or a hundred and fifty million dollars. But if anything is to be done for unemployment, if anything is to be done to relieve what Senators on both sides say is a national crisis of unemployment, it will cost many, many millions more.

If it is true that we have decided this matter in advance by a petition, I submit that that is an innovation in the procedure of the United States Senate. It is an innovation

if practiced in the lower House. Maybe it is a good thing. Possibly it may save time; but the question is not one of time. The question is of doing the right thing in the right way and doing it properly. It is not a question of days or of hours. It is a question of deciding a momentous question carefully, with all the facts before us.

Mr. President, after listening to this discussion for some four or five days I am uncertain in my mind as to whether the action of the Senate in supporting the Finance Committee will balance the Budget; and from the President of the United States down we are told to balance the Budget.

What does balancing the Budget mean? Balancing the Budget of the Government of the United States means the same thing that it means to any private corporation or any partnership in the United States. It means a balancing of income against expenditure.

If men can sign petitions, cut off debate, stifle investigation, and in that way settle this problem, it is an innovation in American politics. If anybody on either side of the Chamber has ever heard of a procedure of that kind before, it will interest me historically, if in no other way, to know about it.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Florida?

Mr. HAWES. I yield.

Mr. TRAMMELL. The Senator states that balancing the Budget of the Government in its common acceptation now, after all the propaganda in that behalf, means the same thing as balancing the budget of a corporation or of a private concern. Would the average corporation attempt to raise from current income, when there is a more or less distressed condition, the amount required for improvements such as our public-buildings program; or would they, if necessary, use securities for that purpose?

In other words, the question of balancing the Government Budget is extended beyond all business practice in connection with corporations or private individuals; and under the circumstances they expect us to raise from current income the money required for all expenditures, even including betterments. Corporations do not do that. Private concerns do not do that. If they are going to put up a new unit in connection with a factory it does not necessarily mean that they have to raise in that particular year all the money required for that purpose.

So I think there is a little distinction. It is a little different from balancing the Budget in private enterprise.

Mr. HAWES. The Senator from Florida is quite right. What a private corporation would do, or a partnership would do, or any other business concern would do is this: They would call together the directors of the corporation or the members of the partnership, and they would hear every element that entered into the question of financial difficulty.

Mr. President, who knows to-night whether this Finance Committee bill will balance the Budget? Is there a man here who can say that it will? I will yield for a reply. If there is a man on either side of the Senate who can say to-night that the Finance Committee bill recommendation, if adopted, would balance the Budget, I would like to have him interrupt me with his thought. I assume, since there is not a reply, that there is not a man in the United States Senate who believes that the recommendations of the Finance Committee of the Senate will balance the Budget as the Budget exists to-day.

But something is to follow, among other things, measures for rehabilitation, new programs for relief, new programs for unemployment relief, which are not before the Senate. Yet apparently we are to decide what the Senate of the United States will do upon a signed petition, a most remarkable procedure. I have been a student of history, to some extent, but I do not know of a similar thing being proposed at any time in our history.

Mr. President, I am not quite sure but that we should have a limit on debate in the Senate. A distinguished Member of this body, John Sharp Williams, at one time had the inquiry propounded to him as to how long it would take him to discuss a question. He considered the matter very carefully and finally said, "It will take me about two hours and a half, but if I were prepared I could discuss it in 45 minutes."

There is a rule in the Senate which may be invoked for a limitation on debate, and frankly, Mr. President, I think it ought to be applied more frequently than it has been applied. The vast majority of the Members of the Senate do their most constructive work in the committees of the Senate. They are hard-working men, who sit in the committee hearings, study the subjects which are placed before them, go back to their offices for further study, and decide; then come into the Senate, and five or six men in the Senate occupy hour after hour of the Senate's time, hour after hour.

Here we have a great question, involving not only the balancing of the Budget but doing a thing in which everybody is interested, a thing in which the business man, the laborer, and the farmer are interested, and we want to do it right.

We have the cloture rule, but now it seems we have a new rule, introduced for the first time in either the Senate or the House—that is, the round-robin rule of signing a petition saying "No more debate, we will decide it in the cloakrooms."

If the Senate, which probably boasts that it is the only free deliberative body left in the world, is to decide its program on a signed petition on this subject, if there may be merit in it, why not decide every question in the same way? Why should we have discussion? Present a matter to the Senate, and then let the Members of the Senate sign a petition saying, "We are for it" or "We are against it," and settle it that way. We could at least save time. It is true it would mean economy of time. It would save us many weary hours of discussion. If that is going to be a new method of settling questions in the Senate, we had better understand it now.

Mr. WATSON. Mr. President, will the Senator from Missouri yield for a question?

Mr. HAWES. I yield.

Mr. WATSON. Will the Senator yield in order that I may make a motion for a recess at this time? It is coming to the time when we have agreed to recess, and I would like very much if the Senator would yield at this time.

Mr. TYDINGS. Mr. President, it would, of course, be with the understanding that the Senator from Missouri would have the floor at the beginning of the session to-morrow.

The PRESIDENT pro tempore. That would be the ruling of the Chair anyway.

Mr. WATSON. That would be understood.

Mr. HAWES. Mr. President, I can conclude in one minute. I am practically through.

The PRESIDENT pro tempore. The Senator from Missouri has the floor.

Mr. HAWES. Mr. President, this is Memorial Day. This is a day all Americans celebrate; and after a long day of discussion, after our absence from the graves of old soldiers, we find introduced into the American Congress for the first time a new method of procedure, that is, legislation by signing a petition.

Mr. SMOOT obtained the floor.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SMOOT. I yield.

Mr. HARRISON. May I ask the Senator from Utah whether it would be possible for us to get a vote to-night upon the motion for reconsideration of the vote by which the Connally amendment was rejected?

Mr. SMOOT. I would be delighted to have a vote, if we can get it without any further consideration.

Mr. HARRISON. I mean just the question of reconsidering the vote on the Connally amendment.

Mr. TYDINGS. Mr. President, if we should vote to reconsider the vote, it is not the Senator's intention to have the Senate go ahead with further discussion to-night?

Mr. HARRISON. Of course, if it should be shown that we could not finish the matter to-night, it would be useless for us to go ahead, but I hope we may vote on the motion to reconsider now.

Mr. WATSON. Mr. President, I hope that may be acceded to, that we may vote on the motion to reconsider, and then recess until to-morrow.

The PRESIDENT pro tempore. The Senate has a unanimous-consent agreement which will terminate this session of the Senate at 7.30 o'clock, unless there is another unanimous-consent agreement to set that aside.

Mr. SMOOT. We also have a unanimous-consent agreement that when we do conclude the business of the Senate to-day, we will recess until 10 o'clock to-morroy.

The PRESIDENT pro tempore. That is part of the unanimous-consent agreement.

SEVERAL SENATORS. Vote!

Mr. HARRISON. Mr. President, as I understand, the Senator from Utah is willing that a vote should be taken on the motion to reconsider the vote by which the Connally amendment was rejected?

Mr. SMOOT. Certainly.

Mr. McNARY. Mr. President, I shall have to object to the request made by the Senator from Mississippi. Personally, I am as anxious to have a vote as anyone is, but a number of Senators have left the Chamber on the assurance that we would have no vote this evening, and it is within only a few minutes now of the time when we would complete our session to-day, and I think it would be very unfair to take a vote on this matter now.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Oregon how such an understanding was arrived at? The pending motion was the motion to reconsider.

Mr. McNARY. Mr. President, the Senator from Utah stated to me that he wanted a recess taken after offering about 10 technical amendments. Relying upon that, I told several Senators there would be no vote this evening. I note that several of those Senators are not now present, and I certainly would want to protect them and also observe my promise. Therefore I would have to object to a vote this evening.

Mr. SMOOT. Then, if we can not do any more business to-night, according to the unanimous-consent agreement, I ask that the Senate take a recess until 10 o'clock to-morrow morning.

Mr. BORAH. Mr. President, if there was no one to debate the question, let us vote.

SEVERAL SENATORS. Vote!

Mr. SMOOT. Mr. President, the Senator from Oregon has already stated that there were quite a number of Senators who are not here, and who left with the understanding there would be no vote to-night. I myself think that there is no question but what the motion would carry whether the Senators were away or not.

The PRESIDENT pro tempore. The question before the Senate is the motion of the Senator from Mississippi [Mr. HARRISON] to reconsider the vote by which the Connally amendment was rejected.

Mr. REED. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Howell	Pittman
Austin	Costigan	Hull	Reed
Bailey	Couzens	Johnson	Robinson, Ark.
Bankhead	Cutting	Jones	Robinson, Ind.
Barbour	Dale	Kendrick	Sheppard
Barkley	Davis	Keyes	Shortridge
Bingham	Dickinson	King	Smith
Black	Dill	La Follette	Smoot
Blaine	Fess	Lewis	Steiwer
Borah	Fletcher	Logan	Stephens
Bratton	Frazier	McGill	Thomas, Idaho
Broussard	George	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Hale	Moses	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hastings	Norbeck	Walcott
Carey	Hatfield	Norris	Walsh, Mass.
Cohen	Hawes	Nye	Walsh, Mont.
Connally	Hayden	Oddie	Watson
Coolidge	Hebert	Patterson	Wheeler

The PRESIDENT pro tempore. Eighty-four Senators having answered to their names, a quorum is present.

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate vote not later than 10.30 o'clock to-morrow morning on the Connally amendment.

Mr. DILL. I object.

Mr. HARRISON. Reserving the right to object, does that carry with it the proposal that we now vote upon the question of the reconsideration of the vote by which the Connally amendment was defeated?

Mr. SMOOT. It is understood that that question will be voted upon, too.

The PRESIDENT pro tempore. The question before the Senate is one of reconsideration.

Mr. HARRISON. I understand there is no opposition to a reconsideration of the vote.

Mr. WALSH of Massachusetts. Let us have a viva voce vote on the question of reconsideration.

Mr. HARRISON. The Senator from Utah has requested that we vote not later than 10.30 o'clock to-morrow morning.

Mr. TYDINGS. Mr. President, will not the Senator make it 11 o'clock?

Mr. SMOOT. Very well; not later than 11 o'clock.

Mr. TYDINGS. The reason why I ask is that a number of us have important engagements at some of the departments in the morning. We can all be here by 11 o'clock. I have to be away to-morrow morning for an hour or so.

Mr. WATSON. Mr. President, what is the question now before the Senate?

The PRESIDENT pro tempore. If the Chair understands the question, it is that a viva voce vote shall now be taken upon the motion of the Senator from Mississippi to reconsider the vote whereby the amendment proposed by the Senator from Texas was rejected, and that not later than 11 o'clock to-morrow morning a vote shall be had upon that amendment.

Mr. WATSON. Disagreeing momentarily with the usually accurate President pro tempore, I do not believe that the two were coupled together. My understanding was that we are to vote upon the matter of reconsideration, and after that vote the Senator from Utah will submit his unanimous-consent request.

The PRESIDENT pro tempore. The vote now is merely upon the question of reconsidering. Then the vote would come on the main question, which the Senator from Utah has asked unanimous consent shall be taken at not later than 11 o'clock to-morrow morning.

Mr. WATSON. But that is not a part of the unanimous-consent request.

The PRESIDENT pro tempore. That is the way the Chair understood it to be submitted.

Mr. HARRISON. Mr. President, will the Senator withhold his unanimous-consent request and let us vote now on the motion to reconsider?

The PRESIDENT pro tempore. The Chair understands that to be the pending question.

Mr. DILL. Mr. President, when I objected, I thought the question was to vote to reconsider to-morrow, and I am opposed to postponing that feature of the matter. I have no objection as I now understand the situation.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Mississippi.

Mr. HAWES. Mr. President, the Senator from Nevada [Mr. PITTMAN] has proposed an amendment to the amendment of the Senator from Massachusetts [Mr. WALSH] with the hope, which is my hope, that we may vote at the same time for a limited manufacturers' sales tax and the approval of the so-called Connally amendment, because I believe they belong together. I hope that opportunity will be afforded.

Mr. PITTMAN. Mr. President, in my remarks a while ago I stated that in view of the fact that a statement was filed signed by 55 Senators that they would not vote for any amendment in any form dealing with the manufacturers'

sales tax, I realized the futility of offering any amendment, and therefore would not offer any amendment.

Mr. HARRISON. Let us have a vote.

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Mississippi. [Putting the question.] The ayes have it, and the question now is upon the amendment proposed by the Senator from Texas [Mr. CONNALLY].

SEVERAL SENATORS. Vote! Vote!

Mr. SMOOT. Mr. President——

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. SMOOT. Very well.

Mr. HARRISON. I had understood that certain Senators had been told that there would be no vote upon that motion to-night. Of course, I would like very much to have a vote if we could do so at this time.

Mr. SMOOT. Mr. President, I ask unanimous consent that the Senate recess until 10 o'clock to-morrow morning.

Mr. CONNALLY. Mr. President, I do not see why Senators should absent themselves on any sort of assurance such as has been stated. They ought to be here to vote. I wish we could vote now. It is not fair to the rest of us who stay here and are ready to vote to have to postpone votes on account of somebody else who does not stay here and attend to business.

Mr. KING. Mr. President, I agree with what has been stated by the Senator from Texas, but I am told that the Senator from Oregon [Mr. MCNARY] assured a number of Senators, based upon information upon which he felt justified in relying, that there would be no vote this afternoon. I feel under the circumstances, much as I should like to vote upon the amendment now, that we ought not to do it. I believe in respecting agreements made under circumstances such as the Senator from Oregon was justified in relying upon.

Mr. MCNARY. Mr. President, I shall have to object to the request made by the Senator from Mississippi. Personally I am ready to vote, but I had the assurance of the chairman of the Finance Committee that there would probably be no vote this afternoon. He wanted merely to offer a few amendments of a minor nature. Several Members asked if there would be a vote this afternoon and, relying upon that assurance, I told them "no," and I think they left the Chamber under that impression. They may have returned, but it would be unfair if only one Senator left relying upon my statement when I relied upon the statement of the Senator from Utah.

Mr. CONNALLY. Mr. President, the Senator from Oregon knows who those Senators are. He probably knows where they live, and he can very easily get them back here and let us vote. It certainly is not fair to the rest of the Senators who stay here and attend to business.

Mr. MCNARY. It is not a question of fairness; it is a question of practice and custom that I believe in living up to. It is a matter of accommodation. The Senator from Texas himself has relied upon similar statements in the past. So far as I am concerned, I shall make my word good.

Mr. President, there is not anything particularly harsh or unusual about the request that we may vote to-morrow at 10.30 or 11 o'clock. It is not going to delay the matter. It is keeping our good faith with Senators. If only one Senator were absent because of that assurance, I should object at this time to a vote.

Mr. SMOOT. Do I understand the Senator objects to the unanimous-consent agreement?

Mr. MCNARY. No; I do not. I said that is eminently fair; but I do object, so far as I can, to a vote this evening, in view of the statement I made, relying upon the statement of the Senator from Utah.

Mr. SMOOT. Then I ask the Chair to state my unanimous-consent request.

Mr. DILL. Mr. President, in the light of the fact that the Senate is ready to vote, why not have a unanimous-consent agreement to vote immediately upon the convening of the Senate to-morrow after a quorum is called? If we want to protect absent Senators, that will do it.

Mr. WALSH of Massachusetts. Mr. President, some Senators in this part of the Chamber asked the Senator from Mississippi [Mr. HARRISON] if we would recess after the viva voce vote. He nodded his head. We understood that to mean a recess immediately after the viva voce vote. At least there was an implied understanding that after we had the vote to reconsider we would take a recess. I hope it will be carried out.

Mr. HARRISON. Mr. President, I was very anxious that we might vote on this proposition to-night and finish the bill. I had understood from the Senator from Oregon [Mr. MCNARY] that he had told some Senators that there would be no vote to-night, relying upon what the Senator from utah [Mr. SMOOT] had said. When the unanimous-consent request was submitted by the Senator from Utah, coupled with another proposition, some of us objected. We wanted to have the vote on the amendment reconsidered, and then the suggestion was made that we would vote to-morrow not later than half-past 10 o'clock. So far as I am concerned, if we can vote on either of the propositions, that is entirely agreeable to me.

I think some of the Senators asked about a recess as the Senator from Texas stated, and I probably did as he said, but no one has left the Senate Chamber since that time. They are still here. If we can not vote to-night, we ought to have a unanimous-consent agreement to vote at the earliest possible moment to-morrow.

Mr. SMOOT. Mr. President, I renew my unanimous-consent request that we vote upon the pending question not later than 10.30 o'clock to-morrow morning.

The PRESIDENT pro tempore. The Chair understands the Senate has already voted to reconsider the vote by which the Connally amendment was rejected, and therefore the Connally amendment is now before the Senate. The Senator from Utah asks unanimous consent that at not later than 10.30 o'clock to-morrow morning——

SEVERAL SENATORS. Eleven o'clock!

Mr. DILL. Why not vote the first thing in the morning? We are all ready to vote now.

Mr. SMOOT. It may take 10 or 15 minutes to get a quorum.

Mr. DILL. Very well; then let us vote as soon as the roll is called in the morning.

Mr. WATSON. Mr. President, the Senator from Maryland [Mr. TYDINGS] asked that we do not vote until 11 o'clock because several Senators have engagements to go to some of the departments. Let us make it not later than 11 o'clock.

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent that at not later than 11 o'clock to-morrow morning the Senate shall vote upon the pending question, which is the amendment proposed by the Senator from Texas [Mr. CONNALLY]. Is there objection?

Mr. DILL. I object.

Mr. HAWES. Mr. President, will the Senator make it 10.30?

Mr. SMOOT. That is what I did suggest. I submit the request again for a vote not later than 10.30.

The PRESIDENT pro tempore. The Senator from Utah renews his request for unanimous consent that the Senate vote not later than 10.30 o'clock to-morrow morning.

Mr. CONNALLY. Mr. President, I shall not object. I simply want to take a moment to say to the Senator from Oregon [Mr. MCNARY] that I had no desire to impugn his good faith or anything of the kind in assuring Senators that they need not remain here. But all Senators who have been here to-day at all know we are trying to get action on the bill, and all Senators who have been here know of the influences and the maneuvers and strategies that are being employed not only to kill the amendment but that may be employed to put over the sales tax by means of what may transpire to-night, and by what the Treasury Department may cook up to-night and send over to the Senate to-morrow morning. After deliberating all day, I think the Senate

ought to vote. I shall not object to the unanimous-consent request, of course.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Utah?

Mr. REED. I object.

Mr. LA FOLLETTE. Mr. President, we might as well be perfectly frank. The Senator from Pennsylvania [Mr. REED] has made three speeches in connection with this bill which, whether they were calculated to do so or not, will have the effect of helping to create both a domestic and a foreign run on the American dollar. During the two and a half years of the depression I have listened to proposals to cure a cataclysmic, fundamental economic breakdown by attempts to change the psychology of the people of the United States. I have contended from the beginning that those attempts failed to recognize the fundamental and underlying cause of the depression in the United States, namely, the wiping out of the purchasing power of millions of American citizens. Granting for the sake of argument the accuracy of the premise upon which the present administration has based its approach to the solution of the problems confronting the people of this country, I say that it is nothing short of striking a blow at the credit of this Government in this critical situation for the Senator from Pennsylvania to rise on the floor of the Senate and make the speech he delivered this afternoon.

The Senator from Pennsylvania now objects to fixing a time to vote on the Connally income-tax-rate amendment. Senators who are maneuvering to put the sales tax in the bill, and its proponents outside of the Senate who do not hesitate to strike a blow at the soundness of the American dollar in order to accomplish their purpose, are anxious that we should not vote upon this amendment to-night, because they know that it would be carried in the press of this country and of the world to-morrow morning that we had put another $100,000,000 of revenue into this bill.

I wish to say, Mr. President, that I have not participated in the campaign which has been made concerning the necessity of balancing the Budget, but I do say that a situation has developed on the floor of the Senate to-day which enables any man who has observed the maneuvers that have taken place to reach the conclusion that responsibility for the failure to "balance the Budget," according to the estimates furnished by the Treasury Department, and reaffirmed not later than two weeks ago by Secretary Mills, must rest upon those who advocate the sales tax, for the Budget could have been balanced by this time had it not been for the maneuvering for advantage by the advocates of the sales tax.

Mr. President, responsibility for further delay and responsibility for increasing the panic which the advocates of the sales tax have already created in the public mind rests upon the supporters of the sales tax.

Mr. HARRISON. Mr. President, may I ask the Senator from Utah if he will not resubmit his proposal that we vote in the morning at not later than 10.30 upon the Connally amendment? May I say to him if he shall not do that some of us will feel the necessity of making a motion to continue in session for the purpose of enabling the Senate to conclude the consideration of this measure to-night.

Mr. SMOOT. The Senate will have to decide as to that. The Senator will have to get unanimous consent, I think, to pursue that course.

Mr. HARRISON. The parliamentary clerk tells me otherwise. However, there is not any use of getting into a broil over this proposition. The Senate is in a mind, I think, to vote on it at not later than 10.30 in the morning.

Mr. REED. Mr. President, will the Senator yield to me?

Mr. HARRISON. I yield.

Mr. REED. I have just heard from the Senator from Wisconsin that this is part of a "deep-laid plot" of my own concocting. My reason for objecting to a vote at 10.30 to-morrow—and the Senate will notice that I did not object to an agreement to vote at 11 o'clock—was that the Senator from Maryland [Mr. TYDINGS] stated that he had an appointment that would keep him from here until after 10.30. If an agreement be requested for a vote at 11 o'clock, despite my "deep-laid plot," I will agree to a vote at that hour.

Mr. TYDINGS. Mr. President, I promised two separate delegations that I would go with them to-morrow from about 10 to 11 o'clock to attend to some very important matters for them, but I will break my word to them under the circumstances and be here at 10.30 to-morrow in time for a vote.

Mr. SMOOT. Mr. President, I ask unanimous consent that we take a vote on the amendments at not later than 10.30 o'clock to-morrow morning.

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. CONNALLY. Mr. President, I merely wish to observe that I did not rise to object, but the Chair ignored the Senator from Texas when he was seeking to get recognition. I merely want to observe, in view of the statement of the Senator from Oregon that so many Senators had left the Chamber, that on the last roll call there were 84 Senators present out of 96, which is a pretty fair attendance.

The unanimous-consent agreement was reduced to writing, as follows:

Ordered, by unanimous consent, That at not later than 10.30 o'clock a. m. on Tuesday, May 31, 1932, the Senate proceed to vote upon the pending amendment of the Senator from Texas [Mr. CONNALLY] to the revenue bill.

ADDITIONAL PETITIONS

Mr. ASHURST presented a petition of several citizens of Yavapai County, Ariz., praying for the passage of legislation to abate the requirement of annual work upon unpatented mining claims for the year 1931–32, which was ordered to lie on the table.

He also presented telegrams in the nature of petitions from Dr. John J. McLoone, president of the Maricopa County Medical Society; Dr. and Mrs. Frank J. Milloy, Marie C. and John G. O'Malley, Bertha L. and E. Payne Palmer, and Frank C. Brophy, all of Phoenix, Ariz., praying for the inclusion of a manufacturers' sales tax in the pending revenue bill, which were ordered to lie on the table.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

ADDITIONAL BILL INTRODUCED

Mr. CONNALLY introduced a bill (S. 4783) to authorize the Reconstruction Finance Corporation to aid in financing the exportation and sale of wheat and cotton in foreign markets, which was read twice by its title and referred to the Committee on Banking and Currency.

THE FARM PROBLEM

Mr. THOMAS. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of a radio address by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting Co.'s network on May 28, 1932.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

FARMERS MUST ORGANIZE AND WHAT THEY CAN DO WHEN ORGANIZED

A PICTURE

If I were an artist and you were here where you could see, I would paint you a picture. I am not an artist and you are not here, so all I can do is to tell you what I would put in that picture.

First, I would have a dining-room table so long that, like the earth, it would seem to meet the sky. Second, I would put at the head of this table, as the host, the farmer.

Diverting for a moment, let me tell those who are listening in who are not farmers who the farmer is. The farmer is the man who tickles the soil, and the tables in a million homes have bread. He puts a twig in the ground, and those tables groan with nuts and fruit. He pails a cow, and the festal board is spread with milk and cream. He feeds the pig and the calf, and delicious bacon and roast beef appear. He removes the hide from the stricken horse or goat or calf, and human feet are shod. He

shears a sheep, and warm woolen clothes protect you from winter's snows. Tiny fingers of country boy and girl touch fleecy cotton locks, and beautiful organdies and voiles make comfortable the days of summer heat. The next time you meet him, though his garments be coarse and few, though his face and hands be soiled with sweat and dirt, greet him as your friend and give him the honor that is due him.

Returning to our picture of the long dining-room table meeting the sky with the farmer at the head as the host—in this picture I would place on each side of the host, as far as the eye could see, his guests, the banker, the lawyer, the teacher, the preacher, in fact, all kinds of people representing every avocation of life. Even those who make a living by gambling on his products would be guests at this table. Next in the picture at the farmer's table would be the animals of the field, the birds of the air, and the insect pests. On one side of the table would be Mr. Bob White, and on the other side would be Mrs. Jennie Wren. Just below them would be Mr. Boll Weevil, and opposite him Miss Chinch Bug.

All of these people, animals, birds, and insects eat at the farmer's table mighty cheaply. They eat at his table on the basis that the farmer works from dawn to dark putting cheap food on that table; that his wife works longer hours and harder than he does, adding her part of cheap food to his table; that his children work in the field in the heat and the dust of the long summer days helping to put food on that table at less than it cost.

Supposing these guests ate at the farmer's table on a basis that the farmer, like other business men, would not require his wife to be cook, dining-room girl, chambermaid, laundress, and dressmaker. Supposing they ate at his table on a basis that he kept his children in school nine months in the year and the other three provided public playgrounds for their amusement. Supposing they ate at his table on a basis that he took 30 days' vacation each year and charged the expenses up to the food on the table. Supposing they ate at his table on a basis that the farmer had written over his gate, "We open at 9 and close at 3." Then what would his guests pay for bread? What would be the price of a steak?

The farmer has everything that everybody else has except one. He has wealth. As a group, farmers have more property than any other group. He outnumbers any other group. They are still nearly one-third of the population of the United States. He lacks just one thing of being on an equality with his business, professional, and laboring brothers of the cities. That one thing is organization.

ORGANIZATION IS RIGHT

And so I come to you on this Farmers' Union hour to discuss the need of farmers organizing and what could be accomplished not only for the benefit of farmers but for the general welfare of all the people of the Nation. Organization is right. The man who says he does not believe in organization is an anarchist, because all government is nothing more or less than organization. The farmer who says he does not believe in organization ought to go back to the life of primitive man living in a cave, subsist on roots and fruits of the forest, and hunt his meat with a club. When a farmer hitches one mule to a double shovel and puts his hands to the handle he is practicing organization. With two horses to a cultivator he has progressed in the field of organization. With four to the double row, he is modern in his efforts to care for growing corn and cotton. When a young man gets the girl of his choice to go with him to the preacher he is establishing the grandest organization this side of heaven—the home.

God himself is the supreme organizer. He made the earth, the moon, the sun, the stars, and organized them into the universe with each cooperating with the other so accurately that scientists can figure thousands of years in the future the exact position of one planet to another. They move in relation to each other in a degree of exactness superior to the works of the best watch or clock ever made by man.

It is strange how slow farmers are to organize in a group when, as individuals, all their work suggests organization. It is strange how slow they are to organize as a group when everyone with whom they deal belongs to his or her group organization. Mr. Farmer, right in your school district the teacher you hired a few weeks ago for services for the next year belongs to her union. You farmers in that district pay her wages that enable her to pay dues to her State and National union. The note you owe at your bank includes sufficient interest that the banker can pay dues to his union. You call a doctor to visit a sick child to-night and he charges you on a basis of paying dues to his union. The merchant, the lumberman, the hardware man, the grain dealer, the produce man, the barber, the plumber, and the man who embalms and buries you when you die, any and all of these, whether they sell to you or buy from you, deal with you on a basis of paying dues to their union. If you can afford to assist all these in paying dues to their unions, it is a mystery why you hesitate to pay dues to your own union.

ORGANIZATION A CITIZENSHIP DUTY

Our Nation was built upon the rock of popular government. Its preservation depends more upon the people believing that we have popular government than upon all other things put together. The method of expression of the will of the people in governmental affairs has developed into a system of participating organized groups. Hypocrites in high official life complain of Congress being dominated by organized minorities. Each individual group is a minority, but the combined organized groups are a vast majority. Those who complain are organized the most perfectly and have more lobbyists and lobbyist headquarters in Washington than any other group.

All matters coming before Congress or other departments of Government are very similar to cases in court. Every bill introduced in Congress is a suit in which some group files the case in order that they may better their condition or protect themselves against some other group. The bill they are asking to be made a law, while helping them, may injure some other group. The other group becomes the defendant in the case. The only way a group can be a plaintiff and ask Congress to pass a bill that will help them or as a defendant protest against what would injure them, is to be an organized group. Thus organization of each group is absolutely necessary not only to protect the group but also to balance the benefits of organized government.

The highest duty of an American citizen is to take an honest, active part in the affairs of Government. You may be a law-abiding, industrious, taxpaying individual, but that does not mean that you are a good citizen. An alien Chinaman can do that much. The good citizen of a great democracy like ours must be willing to give of his time and money in real service to his State and Nation. The only way a citizen can take part in the running of the affairs of this Nation is to be a member of his own class organization.

Once more I appeal to you farmers listening in and I appeal this time in the name of good citizenship and of loyalty to your country to become, at once, a member of the farmers' class organization of this Nation, the Farmers' Union.

Especially do I appeal to the women on the farm. You can do as much to assist in building up a 100 per cent militant farm organization in each of your communities as the men can. Speaking of the farm woman, I divert again to pay my poor tribute to her.

THE FARM WOMAN

The farm woman is the greatest woman in all the world, made so because the finances of the farm deprive her of any hired help; thus, she becomes cook, dining-room girl, chambermaid, washerwoman, seamstress, and in case of sickness, nurse for the whole family. Besides, she is the main producer of the garden, poultry, and dairy products of the farm.

She is the greatest mother in all the world, because she administers herself to every want of her child—no servants, no governess in the farm home to take the place of mother. The farm woman is all these, and more, too.

She is the greatest wife in all the world, because she is a real helpmate instead of a mere "help-eat." Her rigid household economy as well as her wonderful productive industry make her the greatest factor in whatever degree of prosperity comes to the farm.

She is the best neighbor in all the world. If she has something good, she sends you a part. If you are in need, she lends. If you are sick, she will attend you night after night, the long hours through, to help make you well.

Oh, patient, self-denying farm woman, toiling for others from dawn until the late hours of night, with a heart full of the milk of human kindness, I wish I could half paint the picture of your service and worth!

FARMERS THOROUGHLY ORGANIZED COULD COOPERATE IN A BUSINESS WAY

Last month in my radio talk I described what I saw in Denmark in the way of cooperation among farmers. When farmers are once organized there is no limit to the ways in which they can cooperate. It is usual for them to begin in business cooperation. Business cooperation usually commences with pooling their orders for necessities and buying together. This is legitimate and one of the first lessons in the school of cooperation. There are farmers and even leaders in farm organization who believe this is the end of cooperation, when it is only the beginning. Buying prunes together is the kindergarten department in the cooperative educational system. Business cooperation includes both buying and selling, but has never been a success except where there was first a real class organization.

ORGANIZED FARMERS CAN COOPERATE IN THEIR THINKING

Before there can be any unity of thought in any group there must be organization. Six and a half million farmers unorganized have about that many different opinions on a given subject. Organized, these farmers meet in local units and discuss the problem. Delegates from the locals meet in county units and discuss the problem. Delegates from the county units meet in State units and discuss the problem. Delegates from the State meet in national assembly and the position taken on that problem becomes the composite thought of the whole group. Public officials care little for the opinions of individuals, but for the very reasons enumerated do respect and give great consideration to the combined opinion of organized individuals.

FARMERS CAN COOPERATE LEGISLATIVELY

As already indicated in the first part of this talk, the only way to take part in the running of the affairs of your country is to become a member of your class organization; thus cooperating in a legislative way becomes the most important of all cooperative efforts.

There never was a time in the history of our Nation when the opportunity for farmers to do good in a governmental way was so great as it has been in this session of Congress. For lack of organization they could not do what their numbers and the importance of their business justifies their doing. It is a wonderful record

that has been made by organized farmers in this session of Congress considering the small per cent of the whole group of farmers that belong to their own class organization.

TAXATION

The organized farmers have had a beneficial influence in the tax measure that has been framed by the committees of the House and Senate.

If it had not been for organized farmers, the ultrarich would have escaped the large increase in rates on incomes and inheritance taxes. The common people of the country would have had a greater proportion of the taxes placed on their backs. If we had been organized 100 per cent, Senator COUZENS's amendment placing income-tax rates where they were during the war would have carried practically unanimously. The farmers of this Nation who refuse to get in their organization are responsible for the unjust burden of tax placed upon agriculture. If the farmers were organized 100 per cent, there would be such an inheritance and gift tax law as would practically redistribute the wealth of the large estates of this country.

ARMAMENTS

If the farmers of this Nation were organized 100 per cent this Nation would have a very different military program. Since 1913 we have increased appropriations for armaments until they are nearly three times as much as they were then. We have increased until we spend $150,000,000 a year more than the Nation with the next highest expenditures for such purpose, which is Russia. We spent last year $727,000,000. Russia spent five hundred and seventy-nine millions. Great Britain spent $535,000,000 and France four hundred and fifty-five millions. If the farmers of this Nation would get into their class organization 100 per cent, in 10 years the United States will not be spending one-half that much and this Nation's influence would cause the nations of the world to reduce theirs by half.

MORATORIUM

If the farmers of this Nation were organized 100 per cent, European countries would not be granted a moratorium which amounted to their using our money to spend on increased armaments. France and Italy alone have increased expenditures for armaments in the last three years $37,000,000 more than the annual payment of all the countries of Europe due the United States. If these two countries had kept their expenditures for armaments down to what they were in 1927 they could have paid the bill for all Europe due this country and had $37,000,000 left.

Farmers, you can prevent this thing if you will do as the farmers of Denmark have done. Get into your own union 100 per cent.

MONETARY QUESTION

If the farmers of the United States were organized 100 per cent this session of Congress would have restored to itself the power of issuing and regulating the value of money given to it by the Constitution. This session of Congress would have remonetized silver and thus broke the strangle hold the international bankers have on the money crop of this country. There can never be a permanent and secure prosperity until we have destroyed the money power of the country. All public officials now declare we need inflation in this country, but there are few, indeed, who have the courage to advocate any other money than bankers' money, which means that after a period of inflation they can again deflate and bring on the same deplorable conditions. There never was a panic under an inflated period in this country. There never was unemployment or lack of business under inflation.

In May, 1920, with the largest volume of money in the history of our country, prices of farm commodities were the highest of all times. Wheat on the Chicago market was $3 a bushel; cotton at New Orleans was 40 cents a pound. Every man could have a job who wanted it. The international bankers were not satisfied with this condition. To destroy such prosperity they ordered deflation of the currency and restriction of credits.

Our present money system gives the international bankers of Wall Street the power to do this any time they desire. I can not understand how public officials will proclaim this a sound system.

Farmers, it will never be changed until you do your duty as citizens—get into your own class organization. What you suffer now is because in the last 50 years you have refused to organize and do your part in a legislative way.

THOMAS JEFFERSON

Thomas Jefferson bitterly opposed a monetary system controlled by bankers. In his opinion Congress had no power to transfer to bankers or anybody else the authority to issue, control the volume, and thus regulate the value of money. It was his opinion that the act creating the first bank of the United States was unconstitutional. He believed that Congress alone had the right to issue and regulate the value of money. The ultrawealthy of that day and the rich bankers of Great Britain were too powerful a lobby, and the objections of Jefferson and the real Democrats of his day were cast aside. However, at the end of the 20-year period for which the bank was chartered the people were so aroused against it that the bill rechartering the bank was defeated in Congress. The rich bankers retaliated by hoarding all the gold and silver and withdrawing credits to the extent that they forced a chartering of a new United States Bank in 1816.

ANDREW JACKSON

No greater American was ever elected President of the United States than Andrew Jackson. In his first term a bill was proposed to renew the charter of the Second United States Bank. This bill passed both Houses of Congress by a small majority. Andrew Jackson had the courage to veto the bill. Congress refused to pass the bill over his veto. Just as in this day, these rich bankers, better known as money merchants, had control of the press of the country and turned loose the most bitter campaign of misrepresentation against Jackson when he was running for a second term in 1832. It was prophesied everywhere that Jackson would be defeated, but an aroused farmer population went to the polls on election day and voted almost solidly for Jackson. He was elected by an overwhelming majority.

I call your attention to the fact that Andrew Jackson and the farmers of America overthrew and completely destroyed the money power in the United States just 100 years ago. It seems to me it ought to be a source of inspiration to the farmers of this Nation. It seems to me if the farmers of 1832 could take from big bankers the control of the money of the country that we, the farmers of 1932, should solemnly pledge each other to unite in the battle to destroy the present banker-controlled money system of our Nation. Let us pray that one, or better, both, of the political parties may select as a candidate a real American like Andrew Jackson.

ABRAHAM LINCOLN

Gold is the most cowardly of all money. In time of peril it deserts the people and the Nation like rats a sinking ship.

Abraham Lincoln found this true at the very beginning of the Civil War. He was forced to use Government money and did so throughout the four years of that terrible strife between the North and South.

The first issue of money had written across the face, "full legal tender for all debts, public and private." This money never went below par and the bankers were never able to control it. It is still in existence.

Later in the war the big bankers who had hidden the gold of the country nosed into governmental affairs to where all issues of paper money after the first were not made "full legal tender for all debts public and private." This money went below par, but it won the war. The usury collectors bought it up from the soldiers, farmers, and small business men at as low as fifty cents on the dollar. Then with their control in Washington had it redeemed in Government gold bonds at one hundred on the dollar.

One of the saddest things in present conditions of this country is the fact that after the big bankers for 50 years have established themselves as the biggest criminals in the country our Government officials at Washington still treat them as though they were respectable and counsel and advise with them on every public question. They should be completely ostracized in a social and business way by every decent man and woman in this country.

Jefferson and Jackson were two great Democrats. I can not think of greater hypocrisy than the representatives of big business sitting down to a $5 a plate dinner in a celebration once each year pretending to honor the memory of these two great Democrats. If these two men were alive and in the country today, those same hypocrites would be denouncing them as radicals. They do denounce the money system these two great Democrats advocated.

Abraham Lincoln was the greatest Republican in all history. The only equal in hypocrisy to those Democrats who celebrate Jefferson's and Jackson's birthdays are the represenatives of big business who celebrate Lincoln's birthday. If Lincoln were here, these same hypocrites would be calling him a dangerous radical.

I am glad to tell you that the Farmers' Union believes in Jeffersonian and Jacksonian Democracy. It believes in Abraham Lincoln Republicanism. We do not believe in the Mellon-Morgan banker's money system. We know that a monetary system that completely fails every few years and throws a prosperous Nation into abject poverty is not a sound system.

The other day a friend said to me, "John, don't you know the Constitution guarantees every citizen life, liberty, and the pursuit of happiness? Don't you know this is equality and real democracy?" I took from my pocket a silver dollar. I told this friend, "There is more democracy in this silver dollar than all the Constitutions and laws ever written. This silver dollar represents life, liberty, and happiness. The laboring man who went out this morning and came back with one dollar for his day's service had one dollar's worth of democracy, one dollar's worth of life. He could go down to the grocery store and buy the things necessary to sustain life for himself and family. If he came home with $5, he had five times as much democracy, five times as much life and liberty."

At this good noon hour, I say to you, my radio audience, that those who are responsible for an unemployed army of 8,000,000 men and women are the worst criminals in this country.

Arthur Brisbane, May 15, made a remarkable statement in his article in the Hearst papers. It is as follows:

"President Hoover reminds Congress that the National Government can use 'emergency powers' now as in war.

"There is no lack of power in the Federal Government, and the President, with the Russian czar and the Turkish sultan thrown into time's wastebasket, is the most powerful ruler on earth.

"The thing is to decide what ought to be done and then do it.

"We know three things that are needed—confidence, money, and employment.

"The Government has power to provide all three.

"It could print the money needed, and with the name United States of America on it that would be the best money in the world.

"Do you doubt it? You would take any plain piece of paper marked 'I. O. U., $100,000,000, John D. Rockefeller,' and you would

not discount it by as much as an eighth of 1 per cent if you were sure of the signature. The world will take Uncle Sam's I. O. U. up to $10,000,000,000, and twice that.

"The difficulty is that our financial powers are accustomed to get their rake-off in the way of commission and interest on any money that the Government creates. The financial powers are also the Government, since they control it. They will not allow Uncle Sam to use his credit except through money lent by them; and if they happen not to have it, or if they are frightened to death, as at present, and can not or will not supply what is needed, except on usurious terms, they will not let the Government operate free of their financial tutelage.

"The President would exercise 'emergency powers' wisely if he would simply say 'what money the Government needs it will print and use without permission from financial small fry that are creatures of governmental power. If that be inflation, make the most of it. But please note that payment with money thus issued will be legal payment of any obligation within the boundaries of the United States.'

"In war there was an emergency for men, their blood, and their lives. The Government did not hesitate to take 3,000,000 men, ship them 3,000 miles, pay them next to nothing, and require risk of life from all of them. The protests of mothers did not count. It was an emergency.

"This is an emergency in which cash is needed. Why must the Government now pay more attention to some asinine financiers afraid of losing profits than it pays in war time to a mother afraid of losing her son?

"The explanation and the fact is that our Government is a financial enterprise, controlled by financiers. We have not had a President to resist that financial power since Andrew Jackson.

"Congress proposes to investigate silver and discover what is the matter with it. The President is said to approve if gold is included in the investigation.

"This country, a great silver producer, fights to knock down all silver's price in favor of gold, produced in America on a very small scale. The amount of silver produced the world over for many years past has averaged less than thirteen times the amount, weight for weight, of gold produced. But gold, instead of selling at twelve or twenty times the price of silver, sells at more than sixty times the price of silver. And of 1,800,000,000 human beings on earth, 1,600,000,000 have practically no gold.

'Just what they are to use 'for money' in buying from us seems a problem. The British have dropped the gold standard and are prospering. We hang onto it desperately, as though our only possession were our few pitiful billions of gold, and you know what is happening to us. You know also what is happening to our gold. Europe, France especially, draws it out of our vaults at the rate of $10,000,000 and $20,000,000 a day.

"Uncle Sam is like an old Fafnir, with a thousand leeches sucking his golden blood."

I quote further from Arthur Brisbane in his article of May 26 as follows:

"Here in America we have what might be called a conservative government by high finance and big corporations."

FINANCING

If farmers were organized 100 per cent the Frazier bill, which refinances farmers, could be passed as quickly as was the two billions refinancing bill for the bankers, railroads, and insurance companies. As it is, the best we have been able to do was to secure a hearing before a subcommittee of the Senate Agricultural Committee and finally get a favorable report. Then we secured a hearing before the whole Senate Agricultural Committee, and I am glad to announce the whole committee has reported the bill favorably to the Senate, in spite of the fact that the departmental lobbyists in Washington testified against the bill. The Secretary of Agriculture, the president of the Federal Farm Board, and the president of the Federal farm land bank are among these locust lobbyists who are on record opposing the Frazier farm refinancing bill.

Farmers, be not discouraged. Continue to insist on your Congressmen and Senators bringing this bill to a vote in this session of Congress. We may not win in this session; we may not win in the next; we may not win in our own lifetime. We are but grains of sand on the shores of time. We ourselves enjoy what men advocated who lived a thousand years ago. Untold millions in the centuries to come shall possess those things we seek to-day. You only reach the high plane of Christian unselfishness when you live to serve. Greed and cowardice control those who refuse to fight for the thing that is right because they see no chance for personal benefit.

At this point I want to thank all of you listening in who have contributed to this cause by writing your Congressmen and Senators or sending in petitions and resolutions. Especially, do I thank those who have contributed financially. It would have been impossible to publish and send out these talks had it not been for your help.

If we are to continue printing and sending out copies of these talks, increased further help is necessary. If you believe in our cause assist us now.

MARKETING

Government investigation and official report of that investigation show that not more than one-half dozen men on the Chicago Board of Trade name the price of wheat each day. The same thing is true of other farm products on other markets. The Farmers' Union protests against such a marketing condition for the products of agriculture.

If this great Nation can establish an Interstate Commerce Commission to regulate the marketing of transportation on a basis that the transportation companies may receive cost including every kind of an expense as well as interest on investment, then it can also afford to pass Senate bill 4536.

For your information let me tell you what has happened to the various marketing bills that had been pending in Congress. The last of April Senator THOMAS, by resolution in the Senate, secured a further hearing before the Senate Agricultural Committee, with the three farm organizations represented. The result is a new bill really sponsored by the Senate Agricultural Committee and introduced by its chairman, Senator CHARLES L. McNARY. It is known as the debenture, equalization fee, and allotment plan marketing bill. The committee has unanimously reported it favorably. It provides, first of all, that it shall be the duty of the Farm Board to see that farmers get cost of production for that part of their farm crops used in this country. If this bill becomes a law, it is mandatory on the Farm Board to get cost of production for that part of farmers' crops used in this country. Then the bill gives them three methods that may be used to get cost, or they may use any combination of these three methods: Method No. 1 is export-debenture plan, method No. 2 is equalization fee, and method No. 3 is the Farmers' Union allotment plan.

Every person listening in should write Senator CHARLES L. McNARY asking him to see that Senate bill 4536 reaches a vote in the Senate at once. You should also write to Congressman HAMPTON P. FULMER, of South Carolina, who has introduced the same bill in the House. It is H. R. 11866. Ask him to do everything possible to see that this bill is brought to a vote in the House. Also ask for copies of the bill and get your neighbors and business men in your town to write to the Congressmen and Senators from your State.

The moratorium has been passed. The Finance Corporation was established. The $2,000,000,000 refinancing bill became a law. All this with prices of farm crops steadily going down. All this with the unemployed army continually increasing in numbers. They are now struggling to balance the Budget. Balancing the Budget will have no more effect on the prices of eggs, butterfat, pork, beef, wool, wheat, or cotton than has the other measures passed in this session of Congress.

It is a crime for Congress to adjourn without doing a single thing to restore prices of commodities to where the producer can pay his interest and taxes. It is a crime for Congress to adjourn with a million and a half more people unemployed than when they convened last December.

Write to your Congressmen and Senators and tell them so. Write to them and tell them it is their duty to stay in session until they have passed these remedial farm bills. Tell them there will be no votes for them if they come home empty handed.

The legislation involved in S. 4536 does not cost the Government anything except a little for administration. It does not put the Government into the business of buying or selling agricultural products. It will not cost the Government any more under this bill to see that farmers get cost of production for that part of their crops used in this country than it costs the Government to see that the transportation companies get cost of production for carrying the freight of the country.

In this marketing the other fellow has paid us on a basis of a dollar for our products and then sold them back to us for $2, and now they are trying to collect. We can not pay. We can not buy any more. We can not because we did not get our fair share when we sold. The same thing is true of labor. His toil produced the manufactured goods. His toil transported those goods. His toil has helped to distribute those goods. They sold him $2 for every $1 they paid him, and because he can not pay he loses his job.

The cry of the avaricious wealthy in defense of his greed is that he must have a large part of the Nation's wealth each year in order to expand his business.

The truth is every factory in the United States, excepting malt factories, are larger than they need be. It would be ten times better for the country and for the manufacturers to have smaller plants running night and day than to have the large ones not running at all. Factories and farmers operate at capacity when the farmers and the laborers get practically all of the Nation's income. They cease to work entirely when the farmers and laborers get none of the income. Under our present system the farmers of this Nation do not get one-third of the money the consumers pay for his product. You can not have prosperity that way.

USURY

The high criminal, the usurer, gets most of the net income of the Nation. The farmer and laborer, the factory, and railroads are all slaves to this Bible-condemned creature. There is no such term as "interest" in the Bible; it is all usury. One per cent in the sight of God is usury as much as 24 per cent. It is only in modern civilization that these usury scoundrels have been able to secure to themselves legal respectability. To make their business respectable laws have been passed arbitrarily fixing what rate of interest shall be usury.

If you would like to know the power of usury consider the fact that $1,000 placed at 6 per cent compound usury annually in less than 100 years is $250,000. Under the present usury system of this country in less than 25 years a handful of master usurers will own all the wealth of the Nation. There is not a book in the Bible that does not condemn to hell every usurer. The taking of interest during more than half the history of the world has been

a crime. Martin Luther used the bitterest language against the usurer, and compared him with the murderer. For hundreds of years English law forfeited the property of the usurer, declaring him an outlaw, banished him from the country, and disinherited his children. The usurer could not attend public meetings and neither was he protected by law from mob violence.

This session of Congress must deliver farmers from international bankers, usurers, and the stock and commodity exchange gambling dens. Gambling in our products and controlling the money system of the country are the twin evils that prevent any prospect of return of prosperity to our Nation.

THE PENDING TAX BILL

Mr. TYDINGS. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by the senior Senator from Connecticut [Mr. BINGHAM] on Saturday, May 28, 1932, on the Pending Tax Bill.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

THE PENDING TAX BILL

Last Saturday evening you had the opportunity of listening to a very able speech on this subject by Senator PAT HARRISON, of Mississippi. Senator HARRISON presented his argument in an extremely fair-minded way. His address was not marred in any way by partisanship. On the contrary it was distinguished by a sound, statesmanlike attitude toward the entire subject of taxation and our effort to balance the Budget.

I shall not attempt to make any disparaging remarks about the way in which Senator HARRISON handled his subject. On the contrary I want to take this opportunity to say that as a member of the Senate Finance Committee, sitting on the other side of the table from Senator HARRISON and also watching his efforts to secure the passage in the Senate of the compromise plan suggested by Secretary of the Treasury Ogden Mills and adopted by the committee, Senator HARRISON deserves the thanks and admiration, not only of the members of his own party, but also of my party as well. His votes have been free from partisan bias, free from any desire to secure special advantages for his own constituents. In our work on the pending tax bill we have not always agreed in our votes, but he has taken an honorable and statesmanlike course.

To be sure, we do differ on some fundamental matters, chiefly in regard to a sales tax. He has taken the position that since the House of Representatives so emphatically refused to include anything resembling a general sales tax in the tax bill for us to do so would be in the nature of an idle gesture. Personally, I do not agree with him on this point. I have been informed that a considerable number of the Members of the House who voted against the sales tax are now convinced that it is the wisest and safest form of raising a large amount of money during the coming fiscal year. It is an unpopular tax, because it will have to be shared by everyone. At the same time, if everyone does share it the burden on any given individual will be very small.

Some of those who are opposed to a sales tax are in favor of levying much higher taxes on the very rich.

The argument has been used that England succeeds in raising a large amount of money from very heavy income taxes on the very rich. Many people say, "Why can not we do the same?" The answer is that in England there are practically no tax-exempt securities. There are no municipal bonds whose income is free from national taxation. On the other hand, in the United States there are more than $20,000,000,000 worth of tax-exempt securities; bonds of States and municipalities, school bonds, water bonds, municipal-improvement bonds, which under our form of government may not be taxed by the Federal Government in a national tax bill, and which many of our very rich people are free to buy. Every effort "to soak the rich," as the saying goes, drives more of their money into this channel. In England the rich can not escape, because there are virtually no tax-free bonds. This is why we can not follow England's example. We should be simply killing the goose that lays the golden egg.

As a matter of fact, when we lowered the very high surtaxes on larger incomes in the years after the war we actually received more money from that source because many rich persons stopped buying municipal bonds.

While we are talking about England it might be of interest to state that, like every other country except the United States, she derives a very large part of her national revenue from taxes on beer, wine, and spirits. Professor Seligman, of Columbia University, a distinguished economist of world-wide reputation, has estimated that if we could repeal the eighteenth amendment and derive a part of our revenue from a source which every other country uses we would not have to be worrying about the present tax bill. He believes that taxes on beer, wine, and spirits would give an additional revenue to the Federal Government of more than a billion dollars, more, in fact, than is contemplated under the bill now in Congress. The British put a very high tax on beer. The tax now on our statute books, which is of no avail because beer can not legally be made and sold, is $6 for an American barrel, or about 2 cents on an ordinary pint bottle of beer. The British tax for the past 10 years has been more than $24 a barrel, or about 8 cents on each pint. This heavy tax has caused a reduction in the amount of beer sold; nevertheless, the amount received by the Government in that country of 40,000,000 people is more than $250,000,000 a year. It is very unfortunate that neither the House nor the Senate seems to be willing at this time to legalize beer and secure this additional revenue. Our efforts to tap that source of revenue have failed. So we must look elsewhere.

Like all other Senators I have been receiving an enormous amount of mail regarding the tax bill. It has been impossible to answer more than a small part of it. For weeks past thousands of letters have poured in protesting against nearly all of the rates in the tax bill. No one likes to be taxed. Nearly everyone can find several places in the bill which he thinks will bring disaster to him. Nearly every industry which has been mentioned is sure that to place a tax on it would produce little revenue and tend to destroy its business. A large number of these letters favor the sales tax, because it is felt that it would be fairer and give a more even spread. Perhaps you would be interested to hear typical paragraphs from some of these letters. Here is one from a conservative business man:

"The prospect of greatly increased taxes is a matter of grave concern to me. I recognize the importance of a balanced Budget, which is truly essential if the credit of the Government is to be maintained, but it is equally essential that the Government should first seriously reduce its expenditures and eliminate wasteful and useless activities before it seeks additional taxes. Individuals and corporations have been forced to economize and to try to exist on a lower basis of income, if any, and they in turn should expect and must insist upon a real and substantial reduction in cost of Government."

Now, all of us here in Washington recognize the reasonableness of the statements made in this letter. We agree that it is essential that the Government should first seriously reduce its expenditures. The President made a very serious effort to reduce the cost of Government in his Budget, which was prepared last summer. Several hundred millions were cut out at that time. Then after the Congress had assembled, when it was seen how much more serious the deficit threatened to be than had appeared during the summer, the Congress proceeded to cut still further into governmental expenditures until the cry was raised that we were about to deprive tens of thousands of people of their jobs and add them to the great mass of unemployed. A so-called economy bill containing a program for seriously reducing governmental expenditures was presented to the House, but most of the measures it proposed were defeated on the floor of the House. An economy committee consisting of three Republican Senators and three Democratic Senators has worked for three weeks to frame a plan which will very seriously reduce governmental expenditures if it is adopted. The trouble is that there are some items which can not be reduced, like the interest on the public debt; some items which ought not to be reduced, like the sinking fund which keeps our credit good and provides for the maturity of our outstanding bonds; some items which meet very determined opposition on the part of great groups who are interested, like the pay of tens of thousands of Government employees; other items dealing with payments of disability and retirement allowances to veterans, which appeal so strongly to one's sympathy and have so many advocates in every State of the Union that they are difficult to reduce.

As a matter of fact, the interest on the public debt, the sinking fund, and veterans' relief constitute more than half of all our expenditures for the coming year. My correspondents, like the one from whose letter I have just quoted, frequently urge the elimination of wasteful and useless activities amounting to ten or twelve million dollars Even though they were all eliminated, it would not cause a very serious diminution in our expenditures in comparison with the $500,000,000 needed for the sinking fund, $640,000,000 needed for the interest on the public debt, and $1,072,000,000 for veterans' relief. I have received thousands of letters urging serious reduction in governmental expenditure, but hardly any urging any reduction in these great items.

When one talks about wasteful and useless activities, one runs immediately into the pet hobbies of different groups. What seems wasteful and useless to one group is regarded as absolutely essential by another. For example, there are a number of Senators who agree with me that most of the activities of the Children's Bureau are wasteful and useless, and that this bureau has not justified its expenditures, and that in the States where it does not operate the welfare of mothers and children is just as well or better taken care of than in the States where it does operate. Other Senators absolutely disagree with me in this point and are equally positive that that bureau is one of the last that ought to receive any cut whatsoever.

In answer to some of my letters I have often asked my correspondents to suggest wasteful and useless activities which might be eliminated and whose elimination would produce appreciable saving. The other day I got a letter which mentioned seven or eight items. If it were possible to carry out every one of those suggestions, many of which were excellent, the total saving would be less than one-fourth of 1 per cent.

Many people are urging us to borrow huge sums of money and spend them on public works. Undoubtedly you have all of you seen suggestions that we borrow $5,000,000,000 and spend it on public employment. If we could float a loan at this time we would have to pay at least 4 per cent interest. The interest at 4 per cent on $5,000,000,000 would be $200,000,000. A proper annual sinking fund would be another $200,000,000. Where is that money going to come from? Many of the very people who are urging us to economize and to cut out wasteful and useless activities are urging this bond issue. Yet the savings which they suggest would be much more than wiped out by the more than $200,000,000 which would have to be found every year for the interest alone on this new bond issue. Some people are advocating a bond issue of

$2,500,000,000. The interest on that, which would have to be met by the taxpayers, would be at least $100,000,000. The sinking fund would be another hundred million. The taxpayers would have to pay it.

I mention these things because of the extreme difficulty of the problem which we are facing. It is true, as my correspondent says, that "individuals and corporations have been forced to economize and to try to exist on a lower basis of income." Permit me to say in answer to this that any business faced with the terrific deficit of two and one-quarter billion dollars hat faces the United States Government would have to go into bankruptcy. No business could keep on paying interest on its bonds and furnishing pensions and benefits of one sort or another to former employees to the extent demanded of the United States Government. Bankruptcy would relieve any individual or corporation from such a dilemma. But we can not permit the United States Government to be delinquent on its payments and deny all of its obligations to those who have fought for its existence, as would be the case in a bankrupt business enterprise. We are in a position where the most drastic possible cutting of governmental expenditures will not relieve us of placing a new and heavy burden on the taxpayer.

We are trying to pass legislation that will reduce governmental expenditures. We are going to broaden the base of taxation. We are trying to balance the Budget. We would all of us like to see a prompt and early adjournment. The trouble is we are faced with the disadvantages of a democratic form of government. Everyone realizes that a democratic form of government is clumsy. It is part of the price of freedom. A benevolent despot can act instantly and effectively and efficiently. A benevolent despot can get things done in less time than it takes to explain it. An unlimited monarchy can be prompt and efficient; even an oligarchy can act quickly.

But all of these forms of government have in them the germs of tyranny and of oppression. We do not trust them. They destroy liberty. They eventually become careless of the mass of the people, who desire liberty and the pursuit of happiness. The clumsiness of a democracy is part of the price we pay for liberty.

The Congress is not composed of people without human sympathy. As a matter of fact, Members of Congress have more human sympathy than the average person. The Members of Congress are not devoid of an interest in public opinion. Practically all try to please the people who elected them. They try to be representative of public opinion in their States and districts. It is not fair to be violently critical of them because their views do not agree with ours. Perhaps some are more anxious than others to please their constituents. This may lead them to take a special attitude on some matters which annoy us. But this is part of the price we pay for freedom. It is part of the price we pay for representative government.

Here is a paragraph from another letter:

"On all sides and in every conversation you hear these statements: 'If Congress would only adjourn,' or 'if they would only cut out their petty logrolling activities, etc.'"

As a matter of fact, these so-called "petty logrolling activities" are caused by the most profound belief of intelligent, honest Members of Congress that if they can not get relief for the communities they represent, those communities will suffer enormously and thousands of people will go hungry and be driven from their homes. Two or three States are vitally interested in copper. Thousands of citizens in those States are suffering from the cessation of activities in the copper mines. Whole communities are destitute. Can you blame the Senators from those States for using every honest, legitimate means in their power of securing relief for those whom they represent? Is there anything petty in their agreeing to support the claims of other Senators, thousands of whose constituents are suffering from a cessation of activities in oil fields or lumber camps? In other words, is it "petty" to endeavor to protect the citizens of your State when they are suffering and destitute? Is it unduly selfish to try and protect them? When only two or three States are desperately in need of some protective legislation is it not perfectly natural that they should seek to win the support of Senators from States where this form of protection causes a certain amount of hardship? The livelihood of millions of citizens is involved. Is that petty?

The same correspondent says it is due to poor publicity that the average person has not the high regard for Congress he should have. That is not surprising. The public is more interested in reading about unusual events than about ordinary happenings. The people who read the newspapers would not be interested in knowing each day how many hours we work in committee rooms struggling to perfect legislation. If 10 Senators work all day long struggling with the far-reaching clauses of new legislation, that is not news. It gets little or no publicity. But if one Senator gets up and condemns the Pope or announces that he is going to wear pajamas, that is news. We are frequently criticized for permitting a Senator to make a fool of himself on the floor of the Senate and thereby get undesirable publicity for the Senate of the United States. But, after all, every Senator was sent here by the voters of a sovereign State. He is one of their two ambassadors. In ninety-nine cases out of a hundred he does what he thinks is right and will be pleasing to the people he represents. If he does not represent them correctly, their remedy comes on election day.

Remember this when you see us struggling and fumbling with great bills like the present tax bill: Taxation affects everyone. Taxes touch every pocketbook, either directly or indirectly. I believe that the majority of Senators are earnestly endeavoring to distribute taxes as fairly and equitably as possible in the face of terrific criticism and of an avalanche of protesting letters.

Here is another letter which I have just received from a Wall Street stock broker. He is a member of the New York Stock Exchange. He says:

"You and the rest of the Senate have been in Washington approximately four and a half months, and so far, in my estimation, which is that of an average American, have completed absolutely nothing of a constructive nature. The Budget still remains hopelessly unbalanced, taxes have failed to be properly readjusted, war debts have been left unchanged, trust laws have not been altered, and all other matters which would tend to bring about prosperity have seemingly been overlooked.

"Suppose you and the other Members of the Senate represented a board of directors of a large corporation. You had been called to a meeting to discuss the financial program and to lay out a future program for said corporation, whose budget was also unbalanced. If this directors' meeting had to last four and a half months, you can not help but agree with me that such corporation would have been hopelessly bankrupt at least two months ago. Such is the identical case with the House of Representatives and the Senate as regards the financial condition of the United States. From such a comparison it is easy to see that not one of you is capable of handling the emergency that has arisen at this time. I wish there were some legal way of impeaching the entire House of Representatives and the Senate also. The unbalanced Budget is an indictment of the parliamentary system of this country.

"As a taxpayer from the State of Connecticut, I feel that I share in the salary paid you to represent that State. I am putting you above the ordinary employee of mine, but nevertheless I demand that you show leadership, some signs of intelligence, and help our country out of the mess it is in at present, or I shall be forced to enter politics myself to a small degree, if only to arouse the minds of the thinking public of our State in the coming elections this fall."

This Wall Street broker who criticizes Congress so freely and easily has obviously become more interested in our work recently than he was a few weeks ago. He accuses us of having completed "absolutely nothing" of a constructive nature. "Absolutely nothing" is a rather strong term. He seems to have forgotten that we tried our best to preserve the tottering credit of Europe by passing the so-called moratorium. Perhaps this was not very constructive, but it is generally believed that it helped toward maintaining the economic balance of the world, and by carrying out the agreement made earlier in the summer, when a considerable number of Members of Congress were consulted by the President, had a wholesome effect in preventing a serious panic.

He forgets that, in the second place, in order to help a number of great American enterprises, including the railroads, agriculture, and the banks we created the Reconstruction Finance Corporation, gave it a credit of $2,000,000,000, and permitted it to loan money on good security to enterprises that would otherwise have closed their doors and thrown out of employment or impoverished thousands of people. It is generally believed that by lending the Government's credit to this great corporation we performed a constructive service that is being of untold benefit, particularly to the depositors in thousands of small banks. If this was not legislation of a constructive nature, I do not know the meaning of the words. He forgets the passage of the Glass-Steagall banking bill, which broadened the activities of the Federal reserve system, and of the bill providing greater relief for farm-loan banks. It is true that the Budget has not yet been balanced, but I believe that that situation will be adjusted within the next few days. His charge that "all matters which would tend to bring about prosperity have seemingly been overlooked" is a sample of the violent criticism now being directed against Congress by persons who do not ordinarily follow its procedure.

I refrain from attempting any defense of the other charges in this letter because I do believe that it would be extremely wise if the writer of this letter and all other persons took more interest in politics in the future than they have in the past.

The Senate is not deliberately wasting time. The Senate is not a tyrannical despot, like Nero, capable of instant action but actually "fiddling while Rome is burning." The Senate is composed of 96 Senators, each with a general duty to the United States and a particular duty to the people who sent him here. When a majority of the Senators feel that a certain tax in this bill is not justifiable and that tax goes out, we must find another to take its place. When a new tax which we discover raises a storm of protest and the protestants are able to show that we have been mistaken, either in the amount of revenue we thought we could derive from that source or in the fairness of that tax, it comes out and we have to look for another one. To my mind the remarkable thing in the handling of this tax bill has not been the fact that various Senators have struggled to secure the relief for distressed industries and suffering people in their own States, but that such a large number of Senators have been willing to vote for taxes which they knew would be unpopular with their own constituents, but which they believed were necessary in order to help this Government meet legitimate demands made upon it.

Rest assured that the Senate is going to make a determined effort to cut down expenditures and at the same time to try to avoid swelling the ranks of unemployed by adding to them tens of thousands of persons now in the Government service. Rest assured that no new extravagant projects are going to be adopted

and that the tax bill, when it passes, will be broad enough to fall on people in all sections of this country, but that the Senate will endeavor to distribute that burden as equitably as possible. I know of no Senator who does not try to represent the prevailing opinion in his State or what he believes to be that opinion. He may be mistaken, but we who criticize him are much more likely to be mistaken than he is. True, he may not always vote in accordance with the desire and best interests of the majority of the people of his State. He may feel that his duty to the Nation is stronger than his duty to his State.

The hard-working, conscientious Senators on both sides of the aisle deserve your support. They are in the midst of a gigantic task. Violent and unfair criticism does not help them. It makes their stupendous problems harder to solve. Have faith in American institutions. Let us all be ready and willing to pay the price of freedom.

Mr. FESS subsequently said: Mr. President, just a moment ago the address delivered over the air by the Senator from Connecticut [Mr. BINGHAM] on the sales tax was inserted in the RECORD. I want to read a telegram which is interesting as showing the efficiency of radio. This was sent to me from Troup, Tex.:

TROUP, TEX., *May 29, 1932.*

Hon. SIMEON D. FESS,
Hotel Carlton, Washington:

Senator BINGHAM'S radio address listened to very attentively by about 30 in observation car Sunshine Special, Missouri Pacific, last night. Never heard any better reception over radio. Heard many favorable comments.

O. D. DONNELL.

RECESS

Mr. McNARY. Mr. President, I move the Senate take a recess until 10 o'clock to-morrow morning.

The motion was agreed to; and (at 7 o'clock and 20 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until to-morrow, Tuesday, May 31, 1932, at 10 o'clock a. m.

SENATE

TUESDAY, MAY 31, 1932

(Legislative day of Monday, May 9, 1932)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Sheppard
Austin	Cutting	Kean	Shipstead
Bailey	Dale	Kendrick	Shortridge
Bankhead	Davis	Keyes	Smith
Barbour	Dickinson	King	Smoot
Barkley	Dill	La Follette	Steiwer
Bingham	Fess	Lewis	Stephens
Black	Fletcher	Logan	Thomas, Idaho
Blaine	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Townsend
Bratton	Glass	McNary	Trammell
Broussard	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walcott
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hatfield	Nye	Walsh, Mont.
Carey	Hawes	Oddie	Watson
Cohen	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Howell	Reed	
Copeland	Hull	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	

The PRESIDING OFFICER (Mr. FESS in the chair). Eighty-nine Senators have answered to their names. A quorum is present.

NOTIFICATION TO THE PRESIDENT—ANNAPOLIS GRADUATES, 1932

Mr. HALE. Mr. President, the nominations of the members of the graduating class of 1932 at the Naval Academy at Annapolis were confirmed by the Senate on May 23. Since that time we have held no executive session and the President therefore has not been notified of the confirmation by the Senate of those nominations. These boys graduate day after to-morrow and their commissions should be given them at that time. I ask unanimous consent, as in executive session, that the President be notified of the confirmation of the list of midshipmen nominated to be ensigns in the Navy.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

COOPERATIVE GRAIN ORGANIZATIONS

Mr. CAPPER. Mr. President, for the information of the Senate and the country I ask unanimous consent that a statement from James C. Stone, chairman of the Federal Farm Board, on the attitude of the Chicago Board of Trade toward the cooperative grain organizations be printed in the RECORD. I believe the statement explains itself and is worthy of the careful study of every person interested in the future welfare of agriculture.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

PERSONAL PROFIT CHIEF ELEMENT IN HELP OFFERS OF GRAIN TRADE

Newspaper reports of statements of Mr. Peter B. Carey, president of the Chicago Board of Trade, in regard to methods of disposal of the stocks of the Grain Stabilization Corporation indicate an attitude toward liquidation of these stocks strictly in conformity with the long-established viewpoint of board of trade members. They look upon themselves as middlemen, entitled by custom to take a heavy toll from American wheat producers for so-called services, which consist chiefly in the pocketing by themselves of the largest possible share of the consumer's dollar. Every suggestion so far made in the present depressed situation to this board for their assistance has contained as its chief element a personal profit to those tendering aid, either by buying at prices ridiculously below the market or for commissions on huge volume.

Liquidation of the stocks of the Grain Stabilization Corporation under the plan announced June 30, 1931, has proceeded in such a manner that American wheat prices have been maintained at substantially 5 to 15 cents a bushel higher than world market-price parity in the face of the most trying marketing conditions known to any living man. Let the grain-gambling critics explain to the public how and why this has happened.

The croup outlook to-day leads qualified observers to conclude brighter days are in prospect for our wheat producers. Winter wheat reports indicate low production. Spring areas do not promise excess supplies. No wonder the speculatively inclined seek wheat stocks on the bargain counter. The Grain Stabilization Corporation has none to offer on that basis.

Wheat is the only great major commodity which for the last five months has shown a definite upward trend. Its influence under the present favorable statistical position may well lead other commodities to higher ground. That opportunity will not be risked in the hands of people in a group representative of those who have grown rich from the profits gained by market manipulation. The recent disclosures as to the operations of brother speculators in stocks do not encourage the placing of great powers in such hands. The orderly method of distributing as demand arises will be continued.

The public shouldn't be fooled by such attacks on the Farm Board as those of Mr. Carey. Their purpose is not to help in the present situation but to prevent the farmer organizing his business so that he in a measure can control the method under which his products are sold.

SHIPMENT ABROAD OF GOLD

Mr. KEAN. Mr. President, I have here a clipping from the Washington Star of last evening showing the situation of business in the country as it is affected by the amount of gold being withdrawn from the United States. I ask that the clipping may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The item is as follows:

[From the Washington Star, May 30, 1932]

BROKERS WORRIED BY GOLD OUTFLOW—WALL STREET TRADERS KEEP IN CLOSE TOUCH WITH TAX DISCUSSIONS

NEW YORK, May 30.—Although New York banks and exchanges were closed to-day in commemoration of Memorial Day, many bankers and brokers kept in constant touch with Washington to learn the outcome of the tax discussions there because of their possible effect on the current drain of gold from the United States and the fall of the dollar over the week end. Should the tax discussions lead to a quick balancing of the Budget, they would at the same time put an end to the gold efflux.

A net loss of $90,757,900 of gold, the largest since last October, has featured a series of unpleasant financial events, including a severe decline in bonds, in the New York market in the past week. This latest movement has brought the total of efflux to $284,835,000 since the metal movement was resumed on April 13. As a result of these exports American gold monetary stocks now total $4,207,000,000, a loss of 12 per cent since this time last year.

INFLATION TALK FANS FEARS

This gold flow coincides with fresh foreign fears for the stability of the dollar. These fears have been fanned again by congressional talk of "inflation," which is like deadly poison to Europe. Such "inflation fears" were spurred by the passage by the House of the Goldsborough bill, discussions of a soldiers' bonus to be paid in newly issued currency, and proposals of a huge Government bond issue for unemployment relief. The foreigners' fears also have been aggravated by the congressional failure thus far to balance the Budget.

A study of the weekly Federal reserve system statements during March, or shortly after the passage of the Glass-Steagall bill and the system's inauguration of its Government security buying program, reveals a slight increase in gold stocks. Discussions about the Goldsborough bill, which was passed by the House May 2 and which the Senate Committee on Banking and Currency is considering this week, engendered inflationary fears, so foreigners renewed their gold withdrawals.

NOTE-CIRCULATION FIGURES

The manner in which the Glass-Steagall bill is operating is indicated by the reserve system's statements on March 23 and May 26. On the former date Federal reserve note circulation totaled $2,822,755,000. It was secured by 75.6 per cent gold and 24.4 per cent commercial paper. On the latter date reserve note circulation totaled $2,758,223,000. It was secured by 76 per cent gold, 17 per cent commercial paper, and 7 per cent by United States Government securities.

Since early discussions of the Goldsborough bill began, or between April 13 and the present, $284,835,000 of gold has been exported, despite betterments in other directions, brought about by the Glass-Steagall Act, the open-market purchases of Government securities by the reserve system, the work of the Reconstruction Finance Corporation, and antihoarding campaigns which have caused circulation to decrease.

Wall Street believes that the quicker the Budget is balanced, by the passage of a sales tax or otherwise, and Congress adjourns, the better off this country will be, because the foreigners' fears of inflation will be allayed and the gold-export movement will naturally subside.

ECONOMIC CONDITIONS

Mr. THOMAS of Oklahoma. Mr. President, I am in receipt of a telegram in the nature of a petition. It discloses a rather alarming situation in the country. As the telegram is somewhat out of the ordinary, I ask unanimous consent that it be read at the desk.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

OKLAHOMA CITY, OKLA., *May 30, 1932.*

Senator ELMER THOMAS:

Never before have I experienced or observed such a depressed and miserable financial condition as exists here at this time. Everybody is either broke or going broke, and there seems no end to this continued depression, notwithstanding the patent remedies to restore prosperity brought forth by the economical wizard of the White House. If Congressmen and Senators with their exorbitant salaries, with members of their families on the pay roll, and other sinecures, mileage concessions and privileges, were deprived of all of these self-enacted luxuries and had to go back home and earn a living for six months not one of them would then vote against the soldiers' bonus bill or some other method of immediately increasing the amount of money in circulation, increasing credits and restoring the purchasing power of the farmers. One living in a mansion can't experience the suffering and misery of one living in a hovel. Notwithstanding the enactment of the moratorium on foreign debts due us, the reconstruction finance bill to relieve big banks, railroads, and life-insurance companies, conditions continue to grow worse from day to day. Unless Congress does something to put a lot of new money in circulation before it adjourns, to make it possible for people to meet their obligations, you will experience a revolution of some kind in this Republic within the next 12 months. Congress should be kept in session until hell is frozen over unless some relief is given the people in general.

J. K. WELLS.

Mr. COPELAND. Mr. President, I was deeply touched by the telegram just read at the request of the Senator from Oklahoma [Mr. THOMAS]. There can be no doubt that our country is in great distress. Whenever I go home to New York I am pained to see the lines of well-dressed people in front of food kitchens and the sandwich places set up by the city and by philanthropic citizens.

I think the constituent of the Senator from Oklahoma is right. There is such a state of affairs in this country that we must find some way to deal with it effectively; otherwise we do not know what the end may be.

Mr. President, it is not alone the unemployment that causes worry. The business interests of our country are in distress. I hold in my hand a letter written by W. J. Schieffelin, jr., chairman of the legislative committee of the National Wholesale Druggists Association. Colonel Schieffelin says that many merchants have their backs against the wall because of the predatory tactics of price-cutting competitors. He makes a plea for the enactment of the Capper-Kelly bill, which, I think, is known as S. 97. This legalizes contracts between manufacturers of trade-marked or otherwise identified merchandise and their distributors, in order that there may be maintained resale prices which are fixed by the producer.

There must come a time very soon when this bill will be considered by Congress. Mr. President, I ask that the letter from Mr. Schieffelin may be printed in the RECORD in connection with my remarks and referred to the Committee on Interstate Commerce.

There being no objection, the letter was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

NEW YORK, *May 27, 1932.*

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR COPELAND: I remember with pleasure and appreciation your courtesy to me at the time General Andrews was trying to have the liquor regulations modified. My brother-in-law, Frederick Osborn, who is a director of Schieffelin & Co., also appreciated your attitude.

As chairman of the legislative committee of the National Wholesale Druggists' Association, I again desire to solicit your cooperation, this time in bringing before the Senate at the earliest practicable date the bill, S. 97 (the so-called Capper-Kelly bill) legalizing contracts between manufacturers of trade-marked or otherwise identified merchandise and their distributors to maintain resale prices fixed by the producers.

This bill was recently the subject of hearings before the Senate Committee on Interstate Commerce which voted to report the measure without recommendation. Although the committee refrained from a definite expression of opinion regarding the bill, yet the summary of evidence submitted in its support by witnesses who appeared before the committee is so convincing that I feel sure that any fair-minded person would be deeply impressed with the merits of the bill. In this connection the report says:

"The testimony (of the proponents of the bill) covers a vast range of products and the united judgment was that predatory price cutting on standard goods is an evil which works injury not alone to smaller business, but to every consumer in the country. Abundant evidence was presented to prove that losses through cut prices on widely known, identified products are more than counterbalanced by excessive profits on unstandardized and unidentified merchandise. The rapid concentration of retail merchandising in the hands of great chain-store organizations and other combinations was credited in considerable measure to their cut-price tactics as applied to goods of standard quality and value. Using these as 'bargain bait' they have been able to persuade unthinking buyers that all other goods were sold at similar reductions, while in fact goods which could not be compared were overpriced."

The Senate committee also referred to the report of the Federal Trade Commission upon what is known as the chain-store investigation resolution as follows:

"The report gives ample justification for the contention that the intentional policy of pricing goods below cost is for the purpose of luring people into the store by the appeal of 'cut-price' bargains and then selling other goods, on which the losses, and more, may be recouped. It is evident that such a practice injures the sales of a standard product, since the price differentials create distrust and suspicion toward the product. At the same time the independent retailer is subject to the same injury for if he refuses to sell at the less-than-cost basis of the price-cutting competitor he is accused of asking an unfair price. It is this destructive competition which accounts for the extinction of a host of efficient merchants during the past decade."

Continuing, the Senate committee's report says:

"It was emphasized during the hearings that stable prices protected by resale agreements do not mean higher prices. Many so-called standard prices to-day are fictitious prices, since they are certain to be cut by price-cutting establishments, and the maker of the goods must have a margin for discount to independent retailers so that they will handle the goods. The automobile industry, built entirely on the price-maintenance basis, proves that prices are lowered and quality increased under the price-control system. It was contended that if the same right were given to the makers of minor trade-marked articles prices would be lower in many cases than the cut prices so widely advertised to-day. In other words, stability of prices and not enhancement is the object sought to be achieved.

"The bill only legalizes an agreement as to resale price between the vendor and vendee of an identified, standard product which is in competition with other articles of the same class. That agreement is to-day and always has been legal in such great countries as England, France, Germany, Spain, Norway, Sweden, and

others. No question has been raised as to enhancement of prices through this system of business. The agreement provided for in this bill has been held legal in many States of the Union by the courts and it is specifically legalized in a number of them. This agreement was held legal in interstate commerce through a long series of decisions by Federal courts up to 1911, when it was ruled invalid by the Supreme Court in the Doctor Miles Medical Co. case. Justice Oliver Wendell Holmes dissented in that decision and stated:

"'I can not believe that in the long run the public will profit by this court permitting knaves to cut reasonable prices for mere ulterior purposes of their own and thus to impair, if not destroy, the production and the sale of articles which it is assured to be desirable the people should be able to get.'"

In using your good offices to assist in securing early consideration of the Capper-Kelly bill you will merit and receive the thanks of many thousands of your constituents among the independent merchants of the State of New York, who have been struggling with their backs against the wall against the predatory tactics of price-cutting competitors, who constitute the only opponents of this highly desirable legislation.

Thanking you for your attention to this request and assuring you of our deep appreciation, I am, with kind regards,

Very truly yours,

W. J. SCHIEFFELIN, Jr.,
Chairman Legislative Committee,
National Wholesale Druggists' Association (Inc.).

PLIGHT OF THE RAILROADS

Mr. COPELAND. Mr. President, it is not alone the manufacturers and business people of our country but the railroad operators who are in distress.

I think there has been great resentment on the part of the country because of the payment from the funds of the Reconstruction Finance Corporation of about $6,000,000 of interest to Morgan & Co. It will be remembered that the Missouri Pacific received a loan of a considerable amount from the Reconstruction Finance Corporation upon the recommendation of a divided Interstate Commerce Commission. The loan was made, and at least a third of it was used in paying to Morgan & Co. the interest due on the bonds of that railroad. That is resented by many of our citizens. But, nevertheless, the problem of the distress of the railroad companies must be faced.

I was much interested in an article I read on Sunday in the New York American, being an interview headed "Fighting Back to Prosperity" with Gen. W. W. Atterbury, president of the Pennsylvania Railroad. The article gives, from the railroad standpoint, a very good idea of what the railroads are contending with at this moment. I think it is an article which should be read by all of us, no matter what may be our attitude in general toward the question of the loans to the railroads.

We are facing a situation where we have to decide whether we will help the railroads or actually have the country take them over. Some of them are in the hands of receivers and others are likely to go into the hands of receivers. Whether it is wise to permit the breakdown of these arteries of transportation or whether we must use the resources of the Government to keep them alive is a problem which concerns us. I ask, Mr. President, that the interview may be printed in the RECORD in connection with what I am saying.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York American, Sunday, May 29, 1932]

RAILROADS HAVE CREATED NEW EFFICIENCY TO COMBAT DEPRESSION, SAYS GENERAL ATTERBURY—"UNITED STATES RAILWAYS COULD HANDLE 20 PER CENT MORE TRAFFIC THAN IN 1929; COST OF 'MANUFACTURING' TRANSPORTATION REDUCED," DECLARES EXECUTIVE

(By Gen. W. W. Atterbury, president of the Pennsylvania Railroad, as told to Earl Reeves)

Our recent economic condition may be compared to a gigantic jigsaw picture puzzle.

There is no swift, easy method of solving a picture puzzle. Patiently, trying and discarding, you fit bits of colored cardboard together until, let us say, the figure of a man begins to merge. Meanwhile, as you work, a relationship between other fragments is seen, and elsewhere on the table perhaps the outline of a house is taking shape. At other points, it may be, you have been fitting together a tree, a barn, a wagon, and so on.

As these isolated portions grow it can be seen now that they bear a relationship to each other, and the piecemeal assembly can continue more rapidly and with greater certainty.

There is no other kind of "solution" for a major depression.

Such a depression presents a puzzle of baffling intricacy. However, the chief industries—steel, motors, transportation, and others—gradually bring about order and coherence in their respective fields. The Reconstruction Finance Corporation halts the bankruptcy rate and gives businesses a chance to rebuild. Through the Federal reserve system and the Glass-Steagall bill problems of banking and credit are attacked.

The President, governors, mayors, and their staffs come to a realization that government can be no exception; that costs must come down. Congress meanwhile struggles with taxation. Everywhere crises are being met, analyzed, and put in the way of solution. There can be no quick magic about this.

However, it will be noted that achievement of governmental economy affects industrial activity and employment; and these in turn react upon governmental income. Increased industrial efficiency helps trade and transportation. Establishment of stability among business enterprises reacts favorably on banking and credit. Restoration of credit and confidence is seen to bear a relation to all phases of activity.

TRANSPORTATION NEVER AS EFFICIENT AS IT IS TO-DAY

Those portions of the gigantic picture puzzle which are solved or in process of solution begin to fit each into the other.

We have made truly great progress in the last few months in the piecemeal solution of the many problems which confronted us.

As for transportation, I can say that it was never so efficient as it is to-day.

The railways of America to-day could handle a volume of business 15 to 20 per cent greater than the peak load of 1929.

When you consider that in the country's gigantic railway system spectacular changes are impossible, and gains must be made through fractions of new efficiency—here, there, everywhere; and when you recall that the depression and new types of unregulated competition have largely wiped out the margin of earnings that ought normally to be available for new facilities; then, I think, it must be conceded that the achievement in these adverse years of an increased capacity to serve the public constitutes a noteworthy performance.

Due to our financial inabilities we have had to seek efficiency through better team play, harder brain work, a higher grade of railroading men, rather than machines, to make a railway system great.

And, incidentally, I would like to say that I think America's railway executives and railwaymen are a very able and public-spirited group.

DECREASE—RAILROADS HAVE CUT COST OF TRANSPORTATION

Steadily American railroads have decreased the cost of manufacturing transportation. We "manufacture" transportation in ton-mile units; that is to say, in terms of the job of carrying 1 ton 1 mile.

On the Pennsylvania system, while freight revenue showed a gain of nearly $100,000,000 between 1921 and 1926—a peak year—we drove costs down from 11.1 mills to 8.2 mills per ton mile. We had increased volume, which naturally aids unit cost reduction.

But between the 1926 freight peak and 1930 we lost more than $100,000,000 of freight volume, and yet in the face of that handicap we forced the unit cost on downward to 7.2 mills.

Taking a longer view of progressive efficiency, I estimate that it would be possible for the Pennsylvania Railroad now to do a 1921 volume of freight business with 75,000 fewer freight cars.

Throughout the decade of progress which followed soon after the war American railways not only have made notable gains by adding new and more modern equipment to the extent that available funds would permit, but also have undertaken many significant researches into new kinds of equipment and new methods of transportation.

For instance, I had been impressed during the war by the possibilities of lighter, higher pay-load cars by an examination of the material in a wrecked Zeppelin in France, and have since experimented with aluminum alloys. What may be accomplished in this direction and in the use of new steel alloys is a matter of continuing study.

As another example, we have just ordered for experimental purposes a 2-unit Deisel-powered car, whose pneumatic rubber-tired wheels run on standard steel rails. Such cars may reduce costs on short-haul, light-traffic runs. They may not. Only actual service will tell.

Tests are also being made for an all-roller-bearing locomotive. It is yet to be proved whether its higher efficiency counterbalances its higher cost. We have already accumulated considerable experience with roller-bearing cars and know pretty definitely the results of their use in terms of comparative fuel consumption, shop and service costs, comfort, and other factors.

We want to know what an all-roller-bearing locomotive will do in terms of operating costs per mile as well as of ton-miles of service it can show in a year.

Generally speaking, recent improvements in railroad efficiency have come not only from improved equipment but from better use of equipment. We use more powerful engines than a decade ago and haul longer trains at higher speeds. We have concentrated on making equipment work a longer day and more days in the year.

An illustration: We installed larger tanks on our tenders so trains need stop less frequently. It costs something to stop and start a train, but that is not the important factor; far greater gain comes through more continuous use of a railway plant which has cost two and a half billion dollars.

That is the test for all railroads to-day. It is a test which has been accentuated by the depression.

These are the public's railways of which I speak. They are largely owned by the people and they are operated for them. Stockholders of the Pennsylvania Railroad alone now number nearly a quarter of a million, and there is similarly wide ownership of other systems. Savings banks and life-insurance companies, which invest money for tens of millions of persons, own railway securities of a value equivalent to one-quarter of the net capitalization of the railways.

Whereas in older countries the placing of industrial, commercial, and population centers was determined by ports, rivers, and canals, railway facilities built the United States. As a result the average American must have each year and is dependent upon ten times as much rail transportation, in ton-miles hauled, as is the average Englishman or Frenchman.

There was a period a few decades ago when rate and rebate wars in competition for traffic demoralized both the railways and industries. No manufacturer knew how to price his goods. He did not know what railrate his competitor was getting.

In chaotic and blind competition railways and industries slashed rates and prices to the point where loss of income for both was ruinous. Insolvency for many was the result. Then we decided to set up standards and to regulate railway operation—establish fixed, published rates.

History is repeating itself in respect of unregulated competition of other forms of transportation, with identical results, for railways and industry alike. For the railroads, rate competition which they are not allowed to meet; for industrial plants, again secret uncertain rates—often wholly unjustifiable economically—leading to competitive, unsound, and ruinous price cutting. When this happened before railways and industries were headed for the bankruptcy court.

Highway transportation companies—including bus and truck concerns—operate to-day over roads built by the taxpayers—of which the biggest is the railroad—having to meet no roadway-maintenance charges. They do not have to maintain regularity of service or observe uniform transportation safety regulations or maintain fixed wages or definite employment hours.

They can accept only the cream of the traffic, when they will, and discard or refuse to carry other traffic; and this they haul over a public transportation system of highways which cost twenty-six to twenty-eight billion dollars, in unregulated competition with a $26,000,000,000 railway plant. They are not required to publish or maintain minimum rates or live up to any prescribed standards of operation and service.

A Washington official asked me if in seeking for highway transportation regulation I want the truck "regulated out of business." My reply was, of course, no. As a matter of fact, the Pennsylvania Railroad is doing business to-day with a number of trucking companies in various cities, and these operations are generally profitable.

When you say that the railways to-day are "privately owned" the phrase means only that they are not owned by the Government. Tens of millions of persons share in their ownership, directly or through savings and insurance.

The public is also vitally interested in the industries which are affected by chaotic conditions in the highway transportation business, and one hundred and twenty millions are directly affected by the "health" of railways and industry alike.

As a matter of public policy, therefore, I have contended that highway and water transportation alike should come under some kind of regulation—equitable regulation—which would place all forms of transportation on an equitable basis. Then the economically justified ones will survive and each will be in a position to perform those kinds of services for which it is best fitted. They themselves and the public will be both better protected and better served.

Fair competition is, it seems to me, a challenge, a pacemaker.

The airplane became a competitor of the railways. Between New York and Washington two or three hundred persons fly daily. I think we'll get that traffic back when electrification enables us to cut that run to four hours, perhaps even to three and a half hours.

The truck performs for business certain services which the railway did not perform well enough. So we developed and recently started use of a "demountable truck body." In it a shipper loads his goods, it is trucked to the station, carried by rail, transferred again to a truck, and delivered to consignee without rehandling en route.

EFFICIENCIES—ADVERSITIES TAUGHT USE OF THEM

That offers door-to-door service, plus regularity of service which railways alone provide. We also have developed container service which is adaptable to store-door delivery like the truck body.

Because of new efficiencies, which adversity helped teach us, I look forward confidently to a day when, normal economic conditions having been restored, the railways will carry far greater traffic than ever before and perform their service at less cost to the public.

Confident of its future, the Pennsylvania Railroad, notwithstanding the depression, launched several years ago a $300,000,000 betterment program, including the $100,000,000 project of electrifying our New York-Washington route.

The late E. H. Harriman wished that he might widen the gauge of all the railroads so that heavier engines and larger cars might be able to take care of future traffic demands which he foresaw. Without a wider gauge we have met every peak of demand upon us.

The next great advance, for trunk lines in dense-population areas, will be through electrification. Our present "average" freight train is of 60 cars and, stops included, averages 14 miles per hour. Electric units—probably two coupled together for the New York-Washington run, which is without sharp grades—will haul 125 cars, a train 1 mile long, and maintain an average of 25 miles.

The most modern type of steam locomotive costs around $80,000. Two electric motive-power units will cost half again as much. But with a relatively small increase in the total of capital employed, and no increase in trackage, we shall be able to double our track capacity on the New York-Washington line. By getting greater use out of mobile equipment we shall obtain results in increased capacity equal to or perhaps greater than could have been obtained by laying down a third line of track between these two cities.

We consider the project important and necessary alike to our freight and passenger business, because of the probable growth of the metropolitan area to a population of 30,000,000 and the growing importance of southern passenger business.

In conclusion, I would point out that the railways are and will continue to be the backbone of our transportation system. There is nothing in sight which can supplant them. They have shown confidence in themselves and in the future of America. They have built steadily for better service in better days to come. They were never as efficient as they are to-day. They are the public's railroads. And the public's conception of what is equitable public policy can advance or retard them.

PHILIPPINE INDEPENDENCE

Mr. COPELAND. Mr. President, there is another matter which is occupying the thought of many Members of the Senate. I refer to pending bills relating to the independence of the Philippines. In the CONGRESSIONAL RECORD of May 23, the Senator from Connecticut [Mr. BINGHAM] had inserted a letter written by former Governor General Forbes to the Senator from Connecticut [Mr. WALCOTT]. It will be recalled that Mr. Forbes has been in opposition to granting freedom to the Filipinos. When this letter was inserted in the RECORD, the able Senator from Missouri [Mr. HAWES] made this statement, which I find on page 10881 of the RECORD:

The ambassador's indorsement of Senate bill 3377 is most welcome; his approval will clarify the situation and make more certain a settlement.

Mr. President, I do not find that indorsement of the bill in anything included in the letter to the Senator from Connecticut [Mr. WALCOTT]. Mr. Forbes said in that letter:

While I personally believe that the interest of the Philippine Islands would be best served by a continuance of American sovereignty, under the present law, with such changes and alterations in the development of self-government as conditions may counsel, I can not but recognize the fact that, with the strong feeling manifested by the recent vote in the House of Representatives, and which I understand prevails likewise in the Senate, some steps will undoubtedly be taken by our Government to end the present uncertainty and stabilize the situation in the Philippines.

I have in my hand a clipping from the Evening Transcript of Boston of Thursday, May 12, relating to an address delivered by Ambassador Forbes before the Boston Chamber of Commerce, and in it I find this quotation from the ambassador:

It is a pity that the islands can not be permitted to continue to progress as heretofore; but, if a change is to be made, this form—

Referring to the bill pending—

may prove to be the least harmful and may turn out a workable solution of a difficult problem.

I ask that the clipping may be printed in the RECORD in full.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clipping referred to is as follows:

FREE ACCESS TO ASIA AS UNITED STATES POLICY

(Advocated by W. Cameron Forbes in address before Boston Chamber of Commerce)

Emphasizing the importance of adequately protecting and permanently assuring American interests in the future development of the trade routes of the Pacific, W. Cameron Forbes, former ambassador to Japan, told the members of Boston Chamber of Commerce, at a luncheon this afternoon, that free access to the shores of Asia, especially to China and the great population found there, ought to be a cardinal principle of the national policy of the United States.

The speaker, who recently returned to his home in Norwood on his retirement after almost two years in the Diplomatic Service,

referred to the strategic position of the Philippine Islands and criticized the legislation now before Congress to grant them independence. He asserted that the Philippines, of which he was once Governor General, had vastly more freedom now than they would have under their own government, and that the movement for their independence was being promoted in the United States by certain sugar, cordage, labor, and dairy interests. He also discussed briefly the Sino-Japanese situation, expressing the view that the United States should deal sympathetically and maintain friendly relations with both countries.

"Let us picture the great continent of Asia," he said, "on the eastern and southern shores of which dwell the huge populations of China and India, numbering nearly 800,000,000 people, and fringed or fenced off from the Americas by a line of islands running from Kamchatka on the north to the great island of Borneo on the south. The upper two-thirds of this group belong to Japan and the lower third belongs to the United States. As a result of the treaty of Versailles and the action of the League of Nations in granting a mandate to Japan, practically all the islands on the path between Hawaii and the Philippines, with about three exceptions, are now under management of Japan, mostly under mandate from the league.

"The Philippine Islands have now been managed by the United States for 34 years; and while no one can deny that our work could have been done better, I am ready to assert and maintain that it could have been done very much worse, and that the progress made by the Philippines under our direction has compared favorably with the progress made by the dependencies of other countries in other parts of the world.

OPENED MARKETS TO FILIPINOS

"I think whatever success we have had has been due largely to the fact that we have genuinely tried to win the respect and friendship of the Filipinos, have given them social recognition, and hence have had less of the racial antipathy to contend with which hampers the success of all who go to another country and deal with the inhabitants as though they regarded them as inferiors.

"Perhaps the greatest factor in making a prosperous people of the Filipinos has been the fact that we have opened our markets to their products and given them a substantial free trade between their country and ours. The growth under these institutions has been phenomenal and now reaches the sum of $200,000,000 a year in reciprocal trade between the Philippine Islands and the United States. And there is no reason why, if the population should double again as it has at least once under our administration, that figure should not in the next 30 years double and perhaps quadruple itself. We have none too many free markets for our commodities, and business in general is not so encouraging that it seems the part of wisdom to shut off such promising markets as we are fortunate enough to have. But that is exactly what we are setting out to do by legislative changes in regard to the Philippines now under consideration in Congress.

"It is surprising to one who knows the facts to have our newspapers and political leaders constantly talking about giving the Filipinos 'freedom.' They have freedom now, vastly more than they would have under their own government. They have freedom of opportunity, of movement, of speech, of worship, and of employment. They have free access to our markets and to our shores.

"The Filipinos have an entirely natural desire to manage their own affairs. Their leaders have repeatedly asked for independence, and there is little doubt that many of the people themselves actually believe that they want it. The measures now under consideration in Congress would limit the amount of products they could bring into the United States and to a large extent exclude the Filipinos admission to this country, besides turning over their government to themselves—something which might result in much more of an oligarchy than the form of government they now enjoy.

"These proposed legislative measures are being actively supported by certain interests in the United States, not for the benefit of the Filipinos but for the benefit of their own enterprises. These interests can be roughly grouped as those of sugar, cordage, labor, and dairy products.

LIMITATION ON PRODUCTS

"The bill now before Congress places a limitation on the amount of products competitive with those interests which can henceforth be brought in free of duty from the Philippine Islands. It provides for a commonwealth, with officers in all departments chosen wholly by the Filipinos, but with the work of government carried on under the supervision and sovereignty of the United States, which would maintain a 'high commissioner' to represent the President and to retain power of intervention. This arrangement would continue for a number of years, as yet undetermined, after which a gradually increasing tax is to be placed on Philippine products exported to the United States. When this tax reaches a quarter of the tax paid on the same products coming from other countries, the Filipinos can then vote whether to continue as a commonwealth under our protection or to have complete independence. It is a pity that the islands can not be permitted to continue to progress as heretofore; but if a change is to be made, this form may prove to be the least harmful and may turn out a workable solution of a difficult problem."

Mr. Forbes said it was the failure of the Chinese Government to give adequate protection to the lives and property of Japanese citizens that caused the Japanese military activity in Manchuria. He said there was no question but that the whole Japanese people were convinced of the necessity of the move in Manchuria.

"The situation in Shanghai is quite different," he continued. "The clash which occurred there was regretted by both countries. My contact with prominent Japanese in public and private life led me to believe that they genuinely regretted the whole Shanghai episode; were sorry that their military and naval officers had felt it necessary to move in, and were hoping that conditions could be made such that the troops and ships could be withdrawn at the earliest possible moment. Recent accounts in the newspapers indicate that an accord has been reached and that the withdrawal from the vicinity of Shanghai is actively taking place.

"Now, what is the position of the United States? We are friends of Japan and intend to continue to be friendly to Japan. We may disapprove of some of the things which the Japanese have done, but that need not jeopardize our friendly relations.

"The condition of affairs in China is extremely complex. The Chinese have been torn by civil dissension; their different leaders maintain armies in the aggregate larger than those of almost any other country; and, moreover, there is a dangerous red menace. The policy of the United States has been to keep on friendly terms with the de facto government or governments there.

ALL "PURELY DEFENSIVE"

"Both China and Japan have used warlike means in the settlement of their differences without actually declaring war, each country claiming that its actions were all purely defensive and charging the other with offensive movements. History will be the judge of the merits of these controversies.

"Our duty in the present is clear: To deal sympathetically with both countries, to maintain friendly relations with both, and to wait, taking every possible occasion to pour oil on the troubled waters, until the war fever shall have died down and calmer moods and counsels prevail.

"What I desire particularly to emphasize here before the members of the chamber of commerce is the importance of all these events as bearing upon the future trade of the United States. With our high-tariff wall, our vast internal activity, and the small proportion of our products which we export we are apt to forget the importance of maintaining our trade routes.

"The trade of the Atlantic Ocean is near enough at hand to be much in our eye. But the Pacific trade of the future is likely to be vastly more important. To begin with, the Pacific is much greater; there are greater populations bordering on it; and there is little doubt that with the passage of time it will become the principal theater of the world's commerce.

"Perhaps you have wondered why I have laid so much stress upon the Philippine Islands. The German high authorities in 1898 went on record as believing that in the long run the control of the Pacific would lie with that country which controlled the Philippines. We do not want to control the Pacific. We want it free. We do, however, want to protect our trade lines. And we must remember that free access to the shores of Asia, especially to China and to the great populations to be found there, ought to be a cardinal principle of our national policy. It behooves us to 'watch our step' very carefully and to make sure that the interest of the United States in this important future development are adequately protected and permanently assured."

Mr. Forbes, whose address was broadcast over a nation-wide radio chain through station WEEI, was introduced by Frederic S. Snyder, president of the Boston Chamber of Commerce. Others at the head table included Arthur Wilson, vice president of the Norwood Chamber of Commerce; Courtenay Crocker, president of the Japan Society of Boston; former United States Senator William M. Butler, Dr. Karl T. Compton, president of the Massachusetts Institute of Technology; Representative Eliot Wadsworth, Traffic Commissioner Joseph A. Conry, B. Nason Hamlin, H. Yatsuhashi, W. Eugene McGregor, Edwin S. Webster, Carl P. Dennett, Thomas N. Perkins, Matt B. Jones, Edward J. Frost, H. Addington Bruce, Raymond Emerson, and Rex T. Crandall.

Mr. COPELAND. Of course, personally, I am so thoroughly convinced that we have no constitutional right to alienate sovereignty that I can not view with complacency the bills which are pending. I know I stand almost alone in this matter, but I believe that if any open-minded Senator were to study all the literature, all the Supreme Court rulings and all the facts relating to the transfer of the Philippines and the alienation of sovereignty, he could not vote for any bill for independence, even though it might create throbs in his heart in his desire to grant independence to any people wishing it.

Now I yield the floor to the Senator from Texas [Mr. CONNALLY].

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. CONNALLY. Mr. President, under the unanimous-consent agreement the vote comes in five minutes, and I

wish to embrace this opportunity to ask to place in the RECORD alongside the vote a series of tables vindicating the claim that the rates proposed in the amendment, which is about to be voted on, will not drive the higher incomes into tax-exempt securities.

I offer first a table showing from the statistics of the Treasury Department for 1922 to 1930 in the case of all estates reporting estate taxes that from 1922 the percentage of tax-exempt securities to the gross estate was 3.59; in 1923 4.38; in 1924, 4.62; in 1925, 4.40; in 1926, 6.23, and so on. I ask, Mr. President, that this table may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table referred to is as follows:

TABLE No. 1.—*Showing percentage of tax-exempt securities to total estate, compiled from Treasury statistics*

STATISTICS OF INCOME, TREASURY DEPARTMENT

Year	Number of estates	Gross estate	Per cent of gross estate tax exempt
1922	12,203	$2,879,372,168	3.59
1923	13,013	2,494,978,471	4.38
1924	12,403	2,550,248,894	4.62
1925	14,013	2,958,363,744	4.40
1926	13,142	3,386,266,616	6.23
1927	9,353	3,173,235,017	5.19
1928	8,079	3,503,238,684	5.61
1929	8,582	3,843,514,150	5.06
1930	8,798	4,108,517,490	6.06

Mr. CONNALLY. I also offer table No. 2 showing that under the rates carried in the amendment, incomes in 1922 from $10,000 a year up showed only a negligible amount of such income from tax-free securities.

Table No. 3 is offered to vindicate the claim that the rates in the amendment when in force in 1922 did not have the effect of decreasing the total taxation from income. In 1922 the gross amount of net income was $21,000,000,000; in 1923, under the rates now proposed, it increased to $24,000,000,000, or more than 10 per cent in a single year, and in 1925 it increased to $25,000,000,000.

Table No. 4 shows, strange to say, that more investments have been made in tax-exempt securities when the surtax rates were lower than were made in tax-exempt securities when the surtaxes were high. That is explained by the fact that when business is prosperous and is booming, as it was in 1924, 1925, and 1926, incomes were invested in stocks and bonds which brought a higher return and then in periods of slump they went, some of them, into tax-exempt securities. I ask unanimous consent that all the tables to which I have referred, and also table No. 5, may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The tables referred to are as follows:

TABLE No. 2.—*Showing rates in Connally amendment did not drive money into tax-exempt securities in 1922*

Income	Tax-exempt income	Per cent of income exempt
$10,000–$25,000	$337.50	1.93
$25,000–$50,000	1,260.00	3.36
$50,000–$100,000	2,520.00	3.36
$100,000–$150,000	5,355.00	4.24
$150,000–$300,000	9,193.50	4.08
$300,000–$500,000	33,885.00	8.47
$500,000–$1,000,000	138,600.00	18.51
In excess of $1,000,000	58,770.00	.06

TABLE No. 3.—*Showing increase of net income in 1923 under rates in Connally amendment*

(Statistics of Income for 1929, p. 31)

NET INCOME OF INDIVIDUALS

Year:	Amount of net income
1922	[1] $21,400,000,000
1923	24,800,000,000
1924	25,700,000,000
1925	21,900,000,000

[1] Total amount of all tax-exempt income for that year $450,000,000, or 2½ per cent.

TABLE No. 4.—*Showing total amount of tax-exempt bonds and their increase as surtax reduced*

SECURITIES WHOLLY TAX-EXEMPT OWNED BY INDIVIDUALS REPORTED IN RETURNS OF NET INCOME OF $5,000 AND OVER FOR 1925, 1926, AND 1927

Maximum surtax rates	Year	State	Federal farm loan act	United States and possessions	Total
50 per cent	1923	$1,995,742,000	$343,216,000	$585,600,000	$2,924,558,000
40 per cent	1924	2,498,188,000	430,414,000	726,195,000	3,654,798,000
20 per cent	1925	2,451,818,820	472,367,831	702,564,987	3,626,751,638
20 per cent	1926	2,763,496,116	535,141,443	757,685,408	4,086,322,967
20 per cent	1927	3,064,031,968	598,234,246	659,108,893	4,321,375,107

TABLE No. 5.—*Married person with no dependents; maximum earned-income allowance*

Net income	Tax under 1928 act	Tax under House bill	Tax under Finance Committee bill	Tax under Couzens amendment	Tax under Connally amendment
$1,000	0	0	0	0	0
$2,000	0	0	0	0	0
$3,000	0	$2.50	$3.75	$60.00	$20.00
$4,000	$5.63	20.00	30.00	120.00	60.00
$5,000	16.88	37.50	56.25	180.00	100.00
$6,000	28.13	55.00	82.50	250.00	160.00
$7,000	39.38	82.50	118.75	390.00	250.00
$8,000	56.25	120.00	170.00	530.00	340.00
$9,000	78.75	165.00	232.50	680.00	430.00
$10,000	101.25	210.00	295.00	830.00	520.00
$12,000	168.75	320.00	440.00	1,150.00	720.00
$14,000	258.75	500.00	660.00	1,490.00	940.00
$16,000	363.75	700.00	900.00	1,850.00	1,180.00
$18,000	483.75	920.00	1,160.00	2,230.00	1,440.00
$20,000	618.75	1,160.00	1,440.00	2,630.00	1,720.00
$22,000	768.75	1,420.00	1,740.00	3,050.00	2,040.00
$24,000	933.75	1,700.00	2,060.00	3,490.00	2,380.00
$26,000	1,113.75	2,000.00	2,400.00	3,950.00	2,740.00
$28,000	1,293.75	2,320.00	2,760.00	4,430.00	3,120.00
$30,000	1,488.75	2,660.00	3,140.00	4,930.00	3,520.00
$35,000	2,168.75	3,600.00	4,180.00	6,270.00	4,630.00
$40,000	2,908.75	4,660.00	5,340.00	7,730.00	5,840.00
$45,000	3,718.75	5,850.00	6,630.00	9,320.00	7,180.00
$50,000	4,588.75	7,160.00	8,040.00	11,030.00	8,640.00
$60,000	6,503.75	10,160.00	11,240.00	14,830.00	11,940.00
$70,000	8,668.75	13,660.00	14,940.00	19,130.00	15,740.00
$80,000	10,908.75	17,660.00	19,140.00	23,930.00	20,040.00
$90,000	13,303.75	22,010.00	23,690.00	29,230.00	24,840.00
$100,000	15,768.75	26,560.00	28,440.00	35,030.00	30,140.00
$150,000	28,268.75	50,060.00	52,940.00	67,030.00	58,140.00
$200,000	40,768.75	73,560.00	77,940.00	101,030.00	86,640.00
$300,000	65,768.75	120,560.00	128,440.00	173,030.00	144,640.00
$500,000	115,768.75	214,560.00	230,440.00	323,030.00	263,640.00
$1,000,000	240,768.75	449,560.00	492,940.00	703,030.00	571,140.00

Mr. CONNALLY. Now, Mr. President, I make the point of no quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Jones	Sheppard
Austin	Cutting	Kean	Shipstead
Bailey	Dale	Kendrick	Shortridge
Bankhead	Davis	Keyes	Smith
Barbour	Dickinson	King	Smoot
Barkley	Dill	La Follette	Steiwer
Bingham	Fess	Lewis	Stephens
Black	Fletcher	Logan	Thomas, Idaho
Blaine	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Townsend
Bratton	Glass	McNary	Trammell
Broussard	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Moses	Vandenberg
Bulow	Hale	Neely	Wagner
Byrnes	Harrison	Norbeck	Walcott
Capper	Hastings	Norris	Walsh, Mass.
Caraway	Hatfield	Nye	Walsh, Mont.
Carey	Hawes	Oddie	Watson
Cohen	Hayden	Patterson	Wheeler
Connally	Hebert	Pittman	White
Coolidge	Howell	Reed	
Copeland	Hull	Robinson, Ark.	
Costigan	Johnson	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

In accordance with the agreement entered into on yesterday, the vote will be taken now on the Connally amendment.

The clerk will call the roll.

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CONNALLY. The vote is on what is known as the Connally amendment?

The PRESIDING OFFICER. That is correct.

Mr. CONNALLY. A vote "yea" will be for it, and a vote "nay" against it?

The PRESIDING OFFICER. That is correct. The Chair understood that the yeas and nays had been ordered, but the clerk informs the Chair that they have not been ordered.

Mr. HARRISON and Mr. SMOOT called for the yeas and nays, and they were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll, and Mr. ASHURST voted "yea."

Mr. HOWELL. Mr. President, I have an amendment which I wish to offer.

The PRESIDING OFFICER. It is too late. The clerk will proceed.

Mr. HOWELL. Mr. President, I was on the floor before the roll call began.

The PRESIDING OFFICER. The order was to begin voting at 10.30. It is now 10.35. The clerk will proceed with the roll call.

The Chief Clerk resumed and concluded the calling of the roll.

Mr. DICKINSON. I desire to announce the necessary absence of my colleague the senior Senator from Iowa [Mr. BROOKHART]. If present, my understanding is that he would vote "yea."

Mr. SHIPSTEAD. My colleague [Mr. SCHALL] has been detained. If present, he would vote "yea."

Mr. MCNARY. I desire to announce the necessary absence of the Senator from Colorado [Mr. WATERMAN]. If present, I am advised that he would vote "yea."

Mr. SHEPPARD. I wish to announce the necessary absece from the city of the junior Senator from Louisiana [Mr. LONG] on legislative business. He has a general pair with the Senator from Illinois [Mr. GLENN]; but both Senators would vote "yea" if present.

Mr. GLASS. I desire to announce that the senior Senator from Virginia [Mr. SWANSON] is absent on official business, attending the disarmament conference at Geneva.

The result was announced—yeas 86, nays 3, as follows:

YEAS—86

Ashurst	Couzens	Kean	Sheppard
Austin	Cutting	Kendrick	Shipstead
Bankhead	Dale	Keyes	Shortridge
Barbour	Davis	King	Smith
Barkley	Dickinson	La Follette	Smoot
Bingham	Dill	Lewis	Steiwer
Black	Fess	Logan	Stephens
Blaine	Fletcher	McGill	Thomas, Idaho
Borah	Frazier	McKellar	Thomas, Okla.
Bratton	George	McNary	Townsend
Broussard	Glass	Metcalf	Trammell
Bulkley	Goldsborough	Moses	Tydings
Bulow	Gore	Neely	Vandenberg
Byrnes	Hale	Norbeck	Wagner
Capper	Harrison	Norris	Walcott
Caraway	Hastings	Nye	Walsh, Mass.
Carey	Hawes	Oddie	Walsh, Mont.
Cohen	Hayden	Patterson	Watson
Connally	Hebert	Pittman	Wheeler
Coolidge	Hull	Reed	White
Copeland	Johnson	Robinson, Ark.	
Costigan	Jones	Robinson, Ind.	

NAYS—3

Bailey	Hatfield	Howell

NOT VOTING—7

Brookhart	Long	Schall	Waterman
Glenn	Morrison	Swanson	

So Mr. CONNALLY's amendment was agreed to, and it is as follows:

On page 9, strike out lines 19 to 25, both inclusive (relating to rates of normal tax on individuals), and insert in lieu thereof the following:

"(a) 4 per cent of the first $4,000 of the amount of the net income in excess of the credits against net income provided in section 25; and

"(b) 8 per cent of the remainder of such excess amount."

On page 10, strike out lines 5 to 25, both inclusive, all of pages 11, 12, 13, and 14, and lines 1, 2, and 3 on page 15 (relating to surtax rates on individuals), and insert in lieu thereof the following:

"Upon a net income of $6,000 there shall be no surtax; upon net incomes in excess of $6,000 and not in excess of $10,000, 1 per cent of such excess.

"$40 upon net incomes of $10,000; and upon net incomes in excess of $10,000 and not in excess of $12,000, 2 per cent in addition of such excess.

"$80 upon net incomes of $12,000; and upon net incomes in excess of $12,000 and not in excess of $14,000, 3 per cent in addition of such excess.

"$140 upon net incomes of $14,000; and upon net incomes in excess of $14,000 and not in excess of $16,000, 4 per cent in addition of such excess.

"$220 upon net incomes of $16,000; and upon net incomes in excess of $16,000 and not in excess of $18,000, 5 per cent in addition of such excess.

"$320 upon net incomes of $18,000; and upon net incomes in excess of $18,000 and not in excess of $20,000, 6 per cent in addition of such excess.

"$440 upon net incomes of $20,000; and upon net incomes in excess of $20,000 and not in excess of $22,000, 8 per cent in addition of such excess.

"$600 upon net incomes of $22,000; and upon net incomes in excess of $22,000 and not in excess of $24,000, 9 per cent in addition of such excess.

"$780 upon net incomes of $24,000; and upon net incomes in excess of $24,000 and not in excess of $26,000, 10 per cent in addition of such excess.

"$980 upon net incomes of $26,000; and upon net incomes in excess of $26,000 and not in excess of $28,000, 11 per cent in addition of such excess.

"$1,200 upon net incomes of $28,000; and upon net incomes in excess of $28,000 and not in excess of $30,000, 12 per cent in addition of such excess.

"$1,440 upon net incomes of $30,000; and upon net incomes in excess of $30,000 and not in excess of $32,000, 13 per cent in addition of such excess.

"$1,700 upon net incomes of $32,000; and upon net incomes in excess of $32,000 and not in excess of $36,000, 15 per cent in addition to such excess.

"$2,300 upon net incomes of $36,000; and upon net incomes in excess of $36,000 and not in excess of $38,000, 16 per cent in addition of such excess.

"$2,620 upon net incomes of $38,000; and upon net incomes in excess of $38,000 and not in excess of $40,000, 17 per cent in addition of such excess.

"$2,960 upon net incomes of $40,000; and upon net incomes in excess of $40,000 and not in excess of $42,000, 18 per cent in addition of such excess.

"$3,320 upon net incomes of $42,000; and upon net incomes in excess of $42,000 and not in excess of $44,000, 19 per cent in addition of such excess.

"$3,700 upon net incomes of $44,000; and upon net incomes in excess of $44,000 and not in excess of $46,000, 20 per cent in addition of such excess.

"$4,100 upon net incomes of $46,000; and upon net incomes in excess of $46,000 and not in excess of $48,000, 21 per cent in addition of such excess.

"$4,520 upon net incomes of $48,000; and upon net incomes in excess of $48,000 and not in excess of $50,000, 22 per cent in addition of such excess.

"$4,960 upon net incomes of $50,000; and upon net incomes in excess of $50,000 and not in excess of $52,000, 23 per cent in addition of such excess.

"$5,420 upon net incomes of $52,000; and upon net incomes in excess of $52,000 and not in excess of $54,000, 24 per cent in addition of such excess.

"$5,900 upon net incomes of $54,000; and upon net incomes in excess of $54,000 and not in excess of $56,000, 25 per cent in addition of such excess.

"$6,400 upon net incomes of $56,000; and upon net incomes in excess of $56,000 and not in excess of $58,000, 26 per cent in addition of such excess.

"$6,920 upon net incomes of $58,000; and upon net incomes in excess of $58,000 and not in excess of $60,000, 27 per cent in addition of such excess.

"$7,460 upon net incomes of $60,000; and upon net incomes in excess of $60,000 and not in excess of $62,000, 28 per cent in addition of such excess.

"$8,020 upon net incomes of $62,000; and upon net incomes in excess of $62,000 and not in excess of $64,000, 29 per cent in addition of such excess.

"$8,600 upon net incomes of $64,000; and upon net incomes in excess of $64,000 and not in excess of $66,000, 30 per cent in addition of such excess.

"$9,200 upon net incomes of $66,000; and upon net incomes in excess of $66,000 and not in excess of $68,000, 31 per cent in addition of such excess.

"$9,820 upon net incomes of $68,000; and upon net incomes in excess of $68,000 and not in excess of $70,000, 32 per cent in addition of such excess.

"$10,460 upon net incomes of $70,000; and upon net incomes in excess of $70,000 and not in excess of $72,000, 33 per cent in addition of such excess.

"$11,120 upon net incomes of $72,000; and upon net incomes in excess of $72,000 and not in excess of $74,000, 34 per cent in addition of such excess.

"$11,800 upon net incomes of $74,000; and upon net incomes in excess of $74,000 and not in excess of $76,000, 35 per cent in addition of such excess.

"$12,500 upon net incomes of $76,000; and upon net incomes in excess of $76,000 and not in excess of $78,000, 36 per cent in addition of such excess.

"$13,220 upon net incomes of $78,000; and upon net incomes in excess of $78,000 and not in excess of $80,000, 37 per cent in addition of such excess.

"$13,960 upon net incomes of $80,000; and upon net incomes in excess of $80,000 and not in excess of $82,000, 38 per cent in addition of such excess.

"$14,720 upon net incomes of $82,000; and upon net incomes in excess of $82,000 and not in excess of $84,000, 39 per cent in addition of such excess.

"$15,500 upon net incomes of $84,000; and upon net incomes in excess of $84,000 and not in excess of $86,000, 40 per cent in addition of such excess.

"$16,300 upon net incomes of $86,000; and upon net incomes in excess of $86,000 and not in excess of $88,000, 41 per cent in addition of such excess.

"$17,120 upon net incomes of $88,000; and upon net incomes in excess of $88,000 and not in excess of $90,000, 42 per cent in addition of such excess.

"$17,960 upon net incomes of $90,000; and upon net incomes in excess of $90,000 and not in excess of $92,000, 43 per cent in addition of such excess.

"$18,820 upon net incomes of $92,000; and upon net incomes in excess of $92,000 and not in excess of $94,000, 44 per cent in addition of such excess.

"$19,700 upon net incomes of $94,000; and upon net incomes in excess of $94,000 and not in excess of $96,000, 45 per cent in addition of such excess.

"$20,600 upon net incomes of $96,000; and upon net incomes in excess of $96,000 and not in excess of $98,000, 46 per cent in addition of such excess.

"$21,520 upon net incomes of $98,000; and upon net incomes in excess of $98,000 and not in excess of $100,000, 47 per cent in addition of such excess.

"$22,460 upon net incomes of $100,000; and upon net incomes in excess of $100,000 and not in excess of $150,000, 48 per cent in addition of such excess.

"$46,460 upon net incomes of $150,000; and upon net incomes in excess of $150,000 and not in excess of $200,000, 49 per cent in addition of such excess.

"$70,960 upon net incomes of $200,000; and upon net incomes in excess of $200,000 and not in excess of $300,000, 50 per cent in addition of such excess.

"$120,960 upon net incomes of $300,000; and upon net incomes in excess of $300,000 and not in excess of $400,000, 51 per cent in addition of such excess.

"$171,960 upon net incomes of $400,000; and upon net incomes in excess of $400,000 and not in excess of $500,000, 52 per cent in addition of such excess.

"$223,960 upon net incomes of $500,000; and upon net incomes in excess of $500,000 and not in excess of $750,000, 53 per cent in addition of such excess.

"$356,460 upon net incomes of $750,000; and upon net incomes in excess of $750,000 and not in excess of $1,000,000, 54 per cent in addition of such excess.

"$491,460 upon net incomes of $1,000,000; and upon net incomes in excess of $1,000,000, 55 per cent in addition of such excess."

On page 36, strike out lines 16 to 23, both inclusive, and insert in lieu thereof the following:

"(c) In the case of a single person, a personal exemption of $1,000; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of $2,500, unless the net income is in excess of $5,000, in which case the personal exemption shall be $2,000. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be $2,500, unless the aggregate net income of such husband and wife is in excess of $5,000, in which case the amount of such personal exemption shall be $2,000. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them. In no case shall the reduction of the personal exemption from $2,500 to $2,000 operate to increase the tax which would be payable if the exemption were $2,500 by more than the amount of the net income in excess of $5,000."

On page 37, strike out lines 14 to 24, both inclusive, and all of page 38 (being the earned-income provisions).

Mr. COUZENS. Mr. President, I rise for the purpose of filing a motion to reconsider, for the reason that the Finance Committee and the Secretary of the Treasury are still in conference with respect to various taxes that it may be necessary to apply to balance the Budget.

For example, the Secretary of the Treasury estimates that the adoption of the amendment just adopted by the Senate will add $70,000,000 to the revenue. He estimates that up to last night, and prior to the adoption of this amendment, the Budget was short some $285,000,000 because of decreased estimates on the items now in the bill and because of decreased revenues otherwise.

Mr. REED and Mr. HOWELL addressed the Chair.

Mr. COUZENS. I yield to the Senator from Pennsylvania.

Mr. REED. I think it is only fair to the Secretary to state that——

Mr. COUZENS. Just a minute. I should like to complete my statement. Perhaps I will be fair to him before I get through. I am not disposed to be unfair to the Secretary.

The PRESIDING OFFICER. Let the Chair make a statement to the Senator from Michigan: Having already reconsidered this amendment once, it will take unanimous consent to reconsider it a second time, under the rule.

Mr. COUZENS. Then I perhaps shall have to change my request. However, so far as I have been able to learn, the Finance Committee have no disposition not to provide for additional revenue. The committee have not decided on one of the taxes that the Secretary recommended that they in turn should recommend to the Senate. So, in view of the unanimous-consent agreement we had last night, of course, we could not avoid this vote at this time; but I do think, in view of what the Secretary has said, that it came rather too early.

In addition to this amendment, which it is estimated will bring in $70,000,000, the Secretary recommended a gasoline tax to bring in $150,000,000.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. COUZENS. Just a minute until I finish my statement.

Mr. BINGHAM. Does the Senator think it is fair to mention the second recommendation first instead of mentioning the first recommendation first?

Mr. COUZENS. But just a minute. If the Senator will wait until I complete my statement, he probably will see what I am trying to say.

He recommended a gasoline tax, estimated to bring in $150,000,000, and go back to the theater rates formerly recommended, estimated to bring in $55,000,000. That would bring the total estimated returns to $275,000,000. That was the only recommendation he made, with absolute figures.

To comply with the suggestion of the Senator from Connecticut, I wish to say that after recommending the adoption of the Connally amendment, the Secretary recommended the sales tax, as proposed by the Senator from Massachusetts, but he gave no estimates as to that, nor did he state what other taxes might be eliminated from the bill, because he had not had time to make an estimate. The only estimate was the estimate I have given, of $275,000,000. Prior to making that, he did recommend the adoption of the income-tax rates which we have just adopted, and the sales-tax provision presented by the Senator from Massachusetts, but no figures were advanced as to what that would accomplish, or what other items we should take out of the bill.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. KING. In view of the fact that the Senator is stating in part the observations made by the Secretary, I think he should supplement the statement by further adding that the Secretary said that if a sales tax were levied, it should be for one year.

Mr. COUZENS. Mr. President, I think that suggestion was made by the Senator from Oklahoma [Mr. THOMAS]. I do not recall that the Secretary made that statement; but I think it is immaterial. The suggestion was made by the Senator from Oklahoma [Mr. THOMAS] as to how it would be if that were applied for one year, and the Secretary of the Treasury concurred that it might be all right. I do not know whether it is desirable to reconsider, or to take up the new schedule of income-tax rates, but I think we might let things remain as they are until we have gotten through discussing these rates with the Secretary. We have not concluded our hearing. I therefore ask unanimous consent that we may reconsider the vote just taken, if it is found necessary, after we get through with the Secretary of the Treasury.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, if it becomes necessary to reconsider the vote, the Senator can ask unanimous consent just as he could now. I do not see any necessity for getting unanimous consent in advance, in this way. Let us see what the Secretary has to say; then the Senator can make the request.

Mr. COUZENS. I have no objection to that course.

Mr. HOWELL. Mr. President——

Mr. REED. Mr. President, if I may have the floor for a moment or two, I think it is only fair to the Secretary to add that he recommended the manufacturers' excise tax, as proposed by the Senator from Massachusetts, very strongly, and that the second alternative he gave was, he said, far less satisfactory. He recommended the manufacturers' tax because it would be accepted as a symbol by the country and by the world that we were putting the tax on a broad, firm basis, which would make the balancing of the Budget no longer a matter of any doubt.

Mr. HOWELL. Mr. President, I arose before the roll call was begun, and addressed the Chair, and in doing so I was in order. I had an amendment which I wished to offer to the pending amendment by the Senator from Texas [Mr. CONNALLY].

As will be recalled, in the bill which passed the House it was proposed that the tax on the first $4,000 of an income was to be 2 per cent. The Finance Committee raised it to 3 per cent. The Connally amendment raised it to 4 per cent. I do not believe we are justified in levying a 4 per cent tax on a $4,000 income.

My purpose was to offer an amendment proposing that we accept the rate recommended by the Senate Finance Committee, but I was refused the floor and the vote was taken. I want to say that I have investigated the matter and I find that I was in order, and that I was not accorded the right to which a Senator is entitled.

Mr. FLETCHER. Mr. President, I am curious to know how we are to proceed here. We have had two, three, or four statements about the estimates of the Secretary of the Treasury and about the estimates of the Finance Committee and about what the revenue is to be and from what sources it is to be collected.

We are told this morning that the situation has changed since day before yesterday or three days ago or three weeks ago, and we do not know where we are. We do not know whether we are to get revenue enough now from the bill as it is, or whether we will have to adopt a sales tax, or whether we will have to add a tax on moving-picture performances, or what.

Are we to sit here all summer and rewrite this bill from day to day or are we to get somewhere and do something about it? The charge is that the Senate is delaying this matter. We have been told this morning that the Finance Committee is conferring with the Secretary of the Treasury. What have they been doing for four weeks back or four months back?

Of course, we want to get the bill in proper shape. The Senator from Maryland [Mr. TYDINGS] yesterday endeavored to have a resolution adopted asking for a report from the Treasury as to the estimated revenue to be brought in, but somebody said that that was ridiculous, because we had all the information necessary, that we knew what we were going to get from this source and that source, and that there was no need of the resolution at all asking for any more information from the Secretary of the Treasury.

We are told this morning that the Finance Committee has been in very serious conference with the Secretary for some hour or two, and the whole situation has changed overnight. We do not know where we are. We do not know where we are going to get the money or from what sources.

I can not understand this thing at all. It seems to me that we ought to have definite information which would enable us to act.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. NORRIS. I think the Senator's criticism, if he will permit me, is hardly justified, because we have news this morning that comes a great distance, which we could not have gotten before. I think the final word as given to us by the Senator from Pennsylvania that the sales tax to be offered would be satisfactory to the balance of the world, to foreign nations, is the last word. They are a good ways from us, and they could not get that word to us before. The Senator ought to realize that probably this is the last halt that will be necessary, because now we are informed that the sales tax would be satisfactory to Europe. That is the last word, and I do not suppose there will be anything further to come.

Mr. FLETCHER. I can realize, Mr. President, that there is something in what the Senator says; at the same time, we know, as a matter of history, that the bankrupt countries of Europe have resorted to the sales tax for some years. That is quite a common tax over there. When they go broke or can not finance themselves in any other way, they adopt the sales tax, and that has been in effect for some time. We knew that before.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. SHIPSTEAD. They had the sales tax before they went broke.

Mr. FLETCHER. Yes.

Mr. SHIPSTEAD. Will the Senator yield to me for a moment?

Mr. FLETCHER. I yield.

Mr. SHIPSTEAD. If this philosophy of taxation which now seems to be prevailing in the Senate, and has been all winter—leaving out of the picture the things which have brought this depression on and are making it worse every day—is to be followed further, it will be necessary, if we are to balance the Budget at all, to provide schedules which will automatically and progressively rise every 30 days to meet the new deficit that will manifest itself at the end of every 30 days.

Mr. NORRIS. Not every 30 days but every week.

Mr. SHIPSTEAD. It must be evident that, with incomes of the great masses of the people constantly diminishing, we can not balance the Budget through taxation any more than we can take water out of a well that is running dry.

It should be apparent that the paramount question before us is the changes necessary in Government policy to stop the destructive descending price level, restore purchasing power, and consequently the Budget will balance automatically.

Mr. FLETCHER. Mr. President, I suppose we will go on with some other details of the bill now. We have about finished all we attempted to provide for, and now we have voted in the Connally amendment and provided for this extra tax, and we are informed that perhaps that will not be enough to balance the Budget.

I do not know where we are to stop. I presume there are some details in connection with the bill we can go on with. I would like to go on and finish the bill.

Mr. BORAH. Mr. President, I do not think we need be surprised that the able Secretary of the Treasury has at last openly advocated a sales tax. It was perfectly clear to me, from reading the report of the hearings before the Finance Committee, beginning weeks ago, that the Secretary was an advocate of the sales tax. The only reason why he did not recommend it in the beginning was, as I understood, that he did not think it was practical, that he could not at that time secure its adoption. Of course, I am not using his exact language; I am using what I understand clearly to be the legitimate deduction from what he did say. The Secretary has at all times, in my judgment, been an advocate of the sales tax. His theory of taxation would naturally lead him to the sales tax.

From the time the Mellon dynasty, which is being continued in the present Secretary, took charge of the finances of this country, until the present time, the fundamental principle upon which they have based their system of tax-

ation has been to lower the taxes on the wealthier people, on the greater incomes, and place them gradually but more distinctly upon the average person or what we might call the common people. They were early after the war for cutting the higher brackets, they were for repealing the excess-profits tax, they were for everything which took the burden of the load from those most able to pay and were disposed to place it upon those least able to pay. This bill as recommended by the Secretary of the Treasury is full of proof of this policy.

They have finally reached the culmination of their doctrine. They have finally reached the sales tax, which would be laid in violation of the most fundamental principle of taxation, that is, according to ability to pay. The sales tax, if laid, is laid not according to ability to pay, but it is exacted regardless of the ability to pay of those who are taxed. The sales tax had its origin in this country in an effort to relieve the higher incomes.

There need be no surprise at this situation. It is the logical conclusion from the tax system which was inaugurated at the close of the war and has been carried on with remorseless purpose ever since.

It is my view, Mr. President, that the laying of a sales tax would further aggravate and accentuate the conditions now prevailing in this country. This tax would be passed fully and completely to the consuming public. The moment we could lay a sales tax we would serve notice on at least 70,000,000 of the people of the United States to curtail their purchases. They would be warned that they must do with less of the things they really need or at least desire.

It will do little good in rescuing the country from the present situation, to increase the purchasing power of the few. Before we start back on the road to prosperity we must increase the purchasing power of the masses, the millions. We must augment their purchasing power before it will have its effect upon our present situation.

The moment we lay a sales tax, that moment we would press down more heavily upon the millions of people who are now living close to the border line of denial of things they need, and notify them that if they were to get through the year, they must curtail and cut expenses still further. Instead of aiding in the present situation, instead of starting upon the road to recovery, we would be laying a tax which would sterilize the very activities which are necessary in order that we may recover.

While I do not propose at this time to enter upon a discussion, I want to say now as emphatically as I can that no arguments which the Secretary can produce, no condition which he can paint, no situation which his language could portray would induce me for a moment to consider favorably the sales tax. It is unjust. It is economically unsound. It will retard the restoration of the purchasing power of the masses. And it is not necessary in order to balance the Budget. We can do that with other taxes. And, furthermore, it will undermine still further the basis upon which prosperity must be rebuilt.

Mr. GLASS. Mr. President, some of us for the last two weeks have tried repeatedly to point out that we were not coming within a thousand miles of balancing the Budget upon any of the various propositions presented here. The Senator from Florida [Mr. FLETCHER] a moment ago wanted to know what we had been doing for the past two or three weeks. He manifests a lack of discernment that is not accustomed to him. What we have been doing was to receive messages from the White House insisting upon our balancing the Budget, and what has happened further is that extra constitutional messages have been presented to the public through the newspapers insisting upon balancing the Budget and reducing expenses.

Reduce expenses? Every time the Appropriations Committee has gone into session it has been confronted with Cabinet ministers protesting against doing the very thing that the White House has advised us to do. When we recommitted the Post Office and Treasury Departments appropriation bill the first thing that happened was that we were confronted by the Cabinet ministers heading those departments with the statement that if we should undertake to reduce their expenditures by the modest sum of 10 per cent they would be compelled to discharge approximately 50,000 employees.

One of those Cabinet officers went to the trouble to classify the number of employees that he would be compelled to discharge under this "brutal" resolution of the Senate, as he characterized it, carrying anxiety and consternation throughout the country in the breasts and minds of nearly 50,000 postal employees. He stated that he would be compelled to discharge so many rural route carriers, that he would be compelled to discharge so many city carriers, so many railway mail clerks, leaving the impression upon these people, for the purpose of protesting to Congress and propagandizing Members of the Senate, that the Senate had directed their discharge, not telling them that any man of ordinary common sense would rather have his wages cut 10 per cent than to lose his job altogether.

So with the Secretary of the Treasury. He pronounced the recommittal of the bill by the Senate as "a brutal species of government," and said that he would have to discharge 6,000 employees of the Treasury Department if we reduced the expenditures of the Government in that particular department by 10 per cent.

Yet it was revealed that in one of those departments contract after contract was made contrary to public policy, if not scandalous in its very nature. We are not going to balance the Budget until we reduce the expenditures of the United States Government. Here in a time of profound peace, when there is scarcely a nation on the civilized globe that has money enough to buy ammunition for a war, we are fast approaching an appropriation of $1,000,000,000 for war purposes alone.

We are not going to balance the Budget by any revenue measure we present here unless we cut severely the expenses of the Government.

The VICE PRESIDENT. The Chair desires to make an announcement. The Chair has been requested to announce to the Senate that the President of the United States will deliver a message in person to the Senate at 12 o'clock. The Chair appoints the Senator from Indiana [Mr. WATSON] and the Senator from Arkansas [Mr. ROBINSON] to meet the President when he arrives at the Capitol.

Mr. HOWELL. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. Let the amendment be stated for the information of the Senate.

The CHIEF CLERK. On page 257, between lines 11 and 12, insert the following new section:

SEC. —. There is hereby imposed upon energy sold by privately owned, operating electrical-power companies a tax equivalent to 3 per cent of the price for which so sold, payable from net income but not otherwise.

On page 262, line 6, after "article," insert "(other than electrical energy)."

Mr. HOWELL. Mr. President, it seems to me that it is imperative the Senate should consider sources from which money can be raised by the Treasury in the light of ability to pay. The power companies of the country can pay. They were 2.7 per cent more prosperous in 1930 than they were in 1929. They were 1.5 per cent more prosperous in 1931 than they were in 1929. Here is a source of revenue which can be tapped without causing distress.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. HOWELL. I yield.

Mr. ROBINSON of Arkansas. Has the Senator brought his amendment to the attention of the Finance Committee?

Mr. HOWELL. I did.

Mr. ROBINSON of Arkansas. I am aware that the Senator spoke on the amendment yesterday.

Mr. HOWELL. I submitted the amendment to the Finance Committee at the time they were considering the tax bill, but no action was taken upon it.

I invite attention to the fact, furthermore, that I was told that one of the representatives of the Treasury opposed it because it was upon gross income. A sales tax is nothing but a tax on gross income. I am wondering if it were because of the power and wealth of this industry that representatives of the Treasury Department thought the equivalent of a sales tax ought not to be levied upon this industry.

Mr. President, the rates of the power industry are fixed through the operation of law. They have remained largely constant over the last 10 years, and during that period the cost of generation and distribution has decreased 44 per cent. Now the Secretary of the Treasury proposes to levy $150,000,000 upon gasoline in addition to the amount the States are levying upon gasoline. That is nothing but a sales tax. It is a sales tax imposed where gasoline already is carrying as much as it ought to carry in the various States. Why should we not seriously consider taxing an industry that has not felt the depression, that has thrived during the depression, rather than raise incomes taxes—yes; double taxes on incomes of individuals of $4,000, double a rate proposed by the House? Are we afraid to tax the great power industry?

Mr. President, this is a proper and a just tax. Taxes ought not to be imposed where they can not be borne without additional suffering. A great industry like this that can afford to respond in taxes should not be excluded from contributing its just share. Any industry in the country that has not felt the pinch of the depression should respond in a larger degree than other industries which are feeling the depression.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. HOWELL. I yield.

Mr. PITTMAN. Is the Senator prepared to say at the present time what the tax would be per kilowatt-hour?

Mr. HOWELL. Yes. For instance, when the amendment was proposed in the House providing for the taxing of the power companies or the product of the power companies it was proposed in the form of one-fourth of 1 cent per kilowatt-hour. As the Senator is aware, there are certain industries which obtain their electrical energy at a very low rate below the peak rate, industries which use this energy largely during the daytime, and in many cases they are afforded a rate as low as one-half cent per kilowatt-hour. Add one-fourth to the one-half now charged and that makes an increase in power costs to the manufacturing industry of 50 per cent. Of course, there was a protest. But what is it that I propose? Three per cent on gross income! What would that mean in the case of a rate of one-half cent per kilowatt-hour? It would mean an increase of fifteen-thousandths of a cent. If the rate was 1 cent, it would mean an increase of three-hundredths of 1 per cent.

Mr. PITTMAN. For instance, take the power that has been contracted for at approximately 2 mills per kilowatt-hour. This tax would increase it, we will say, about six-hundredths of a mill.

Mr. HOWELL. That is right; and it is a negligible tax.

Mr. President, in view of these facts, why should we not adopt an amendment of this character in order to balance the Budget? It will prevent the levying upon some sources of revenue that can far less stand the strain. It is a just tax. It is fair. It is against an industry that can bear it, an industry that is making tremendous profits year after year.

Mr. SHIPSTEAD. Taxing it would not reduce the charges?

Mr. HOWELL. The industry will not reduce its charges. In other lines prices have fallen. Farm prices have fallen and are still falling. They have fallen every month, almost every day, but the charges for electricity are practically constant. Electricity is a necessity now, and that is the reason why the income of these companies has not fallen.

Mr. PITTMAN. Can the Senator state approximately how much revenue the proposed tax would raise?

Mr. HOWELL. In 1929 the gross income of the operating power companies of the country, as reported by the National Electric Light Association—and I obtained the figures from the Commerce Department—was $1,928,000,000. Three per cent of that would approximate $60,000,000. My estimate is that the amendment would produce more than $50,000,000.

CAUSES OF THE DEPRESSION

Mr. BAILEY. Mr. President, I ask unanimous consent to print in the RECORD a résumé of a lecture at Oxford University by Prof. Gustav Cassel, of Paris, on the causes of the depression. In order that the Senate may be informed of just what my purpose is in requesting the publication of this résumé I desire to read one paragraph:

During the present crisis private enterprise has displayed a wonderful strength, in spite of all the extraordinary disturbances to which it has been exposed by arbitrary State interference. The capitalistic economy, however, necessarily presupposes a reasonable stability of the monetary system upon which it is built. To guarantee this stability is the only essential function of the State in the sphere of economic administration. Here the State has failed—

It is at this point that this eminent economist, who has no superior, so far as standing is concerned, either in Europe or in our land, puts his finger on the spot of our difficulties—

Here the state has failed. It was only when the monetary system broke down that the progress secured by private enterprise was interrupted and the world's economy became involved in the present crisis. It seems very strange that after such experience people still should see the salvation of humanity in an increase of governmental control of economic life.

When we are struggling with a crisis so great the matter of utmost importance is that there shall be no intellectual error in the diagnosis, and I submit the diagnosis of this eminent man for the consideration of the Congress.

The VICE PRESIDENT. Without objection, the résumé will be printed in the RECORD.

The résumé is as follows:

[From the Manchester Guardian]

CAUSES OF THE CRISIS—PROFESSOR CASSEL'S RHODES LECTURE

Those who believe the world crisis is due to overproduction were given matter for reflection by Prof. Gustav Cassel, of Paris, in his second Rhodes lecture at Oxford. Professor Cassel declared that not overproduction but the fall in commodity prices due to financial causes was the central factor in the crisis.

"The postwar generation is no doubt guilty of a whole series of the most appalling faults, mistakes, and violations of fundamental economic principles, which together might well be expected to result in a crisis," he said. "Having finished the war, we have proceeded to claim war debts and reparations without being willing to accept payment, to cut up the world's market by aid of the most extraordinary protectionist devices into almost watertight compartments to prohibit the international migration of men, to hinder the free movement of capital, and to prevent by aid of great valorization schemes a national adjustment of the prices of certain commodities. Within our different countries we have developed monopolies both of enterprise and labor, and in this way have done all we could to restrict internal freedom of movement. Not content with that, we have created systems of unemployment doles calculated to increase the immobility of labor in a very dangerous way, and in addition to ruin public finances.

"Nobody could doubt that the most characteristic feature of the economic development since the middle of 1929 is the extraordinary fall in prices.

"Such a fall in commodity prices was a monetary phenomenon, and required an explanation of a monetary character. In spite of this character of the present crisis the most popular explanations were still those based on vague ideas of overproduction and overexpansion. It was, however, a mistake to believe that production in the years 1925–1929 showed an abnormal rate of progress. Investigations showed that the rate of progress in these years corresponded approximately to the average pre-war rate of 3 per cent per year. The whole idea that the rate of progress was exaggerated and that this exaggeration must necessarily be punished found no support in the actual facts.

"The idea that rapid progress is possible only for a limited period and necessarily must be followed by a period of restriction is based on the superstitious belief that the capacity for production develops faster than that for consumption, and that it is necessary therefore now and then to slow down production for some time in order to give consumption time to overtake production. This belief is based on a defective understanding of the actual mechanism of uniform economic progress. In the normal state of development consumption grows at the same pace as production, and the same is true with regard to saving and creation of fresh capital.

"During the present crisis private enterprise has displayed a wonderful strength, in spite of all the extraordinary disturbances

to which it has been exposed by arbitrary state interference. The capitalistic economy, however, necessarily presupposes a reasonable stability of the monetary system upon which it is built. To guarantee this stability is the only essential function of the state in the sphere of economic administration. Here the state has failed. It was only when the monetary system broke down that the progress secured by private enterprise was interrupted and the world's economy became involved in the present crisis. It seems very strange that after such experience people still should see the salvation of humanity in an increase of governmental control of economic life."

NEW ENGLAND'S ATTITUDE TOWARD SALES TAX

Mr. COOLIDGE. Mr. President, I ask unanimous consent to have printed in the RECORD a story printed in the Boston Transcript May 25, 1932, showing that manufacturers, by a ratio of 11 to 1 in Massachusetts and 9 to 1 in New England, have indorsed a manufacturers' sales tax.

The manufacturers have sent telegrams of the same purport to both the senior Senator from Massachusetts [Mr. WALSH] and myself. The public in general, including the wage earners in Massachusetts and throughout New England, are in favor of the sales tax.

I believe that the amendment offered by the senior Senator from Massachusetts [Mr. WALSH], which provides for a manufacturers' tax which exempts articles of food, clothing, medicines, and other items, will be acceptable to the great mass of people and will accomplish the end which we are all seeking, the balancing of the Budget, so that confidence will be restored to the country.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Transcript, May 25, 1932]

MANUFACTURERS STAND 9 TO 1 FOR SALES TAX—POLL BY NEW ENGLAND COUNCIL SHOWS OVERWHELMING SENTIMENT FOR PROPOSAL—MASSACHUSETTS VOTES 11 TO 1 IN FAVOR—SENATOR WALSH ADVISED RETURNS ARE "INCOMPLETE BUT QUITE CONCLUSIVE"

New England manufacturers, responding to date to the New England Council's poll stand 9 to 1 in favor of the manufacturers' sales tax as a measure toward balancing the Federal Budget, the council announced to-day.

In a telegram to Senator DAVID I. WALSH, who last night advanced a sales-tax proposal in the Senate, the council informed him of the "incomplete but quite conclusive" returns up to noon to-day in its New England-wide canvass. The announcement emphasizes the fact that the council itself is taking no position on the question, but is conducting a poll among New England manufacturers solely to establish the facts as to their attitude.

The 674 votes received up to noon to-day showed, in addition to the 9-to-1 preponderance in favor of the manufacturers' sales tax on the part of New England manufacturers, the following ratios by States: Massachusetts, 11 to 1 in favor; Maine, New Hampshire, and Rhode Island, 9 to 1 in favor; Connecticut, 6 to 1 in favor; Vermont, 5 to 1 in favor.

The council's telegram to Senator WALSH, signed by Dudley Harmon, executive secretary, follows:

"Returns to date in New England council canvass of representative New England industries seem to furnish adequate warrant for statement that they favor low rate general manufacturers' sales tax as means of balancing Federal Budget. Acting neither as an advocate nor as an opponent of the measure, but only in order to determine quickly the actual views of New England industries, on Saturday night last we mailed postcards to our standard list of 2,175 manufacturers long ago selected as the most important industries in New England and carefully distributed as to locations and types of industries. Our inquiry asked them to reply 'yes' or 'no' by return postcard on this question: 'I favor the low-rate manufacturers' sales tax as originally proposed by the Ways and Means Committee of the United States House of Representatives.' Up to noon to-day 674 replies received. Six hundred and eight are checked 'yes' and 66 'no,' a ratio of 9 to 1 in favor for New England industry as a whole. By States the ratios in favor are Massachusetts, which has half of New England's industrial activity, 11 to 1; Maine, New Hampshire, and Rhode Island, 9 to 1; Connecticut, 6 to 1; and Vermont, 5 to 1. In addition we have to-day received letters from such important industrial associations as the Associated Industries of Massachusetts and the Manufacturers' Association of Connecticut stating that their organizations strongly favor the general manufacturers sales tax. Local convasses made by chambers of commerce in Worcester, Lynn, and Milford show similar preponderance of local business opinion, manufacturers and others in favor. I shall advise you of final results of our canvass, but in view of your announcement in the Senate last evening we felt you should be advised promptly of the incomplete but quite conclusive returns to date."

PHILIPPINE INDEPENDENCE

Mr. COPELAND. Mr. President, a short while ago I was speaking about the Philippine independence bill, and it is my desire now, if I may, to continue the discussion.

From my earliest boyhood I have been interested in the Philippines. It so happens that I was born in Michigan, in the county in which the University of Michigan is located. As early as 1874 one of the professors of the university, Prof. Joseph Beal Steere, started out on an expedition to explore the Philippines. He was there a considerable time, and, in spite of the difficulties of transportation, covered a large area of the islands; on horseback and in native boats he traversed the entire country. When the professor returned to civilization he brought back a remarkable collection of birds and animals which are now stored in the museum of the university and known as the Beal-Steere collection.

I recall that among the articles returned was a dugout, a canoe made from a log. It hung suspended in the museum, and I remember as a small boy that my father lifted me up into that canoe. Naturally it excited my curiosity, as my father told me the story of Professor Steere's expedition to the Philippines, that this canoe and the other relics, consisting of spears and axes and other implements of war and peace, had been brought back by Professor Steere and placed in the university.

Then, when I was a student in the university, Professor Steere decided to take another trip to the Philippines. That was in 1887 or 1888. He took with him two of my classmates, Dean Worcester and Frank S. Bourns, afterwards Doctor Bourns, and another student whom I did not know, Mr. E. L. Mosley. So the second expedition to the Philippines was another University of Michigan expedition. In due time these men came back and, of course, told their classmates and friends about the wonders of that country.

They arrived in Manila in September, 1887, and during the next 11 months visited practically all the islands of the group, or at least the chief islands. They were looked upon with suspicion by the Spanish authorities, but escaped any trouble beyond suffering in health from the natural results of exposure to hardship, the climate, and so forth.

In 1890 Worcester and Bourns returned to the Philippines. They were well received this time by the authorities, even by General Weyler, the governor general. These old friends of mine divided their time between association with the high Spanish officials and the wildest savages.

After the Spanish War the University of Michigan had a large part in the reconstruction activities in the Philippines. I remember being in Washington on a visit at that time and was in the office of the Committee on the District of Columbia. Mr. Charles C. Moore, now an honored citizen of this city and head of the National Park and Planning Commission, was secretary to Senator McMillan, of Michigan, who was chairman of the District of Columbia Committee. While I was talking with Mr. Moore Senator McMillan came in and said to Moore, "Who is Dean Worcester?" Mr. Moore replied, "He is a graduate of the University of Michigan; has made two trips to the Philippines. He has just brought out a 2-volume book on the Philippines." As a matter of fact, the material contained in Dean Worcester's book was all we knew in the United States about the Philippine Islands.

After we took the Philippines Dean Worcester was appointed, with President Schurman and General Otis and Admiral Dewey and Colonel Denby, as commissioner of the Philippine Islands. Worcester served on the second commission with Taft and Luke Wright and Henry C. Ide and Bernard Moses. In 1901, when Mr. Taft was made civil governor of the Philippines, Worcester was made Secretary of the Interior.

Then, as civilization proceeded in the Philippine Islands courts were established, and once more—and, if I may, I say it with some pride, Mr. President—my own university furnished Judge Johnson and Judge Smith and Judge Malcolm, Johnson and Malcolm still serving in the courts of the Philippines. And with the establishment of a university in the Philippines, Prof. Paul C. Freer, an old friend of mine from the university, was loaned to the Philippines and became dean of the scientific school. So you will see, Mr.

President, for personal reasons I have had always an interest in the Philippine Islands.

Almost the first public speeches I ever made—I did not realize then that I would be filling in time for the Finance Committee of the United States Senate while waiting for them to return with their report and for the visit of the President—related to the freedom of Cuba. I went around the country agitating intervention in Cuba in order that the suffering people there might be released from the tyranny of oppression.

Now we have before us a problem growing out of the Spanish War, the Philippine problem. We have pending here measures which have to do with their release from our sovereignty. Within a short time the Senate must decide what action it will take with reference to those measures.

In a way, Mr. President, I am sorry that I have given the matter any study. It is almost cruel for me to impose my views upon the Senate, because I assure Senators that if they will study this question in a broad, open-minded way, each of them, I think, will reach the same conclusion I have reached, that there is no authority under the Constitution for us to alienate sovereignty over the Philippine Islands. These islands have become fused in the common territory of our country; they belong to the people of the United States. We have no more right to alienate sovereignty over them than we have to alienate sovereignty over Colorado or Texas or California or my own State of New York. These islands are the property of the people of our country, and only by the mandate of the people can they be given sovereignty or our ownership released in any other manner.

In my opinion, Mr. President, it requires an amendment to the Constitution to divest ourselves of the responsibility and ownership of the Philippine Islands.

When I say this, I know there are many upon the floor, undoubtedly the large majority of the Senate, who take the opposite view. But I am here to say that except in the establishment of boundaries where we thought we had sovereignty, the American flag has never been taken down from over any land on the face of the earth. Where the American flag has once flown it was destined from the beginning to stay forever, unless the people, exercising their sovereign right, should determine that by an amendment to the Constitution the Congress might alienate territory or sovereignty.

I had a colloquy with the eminent Senator from Montana [Mr. WALSH], than whom there is no greater authority on law, in my opinion, in the Congress of the United States. In a colloquy with him he called attention to a part of Samoa, and said that there was an instance where sovereignty had been released. I had no effective reply at the time, because I was not fully informed then. I am now. We never gave up in Samoa one single island that was ever ours by any right of agreement or treaty.

The Samoan Islands, Mr. President—at least, such parts of them as we are interested in—lie between longitude 171 and 170 west of Greenwich. There are other islands in this group which lie west of the one hundred and seventy-first degree of longitude. At one time these islands were divided in their control between the countries of Great Britain, Germany, and the United States. Our interest in the Samoan Islands is founded on a treaty of commerce concluded on January 17, 1878, ratified by the President, confirmed by the Senate, and proclaimed on February 13, 1878.

I want to call attention to what is dealt with in that treaty.

This is a treaty which relates wholly to Tutuila, and our reason for desiring it was that we could have a naval station at Pago-Pago. This, perhaps, is not the occasion to enlarge upon the particular treaty, but one interested may find it on page 1574 of volume 2 of the Treaties, Conventions, International Acts, Protocols, and Agreements between the United States of America and Other Powers, a Government document—Document No. 357 of the Sixty-first Congress, second session. It is by this treaty only that we have any rights whatever in Samoa.

When my attention was called by the Senator from Montana [Mr. WALSH] to what had happened in Samoa, what he said seemed to be an effective reply to my statement that the United States has never hauled down its flag; but let me refer to the convention with regard to the Samoan Islands held in Washington in 1899. The convention was concluded on December 2. The Senate was advised, the treaty was ratified, and proclaimed on February 16, 1900.

By this treaty Great Britain renounced all interest in the Samoan Islands, and Germany and Great Britain both renounced in favor of the United States all rights and claims over and in respect to the island of Tutuila and all other islands in the Samoan group east of longitude 171 west of Greenwich. Then, reciprocally, the United States of America renounced in favor of Germany all our rights and claims over and in respect to the islands of the Samoan group west of longitude 171 west of Greenwich. That would seem to mean that we had actually given away territory; but, as a matter of fact, we never owned an inch of land west of 171. We had no claim whatever to any territory over there; and our act was exactly like mine would be if I deeded the property that the Capitol stands on, having no right or title whatever to it.

So, Mr. President, that is the only instance that has been raised in my hearing that indicated that the United States had pulled down its flag. My statement stands that we never have lowered our flag over one bit of territory that rightfully belonged to us; and, in my opinion, we have no constitutional right to do it.

On another occasion I shall attempt to amplify my views regarding the Philippines and their independence.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. COUZENS. Mr. President, I desire to make just a few comments with respect to the speech made by the Senator from Pennsylvania [Mr. REED] yesterday, and to say that though I am of foreign birth I have no desire to nor have I at any time sold America short. But, Mr. President, it seems that some of our colleagues and some others are willing to sell America short for the sake of putting over their own program.

Mr. CONNALLY. Mr. President, will the Senator yield to me to make the point of no quorum?

Mr. COUZENS. I yield for that purpose.

Mr. CONNALLY. I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hebert	Patterson
Austin	Costigan	Howell	Reed
Bailey	Couzens	Hull	Robinson, Ark.
Bankhead	Cutting	Johnson	Robinson, Ind.
Barbour	Dale	Jones	Sheppard
Barkley	Davis	Kean	Shipstead
Bingham	Dickinson	Kendrick	Smoot
Blaine	Dill	Keyes	Stephens
Borah	Fess	King	Thomas, Idaho
Bratton	Fletcher	La Follette	Thomas, Okla.
Broussard	Frazier	Logan	Townsend
Bulkley	George	McGill	Trammell
Bulow	Glass	McKellar	Tydings
Byrnes	Glenn	McNary	Vandenberg
Capper	Goldsborough	Metcalf	Walcott
Caraway	Gore	Moses	Walsh, Mass.
Carey	Hale	Neely	Walsh, Mont.
Cohen	Hastings	Norris	Watson
Connally	Hatfield	Nye	Wheeler
Coolidge	Hawes	Oddie	White

The VICE PRESIDENT. Eighty Senators having answered to their names, there is a quorum present.

Mr. COUZENS. Mr. President, before the quorum was called, I asked the opportunity of saying a few words concerning the statements of the Senator from Pennsylvania made on the floor of the Senate yesterday with respect to the withdrawal of gold from this country and with respect to the terrible prospects. While I am of foreign birth, I have never engaged in selling America short. Nor would

I adopt any plan or policy to help to frighten the people of my adopted country. The kind of misinformation the Senator from Pennsylvania gave to the public yesterday is most alarming and unwarranted.

I am not charging the Senator from Pennsylvania with making any misstatements with knowledge, but I want to point out that the statements he made last evening were not true in fact, that the conditions are not such as he describes, and that the conditions with respect to gold withdrawals are not going on to the extent which he elaborated.

Not only that, the conditions are not as terrifically bad as they are described by some of the propagandists for the adoption of the so-called sales tax.

The Senator from Pennsylvania is quoted in the RECORD as saying last evening, among other things:

We are going to face the facts when we consider this bill the remainder of the time it is under consideration. We are going to face the facts and realize that as Americans it is our duty to balance the Budget and show the world that America is sound. We know it is sound, but the world has begun to distrust it.

Mr. President, I do not know any group of American citizens who distrust America, unless it is the creditor class. This whole campaign is directed for the benefit of the creditor class, entirely ignoring the pitiable condition of the debtor class. This whole agitation to maintain the gold standard and to balance the Budget is just a part of the propaganda for the purpose of extracting from the debtor class the last ounce of ability to pay.

The Senator from Pennsylvania continued:

As I said this morning, gold is being drained out of the United States as fast as the steamers can take it. The amount that can be carried upon any one steamer is limited by the amount of insurance the underwriters will give on a single shipment in one vessel, and, thank Heaven, the number of vessels going is comparatively limited.

Think, Mr. President, that the Senator is calling to Heaven to maintain the creditor class, notwithstanding what the debtor class may have to go through to supply the needs. I quote further:

We lost about $100,000,000 in the six business days of last week. We lost half that much the week before.

He again calls upon Heaven:

Heaven only knows what we will lose this week. But the limit is the capacity of the steamers themselves, and the amount of insurance that can be obtained upon them.

Mr. President, in last night's Washington Star there was a dispatch from New York, and I desire to quote from it, at least in part:

NEW YORK, May 30.—Although New York banks and exchanges were closed to-day in commemoration of Memorial Day, many bankers and brokers kept in constant touch with Washington to learn the outcome of the tax discussions there, because of their possible effect on the current drain of gold from the United States and the fall of the dollar over the week-end. Should the tax discussions lead to a quick balancing of the Budget, they would at the same time put an end to the gold efflux.

That is the very thing those who have gone through this bill up to date want to do, immediately to balance the Budget. It could have been balanced either Saturday night or last night. I continue to quote:

A net loss of $90,757,900 of gold, the largest since last October—

Remember, that is just since last October. Last October it was more than it is now—

A net loss of $90,757,900 of gold, the largest since last October, has featured a series of unpleasant financial events, including a severe decline in bonds, in the New York market in the past week. This latest movement has brought the total of efflux to $284,835,000 since the metal movement was resumed on April 13. As a result of these exports American gold monetary stocks now total $4,207,000,000, a loss of 12 per cent since this time last year.

In spite of all the great depression, it has dropped off only 12 per cent in a year:

This gold flow coincides with fresh foreign fears for the stability of the dollar. These fears have been fanned again by congressional talk of "inflation," which is like deadly poison to Europe. Such "inflation fears" were spurred by the passage by the House of the Goldsborough bill, discussions of a soldiers' bonus to be paid in newly issued currency, and proposals of a huge Government bond issue for unemployment relief. The foreigners' fears also have been aggravated by the congressional failure thus far to balance the Budget.

A study of the weekly Federal reserve system statements during March, or shortly after the passage of the Glass-Steagall bill and the system's inauguration of its Government security buying program, reveals a slight increase—

A slight increase—

in gold stocks. Discussions about the Goldsborough bill, which was passed by the House May 2 and which the Senate Committee on Banking and Currency is considering this week, engendered inflationary fears, so foreigners renewed their gold withdrawals.

NOTE CIRCULATION FIGURES

The manner in which the Glass-Steagall bill is operating is indicated by the reserve system's statements on March 23 and May 26. On the former date Federal reserve note circulation totaled $2,822,755,000. It was secured by 75.6 per cent gold and 24.4 per cent commercial paper.

Where is the hazard to our country, when 75 to 76 per cent of all our issue is secured by gold?

On the latter date—

That is, May 26—

on the latter date reserve-note circulation totaled $2,758,223,000. It was secured by 76 per cent gold, 17 per cent commercial paper, and 7 per cent by United States Government securities.

Since early discussions of the Goldsborough bill began, or between April 13 and the present, $284,835,000 of gold has been exported, despite betterments in other directions, brought about by the Glass-Steagall Act.

Mr. President, I do not intend to finish reading this article, but I ask to have the whole article printed in the RECORD at the end of my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. COUZENS. Mr. President, there is absolutely no justification, there is no warrant, for this scattering fear throughout the Nation about the country going off the gold standard, with such a standing as now exists in the Federal reserve. But whether we do or not, just why is it so critical, especially to the debtor class? Just why have we to make all of the sacrifices to maintain the gold standard and to balance the Budget, all in the interest of the creditor class?

I am not able to revert to the remarks made by the Senator from Illinois last night with respect to patriotism; but I want to say that all of the patriotism in the United States does not belong to the creditor group. There are a great many millions of our people who are heavily in debt, who are under heavy obligations, who have no sources of income, who should be protected and cared for, even though we have to make some sacrifice in our legislation against the interests of the creditor class.

(The article from the Washington Star of May 30 is as follows:)

BROKERS WORRIED BY GOLD OUTFLOW—WALL STREET TRADERS KEEP IN CLOSE TOUCH WITH TAX DISCUSSIONS

NEW YORK, May 30.—Although New York banks and exchanges were closed to-day in commemoration of Memorial Day, many bankers and brokers kept in constant touch with Washington to learn the outcome of the tax discussions there because of their possible effect on the current drain of gold from the United States and the fall of the dollar over the week-end. Should the tax discussions lead to a quick balancing of the Budget, they would at the same time put an end to the gold efflux.

A net loss of $90,757,900 of gold, the largest since last October, has featured a series of unpleasant financial events, including a severe decline in bonds, in the New York market in the past week. This latest movement has brought the total of efflux to $284,835,000 since the metal movement was resumed on April 13. As a result of these exports, American gold monetary stocks now total $4,207,000,000, a loss of 12 per cent since this time last year.

INFLATION TALK FANS FEARS

This gold flow coincides with fresh foreign fears for the stability of the dollar. These fears have been fanned again by congressional talk of "inflation," which is like deadly poison to Europe. Such "inflation fears" were spurred by the passage by the House of the Goldsborough bill, discussions of a soldiers' bonus to be paid in newly issued currency, and proposals of a huge Government bond issue for unemployment relief. The foreigners' fears also have been aggravated by the congressional failure thus far to balance the Budget.

A study of the weekly Federal reserve-system statements during March, or shortly after the passage of the Glass-Steagall bill and the system's inauguration of its Government security-buying pro-

gram, reveals a slight increase in gold stocks. Discussions about the Goldsborough bill, which was passed by the House May 2 and which the Senate Committee on Banking and Currency is considering this week, engendered inflationary fears, so foreigners renewed their gold withdrawals.

NOTE-CIRCULATION FIGURES

The manner in which the Glass-Steagall bill is operating is indicated by the reserve system's statements on March 23 and May 26. On the former date Federal reserve note circulation totaled $2,822,755,000. It was secured by 75.6 per cent gold and 24.4 per cent commercial paper. On the latter date reserve-note circulation totaled $2,758,223,000. It was secured by 76 per cent gold, 17 per cent commercial paper, and 7 per cent by United States Government securities.

Since early discussions of the Goldsborough bill began, or between April 13 and the present, $284,835,000 of gold has been exported, despite betterments in other directions brought about by the Glass-Steagall Act, the open-market purchases of Government securities by the reserve system, the work of the Reconstruction Finance Corporation, and antihoarding campaigns which have caused circulation to decrease.

Wall Street believes that the quicker the Budget is balanced by the passage of a sales tax or otherwise and Congress adjourns the better off this country will be, because the foreigners' fears of inflation will be allayed and the gold-export movement will naturally subside.

Mr. REED. Mr. President, the Senator from Michigan began his remarks by stating that unintentionally I had said a lot of things last night that were not true. The Senator then very kindly read an article from last night's paper which confirmed everything I had said. Consequently I do not need to answer.

When the Senator says that the agitation in favor of balancing the Budget and the agitation and anxiety that this country should remain on the gold standard are due to propaganda in favor of the creditor class, he betrays a state of mind which I am afraid is past cure.

Mr. SMOOT. Mr. President, I have about eight or nine perfecting amendments to offer.

Mr. HARRISON. Mr. President, does not the Senator think we ought to wait until the President makes his address to the Senate before we go further in the consideration of the bill?

Mr. SMOOT. Just as soon as the President arrives we can desist from the consideration of the amendments.

Mr. NORRIS. Mr. President, the amendment offered by my colleague is now pending.

Mr. SMOOT. These are just perfecting amendments, and I thought I could offer them without displacing the amendment offered by the junior Senator from Nebraska. I send to the desk the following amendment.

The VICE PRESIDENT. The amendment would not be in order at this time.

Mr. SMOOT. Mr. President, I ask unanimous consent that I may offer the amendments.

Mr. HOWELL. Mr. President, the amendment now pending I withdrew yesterday upon request. I do not feel that I can withdraw it again.

Mr. NORRIS. Let us vote on it.

Mr. SMOOT. The Senator objects, then?

Mr. HOWELL. I object to withdrawing my amendment to allow the Senator's amendment to be considered.

Mr. SMOOT. My amendment would not have to be discussed. If it led to any discussion, I would withdraw it immediately. I did not want to displace the Senator's amendment.

Mr. HOWELL. If it leads to no discussion, I will have no objection to temporarily laying aside my amendment.

Mr. SMOOT. I am sure it would lead to no discussion.

Mr. HOWELL. But I would want to proceed with my amendment immediately upon the conclusion of the consideration of the amendments the Senator refers to.

Mr. SMOOT. It is 12 o'clock now, and I shall not ask the Senator to withdraw his amendment.

ADDRESS BY THE PRESIDENT (S. DOC. NO. 97)

The hour of 12 o'clock having arrived, the President of the United States was escorted into the Chamber by Mr. WATSON and Mr. ROBINSON of Arkansas, and, having been presented to the Senate by the Vice President, delivered from the Secretary's desk the following address:

Mr. Vice President and Senators:

An emergency has developed in the last few days which it is my duty to lay before the Senate.

The continued downward movement in the economic life of the country has been particularly accelerated during the past few days, and it relates in part definitely to the financial program of the Government. There can be no doubt that superimposed upon other causes the long-continued delays in the passage of legislation providing for such reduction in expenses and such addition to revenues as would balance the Budget, together with proposals of projects which would greatly increase governmental expenditures, have given rise to doubt and anxiety as to the ability of our Government to meet its responsibilities. These fears and doubts have been foolishly exaggerated in foreign countries. They know from bitter experience that the course of unbalanced budgets is the road to ruin. They do not realize that slow as our processes may be we are determined and have the resources to place the finances of the United States on an unassailable basis.

The immediate result has been to create an entirely unjustified run upon the American dollar from foreign countries, and within the past few days, despite our national wealth and resources and our unparalleled gold reserves, our dollar stands at a serious discount in the markets of the world for the first time in half a century. This can be and must be immediately corrected or the reaction upon our economic situation will be such as to cause great losses to our people and will still further retard recovery. Nor is the confusion in public mind and the rising feeling of doubt and fear confined to foreign countries. They are reflected directly in diminished economic activity and increased unemployment within our own borders and among our own citizens. There is thus further stress upon already diminished and strained economic life of the country.

No one has a more sympathetic realization than I of the difficulties and complexities of the problem with which the Congress is confronted. The decrease in revenues due to the depression by upward of $1,700,000,000 and the consequent necessity to reduce governmental expenditures, the sacrifice such reduction calls for from many groups and sections, the further sacrifice called for in the distribution of the remaining burden by the imposition of new taxes, all constitute a problem which naturally arouses wide divergence of sectional interest and individual views. Yet if we are to secure a just distribution of these sacrifices in such fashion as to establish confidence in the integrity of the Government, we must secure an adjustment of these views to quick and prompt national action, directed at one sole purpose; that is, to unfetter the rehabilitation of industry, agriculture, and unemployment. The time has come when we must all make sacrifice of some parts of our particular views and bring these dangers and degenerations to halt by expeditious action.

In the stress of this emergency I have conferred with members of both parties of the Senate as to methods by which the strains and stresses could be overcome and the gigantic resources and energies of our people released from the fetters in which they are held. I have felt in the stress of this emergency a grave responsibility rests upon me not only to present the situation to the Senate but to make suggestions as to the basis of adjustment between these views which I hope will lead to early action. And I am addressing myself to the Senate on this occasion as the major questions under consideration are now before this body.

We have three major duties in legislation in order to accomplish our fundamental purposes.

First. Drastic reduction of expenditures.

Second. Passage of adequate revenue legislation, the combination of which with reductions will unquestionably beyond all manner of doubt declare to the world the balancing of the Federal Budget and the stabilizing of the American dollar.

Third. Passage of adequate relief legislation to assure the country against distress and to aid in employment pending the next session of Congress.

It is essential that when we ask our citizens to undertake the burdens of increased taxation we must give to them evidence of reduction of every expenditure not absolutely vital to the immediate conduct of the Government. The Executive Budget of last December provided for a reduction of expenditures in the next fiscal year over the then estimated expenditures of the current year by about $370,000,000. I have recommended to the Congress from time to time the necessity for passage of legislation which would give authority for further important reductions in expenditures not possible for consideration by either the Executive or the committees of Congress without such legislation.

An earnest nonpartisan effort was made to secure these purposes in a national economy bill in the House, but it largely failed. That subject is under review by the bipartisan committee appointed from the members of the Senate Appropriations Committee, and I am informed it has tentatively agreed upon a recommendation which would aggregate savings of $250,000,000, together with a number of undetermined further possibilities. I am not informed as to details of these recommendations, although I learn that my own suggestions in many instances have not been accepted. But I do know that the committee has made honest and earnest effort to reach a just reduction in expenditures, and I trust therefore that despite any of our individual views or the sacrifice of any group that we can unite in support and expeditious adoption of the committee's conclusions. In addition to the economies which may be brought about through the economy bill, the direct reductions of the Appropriations Committees should increase this figure to at least $400,000,000, not including certain postponements to later deficiency bills. As this sum forms the basis of calculations as to increased taxes necessary, it is essential that no matter what the details may be, that amount of reduction must be obtained or taxes must be increased to compensate. If this minimum of $400,000,000 is attained by congressional action, together with the $369,000,000 effected through Executive Budget, except for amounts already budgeted for public works in aid to unemployment and increased costs of veterans, we will have reduced expenditures of this Government to the lowest point since 1916.

In the matter of tax legislation we must face the plain and unpalatable fact that due to the degeneration in the economic situation during the past month the estimates of fertility of taxes which have been made from time to time based upon the then current prospects of business must be readjusted to take account of the decreasing business activity and shrinking values. The Finance Committee has been advised that the setbacks of the past month now make it evident that if we are to have absolute assurance of the needed income with breadth of base which would make a certainty of the collections, we must face additional taxes to those now proposed by the Senate Finance Committee.

I recognize the complaint that estimates of the taxes required and reductions of expenses needed have been repeatedly increased; but, on the other hand, it should be borne in mind that if tax and economy legislation recommended from time to time since last December had been promptly enacted there would have been less degeneration and stagnation in the country. But it is unprofitable to argue any such questions. We must face the situation as it exists to-day.

In the course of the six months during which the revenue bill has been considered in the House and Senate, practically every form of tax has been suggested at one time or another. Many have found their way into the bill later to be rejected. The total amount Congress originally set out to obtain has been gradually whittled down, either by actual reductions or degeneration of the situation, while needs have increased.

If we examine the major sources of possible increases in taxes now proposed and the nature of taxes already voted, it may well be that the income taxes have already been raised to the point of diminishing returns through avoidance which will ensue by the use of tax-exempt securities and are already so high as to approach the danger point in retardation of enterprise. It is advisable that more relief should be given to earned incomes. Nor will further increase in income tax, even including the proposals of Senator CONNALLY, cover the gap in our revenues or provide against any failure to reduce expenses to the full amount I have stated. The Senate has already imposed a multitude of specific manufacturers' excise taxes on special industries. Some of them appear discriminatory and uncertain in their productivity. I have not and do not favor a general sales tax. It has not been proposed by the Treasury. A sales tax is not, however, to be confused with an extension of the special manufacturers' excise taxes to a general manufacturers' excise tax with exemptions of food and clothing. This is an entirely different tax from a so-called sales tax and can not be pyramided. Even this general manufacturers' excise tax has not been proposed by the Treasury, although at the time such a tax was unanimously recommended by the Ways and Means Committee of the House, representing both political parties and their leaders in the House of Representatives, the Secretary of the Treasury accepted it in the hope that immediate passage of the bill would result. In order, however, to solve our problem and give assurance to the country and the world of the impregnability of the American dollar and that we are ready to meet our emergencies at any sacrifice, I have now come to favor an extension, for a limited period, of the many special excise taxes to a more general manufacturers' excise tax and will support the Congress if it should be adopted. Whether this be the course or not, some further emergency-tax sources should be incorporated in the pending bill.

Our third problem is that of relief. The sharp degeneration has its many reflexes in distress and hardship upon our people. I hold that the maintenance of the sense of individual and personal responsibility of men to their neighbors and the proper separation of functions of the Federal and local Governments require the maintenance of the fundamental principle that the obligation of distress rests upon the individuals, upon the communities, and upon the States. In order, however, that there may be no failure on the part of any State to meet its obligation in this direction I have, after consultation with some of the party leaders on both sides, favored authorization to the Reconstruction Finance Corporation to loan up to $300,000,000 to State governments where they are unable to finance themselves in provision of relief to distress. Such loans should be made by purchase of State bonds by the corporation; but where States are unable to issue bonds, then loans should be made upon application of State authorities; and if they are not regularized by the issuance of bonds within a period of 12 to 18 months, they should become a charge upon the Federal aid funds to which such States may be entitled.

In order to aid unemployment and to avoid wasteful expansion of public works, I have favored an authority to the Reconstruction Finance Corporation to increase its issues of its securities to the maximum of $3,000,000,000 in order that it may extend its services both in aid to employment and agriculture on a wide scale. Under the methods proposed the corporation is to be (a) authorized to buy bonds from political subdivisions or public bodies to aid in construction of income-producing or self-liquidating projects; (b) to make loans to established enterprise upon adequate security for advancement of sound projects that will increase employment, but safeguarded by requirement that some portion of outside capital is also provided; (c) to divert a portion of the unexpended authorizations of agricultural loans through the Secretary of Agriculture to the finance exports of agricultural products; (d) to make loans to institutions upon security of agricultural commodities to assure the carrying of normal stocks of these commodities and thus by stabilizing their loan value to steady their price levels; (e) to make loans to the Federal Farm Board to enable extension of finance of farm cooperatives.

I have not been able to favor the expansion of public works beyond the program already proposed in the Budget. I have for many years advocated speeding up of public works as relief to unemployment in times of depression. Since the

beginning of this depression, in consonance with this view, the Federal Government will have expended in excess of $1,500,000,000 in construction and maintenance of one kind or another as against a normal program of perhaps $650,000,000 for a similar period. The Budget for next year calls for over $550,000,000, or double our usual outlay. If we shall now increase these programs we shall need instantly to increase taxes still further. We have already forced every project which we have justification with any regard to the taxpayer and the avoidance of sheer waste. It is not my desire on this occasion to argue the comparative merits of extending such a program and that of financing an even larger program of employment on productive works through the Reconstruction Finance Corporation. We are indeed all desirous of serving our fellow citizens who are in difficulty, and we must serve them in such a fashion that we do not increase the ranks of unemployed. I may emphasize that this alternative program avoids drain upon the taxpayer and above all, if we are to balance our Budget and balance it in such fashion that our people and the world may know it is balanced, we can not make further appropriations in any direction beyond the amounts now before the Congress.

I am confident that if the Congress could find in these suggestions which come from members of both parties a ground for adjustment of legislation on those dominant particulars and could bring it into immediate action, it would yield not only relief to the country but would reestablish that confidence which we so sorely need.

The natural wealth of this country is unimpaired, and the inherent abilities of our people to meet their problems are being restrained by failure of the Government to act. Time is of the essence. Every day's delay makes new wounds and extends them. I come before you in sympathy with the difficulties which the problem presents and in a sincere spirit of helpfulness. I ask of you to accept such a basis of practical adjustment essential to the welfare of our people. In your hands at this moment is the answer to the question whether democracy has the capacity to act speedily enough to save itself in emergency. The Nation urgently needs unity. It needs solidarity before the world in demonstrating that America has the courage to look its difficulties in the face and the capacity and resolution to meet them.

The President of the United States retired from the Chamber escorted by Mr. WATSON and Mr. ROBINSON of Arkansas.

The VICE PRESIDENT. The message will lie on the table and be printed.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. WALSH of Montana. Mr. President——

Mr. SMOOT. Mr. President, I ask the Senator from Nebraska if he knows of any further discussion upon his amendment?

Mr. HOWELL. I think there will be some further discussion upon it.

The VICE PRESIDENT. The Senator from Montana was trying to secure recognition.

Mr. SMOOT. Mr. President, if the Senate will excuse the Committee on Finance, we have a number of matters to dispose of, and I ask the committee now to meet in the room of the Committee on Military Affairs for a continuance of the consideration of questions which we were discussing this morning.

Mr. WALSH of Montana. Mr. President, it appears to be desirable, if not entirely necessary, that we impose upon the people of the country still further taxes in order to meet the necessary expenses of the Government. The Senator from Nebraska [Mr. HOWELL] proposes to impose a tax of 3 per cent upon the gross income of companies engaged in the production of electrical energy. He has pointed out that this is an industry that has not only not suffered with other industries throughout the country by reason of the general depression, but that it has held its own and, in many instances, has shown a better return for 1931 than for 1930.

We have been obliged to impose heavy burdens, for instance, upon the automobile industry and upon various other lines of activity that can ill endure the added tax. Here is one industry that can stand it by reason of its relative prosperity. The tax proposed will not be burdensome and yet will produce a revenue of $50,000,000 to the Government.

That it can endure the tax, Mr. President, was clearly pointed out by the Senator from Nebraska, and I regret very much, indeed, that greater attention was not paid to his discussion of his amendment.

To indicate that he is entirely correct about the situation, so far as the income of these companies is concerned, I call attention to an advertisement which is found in the Review of Reviews for the month of June, which came to our desks a few days ago. It is an advertisement of the Associated Gas & Electric System, whose offices are at 61 Broadway, New York. I read as follows:

THREE REASONS FOR THE STABILITY OF UTILITY REVENUES

Electric and gas utilities enjoy unusual stability of revenues, because—

1. Electricity and gas are not subject to wide price fluctuations. While utilities do not make the profits a private business can earn in prosperous times, they do not suffer the same losses in poor times.

2. Electricity and gas are growing industries which supply a daily need in the home.

3. There is no problem of overproduction. Only as much gas and electricity is produced as is used.

Of the Associated System's 1,434,000 customers, 1,189,000 are residential electric and gas users. The average annual use of electricity by residential customers increased 8.3 per cent during 1931, and their use of gas maintained its previous level. This gain offset industrial losses to the extent that the system recorded a total increase of approximately 1 per cent in gross operating revenues for all departments.

For information about facilities, service, rates write Associated Gas & Electric System, 61 Broadway, New York.

The same company has an advertisement of much the same character in Time of April 18, 1932, as follows:

8.3 PER CENT MORE ELECTRICITY USED IN ASSOCIATED HOMES

An increase of 8.3 per cent in the average annual use of electricity was recorded during 1931 in the homes served by the Associated System. This gain resulted from—

1. Success of the system in distributing load-building appliances like ranges, refrigerators, water heaters. Estimated annual revenue from all new business activities during 1931 totals $5,839,000.

2. Acceptance by customers of inducement rates, which makes possible additional use of current at a low unit cost.

Over 20,000 new electric customers were put on associated lines during the year. The sound expansion of the system's domestic electric service provides an important and stable source of revenue for associated securities.

The Senator from Nebraska pointed out that this condition is not peculiar to any particular section of the country. He called attention to the advancing revenues of the local power and light companies as well as to the same condition in the company furnishing power and light for the city of Omaha.

I have before me here the weekly Moody's Public Utilities Reports, from which it will appear that the same condition prevails throughout the country. There has been a falling off in revenues of those companies which supply a large share of the energy for industrial uses; but in the case of practically all the companies whose activities are confined to domestic customers the returns for 1931 have exceeded those for 1930, and for reasons pointed out by the Senator from Nebraska—namely, their rates remain stable, their domestic customers demand practically the same amount, and their expenses have decreased with the fall of prices generally.

From this volume of Moody's, at page 948, we learn that the Buffalo, Niagara & Eastern Power Corporation had net earnings for 1930 of $16,409,588, and for 1931 had net earnings of $17,103,077—an increase in net revenues of something like $800,000.

At page 952 we learn that the Kansas Power & Light Co. had net revenues for 1930 of $1,143,243, and for 1931 of $1,175,402.

At page 953 we find the returns for the Michigan Electric Power Co., as follows:

For 1930	$177,826
For 1931	219,885

Let us go to quite the opposite section of the country—to New England.

At page 955 we have the returns for the New England Gas & Electric Association, consolidated earnings, 12 months to March 31, 1932. That brings us down very nearly to date. The returns for 1930 were $3,772,030, and for 1931, $3,824,175.

The Mountain States Power Co.—whose offices, as I recall, are at Denver—had, for 1930, net income of $371,841, and for 1931, $373,438.

At page 967 we have the report for the Buffalo General Electric Co., showing that in 1930 it had returns of $5,186,533 and for 1931, $5,613,237.

I find that the returns of the Niagara Power Co., for instance, were less in 1931 than 1930, that company having for its chief customers those engaged in industrial enterprises, and furnishing energy for power instead of light.

Here, Mr. President, if we desire additional revenue, which seems to be necessary, is an opportunity to get it to the extent of $50,000,000, without imposing any hardship whatever upon the industry affected.

There are abundant reasons, as it seems to me, why the amendment offered by the Senator from Nebraska ought to have the favorable consideration of this body.

Mr. GLASS. Mr. President——

Mr. WALSH of Montana. I yield to the Senator from Virginia.

Mr. GLASS. I had not the good fortune to listen to the remarks of the Senator from Nebraska. I should like now to inquire of the Senator from Montana whether this tax may not with great facility and completeness be passed on to the consumers of electricity.

Mr. WALSH of Montana. I should say that this is a tax that could scarcely be passed on. Practically every State has its regulatory body; and in order to get it passed on to the consumer it will be necessary to apply to the local commission for readjustment of rates.

Mr. GLASS. Mr. President, from observation and experience, I have a very distinct impression that it can be passed on with the greatest facility and the greatest completeness, for the reason that there are thousands upon thousands of the smaller communities that have no system of meter inspection; and that, I take it, would be true of nearly every rural community. It is not always a question of the kilowatt charge that the consumer has to meet, but the reading of the meter, which very few individual consumers are provident enough to take note of.

Mr. WALSH of Montana. I dare say that it would to some extent be passed on to the consumer. However, I would not regard that in this particular instance as a very serious objection to the imposition of the tax. I think, however, that as to by far the major part of the tax it will be impossible to pass it on.

Mr. BORAH. Mr. President, I have been very favorably impressed with the presentation of this matter by the Senator from Nebraska [Mr. HOWELL] and the Senator from Montana [Mr. WALSH]. It seems to me, on the face of it, that it is a tax which may well be justified. In fact, I rise to ask the Senator from Nebraska, who said he presented the matter to the Finance Committee, what, if any, arguments were presented against it. Why did the Finance Committee give no consideration to it?

Mr. HOWELL. Mr. President, I do not think the matter was considered to any great extent, although I have been told by a representative of the Treasury Department who was before the committee that he opposed it on the general ground that he was opposed to a tax on gross income. But so far as giving facts or figures is concerned, or indicating why it would be an injustice, it is my understanding that there was no evidence and no statement made.

Mr. BORAH. Do I understand that the Secretary of the Treasury opposed it, and for that reason the committee rejected it?

Mr. HOWELL. Yes; that is my understanding.

Mr. BORAH. And he opposed it solely on the ground that he does not believe in a tax on gross income?

Mr. HOWELL. That is my understanding.

Mr. GLASS. Mr. President, whether the tax may or may not be passed on to the consumer—and I am very definitely of opinion that it will almost completely be passed on to the consumer—is it not, in its very essence, an example of a manufacturers' sales tax?

Mr. WALSH of Montana. If the Senator will pardon me, of course the electric-power companies sell electrical energy. There is no doubt about that; and a tax on that is a sales tax to that extent. It is an excise tax, of course, just the same as other excise taxes in this bill.

Mr. BORAH. Would it be any different than what we call the admission tax?

Mr. WALSH of Montana. Undoubtedly. So are the automobile tax, the gasoline tax, and so forth.

Mr. BORAH. It seems to me that these companies can well afford to pay the tax. The same thought that the Senator from Virginia suggested, as to its being passed on, occurred to me when the Senator from Nebraska was presenting it; but there will be some difficulty in passing it on to a marked extent, because it can be done only through the operation or consent of the utility commissions. Of course, in time, if it remains, the companies will undoubtedly present it to the commissions as one of the items which they ought to take into consideration in fixing rates. Perhaps that in time would be taken into consideration and would be passed on.

Mr. PITTMAN. Mr. President, when the Senator from Nebraska [Mr. HOWELL] was discussing this matter this morning I asked him some questions for the purpose of illustrating the way this tax would affect the price of electricity. At the time it was suggested that such a tax be imposed—I think probably it was the time when the Senator from Nebraska first mentioned it here—there were, naturally, protests from various power companies. The one that interested me most was a protest coming from my State, to the effect that it might greatly increase the cost of the power generated at the Boulder Dam project for the use of the State of Nevada, it being the present policy of the State to utilize its portion of that power rather for the development of industries in the State than for profit.

This 3 per cent, if translated into a cost per kilowatt-hour of electric energy, would mean this: At the present time the State of Nevada has the right to purchase electricity generated at the Boulder Dam power house for approximately 2 mills per kilowatt-hour. This tax would add to it six one-hundredths of a mill. In other words, the tax to the State would be 2 mills and six one-hundredths of a mill. I know that our State could very easily stand adding six one-hundredths of a mill to 2 mills.

Mr. WALSH of Montana. Mr. President, I take it that this revenue measure is intended to be only a temporary affair anyway, and will probably have passed its period of usefulness by the time any power is generated at Boulder Dam.

Mr. PITTMAN. There is no question about that.

Mr. WALSH of Montana. So that whatever is the fact, it does not seem to be a practical problem so far as that project is concerned.

Mr. PITTMAN. I only asked the question with regard to the translation of the cost from a money basis to a cost-price basis in kilowatt-hours, because it was easy to see what the burden would be directly on the States.

Most individuals pay from 8 to 10 cents, I believe, per kilowatt-hour in little towns and homes, in the smaller places. If that 3 per cent were added, it might make quite a difference. Nevertheless it will be found that there is such an arbitrary fixing of rates as far as the user of a small amount of electricity is concerned that I doubt whether a company in dealing with that 3 per cent of its gross which is to be paid out of its net income would have very much excuse for requesting the local commission having charge of that matter for a raise.

Mr. HOWELL. Mr. President, I want to call attention to the fact that there are manufacturing establishments which pay as low as half a cent per kilotwatt-hour for their energy. Suppose that were passed on; the tax would amount to fifteen-thousandths of a cent, and it would be impracticable

to add that. Suppose the rate were 3 cents per kilowatt-hour; it would be nine-hundredths of a cent, an addition of nine-tenths of 1 mill. In the case, for instance, of 5 cents it would be fifteen-hundredths of a cent additional. When any power company appealed to a commission for authority to pass that on, unless the commission were perfectly willing to act in accord with the power company's wishes, all they would have to say would be, "It will be necessary to go into a revaluation of your plant," and that would end the matter at once. No one wants a revaluation to-day.

Mr. BROUSSARD. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. BROUSSARD. I think a fair tax should be uniform, and I want to ask the Senator a question. Is it not a fact that high rates for electric power are usually found in the smaller towns, where there are poor people—that is, people less able to pay than those in the large cities? To illustrate in another way, if a man lives next to the Boulder Dam, or some large plant like that on the St. Lawrence River, where the power is cheap, engaged in manufacture, is he not given a great advantage as compared with one in a small village, where there are a thousand people? Is not a man in a town of 500 or 1,000 or 5,000 people, paying about six or seven times as much as one in a large city?

Mr. HOWELL. No; Mr. President, that is not wholly true. In some of our large cities the rates are entirely out of line, and it is an amazing thing that the companies are allowed to charge such rates. For instance, in this city the maximum rate is now 3.9 cents per kilowatt-hour, indicating how low rates can be.

Mr. BROUSSARD. Let us leave out the cities, and let us illustrate it in this way, that one living in a community distant from water power, where power is generated artificially—that is, by coal or steam—has a rate as much as three times that of a person living in some other place. I just want to call attention to what impressed me, that this tax would not be levied uniformly throughout the United States on the basis suggested. If a tax were levied based on the kilowatt-hour, that would be uniform; and if it were 3 per cent of the gross, if you take the case of a man living here, with a rate of 3.9 cents, and take what I pay in my home town, where I think the rate is 12 cents, it is found that I am forced to pay there over three times as much as the man here, on the basis of gross receipts. That is the point I am trying to illustrate.

Mr. HOWELL. It is true that neither adding a constant per kilowatt-hour nor my method would result in uniformity, because if we add a quarter of a cent per kilowatt-hour the manufacturing establishment using energy during the daytime and paying a half a cent a kilowatt-hour would then pay 50 per cent more for its power than otherwise.

Mr. BROUSSARD. Mr. President, my opinion is that if we levied the tax based on the kilowatt-hour, that would be uniform. The proportion the tax would bear to the cost would be disproportionate, but the levy would be uniform.

Mr. HOWELL. Mr. President, in the House they proposed a quarter of a cent a kilowatt, and that was abandoned, I understand, because the big power user said, "This is an enormous increase. We will not be able to use this form of energy. We will have to change." So the House committee eliminated the proposal.

Mr. BROUSSARD. After all, the small user would be paying the same tax as the large user.

Mr. HOWELL. Not in proportion.

Mr. BROUSSARD. Not in proportion to the cost, but I am talking about levying a uniform tax. It is just like levying a tariff on shoes; if we put it at 50 cents a pair of shoes, irrespective of the cost, we are taxing the man who buys the $3 pair of shoes as much as the man who buys the $20 pair of shoes.

Mr. HOWELL. Suppose a man were paying 10 cents a kilowatt-hour, and suppose that were passed on; under my amendment it would be 3 mills per kilowatt that would be passed on.

Mr. BROUSSARD. I know; but I am talking about the uniformity of the tax. I do not think the Senator's proposal is uniform.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The question is on agreeing to the amendment proposed by the junior Senator from Nebraska [Mr. HOWELL].

Mr. WALSH of Montana. Mr. President, I suggest the absence of a quorum.

RECESS

Mr. McNARY (at 12 o'clock and 55 minutes p. m.). Mr. President, if the Senator will withhold his suggestion for a moment, I am advised by the chairman of the Committee on Finance, the Senator from Utah [Mr. SMOOT], and the leader on the Democratic side, the Senator from Arkansas [Mr. ROBINSON], that the Finance Committee would like to have a little time in which to discuss the bill before reporting back to the Senate. If we have reached the point where we are about to vote on the pending amendment, I suggest that we take a recess until 2 o'clock, at which time I think the committee will be ready to go forward. If that is agreeable, I make that suggestion.

Mr. WALSH of Montana. Mr. President, if I may, I withdraw the request for a quorum.

Mr. McNARY. I move that the Senate take a recess until 2 o'clock.

The motion was agreed to; and the Senate took a recess until 2 o'clock p. m., at which hour it reassembled, and the Vice President resumed the chair.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from the trustees of the chamber of commerce of Wayland, N. Y., signed by C. H. Hause, secretary, praying for the prompt passage of legislation to effect the balancing of the Budget, and also the adjournment of the present session of the Congress by June 10, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Kankakee (Ill.) Federation of Labor, favoring the issuance of bonds in sufficient amount to finance a program of public-works improvements, so as to furnish employment, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the International Hod Carriers Building and Common Laborers' Union, of Chicago, Ill., and vicinity, favoring a bond issue of $5,000,000,000 to finance a program of public-works improvements so as to furnish employment, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter from the joint committee of the Workers Ex-Servicemen's League, national provisional bonus march committee, New York City, N. Y., favoring the passage of legislation providing for the immediate cash payment of adjusted-compensation certificates of World War veterans (bonus), and also in reference to the "bonus march to Washington," which, with the accompanying paper, was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition from W. C. Simons, of Lawrence, Kans., praying for the confirmation of James H. Wilkerson, of Illinois, to be United States circuit judge, seventh circuit, which was referred to the Committee on the Judiciary.

He also laid before the Senate a letter from M. W. F. Speers, of Washington, D. C., with reference to the case of Speers Sand & Clay Works (Inc.), against the American Trust Co., trustee (for writs of certiorari, No. 816), pending in the Supreme Court of the United States, which, with the accompanying papers, was referred to the Committee on the Judiciary.

He also laid before the Senate a letter in the nature of a petition from T. C. Woodruff, of Rockford, Ill., praying for the inclusion of a manufacturers' sales tax in the pending revenue bill, which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a petition from Carl Seeman, of New York City, N. Y., praying for the balancing of the Budget through the adoption of

a manufacturers' sales tax in the pending revenue bill, which was ordered to lie on the table.

He also laid before the Senate a letter from A. J. Koepsell, of Mayville, Wis., inclosing a communication relative to beer and prohibition, which, with the accompanying paper, was ordered to lie on the table.

He also laid before the Senate resolutions adopted in convention assembled by the Grand Lodge Knights of Pythias of California, "The Golden Domain," stating, in part, "(1) That to Colonel and Mrs. Lindbergh we express our most sincere sympathy and love. The colonel's fortitude during this darkest hour is the true test of heroism. That the dear mother shall be able to bear this and coming burdens is the prayer of every Pythian; (2) that we here and now renew our faith in our country and its flag, pledging anew our service and, if need be, our lives to aid the proper officers of the law in tracking to destruction the dastardly fiends who perpetrated the crime which has put a blotch of shame upon our country's honor; (3) that we may take back to our several subordinate lodges from this convention that it is the desire of this grand lodge as Americans, as Californians, and again as Knights of Pythias that each unit of our grand domain become a camp fire of Americanism that we may again create respect for God, our homes, and our constituted authority, and that we may play our part in stamping out the enemies from within and preventing the entrance of those from without," which were ordered to lie on the table.

He also laid before the Senate a concurrent resolution adopted by the Legislature of the State of Louisiana, which was referred to the Committee on Agriculture and Forestry, as follows:

House Concurrent Resolution 14 (by Mr. Wimberly)

Whereas the cotton growers of the United States of America are facing dire calamity on account and by reason of the large production and low price of cotton staple; and

Whereas it is expedient and necessary at this time to do everything possible to benefit and assist this one of the greatest revenue producers of the country; and

Whereas there is now before the United States Congress a bill which has been favorably reported by the Committee on Agriculture to have cotton sold by net weight in place and instead of gross weight, which would enable the cotton grower to use bagging made of cotton for the covering of the cotton bales in place of jute bagging, which is predominantly used under the present method of sale; and

Whereas if it is made possible for the cotton grower to use cotton instead of jute bagging it will create a much greater market for his low-grade cotton, and thereby materially increase the price of the better grades; and

Whereas there are now on hand hundreds of thousands of bales of low-grade cotton that could be used economically for the manufacture of cotton bagging and which would be used if cotton was sold and marketed by net weight; and

Whereas all other commodities sold and marketed in the United States are sold by net weight rather than gross weight, and cotton should be rightfully placed on a parity with said other commodities; and

Whereas the cotton grower would be greatly benefited financially each year if this method is adopted; and

Whereas, on account of the difference in weight of cotton and jute bagging, the cotton farmer is practically prohibited from using his own product in the sale of his cotton: Therefore be it

Resolved by the House of Representatives of the State of Louisiana (the Senate concurring), That we recommend and advocate that the United States Congress pass the necessary legislation to have cotton sold by net weight in place and instead of gross weight as all other commodities are sold in the United States at this time: Be it further

Resolved, That a copy of these resolutions be sent to each of the Congressmen and Senators of the State of Louisiana, the United States Congress, the United States Senate, the Speaker of the United States Congress, the President of the United States Senate, and Commissioner of Agriculture and the President of the United States.

I hereby certify that this is a true and correct copy as adopted by the Legislature of Louisiana on May 24, 1932.

E. R. STOKES,
Clerk of the House of Representatives.

Mr. BARBOUR presented a resolution adopted by the Kiwanis Club of Atlantic City, N. J., favoring retrenchment in governmental expenditures and the balancing of the Budget, which was referred to the Committee on Appropriations.

Mr. WALCOTT presented letters, in the nature of memorials from Local Union No. 2, Bricklayers, Masons, Plasterers, Tilesetters, Marble Masons, and Cement Finishers, of Bridgeport, and the International Alliance Theatrical Stage Employees and Moving Picture Machine Operators, of Hartford, in the State of Connecticut, remonstrating against reductions in the compensation of postal employees, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by the Greenwich (Conn.) Building Trades Council favoring the passage of home-loan-bank legislation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Thirty-sixth State Christian Endeavor Convention at Norwich, Conn., indorsing the eighteenth amendment of the Constitution and favoring its observance and enforcement, which was referred to the Committee on the Judiciary.

He also presented a memorial of Silver City Circle, No. 16, Daughters of Isabella, of Meriden, Conn., remonstrating against the passage of legislation providing for the dissemination of contraceptive or birth-control information, which was referred to the Committee on the Judiciary.

He also presented a petition of Ladies of the Home and Foreign Missionary Society of the South Park Methodist Episcopal Church, of Hartford, Conn., praying for the passage of legislation to regulate and improve the motion-picture industry, which was referred to the Committee on Interstate Commerce.

He also presented memorials of teachers of the Southwest School and sundry citizens of Torrington, Conn., remonstrating against the passage of legislation placing a tax upon operators and licenses in connection with amateur radio stations, which were referred to the Committee on Interstate Commerce.

He also presented memorials of Friendship Lodge, No. 33, Ancient Free and Accepted Masons, and William Berry Lodge, No. 50, Knights of Pythias, both of Southington; Shetucket Lodge, No. 27, Independeent Order of Odd Fellows, and the United Workers, both of Norwich, in the State of Connecticut, remonstrating against the passage of Senate bill 4080, providing for the discontinuance of the printing of stamped envelopes, imprinted with the name and address of the sender, which were ordered to lie on the table.

He also presented a petition of sundry citizens of the State of Connecticut, engaged in the fishing industry, praying for the imposition of an import tax of 2 cents per pound on oils and one-half cent per pound on meals and scrap, which was ordered to lie on the table.

He also presented memorials of Plymouth Grange, No. 72, East Windsor Grange, No. 94, and Harmony Grange, No. 92 (of Long Hill), all of the Patrons of Husbandry, in the State of Connecticut, remonstrating against the imposition of taxes on the automobile industry and gasoline, which were ordered to lie on the table.

THE KELLOGG-BRIAND PACT

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a short resolution adopted at a meeting in Boston on March 25 under the auspices of the World Peace Foundation.

The purport of the resolution is that Congress should authorize the calling of an international conference to develop an international policy to be followed by nations signatory to the treaty of Paris (Kellogg-Briand pact), in regard to signatory nations which violate article 2 of the pact by attempting to settle differences by other than pacific means.

This resolution, as I understand it, is in line with the provisions of Senate Joint Resolution 140, introduced by me, which is intended to implement the Kellogg-Briand pact by making effective an embargo against the furnishing of munitions of war to a signatory nation which violates the Kellogg-Briand pact.

The VICE PRESIDENT. Without objection, the resolution will be printed in the RECORD.

The resolution is as follows:

Resolution unanimously passed at a meeting held in Boston on March 25, 1932, under the auspices of the World Peace Foundation

We favor enactment of a measure that will authorize our Government to call or participate in an international conference in case of any threat of nonfulfillment of article 2 of the treaty of Paris (Kellogg-Briand pact).

Signed by Willis J. Abbot, contributing editor of the Christian Science Monitor, Boston; George W. Anderson, judge of United States Circuit Court of Appeals; Newton D. Baker, Cleveland, Ohio; James P. Baxter, 3d, associate professor of history, Harvard University; Phillips Bradley, associate professor of political science, Amherst College; Theodore Collier, head of department of history, Brown University; Leonard Cronkhite, jr., Boston, exporter and importer; J. Anton de Haas, William Ziegler professor of international relationships, graduate school of business administration, Harvard University; Stephen P. Duggan, director Institute of International Education, New York City; John H. Fahey, Boston, publisher, member council and executive committee of International Chamber of Commerce; Edward A. Filene, president William Filene's Sons Co., Boston; Harry A. Garfield, president Williams College, chairman committee on implementation of the Kellogg pact, World Peace Foundation; Leland Goodrich, professor of social and political science, Brown University; Arthur N. Holcombe, chairman of department of government, Harvard University; Bruce C. Hopper, assistant professor of government, Harvard University; Manley O. Hudson, Bemis professor of international law, Harvard Law School; A. Lawrence Lowell, president of Harvard University; Denys P. Myers, research director World Peace Foundation; George A. Plimpton, senior partner Ginn & Co., New York City; Raymond T. Rich, director World Peace Foundation; George Grafton Wilson, professor of international law, Harvard University.

REPORTS OF COMMITTEES

Mr. HOWELL, from the Committee on Commerce, to which was referred the bill (S. 4525) providing for the transfer of the duties authorized and authority conferred by law upon the board of road commissioners in the Territory of Alaska to the Department of the Interior, and for other purposes, reported it without amendment and submitted a report (No. 753) thereon.

Mr. McNARY, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 773) to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce, reported it with an amendment and submitted a report (No. 754) thereon.

He also, from the same committee, to which was referred the bill (S. 763) to extend the provisions of the forest exchange act to lands adjacent to the national forests in the State of Oregon, reported it without amendment and submitted a report (No. 755) thereon.

EXECUTIVE REPORT OF THE PUBLIC LANDS COMMITTEE

As in executive session,

Mr. DILL, from the Committee on Public Lands and Surveys, reported favorably the nomination of Arthur Wellington Doland, of Washington, to be register of the land office at Spokane, Wash. (reappointment), which was placed on the Executive Calendar.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHORTRIDGE:

A bill (S. 4784) for the relief of Frank A. Chew; to the Committee on Claims.

A bill (S. 4785) to establish a national cemetery at Fort Rosecrans, Calif.; to the Committee on Military Affairs.

By Mr. McGILL:

A bill (S. 4786) granting a pension to Faye E. Gulley; to the Committee on Pensions.

By Mr. HASTINGS:

A bill (S. 4787) granting an increase of pension to Elizabeth S. F. Bailey (with accompanying papers); to the Committee on Pensions.

By Mr. BARKLEY:

A bill (S. 4788) granting a pension to Lucinda Van Norsdel; to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 4789) granting a pension to Windom Goss (with accompanying papers); to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 4790) for the relief of William H. Chambliss; to the Committee on Claims.

By Mr. GORE:

A joint resolution (S. J. Res. 167) to carry out certain obligations to certain enrolled Indians under tribal agreement; to the Committee on Indian Affairs.

COSTS OF MEAT CHOPPERS, OPTICAL AND DRAWING INSTRUMENTS

Mr. REED submitted the following resolution (S. Res. 219), which was ordered to lie over under the rule, as follows:

Resolved, That the United States Tariff Commission is hereby authorized and directed to investigate for the purpose of section 336 (title 111, special provisions) of the tariff act of 1930, the differences in the cost of production between the domestic article or articles and the competitive foreign article or articles, and to report at the earliest practicable date on the following items:

1. Meat or food choppers, classified for duty under paragraph 335 as kitchen utensils or under paragraph 372 as machines, together with replacement parts, classified under paragraph 356 as cutting knives, under paragraph 372 as parts of machines, or under paragraph 397 as manufactures of metal.
2. Optical instruments, as described in paragraph 228 (a) (b).
3. Drawing instruments, classified for duty under paragraph 360, and other scientific and laboratory apparatus and instruments as described in the same paragraph.

MESSAGE FROM THE PRESIDENT—APPROVAL OF A BILL

A message in writing from the President of the United States, submitting nominations, was communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on May 28, 1932, the President approved and signed the act (S. 3111) validating certain applications for and entries of public lands, and for other purposes.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Davis	Kendrick	Robinson, Ind.
Barbour	Dickinson	Keyes	Schall
Barkley	Fess	King	Sheppard
Bingham	Fletcher	La Follette	Shipstead
Blaine	Frazier	Lewis	Shortridge
Borah	George	Logan	Smith
Bratton	Glass	McGill	Smoot
Broussard	Glenn	McKellar	Steiwer
Bulkley	Goldsborough	McNary	Stephens
Bulow	Hale	Metcalf	Thomas, Okla.
Byrnes	Harrison	Moses	Townsend
Capper	Hastings	Neely	Trammell
Carey	Hatfield	Norbeck	Tydings
Cohen	Hawes	Norris	Vandenberg
Connally	Hayden	Nye	Wagner
Coolidge	Hebert	Oddie	Walcott
Copeland	Howell	Patterson	Walsh, Mont.
Costigan	Johnson	Pittman	Watson
Couzens	Jones	Reed	White
Dale	Kean	Robinson, Ark.	

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Nebraska [Mr. HOWELL].

Mr. HARRISON. Mr. President, inasmuch as there are very few other matters now to be considered, and notwithstanding the order heretofore entered that we recess at 7.30 o'clock p. m., I ask unanimous consent that that order be vacated and that we remain in session to-day until we finish the consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. REED. Mr. President, reserving the right to object, I share with the Senator from Mississippi a sincere desire that we may finish the bill to-day. But, obviously, we do not want to put it in the control of a single Senator to force us into a long, all-night session. Would it not be better to

ask unanimous consent merely to vacate the order for a recess at 7.30 o'clock p. m.?

Mr. HARRISON. I submit that request at this time.

The VICE PRESIDENT. Is there objection to vacating the order heretofore made for a recess at 7.30 p. m. The Chair hears none, and it is so ordered. The question is on the amendment of the Senator from Nebraska [Mr. HOWELL].

Mr. SMOOT. Mr. President, the Finance Committee has been in session to-day for two or three hours for the purpose of arriving at amendments to the pending bill that will bring sufficient revenue to balance the Budget. We agreed upon certain amendments recommended by the Treasury, and we have the solemn word of the Secretary of the Treasury that if these amendments are agreed to by the Senate the Budget will be balanced.

There are three of the amendments, one of which we have already agreed to, that being the Connally amendment. The next is a tax on gasoline of 1 cent per gallon at the refinery, and the third is a tax of 5 per cent on electric energy to be paid by the consumer, which will raise $60,000,000. In other words, the three items will raise $251,000,000, which would give us a few million dollars more than we lack now to balance the Budget as recommended by the Treasury.

The Senator from Nebraska [Mr. HOWELL] has offered an amendment proposing a tax upon electric energy and gas as well. The committee, however, have taken this into consideration and propose a tax on electric energy and gas. I send to the desk the following amendment as a substitute for the amendment of the Senator from Nebraska.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The CHIEF CLERK. On page 286, after line 19, insert a new part, as follows:

PART —. TAX ON ELECTRIC ENERGY AND GAS

SEC. —. TAX ON ELECTRIC ENERGY AND GAS

(a) There is hereby imposed a tax equivalent to 5 per cent of the amount paid on or after the fifteenth day after the date of the enactment of this act, for electric energy for domestic consumption or gas for domestic consumption furnished after such date and before July 1, 1933, to be paid by the person paying for such electric energy or gas and to be collected by the vendor.

(b) Each vendor receiving any payments specified in subsection (a) shall collect the amount of the tax imposed by such subsection from the person making such payments, and shall on or before the last day of each month make a return, under oath, for the preceding month, and pay the taxes so collected, to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall contain such information and be made in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe. The commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe with the approval of the Secretary, but no such extension shall be for more than 90 days.

(c) No tax shall be imposed under this section upon any payment received for electric energy or gas furnished to the United States or to any State or Territory, or political subdivision thereof, or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. HOWELL. Mr. President, this amendment would be an outrage upon the domestic consumers of the country. Who is it that is paying the electric companies the highest rates? The domestic consumer. Who is it that is getting the benefit of rates below cost? The large consumer. This amendment would also exclude the commercial consumer, the department stores, the grocery stores, all stores. This amendment would put upon the householders of the country a tax of 5 per cent upon their electric energy to be collected from the householder.

It is a sales tax of the worst character. It is a sales tax that will be collected. It can not be avoided unless a change is made in the form of illumination. It is a sales tax on the heat required in the cooking of every meal. The great department stores, the big users of electric energy, the users of electricity for elaborate lighting, are to be excluded, and in order to raise $55,000,000 the committee have raised the tax of 3 per cent, which I have proposed, up to 5 per cent, but upon the domestic use of electricity only.

Why, Mr. President, this is an amendment that must have had its origin in the power companies themselves. There is no chance to avoid the payment of this sales tax by any domestic consumer. I can not imagine under what circumstances the committee could have been influenced to propose such an infamous tax on the homes of this country.

Mr. COUZENS. Mr. President, will the Senator from Nebraska yield to me?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. HOWELL. I yield.

Mr. COUZENS. May I suggest that I am absolutely in accord with what the Senator has stated? The proposal was made in the Finance Committee for a general sales tax, to be paid by the vendor. I was called out of the committee room before the amendment was completed, and it is not in accordance with the proposal I made to the committee at all that the amendment should provide for a general sales tax on the sale of all power to be paid by the vendor. I want to go on record that I did not approve this particular amendment and am not in accord with the manner in which it is drafted.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Indiana?

Mr. HOWELL. I yield.

Mr. ROBINSON of Indiana. I should like to ask the chairman of the committee what objection there could possibly be to charging the tax against the vendor and letting the vendor pay it? Certainly he gets the profit.

Mr. SMOOT. I do not think there would be a particle of difference; if the tax were imposed upon the manufacturer, he would simply pass it on to the consumer in the price charged.

Mr. ROBINSON of Indiana. There might be a way to avoid that.

Mr. SMOOT. The committee thought otherwise.

Mr. ROBINSON of Indiana. Why not charge it to the vendor in the first place and let the vendor pay it, as he really should pay it?

Mr. SMOOT. The committee desires to get through with this bill and to balance the Budget. We have heard much about doing that, and we want to do it. As I previously stated, every day the passage of the bill is delayed $2,000,000 are lost to the Treasury of the United States. It seems to me the time has come that the Senate should decide whether or not it is going to pass the pending bill.

Mr. HOWELL. Mr. President, the question is whether we are going to take this money out of the little homes. The humblest of our homes are now equipped with electrical energy, and it is now proposed to put a tax on those homes and to put a tax on them for one reason—because it is not desired to put a tax on admissions to the movies below 41 cents. There are many people in this country who must have electric light who can not afford to go to the movies. The movie is not a necessity; electricity is a necessity. The House excluded in its proposed sales tax clothing and food because they are necessities. Electricity is to-day a necessity, and it is now proposed to tax it.

Mr. President, the amendment I have proposed is of an entirely different nature. My amendment proposes to tax the big power users, the department stores, the banks, the theaters, and to impose a tax also on the energy used by domestic consumers.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. HOWELL. I yield.

Mr. THOMAS of Oklahoma. How much would the amendment of the Senator from Nebraska probably yield if it should be adopted?

Mr. HOWELL. My amendment, on its face, will yield $58,000,000, but I wanted to be conservative in my estimate, and I have stated here that it would yield at least $50,000,000. My amendment, however, does not cover gas, while the pending amendment does cover gas. I have an amendment here

which I have prepared covering gas, and if a tax on gas be added to my amendment, it will bring in more money than the pending substitute.

Mr. THOMAS of Oklahoma. Mr. President, may I ask the chairman of the committee a question?

Mr. HOWELL. I yield to the Senator for that purpose.

Mr. THOMAS of Oklahoma. What is the estimate that the amendment pending will yield to the Treasury?

Mr. SMOOT. It is estimated that it will yield a revenue of $60,000,000.

Mr. NORRIS. Mr. President, may I interrupt my colleague?

Mr. HOWELL. Certainly.

Mr. NORRIS. I was out of the Chamber for a moment. The second question of the Senator from Oklahoma [Mr. THOMAS] was as to "the pending amendment." Is not my colleague's amendment "the pending amendment"?

Mr. SMOOT. I thought the Senator from Oklahoma asked what would be the amount of revenue derived from the committee amendment should it be adopted.

Mr. THOMAS of Oklahoma. I meant the amendment which has been submitted by the chairman of the committee.

Mr. NORRIS. But that is not the pending amendment.

Mr. HOWELL. No; that is not the pending amendment; it is a substitute for the pending amendment.

Mr. NORRIS. The amendment of the Senator from Utah is a substitute amendment?

Mr. HOWELL. Mr. President, I want to make clear the nature of my amendment. I will read it. It is as follows:

On page 243, between lines 5 and 6, insert the following new section:

"SEC. —. There is hereby imposed upon energy sold by privately owned, operating electrical power companies a tax equivalent to 3 per cent of the price for which so sold, payable from net income but not otherwise."

This amendment means that the tremendously profitable power companies of this country will indeed come to the rescue of the Treasury, but the substitute proposed, Mr. President, means that the home owner must come to the rescue of the Treasury—the home owner must substitute for the power companies.

As I have already said, in my opinion it is a sales tax in its most infamous form, a sales tax upon a necessity. No one has been brave enough heretofore to propose a sales tax upon a necessity; but here in the last hours of the consideration of this bill the committee comes forward with an amendment of such character. If the head and front of the great Power Trust of the country were seated at that table in front of the Vice President and were asked to write an amendment for this purpose, the substitute which has been offered is exactly what he would write.

I understand that one of the arguments advanced for relieving power consumers—I am speaking of power consumers who use electrical energy for power only—was that they would be placed at a disadvantage because of this tax as compared with the manufacturing establishments which produce their own energy. Mr. President, assume that a manufacturing concern were paying 5 mills for its electrical energy—one-half of a cent—under my amendment how much would that manufacturing establishment pay if the tax were passed on? It would pay fifteen one-thousandths of a cent additional. Such a tax would never be passed on. Suppose a manufacturing establishment were paying 1 cent a kilowatt-hour. If the tax were passed on to that manufacturing concern, what would it pay? It would pay three one-hundredths of a cent additional; and yet the committee proposes to relieve such manufacturing establishments of even that trifling amount. When it comes to the rates being paid by the department stores, the theaters, the hotels, the big concerns not engaged in manufacturing, 3 cents is about the rate they pay. Under my amendment how much would they pay? They would pay nine one-hundredths of a cent additional per kilowatt-hour, if the tax were passed on, but under my amendment it would not be practicable to pass on the tax.

Mr. President, it would be an outrage to adopt the substitute amendment now proposed. If we can not have a proper tax levied on the power companies we should have none; such a levy as this should be defeated, because, as I have before stated, it is a sales tax of the worst possible character upon a necessity.

Mr. WALSH of Montana. Mr. President, the only objection voiced upon this floor—and it could scarcely be called an objection—to the amendment tendered by the Senator from Nebraska [Mr. HOWELL] was expressed by the Senator from Virginia [Mr. GLASS]. It could scarcely be called an objection, for he simply inquired whether the tax would not be passed on to the consumer. That was the only objection or anything in the nature of an objection that was heard upon this floor directed to the amendment offered by the Senator from Nebraska. But now, however, it is proposed not only that the tax shall be passed on to the consumer but only to the domestic consumer, a proposition that it seems to me is utterly indefensible. I can not think that the Senate is going to make that change in the proposal which is now before us.

Let us inquire about this matter, Mr. President. How many homes in this country are now consumers of electricity? I have before me Moody's Manual of Utilities, which tells us that in the year 1927, 63 per cent of the homes of this country were supplied with electricity; that in 1928, 66 per cent were so supplied; that in 1929 the percentage was 68, and that in 1930 it was 70; and according to the information given to us this morning by the Associated Gas & Electric Co. the number has increased since that time, having been greater in 1931 than in 1930, and it continues to increase.

Mr. President, what is the reason for confining this tax to the domestic consumers of electricity? Who can defend anything of that kind? What are the facts with respect to that matter? From the same source we learn that the revenue derived by the electric-power companies of the country from domestic consumption produces 6.4 cents per kilowatt-hour, while the average return of the companies from all sources, industrial as well as domestic, is only 2.68 cents per kilowatt-hour.

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Illinois?

Mr. WALSH of Montana. I yield.

Mr. GLENN. I wonder if the Senator has the information showing the comparative amounts received from domestic users and industrial users.

Mr. WALSH of Montana. The figures are available, but I do not have them conveniently at hand at the moment. I can furnish the information by an examination of the record.

Mr. GLENN. I shall not press the request if the information is not conveniently available.

Mr. WALSH of Montana. In other words, Mr. President, the consumers throughout the country are now paying per kilowatt-hour an average of 6.4 cents, while the average of all the country for all energy used is 2.68 cents per kilowatt-hour. So the domestic consumers, now obliged to pay about three times as much as the average cost to all consumers, are to be burdened with a tax, while the other consumers are to be allowed to go free. The proposal seems to me to be so outrageous that I can not help but think that it was returned by the Finance Committee simply because they had not the time to inquire into it.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Indiana?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Indiana. I find myself in accord with the sentiment expressed by the Senator from Montana, and I merely want to make an observation. In the event Congress should tax the power and insist that the tax be paid by the vendor, if that were clearly the intent of Congress, I can not bring myself to believe that the public-service commission of any of the various 48 States would ever permit that tax to be passed on to the consumer.

Mr. WALSH of Montana. However that may be, Mr. President, I feel perfectly satisfied that this matter could not have had from the Finance Committee the consideration that it deserves; and I can see no reason at all why the amendment offered by the Senator from Nebraska [Mr. HOWELL] should not be adopted substantially in the form in which it was offered.

Mr. NORRIS. Mr. President, I am utterly unable to understand this committee substitute. I am unable to get the viewpoint, the idea, of proposing this amendment as a substitute for the one offered by my colleague. To me it is absolutely incomprehensible that as between the two amendments we should be asked to take the committee amendment.

I can not escape the conviction that the proponents of this substitute must be going on the theory that we have practically finished this bill. We have just listened to an address from the President, part of which we heard, and they are going on the theory that in our attempt to rush this bill through and to pass it to-day we are going to follow the request of the committee and swallow this amendment.

To me it is an outrageous proposition, an indefensible proposition. The only objection I have heard made to the original amendment—the pending amendment, for which this is offered as a substitute—was that it might be passed on to the consumer. I do not believe any other objection was made. Those who were opposed to it said, "We do not like this amendment because we are afraid these great corporations, the Electric Trust, will pass on the tax to the consumer." The committee amendment relieves all doubt on that question. It does not pretend to tax anybody but the consumer.

To be frank, I believe that there is some reason in the objection that sometimes it will be possible to pass on the tax to the consumer under my colleague's amendment; but there are several obstacles in the way before it can be done.

In the first place, when the amount is reduced down to a kilowatt-hour basis, the amount is so small that it will be difficult to pass it on. In the next place, the companies never can pass it on unless they are allowed to pass it on by the public-service commissions of the various States.

Those of you who have been fighting Muscle Shoals legislation and fighting Federal Government interference have been doing it all along on the theory that State commissions stood between the consumer and harm. You have more faith in State commissions than I have. Take your own doctrine now, when you are thinking about this tax being passed on. If your State commission is effective and efficient, it will not be passed on. There you are. That is the only objection. It is proposed now to offer a substitute in the place of the original amendment that takes away even that objection, and, as the Senator from Montana said, confines the payment of the tax to the domestic consumer. That means that the home, the fireside, must pay it all. On the face of the amendment, it must pay it all.

Your State commission could not stop it if they wanted to. The tax is put upon the home to begin with. It is a tax upon a necessity of the home life of every family in the United States. There is no escape from that. Read the amendment. That is what it says. Nobody disputes that that is what it means; and that is offered as a substitute for an amendment that at least makes it difficult to pass the burden on.

The millionaire who uses, every day, hundreds and hundreds of horsepower of electricity pays nothing under this substitute—not one cent. I have not any estimates of figures from experts; but I should think that that would very materially reduce the revenue that would be collected under this amendment. That is not true of my colleague's amendment. That tax is levied on all electricity.

Mr. President, I believe the Senate understands what this question is. If the Senate believes that this burden should be levied entirely upon the domestic consumer, then it will vote for the substitute offered by the Senator from Utah in behalf of the committee.

Mr. GLENN. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. Yes; I yield.

Mr. GLENN. I should like to obtain the opinion of the Senator from Nebraska concerning a matter involved in this amendment. I wonder why it is that this tax is limited to the domestic consumer, excluding the industrial consumer mentioned by the Senator from Nebraska.

The reason advanced to me was that some large department stores or large industrialists, for instance, have their own power plants, and that if this tax was fixed only upon those who purchase industrial power, or power for lighting large stores, those operating their own plants would have an advantage.

I am wondering—and this is a question upon which I should like to have the opinion of the Senator from Nebraska—if a provision could not be properly written into the amendment fixing this tax upon consumption rather than upon the amount paid, so that those who consume power, even these large industrialists, even if they produce it at their own plants, could be required to pay a tax in proportion to that of their competitors who do not operate their own plants.

I do not see why that could not be done. It certainly would improve the situation.

Mr. NORRIS. I presume it could be done, but it is not done under this amendment.

Mr. GLENN. No; but I was just wondering if the Senator does not think it could be done.

Mr. NORRIS. I have no doubt that it could be done.

Mr. GLENN. Then that argument in favor of this amendment would be done away with, it seems to me.

Mr. NORRIS. That would not make the committee amendment acceptable to me as compared with the amendment offered by my colleague, even if that were done.

Mr. GLENN. It would be some improvement, though.

Mr. NORRIS. Yes.

Mr. PITTMAN. Mr. President——

Mr. NORRIS. I yield to the Senator from Nevada.

Mr. PITTMAN. I should like to ask the Senator from Nebraska whether or not the amendment of his colleague would raise the same revenue as the proposed amendment of the committee.

Mr. NORRIS. I have not heard what the committee amendment proposes, what revenue it is suggested that it will raise. The amendment of my colleague will raise between fifty and sixty million dollars.

Mr. PITTMAN. I assume, however, that it could be changed so as to raise the same amount of revenue.

Now, I should like to ask the Senator another question.

We will assume that the rental for electricity in a small house is $6 a month. Three per cent on that would be 18 cents. The total bill would be $6.18 if the total tax on gross receipts were passed on.

Mr. NORRIS. Yes.

Mr. PITTMAN. Does the Senator believe that an electric-light company would attempt to obtain a change of a rate for the purpose of obtaining 18 cents on that $6 account?

Mr. NORRIS. I should not think so.

Mr. PITTMAN. Of course, I have taken an extreme case. That is a very small rental; but, on the other hand, would it not be natural, where the increase in price to users is so small, that the company would rather offset that as against its corporation tax in the form of taxes paid, and that it probably would not result in much increase to the consumer?

Mr. NORRIS. That might be. I should think so.

Now, I want to ask the Senator from Utah a question. What is the idea of the Senator from Utah about a municipal plant generating and distributing electricity to the citizens of the municipality?

Mr. SMOOT. Mr. President, I will read the amendment, and then the Senator can see plainly what it says.

Mr. NORRIS. I have read the amendment. I have some doubt about that after reading it.

Mr. SMOOT. The amendment reads:

There is hereby imposed a tax equivalent to 5 per cent of the amount paid on or after the 15th day after the date of the enactment of this act for electric energy for domestic consumption or gas for domestic consumption furnished after such date and before July 1, 1933, to be paid by the person paying for such electric energy or gas and to be collected by the vendor.

Of course, Mr. President, if any charge was made, and the payment was made, he would have to pay the tax. I do not think there is any doubt about that.

Mr. NORRIS. I do not think that is proper. I am inclined to think the Senator is right.

Mr. President, the municipal plants that are supplying electricity to the citizens of the municipality have come into existence almost entirely because of exorbitant rates or bad treatment on the part of private companies supplying municipalities in the past. They are in the nature of a cooperative institution. There is no profit in it. There is no profit to anybody. The municipality owns the plant. It is their own plant. They manufacture electricity and sell it to themselves. Nobody makes any money. It is just like a cooperative organization of farmers that are raising, handling, and selling wheat. Congress heretofore has gone on the theory—and I think it is a perfectly proper theory—that in such a case, where nobody makes a profit, where it is a properly organized cooperative association, no tax should be levied upon the business. Hence we relieve them from taxation.

A municipality supplying itself with electricity is in the same category. There is no reason why they should have to pay the Government a fee for the electricity which they themselves consume. Indirectly, that would be taxing a division of a State. It is just the same as though we would levy a tax on every State in the Union, and require the State to pay it. So far we have proceeded on the theory that levying a tax upon a municipality would be unconstitutional. That has been avoided in this case by going directly to the consumer, and making him pay a tax on the electricity he consumes.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. COUZENS. I was wondering what the Senator would say if his colleague's amendment were changed so as to take out of line 4 the words "payable from net income but not otherwise." It seems to me that involves a difficulty which might curb the tax considerably.

Mr. NORRIS. The object, as I understand, is to favor the corporation producing the electricity, so that it will not be required to pay the tax if it has no net income.

Mr. COUZENS. As long as we have adopted so-called excise taxes and general taxes applying to candy and gum and motor cars, straight sales taxes, and no reference is made to the question of whether the manufacturers have net income or otherwise, and they pay the tax whether they have a loss or a profit, I was wondering why the same theory should not apply to the power companies.

Mr. NORRIS. I do not know any reason why, but I presume the object of putting the amendment in was to be extraordinarily careful not to impose any burden upon any of these corporations which might be construed as being unpopular.

Mr. COUZENS. Of course, that applies to every other industry on which we have levied an excise tax.

Mr. NORRIS. It does.

Mr. COUZENS. I would be very glad to support the amendment proposed by the junior Senator from Nebraska, the Senator's colleague, if it were made a straight excise tax, the same as on all other industries.

Mr. NORRIS. I have no objection myself to have the words referred to by the Senator from Michigan stricken out.

Mr. COUZENS. It seems to me the amendment of the Senator from Nebraska with those words stricken out is a better amendment than the committee amendment.

Mr. NORRIS. I agree with the Senator entirely.

Mr. President, I can not believe that the Senate is going to adopt this substitute amendment. It seems to me that whether it is intended to be so or not, the effect of it would be to take advantage of the anxiety of the Senate to pass the pending bill and to influence them, in that great anxiety, which is unanimous here on the part of all Senators, to pass it and pass it at once. While we are under the influence of that feeling, while we are in that state of mind, the committee brings in an amendment to take the place of another amendment, and in my judgment the substitute has no merit whatever, if we want to be just and if we want to be fair.

Mr. BORAH. Mr. President, naturally I am disposed to support the committee, on account of the exigencies of the situation, but I would like to have some views of the members of the committee as to why this substitute is preferable to the amendment offered by the junior Senator from Nebraska [Mr. HOWELL].

Mr. REED. Mr. President, will the Senator yield to me?

Mr. BORAH. I yield.

Mr. REED. This is a subject which gave the House Ways and Means Committee a great deal of perplexity and they worked over it for two or three weeks. The Committee on Finance started out with a study—a very brief one, I am afraid—of the Howell amendment. It was pointed out to us that it would make a serious difference in the competitive situation between those large producers in industry which manufacture their own power and the smaller producers who purchase power; that it would put a handicap on those who have to buy their power. That was one thing.

In the next place, it was felt that it would tend to add to the cost of production at a time when all men are fighting to keep down costs. That was another fact.

For both those reasons the committee decided that a tax on the domestic current was the wiser method of taxation. In the long run the tax comes out of the human beings who constitute the country, anyway, no matter how we put on the tax. We did not want to impose a tax which would place a competitive handicap on those people who usually are the smaller, more embarrassed producers.

Mr. BORAH. One other question.

Mr. WALSH of Montana. Mr. President, will the Senator permit me to make an observation before we pass that?

Mr. BORAH. I yield.

Mr. WALSH of Montana. The reason now suggested by the Senator from Pennsylvania occurred to me, and I should like to submit to the consideration of the Senate an addition to the amendment offered by the Senator from Nebraska, in the following language:

In the case of electrical energy not sold but used by the producer, he shall pay a tax equal to 3 per cent of the fair price of the energy so used.

Mr. REED. There again we would enter into difficulty. That would result in the imposition of a tax on every Delco on a farm in the country. It would tax anybody who produces electricity in any form. The same idea was advanced to the committee. When one thinks of it, he realizes that electricity is produced by people for their own use, all the way from the huge generators of 100,000 horsepower down to the tiny generator we find in a rural telephone, which generates electricity when one winds the crank. Electricity is produced in every automobile. It is produced in every Delco electric-lighting outfit, as I have said. It would not be practicable to do what the Senator suggests.

The subject is so difficult that we are not satisfied with our amendment, but we are satisfied that it probably will work out better than the amendment offered by the Senator from Nebraska. Anyway, the tax will last for only one year. We put that limitation on because we wanted to study the matter again next winter. It is a very difficult question.

Mr. BORAH. Mr. President, why was it thought necessary to confine the burden to the domestic users?

Mr. REED. Just for the reasons I have stated. If we put the tax on industrial consumption, we impose a handicap upon the smaller producers everywhere, as against the larger producers who make their own power.

Mr. BORAH. I understand.

Mr. HOWELL. Mr. President, I would like to ask the Senator from Pennsylvania why the committee excluded commercial use of electricity.

Mr. REED. For somewhat the same reason. Putting a tax on the electricity used in a shop or in a department store or in some such institution as that, it was felt, would be an unfair handicap on those concerns as against those which produce their own power. Apply it only to domestic consumption, and the factor of competition does not enter into it.

Understand me, please. The Finance Committee was not in love with this amendment. Nobody particularly urged it. We felt we were driven to it, and we tried to make it as light a hardship as possible.

Mr. HOWELL. Does the Senator think that it is just and proper to impose this tax on the domestic consumer alone, and exclude every business interest up and down the streets of Washington?

Mr. REED. Mr. President, I really do. Take the tax to be levied under the amendment of the Senator from Nebraska. It is perfectly conceivable that it would amount to 100 per cent of the net income of some of these producers, not the big power trusts, of course; probably their net income is a lot more than 3 per cent of their gross, but there is many a little company hanging on by its eyelids today, and if we impose a tax of 3 per cent on its gross, it would eat up every penny of its net.

Mr. NORRIS. The tax is on the sale, is it not?

Mr. REED. It is, and therefore it is a tax on the gross income of every producer of electric current, and in many cases, far too many, I am sorry to say, the net incomes of those producers are less than 3 per cent of their gross. We would take every penny of their incomes.

Mr. HOWELL. Mr. President, would the Senator give me one example where a tax of 3 per cent would take the net earnings of an electric-power plant?

Mr. REED. I am not sufficiently advised to refer the Senator to anyone by name, but we were so told by the officials of the Treasury, and it must be so, otherwise we would not find some of them failing.

Mr. HOWELL. Mr. President, there certainly is great consideration for the business interests of this country. The committee would tax the little home owner, but they would exclude all the business interests from the operation of this tax.

Mr. WALSH of Montana. Mr. President, the amendment I suggested could easily be framed so as to exclude the poor little Delco owner, by just adding to it the words "otherwise than in domestic consumption," so that it would read:

> In the case of electric energy not sold but used by the producer, he shall pay a tax equal to 3 per cent of the fair price of the energy so used, otherwise than in domestic consumption.

I own a little electric-light plant, and I am perfectly willing to pay a tax, but if the Senator from Pennsylvania would like to exclude me, and those like me, he can do it by this simple amendment I have suggested.

Mr. REED. The amendment is not so simple as it sounds. We would find the Treasury going around and putting a tax on every Delco that operated a cream separator.

Mr. WALSH of Montana. Suppose they do?

Mr. REED. Does the Senator want to put the United States Government in the business of hunting up the operator of every cream separator in the United States?

Mr. WALSH of Montana. The United States Government is in the business of hunting up everybody who has any income.

Mr. REED. On a permanent tax policy. This tax is to last only one year.

Mr. SMOOT. Mr. President, I want to say frankly that when the Finance Committee met to-day the first subject considered was the question of a tax on admissions. The Senate turned down the recommendation of the committee. The committee reported an amendment fixing a tax on admissions starting with admissions of 11 cents. Fifty-five million dollars in revenue was stricken from the bill by the action of the Senate. We have to make that up in some way. The amendments we have suggested are the two ways the committee had to make up the loss and to balance the Budget.

Mr. BORAH. I realize that, but what I think most of us are interested in is the advantage of this amendment over the amendment offered by the Senator from Nebraska [Mr. HOWELL].

Mr. SMOOT. I think the Senator from Pennsylvania has covered that thoroughly.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee offered as a substitute for the amendment of the junior Senator from Nebraska [Mr. HOWELL].

Mr. SMOOT. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. I understand a vote "yea" sustains the action of the Finance Committee. Is that correct?

The VICE PRESIDENT. That is correct. The question is on the substitute of the committee. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent from the city. Therefore I withhold my vote.

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I am unable to obtain a transfer; so I must withhold my vote. If at liberty to vote, I would vote "yea."

The roll call was concluded.

Mr. JONES. I am informed that my pair, the senior Senator from Virginia [Mr. SWANSON], would vote as I intend to vote, and therefore I feel at liberty to vote. I vote "yea."

Mr. NORRIS. I desire to announce the absence of the Senator from Iowa [Mr. BROOKHART]. Upon this question he is paired with the Senator from Colorado [Mr. WATERMAN]. If Senator BROOKHART were present, he would vote "nay." If Senator WATERMAN were present, he would vote "yea."

Mr. LA FOLLETTE. On this question I have a pair with the junior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (after having voted in the affirmative). I am informed that my pair, the Senator from South Carolina [Mr. SMITH], has not voted. Therefore I am compelled to withdraw my vote.

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate as a delegate in attendance upon the Geneva Arms Conference.

The result was announced—yeas 40, nays 45, as follows:

YEAS—40

Austin	Dickinson	Hull	Reed
Bailey	Fess	Jones	Shortridge
Barbour	Glass	Kean	Smoot
Barkley	Goldsborough	Kendrick	Stephens
Bingham	Gore	Keyes	Thomas, Idaho
Broussard	Hale	King	Townsend
Byrnes	Harrison	Logan	Vandenberg
Carey	Hastings	Metcalf	Walcott
Connally	Hayden	Moses	Walsh, Mass.
Copeland	Hebert	Oddie	White

NAYS—45

Ashurst	Costigan	McGill	Sheppard
Bankhead	Couzens	McKellar	Shipstead
Black	Cutting	McNary	Steiwer
Blaine	Dale	Neely	Thomas, Okla.
Borah	Davis	Norbeck	Trammell
Bratton	Dill	Norris	Tydings
Bulkley	Fletcher	Nye	Wagner
Bulow	Frazier	Patterson	Walsh, Mont.
Capper	Hatfield	Pittman	Wheeler
Caraway	Hawes	Robinson, Ark.	
Cohen	Howell	Robinson, Ind.	
Coolidge	Johnson	Schall	

NOT VOTING—11

Brookhart	La Follette	Morrison	Waterman
George	Lewis	Smith	Watson
Glenn	Long	Swanson	

So Mr. SMOOT's amendment in the nature of a substitute was rejected.

The VICE PRESIDENT. The question now is on the amendment of the Senator from Nebraska [Mr. HOWELL].

Mr. ASHURST. Let us have the yeas and nays.

Mr. REED. Mr. President, I send to the desk the following amendment in the nature of a substitute for the amendment of the Senator from Nebraska.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The CHIEF CLERK. The Senator from Pennsylvania offers the following substitute for the amendment offered by the Senator from Nebraska:

(a) There is hereby imposed a tax equivalent to 5 per cent of the amount paid on or after the fifteenth day after the date of the enactment of this act for electric energy for commercial or domestic consumption or gas for commercial or domestic consumption furnished after such date and before July 1, 1933, to be paid by the person paying for such electric energy or gas and to be collected by the vendor.

(b) Each vendor receiving any payment specified in subsection (a) shall collect the amount of the tax imposed by such subsection from the person making such payments and shall, on or before the last day of each month, make a return, under oath, for the preceding month, and pay the taxes so collected to the collector of the district in which his principal place of business is located, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall contain such information and be made in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe. The commissioner may extend the time for making returns and paying the taxes collected, under such rules and regulations as he shall prescribe, with the approval of the Secretary, but no such extension shall be for more than 90 days.

(c) No tax shall be imposed under this section upon any payment received for electric energy or gas furnished to the United States or to any State or Territory or political subdivision thereof or the District of Columbia. The right to exemption under this subsection shall be evidenced in such manner as the commissioner, with the approval of the Secretary, may by regulation prescribe.

Mr. SMOOT. Mr. President, with the words " commercial or " inserted the provision will raise more money than the original substitute. I have not yet obtained any estimate of the amount, although I tried to do so. It will raise more money than the original substitute.

Mr. GLASS. Mr. President, does the Senator mean this latest proposal or the Howell amendment will raise more money?

Mr. SMOOT. The substitute offered by the Senator from Pennsylvania will increase the amount of revenue over and above the amount which would have been raised by the amendment which was just defeated.

Mr. GLASS. I want to vote against any proposition that will raise more money, because all of it will be passed on to the consumer.

Mr. REED. Yes; it is a direct tax on the consumer of electricity. The whole effect of the change made in the substitute as against the amendment offered by the Senator from Utah and just rejected is that we now tax the electric energy sold for commercial as well as domestic use. That means that we shall get a revenue out of electricity sold to shops and offices and places of that sort, and it will add substantially to the revenue expected under the committee amendment. The committee's suggestion was criticized by some Senators because it did not tax the commercial users. I want, if I can, to satisfy that objection, and that is why I have offered the new substitute.

Mr. GLASS. Mr. President, as I understand, the whole purpose is to tax the consumer directly rather than to tax the company or corporation?

Mr. REED. Exactly. It is just like the war-time tax on transportation. It would be added to the bill, expressly stated to be a tax; it would be collected by the vendor of the gas or electricity and paid by the vendor to the Government.

Mr. GLASS. In either event, the consumer will pay the tax?

Mr. REED. Exactly.

Mr. BARKLEY. Mr. President, as I understood the amendment of the Senator from Nebraska, it provided for a tax of 3 per cent on the gross revenue of power or electric concerns, and in order that that should be passed on to the consumer it would be necessary for State public-utilities bodies to meet and give their consent for an increase in rates. Is that correct?

Mr. REED. In many cases that would be true.

Mr. BARKLEY. Wherever the law of any State provides that an increase in rates to the consumer can not be charged except by consent of the public-utilities body and that body did not give its consent, the tax would be paid out of the gross income of the producer; but in States where the commission could and would meet and give consent it would be passed on to the consumer. The chances are that in some States it would be passed on to the consumer and in others it would not be.

Mr. REED. Exactly.

Mr. BARKLEY. In that respect there would be some inequality in the payment of the taxes due to the decision in each State.

Mr. REED. There would be a discrimination in that way just as there would be a further discrimination between the large concerns which manufacture their own electricity and pay no tax, and those that have to buy electricity and would pay the tax.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Virginia?

Mr. REED. I yield.

Mr. GLASS. As I pointed out to-day, when we had under consideration the amendment proposed by the Senator from Nebraska, that in any event this tax may be passed on to the consumer with greater facility and more completely than any tax that I know anything about. No matter what the State commissions may do, the rural communities and the smaller urban communities will have to pay this tax, for the reason that there is no system of meter inspection in the rural communities or in the smaller urban communities, and no matter what the charge per kilowatt-hour if those who are selling the electricity are to compute the kilowatt-hours they are going to exact all they may from the consumer.

Mr. President, during the six months I have been in attendance upon the Senate I have had bills from the electric-light company in my town, and they charged me as much for the six months that I was here in Washington and did not have a light burning in my house as they charged me when the house was ablaze for the six months when I was at home. I deliberately permitted them to do it. I did not pay the bills as they came in, to see how long they would send them. At the end of six months I demanded a refund for the total six months that they had charged me when I did not use any electricity.

That is merely a sample of what will be done if this impost shall be charged, if this sales tax—and it is nothing but a sales tax in essence—is imposed. If we are going to have a sales tax on everything and exempt stock gamblers in New York, as we did on Saturday, from a tax on their transfers of stock, it seems to me we are in pretty bad shape.

Mr. WALSH of Montana. Mr. President, I want to say to the Senator from Kentucky [Mr. BARKLEY] that if a State commission is appealed to to increase the rate in order that the power company may escape the burden of this tax it by no means follows that the appeal will be successful. Electric light and power rates are not adjusted by such commissions every week or every month or even every year. The rates generally run along pretty much as they have been for the last five years, notwithstanding the fact that the expenses of the companies now are very much less than they were two years ago. The increase in their profits in 1931 over those of 1930 arises very largely from the fact that their expenses have been reduced; wages have been reduced, their material has been reduced in cost, and, in addition to that the use of electricity has expanded. The household is consuming more, and consequently the profits to the com-

panies are larger. So it does not by any means follow if a State commission were appealed to to increase the rate, because of the tax put upon the company producing the power that it would succeed in getting the rate increased; but if it did the responsibility would be with the commission of the particular State which was unfortunate enough to be in that situation.

Mr. BARKLEY. Mr. President, will the Senator from Montana yield to me?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WALSH of Montana. I yield.

Mr. BARKLEY. Of course, I am not concerned so much about the method by which this tax is levied. We are all confronted with the necessity of raising a certain amount of money.

Mr. WALSH of Montana. And apparently there is a consensus of opinion that it ought to be raised on power.

Mr. BARKLEY. That is why the Senate Committee on Finance brought this amendment in here to-day.

Mr. WALSH of Montana. Yes.

Mr. BARKLEY. But if we may assume that all these State commissions are doing their duty, they are not allowing power companies to charge any more than they ought to charge in order to secure a fair return. It may be, and probably is, true that in some localities where wages have declined and other costs have declined the companies are able to make a larger profit out of charges already legalized than they were able to make at the time the charges were fixed by the commissions. However, it seems to me that in States where there is a commission which must pass on any increases in rates, if they either withhold their consent to an increase, assuming that they do perform their duty to the extent of holding rates down within a reasonable basis, there would be some inequality and discrimination as between the citizens of one State where the local company could pass the tax on to the consumer, and the citizens of other States where it could not be passed on.

Mr. WALSH of Montana. Of course those inequalities exist now. The rates in some States are very high; they run as high as 8 cents per kilowatt-hour. Here in the District 3 cents and a half is the maximum rate. Those inequalities exist anyway.

Mr. BARKLEY. That is true, and it is due to conditions in each State and to the type of public service commission in each State. There is nothing that Congress can do about those inequalities, but here we are levying a tax which, under the Constitution at least, theoretically, must be equal in all parts of the United States; and I am wondering whether, under the amendment of the Senator from Nebraska, that result would be attained?

Mr. WALSH of Montana. I would not think that that would be a very serious objection.

Mr. ROBINSON of Arkansas. May I call the attention of the Senator from Pennsylvania to a question that has arisen in my mind, namely, whether the language should be in the alternative or in the conjunctive? Where the amendment reads "electrical energy for domestic consumption or gas for domestic consumption," it would seem to require the use of the word "and" rather than "or." I merely bring it to the attention of the author of the amendment for such consideration as he may think necessary.

Mr. REED. My attention has been called by one of the experts from the Treasury to the fact that the tax is on the amount paid and not on the gas or the electricity itself, and, that being so, I think the correct conjunction to be used is "or."

Mr. HARRISON. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Mississippi?

Mr. REED. I yield.

Mr. HARRISON. Is "industrial" included in "commercial"? I notice in the hearings the words "industrial" and "commercial" were used.

Mr. REED. No; industrial is not included.

Mr. HARRISON. Should not that be included?

Mr. REED. I do not think so, because in that case there would result the inequity as between the big concern that makes its own power and the little one that does not.

Mr. President, I believe, having included "commercial" in this proposed amendment, that we can with propriety reduce the rate to 4 per cent, and I will accept an amendment to that extent.

The VICE PRESIDENT. Does the Senator modify the amendment?

Mr. REED. I change the amendment to read "4 per cent" instead of "5 per cent."

The VICE PRESIDENT. The Senator modifies his amendment.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield the floor?

Mr. REED. I yield the floor.

Mr. COUZENS obtained the floor.

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. HOWELL. I should like to ask the Senator from Pennsylvania what proportion of the electrical power used is for industrial purposes?

Mr. REED. We are trying to get the precise figures from the Treasury at this moment.

Mr. HOWELL. It is nearly one-half, is it not?

Mr. REED. For industrial purposes?

Mr. HOWELL. For industrial purposes.

Mr. REED. Oh, yes.

Mr. HOWELL. Very well. Now suppose we included industrial use. How much could the rate then be reduced?

Mr. REED. Probably we could reduce it to 3 per cent. We could not cut it in half because the amount paid for electricity for industrial purposes is very much less than that paid for commercial purposes.

Mr. HOWELL. In other words, then, under the amendment proposed by the Senator if electricity used for industrial purposes were included, the rate would be the same as that in my amendment, namely, 3 per cent?

Mr. REED. Yes; with this important difference, that the Senator's amendment would rest upon the companies, while this rests upon the consumers.

Mr. HOWELL. That is exactly the proposition. The Senator proposes to tax the home owners and I propose to tax the power companies.

Mr. REED. We are already taxing the power companies in the general corporation tax.

Mr. HOWELL. True; but we are also already taxing the home owners who have an income sufficient to pay an income tax and they are also paying the indirect taxes.

Mr. REED. I can answer the question the Senator from Nebraska asked a moment ago, if the Senator from Michigan will bear with me for a moment, by saying that we have an estimate now from the Treasury Department that at the rate of 4 per cent the amended substitute will yield $77,000,000 a year.

Mr. COUZENS. Mr. President, I want to point out that this is the only commodity of necessity, the only commodity that the people have to have, as to which under the bill there is an attempt to place the tax directly on the consumer. In the case of every other excise tax it is provided that the manufacturer or producer must pay the tax. There is nothing said as to whether he shall pass it on or pay it out of his own pocket, but we take the trouble in this proposed amendment specifically to relieve the power companies and say to them that they must collect from the users and in turn pay the tax to the Government. I am unable to understand why we should depart from the policy which we have been following with respect to all other items, and when it comes to power say to the power companies, "We are not going to tax you but we are going to require you to tax the consumer and then pay the amount thus collected to us."

Mr. REED. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Pennsylvania?

Mr. COUZENS. I yield.

Mr. REED. Has the Senator any doubt whatever that the tax on automobiles will be passed on to the consumer?

Mr. COUZENS. It is my view that it will; yes.

Mr. REED. And that the tax on talcum powder and mechanical refrigerators and the other curious conglomeration of objects taxed in this bill will be passed on to the consumer?

Mr. COUZENS. I think there may be some doubt where the tax affects the smaller items. When it comes to talcum powder and other cosmetics it is possible, but whether the tax will be passed on I do not know.

Mr. REED. Certainly the manufacturer will try to pass the tax on in every case.

Mr. COUZENS. I suspect he will, but what I wanted to point out is that Congress has not so specified in any other provision of the bill. We have not said to the motor-car manufacturers, nor to the cosmetic manufacturers, nor to the radio manufacturers, nor to the gum manufacturers, nor to the candy manufacturers, "You shall pass this tax on to the consumer; you will collect it and pay the amount collected to us."

Mr. REED. If the Senator will excuse me, I think we have said it in the case of the telegraph and telephone companies.

Mr. COUZENS. But in that case the tax is not on consumption. The Senator knows that I am talking about the consumption of goods, and the item he has mentioned is not a necessity. Here, however, is an absolute necessity, and it is the only thing in the bill as to which Congress says that the producer shall not pay, but he shall pass the tax on to the consumer and collect it from the consumer and in turn pay it to the Government.

Mr. REED. I think the consumer is going to pay all these taxes, and we are just fooling ourselves if we think he is not.

Mr. COUZENS. I am inclined to agree with the Senator, and, therefore, I want to leave out the provision in this amendment. I am perfectly willing to leave it to the power companies, the same as we have left it to the motor-car manufacturers and the candy manufacturers, to do whatever they choose in obtaining the tax. That is the reason I supported the Hull amendment. In this case, however, we go to the unheard-of extent of saying specifically to the power companies, "We will not require you to pay anything, but we demand that you collect the tax from the consumers and in turn pay the amount collected to the Government."

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Virginia?

Mr. COUZENS. I yield.

Mr. GLASS. In other words, the Senator from Michigan wants to return to painless taxation which nevertheless is taxation, rather than to the painful method the Senator from Pennsylvania proposes. I am opposed to both methods.

Mr. COUZENS. If the Senate wants to recur to all the other excise taxes and make the same provision in them all and treat them all alike, I will not object, but I do object to one great, successful, powerful industry being selected and specifically being protected by the Federal Government.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Indiana?

Mr. COUZENS. I yield.

Mr. ROBINSON of Indiana. There is no certainty that the power company would be permitted to pass on the tax to the consumer under the Howell amendment, for the reason that the public-service commissions of the various States would have something to say about it. I submit that if it were given to the country that it was the intention of Congress that this tax should be paid by the vendor, the power company itself, in times like these at any rate, the public-service commissions in the various States would have no disposition whatever to pass the burden on to the consumers.

One other point, Mr. President, if the Senator will continue to yield:

Rates of public utilities have not been lowered in the slightest degree throughout the country—not to any appreciable extent, at any rate. While other business and industrial concerns have lowered the cost of their products, we find that the power product is still up at the same high figure that ruled back in 1929, before the depression came.

So it seems to me that the proposed substitute has all the weaknesses of the one just voted down by the Senate. It still taxes the consumer; and certainly here is one case where we can well tax the vendor with the hope that the tax will not be passed on to the consumer. My opinion is that it will not be passed on to the consumer.

Therefore, the substitute ought to be voted down, and we should proceed without any further delay to adopt the Howell amendment, and charge the tax to the vendor.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Michigan has the floor.

Mr. COUZENS. Mr. President, I wish to say that I am not so concerned as to what the power companies do. I do wish to point out that the consumer is protected by the State utility commissions; but in the case of all other excise taxes we have said plainly that the vendors shall pay us the tax. We have not said how they shall collect the tax. We have not said from what source they shall get it. We have not said whether they shall pass it on or not. We have said to the vendor, "We require the tax from you."

I am not trying to penalize the power companies or anybody else. I am saying that the power companies should be put on exactly the same basis, and then the public can rely on the State utility commissions to determine whether or not the tax should be passed on.

I yield now to the Senator from Kentucky.

Mr. BARKLEY. Mr. President, I wanted to submit this observation to the Senator from Michigan:

If we may assume that this tax is to be passed on to the consumer, would it not be better for him to know, every time he pays an electric-light bill, precisely what he is paying in taxes, rather than to take a chance on the producer of the electric power charging more than the actual tax because it is blind, because the consumer will never know just how much tax he is paying?

That may be said of any other of these producers, whatever they may produce, in passing the tax on to the consumer; but is there not more likelihood that where it is covered up and blind, the consumer will ultimately pay more in tax than he would if he knew exactly how much the tax is on every bill that he pays to the producer?

Mr. REED. Mr. President, will the Senator yield?

Mr. COUZENS. Mr. President, if the Senator has any confidence in any of the State utility commissions, which will have to authorize any increase in rate, he should not be apprehensive of that result.

I submit that an electric-light payer or a gas payer will have to receive the same rates that he now receives. He will not be required to pay the tax unless the State utility commission authorizes the utility company to increase its rate because of the tax. If the commission does that, the purchaser, of course, will know what the tax is.

Mr. BARKLEY. Of course, I do not express any lack of confidence in the State utility bodies; but the authorization for the increase might be in such general terms as to authorize a sort of blanket increase that would cover more than the tax.

Mr. REED. Mr. President, if the Senator will yield to me, that is precisely the argument that will be used, because this tax will end in a year. Suppose the State commission have authorized an increase of 3 per cent to cover it. They

may very well not meet at the end of the year to cut it down again; and the consumer will go on paying that additional 3 per cent long after the Federal Government ceases to get it.

One thing more, if the Senator will pardon me.

Mr. COUZENS. I yield.

Mr. REED. My attention has been called to the fact that there are a good many municipally owned electric-light plants in the United States. I am told, for example, that in Omaha, Nebr., the electric-light plant is owned by the municipality.

Mr. HOWELL. I beg pardon, Mr. President.

Mr. REED. Is that correct?

Mr. HOWELL. It is not correct.

Mr. REED. Well, there are municipally owned plants in a number of cities. Those users of electric light would pay no tax under the Howell amendment; but under the substitute now offered those people would be on exactly the same footing as all other Americans and would pay the same tax.

Mr. COUZENS. I do not understand. Does the Senator mean to say that a municipal plant would pay the same tax?

Mr. REED. No. If we tax the company, the supplier or purveyor of the current, we can not tax a municipality.

Mr. COUZENS. That is true.

Mr. REED. Consequently the patrons of the municipality would not have to pay any tax or cover any tax in their remittances to the city; but the patrons of a private company would have to do that.

Mr. COUZENS. But are not they stockholders in this plant? We do not tax the stockholders of a corporation; and are not the citizens of a municipality owning its own electric-light plant the stockholders of the plant?

Mr. REED. We do tax stockholders of a corporation very heavily.

Mr. COUZENS. Yes; but not on their stock.

Mr. REED. On their dividends.

Mr. COUZENS. Oh, yes; but if the corporation does not pay any dividends, we do not collect any tax.

Mr. REED. Yes; but in the case of a mutual concern like that they are getting the advantage of low rates.

Mr. COUZENS. But I have observed that in this bill we have exempted all the mutual companies.

Mr. REED. Not mutual electric-light companies.

Mr. COUZENS. But we have exempted all the mutual fire, cyclone, and other mutual companies to the same extent.

I am still unable, however, to see the purpose, in this one particular instance, of making provision by law that the consumer must pay the tax.

Mr. NORRIS. Mr. President, I desire first to ask a question.

I am of the opinion, and I want to know whether I am right or not, that the proposed substitute now pending is identical with the one we voted down, excepting that it includes commercial as well as domestic consumers. Is not that right?

Mr. REED. No, Mr. President. There is the further difference that the rate in the pending substitute is 4 per cent, while in the one we voted down it was 5 per cent.

Mr. NORRIS. Oh, yes! Are those the only differences?

Mr. REED. Those two changes are the only differences.

Mr. NORRIS. Then we are going to vote again upon the identical amendment that we once voted down, excepting that the rate is changed from 5 to 4 per cent, and it includes commercial lighting as well as domestic lighting?

Mr. REED. That is right.

Mr. NORRIS. Mr. President, I do not want to take up the time of the Senate, because it seems to me that that statement makes the question perfectly clear. We are really voting again upon the same amendment that we voted upon before. The Senator from Pennsylvania and others, however, have compared this tax with the tax levied upon automobiles and similar articles. I desire to call attention to the fact that all corporations and manufacturers of that kind are in competition. We are now coming to levy a tax upon what is almost universally a monopoly. A corporation having the right to generate and distribute electricity in a municipality is almost always given a monopoly of the business. So that we are asked now not to tax the monopoly, but to tax the consumer; not to make any levy of a tax upon the corporation that distributes the electricity, but to make it upon the consumer who has to buy it; and, since it is a necessity, he must have it. Since it is a monopoly, he can not get it anywhere else, as a general proposition.

I have a good deal of sympathy with the position taken by the Senator from Virginia [Mr. GLASS] when he says that the companies will pass these taxes on. They will do their best always to pass them on; but I want to call the attention of the Senate to the fact that if the Howell amendment is adopted they are going to have some difficulty, at least, in passing the tax on. I do not believe that they will be successful in passing it on, at least for a year.

Mr. LOGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. In just a moment.

The Senator from Pennsylvania calls attention to the fact that unless we adopt this substitute the probabilities are that these corporations will be collecting this tax and adding it to the consumer's bill long after the tax has ceased to exist. That could not be possible. That certainly is abhorrent.

When the Power Trust finds out that the Senator from Pennsylvania has made such a defamatory charge against them—that they would charge their customers something that they did not pay for themselves, and obtain money by false pretenses—they will come down upon his poor, overburdened shoulders with such criticism that it will drive him out of public life. That would not happen. On the other hand, if this tax is going to last only a year, it will take the companies at least a year in most cases to get permission to raise the rates when they have to go through the various State commissions; and hence the thing will be all over before they get the rate raised.

I now yield to the Senator from Kentucky.

Mr. LOGAN. Mr. President, in making the rates in the first place the utility commission takes into account the amount of taxes paid, rents, capital investment, overhead, and things of that character. If a new tax is added after the rate has been fixed by the commission, if the commission is honest—and we will assume that it is—and the utility company comes back to the commission and says, "Congress or the legislature has imposed upon me this tax which you did not consider," would not the commission, still being honest, without any hesitancy say, "We will allow you to increase the rates and pass it on"?

Mr. NORRIS. There might be instances where they would have to do that, but I submit to the Senator that that would not be a general rule. In the first place, as a rule, with perhaps some exceptions, before they change the rate they will have to make a valuation of the plant, which in itself would take more than a year to bring about.

Mr. LOGAN. If the Senator will pardon just one further interruption, the rates are usually made by contract, are they not? And the order that is finally entered by a utility commission becomes a contract based upon the facts which were in existence at the time the order was made.

Mr. NORRIS. Oh, no! I do not think the Senator is right when he says they are made on contract.

Mr. LOGAN. If a new tax is added which the utility commission could not have considered, would it not be rather unusual for it to say: "We will not allow that to be passed on, although we know that it has been added, and you have that much greater burden"?

Mr. NORRIS. The amount that they pass on would not be as much as though they had a hailstorm or a snowstorm that tore down some of their transmission lines. The amount that it would cost them to go out and repair the transmission lines after a heavy storm that would tear down some of their lines would be more than the amount of the taxes they would have to pay. They do not take those things into consideration. Those are things that are liable to happen at any time.

If this tax is so small that it can hardly be computed when it is reduced to a kilowatt-hour basis, unless there was a showing that the company was losing money, or for some other reason was unable to get returns upon the value of the plant, I do not believe the utility commission would think of such a thing as allowing an increased rate on account of this tax.

Mr. ROBINSON of Indiana. Mr. President——

Mr. NORRIS. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I suggest that it is a dead moral certainty that this tax will be paid by the consumer under the substitute offered by the committee. Under the original amendment offered by the junior Senator from Nebraska [Mr. HOWELL], the consumer at least has a fighting chance. It may not be passed on to him.

Mr. NORRIS. And it can not be without considerable effort.

Mr. ROBINSON of Indiana. Not without considerable effort. I am wondering why all the concern about its possibly being passed on to the consumer. Under the substitute he will pay it directly, but under the amendment offered originally by the Senator from Nebraska, at least, the consumer would have a chance. It may not be passed on to him. Therefore why not adopt the original amendment and give the consumer that chance?

Mr. LOGAN. Mr. President, I will ask the Senator to permit me to make this statement. With considerable experience in such matters, I never heard of any case of taxation where the consumer had a chance. He never has had and he never will have, and why not recognize it and put the tax on him in the beginning, because that is where it will get, with additions, unless we put the tax on him in the first place. In that way we could keep off the additions, which will be added to the tax before it gets to him, because the consumer, as the man least able to pay, always pays the tax.

Mr. NORRIS. Mr. President, I want to commend the Senator from Kentucky for his absolute fairness and his honesty in that statement. He has made a very fair statement, that the consumer has to pay the tax. Let us recognize that and put it on him to begin with. Let us take away all hope. The Howell amendment offers some hope. The Howell amendment offers an avenue of escape. It is intended to tax the corporation and not the consumer. That is a plain, fair statement of the amendment itself.

The corporations may find some way to get around it. They will try to, no doubt, and the Senator from Kentucky says they are going to succeed, that it is hopeless, that there is no use fighting them any longer. Let us lie down and let them walk over us and put the tax on the consumer to begin with.

Mr. LOGAN. Mr. President, I did not say it was hopeless, so far as the power companies are concerned. It is hopeless so far as all tax questions are concerned. All taxes are passed on in one form or another, and while, as the senior Senator from Nebraska says, the Howell amendment does give some hope, the hope it gives is not worth the almost certainty that if we do not provide that the consumer shall pay the tax in the first place, he will get it with additions when it reaches him, and those additions will be equal to or greater than any hope he may have under the Howell amendment.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. WHEELER. It seems to me that a person must be very naïve who thinks that these rates for power are all made up according to the amount of taxes paid and the real valuation of the property of the power interests. To argue on the floor of the Senate at the present time that the power companies be allowed to charge rates based only on a fair valuation of their property, taking into consideration only the taxes they have paid, after the exposures which have been made by the Federal Trade Commission, it seems to me is perfectly ridiculous.

If we had never had the investigation, if we had never known what the power companies have been doing, if we had never known what the State commissions had allowed them in the way of rates, in the face of their valuations, then we might argue upon the floor of the Senate that the tax might be passed on, because they could make a showing that it would be necessary to pass it on. But I say that if anybody is familiar at all with the investigation which has been carried on by the Federal Trade Commission, he certainly can not contend, as the Senator from Kentucky has, that the taxes are necessarily passed on, or should be passed on.

Mr. LOGAN. Mr. President, if the Senator from Nebraska will yield further, I only contend that the tax will be passed on, and, under the statement of the Senator from Montana, not only the tax will be passed on but a good deal more than the tax. We do not have a utility commission to regulate such rates down in my State, and I think we must get along better than do the people in States which do have commissions, from what I hear.

Mr. PITTMAN. Mr. President, will the Senator from Nebraska yield?

Mr. NORRIS. I yield.

Mr. PITTMAN. I want to know whether or not the Senator agrees with this suggestion or not, touching the statement of the Senator from Kentucky that the tax is always passed on. Where there is competition, possibly, among automobile companies, the reduction in the cost of cars may not be taken into consideration, but it is different where there are public-utility corporations, and we govern them by commissions because they are natural monopolies. Suppose, for instance, on the 1st of January, 1930, a rate were fixed for an electric power company and this tax of 3 per cent were imposed, and they should apply to a utility commission to raise their rate so as to include the 3 per cent, and the commission on the hearing should find that since that rate was established, January 1, 1930, their costs had been reduced 30 per cent, due to changes in conditions since January 1, 1930, which would offset the amount of the tax of 3 per cent. Would there be any ground for the commission raising the rates?

Mr. NORRIS. Mr. President, I think not, and I thank the Senator. It seems to me he has brought out an important point for consideration.

If we look up the statistics—and I do not have them here at my desk—it will be found to be true that the great electric-power companies have not felt the depression. Their income in 1930 was greater than before. In 1931 it was about the same, as I remember, as in 1930, or perhaps in 1931 it was a little greater than in 1930, and was the same in the two preceding years.

They have lost some customers. As I remember it—and I am speaking entirely from memory—their earnings amounted to 6 per cent in localities where most of their customers were engaged in industry and using current for power purposes. But they have increased their income from domestic and commercial sources. In other words, they are dealing in something which must go into every business house and into every home, and the increase has more than offset the decrease.

In a case like that suggested by the Senator from Nevada the probabilities are that the company would fail to get an increase on its own showing, because the cost of production of electricity has decreased very materially. The expenses for material and for labor, like the expenses of all companies engaged in business, have decreased, but the consumers are more numerous. They have more than made up what loss they had in the industrial field by the increased business they have had in the domestic and the commercial field, taking into consideration the decrease in the cost of production.

On their own showing, therefore, they would fall down, and the commission would say, "Your cost of production has decreased a great deal more than this tax would increase it," and they would not be able to get the increase.

I only rose to call attention to the fact that we are about to vote upon the same amendment we voted on before, with slight changes, and it seems to me the reasons which impelled any Senator to vote against the first substitute offered

ought, for equal reasons, and for the same logical reasons, induce him to vote in the negative on this amendment.

Mr. WALSH of Montana. Mr. President, I would like to say a word first on the proposition laid down by the Senator from Kentucky to the effect that every tax is passed on to the consumer. If that were so, I could not quite understand why the great, powerful, wealthy interests of this country would oppose an income tax. If they could just shunt it off onto the general public, why all this resistance to it? As a matter of fact—and I defer, of course, to the judgment of the Senator from Kentucky—I think the writers on taxation generally agree that there are many taxes which are not passed on to the consumer. Take the farming industry, for instance. A tax is imposed upon farmers, but how is the farmer to pass on to the consumer what he has to pay in taxes?

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. LOGAN. The farmer is one of the ultimate consumers, he is one of the last men. He can not pass the tax on at all.

Mr. WALSH of Montana. Certainly he can not; but there are other ultimate consumers besides the farmer.

Mr. LOGAN. I know; but when it gets to the big income-tax payers, I suppose they have a little conscience, and that is what troubles them. Probably the reason why they resist it is because it would be troublesome to pass it on. But they will find some way, if they get good enough lawyers.

Mr. WALSH of Montana. That is rather beside the question, because just how successfully the power companies could pass on the tax suggested by the Senator from Nebraska is a debatable question.

I rose particularly to give some further information concerning the financial situation of the companies which would be affected by this particular tax, a subject to which I addressed myself a while ago.

I have before me a copy of the Electrical World for January 2, 1932, which contains a summary from the reports of a large number of electric-power companies for the year 1931 as compared with 1930. These statistics will be of interest, I am sure.

Some of the companies lost and some of them made; that is to say, some of them had less income during 1931 than in 1930, others of them had very much more income, and, as stated heretofore, the companies finding their returns smaller are those deriving a greater portion of their profits from energy used in industry.

The Birmingham Electric Co. for the year ended October 31, 1931, had a decrease of 11 per cent in gross earnings and of 11 per cent in its net earnings. Nevertheless, it had a net profit during that year of $2,612,937.

The Carolina Power & Light Co. had a gross return of 8 per cent more in 1931 than in 1930. Its net returns were 1 per cent less. Nevertheless, it had a net income of $,998,507. I regret that the Senator from North Carolina, who did not give us his support on the last amendment, is not in the Chamber. That is to say, that company, operating down there, had a net profit last year of but $5,000,000.

Mr. VANDENBERG. Mr. President, do the Senator's figures show what percentage of the gross the net is?

Mr. WALSH of Montana. Yes; the gross earnings of that company in 1931 were $9,654,195, as against $8,949,747 in 1930. It had a greater gross return but a slightly less net return.

Mr. VANDENBERG. Will the Senator restate, for my information, the gross and net for one year so I can see the relationship?

Mr. WALSH of Montana. The gross for 1931 was $9,654,195, and the net was $4,940,901, just about one-half. For 1930, the proportion was very much the same.

The Houston Light & Power Co., for the same year, suffered a loss in its gross return of 3 per cent, but its net returns were better by 8 per cent during 1930 than in 1931.

The Memphis Light & Power Co. improved its situation in both respects. It had a gross income of 4 per cent more in 1931 than in 1930, and a net income of 5 per cent more in 1931 than in 1930.

The Montana Power Co. suffered a loss of its gross income of 17 per cent and a loss in its net earnings of 19 per cent, easily explainable, because the chief sources of revenue to the Montana Power Co. are the great copper mines at Butte, which have been practically shut down due to the deplorable condition that now prevails in that enterprising city. Nevertheless, the Montana Power Co. still had a net income of $6,510,017.

The Northwestern Electric Co. suffered a loss of 3 per cent in its gross income, but its net income increased 1 per cent.

The Pacific Power & Light Co. was exceedingly fortunate. It increased its gross earnings by 6 per cent and its net earnings by 2 per cent.

The most fortunate company in the list is the Pennsylvania Power & Light Co., the figures concerning which will be of interest, I have no doubt, to the Senator from that State. The Pennsylvania Power & Light Co. had an improvement in its gross earnings in 1931 of 12 per cent over its earnings for 1930 and an increase of 12 per cent in its net earnings for 1931 over 1930.

May I say to the Senator from Kentucky that the Public Service Commission of the State of Pennsylvania increased the rates of that power company? Its total gross earnings for 1930 were $30,880,068 and its net was $16,692,631. For 1931 its gross was $34,434,853 and for 1931 it was $17,614,614.

The Southern California Edison Co. suffered a loss in both gross and net income, eight-tenths of 1 per cent in its gross and 3.1 per cent in its net.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Michigan?

Mr. WALSH of Montana. I yield.

Mr. VANDENBERG. In reporting the net, is that the operating net or does it include capital charges?

Mr. WALSH of Montana. I would not think it included capital charges.

Mr. VANDENBERG. It is just the operating net?

Mr. WALSH of Montana. I should think so, although the information is not given here. It is just given in gross and net.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WALSH of Montana. I yield.

Mr. REED. I think that must be net operating income before capital charges.

Mr. WALSH of Montana. Let me understand what the Senator means by capital charges.

Mr. REED. I mean interest on bonds——

Mr. WALSH of Montana. Oh, I can not think so.

Mr. REED. I do not believe that interest on bonds has been deducted before arriving at that net income.

Mr. WALSH of Montana. I do not know of any institution that would report its net earnings without deducting its interest charges.

Mr. REED. I can tell the Senator of many, because the Interstate Commerce Commission requires all railways to report their income in just that fashion. First they report net operating income and then from that they deduct their capital charges, and that shows their net profits. These companies, or many of them, and I think that includes the Pennsylvania Power & Light Co., follow the same accounting practices. That is a great hydroelectric development. They have built enormous works on the Susquehanna River. The interest charge on that investment is very heavy as in all hydroelectric plants. A steam plant can be built comparatively cheaply, but the operating cost is high. The hydroelectric plants have a low operating cost, but a very high capital-carrying charge.

Mr. WALSH of Montana. I can not possibly think that these companies would put out any such deceptive information as that.

Mr. REED. But every railway does it, as I told the Senator.

Mr. HOWELL. Not when they are trying to sell bonds. They would not dare put it out in that fashion.

Mr. REED. That is the form of accounting required by the Interstate Commerce Commission which they have to follow.

Mr. HOWELL. I am talking about when they sell bonds.

Mr. LOGAN. The Interstate Commerce Commission regards the net operating income as quite different from the net earnings.

Mr. WALSH of Montana. They may have earnings quite aside from their net operating income.

Mr. REED. Surely.

Mr. WALSH of Montana. This is net earnings from all sources.

Mr. REED. I must respectfully doubt whether that is after deduction of bond interest.

Mr. WALSH of Montana. Anyway it appears from this statement, as well as information heretofore given, that these companies are in a fairly prosperous state and can easily bear the tax.

The PRESIDENT pro tempore. The question is on the substitute of the Senator from Pennsylvania for the amendment of the Senator from Nebraska.

Mr. COUZENS. Mr. President, experts of the Treasury Department and some lawyers of the Senate are in doubt as to what would result under section (c) of the proposed amendment, which reads:

> No tax shall be imposed under this section upon any payment received for electrical energy or gas furnished the United States or to any State or Territory or political subdivision thereof or the District of Columbia.

I want to make it perfectly clear that this tax shall not be applied to electricity sold to a municipally owned water plant or a municipally owned electric-light plant or a municipally owned street-railway plant. Therefore I move to insert at the end of subsection (c), following the words "District of Columbia," the following proviso:

> *Provided*, That this tax shall not apply to a vendor selling to a municipally owned water or street-railway plant.

Mr. REED. I am glad to accept the amendment.

The PRESIDENT pro tempore. The Senator from Pennsylvania modifies his amendment by accepting the proposal of the Senator from Michigan.

Mr. DALE. Mr. President, the modification offered by the Senator from Michigan relates to a point I had in mind when the Senator from Michigan took the floor. For instance, in my State in identical territory a municipal plant and a private plant operate.

Mr. REED. Mr. President, will the Senator yield?

Mr. DALE. Certainly.

Mr. REED. This amendment would not affect that case. A municipal plant selling current to its domestic customers would have to account for the tax. This would merely take care of the sales of current to a municipally owned water company or a municipally owned street-railway company. It would not apply to a municipally owned electric-light company which was selling to private consumers.

Mr. DALE. In all the discussion that condition has not been referred to at all. If there is any way in the world to place this tax on the company I would like to do it. The only question that has been discussed is how to place the tax on the company and not place it on the consumer; but something much more unfair than that would be to tax one company 3 per cent and another company nothing, though operating in the same territory, and thus give one company an advantage of 3 per cent over the other one.

Mr. REED. I quite agree with the Senator. Under the Howell amendment the municipally owned company, as I understand it, would pay no tax while its competitor, the privately owned company, would have to pay a tax.

Mr. DALE. That is my understanding.

Mr. REED. Under the substitute which I have offered both companies would pay the tax.

Mr. DALE. That is, under the substitute offered by the Senator from Pennsylvania?

Mr. REED. Yes.

Mr. DALE. I thought from what the Senator from Michigan proposed that it would send the tax back to the consumer, just as it would have been done under the previous proposal.

Mr. COUZENS. Mr. President, where the city of Detroit, for instance, owns a water plant and a street-railway plant, I am proposing that current sold to them shall not be taxed. It has nothing to do with the case the Senator from Vermont has in mind.

The PRESIDENT pro tempore. The question is on agreeing to the substitute of the Senator from Pennsylvania as modified.

Mr. HOWEL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Jones	Schall
Austin	Couzens	Kean	Sheppard
Bailey	Cutting	Kendrick	Shipstead
Bankhead	Dale	Keyes	Shortridge
Barbour	Davis	King	Smoot
Barkley	Dickinson	La Follette	Steiwer
Bingham	Dill	Logan	Stephens
Black	Fess	McGill	Thomas, Idaho
Blaine	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Townsend
Bratton	Goldsborough	Metcalf	Trammell
Broussard	Gore	Moses	Tydings
Bulkley	Hale	Neely	Vandenberg
Bulow	Harrison	Norbeck	Wagner
Byrnes	Hastings	Norris	Walcott
Capper	Hatfield	Nye	Walsh, Mass.
Caraway	Hawes	Oddie	Walsh, Mont.
Carey	Hayden	Patterson	Watson
Cohen	Hebert	Pittman	Wheeler
Connally	Howell	Reed	White
Coolidge	Hull	Robinson, Ark.	
Copeland	Johnson	Robinson, Ind.	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The yeas and nays have been demanded. Is there a second?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I withhold my vote. I understand that if the junior Senator from Virginia were present he would vote "nay," and if I were permitted to vote I should vote "yea."

Mr. JONES (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. SWANSON]. I have been unable to obtain a transfer, and therefore withhold my vote.

Mr. LA FOLLETTE (when his name was called). On this vote I have a pair with the junior Senator from Illinois [Mr. LEWIS], who is necessarily absent. Not knowing how he would vote if present, I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. WATSON (when his name was called). I have a general pair with the Senator from South Carolina [Mr. SMITH]. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. NORRIS. I wish to announce that on this question the Senator from Colorado [Mr. WATERMAN] is paired with the Senator from Iowa [Mr. BROOKHART]. If present, the Senator from Colorado would vote "yea," and the Senator from Iowa would vote "nay."

Mr. SHEPPARD. I desire to announce that the senior Senator from Virginia [Mr. SWANSON] is necessarily detained from the Senate as a delegate in attendance upon the Geneva arms conference.

The result was announced—yeas 35, nays 47, as follows:

YEAS—35

Austin	Carey	Dickinson	Hale
Barbour	Copeland	Fess	Harrison
Barkley	Dale	Goldsborough	Hastings
Broussard	Davis	Gore	Hatfield

Hebert	King	Reed	Vandenberg
Hull	Logan	Shortridge	Walcott
Kean	Metcalf	Smoot	Walsh, Mass.
Kendrick	Moses	Stephens	White
Keyes	Oddie	Townsend	

NAYS—47

Ashurst	Cohen	Johnson	Schall
Bailey	Connally	McGill	Sheppard
Bankhead	Coolidge	McKellar	Shipstead
Black	Costigan	McNary	Steiwer
Blaine	Couzens	Neely	Thomas, Idaho
Borah	Cutting	Norbeck	Thomas, Okla.
Bratton	Dill	Norris	Trammell
Bulkley	Fletcher	Nye	Tydings
Bulow	Frazier	Patterson	Wagner
Byrnes	Hawes	Pittman	Walsh, Mont.
Capper	Hayden	Robinson, Ark.	Wheeler
Caraway	Howell	Robinson, Ind.	

NOT VOTING—14

Bingham	Glenn	Long	Waterman
Brookhart	Jones	Morrison	Watson
George	La Follette	Smith	
Glass	Lewis	Swanson	

So Mr. REED'S amendment, as modified, in the nature of a substitute for Mr. HOWELL'S amendment was rejected.

The VICE PRESIDENT. The question is now on the amendment offered by the Senator from Nebraska.

Mr. WALSH of Massachusetts. Mr. President, I think we are entitled to have a roll call on this question. Some of us have been in favor of a tax on electric power but preferred to follow the recommendations of the Treasury as to the manner of levying the tax. I want to vote for this proposed tax in order to raise the necessary revenue to balance the Budget, though the Finance Committee favored a different form of levying the tax. I ask for the yeas and nays.

Mr. COUZENS. Mr. President, before the amendment is voted on, and so as to assure the Government of the income required in order to balance the Budget, I move to strike out of the amendment, in line 4, the words "payable from net income but not otherwise."

Mr. HARRISON. Will the Senator explain the purpose of the amendment to the amendment?

Mr. COUZENS. The amendment offered by the Senator from Nebraska provides—

> There is hereby imposed upon energy sold by privately owned operating electrical power companies a tax equivalent to 3 per cent of the price for which so sold—

Then come the words—

> payable from net income but not otherwise.

I want to point out that that is the only instance in the case of any of the excise taxes where there is a provision that the tax shall be paid only if the companies have a net income. So if we want to assure an income to balance the Budget, we should eliminate the words "payable from net income but not otherwise."

SEVERAL SENATORS. Vote!

Mr. HOWELL. Mr. President, I will say that I inserted those words at the suggestion of the distinguished Senator from Michigan, and I think they ought to be in the amendment. I concluded after I had listened to his argument that it was proper to put them in.

Mr. COUZENS. Mr. President, when the Senator proposed this amendment and sent it to the Finance Committee before we had passed on any excise taxes, I agreed with him at that time because we had not agreed upon any excise taxes and my hope was that we would rely upon income taxes; but having adopted the excise taxes, in connection with none of which is there a provision that the tax shall be paid only when there is a profit, I do not see why the power companies should be given preference and only be required to pay the tax if they have a net income. So I move that the words indicated be stricken out.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan to the amendment of the Senator from Nebraska.

Mr. HOWELL. Mr. President, just a moment. Those words have been incorporated in the amendment so that if a company has not a profit it will not have to pay. I thought that was equitable and right.

Mr. COUZENS. But, Mr. President, there is no such provision in the case of any other manufacturer; the manufacturer of all other commodities upon which excise taxes are levied under this bill pays the tax without any provision that it shall be paid only in case there is a net income; and I do not see why the power companies should be treated differently.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Michigan to the amendment offered by the Senator from Nebraska. [Putting the question.] The Chair is in doubt.

On a division, the amendment to the amendment was agreed to.

The VICE PRESIDENT. The question recurs on the amendment offered by the Senator from Nebraska, as amended.

Mr. HARRISON. Let us have the yeas and nays.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, I have been in a committee meeting all day long and have not heard this amendment discussed at all. I should like to ask one or two questions concerning it before I vote, although my general pair is not here and is opposed to it and I shall probably not be able to vote, anyway. Nevertheless, I should like to ask the Senator from Utah and the Senator from Pennsylvania how much it is estimated this amendment will yield?

Mr. SMOOT. About $51,000,000.

Mr. BINGHAM. May I ask the Senator also whether there is going to be any difficulty in collecting the tax, due to the fact that most of the States have public utility commissions that regulate the rates so that the companies will not be able to change their rates?

Mr. SMOOT. That is a question which I do not believe anybody could answer offhand. The Senator from Nebraska, however, thinks that the proposed tax will raise $51,000,000 even under the conditions existing to-day and just now referred to by the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Nebraska, as amended. The yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BINGHAM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. If he were present, he would vote "nay." Therefore, as I intend to vote the same way, I am at liberty to vote. I vote "nay."

Mr. JONES (when his name was called). Announcing my pair as heretofore, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. LA FOLLETTE (when his name was called). On this question I have a pair with the junior Senator from Illinois [Mr. LEWIS], who is necessarily detained from the Senate. Not knowing how he would vote, I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR], who has been called from the Chamber. Not knowing how he would vote, I withhold my vote.

Mr. WATSON (when his name was called). I have a pair with the Senator from South Carolina [Mr. SMITH], who is absent from the Chamber. Not knowing how he would vote, I am compelled to withhold my vote; but if at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent, and therefore withhold my vote.

Mr. NORRIS. I wish to announce that the Senator from Iowa [Mr. BROOKHART] is paired with the Senator from Colorado [Mr. WATERMAN]. If present, the Senator from Iowa would vote "yea."

Mr. SHEPPARD. I desire to announce that the Senator from Tennessee [Mr. MCKELLAR], the Senator from Illinois [Mr. LEWIS], and the Senator from Louisiana [Mr. BROUSSARD] are necessarily detained on official business.

Mr. SHEPPARD. I desire to announce that the Senator from Virginia [Mr. SWANSON] is necessarily absent from the

city, in attendance upon the disarmament conference in Geneva.

The result was announced—yeas 61, nays 19, as follows:

YEAS—61

Bankhead	Couzens	Kendrick	Shipstead
Barkley	Cutting	King	Shortridge
Black	Davis	Logan	Smoot
Blaine	Dickinson	McGill	Steiwer
Borah	Dill	McNary	Stephens
Bratton	Fess	Neely	Thomas, Idaho
Bulkley	Fletcher	Norbeck	Thomas, Okla.
Bulow	Frazier	Norris	Trammell
Byrnes	Goldsborough	Nye	Wagner
Capper	Gore	Patterson	Walsh, Mass.
Caraway	Harrison	Pittman	Walsh, Mont.
Cohen	Hatfield	Reed	Wheeler
Connally	Hayden	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	
Costigan	Johnson	Sheppard	

NAYS—19

Ashurst	Carey	Hebert	Oddie
Austin	Dale	Kean	Tydings
Bailey	Hale	Keyes	Vandenberg
Barbour	Hastings	Metcalf	Walcott
Bingham	Hawes	Moses	

NOT VOTING—16

Brookhart	Glenn	Long	Swanson
Broussard	Jones	McKellar	Townsend
George	La Follette	Morrison	Waterman
Glass	Lewis	Smith	Watson

So Mr. HOWELL'S amendment, as amended, was agreed to.

Mr. SMOOT. Mr. President, I send to the desk an amendment imposing a tax on gasoline.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Utah offers the following amendment:

On page 257, after line 11, insert a new section, as follows:

"SEC. —. TAX ON GASOLINE

"(a) There is hereby imposed on gasoline sold by the importer thereof or by a producer of gasoline, a tax of 1 cent a gallon, except that under regulations prescribed by the commission, with the approval of the Secretary, the tax shall not apply in the case of sales to a producer of gasoline.

"(b) If a producer or importer uses (otherwise than in the production of gasoline) gasoline sold to him free of tax, or produced or imported by him, such use shall for the purposes of this title be considered a sale.

"(c) As used in this section—

"(1) The term 'producer' includes a refiner, compounder, or blender, and a dealer selling gasoline exclusively to producers of gasoline, as well as a producer.

"(2) The term 'gasoline' means gasoline, benzol, and any other liquid the chief use of which is as a fuel for the propulsion of motor vehicles, motor boats, or airplanes."

On page 264, line 16, after "etc.," insert a comma and the following: "or after June 30, 1933, in the case of articles taxable under section —, relating to the tax on gasoline."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

Mr. SMOOT. Mr. President, the Senate will notice that this tax is imposed for one year only, and the tax of 1 cent per gallon will raise a revenue of at least $150,000,000.

This tax is imposed in order that the Budget may be balanced. The committee did not know of any other way to raise sufficient revenue to balance the Budget. That seems to be the demand not only of the Senators but of all the country.

While we disliked to resort to this tax, we thought it was about the only means by which we could raise the necessary amount of money while doing as little harm as possible to business.

Mr. VANDENBERG. Mr. President, I realize the desperate importance of the situation which confronted the Finance Committee, and which now confronts the Senate. Certainly I am one of those who are keenly anxious that this bill shall be completed, and, so far as the Senate is concerned, that the Budget shall be balanced, before adjournment to-night. Certainly I do not propose to raise any specious objection to any proposition which seems to be unavoidable in this connection.

On the other hand, I should feel that I was not entitled to occupy the particular seat I do occupy in the Senate if I did not bring to the Senate's attention some of the collateral facts that are involved in this decision.

I have in mind the fact that when this bill goes to conference there will be before the conferees various alternative sources of revenue. I am referring to those sources of revenue which the House has put in the bill, and the Senate thus far has declined to accept. I am referring to those sources of revenue which the Senate has put in the bill and which the House thus far has not had an opportunity to survey. What I am saying is that the ultimate choice in making up this final two hundred-odd million dollars will rest with the conferees as between these alternative sources of revenue.

Therefore, what I am saying is addressed not only to the Senate in respect of the immediate decision which it must make, but I am saying it also in respect of the decision which the conferees ultimately must make in the event that the Senate approves the pending proposal.

Mr. President, in the message conveyed to the Senate to-day by the President of the United States he very appropriately put all emphasis upon the welfare of the Nation as the paramount consideration to be consulted in this emergent hour. It is in respect to the welfare of the Nation, and not in respect to the welfare of any individual industry, that I make the following brief statement:

I want to repeat that the key industry of the United States to-day is the automotive industry. I want to repeat that the automotive industry led this Nation out of a depression within the past decade, and that the automotive industry to-day is the one and only industry in the land which has dared on a large scale to plan to lead the country out of this present depression. I submit again to the Senate, not in behalf of the automotive industry but in behalf of the common welfare to which we are asked to dedicate ourselves, that it is a very serious matter when the Government proposes to put hobbles upon the one key industry which is proposing to "Forward, march!"

Whenever the Treasury Department for the last several years has sought revenue, apparently it has always turned first in its thoughts to the automotive industry. Apparently, in the formation of the pending revenue bill, the first and the last thought always has been to approach automotion with the levies which we are to make. This bill already carries within it a special discriminatory tax upon passenger cars. It already carries within it a special discriminatory tax upon automobile trucks. It already carries a special discriminatory tax upon automobile accessories. It already carries a special discriminatory tax upon automobile tires and tubes. It already carries a special discriminatory tax upon lubricating oil.

Mr. President, though this industry be a giant, is there not a point at which even the giant can not longer carry the load?

Not only that, but speaking again of the common welfare, which is the sole consideration—and I emphasize it—the sole consideration which is entitled to be canvassed in such an hour as this, speaking again of the common welfare, I remind the Senate that every State in the Union is depending upon taxes upon gasoline for a large measure of its current revenues to-day, and it becomes an exceedingly serious thing, from the standpoint of the States themselves, when the Federal Government proposes now to invade this field to add to the gasoline-tax burden. I say it becomes a serious thing, not only through its discouragement to automotion but through the pyramiding levy which is put upon this one key commodity. I say there is a point at which it is unsafe further to go in the name of the common welfare.

I regret exceedingly that the Finance Committee could find no other tax target in this final hour, no other target except this tax patriot, which already is carrying more of the tax load than any other single industry or activity within the common life of the American people.

I think it is utterly unfortunate that the final necessity should bring us face to face with a levy which discourages the economic stimulus which this great industry has dared to plan to inject into the industrial life of the American people.

We confront not only the responsibility to balance the Federal Budget, Mr. President, we confront equally a col-

lateral responsibility, and that is the responsibility to help our citizenship balance its own budget, and that citizenship, to the tune of 4,000,000 workmen, directly and indirectly, is dependent upon this particular industry.

Up and down the Nation collateral business is more intimately interwoven and interlinked with this particular industry than with any other in the land. In other words, we have picked out the key spot where hope ought to thrive, and we have chosen it once more for another and final discrimination.

If there is no alternative, I have nothing more to say, but if there is an alternative, Mr. President, I submit that providing the Senate insists upon proceeding in this channel, when the conference undertakes to canvass this situation, it should give prayerful thought to the problem, not of the industrial welfare of the automobile business but of the common welfare of the American people and the common tax welfare of the States of this Union, as both of those contemplations are inextricably linked with the tax upon gasoline.

Mr. President, I would like to ask the Senator from Utah one question. I would be the last to propose at any such time as this any alternative which might be even remotely construed as being a subterfuge by way of doing this essential thing of balancing the Budget. But the Senator knows that for many weeks I have held the view that the capital expenditures of the Government, as represented within the pending bill—I am not referring to any additional expenditures; I am referring to those which are inescapable within the current Budget—the Senator knows that I have felt that in analogy with the method on which private business would operate these permanent improvements should be lifted out of current Budget and funded over a period of years.

May I ask the Senator from Utah, the chairman of the Finance Committee, this question? If the Senate puts all of these taxes into this bill, in other words, completes a bill which has within it the total sum which the Treasury seeks by way of balancing the Budget, would he think there was any danger of misconstruction if for the purpose of giving the conferees further latitude when they consider the whole problem, in addition the conferees were to have within this bill a further amendment dealing with the power to fund these permanent improvements? I submit that question to the Senator.

Mr. SMOOT. Mr. President, in the first place, I think there would be a question of putting that amendment upon this bill. I want to be perfectly frank with the Senator and say that if there is to be any difference between the estimates and the amount raised, I am fearful the bill would fall short rather than go over. I say that because of the condition of business to-day, and I can not see any immediate change in view. It seems to me that the only thing which will bring confidence to the industries and the people of the United States is for us to be absolutely sure that the Budget will be provided for in full.

Mr. VANDENBERG. I agree with the Senator.

Mr. SMOOT. That is fundamental, and I think the country agrees with that position.

Mr. VANDENBERG. I think that is true; but I am suggesting that after that is all done, would there then be any danger if, in addition to that, we provided the conferees with an amendment in this bill so that in their ultimate, mature deliberation, if they saw fit to resort to it, they might have the opportunity of considering that alternative in connection with the final conference report?

Mr. SMOOT. I do not know what effect that would have upon the situation as it exists to-day. I would not want to put a thing into the bill that could be construed by the press, or the business men of the country, or the business men of the world as an indication that we were going to impose a greater burden upon the taxpayer of the country. There is many an item of taxation in the bill which I did not like to vote for, and I know the same applies to the Senator from Michigan. I know that the automobile industry, just as the Senator has said—one which employs men by the thousands and tens of thousands—is, I was going to say, the very backbone of the industries of this country, and that is one of the industries we felt we were compelled to hit hard, because it is one from which we could get the money. I doubt the wisdom of putting this amendment into the bill. I would rather undertake what the Senator desires to accomplish by a special bill.

Mr. VANDENBERG. There is that possibility.

Mr. SMOOT. I would rather undertake it through a special bill than to have the amendment in this bill at this particular time.

I can not say whether I would support the amendment or not until I see what it is; but I do want to say to the Senator that I think that at this particular time, under the conditions existing not only in our own country but all over the world, we should give very serious consideration to his suggestion before we even think of putting it into this bill.

Mr. VANDENBERG. Mr. President, it is that phase of the matter which gives me pause, and is responsible solely for the fact that I do not submit the precise amendment which I have been defining. I have asked numerous Senators, including at least one who is recognized pretty generally as a dependable authority, as to whether there would be any subterfuge in the balancing of the Budget through the inclusion of this recourse, and the answer almost universally has been that the recourse is justified, and that it would not be a subterfuge. On the other hand, I submitted the same inquiry to the distinguished senior Senator from Pennsylvania [Mr. REED] and found that his reaction was different. I have now submitted it to the Senator from Utah, and I find that his reaction is different. I would infinitely prefer to proceed through independent legislation, if it subsequently develops that it can be done, than to leave any possible shadow at this final moment upon this thoroughly heroic yet ruthless thing which we are called upon to do.

Mr. REED. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. REED. We all know that in commercial business there is nothing unsound about treating permanent construction as a capital investment and not expecting to pay for it out of the earnings of the particular year in which it is built. But for nearly a century and a half the United States Government has followed a contrary policy, and when the Senator submitted his suggestion to me I saw the force of his argument, but I apprehended that it would arouse suspicion. If, in order to balance our Budget, we adopted a totally new system of accounting, it would arouse suspicion, just as certain phases of the British budget-balancing process aroused cynical criticism at the time they were made.

We do not want to leave this matter in doubt. We do not want to allow any skeptic to sneer at what we are doing here. We do not want anybody to say that we are balancing our Budget only by the suppression of items which ever since this Government was created have been put in as ordinary expenses. It is for that reason, and that only, that I took the position I did take.

I want to say in closing that I think the Senator from Michigan in the attitude he is taking displays a very patriotic, broad-minded, generous spirit.

Mr. THOMAS of Idaho. Mr. President, will the Senator from Michigan yield to me?

Mr. VANDENBERG. I yield.

Mr. THOMAS of Idaho. I realize that the gasoline tax is one of the most oppressive taxes to be found in the bill. I did not vote for it in the committee because I was hopeful that we might be able to find something else to replace it.

Mr. VANDENBERG. Mr. President, I thought I had made it plain that personal wishes have nothing to do with my attitude. Neither has any personal interest for any particular State or any particular industry anything to do with my attitude. I am concerned chiefly because I fear that any handicap to the one and only courageous industry in the United States which is capable of serving in this emergency in a large way is a doubtful, exceedingly doubtful, public policy.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. TYDINGS. As I understand, it is estimated that under the Connally amendment there will be raised about $70,000,000 more than would have been raised by the bill as it was last night. The amendment of the Senator from Nebraska is estimated to raise another $55,000,000. That would make $125,000,000. Based on last year's consumption of gasoline, a 1-cent tax on gasoline would raise $165,000,000. Is that correct?

Mr. SMOOT. That would be correct, provided there was as much gasoline used as was used two years ago. It is estimated that it would not raise more than $150,000,000.

Mr. TYDINGS. What I want to bring out is that it is estimated that $150,000,000 would come from the gasoline tax, $55,000,000 from the Howell amendment, and $70,000,000 from the Connally amendment, making all together about $275,000,000.

Mr. SMOOT. Yes; it would be $275,000,000.

Mr. VANDENBERG. Mr. President, let me conclude what I have to say. I am going to withhold any amendment respecting the funding of permanent improvements embraced within the existing Budget, although I think that is a perfectly legitimate method of procedure so long as we confine ourselves to public improvements within the already existing authorized Budget of the Government. But I shall hope that if upon mature deliberation it develops that an alternative of that nature is preferable, it may ultimately have consideration on its own independent merits at the proper time.

I recur then to the basic proposition which I submitted to the Senate. I can not myself recommend any such utterly indefensible discriminative burden as this finally pyramids upon automotion in the United States, but if the Senate concludes that it must proceed in this direction, I am particularly addressing myself to the ultimate conference, where an alternative choice will lie between various sources of revenue, and I am saying that there will be the only forum where any deliberative consideration has been given to this proposition, because it is brought into the Finance Committee and out of it and onto the floor of the Senate and into the bill all within a span of less than eight hours, without any adequate survey as to its possibility or its repercussions and without the consideration which ought to precede any such fundamental change in the tax system of the United States.

Mr. TRAMMELL. Mr. President, I opposed the tariff of 2½ cents on gasoline because I felt confident that if that tariff provision operated as contemplated by the proponents of the measure, it would result in a substantial increase in the price of gasoline and that the burden would most certainly be imposed on the consumers of gasoline for the benefit of the oil companies. For the same reason that I opposed that tariff which contemplated bringing a larger price at least to the producers of gasoline, I am going to oppose the proposal now to add an additional 1-cent tax under the provisions of the amendment directly upon gasoline. I do not know of any product of common use that is more heavily burdened with taxation to-day than is the automobile. I know of no class of people that have imposed upon them a greater tax burden for a particular convenience or utility than that which the law of to-day in the States, and now it will be also the law of the Nation, imposes upon those who use automobiles.

There are approximately 26,000,000 automobiles in the country. Every time we impose a tax on automobiles we necessarily burden those who are using them. If we keep on, we will tax the industry and the people to death. I did not favor a general sales tax, but if the price of gasoline is increased 2½ cents a gallon on account of the tariff—which, by the way, was supported by my friend from Michigan [Mr. VANDENBERG] who pleads so earnestly now in behalf of the automobile industry—and if there be added a direct tax of 1 cent additional under this amendment, then there will have been a tax burden imposed upon the average citizen of the United States that would far exceed a general sales tax of 1¾ or 2 per cent.

To impose a sales tax of 2 per cent on all articles and commodities other than food and clothing and medicine that the average person uses who has an automobile in this country would not amount to more than $4 or $5 a year. That is all it would cost him. We have seen proper to adopt that proposal. I was among those who voted against it. Yet if we impose a tax of 1 cent a gallon on gasoline, we will increase the expenditures of the average citizen in the United States far more than it would if we had imposed the general sales tax upon him. He has not only to contend with the 1 cent per gallon Federal tax if the amendment is adopted, but the States have gasoline taxes ranging from 3 to 7 cents a gallon, and he has to contend with those. The price of the automobile tag has been increased in practically all the States.

This measure imposes a tax of 3 per cent upon the purchase of the automobile, a tax of 2 per cent upon the tires and tubes and accessories, and everything that he uses if he is the possessor of an automobile. And yet, because it is rather easily imposed and easily collected, we would impose this additional burden. I think the people of my State are going to have to contribute sufficient under the other provisions of the measure without having an additional burden of $2,000,000 or $3,000,000 a year imposed upon them in the way of a Federal gasoline tax.

I hope the amendment will be defeated, and that some other source of revenue may be found. We just voted on a proposal here a few moments ago, and I voted in favor of it with some hesitancy, which, in all probability, will increase the cost of the gas and electricity consumed in the average household. That tax, I fear, is going to reach the people of the country. Talk about exempting such necessities as food and clothing; I would like to know where there are greater necessities than gas with which to prepare food and heat with which to warm and make comfortable human beings during the wintertime and electricity to light their homes. Yet we have just adopted an amendment providing for a 3 per cent tax upon the purchases of gas and electricity to be used in the homes. Of course, it is stated that it shall come from the gross receipts of the company, but it may be the greater part of that tax will be passed on directly to the consumer.

There are not many States in the Union where the public service commission, passing upon the question, will be convinced by the power companies that they are entitled to increase their rates on account of the tax. If that be true, we will again reach directly the consumer and impose a tax which will be no easier for him to pay than if we had a general sales tax of 1¾ or 2 per cent.

I think we are imposing too much upon the people in the way of taxes upon necessities, upon commodities and articles of general consumption, and that we should not increase the tax burden by means of a 1 cent per gallon tax on gasoline, which will mean an increase under this particular measure of 3½ cents a gallon tax upon all the gasoline produced in the country if the tariff provision operates as it was contemplated to operate.

The VICE PRESIDENT. The question is on the amendment submitted by the Senator from Utah.

Mr. GORE obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, may I ask my colleague if he will yield for me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to his colleague for that purpose?

Mr. GORE. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Barkley	Broussard	Capper
Bailey	Bingham	Bulkley	Carey
Bankhead	Blaine	Bulow	Cohen
Barbour	Bratton	Byrnes	Connally

Coolidge	Hale	McKellar	Smoot
Copeland	Harrison	McNary	Steiwer
Costigan	Hastings	Metcalf	Stephens
Couzens	Hatfield	Moses	Thomas, Idaho
Cutting	Hayden	Neely	Thomas, Okla.
Dale	Hebert	Norbeck	Townsend
Davis	Howell	Norris	Trammell
Dickinson	Johnson	Nye	Tydings
Dill	Jones	Oddie	Vandenberg
Fess	Kean	Patterson	Wagner
Fletcher	Kendrick	Reed	Walsh, Mass.
Frazier	Keyes	Robinson, Ark.	Walsh, Mont.
George	King	Robinson, Ind.	Watson
Goldsborough	La Follette	Schall	Wheeler
Gore	McGill	Sheppard	White

The VICE PRESIDENT. Seventy-six Senators have answered to their names. A quorum is present.

Mr. GORE. Mr. President, I need not say in the closing moments of this debate that I share the conviction of Senators who think that our first duty is to balance the income and expenditures of the Government. We can not contemplate with composure the failure to balance the Budget. The consequences of failure but add to existing disaster. My views upon this point have been expressed in a communication to a constituent which I ask leave to print in the RECORD at this point.

The communication referred is as follows:

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C., April 30, 1932.

Hon. C. F. COLCORD,
Colcord Building, Oklahoma City, Okla.

MY DEAR SIR:

* * * * * * *

I agree with you that we ought to reduce the expenses of the Government, including a cut in our own salaries, this latter for an example more than for any substantial saving that would be effected.

I say this because our expenses during the last fiscal year, for instance, were about $4,000,000,000. One billion of that represented service on our war debts—interest and sinking fund. An additional billion represented pensions and other payments to the veterans of our various wars. Indeed, the aggregate was $1,120,000,000 and a little more.

The Military and Naval Establishments account for nearly $800,000,000 more.

Our civil establishments, representing the real work of the Government, cost only five hundred and four million a year. That is where the pruning hook will have to be applied, and if we cut it down 10 per cent or 11 per cent, as is proposed, it would save enough to run our Government a little less than one week. The Government costs $13,000,000 a day, and we are running about $8,000,000 a day behind.

That is the point that distresses me most. We must balance the Budget, and if we do not the evils of this day, grievous and galling as they are, may hereafter be referred to as "the good old days."

If we do not balance the Budget the credit of the Government will be impaired. That means that the United States bonds will decline in price, even in spite of the fact that they are tax exempt. The man in the street may say that he has no United States bonds and therefore he is not concerned with the price. When United States bonds go down other bonds will fall. The man in the street may say that he has no bonds of any kind and is therefore not concerned.

When bonds go down stocks go down—in times like these. The man in the street may say that he has neither bonds nor stocks, and he is still unconcerned.

But when bonds and stocks (securities) go down, commodities go down, corn and cotton go down. Cotton went off $2 yesterday, trading securities. * * *

The pity of it is, everybody wants everything at the hands of the Government. I am one magician who has little faith in his own magic. In other words, I do not believe in "the fairies," but many do. And they demand that the Government work miracles and relieve everybody's distress.

The truth is, we are in large measure seeking remedies for the irremediable. It is no more possible for Congress or for this Government to escape the economic consequences of the war or to counteract them by law alone than it would be possible by passing a resolution to raise the dead that sleep in France. I have been trying to work out ways and means to change the conditions and to counteract the causes which have brought these disastrous times upon us. I am sure that you will in large measure agree with me on many of these points. * * *

Let me say again that I value your suggestions and I am glad you wrote me. I shall think it hard of you if you do not write again one of these days.

Your friend, truly,

T. P. GORE.

Mr. President, my desire to balance the Budget has been manifest in my votes. On every roll call excepting two I have voted with the Committee on Finance. I have voted for taxes that I did not favor. I would not have anyone think that I favored these nuisance taxes upon their merits or that I favored them per se. Business is prostrate, and when I have voted to visit additional burdens upon the prostrate industries of this country I have felt a good deal as if I were bleeding an anemic or as if I were flogging a wounded soldier upon the field of battle. I have voted for these nuisance taxes. They have but one virtue; *they are nuisance taxes;* those upon whom they are visited are highly organized; they are sensitive, class conscious, tax-conscious. They will get rid of these taxes when the present exigency shall have passed.

Mr. President, we witnessed a strange spectacle in this Chamber at high noon to-day. We heard the President of the United States recommend that Congress appropriate $300,000,000 to aid the sovereign States of this Union in making provision for their distressed citizens. The President recommended that we appropriate $300,000,000 for the several States. In order to impress Senators, I ask that one sentence may be read from this day's address of the President.

The VICE PRESIDENT. Without objection, the Secretary will read, as requested.

The legislative clerk read as follows:

> In order, however, that there may be no failure on the part of any State to meet its obligation in this direction I have, after consultation with some of the party leaders on both sides, favored authorization to the Reconstruction Finance Corporation to loan up to $300,000,000 to State governments where they are unable to finance themselves in provision of relief to distress.

Mr. GORE. Mr. President, the United States of America is asked to appropriate out of its Treasury $300,000,000 to be distributed among the sovereign States of this great Republic. What does that mean? That States in this country are on the verge of insolvency; that sovereign States are upon the edge of bankruptcy; that sovereign States are unable to balance their budgets; are unable to feed the hungry within their borders. I may say that on one day 40,000 farms were sold for taxes in Mississippi—my native State—I say this not to reflect upon her, for I love every blade of her grass; I love every grain of her sands; and press reports declared that Michigan was in extremes almost as serious as was Mississippi.

I repeat, there is hardly a State in this Union that is not having difficulty to balance its own budget and comes here, I might almost say, in the character of a suppliant. Yet within 30 minutes after we are advised to appropriate $300,000,000 for these prostrate States the Finance Committee of the United States Senate lays its heavy hand upon the one resource of taxation and revenue which has heretofore been reserved to these sovereign States, the one resource which has always been held inviolate and has never been invaded by our National Government and its numberless tax-gatherers. The Finance Committee has advised and recommended that the Senate lay a tax of 1 cent a gallon on gasoline. That means a tax of $165,000,000.

The proposal to lay a manufacturers' sales tax contemplated only $325,000,000 on all the various and sundry articles and commodities that were to be included within the purview of that tax. And yet the Finance Committee advises the Senate to levy on one commodity alone a tax of $165,000,000, which is more than one-half of the aggregate revenue that would be raised from the general manufacturers' sales tax.

If this commodity had escaped taxation in the past, perhaps it could bear this load, perhaps it could stagger under such an unprecedented burden. I believe that no such tax, save on tobacco and liquors, was ever imposed by the National Government on any single article or commodity.

But, Senators, this proposed tax falls upon a commodity that is already overburdened with taxation. The several States of the Union in the aggregate now collect a tax on gasoline of $550,000,000 a year. Gasoline is doing its duty, is doing more than its bit, paying $550,000,000 a year into the famished treasuries of the several States; and yet, as if to heap Pelion upon Ossa, a surtax, so to speak, of $165,000,000 is to be laid by the hands of the National Government upon

this overtaxed resource heretofore reserved exclusively for the States.

Can gasoline bear an additional tax of 1 cent per gallon? The taxes on gasoline range to-day, I believe, from 2 cents in the District of Columbia to 7 cents in Tennessee and Florida, and I understand that two of the States have imposed a tax of approximately 8 cents on gasoline. Can gasoline sustain an additional 1-cent-a-gallon tax? If so, it ought to be reserved to the States. Are we to raise $165,000,000, taking it away from the States' resources and then lend it back to the several States in the form of alms and in charity? Shall we plunder the States with one hand, plunder their resource of revenue and taxation, and with the other hand, with a generosity that is as unexampled as is this proposal, bestow that revenue upon the States that might as well have imposed the tax themselves?

Mr. President, if gasoline can stand 1 more cent per gallon, let New York add a cent to her tax. It would raise some $16,000,000, and would help New York to mend her budget.

In California, if gasoline can stand an additional tax, let California impose the tax. It would raise some $7,000,000, and would help California maintain her solvency and ward off bankruptcy.

If gasoline can stand another cent, let Texas lay that tax within her borders and raise $7,000,000 more.

I assume that in Florida it raises a million or more of revenue, and in Mississippi, where the treasury is yawning for additional revenue. Yet the Government of the United States proposes to lay this additional burden, to invade this State resource, to appropriate this source of revenue, and then, having collected the revenue, to turn it back to the States in order to relieve a distress which the Government itself had occasioned through this unwarranted taxation.

Mr. President, not only should this resource be left in the future, as in the past, with the several States, but this tax is imposed upon an industry that can ill sustain such a burden.

Senators, oil is taxed from the mouth of the well, where it comes out of the ground, until it is delivered in the tank of your automobile; and the aggregate of these taxes from the well to the automobile is a little more than $1 per barrel of crude oil. The average price of crude oil in the United States to-day is 92 cents a barrel. Oil is bearing a tax of a little more than 100 per cent. Is not that enough? Shall we single out one industry, already overtaxed, and lay upon it an additional burden of $165,000,000?

You say, "How can this be?" Mr. President, taking 41 of the leading oil companies in the United States, their reports for last year show that 9 made a profit, and that 32 sustained a loss. The 9 that realized profits were these: Standard of New Jersey; Standard of Indiana; Standard of California; Standard of Ohio; Standard of Kentucky; next the Humble, a subsidiary of the Standard of New Jersey; next the Atlantic Refining Co., formerly affiliated with the Standard; and two other companies, the Sun Co. and the Texas Corporation, not affiliated, so far as I know, with any of the Standard companies. Every other oil company on this list showed a loss. One concern showed a loss amounting to $23,000,000; and yet you intend to wring additional revenue from the remains of the dead! Is this wise fiscal policy?

I shall not comment on the fact that this is a tax on power. Of all taxes, the most unscientific, the most uneconomic, the most unjust, is a tax on power, because it begins at the very source of production, at the source of industrial activity, and it accumulates as it goes, gathers volume and velocity like the avalanche, becoming an increased burden at every stage of advancing production. I make no point of that, because I realize that these sacrifices must be made.

Senators, your own States are vitally affected by this proposed tax. It means that $165,000,000, if available at all, that ought to be available to the States, are taken and appropriated by the General Government. It means that your State must find some additional source of revenue, must find some additional resource where the tax gatherer can gather his tribute. It means that the people of your State, the taxpayers of your State, must see $165,000,000 of available resources withdrawn from their borders and that amount of potential revenues withdrawn from their treasuries and poured into the Treasury of the United States; and if it comes back at all, it comes back in the form of aid and assistance and charity handed out by the Federal Government.

Is there a Senator here who would not prefer to have his State make use of this resource, if it be available, and apply it to the needs and the requirements of his own Commonwealth?

I ask you, Senators, to keep hands off this resource, and keep it, if not sacred, at least dedicated to the States of the Union.

One additional remark, Mr. President.

In the House, bill 12353 has been introduced by Congressman RAINEY. It proposes an appropriation of a billion dollars for relief work of one description or another. I find that section 361 levies a tax of one-fourth of 1 cent per gallon on gasoline to pay the interest on the billion dollars of indebtedness to be created by this enactment. It appropriates a billion dollars and gently lays its hand upon gasoline to guarantee and to pay the interest on that vast bonded indebtedness.

Let me say one more word, Mr. President: Here lies the vice, the inherent vice and danger, in a general sales tax.

Fifteen years ago the States of this Union began to levy a tax upon gasoline—first a tax of 1 cent a gallon, then 2, then 3, then 4, then 5, then 6, then 7, now 8 is in sight. That is an inherent tendency in the sales tax—to grow. And I may say, Senators, that before the fiscal reforms of President Diaz in Mexico during the nineties, there were between the wheat in the field and the bread on the table 32 different taxes imposed upon the sale and transfer of that necessary of life—from the farm to the table!

I make no point of the fact that there are 4,000,000 automobiles on the farms of this country, but there are 1,000,000 tractors on our farms. This is a tax on tractors. There are 1,000,000 stationary engines on our farms. This is a tax on the farmer's power. This is a new burden—an added burden—on his shoulders.

This tax will stimulate the bootlegging of gasoline. Bootlegging is already a racket. In some communities a worse racket than the bootlegging of liquor. This tax will encourage that racket. It will cheat the State treasuries of revenue and will embarrass the honest dealer with lawless, with impossible, competition.

It is an almost unbroken rule throughout the country that where the tax rate is too high the tendency is to use less gasoline per car and to use fewer cars. There are only two States, Florida and Tennessee, in which a 7 cent tax is exacted; and Florida registered fewer cars in 1930 than in 1929. There are four States with a 6-cent tax, and in all of these—Arkansas, Georgia, North Carolina, South Carolina—fewer cars were registered in 1930 than in 1929. There are 10 States with a 5-cent tax, and in 7 of these fewer cars were registered in 1930 than in 1929. These 5-cent tax States which decreased their registration while maintaining so high a tax were Alabama, Kentucky, Louisiana, Montana, Oklahoma, and Virginia. There are 15 States which impose a 4-cent tax, and 6 of these had fewer registrations of cars in 1930 than in 1929. They are Nevada, Oregon, Ohio, Vermont, West Virginia, and Wisconsin.

On the other hand, there are 15 States with tax rates of only 3 or 2 cents. In 11 of these the number of registered cars increased. The three exceptions were North Dakota and Iowa, where the agricultural depression furnished explanation; and Michigan, where the reduced operations of the great automobile manufacturing industries is the obvious reason.

To put it briefly, a survey of the entire country demonstrates beyond cavil that there is a point of maximum productiveness for this tax. Above 2 cents it tends to drive

out the cars, to produce a lower consumption of gasoline per car, and to lessen the revenue that can be collected. Above 2 cents the tax presents at once a too attractive prize to the bootlegger and the crook, and a too onerous burden to the automobile owner.

Mr. CAPPER. Mr. President, I send to the desk and ask to have read to the Senate a telegram from Harry H. Smith, secretary of the Midcontinent Oil and Gas Association, protesting against the proposed tax on gasoline and giving convincing reasons why such a tax would be most unfair to a prostrate industry. I approve all that he says in opposition to this tax. The tax on gasoline should be reserved for the States.

The VICE PRESIDENT. Without objection, the telegram will be read.

The Chief Clerk read as follows:

TULSA, OKLA., *May 31, 1932.*

Senator ARTHUR CAPPER:

We are just advised that Finance Committee has recommended Federal tax on gasoline and we urgently protest against the enactment of any such an unjust addition to the gasoline-tax burden already inflicted by the States. The tax is so high that bootleggers and evaders are destroying the legitimate industry and defrauding the people through tax evasion. Already consumption of gasoline is seriously reduced by the tax and the motorist is in rebellion against practice of following the line of least resistance by heaping additional taxes upon his hitherto willing shoulders. All elements in the Southwest join me in urging that you oppose this discriminatory tax. Are there not other commodities which could be included in a general manufacturers' sales tax and thus solve the problem?

HARRY H. SMITH,
Secretary Midcontinent Oil and Gas Association.

Mr. THOMAS of Oklahoma. Mr. President, I shall detain the Senate just a moment. I wish to ask the chairman of the committee one or two questions to clarify the pending amendment.

The amendment proposes a tax of 1 cent per gallon upon imported and domestically produced gasoline. My question is this: If this amendment is adopted, the refiners of gasoline in America will pay 1 cent per gallon tax and the importers of gasoline will likewise pay 1 cent per gallon tax?

Mr. SMOOT. That is correct.

Mr. THOMAS of Oklahoma. Then if this amendment is adopted, and the existing amendment in the bill is retained, placing a tax of 2½ cents on imported gasoline, the total tax upon imported gasoline will be 3½ cents per gallon?

Mr. SMOOT. That is correct.

Mr. THOMAS of Oklahoma. Mr. President, I wanted that made definitely clear.

I can not vote for the amendment; however, I feel obligated to suggest another way to raise the same amount of money.

I ask the chairman of the committee one or two questions to see whether or not my proposed substitute has a foundation, and I should like to have the attention of the chairman of the Committee on Finance. Is it not a fact that when Congress voted $500,000,000 from the Federal Treasury as the capital stock of the Reconstruction Finance Corporation we thereby took such $500,000,000 of the taxpayers' money the same as we would take a like sum to build buildings, flood control, or irrigation works, or make any other public expenditures?

Mr. SMOOT. It was a drain upon the Treasury, just the same as any other appropriation.

Mr. THOMAS of Oklahoma. The $500,000,000 has been paid by the Treasury to the Reconstruction Finance Corporation. Therefore, it will be necessary for Congress to raise $500,000,000 by taxation to replace in the Treasury the $500,000,000 taken therefrom for the use of the Reconstruction Finance Corporation. Is not that correct?

Mr. SMOOT. No, Senator; that is not in the Budget. It was a direct authorization, and it is not in the Budget that is made up.

Mr. THOMAS of Oklahoma. Mr. President, it is my contention that when the Congress appropriated that $500,000,000, we thereby placed that much additional burden upon the taxpayers of the United States. Is not that correct?

Mr. SMOOT. That was for the fiscal year 1932. This is for the fiscal year 1933.

Mr. THOMAS of Oklahoma. Whether it is for 1932 or 1933 makes no difference whatever. The taxpayers must raise money to pay the capital stock of the Reconstruction Finance Corporation. My proposed substitute authorizes and directs the Reconstruction Finance Corporation to sell $150,000,000 of their debentures and take the money it receives from such sale and replace the $150,000,000 heretofore received from the Treasury, and if this is done the Budget will be balanced without the necessity of imposing this 1 cent per gallon tax on gasoline.

Mr. SMOOT. There is quite a demand on the part of some sections of the United States that the funds of that corporation be increased rather than decreased.

Mr. THOMAS of Oklahoma. The Reconstruction Finance Corporation has been at work now for several months. They have just completed making expenditures, in the form of loans, and have used up the first $500,000,000. A few days ago they sold their first debentures. The President on this day recommended that we raise the limit of the debentures to be issued by the Reconstruction Finance Corporation from one and one-half billions to $3,000,000,000.

Mr. President, I offer the following as a substitute for the amendment proposed by the Finance Committee, on page 257, after line 11, to insert a new section, as follows:

SEC. —. The Reconstruction Finance Corporation is hereby authorized and directed to sell, as provided by law, the sum of $150,000,000 of its debentures and when such sale is consummated said corporation is directed to replace with the Treasury said sum as a repayment to a portion of its capital stock.

Mr. President, that is a source of revenue. A few days ago the Treasury offered some debentures bearing a very nominal rate of interest for sale and they were oversubscribed, I think, five or six times. The Treasury has no trouble in selling its debentures and its short-term notes. The Reconstruction Finance Corporation has no trouble in selling its debentures. We have already paid $500,000,000 to them from the Treasury. If they sell the debentures—and they can sell them—and thereby secure $150,000,000 and repay to the Treasury a part of the capital stock heretofore advanced, such an act would relieve the Congress of the necessity of raising this additional revenue.

If there is anything wrong with my reasoning I will yield to any Senator to point out such error.

Mr. WALCOTT. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Oklahoma yield to the Senator from Connecticut?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALCOTT. There is this difference: The Reconstruction Finance Corporation borrows its money only to lend it, not to spend it, whereas I understand the Senator is talking about selling some bonds in order that the proceeds may be actually spent, with no idea of any return.

Mr. THOMAS of Oklahoma. My proposal is simply to authorize the Reconstruction Finance Corporation to sell $150,000,000 of its debentures, and take the money received from such sale and repay a portion of the capital stock secured from the taxpayers of the United States. If that should be done, we would have outstanding $150,000,000 more of debentures of the Reconstruction Finance Corporation, but, at the same time, the Treasury would be minus only $350,000,000 as the capital stock of the Reconstruction Finance Corporation. Is not that a fair statement of the proposition which I have submitted to the Senate?

Mr. WALCOTT. I think not quite, because the amount borrowed by the Reconstruction Finance Corporation through the sale of its debentures, if paid over to the Treasury or any other concern, unless it were a loan, would increase the deficit of the United States by that much. That, of course, is the chief advantage of the Reconstruction Finance Corporation; it is not increasing the deficit at all, because all of its assets are for the purpose of lending, not spending.

Mr. THOMAS of Oklahoma. This amendment I have submitted would, in effect, be an amendment of the Recon-

struction Finance Corporation act. It would have the force and effect of limiting the capital stock to $350,000,000. As the law now stands, the capital stock is $500,000,000.

I do not desire to take the time of the Senate. I have offered this amendment as a substitute for the pending amendment.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. WALSH of Massachusetts. I have not been able to follow the debate, but I would like to know whether anyone has presented to the Senate a list of the taxes now imposed by the several States upon gasoline.

Mr. GORE. Mr. President, will my colleague yield to me?

Mr. THOMAS of Oklahoma. I yield to my colleague.

Mr. GORE. I thank the Senator from Massachusetts for his question. I would like to reserve the right to print the information in the RECORD. I think I have it, although I am not certain.

Mr. WALSH of Massachusetts. I should like to have that in the RECORD in connection with my question.

May I say to the senior Senator from Oklahoma that the imposition of a tax on gasoline seems to have been particularly within the domain of the several States.

Mr. THOMAS of Oklahoma. Up to the present time it has been exclusively within the domain of the several States.

Mr. WALSH of Massachusetts. Within two weeks my own State has increased the tax on gasoline 1 cent a gallon for the purpose of assisting the municipalities of the State, which have found the burden of taking care of the welfare demands very onerous.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Massachusetts that my State has imposed a 1-cent tax upon gasoline for the assistance of those in distress.

Mr. WALSH of Massachusetts. That is exactly what my State has done, in addition to the tax it had previously imposed.

Mr. SMITH. Mr. President, what is the total tax Massachusetts imposes?

Mr. WALSH of Massachusetts. It is now 5 cents.

Mr. SMITH. My State collects 6 cents a gallon on gasoline.

Mr. THOMAS of Oklahoma. I understand that one of the Southern States collects 7 cents. This proposed tax would make the tax 8 cents upon every gallon of gasoline sold in that State.

Mr. WALSH of Massachusetts. In the Finance Committee room, when the committee was anxious to obtain revenue to balance the Budget, I suggested a graduated tax on lubricating oil, dependent upon the price, in the hope that we could meet this revenue demand in that manner, rather than by putting another tax on gasoline.

Mr. GORE. Mr. President, I would like to state in this connection that a number of the States dedicate the revenue derived from the gasoline tax to the construction and maintenance of their highways.

Mr. WALSH of Massachusetts. That is so in my State.

Mr. GORE. I think that in one or more States specific pledge has been made to that effect.

Mr. WALSH of Massachusetts. They have gone further in my State. They have offered a portion of it to meet the general expenses of the State, and another cent tax for the purpose of relieving the welfare demands because of the emergency.

Mr. THOMAS of Oklahoma. Let me suggest to the Senator from Massachusetts that the tax on gasoline now is so high as to be an incentive to persons to secure gasoline from unauthorized sources and dispose of it without the payment of a tax. Throughout the country that is general to-day, so that the bootlegging of gasoline is rapidly becoming a racket.

Mr. WALSH of Massachusetts. Only the other day, in driving through the District here, or just outside of the District, I saw a tank wagon on the side of the road, and some people having the gasoline tanks of their cars filled with gasoline. I inquired what that meant, what the explanation was of a wagon of gasoline filling private cars. The reply was that they were "bootlegging," that there would not be any tax paid under those circumstances. It was said to me that that was very common.

Mr. THOMAS of Oklahoma. That practice is very common right here in Washington. You can see on many isolated corners trucks with signs "Gasoline 12 cents—oil 15 cents."

It is charged that much of that gas escapes all tax.

Mr. WALSH of Massachusetts. The Senator knows that under the levies by the States the tax is levied on the immediate distributors, while the tax proposed by the Finance Committee is to be collected at the refineries. Am I correct in that?

Mr. SMOOT. That is true.

Mr. WALSH of Massachusetts. I would like to get the Senator's observation as to what difference it makes as to whether we levy the tax upon the refiner rather than upon the distributing stations.

Mr. THOMAS of Oklahoma. I think it would be much easier collected if we levied the tax on the refineries.

Mr. WALSH of Massachusetts. But the States, of course——

Mr. THOMAS of Oklahoma. The States collect the tax at the distributing points.

Mr. WALSH of Massachusetts. As the chairman of the committee knows, I said in the committee that I would vote very reluctantly to support the committee, and I feel very strongly that we ought to leave this matter to the States. The States are terribly burdened, and they are limited almost to taxes upon real estate, and we know that real estate is terribly burdened. This is a field the States have taken, and it is producing very extensive revenues, so I dislike very much to have the Federal Government reach out and say, "We want to share in that tax also." I wish we could get something else to take its place.

Mr. THOMAS of Oklahoma. Mr. President, I want to suggest to the Senator from Massachusetts, who is a member of the Committee on Finance, that I have offered an amendment as a substitute for the pending amendment, which in effect would postpone $150,000,000 of the present deficit through the sale of Reconstruction Finance Corporation debentures. The force and effect of my amendment would be to postpone the necessity of raising through taxation $150,000,000 this year. If this substitute should be agreed to, in place of the Reconstruction Finance Corporation having a capital stock of $500,000,000 in the form of Treasury money, they would have only $350,000,000.

Mr. WALSH of Massachusetts. I appreciate the Senator's proposal that there should be something substituted for this tax in case it is defeated in the Senate, and I think that what he has proposed is worthy of very careful and sympathetic consideration. I would not want to say offhand that I agree with his amendment.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Oklahoma.

Mr. SMOOT. Let us have the yeas and nays.

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Sheppard
Austin	Cutting	Kendrick	Shipstead
Bailey	Davis	Keyes	Shortridge
Bankhead	Dill	King	Smith
Barbour	Fess	Logan	Smoot
Barkley	Fletcher	McGill	Stephens
Bingham	Frazier	McKellar	Thomas, Idaho
Blaine	George	McNary	Thomas Okla.
Bratton	Glass	Metcalf	Townsend
Broussard	Goldsborough	Moses	Tydings
Bulkley	Gore	Neely	Vandenberg
Bulow	Hale	Norris	Walcott
Byrnes	Harrison	Nye	Walsh, Mass.
Capper	Hastings	Oddie	Walsh, Mont.
Caraway	Hatfield	Patterson	Watson
Cohen	Hayden	Reed	Wheeler
Connally	Hebert	Robinson, Ark.	White
Coolidge	Howell	Robinson, Ind.	
Copeland	Hull	Schall	

The VICE PRESIDENT. Seventy-four Senators have answered to their names. A quorum is present. The yeas and nays have been demanded.

Mr. BLAINE. Mr. President, may we have the substitute reported?

The VICE PRESIDENT. The substitute will be reported for the information of the Senate.

The CHIEF CLERK. On page 257, after line 11, the Senator from Oklahoma [Mr. THOMAS] offers the following substitute:

The Reconstruction Finance Corporation is hereby authorized and directed to sell, as provided by law, the sum of $150,000,000 of its debentures; and when such sale is consummated then said corporation is directed to replace with the Treasury said sum as a repayment of a portion of its capital stock.

Mr. WALSH of Massachusetts. Mr. President, the quorum call has brought into the Chamber a number of Senators who were not here when the Senator from Oklahoma explained his amendment. Will he be good enough to make a brief statement explanatory of it so those Senators may understand its purpose?

Mr. THOMAS of Oklahoma. Mr. President, we are trying to raise money to balance the Budget. We are trying to avoid a sales tax upon gasoline. Presuming that the amendment passes providing for a 1-cent tax on each gallon of gasoline, where are the folks to get the money to pay the 1-cent tax? Too many of them do not have it now. The banks will not loan it to them. In some sections money does not exist.

Now, we propose to put another 1-cent tax upon the sale of gasoline throughout the United States. Heretofore this source of revenue has been reserved to the States. We are trying to raise $150,000,000 to balance the Budget. As a substitute for the tax of 1 cent per gallon on gasoline I have proposed the authority and the direction to the Reconstruction Finance Corporation to sell $150,000,000 of their $1,500,000,000 of debentures and, when the sale is made, take the $150,000,000 to the Treasury and replace the $150,000,000 that heretofore has been advanced as capital stock of the Reconstruction Finance Corporation.

The force of my amendment is that it postpones the necessity of raising $150,000,000 by taxation for the next year. The second thing it does is to replace in the Treasury $150,000,000 that has been taken and placed in the treasury of the Reconstruction Finance Corporation.

If the Senate desires to reduce the capital stock of the Reconstruction Finance Corporation by $150,000,000 we can do it by agreeing to the substitute. The Reconstruction Finance Corporation can sell the bonds, can get the money, and can repay the Treasury. When the Treasury gets the $150,000,000 it will not be necessary to raise the money by a Federal tax on gasoline.

Mr. ASHURST. Mr. President, I knew the Senator from Massachusetts [Mr. WALSH] was a Lord Chesterfield and Sir Roger de Coverly rolled into one, but his solicitude to-day for absent Senators transcends any act of politeness ever exhibited by any other person.

The Senator from Massachusetts observed that some Senator happened to be out of the Chamber at the time the Senator from Oklahoma [Mr. THOMAS] made his speech, and thereupon requested the accommodating Senator from Oklahoma to repeat the speech. Do we make progress by having speeches repeated for the benefit of absent Senators?

The VICE PRESIDENT. The question is on the amendment of the Senator from Oklahoma [Mr. THOMAS]. The yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. JONES. I have a general pair with the senior Senator from Virginia [Mr. SWANSON]; but I am advised that if present he would vote as I intend to vote. Therefore I am at liberty to vote, and I vote "nay."

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG]; but I find I can transfer that pair to the Senator from Colorado [Mr. WATERMAN]. I make that transfer and vote "nay."

Mr. FESS. I desire to announce the general pair of the Senator from Iowa [Mr. BROOKHART] with the junior Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 8, nays 80, as follows:

YEAS—8

Bulow	McGill	Nye	Thomas, Okla.
Gore	Norris	Sheppard	Trammell

NAYS—80

Ashurst	Couzens	Howell	Robinson, Ark.
Austin	Cutting	Hull	Robinson, Ind.
Bailey	Dale	Johnson	Schall
Bankhead	Davis	Jones	Shipstead
Barbour	Dickinson	Kean	Shortridge
Barkley	Dill	Kendrick	Smith
Bingham	Fess	Keyes	Smoot
Blaine	Fletcher	King	Steiwer
Borah	Frazier	La Follette	Stephens
Bratton	George	Logan	Thomas, Idaho
Bulkley	Glass	McKellar	Townsend
Byrnes	Glenn	McNary	Tydings
Capper	Goldsborough	Metcalf	Vandenberg
Caraway	Hale	Moses	Wagner
Carey	Harrison	Neely	Walcott
Cohen	Hastings	Norbeck	Walsh, Mass.
Connally	Hatfield	Oddie	Walsh, Mont.
Coolidge	Hawes	Patterson	Watson
Copeland	Hayden	Pittman	Wheeler
Costigan	Hebert	Reed	White

NOT VOTING—8

Black	Broussard	Long	Swanson
Brookhart	Lewis	Morrison	Waterman

So the amendment of Mr. THOMAS of Oklahoma to the committee amendment was rejected.

The VICE PRESIDENT. The question now recurs on the amendment of the committee.

Mr. GORE. Mr. President, I move to strike out the numeral "1" where it occurs in the amendment and to substitute "one-half of 1," so as to read "one-half of 1 cent per gallon."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oklahoma to the committee amendment.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question recurs on agreeing to the committee amendment.

Mr. GORE. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

The amendment was agreed to.

The VICE PRESIDENT. The question now is on the second amendment. It is necessary to reconsider the vote whereby the former committee amendment was agreed to in order that the amendment may be considered. Without objection, the vote is reconsidered, and the Secretary will state the amendment to the amendment.

The CHIEF CLERK. On page 264, line 16, after "etc.," it is proposed to insert "or after June 30, 1933, in the case of articles taxable under section —, relating to taxes on gasoline."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the amendment as amended.

The amendment as amended was agreed to.

Mr. WHEELER. I send to the desk an amendment which I propose on page 202, and ask that the clerk may read it.

The VICE PRESIDENT. The amendment will be read for the information of the Senate.

The CHIEF CLERK. On page 201, after line 24, it is proposed to insert the following as a new subsection:

(c) In addition to the foregoing tax there is hereby imposed on the transfer of that portion of the value of the net estate which is represented by property held by the decedent at his death the income from which is exempt from income tax under the provisions of section 22 (b) (4) of this act, a tax at a per cent rate equal to one-half of that percentage which the tentative tax computed under subsection (a) (1) is of the net estate.

Also,

On page 203, line 14, strike out "tax" and insert in lieu thereof "taxes."

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Montana.

Mr. WHEELER. Mr. President, briefly the effect of the amendment is this: Assume that a man dies leaving an estate of $600,000, of which $100,000 is represented by tax-exempt securities; assume further, for the purpose of the illustration only, that the total tax without regard to the proposed amendment is $60,000—actually under the House bill it is $62,000—the average rate of tax will then be one-tenth, or 10 per cent. The amendment proposes to levy an additional tax at a per cent rate equal to one-half of that percentage which the tentative tax is of the net estate, or one-half of 10 per cent, or 5 per cent. The amount of the net estate represented by tax-exempt securities being $100,000, the additional tax will be 5 per cent of $100,000, or $5,000.

The purpose of this amendment, let me say, is to reach tax-exempt securities which are left by decedents in their estates.

Mr. CONNALLY. They are taxable now.

Mr. WHEELER. This is an additional tax on tax-exempt securities that have not paid a tax during the lifetime of the decedent.

Mr. HARRISON. Mr. President, I hope the chairman of the committee will accept the amendment, because it is meritorious.

Mr. SMOOT. I have no objection to the amendment, and will let it go to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Montana.

The amendment was agreed to.

Mr. JONES. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The CHIEF CLERK. At the appropriate place in the bill it is proposed to add a new section, as follows:

SEC. —. There shall be levied, collected, and paid upon all articles imported from a country whose currency has depreciated on the day of exportation of such articles, except such articles as are not mined, grown, or manufactured in the United States, an excise tax of 1 per cent of the value thereof for each 1 per cent that the value of the currency of such country, as proclaimed by the Secretary of the Treasury in accordance with existing law, for the quarter in which the articles were exported, exceeds the value of the currency of such country on the day of importation, as certified by the Federal Reserve Bank of New York to the Secretary of the Treasury.

Mr. JONES. Mr. President, as everyone knows, the currencies of several countries of the world are very much depreciated, and they are taking advantage of such depreciation to compete with their products in the markets of the United States. They are able to do so because they can produce at a very much reduced cost, even granting that otherwise costs were equal. This amendment is simply intended to equalize the prices of such articles at the point at which they were when laid down in this country prior to any depreciation of the currency of the country from which they come. That is the sole purpose of it. The amendment may not be worded in language that exactly brings about the purpose desired, but that can be dealt with in conference.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Virginia?

Mr. JONES. I yield.

Mr. GLASS. May I suggest to the Senator from Washington that if we keep on doing some things here that we have been doing foreign countries will be levying tariffs against our depreciated currency.

Mr. JONES. Mr. President, this amendment is not intended as a tariff measure in any technical sense; it may be in the nature of a tariff, but in the practical sense it is not a tariff; it is simply an attempt, as I say, to equalize prices at the point at which they were before the currencies of foreign countries became depreciated; it is to put our people on substantially the same basis as they were a year or two ago in competition with foreign-produced articles. That is the sole purpose of it.

It means, I think, much to our people; it means much in the matter of revenue, and that is something we need. It is said that with the amendments which we have adopted the bill will balance our revenues without expenditures; that it will balance the Budget, to use a common expression; but I think we had better make sure that we have done that rather than have any doubt about it. It is estimated by those in responsible position but who are not prepared to give an official estimate to the Congress that the adoption of this amendment would raise revenue to the amount of from sixty to over a hundred million dollars. I think anybody can see that there will be considerable revenue derived in case the amendment should be adopted, by making good the currency depreciation which has taken place in foreign currencies as it affects the value of the imports which are sent to this country. Because of their depreciated currencies they are enabled to place their products in our market at a far lower rate than can any of the countries whose currency is at par or which is not depreciated. Everyone can see that.

While its effect may be protective in a way, the sole purpose of the amendment is to put the commodities produced by our people in the markets of the United States on a par with the products brought here from foreign countries whose money is depreciated. Is there any American citizen who wants to promote the welfare of our people and put them at least upon a par with the people of foreign countries, who is opposed to a proposition of that kind?

Briefly, that is the sole object of this amendment. It is not intended to do any more to the products of foreign countries than to put them, taking into consideration their depreciated currencies, on which their prices are based, on a par with prices on the basis of our currency, and then we are perfectly willing to take our chances in our own market with the people of foreign countries. I hope that the amendment will be agreed to.

Mr. ROBINSON of Arkansas. Mr. President, this amendment injects into the consideration of this bill a subject matter that is largely foreign to the purposes of the legislation just about to be passed.

If it is seriously to be contended for, the proposal of this amendment will greatly delay the final passage of this bill. No one can tell how much time will be required for the proper consideration of this proposal.

I regret that the Senator from Washington has proposed the amendment. If it is voted into the bill, a motion to reconsider will be made, and many Senators will discuss it at length.

Relying on the fairness of the Senate, on its readiness to respond to the necessities of the occasion and quickly to dispose of this bill without going into so large and so foreign a subject as this amendment involves, I conclude what I have to say with the expression of the hope that the amendment will not be agreed to.

Mr. HALE. Mr. President, I do not think that an amendment like the one introduced by the Senator from Washington [Mr. JONES] should be laid aside simply because certain people state that it is going to take too much time to consider it and that it will delay action on the bill. This is a very important matter. It is a matter which will give considerable revenue to the country.

In these days of depression, when 8,000,000 of our people are out of work, not even the most dyed-in-the-wool free trader would dare to suggest letting down the tariff walls and allowing the product of cheap foreign labor to flood our markets, shut down our industries, and further add to our list of unemployed. Yet that is precisely what, through no fault of ours, is happening to our industries through the depreciation of foreign currencies.

Great Britain, by going off the gold standard, has depreciated the pound by practically 25 per cent. The currencies of the Scandinavian countries, Spain, Japan, and most of South America have depreciated to an even greater extent.

Theoretically, when the currency of a country becomes depreciated, the cost of labor and raw material which go to make up the cost of production should go up to a nearly equal extent, so that the country gets no advantage from

the depreciation of its currency in its foreign commerce. This was the contention of Mr. O'Brien, chairman of the Tariff Commission, in his testimony recently given before the Ways and Means Committee of the House; and his contention is probably borne out by past experience when a single country has gone off the gold basis and its currency has depreciated. In such a case, where such a country is dependent in large measure for its raw materials and its food supplies on other countries that are on the gold standard, its cost of production will inevitably go up. But in the present situation, where most of the countries in the world are either off the gold standard or suffering from a depreciation of their currencies, no such result follows. On the contrary, by buying from countries whose currency is as low as or lower than its own, and selling to a country whose currency has not depreciated, the country that has gone off the gold standard is enabled to keep down its cost of production, and has an enormous competitive advantage in its foreign commerce over the country whose commerce has not depreciated.

In Great Britain the pound has gone down substantially 25 per cent. The production costs have gone up about 5 per cent.

In Sweden the kroner has gone down 26 per cent and the production costs have not changed.

In Norway the krone has gone down 26 per cent and the production costs have gone up 1½ per cent.

In Finland the markka has gone down 36½ per cent and the production cost has gone up 13½ per cent. The latter country shows the highest increase in production costs of any country that has gone off the gold standard.

In Japan the yen has gone off 35½ per cent and the production costs have gone up 8 per cent.

In Canada, whose currency has depreciated 11 per cent, though she has not gone off the gold standard, the cost of production has gone up 2½ per cent.

The figures that I have given are taken on the 1st day of March of the current year. The figures for the month of February in all of these countries but Japan show a slight upward move in the currency value and a stationary or decreasing value in the cost of production. Therefore, I think it is fair to say that whatever the theoretics of the situation may be we people of the United States find ourselves up against a situation where our own industries can not successfully compete in our own markets with a large part of the rest of the world.

Mr. President, the theory, right or wrong, lived up to or not lived up to, of the tariff laws that have been enacted under Republican control of Congress is that they shall, as far as possible, equalize the cost of production at home and abroad. If such was the effect of the Hawley-Smoot tariff law at the time of its enactment, no one can claim that such is its effect now that foreign currencies have depreciated. If, as some of my friends on the other side of the Chamber and even possibly some on this side claim, some of the rates in the law were, at the time of its enactment, too high, it is hardly the time to change the effect of the law, as this fall in foreign currencies is changing it by lowering the degree of protection on all rates, whether they have been too high, too low, or whether fair and equitable, when our industries are facing the greatest crisis in the history of the country and are in the direst need of help.

Under the Hawley-Smoot law many articles were left on the free list either because such articles were not in competition with products of this country or because they could meet the competition without tariff protection. In the latter case no one can maintain that the drop in the foreign cost of production leaves unaffected the status quo for articles that were on the free list.

The free list of to-day, to be the free list of the Hawley-Smoot tariff bill, must be based on a world standard for currency, just as must the dutiable list. All that we who favor this amendment ask for is that we be put back on the same competitive basis with the rest of the world that we occupied in 1930. We do not even ask that. The excise tax in the amendment is based not on the American value but on the value of the article imported for customs duties according to the foreign import value, and that gives the importer a very considerable advantage.

I understand that the senior Senator from Pennsylvania [Mr. REED] is about to offer an amendment which I have examined, and my remarks are based on his amendment. It changes very little the amendment of the Senator from Washington.

Before the British went off the gold standard the pound was worth $4.86. An article on the free list worth a pound in Great Britain brought $4.86 plus the cost of transportation to this country. If a 50 per cent duty was imposed on the article, its landing cost was $4.86 plus $2.43, or $7.25, plus the cost of transportation. The pound having depreciated 25 per cent, its home value in terms of our currency would be $3.64; and, if on the free list, that plus the cost of transportation would be the price at which the article would be landed in this country to compete with our own product, costing to produce slightly more than $4.86. This is assuming that before the depreciation of the British currency the two articles were on an even competitive basis on landing in this country.

If the article were dutiable at 50 per cent, as heretofore cited, the duty would be levied on the British value for customs duties of $3.64, and would amount to $1.82, or a landed value of $5.46, as against the former landed value of $7.29, plus transportation costs, which represented the landed value needed under the Hawley-Smoot law for fair competition.

As a matter of fact, the British cost of production has gone up 5 per cent, which would raise the landed value of an article on the free list, worth a pound in Great Britain, 18 cents, or $3.82, and an article dutiable at 50 per cent, 27 cents, or $5.73.

The amendment offered would add an excise tax of 25 per cent of $3.82, the British value for customs duties, with the 5 per cent rise in the cost of production included, or a landed value for the article, if on the free list, of $4.78, plus transportation cost, and for the dutiable article of $6.69, plus transportation cost. In both cases the foreigner will still retain a considerable advantage.

If the amendment is adopted we will not be as well off as we were in 1930, while the importer will be by so much the better off; but we will at least be better off than we are now, and will have some chance against the ruinous competition which faces us unless some preventive action is taken. That with the tremendous advantage of their lower cost of production in terms of our currency we have not already been flooded with a greater inrush of foreign products is due partly to the fact that industry all over the world is stagnant and partly to the fact that our competitors do not wish to show their hand until this Congress has adjourned. Already, though the foreign inrush has not yet manifested itself in full force, prices in our home market have been broken and industries forced to meet foreign prices that will bankrupt them if continued.

That this coming foreign competition is limited to no one class of business, but to all kinds of competitive industry, is evidenced by the fact that the witnesses appearing recently before the Ways and Means Committee of the House in favor of the Hawley bill, which embodied some of the terms of this amendment, but is much more drastic in its effect, represented different types of industry in all sections of the country.

Among the witnesses in behalf of the bill were the American Iron and Steel Industry, the Georgia Kaolin Co., the West Coast Lumbermen's Association, the fish canners of the Pacific coast, silk manufacturers, sardine canners, wool manufacturers, linen manufacturers, lace-curtain manufacturers, pulp and pulpwood and paper manufacturers, wire-cloth manufacturers, pottery, vegetable, fish oil and meal manufacturers, and the National Association of Manufacturers.

We believe that we are asking nothing more than fair treatment. We are offering an amendment which will help to save the industries of the country and give work to

American workmen. It is inconceivable that, with 8,000,000 Americans out of work, we should refuse to give any aid at all to our suffering American industries and allow the foreigner to enrich himself at our expense, while we maintain the gold standard and save the credit system of the world.

Under estimates made by the Treasury Department the estimates will bring in, in revenue to our Government, annually, between ninety and one hundred million dollars. The figures are based on the imports for the first three months of the current year and assume an equal proportionate volume of imports for the next nine months. Every bit of the tax will be paid by the foreigner.

I can conceive of no better way to build up our suffering industries, give work to our unemployed, and get from the rest of the world approximately $100,000,000 toward the balancing of our Budget, while still leaving our foreign competitors on a better competitive footing than before their currencies depreciated.

Under estimates made by the Treasury Department which I have before me, the amendment will bring in revenues to our Government of between ninety and one hundred million dollars a year. These figures are based on the imports of the first four months of the current year.

I ask that the figures as to the estimated duties be published in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Imports into the United States from countries for which the currency is depreciated 5 per cent or more from January to April, 1932, inclusive

	Total imports	Imports of leading noncompetitive commodities [1]	Imports of competitive commodities [2]	Per cent of decline of average rate of exchange from par	Estimated duty to compensate for depreciated exchange
Denmark	$499,046		$499,046	26.84	$133,943
Finland	3,180,019		3,180,019	37.22	1,183,603
Norway	3,914,000		3,914,000	28.94	1,132,712
Sweden	11,649,848		11,649,848	27.78	3,236,328
Portugal	815,341	$32,455	782,886	26.42	206,838
United Kingdom	28,547,765	2,897,876	25,649,889	26.66	6,838,260
British India	14,614,876	772,976	13,841,900	26.60	3,681,945
British Malaya	13,439,981	8,832,074	4,607,907	28.00	1,290,214
Egypt	1,627,168		1,627,168	26.66	433,803
Australia	2,397,133		2,397,133	26.66	639,076
Newfoundland	1,434,097		1,434,097	12.06	172,952
Irish Free State	114,468		114,468	26.66	30,517
Japan	51,312,159	41,131,988	10,180,171	32.17	3,274,961
Argentina	7,536,180		7,536,180	39.64	2,987,342
Brazil	32,463,295	30,087,781	2,380,514	47.58	1,132,648
Canada	63,699,557	36,710	63,662,847	12.06	7,677,739
Spain	4,622,649		4,622,649	59.26	2,739,382
New Zealand	844,160	1,230	842,930	26.66	224,725
Total	242,716,742	83,793,090	158,923,652		37,016,988
Other countries	281,659,446				
Grand total	524,370,188				

[1] Includes only cocoa, coffee, tea, rubber, and silk.
[2] Includes minor noncompetitive commodities.

Estimate for entire calendar year (providing for exclusion from total of noncompetitive commodities not specifically listed), $90,000,000 to $100,000,000.

Mr. HALE. Mr. President, the estimated duty to compensate for depreciated exchange is $37,016,988 for four months. That would amount to $111,000,000 for the full year. In these figures are included a few of the commodities that are excluded under the provisions of the amendment, and which we do not produce in this country, so that a conservative estimate is anywhere between ninety million and one hundred million dollars.

Every cent of this tax will be paid not by this country but by the foreigner. I can conceive of no better way to build up our suffering industries, give work to our unemployed, and get from the rest of the world $100,000,000 toward the balancing of our Budget, while still leaving our foreign competitors on a better competitive footing than they were on before their currencies depreciated.

Mr. SMOOT. Mr. President, this amendment is the same as a bill that was referred to the Finance Committee. The Finance Committee has not had hearings upon it yet, and I think it would be very much better to let the committee have hearings upon the measure, for, as chairman of the committee, I have received a great many applications to be heard on it if it is to be taken up. It is for that reason that I hope the amendment will not be agreed to.

Mr. WALSH of Massachusetts. Mr. President, in common with other Senators, I have received a great many communications pro and con upon this question. It evidently is one which is receiving a good deal of attention in the industrial life of the country. I find a difference of opinion as to the effect the depreciated currencies have upon our imports and exports. I have been unable, in the limited study I have been able to give to this problem, to reach any final judgment. I have in mind, however, that the chairman of the United States Tariff Commission, Mr. Robert Lincoln O'Brien, appearing before the Committee on Ways and Means of the House, took the position that we should not raise our tariff levels, in view of the evidence on the subject so far investigated by the United States Tariff Commission.

Regardless of the merits or demerits of this issue—and I think it is a very important one, because there is very strong opinion pro and con on the subject—I think I shall adhere to the opinion I have entertained heretofore, that this internal revenue bill should not contain items dealing with the tariff, that a question of this kind ought to be treated separately and independent of the consideration of purely internal-revenue questions. Therefore I shall vote against the amendment.

Mr. COSTIGAN. Mr. President, will the Senator from Massachusetts yield?

Mr. WALSH of Massachusetts. I yield.

Mr. COSTIGAN. The Senator from Massachusetts is aware, I believe, that a select committee was appointed by the Senate to deal with this subject. Of that committee the able senior Senator from Pennsylvania [Mr. REED] is chairman and I happen to be a member. The Senator is also aware, no doubt, that the committee has never met, much less reported upon the subject to the Senate. Further, I venture to say that there is no immediate urgency about the legislation here sought, and that such an emergency may more wisely be dealt with otherwise, if it should arise.

Mr. WALSH of Massachusetts. I am most grateful to the Senator for his observation. I did not know what progress the committee had made.

Mr. HALE. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield.

Mr. HALE. I want to ask the Senator if it is not true that Mr. O'Brien's objections to the Hawley bill, which are substantially the same in effect as this amendment, were not that the cost of production would undoubtedly go up and that therefore we would not need the protection afforded under this amendment?

Mr. WALSH of Massachusetts. I understood he appeared in opposition to the so-called Hawley bill, that he believed that in the near future there might be a necessity of some increases in our tariff duties, but that he did not favor the Hawley bill.

Mr. HALE. I know he did not, and I tried to explain that in my remarks. But the cost of production, as I said in my remarks, and as I have tried here to show, has gone up very little in comparison with the depreciation of the currencies, and the trend, instead of being upward at the present time, is downward.

Mr. KING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WALSH of Massachusetts. I yield.

Mr. KING. I was about to suggest that the Committee on Ways and Means of the House have recently considered this question and have voted, by a very large majority, against the proposition involved in this amendment.

Mr. WALSH of Massachusetts. I am very glad to have that information.

Mr. COSTIGAN. Mr. President, will the Senator yield to me again?

Mr. WALSH of Massachusetts. I yield.

Mr. COSTIGAN. Mr. President, it is history that prior to the enactment of the tariff act of 1922 German exchange had fallen almost unbelievably. There was general apprehension as that time, as now, that the depreciation of the German mark would precipitate a flood of goods from abroad into this country. The so-called flexible tariff provisions were accordingly written into the law as a safeguard, and it is noteworthy that the dreaded invasion of foreign gods did not materialize, as anticipated with real concern. It is of importance that so striking and helpful an experience of recent history, within the memory of present Members of the Senate, be recalled.

Mr. WALSH of Massachusetts. Mr. President, I thank the Senator for his observation. In any event, it seems to me, regardless of the merits or demerits of this question, that those of us who are taking the position that there should not be any tariff items in the pending bill ought to vote against this proposal. I do want to say, however, that there seems to be a good deal of agitation in the country—whether it is propaganda or not I do not know—and sooner or later some one in authority ought to assure the country of the absolute effect of the depreciated currencies on our imports and exports.

Mr. REED. Mr. President, I had the honor of being named the chairman of the select committee that was appointed to study this question. Since that committee was appointed we have been working every day and nearly every evening in the Senate on the tax bill, and it has been utterly impossible to call the committee together. I know that no one in the Senate will misunderstand the reason why the committee has not been called together.

Some time ago I offered an amendment substantially to the same effect as that now offered by the Senator from Washington [Mr. JONES], except that under my amendment no extra duty was to be imposed unless the depreciation of the currency of the country from which the import was received amounted to more than 5 per cent of its standard value. Obviously it is impractical, because of a very slight day-to-day fluctuation in the exchange rates, to impose a duty of a fraction of 1 per cent, which might last for only 24 hours.

For that reason I thought that the effect of the amendment ought to be limited to those countries the depreciation of whose currency amounted to something substantial, and I wonder whether the Senator from Washington might not consider the acceptance of that amendment in lieu of the one he has proposed?

Mr. JONES. Mr. President, while I would like to see just as strong an amendment as possible adopted, I am perfectly willing to accept the amendment of the Senator from Pennsylvania in the hope that we will get the matter to conference, and that it may be worked out in conference.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. COSTIGAN. May I ask the Senator from Pennsylvania whether there is any provision in the amendment by the Senator from Maine, as proposed, or in the suggested addition of the Senator from Pennsylvania which relates the further duty now urged to foreign prices, as well as to foreign exchange? It is assumed that prices which tend to correct the difficulty by adjusting themselves to fluctuating exchange are of much larger significance.

Mr. REED. No, Mr. President; there is not. I ought to add further that I know that there would be great resistance, both in the Senate and in the House, to the use of this amendment in taking articles from the free list and putting them on the dutiable list, and for that reason I have modified the amendment as printed so as to limit it to articles now upon the dutiable list. To that extent it meets some of the objections interposed against it.

I would like to send the amendment to the desk and have it read, and then ask the Senator from Washington whether he is willing to accept it.

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. At the proper place in the bill insert:

SEC. —. There shall be levied, collected, and paid upon all dutiable articles imported into the United States or into any of its possessions (except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) directly or indirectly from any foreign country the value of whose currency on date of exportation of such articles, as measured by the buying rate in the New York market at noon as determined by the Federal Reserve Bank of New York, is more than 5 per cent below the standard value of such currency as proclaimed by the Secretary of the Treasury an excise tax of 1 per cent of the value of such articles for customs duties for each 1 per cent that the value of such currency as determined under existing law by the said Federal Reserve Bank of New York, is less than the standard value of such currency as proclaimed under existing law by the Secretary of the Treasury.

The VICE PRESIDENT. Does the Senator from Washington accept the amendment?

Mr. JONES. As I indicated a moment ago, I am glad to accept the amendment.

The VICE PRESIDENT. The Senator from Washington modifies his amendment.

Mr. REED. Mr. President, I am not going to take very much more time. I think it is worthy of note that last September, when Great Britain and the other countries of the continent of Europe went off the gold standard, within a few hours Germany was able by presidential decree to establish such a tariff as is now proposed here.

Our democracy has been laboring along for eight months since then, and it has only reached the stage of a proposition for similar action in one House of Congress. At the same time that Germany put on her emergency tariff against these countries with depreciated currencies, other countries took the same action. Italy, I am informed, did so. Canada did so against those countries whose currency was further depreciated than her own. We have taken no such action. The results have been, as I showed the Senate at considerable length a couple of months ago, that the imports from the countries whose currency is depreciated have very greatly increased, in spite of the depreciation in business.

Mr. O'Brien, chairman of the Tariff Commission, testified before the Ways and Means Committee that he was opposed to any action on this subject for the reason that in the long run this disparity would correct itself; and undoubtedly that is so. What we want to do by these proposals is to take care of the American producer and the American workman in the interval of the lag between the depreciation of the currency and the ultimate inevitable correction by a rise of prices or a restoration of the gold standard in these countries. It is that interval, which is always somewhat protracted, in which the relief is necessary.

Mr. HALE. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. HALE. My attention was diverted when the Senator from Pennsylvania introduced his amendment. Were any changes made in the original amendment submitted by the Senator?

Mr. REED. I have restricted the amendment to articles on the dutiable list.

Mr. HALE. There is no fairness in that.

Mr. REED. I agree with that.

Mr. HALE. That leaves out entirely everything that is on the free list. As I have tried to show, the free list of to-day is not the free list of the time of the Hawley-Smoot bill. On an article of the value of a pound the foreigner has an advantage of $1.22.

Mr. REED. I know that.

Mr. HALE. The theory of placing an article on the free list is that it is able to meet the competition of other countries without protection.

Mr. REED. I know that; but I think it is a practical question—a question of what we can get through.

Mr. HALE. I do not think it is in any way fair. I hope the Senator will withdraw that suggestion and put the amendment in as I understand he originally offered it.

Mr. REED. I am apprehensive the amendment in the original form can not be adopted. If the Senator would like to try it in that fashion, with the permission of the Senator from Washington, we will offer it to apply to all articles, both

dutiable and free. Of course the logic of the situation applies just as much to products on the free list as to articles on the dutiable list. What I am trying to do is to get some relief for at least some American workmen. If the Senator from Maine wishes it offered in the fashion as originally printed, I am glad to agree to it if the Senator from Washington [Mr. JONES] is.

Mr. JONES. I heartily agree to the suggestion.

Mr. HALE. Does the Senator think an advantage of $1.22 to the foreigner on an article of the value of a pound is fair to our producers of an article on the free list?

Mr. REED. I think it is entirely unfair to the American producer.

Mr. HALE. All I ask is that we be put back where we were before the other countries went off in their currency.

Mr. REED. To my mind that is a reasonable request, but I know of two or three votes in the Senate that can not be obtained for the amendment in that fashion.

Mr. HALE. I can not see how any Senator who has any regard for our American industry and our American workmen can possibly oppose this when we need to get revenue to balance our Budget. As I have shown, we will get nearly $100,000,000 in this way and not have to pay one cent out of our Treasury.

Mr. REED. I agree with the Senator fully, and I hope the amendment will be agreed to in the form in which it was printed.

Mr. HALE. I hope so, too.

Mr. ROBINSON of Arkansas. Mr. President, if we are to have a series of amendments on this proposal and the debate is to be prolonged, I shall desire to test out the purpose of the Senate as to whether we are now going to hold up the passage of the revenue bill, after we have made an arrangement to balance the Budget, in order to enter upon a controverted subject that is foreign to the provisions of the bill. I can not understand how Senators can expect to settle on the revenue bill all tariff questions or the tariff questions involved in this amendment. They must accept the responsibility for the delay in the passage of the revenue bill which such a course involves.

We have had three amendments proposed relating to the same general subject, and all the while, by express order of the Senate, the subject matter of the amendments is pending before a special committee of the Senate selected for the purpose of making an inquiry and advising the Senate what action had best be taken.

Mr. HALE. The Senate can not wait to act on the report of a special committee——

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Maine wishes to interrupt me, I should be glad to yield to him if he would pursue the course which the Chair instructs him to pursue, and would address the Chair and get consent for the interruption.

The VICE PRESIDENT. The Senator from Arkansas has the floor.

Mr. ROBINSON of Arkansas. Mr. President, this matter can not be forced into the pending bill without fair consideration, and it ought not to be discussed in a merely perfunctory manner. It is an important subject. The Senate has recognized the difficulty and the complications which underlie it by creating a special committee to study it. Yet here, after we have spent two weeks under the whip and spur of the emergency, reaching out in every direction to find revenue to balance our National Budget and maintain our national credit, some who are primarily responsible for the bill insist upon deferring final action until a question admittedly controversial, admittedly largely foreign to the subject matter of the pending legislation, a question which has been referred to a special committee and not acted upon by that committee, shall be threshed out here on the floor of the Senate. It is wrong. It is unjustifiable.

Mr. SMOOT. Mr. President, I can only repeat what I have already said, that I trust that the amendment will not be put upon the bill. I am in favor of the proposition, as the Senator from Maine knows, but right at this moment I am more interested in balancing the Budget and getting confidence back into the United States than I am in having the amendment put upon this bill. I do not believe it could be put on the bill, anyhow.

Mr. HALE. Mr. President, will the Senator let me ask him a question?

Mr. SMOOT. Certainly.

Mr. HALE. Does not the Senator think the enactment of this provision would help to bring back confidence to the United States?

Mr. SMOOT. I am perfectly willing to take up the Senator's proposal in the Finance Committee and call a meeting at the very earliest date possible to consider his bill. I will say to the Senator now that as a matter of legislation by itself there is a great deal of merit in it, and justice too, but this is not the place to put it. It should not be acted upon in this way. I am in hopes we can get this bill through to-night. I know what the situation is in the country. I know what it means to hold up the bill longer.

Mr. PITTMAN obtained the floor.

Mr. HALE. Mr. President, will the Senator yield?

Mr. PITTMAN. Not now.

The VICE PRESIDENT. The Senator from Nevada declines to yield.

Mr. PITTMÁN. I am sorry, but I do not want the bill delayed by any further speeches.

There has been a special committee appointed, as the Senator from Arkansas has stated, of which the Senator from Pennsylvania [Mr. REED] is chairman. Not only did the resolution creating that committee require information with regard to the effect upon our imports by reason of the differentiation in exchange, but also upon our exports. We have only received a partial report from the Tariff Commission. It deals with our imports. They are preparing a report dealing with our exports.

There is still another factor in it which to my knowledge has not yet been brought out. While the question of the difference in exchange has been brought up, the facts are that there has been an increase in wages in those countries as the exchange has fallen, which is undoubtedly a factor, and the evidence is not before the committee now.

Mr. HALE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Maine?

Mr. PITTMAN. I yield.

Mr. HALE. I have charts here showing the costs of production in Norway, Sweden, Finland, Denmark, the United Kingdom, British India, Canada, and Japan.

Mr. PITTMAN. I have no doubt the Senator from Maine knows all about the subject, but the committee does not, and the Senate does not, nor does the Tariff Commission.

Mr. President, I know this amendment is going to be voted down, because the Republican side of the Chamber can not afford longer to delay the passage of the bill. I wish to say that at the present time we are advised that we know what will balance the Budget. Possibly in a week from now we may not know, but we can pass the bill to-night and know we will balance the Budget. We realized four or five months ago that a very much smaller sum would have been needed to balance the Budget, but there were a great many Congressmen who did not believe it would be needed to balance the Budget, and it developed that they were right. Another estimate came up, and still they did not believe it was sufficient, and again they were right. That has happened several times. Now we think we know it is right. I hope it will develop that there will be a surplus over and above what we estimate to be the exact amount needed.

I think we should vote right now on the proposition.

The VICE PRESIDENT. The question is on the perfected amendment of the Senator from Washington [Mr. JONES.]

Mr. JONES. Let us have the yeas and nays.

The yeas and nays were not ordered.

The VICE PRESIDENT. The question is on agreeing to the amendment. [Putting the question.] The noes seem to have it. The noes have it, and the amendment is rejected.

Mr. COPELAND obtained the floor.

Mr. HALE. Let us have a division.

The VICE PRESIDENT. The Chair has announced the vote. The Senator from New York has the floor.

Mr. COPELAND. Mr. President, I have an amendment which I desire to offer.

The VICE PRESIDENT. Let the amendment be reported for the information of the Senate.

The LEGISLATIVE CLERK. On page 84, line 19, after "account," insert a comma and the following: "including taxes and other carrying charges on unimproved and unproductive real property, but no such adjustment shall be made for taxes or other carrying charges for which deductions have been taken by the taxpayer in determining net income for the taxable year or prior taxable years."

Mr. COPELAND. Mr. President, the purpose of the amendment is to permit charging taxes and interest against the capital account on unproductive and unimproved property. If a property is worth $1,000 and taxes and interest were added for five years, they might be added and deducted from the ultimate sale, provided they were not charged against current income. It was the practice of the department in reference to the revenue acts of 1924, 1926, and 1928, to permit the action which I am proposing; but a case which was determined in the fifth circuit threw out the action of the department as unlawful in permitting the deduction.

Mr. SMOOT. Mr. President, I want to say that I do not know exactly what effect this would have upon the revenues of the country, but I do not think it will be very much. I am willing to let it go to conference, if the Senate agrees to it.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from New York [Mr. COPELAND].

The amendment was agreed to.

Mr. FLETCHER. Mr. President, I presented yesterday an amendment which was considered rather too broad. I have limited it and submitted it to the chairman of the Finance Committee and I believe he is agreeable to it now.

The VICE PRESIDENT. Let the amendment be reported.

The LEGISLATIVE CLERK. On page 316, after line 5, insert the following new section:

SEC. —. REFUND OR CREDIT OF A TAX PAID BY TWO OR MORE PERSONS, CORPORATIONS, PARTNERSHIPS, OR FIDUCIARIES ON THE SAME INCOME OR THE SAME ESTATE IN EXCESS OF THE TAX LAWFULLY DUE

In the case a tax has been paid by two or more persons, corporations, partnerships, or fiduciaries on the same income or the same estate the tax so paid in excess of that lawfully due shall, notwithstanding any agreement entered into, be reunded or be credited under regulations prescribed by the Commissioner of Internal Revenue: *Provided*, That claim therefor is filed within seven years from the date the tax was so paid.

Mr. KING. Mr. President, may I ask the Senator from Florida whether he would expect interest to be paid?

Mr. FLETCHER. No. It does not provide for that. It just provides for a refund of credit as the department should find.

Mr. KING. I am not sure, if a refund were granted, that interest would not be allowed. It would seem where payment was made in that way and a settlement was effected by the parties and by the Government, and a mistake occurred of the character indicated, there ought not to be any interest charged.

Mr. FLETCHER. I do not think they are going to charge interest upon it. In case where the tax has been paid by two or more persons, where it has actually been paid twice, and the Government has the money, all the amendment asks is that it may be refunded or credited as the department may determine.

Mr. SMOOT. It would, I fear, open up cases that have been determined. I do not know how far the amendment would go, and I do not know how many cases there might be. I am told by the Treasury Department it is a very dangerous amendment.

Mr. FLETCHER. This is not the amendment we had under discussion previously.

Mr. SMOOT. But I just handed a copy of it to the expert of the department who thinks it is a very dangerous amendment.

Mr. FLETCHER. I do not think there is any danger about it; there can not be any danger in the Government doing the honest thing.

Mr. SMOOT. It would establish a precedent, though, Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

Mr. LA FOLLETTE. Mr. President, there is an amendment which I suggested to the committee amendment regarding the reserve funds of life-insurance companies, on pages 145 and 146, that was passed over. I should like to ask the Senator from Utah if it would be agreeable to him to take that up at this time.

Mr. SMOOT. That is the very next amendment, and when I got a chance I was going to ask that it be considered.

Mr. REED. Mr. President, there are not very many Senators in the Chamber now, and there is very general interest in that amendment. Might it not be better to let it go over until more of the Senators may come in from dinner?

Mr. LA FOLLETTE. I understand the Senator from Massachusetts is going to offer the sales-tax amendment; the amendment relating to the insurance companies involves a complicated question, and I should like to have it considered by the Senate before it is exhausted.

Mr. REED. I am sure the Senator from Massachusetts will agree to that.

Mr. WALSH of Massachusetts. I would be very glad to have the amendment disposed of before I proceed with the amendment I intend to offer.

Mr. LA FOLLETTE. With that understanding, I am willing to wait until along about 8 o'clock.

Mr. TRAMMELL. Mr. President, I have a little amendment which I hope will not provoke any controversy. I think the chairman of the committee is familiar with it, and I hope he will accept it.

The VICE PRESIDENT. The amendment offered by the Senator from Florida will be stated.

The LEGISLATIVE CLERK. On page 262 in the committee amendment heretofore adopted, after the words "United States," it is proposed to insert the words "or with any person other than a dealer," so as to read:

If a contract of the character above described was made with the United States or with any person other than a dealer, no tax shall be collected under this title.

Mr. SMOOT. Is that amendment in the form the Senator showed me the other day?

Mr. TRAMMELL. Yes; and I think the Senator has a copy of it.

Mr. SMOOT. I have no objection to it.

The VICE PRESIDENT. It will be necessary to reconsider the vote by which the committee amendment at that point was adopted. Without objection, the vote by which the committee amendment was agreed to is reconsidered. The question now is on agreeing to the amendment offered by the Senator from Florida to the committee amendment.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. SMOOT. Mr. President, the adoption of the Connally amendment and the rates thereunder has necessitated some changes to carry out that amendment. I send an amendment to the desk and ask that it may be read. It is really a series of amendments, but they relate to the same subject. I may also say that I have 10 or 11 other amendments of a clarifying nature which I want to offer following the one now offered.

Mr. WALSH of Massachusetts. What is the nature of the amendment the Senator now proposes?

Mr. SMOOT. It is to make readjustments in the bill made necessary because of the adoption of the Connally amendment.

Mr. KING. Mr. President, will my colleague yield?

Mr. SMOOT. I yield.

Mr. KING. I think my colleague should state that the amendments which he is about to offer were all presented to the committee, considered by the committee, and unanimously agreed to by it.

Mr. SMOOT. Yes; and they were all prepared by the Treasury Department.

The VICE PRESIDENT. The first amendment offered by the Senator from Utah will be stated.

The amendment offered by Mr. SMOOT was read, as follows:

On page 16, lines 3 and 6, strike out "$20,000" and insert "$16,000."

On page 48, line 7, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 48, line 14, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 119, line 7, strike out "$2,500" and insert in lieu thereof "$2,000."

On page 121, line 3, strike out "9 per cent" and insert in lieu thereof "8 per cent."

On page 121, line 17, strike out "9 per cent" and insert in lieu thereof "8 per cent."

On page 123, line 5, strike out "9 per cent" and insert in lieu thereof "8 per cent."

On page 124, line 24, strike out "9 per cent" and insert in lieu thereof "8 per cent."

On page 157, line 17, strike out "9 per cent" and insert in lieu thereof "8 per cent."

On page 157, line 24, strike out "3 per cent" and insert in lieu thereof "4 per cent."

On page 158, line 5, strike out "3 per cent" and insert in lieu thereof "4 per cent."

On page 158, at the end of line 6, add the word "and."

On page 158, strike out lines 7 to 12, both inclusive.

On page 158, line 13, strike out "(3) 9 per cent" and insert in lieu thereof "(2) 8 per cent."

On page 158, line 15, strike out "paragraphs (1) and (2)" and insert in lieu thereof "paragraph (1)."

The VICE PRESIDENT. The question is on agreeing to the amendments just read.

The amendments were agreed to.

Mr. SMOOT. I send to the desk the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 23, line 2, after the word "except," it is proposed to insert "(1)," and in line 7, after "title" insert a comma and the following: "or (2) on indebtedness incurred or continued in connection with the purchasing or carrying of an annuity."

The amendment was agreed to.

Mr. SMOOT. I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 25, it is proposed to strike out all after the word "debt" in line 24 and all of line 25 and insert in lieu thereof a comma and the following: "in an amount not in excess of the part charged off within the taxable year, as a deduction."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 83, line 24, after the period it is proposed to insert a new sentence to read as follows:

The basis in the case of property held by a corporation during any period, in the taxable year 1929 or any subsequent taxable year, in respect of which a consolidated return is made by such corporation under section 141 of this act or the revenue act of 1928, shall be adjusted in respect of any items relating to such period, in accordance with regulations prescribed under section 141(b) of this act or the revenue act of 1928, applicable to such period.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 88, line 22, after the word "year," it is proposed to insert a comma and the following: "excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property."

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 89, line 8, after the word "year," it is proposed to insert a comma and the following: "excluding from such gross income an amount equal to any rents or royalties paid or incurred by the taxpayer in respect of the property."

The VICE PRESIDENT. Without objection, the vote by which the committee amendment at that point was agreed to will be reconsidered, and, without objection, the amendment offered by the Senator from Utah is agreed to, and the amendment, as amended, is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 112, line 15, it is proposed to strike out all after the comma through "(3)" in line 20 and insert "and (2)."

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 204, after line 10, it is proposed to insert a new subsection as follows:

(c) The tax shall not apply to a transfer of property in trust where the power to revest in the donor title to such property is vested—

(1) In the donor, either alone or in conjunction with any person not having a substantial adverse interest in the disposition of such property or the income therefrom, or

(2) In any person not having a substantial adverse interest in the disposition of such property or the income therefrom,

but the relinquishment or termination of such power (other than by the donor's death) shall be considered to be a transfer by the donor by gift of the property subject to such power, and any payment of the income therefrom to a beneficiary other than the donor shall be considered to be a transfer by the donor of such income by gift.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I also offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 315, in line 12, it is proposed to insert a new section, as follows:

SEC. —. CREDIT OF OVERPAYMENTS

(a) If any internal-revenue tax was, within the period of limitation properly applicable thereto, assessed prior to June 2, 1924, and if a claim was filed, or a request in writing made, for a credit against the tax so assessed of an amount claimed as an overpayment of internal-revenue tax, and if collection of any part of the tax so assessed was postponed, then (1) a credit (made prior to May 29, 1928) against the tax so assessed shall not be considered as void under the provisions of section 609 (a) of the revenue act of 1928, relating to erroneous credits, and (2) the payment (made prior to May 29, 1928) of the part of the tax the payment of which was so postponed shall not be considered as an overpayment under the provisions of section 607 of the revenue act of 1928, relating to payments made after the expiration of the period of limitation on assessment and collection.

(b) As used in subsection (a), the term "tax" includes any interest, penalty, additional amount, or addition to any internal-revenue tax.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 315, after line 12, it is proposed to insert a new section, as follows:

SEC. —. LIMITATION ON PROSECUTIONS FOR INTERNAL-REVENUE OFFENSES

(a) The act entitled "An act to limit the time within which prosecutions may be instituted against persons charged with violating internal revenue laws," approved July 5, 1884, as amended, and as reenacted by section 1110 of the revenue act of 1926, is amended to read as follows:

"That no person shall be prosecuted, tried, or punished, for any of the various offenses arising under the internal revenue laws of the United States unless the indictment is found or the information instituted within three years next after the commission of the offense, except that the period of limitation shall be six years—

"(1) for offenses involving the defrauding or attempting to defraud the United States or any agency thereof, whether by conspiracy or not, and in any manner,

"(2) for the offense of willfully attempting in any manner to evade or defeat any tax or the payment thereof, and

"(3) for the offense of willfully aiding or assisting in, or procuring, counseling, or advising, the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a false or fraudulent return, affidavit, claim, or document (whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document).

"For offenses arising under section 37 of the Criminal Code, where the object of the conspiracy is to attempt in any manner to evade or defeat any tax or the payment thereof, the period of limitation shall also be six years. The time during which the person committing any of the offenses above mentioned is absent from the district wherein the same is committed shall not be taken as any part of the time limited by law for the commencement of such proceedings. Where a complaint is instituted before a commissioner of the United States within the period above limited, the time shall be extended until the discharge of the grand jury at its next session within the district."

(b) The amendment made by subsection (a) of this section shall apply to offenses whenever committed; except that it shall not apply to offenses the prosecution of which was barred before the date of the enactment of this act.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 315, after line 12, it is proposed to insert a new section, as follows:

SEC. —. ADJUSTMENTS OF CARRIERS' TAX LIABILITIES TO CONFORM TO RECAPTURE PAYMENTS

The Interstate Commerce Commission shall, as soon as practicable after its order with respect to the amount recoverable from any carrier under the provisions of section 15a of the interstate commerce act, as amended, for any year or portion thereof has become final and such amount, if any, has been paid, certify to the Commissioner of Internal Revenue the amount so paid. If the amount so paid by such carrier differs from the amount allowed as so recoverable in computing the income or excess profits tax liabilities for any taxable period of such carrier, or of any corporation whose income or excess profits tax liability is affected, the Commissioner of Internal Revenue shall determine any deficiency or overpayment attributable to such difference. Notwithstanding any other provision of law, (1) any such deficiency may be assessed within two years from the date of such certification, and, if so assessed, shall be paid upon notice and demand from the collector, and (2) any such overpayment may be credited or refunded within two years from the date of such certification, but not after unless, before the expiration of such period, a claim therefor is filed. This section shall not be held to affect the provisions of sections 1106 (b) of the revenue act of 1926 or 606 of the revenue act of 1928.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 240, it is proposed to strike out lines 21 to 24, inclusive, and insert in lieu thereof the following:

(5) such tax (except tax under subsection (c) (4) to (7), inclusive) shall be imposed in full notwithstanding any provision of law granting exemption from or reduction of duties to products of any possession of the United States; and for the purposes of taxes under subsection (c) (4) to (7), inclusive, the term "United States" includes Puerto Rico.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. SMOOT. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 285, it is proposed to strike out lines 11 to 19, inclusive.

The VICE PRESIDENT. Without objection, the amendment is agreed to.

Mr. REED. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 32, following the word "exchanges," in line 13, and following the word "assets," in line 21, it is proposed to strike out the period and insert in parentheses as follows: "(including gains which may be derived by a taxpayer from the retirement of its own obligations.)"

Mr. REED. Mr. President, a word of explanation.

Mr. KING. I should like to have an explanation of the amendment.

The VICE PRESIDENT. The amendment proposes to amend an amendment heretofore agreed to, so that the vote whereby the amendment was agreed to will have to be reconsidered.

Mr. REED. The committee amendment was passed over at my request. I do not think it has been agreed to.

Mr. KING. If it has been, there will be no objection to reconsidering the vote.

The VICE PRESIDENT. Let the amendment be reported, and the question as to the necessity for reconsideration will be determined.

Mr. REED. I can explain this amendment in two minutes.

The VICE PRESIDENT. The Chair will state, however, that the committee amendment has been agreed to. Without objection, it will be reconsidered.

Mr. REED. Just a word in explanation.

The Finance Committee had decided, rather drastically, that the deduction of losses should be limited to the amount of gains in securities that the taxpayer realizes during the tax year. With that decision I make no quarrel. Last November, however, the Supreme Court of the United States decided, in the Kirby Lumber case, that where a corporation bought its own bonds at less than par, it realized a taxable profit. If that is a gain, as the Supreme Court has decided, it is only justice that it should be allowed to be considered as a gain in offsetting against losses in that year.

The amendment does not change the principle decided by the Finance Committee at all. It simply provides that that gain may be taken into consideration in the same way that gains from dealing in somebody else's stocks or bonds are taken into consideration.

Mr. KING. Mr. President, has the Senator any information as to the field that would be entered into, as to the number of corporations that have dealt in their own bonds, that might result in very serious dimimution of the revenue?

Mr. REED. I think that any possible deficiency in revenue would be very slight indeed; and it is only a reasonable application of this rule which the Finance Committee has decided upon. I would suggest that if any Senator has doubt about it—particularly the junior Senator from Utah, who is going to be a conferee himself—the amendment might be allowed to go to conference, and its justice could be further considered there.

Mr. GORE. Mr. President, I merely wish to express the hope that this amendment may be adopted. I think it is a salutary amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Pennsylvania to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. GOLDSBOROUGH presented a letter in the nature of a memorial from the postmaster at Williamsport, Md., remonstrating against the passage of legislation to regulate the manufacture and sale of stamped envelopes, especially "special request" envelopes, which was ordered to lie on the table.

He also presented a letter, in the nature of a memorial, from the directors of the St. Michaels Bank, of St. Michaels, Md., remonstrating against the imposition of a tax on bank checks, which was ordered to lie on the table.

He also presented a letter, in the nature of a memorial, from Stevens Bros., commission merchants, by R. Nelson Stevens, of Baltimore, Md., remonstrating against the imposition of a tax on telegrams and telephone messages, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Chemung County Medical Society, Elmira, N. Y., opposing the further erection of hospitals for the care of World War veterans and other ex-service men until the facilities of civilian hospitals shall have been exhausted, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Buffalo, N. Y., praying for the passage of legislation for the pension-

ing of widows and orphans, which was referred to the Committee on Pensions.

He also presented a resolution adopted by the Federation of Jewish Women's Organizations, of New York City, N. Y., favoring prohibition reform and the imposition of taxes on the liquor traffic so as to aid in balancing the Budget, increasing employment, etc., which was referred to the Committee on the Judiciary.

He also presented a petition of sundry citizens of Schenectady, N. Y., praying for the maintenance of the prohibition law and its enforcement, and protesting against any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Salamanca, N. Y., protesting against the resubmission of the eighteenth amendment of the Constitution to the States, and favoring the making of adequate appropriations for law enforcement and education in law observance, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Kiwanis Club of East Aurora, N. Y., favoring retrenchment in governmental expenditures and the balancing of the Budget, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Long Island Chamber of Commerce; the Huntington Chamber of Commerce, of Huntington; and the Sag Harbor Round Table Club, of Sag Harbor, Long Island, all in the State of New York, favoring retrenchment in governmental expenditures, and protesting against the passage of legislation to increase the financial obligations of the Government, and also any legislation that might impair the stability of the currency, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by the Nunda (N. Y.) Club of Rotary International, favoring reduction in the compensation of all Government officials, the prompt balancing of the Budget and the early adjournment of the present session of Congress, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Veteran Association, Twenty-third Regiment, One hundred and sixth Infantry, New York National Guard, Brooklyn, N. Y., protesting against the passage of legislation curtailing the officer personnel on the active list of the Army by 2,000, and also the curtailment of funds for the maintenance of the National Guard, the Reserve Officers' Training Corps, and the citizens' military training camps, which was referred to the Committee on Appropriations.

LEGISLATIVE APPROPRIATIONS

Mr. JONES, from the Committee on Appropriations, to which was referred the bill (H. R. 11267) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, reported it with amendments and submitted a report (No. 756) thereon.

EXECUTIVE REPORTS OF THE POST OFFICE COMMITTEE

As in executive session,

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate a message from the President of the United States, submitting sundry nominations of postmasters, which was referred to the Committee on Post Offices and Post Roads.

REVENUE AND TAXATION

The Senate resumed the consideration of the bill (H. R. 10236) to provide revenue, equalize taxation, and for other purposes.

Mr. TYDINGS. Mr. President, I well appreciate that the Senate is very anxious to conclude the consideration of this bill to-night. Heretofore I have taken some time in opposing the adoption particularly of the tariff on oil and gasoline. I am not disposed to precipitate a debate which will consume a large amount of time. I intend shortly to move a reconsideration of paragraph numbered (4), beginning with line 3 on page 243. However, in order to save time and not actually make the motion, it occurs to me that a unanimous-consent agreement at this time will eliminate a lot of debate.

It is now 27 minutes of 8. I ask unanimous consent that at quarter of 8, 12 minutes away, the Senate have a record roll-call vote on a motion to reconsider paragraph (4), page 243, beginning with line 3.

Mr. SMOOT. That is crude petroleum?

Mr. TYDINGS. That is crude petroleum.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection?

Mr. THOMAS of Oklahoma. Mr. President, does the Senator move a reconsideration?

Mr. TYDINGS. I will move a reconsideration if unanimous consent is denied, and I will have to speak in favor of it when I am trying to end debate on it.

Mr. BARKLEY. Mr. President, I understood that the Senator was asking a unanimous-consent agreement that we vote on the motion to reconsider.

Mr. TYDINGS. Of course, if we lose the motion to reconsider, I shall not feel impelled to carry on the contest longer. I am trying to accommodate myself to the opponents of my position as well as those who favor it.

Mr. THOMAS of Oklahoma. Mr. President, I am trying to avoid delay.

Mr. TYDINGS. I shall have to speak on it and ask for a vote if the agreement is denied.

Mr. THOMAS of Oklahoma. If the Senator desires to go into a lengthy debate——

Mr. TYDINGS. I propose to have a vote at quarter of 8.

Mr. THOMAS of Oklahoma. If the motion is made and a vote is asked for without debate, of course I have no objection.

Mr. TYDINGS. That is right. I ask unanimous consent that at quarter of 8 we may have a record roll-call vote on the motion to reconsider paragraph (4), page 243.

The PRESIDING OFFICER. Is there objection?

Mr. SMOOT. Without any further discussion?

Mr. TYDINGS. Without any further discussion.

Mr. THOMAS of Oklahoma. I have no objection to a roll-call vote at this time, but if the proponent of the motion desires to take some time for argument I think we should have the same time on the opposite side.

Mr. TYDINGS. Exactly so. But may I say to the Senator from Oklahoma that all I want to do is, without any heat and without even the attendance of the Members who are absent, to express my position in a very brief way and then ask for the roll-call vote? I have nothing to say which would, I believe, provoke an argument.

Mr. SMOOT. What does the Senator mean by "a brief statement"?

Mr. TYDINGS. I simply want briefly to say why I think it would be inadvisable, without going into an extended argument. I can not do much in seven minutes; but if I am denied this unanimous-consent agreement I shall have to go on and speak about it and ask for a quorum call, and others will do the same thing.

Mr. HATFIELD. Mr. President, I will not consent to a unanimous-consent agreement unless the roll has been called and a quorum developed.

Mr. TYDINGS. May I say to the Senator from West Virginia, who may misunderstand the situation, that I am entitled now to move a reconsideration of the amendment and to get a roll call by simply having the quorum call and having enough hands raised; but in order to save time and to dispose of this matter at the earliest possible date, I was hoping to avoid the debate and have the thing over with one way or the other.

Mr. HATFIELD. Let us have a quorum call, and then let the Senator propound his request.

Mr. TYDINGS. All right.

Mr. HATFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from West Virginia makes the point of no quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hull	Robinson, Ind.
Austin	Couzens	Johnson	Sheppard
Bailey	Cutting	Jones	Shipstead
Bankhead	Dale	Kean	Smith
Barbour	Davis	Kendrick	Smoot
Barkley	Dickinson	Keyes	Steiwer
Bingham	Dill	King	Stephens
Black	Fess	La Follette	Thomas, Idaho
Blaine	Fletcher	Logan	Thomas, Okla.
Borah	Frazier	McGill	Townsend
Bratton	George	McKellar	Trammell
Broussard	Glenn	McNary	Tydings
Bulkley	Goldsborough	Moses	Vandenberg
Bulow	Gore	Neely	Wagner
Byrnes	Hale	Norris	Walcott
Capper	Harrison	Nye	Walsh, Mass.
Caraway	Hastings	Oddie	Watson
Carey	Hatfield	Patterson	Wheeler
Cohen	Hayden	Pittman	White
Connally	Hebert	Reed	
Coolidge	Howell	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present. The Senator from Maryland will please again propound his unanimous-consent agreement.

Mr. TYDINGS. Mr. President, in order to save the time of the Senate and prevent, as I imagine all Members want to prevent, a long discussion of matters which we have already passed upon, I ask unanimous consent that at 5 minutes to 8 the Senate may have a record roll-call vote upon a motion to reconsider paragraph (4), beginning at line 3, on page 243, which is the oil tariff.

It is my intention, if the Senate accedes to my request, to discuss this matter very briefly, at the conclusion of which time, after stating my own position and why I feel that I have had to oppose this tariff in as uncontroversial a way as possible, we may vote upon this matter and dispose of it for all time.

Mr. SMOOT. The Senator says "very briefly." Can we not have an understanding——

Mr. TYDINGS. It can not be over 10 minutes. My proposal is that at 5 minutes of 8 we vote on it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WALSH of Massachusetts. Mr. President, if the Senator will yield further for just a moment, I desire to give notice that after the Senator concludes and has his vote I shall ask for the same action, without debate, on the amendment on coal.

Mr. TYDINGS. Mr. President, I shall be very brief in outlining my reason for opposing this legislation.

It is not my intention to dwell upon the merits or demerits of inserting tariff items in a bill of this kind at such a time. I addressed myself to that phase of the matter some time ago. Suffice it to say now that I think it was a mistake to put those matters in. They have delayed the passage of the bill, and it would have been better had they been in a separate bill, together with other tariff items, so that the whole subject matter might have been considered at one time. That point has long since been passed, however. The matters are now in the bill.

I also concede the fact that the oil industry, particularly the independent oil-well producer and owner, is in a distressful condition. But may I point out in passing that is the exact situation of all other business in the United States at this time. You can go to the farmer, you can go to the manufacturer, you can go to the oil producers, and everywhere you go, every business you discuss, every investigation you make, you find that all businesses are at a point where the line between existence and nonexistence is a very faint one.

If I thought that this amendment would be of any particular benefit to the independent oil producer, I could conceive how it might receive some consideration here, but I can not conceive how it can be of any benefit to the independent oil producer.

In support of that fact, let me point out very briefly that 20 large oil companies at this hour own 51 per cent of all the oil production in the United States. They own 73 per cent of all the refineries in the United States. They own 95 per cent of all the storage capacity in the United States. They own 90 per cent of all the pipe lines in the United States. They own 85 per cent of the total retail distributing agencies of the country.

Moreover, Mr. President, they have at this minute 633,000,000 barrels of oil stored in the pipe lines which they own. When we add to the fact that they have 633,000,000 barrels stored the further fact that they own over 51 per cent of the total production in the United States, it means that they either have now in the pipe lines or in their production agencies enough oil to supply every bit of need in this country for over a year, without buying one gill of oil from any independent producer.

Does it not stand to reason, if these men can supply the entire needs of the United States for over a year without buying a gill of oil, that they are in a position in the meantime to make any price for the purchase of oil which they care to make, and that the independent producer has either to take the price offered, or has to let his oil stay in the ground?

The oil companies can wait a full year without buying one gill of oil and will have enough of their own oil to supply every demand in this country, and how in the name of high heaven and common sense the independent oil producer is going to get a single cent out of this tariff, in the face of those circumstances, is beyond me, and I believe beyond the realm of safe argument.

Not only that, but when we exclude, as it is hoped to do by this tariff, all importations of foreign oil, two things happen. First of all, if we exclude that oil which it is claimed can be produced more cheaply in South America than in this country, the oil that is excluded, which used to come into the United States, will then go to Europe, and because it can be produced more cheaply than our own oil, it will replace just that much American oil which is now exported abroad. The result will be that not a single pint of oil will be sold which is not now being sold. The oil which is excluded from entry into the United States will supplant the oil which we are now exporting from the United States.

Mark you, we are exporting more oil abroad, principally to Europe, than we are importing from all the rest of the world combined. Our exports of oil are greater than our imports, and if South American oil now coming into this country can be produced more cheaply in South America than in the United States, as is claimed, then that oil will be driven to compete with our export oil in Europe, and will take the market from our export oil in Europe, so that the oil we are now exporting will not find a market abroad. Therefore in the end no extra demand will be made for American oil at all. The independent producer, the facts indicate, will not make a single solitary dollar out of this tariff.

This is the real milk in the coconut. A tariff of 2½ cents a gallon on gasoline will raise the price of gasoline to the American consumer. Every advocate of the tariff frankly and honestly and in a commendable way states that the whole purpose of the oil tariff is to raise the price of oil in the United States. Raise the price to whom? To the American consumer of oil.

It means that it will make his gasoline and crude oil cost him more. How much more? The Treasury Department states that there were 16,500,000,000 gallons of gasoline used in this country last year. A tariff tax of 2½ cents a gallon will mean an increase in cost to the oil and gasoline purchasers of this country of $500,000,000 a year. The pity of it is that not one dollar of that will go into the Treasury of the United States, but all of it will go into the coffers and the treasuries of the 20 large oil companies, which at this hour have a year's gasoline and oil supply in their possession, without buying a gill from anybody.

If this tax of $500,000,000 were levied for the purposes of the Government, it would be bad enough, but at this hour of need, when agriculture is distressed, when every purchaser of fuel oil for heating his home is in a state of depression, when business is stagnant and paralyzed, to come along and attempt to saddle this huge burden of $500,000,000 on the distressed people of the United States, in my humble judgment, it is little short of a legislative felony. It is larceny in the first degree.

We quibble over putting a tax of a cent a gallon on gasoline for the benefit of the Government, but without so much as "by your leave" we put a 2½-cent increase in tariff tax upon this commodity for the benefit of 20 oil companies.

If the facts show that these large oil companies have at this minute enough oil in their pipe lines and in their production to supply the entire market in the United States for over a year without buying a gill of gasoline, I defy any man who claims to have good, ordinary common sense to show me how the independent producer is going to get a cent out of this tariff on oil.

The PRESIDING OFFICER. Under the unanimous-consent agreement, the time of the Senator has expired.

Mr. TYDINGS. I have still a minute, I think. It is 6 minutes of 8 o'clock.

Now is the time, the last opportunity, for Senators to protect the American taxpayer from this legislative outrage. The voters are awake to what we are doing here to-night, and I appeal to those who sit here and pretend to represent the people to end this farce, reconsider this item, and take this tariff item out of the bill.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hull	Reed
Austin	Costigan	Johnson	Robinson, Ark.
Bailey	Couzens	Jones	Robinson, Ind.
Bankhead	Cutting	Kean	Sheppard
Barbour	Dale	Kendrick	Shipstead
Barkley	Davis	Keyes	Shortridge
Bingham	Dickinson	King	Smith
Black	Dill	La Follette	Smoot
Blaine	Fess	Logan	Steiwer
Borah	Fletcher	McGill	Thomas, Idaho
Bratton	Frazier	McKellar	Thomas, Okla.
Broussard	George	McNary	Townsend
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Moses	Tydings
Byrnes	Gore	Neely	Vandenberg
Capper	Hale	Norbeck	Wagner
Caraway	Harrison	Norris	Walcott
Carey	Hastings	Nye	Walsh, Mass.
Cohen	Hatfield	Oddie	Watson
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pittman	White

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, there is a quorum present.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. For the benefit of those Senators who came in late, may I ask the Chair if a vote "yea" is a vote to reconsider and inferentially to strike out the oil tariff, and a vote "nay" is a vote to keep it in the bill?

The PRESIDING OFFICER. A vote "yea" is to bring the matter back to the Senate for further consideration. The clerk will read the section upon which the Senate is about to vote.

The CHIEF CLERK. On page 243, after line 2, insert:

(4) Crude petroleum, ½ cent per gallon; fuel oil derived from petroleum, gas oil derived from petroleum, and all liquid derivatives of crude petroleum, except lubricating oil and gasoline or other motor fuel, ½ cent per gallon; gasoline or other motor fuel, 2½ cents per gallon; lubricating oil, 4 cents per gallon; paraffin and other petroleum wax products, 1 cent per pound; natural asphalt and asphalt and bitumen derived from petroleum, 10 cents per 100 pounds. The tax on the articles described in this paragraph shall apply only with respect to the importation of such articles.

The PRESIDING OFFICER. The question is on the reconsideration of the vote by which the section just read was agreed to. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG] and therefore withhold my vote.

Mr. JONES (when his name was called). I am paired with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN] and vote "nay."

The roll call was concluded.

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I understand that if he were present he would vote "yea." Therefore I must withdraw my vote.

Mr. WHEELER. My colleague the senior Senator from Montana [Mr. WALSH] is necessarily absent. If present, he would vote "nay." He is paired with the Senator from Iowa [Mr. BROOKHART].

Mr. FESS. I desire to announce that the Senator from Iowa [Mr. BROOKHART] is paired with the Senator from Montana [Mr. WALSH], and that the Senator from Minnesota [Mr. SCHALL] is paired with the Senator from Illinois [Mr. LEWIS]. If the Senator from Iowa [Mr. BROOKHART] and the Senator from Minnesota [Mr. SCHALL] were present, they would vote "yea." If the Senator from Montana [Mr. WALSH] were present, I understand he would vote "nay."

The result was announced—yeas 36, nays 44, as follows:

YEAS—36

Bailey	Cohen	Harrison	Nye
Bankhead	Coolidge	Hebert	Robinson, Ark.
Barbour	Copeland	Hull	Shipstead
Black	Costigan	Kean	Smith
Blaine	Fess	La Follette	Trammell
Borah	Fletcher	McKellar	Tydings
Bulkley	George	Moses	Wagner
Bulow	Goldsborough	Norbeck	Walsh, Mass.
Byrnes	Hale	Norris	White

NAYS—44

Ashurst	Davis	Keyes	Sheppard
Austin	Dickinson	Logan	Shortridge
Barkley	Dill	McGill	Smoot
Bratton	Frazier	McNary	Steiwer
Broussard	Gore	Metcalf	Thomas, Idaho
Capper	Hastings	Neely	Thomas, Okla.
Caraway	Hatfield	Oddie	Townsend
Carey	Hayden	Patterson	Vandenberg
Connally	Johnson	Pittman	Walcott
Couzens	Jones	Reed	Watson
Cutting	Kendrick	Robinson, Ind.	Wheeler

NOT VOTING—16

Bingham	Glenn	Lewis	Stephens
Brookhart	Hawes	Long	Swanson
Dale	Howell	Morrison	Walsh, Mont.
Glass	King	Schall	Waterman

So the Senate refused to reconsider the vote by which the amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, I desire to submit a motion to reconsider. I move to reconsider the vote by which the amendment was adopted by the Senate levying an import tax of 10 cents per hundred pounds on coal, found on page 243, commencing in line 20, and ending on page 244, line 5. I ask unanimous consent that we have an immediate roll-call vote without debate upon my motion for reconsideration.

The PRESIDING OFFICER. Is there objection?

Mr. NEELY. Mr. President, if a vote may be had without a roll call I do not object; otherwise I do.

Mr. WALSH of Massachusetts. Then I ask that there be a roll call on my motion to reconsider, because there are enough Senators interested in the matter to force the roll call. All the objection means is two roll calls.

Mr. BARKLEY. Mr. President, I hope the Senator from West Virginia will not object to the request of the Senator from Massachusetts.

Mr. NEELY. I made the objection in the hope that we might save a roll call. Of course, if it is going to add another roll call, I am not going to prolong the agony. I withdraw my objection.

Mr. GORE. Mr. President, it is a little late, but I would like to say that every roll call costs the country $10,000. I see no occasion for this roll call.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts? The Chair hears none. The question is on the motion of the Senator from Massachusetts to reconsider. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). My pair with the junior Senator from Louisiana [Mr. LONG] stands as announced on the previous vote, and I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as before with reference to my pair and transfer, I vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce that the Senator from Iowa [Mr. BROOKHART] is paired with the Senator from Montana [Mr. WALSH], and that the Senator from Minnesota [Mr. SCHALL] is paired with the Senator from Illinois [Mr. LEWIS]. If the Senator from Iowa [Mr. BROOKHART] and the Senator from Minnesota [Mr. SCHALL] were present, they would vote "yea." If the Senator from Montana [Mr. WALSH] were present, I understand he would vote "nay."

The result was announced—yeas, 40, nays 43, as follows:

YEAS—40

Bailey	Coolidge	Harrison	Norris
Bankhead	Copeland	Hebert	Nye
Barbour	Costigan	Hull	Robinson, Ark.
Black	Dale	Kean	Shipstead
Blaine	Fess	King	Smith
Borah	Fletcher	La Follette	Trammell
Bulkley	George	Logan	Tydings
Bulow	Glass	McKellar	Wagner
Byrnes	Goldsborough	Moses	Walsh, Mass.
Cohen	Hale	Norbeck	White

NAYS—43

Ashurst	Cutting	Keyes	Shortridge
Austin	Davis	McGill	Smoot
Barkley	Dickinson	McNary	Steiwer
Bingham	Dill	Metcalf	Thomas, Idaho
Bratton	Frazier	Neely	Thomas, Okla.
Broussard	Hastings	Oddie	Townsend
Capper	Hatfield	Patterson	Vandenberg
Caraway	Hayden	Pittman	Walcott
Carey	Johnson	Reed	Watson
Connally	Jones	Robinson, Ind.	Wheeler
Couzens	Kendrick	Sheppard	

NOT VOTING—13

Brookhart	Howell	Schall	Waterman
Glenn	Lewis	Stephens	
Gore	Long	Swanson	
Hawes	Morrison	Walsh, Mont.	

So the Senate refused to reconsider the vote by which the amendment was agreed to.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent for an immediate yea-and-nay vote on the motion which I entered to reconsider the vote by which the tariff on lumber was adopted.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will call the roll.

Mr. BAILEY. Mr. President, I should like to be informed what the question is.

The VICE PRESIDENT. The question is on the motion of the Senator from Minnesota [Mr. SHIPSTEAD] to reconsider the vote whereby the duty on lumber was agreed to.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I make the same announcement as to my pair as on the last roll call, and withhold my vote.

Mr. JONES (when his name was called). Again announcing my pair and its transfer, I will vote. I vote "nay."

Mr. WALSH of Montana. On this vote I am paired with the Senator from Iowa [Mr. BROOKHART], but I transfer that pair to the Senator from Oklahoma [Mr. GORE], and will vote. I vote "nay."

The roll call was concluded.

Mr. FESS. I wish to announce the general pair of the Senator from Illinois [Mr. LEWIS] with the Senator from Minnesota [Mr. SCHALL].

Mr. GLASS. I wish to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is absent in attendance upon the Geneva conference.

The result was announced—yeas 36, nays 50, as follows:

YEAS—36

Bankhead	Cohen	Harrison	Norbeck
Barbour	Coolidge	Howell	Norris
Barkley	Copeland	Hull	Nye
Black	Costigan	Kean	Robinson, Ark.
Blaine	Dale	King	Shipstead
Borah	Fess	La Follette	Smith
Bulkley	Frazier	Logan	Tydings
Bulow	George	McKellar	Wagner
Byrnes	Glass	Moses	Walsh, Mass.

NAYS—50

Ashurst	Dickinson	McGill	Stephens
Austin	Dill	McNary	Thomas, Idaho
Bailey	Fletcher	Metcalf	Thomas, Okla.
Bingham	Goldsborough	Neely	Townsend
Bratton	Hale	Oddie	Trammell
Broussard	Hastings	Patterson	Vandenberg
Capper	Hatfield	Pittman	Walcott
Caraway	Hayden	Reed	Walsh, Mont.
Carey	Hebert	Robinson, Ind.	Watson
Connally	Johnson	Sheppard	Wheeler
Couzens	Jones	Shortridge	White
Cutting	Kendrick	Smoot	
Davis	Keyes	Steiwer	

NOT VOTING—10

Brookhart	Hawes	Morrison	Waterman
Glenn	Lewis	Schall	
Gore	Long	Swanson	

So Mr. SHIPSTEAD's motion to reconsider was rejected.

Mr. HARRISON. Mr. President, I entered a motion to reconsider the vote whereby the amendment imposing a duty on copper was adopted. I think I know when I am defeated. So I ask leave to withdraw that motion.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the motion is withdrawn.

Mr. WALSH of Massachusetts. Mr. President, I send an amendment to the desk which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from Massachusetts offers the following amendment: On page 240, line 7, to strike out all after the word "article," down to the semicolon in line 10.

Mr. WALSH of Massachusetts. Mr. President, the effect of that amendment would be to make the tariff duties provided in this bill subject to the flexible tariff provision. As the bill is now drawn the tariff duties proposed to be levied on certain items are imposed with the understanding that they shall not be subject to change or revision by the United States Tariff Commission. My amendment would eliminate that exclusion, and would make all these tariff items subject to petition for increase or decrease or change in duty the same as any other commodity upon which a tariff duty has been levied in the general law.

Mr. President, I do not care to discuss the amendment at length. I ask unanimous consent that we may proceed at once to vote upon my amendment which involves a decision upon the part of the Senate as to whether or not the particular tariff items in this bill are to be removed from the scope of the study and inquiry, examination, and recommendation by the United States Tariff Commission when all other articles under the general law come within the scope of such examination and inquiry.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kentucky?

Mr. WALSH of Massachusetts. I yield.

Mr. BARKLEY. As I understand from the terms of the bill, the provisions affecting these items are to be in effect for only two years. Is there any reason why they should not occupy the same basis as to Tariff Commission investigation as other items in the regular tariff bill?

Mr. WALSH of Massachusetts. Certainly not. They should be subject to the same right of petition for revision and change as any other commodities covered by the tariff act.

Mr. BARKLEY. I think the Senator is correct about that.

Mr. WALSH of Massachusetts. I am glad the Senator agrees with me. I ask unanimous consent to have an immediate vote without debate.

Mr. HULL. Mr. President, does the Senator's amendment cover the particular items in this bill on which the tariffs have been imposed?

Mr. WALSH of Massachusetts. It does. It eliminates the exclusion which these items have been given by this bill and, therefore, makes them subject to the general law.

Mr. HULL. Will the Senator indicate what his purpose is?

Mr. WALSH of Massachusetts. My purpose is to have these particular items upon which a special tariff is levied under this bill subject to the flexible provision of the general tariff law. Under the wording of the bill they are not now subject to the flexible tariff provision; they are removed and apart and can not be changed or modified by any recommendation of the Tariff Commission to the President. My amendment would permit their being treated like every other commodity upon which a tariff duty is levied.

Mr. HULL. Is it the Senator's view that the flexible provision should be made applicable to as many items as possible to which it does not already apply?

Mr. WALSH of Massachusetts. I do not know that I understood the Senator's question, but my amendment would put them in the same status, treat them the same as every other item that has a tariff duty, subject to petition for change and modification by the United States Tariff Commission.

Mr. HULL. Mr. President, I have no disposition to consume the time of the Senate at this time, but it does seem to me that we have had enough important legislation from the floor here, with no opportunity to investigate it. I have not had a chance even to look at the amendment, and no Senator has. I think it is bad policy to be heaping on so much legislation from the floor that necessarily is possibly more or less ill conceived.

I do not propose to object in this particular instance; but I am opposed to enacting important legislation from the floor with no opportunity for any of the Senators, much less any committee, to consider it.

I merely wanted to make that statement.

Mr. WALSH of Massachusetts. Do I understand that the Senator objects to this and desires to debate the amendment?

Mr. HULL. I have been objecting to all these tariff provisions, and I wanted to include this in my objection.

Mr. WALSH of Massachusetts. I think I am in accord with the Senator's views on these tariff questions, and I think the Senator is in accord with my view in desiring that these tariff items in a revenue bill shall be treated like every other commodity.

The VICE PRESIDENT. The Senate must be in order. It is impossible to hear what is going on.

Mr. HULL. That was the point I raised with respect to this amendment—that we can not understand just what its true import is so long as we do not have a chance to read it and discuss it.

The VICE PRESIDENT. Is there objection to the request of the Senator from Massachusetts?

Mr. SMOOT. Mr. President, I am certainly opposed to the amendment.

Mr. WALSH of Massachusetts. I know the Senator is; and I ask for a vote without debate.

Mr. BINGHAM. Mr. President, just a minute, please. I do not want to object to the Senator's request, but I should like to understand it a little more fully.

Mr. SMOOT. Mr. President, this is the object: The rates in the bill apply only for two years. What it is desired to do is to strike out this provision, so that the rates in the bill shall fall under the flexible tariff provision.

Mr. BINGHAM. Do I understand that these rates apply only for two years?

Mr. SMOOT. For two years.

Mr. BINGHAM. And that is the reason why the Finance Committee and the House have not made them subject to the flexible provision of the tariff?

Mr. SMOOT. That was the object, Mr. President.

Mr. BINGHAM. If they were permanent rates, they would naturally go under the flexible provision, subject to change; but in order that there may be no misunderstanding about the possibility of increase or decrease in these rates for the next two years, the rates are fixed for two years, subject to no change by the Tariff Commission?

Mr. SMOOT. That is exactly the position taken by the House, and that is exactly the position we also took.

Mr. SHORTRIDGE. Mr. President, I rise simply to say that I hope the motion will prevail. I think these four items should be made subject to the flexible provision of the existing tariff law.

Mr. HULL. Mr. President, will the Senator from California yield for an inquiry?

Mr. SHORTRIDGE. Certainly.

Mr. HULL. I notice that the present chairman of the Tariff Commission stated to the Ways and Means Committee recently that all the rates in the present law should be increased considerably. If this motion should be adopted, that would make it possible for the Tariff Commission immediately to increase the rates to which this motion applies; would it not?

Mr. SHORTRIDGE. Or, conversely, to reduce them the full 50 per cent. Personally, I think some of them ought to be increased the full 50 per cent.

The VICE PRESIDENT. The question is on the amendment of the Senator from Massachusetts [Mr. WALSH].

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I should like to call up an amendment that was passed over, beginning at the bottom of page 145 and going over to line 10 on page 146.

If Senators will turn to that part of the bill, they will observe that paragraph (2), beginning with line 21 on page 145, is entitled "Reserve funds." I now offer an amendment to the committee amendment on page 146.

The VICE PRESIDENT. The Senator already has an amendment pending at that point.

Mr. LA FOLLETTE. Then I will ask to have the Secretary state it.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 146, line 1, the Senator from Wisconsin proposes to strike out the words "such lower rate" and insert "the rate of 3¾ per cent."

Mr. LA FOLLETTE. Mr. President, the purpose of this amendment is to continue the base of taxation for life-insurance companies which has been established in law since the revenue act of 1921. The same principle was embodied in the bill when it passed the House, and the amendment which I now propose is the action first taken by the Senate Finance Committee.

It is my belief that the Finance Committee took the action which it did subsequently in reporting the amendment as it now reads, on the theory that there was a conflict of interest between large companies and small companies. Such is not the case.

For instance, in my own State there are six life-insurance companies. Three of these are small stock companies doing a nonparticipating business on a 3½ per cent basis. One is a small stock company doing a participating business on a 3½ per cent basis. One is a small mutual company doing a participating business on a 3½ per cent basis. One is a large mutual company—the sixth largest in the United States—doing a participating business on a 3 per cent basis.

Mr. President, I am not interested in trying to reduce the tax on life-insurance companies; but what I am concerned about is that the increased tax which is asked from these companies as their share of contribution under the present circumstances should, in so far as possible, fall equitably upon the various types of companies doing a life-insurance business.

Under the Finance Committee's amendment the greatest inequalities are introduced into the proportion of increased tax which these various types of companies are asked to bear.

I hold in my hand a table showing the comparison of tax under the present law based upon returns of 1931 business by 17 mutual life-insurance companies, compared with the tax under the amendment now proposed and under the bill as reported by the Finance Committee.

Under the bill as it stands, Mr. President, there is a variation in tax in these mutual companies of an increase on the one hand of 62.2 per cent, and on the other hand, extending up to 305.6 per cent increase in tax over existing law. It is absolutely impossible, and I admit it at the outset, to ask for an increased tax from life-insurance companies doing business on different kinds of reserve bases and to secure an absolutely equitable distribution of that increase in tax between the respective companies transacting business upon these various reserve bases. However, I submit that under the amendment now pending, the difference in these same 17 mutual companies would be an increase in tax of from 40.9 per cent on the one hand to 96.8 per cent on the other. In other words, we would secure the increase of tax—not as large a tax, I frankly admit, as the Senate committee amendment proposes—but we would secure a very substantial increase in such a manner that it would fall as equitably as is possible upon all of the various types of companies doing business upon these different reserve bases.

Mr. President, I consider this to be rather an important question; and had it come up at some other time, as I had hoped, I intended to discuss the matter at some length. It is a complicated question, and I admit that it is difficult to present the facts in a brief statement. However, what I wish to emphasize, and what I wish to appeal to the Senate to do, is to regard this increase in tax from the point of view of the policyholder and not from the point of view of the insurance company as such, for the reason that more than 76 per cent of the life insurance now in force in the United States is in mutual companies. The mutual companies, as entities, are merely operating trustees for their policyholders.

Here is the point, and I believe it an important one:

The proponents of the Finance Committee's recommendation have introduced into this discussion what I am, I believe, reliably informed to be an absolutely new term in insurance parlance. They talk about "free interest," Mr. President, and present a very plausible argument on that basis. But in so far as I have been able to ascertain, "free interest" is not mentioned in any recognized textbook on insurance. It is not mentioned in the statements filed as required by law by any life-insurance company in America. You can not dig down into the various component parts of the income or of the interest income of a life-insurance company and separate a part of it and say this is earmarked and is "free interest."

Mr. President, the important thing from the point of view of the policyholder is that he should be asked to pay a proportionate increase in tax; that we should not ask one policyholder to pay a very high increase in tax and say to another policyholder, because he happens to have taken out his insurance in a stock company, that he shall have a much smaller tax burden placed upon him.

Here is the essential point: Bearing in mind, as I have said before, that the mutual life-insurance companies of this country now have 76 per cent of the business in force, when a man takes out a policy in a conservative, well-run, 3 per cent basis mutual company, his initial premium is high, because that company, operating on a conservative basis, has set up a high factor of safety in fixing the premium. A man taking out insurance in a stock company pays a much lower initial premium. The only way in which the mutual company can compete with the stock company is to be in a position, after having carefully managed its affairs for its policyholders, that it may then return to them in the form of dividends or refunds—I care not what you call it—a sufficient amount to bring the mutual policy back onto a basis of competition with the stock policy. From the point of view of the Government, the basis which has existed in the law since 1921 has proved to be a sound basis. It has proved a reliable, steady source of income to the Government.

I should like to point out, for instance, just how the tax will work from the point of view of the policyholder.

Let us take an example, Mr. President. A life-insurance company agrees to pay $1,000 on the death of a policyholder. The company has only two sources from which to meet its expenses, including taxes, and to pay that obligation when it falls due, viz, premiums paid by the policyholder and interest received from investments. The test of equity lies in whether one method of taxation takes from the funds of one group of policyholders more than it takes from another group of policyholders. Obviously, if the deduction from the interest income of one group of policyholders is at a higher rate of percentage than the deduction from the interest income of another group of policyholders, equity will not be found. And that is exactly the result that would follow from the Finance Committee's amendment to the House bill.

Here is an example: Two men, each 35 years of age buy $100,000 of life insurance on the 20-payment life plan. One buys in the Provident Mutual of Philadelphia, an excellent 3½ per cent company. The other buys in the New England Mutual of Boston, an excellent 3 per cent company. Except for the interest rate they are identical.

The two policies are in force for 10 years and the facts are as follows:

Total reserve tenth year:	
Provident policy (3½ per cent)	$23,200.00
New England policy (3 per cent)	25,578.00
Reserve invested to earn 5 per cent:	
Provident earns on reserve	1,160.00
New England earns on reserve	1,278.90
Deduction present law 4 per cent, both companies:	
Provident deducts	928.00
New England deducts	1,023.12
Taxable income:	
Provident, $232 at 14 per cent tax	32.48
New England, $255.78 at 14 per cent do	35.80

The New England (3 per cent) pays a tax 10 per cent higher than the Provident (3½ per cent).

Deduct interest required (finance commission):	
Provident deducts	$812.00
New England deducts	767.34
Taxable income (free interest, so called):	
Provident, $348 at 14 per cent tax	48.72
New England, $511.56 at 14 per cent do	71.62

The New England (3 per cent) pays a tax 47 per cent higher than the Provident (3½ per cent).

I submit, Mr. President, in conclusion, that the only reason why Congress has established a policy of giving a different consideration to life-insurance companies in the matter of taxation is the fact that Congress wished to foster and help to develop the ownership of life insurance in the United States. Since 1921 a sound, equitable basis of taxation on all types of companies has been upon the statute books. Now it is proposed by the Committee on Finance, in the closing hours of the consideration of this bill, to upset that basis and to levy a tax which will be discriminatory in the weight with which it will fall upon the various types of life-insurance companies doing business.

May I say, Mr. President, that the life-insurance companies, like all other companies, have had to weather the present economic storm? I appeal to the Senate of the United States not to change at this time a basis of taxation which has proved equitable, and I ask the Senate to adopt the amendment which I have offered.

Mr. CONNALLY. Mr. President, I hope the Senate will not adopt the amendment offered by the Senator from Wisconsin. The Senate Finance Committee had this matter up for discussion on two or three occasions, and the language now offered by the Senator from Utah for the Finance Committee reflects the well-considered and sound judgment of the Finance Committee.

The Senator from Wisconsin contends that the amendment offered by the Senator from Utah for the committee will increase the taxes of some of the large insurance companies, and he claims it is changing the basis of former taxation. It does change the basis, but the reason why it changes the basis is that a few great insurance companies in the United States have been escaping their just share of

taxation, as compared with the smaller companies of the West and of the South.

Let me show what happens under existing law. Under existing law an insurance company pays the corporation tax, just like any other corporation, of 12½ per cent. When it comes to deducting for expenses, an ordinary corporation deducts for its actual expenses, whatever they may be. But in the case of life-insurance companies the law has allowed them to deduct a flat 4 per cent for reserve purposes, whether they actually spend that 4 per cent for creating reserves or not. What is the result? The result is that a 4 per cent reserve company gets a true deduction; it deducts 4 per cent, and it pays 4 per cent over to its reserves for the benefit of its policyholders. But when the law allows a 3½ per cent company to deduct 4 per cent, and exempt 4 per cent from its tax, when it is required to pay only 3½ per cent to its reserve, the law is giving it a one-half per cent interest on all of its investments absolutely free of tax.

When we allow a 3 per cent reserve insurance company to deduct from its income 4 per cent for reserve purposes, when it is required to pay only 3 per cent to create that reserve, we are giving that insurance company 1 per cent interest on all of its investment absolutely free from any tax whatever.

What has been the result? I take the 10 largest insurance companies in the United States. For the year 1927 they deducted from their income for taxation purposes $314,688,489.66. They deducted that on the 4 per cent basis on the theory that it was required for the maintenance of their reserves. They deducted that as an expense of their business.

Let us see how much they paid out in reserves. They paid out only $263,306,724. The result has been that they had $51,381,764 of income, the difference between the deductions allowed and what they actually spent, which means that they received $51,000,000 of income upon which they paid no tax whatever, and that tax, at the rate of 12½ per cent under the present law, means that the Federal Government lost $6,422,000 in income tax which ought to have gone into the Treasury.

What does the Senate committee bill do?

It allows every company, whether it is a big company or whether it is a little company, to deduct for reserve purposes exactly what it pays out in reserves. If it is a 3 per cent company, it is allowed to deduct 3 per cent. If it is a 3½ per cent company, it is allowed to deduct 3½ per cent. If it is a 4 per cent company, it is allowed to deduct 4 per cent.

Let me show just how that is. Suppose half a dozen corporations in some other line of business are to pay their income tax. One of them borrows money and pays interest on it at 8 per cent, another pays interest at 6 per cent, another pays interest at 4 per cent. Do Senators think they all should be allowed a deduction of 8 per cent? That is the proposition. Under the law on your personal income you are allowed to deduct from your income all money you pay out as interest. Suppose I pay 10 per cent, and the Senator from Massachusetts, because his credit is better than mine, pays only 6. Should he be permitted to deduct 10 per cent, when he has paid but 6? That is the question before the Senate now.

The question is whether we are going to let the 10 great, powerful life-insurance companies of the United States continue to enjoy a special treatment and a special privilege which the 3½ and 4 per cent companies out in the South and the West, the smaller companies, which are struggling for existence, do not enjoy. We are giving a premium to the large and the powerful companies. They have been enjoying it for years, and the Senator from Wisconsin wants to perpetuate that sort of a preference, because, he says, we are changing the basis of the taxation.

We are changing it. It has been wrong; it is not fair; it takes money out of the Treasury; and if Senators want the Government to obtain revenue, they will not vote for this amendment, because the amendment of the Senator from Wisconsin would take out of this bill quite a few million dollars, and it would do a distinct injustice to the smaller insurance companies on a 3½ per cent basis.

I submit to the Senate, therefore, that the committee amendment ought to be adopted, because it allows each company to deduct its actual reserve requirements. If they be 3 per cent, and it pays 3 per cent over to its reserve, then it deducts 3 per cent. If it is a 3½ per cent company, it may deduct 3½ per cent, provided it actually pays out 3½ per cent to its reserve. If it is a 4 per cent company, it is allowed to deduct 4 per cent, provided it actually pays out that 4 per cent into the reserves.

What the Senator from Wisconsin referred to as "free interest" is just what I have been reading to the Senate. Free interest is the $51,000,000 annually which these companies take in that they are allowed to deduct, and yet they do not spend it on their reserves. The result is that they get $51,000,000 annual "free interest," which means free of taxes. That is where their word "free" comes from, $51,000,000 income free of tax.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. SHIPSTEAD. Is it not true that in mutual companies the money is distributed and paid back to the policyholders, where with a stock company it is paid to the stockholders as earnings or dividends or profits?

Mr. CONNALLY. This provision includes all life-insurance companies.

Just one word more and I shall be through. In the year 1926 the life-insurance companies were permitted to deduct 4 per cent on their reserves, amounting to $213,000,000. That is what they deducted from their incomes. They paid out in reserves only $167,000,000. The difference in 1926 was $45,547,960, upon which they paid no Federal tax whatever.

Other corporations were paying taxes on their net incomes at the rate of 12½ per cent, but these 10 big companies were enjoying a preference which no other corporation in the country enjoyed.

What was the tax on them for 1926? For 1926 alone the tax at 12½ per cent on this "free interest" was $5,693,500.

In other words, for the year 1926 the Government lost $6,000,000 in taxes which ought to have been paid, and nobody on earth could get any advantage out of it except the big 3 per cent reserve companies, whereas all the other life-insurance companies were having to pay 4 per cent if they were 4 per cent reserve companies. If they were 3½ per cent companies they had to pay 3½ per cent and only got one-half per cent free interest, whereas the big companies were receiving 1 per cent free interest.

I ask the adoption of the amendment submitted by the Senator from Utah.

Mr. SMOOT. Mr. President, if I had a diagram large enough, I could show the Senate exactly what has been accomplished by the adoption of the amendment by the Senate. The Senator from Texas [Mr. CONNALLY] has stated exactly the case. I have here a small diagram which I have prepared in the last few minutes. The large companies having a 3 per cent reserve are shown by the lower line. The 3½ per cent companies would come up to the line where the House fixed the rate. The 4 per cent companies go above the House limit in the proportion shown. The House said, "We will take a straight 3½ per cent."

What does that mean? It means just what the Senator from Texas said, that the 3½ per cent company is below the limit fixed by the House, and all the millions that they receive are not taxed. What the Senate did was to say that all shall pay 4 per cent, so that the big companies which pay 3 per cent are to be on exactly the same basis as the 3½ per cent and 4 per cent companies. Why should they not be on that basis?

That is the action the committee took and I do not see why there should be any objection to it.

Mr. SHIPSTEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Minnesota?

Mr. SMOOT. I yield.

Mr. SHIPSTEAD. Can the Senator tell us how many 3 per cent companies are mutual and how many are stock companies?

Mr. SMOOT. I have not the figures to show how many.

Mr. SHIPSTEAD. Is it not true that all 3 per cent companies are mutual companies and the 4 per cent reserve companies are stock companies?

Mr. SMOOT. That does not change the situation in the least.

Mr. SHIPSTEAD. That makes all the difference in the world.

Mr. SMOOT. Not in the least. They are doing business in the same way, the rates are the same, they insure the same class of people; and why should they have any advantage?

Mr. DICKINSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Iowa?

Mr. SMOOT. I yield.

Mr. DICKINSON. As a matter of fact, the mutual companies hold the reserve on the theory that it is held for the policyholders, but they never distribute it to the policyholders, and while they are holding it they ought to pay a tax on it.

Mr. WALCOTT. Mr. President, the mutual companies divide these reserves occasionally. I am sorry to disagree with the Senator from Texas [Mr. CONNALLY], but the $51,000,000 that he speaks of belongs to the policyholders of the mutual companies, whereas the surplus of the other companies belongs to the stockholders.

May I explain just briefly the discrepancy? For instance, let me refer to the Connecticut Mutual: The Federal tax paid in 1931 was $74,000. Under the La Follette amendment that tax would be doubled almost exactly, $146,000. Under the Senate committee amendment it would be $288,000. The La Follette amendment brings about a 96 per cent increase in the tax, while the Finance Committee amendment brings about a 287 per cent increase.

The Equitable of New York is a good illustration. They have been paying and did pay in 1931 $1,081,000 of taxes. Under the La Follette amendment they would be brought up to $1,666,000, while under the Senate committee amendment they are brought up to $2,554,000. The La Follette amendment shows an increase of 54 per cent, and the Finance Committee amendment shows an increase of 136 per cent.

The Home Co.: The La Follette amendment shows an increase of 41 per cent, and the Finance Committee amendment of 92 per cent.

The Massachusetts Mutual: The La Follette amendment shows an increase of 49 per cent and the Finance Committee amendment an increase of 101 per cent.

The Phoenix Mutual: The Senate committee amendment would tax them more than five times the amount the La Follette amendment would tax them.

Mr. DICKINSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. WALCOTT. I yield.

Mr. DICKINSON. How often do the mutual companies make distribution of the surplus?

Mr. WALCOTT. Every year.

Mr. DICKINSON. To what extent do they make the distribution—all they have?

Mr. WALCOTT. On the same basis that the directors of a company might distribute its surplus earnings in the form of dividends on the common stock.

Mr. DICKINSON. That is the very point. If we could impose a tax that would prevent their holding the reserve over from year to year, they would distribute it to the benefit of the policyholders. The way it is now they hold it over and through the strength of their company make unfair competition for other companies, when, as a matter of fact, if they held the reserve and paid a tax on it, they would not be able to show such profit in comparison with other companies.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. WALCOTT. I will yield the floor in just a moment.

Why is it not satisfactory to raise the tax 40 to 60 per cent instead of 200 to 300 per cent? The 200 to 300 per cent increase in tax proposed by the committee amendment is absolutely confiscatory and unfair. I personally agree with everything the Senator from Wisconsin [Mr. LA FOLLETTE] has said. I do not think he overstated the case at all.

My colleague from Rhode Island [Mr. HEBERT] knows the situation, and I am sure will be able to add a bit of detail. The proposed increases would be a very unjust thing for the 3 per cent companies, which are mutual companies.

Mr. DICKINSON. Mr. President, as a matter of fact the discrepancy in taxation is a thing that has been helpful to the mutual companies. It happens that I am a policyholder in the Northwestern Mutual, of Milwaukee. I think one of the advantages they have had in competition with other companies of the Middle West has been the fact that they have been given the benefit of this tax exemption.

Mr. CONNALLY. Mr. President, may I ask the Senator from Connecticut a question? He said the committee amendment would increase the tax. I want to ask the Senator how the company which he mentions or any other company can be hurt if it is allowed to deduct from its net income all of its reserve outgo and every other company is allowed to do the same thing? How can there be any discrimination except to take away a preference which those companies mentioned by the Senator have been enjoying all these years?

Mr. WALCOTT. It is because the mutual companies are on a very low conservative reserve basis. They keep sound because they do not distribute all their earnings. They always follow a conservative policy, but they do distribute annually whatever they can afford and still remain on a financially sound basis. To tax them at the rate at which the committee amendment proposes is, it seems to me, absolutely unfair.

Mr. HEBERT. Mr. President, I arose a moment ago to answer the question of the Senator from Iowa [Mr. DICKINSON] as to what is done with the surplus funds accumulated by life-insurance companies. I know it is the practice among mutual life-insurance companies to retain approximately 10 per cent of their admitted assets as surplus to take care of depreciation and losses in securities. The balance of the earnings over and above so much as is required to maintain that 10 per cent surplus is distributed from time to time to policyholders.

There are three bases of reserve now in use among life-insurance companies. There are those which operate on the 3 per cent basis. They require the highest reserves. There are those which operate on a 3½ per cent basis. Then there are a very small number, negligible in fact, having not more than 5 per cent of the volume of the entire life-insurance business outstanding, which operate on a 4 per cent basis. For the purposes of this discussion we may well disregard the 4 per cent companies.

The 3 per cent company charges a larger initial premium than does the 3½ per cent company, because it has to have larger deposits to the credit of its reserves for purposes of accumulation. Of course that is obvious because the reserve after all is a sum of money set aside annually at interest at a given rate which, at the expiration of the policy, will amount to its face value and mature it. In other words, if one has a policy of life insurance of $1,000 and pays an annual premium, the insurance company will set aside a reserve each year which, accumulated at an assumed rate of interest, will amount to $1,000 when it is anticipated that policy will mature. When the rate of interest at which the reserve is to accumulate is 3 per cent, then, of course, a larger reserve is required to be set aside than when the rate is assumed to be 3½ per cent.

Let us analyze the operation of the provision now in the revenue bill as it affects the 3 per cent and 3½ per cent companies. We will assume that a 3 per cent reserve company has an investment income of $5,000,000. Under the

present law there is a 4 per cent reserve deducted so that it will have a taxable income of $1,000,000. The 4 per cent company and the 3½ per cent company would likewise have a deduction of 4 per cent, and if their investment income were $5,000,000 each, they, too, would have a taxable income of $1,000,000; that is, the difference between $5,000,000 investment income and $4,000,000 allowable deduction.

But if we provide a deduction for the actual interest assumption for reserve accumulation, as in the pending committee amendment, we get this picture: The 3 per cent company with a $5,000,000 investment income will have a $3,000,000 deduction, and so it will have a taxable income of $2,000,000. The 3½ per cent company, with its $5,000,000 of investment income, will have an allowable deduction of $3,500,000, or 3½ per cent, and will leave it with a taxable income of $1,500,000. In other words, the 3 per cent company will pay 14 per cent on $500,000 in excess of that which the 3½ per cent company will be called upon to pay.

The idea seems to prevail here that the small companies are 3½ per cent companies. Of course, that is not so. Some of the very large companies are 3 per cent companies, but the fact is that the two largest life-insurance companies in the world are 3½ per cent companies. There is quite a number of small 3 per cent companies. There are many small 3½ per cent companies. On the other hand, there are large 3 per cent companies, and the largest of them are 3½ per cent companies. If the committee amendment is to prevail, then the largest life-insurance companies in the country will reap the benefit of its action, because they will have a decided advantage over the 3 per cent companies.

There has been some mention of free interest here. Mr. President, there is no such thing as free interest in a mutual life-insurance company. The excess interest over and above what is required to maintain the reserves of mutual life-insurance companies operating on the 3 per cent basis must of necessity be applied to the payment of dividends in competition with those companies which accumulate on a 3½ or a 4 per cent basis, as well as to meet the competition of companies operating on the stock basis.

I said at the outset that the 3 per cent company charges a higher premium than does the 3½ per cent company, and, of course, it accumulates a higher reserve. The benefit of that practice to the policyholder will be apparent when I say that throughout the existence of a policy of life insurance the 3 per cent company has a greater margin of safety to the credit of the policyholders than does the 3½ per cent company. In other words, at any given time during the existence of a policy of life insurance the 3 per cent policy will have a greater reserve to its credit than will the 3½ per cent policy, except at termination, when the reserve on both policies equals their face.

Again, it is an advantage to the policyholder to have the higher reserve to his credit because the surrender values, which are available at any given time under a policy of life insurance, are greater with the 3 per cent companies than they are with the 3½ per cent companies.

There is a considerable difference between the premium charged by the 3 per cent company and the one charged by the 3½ per cent company. Also, there is a margin of difference in the reserve of the 3 per cent company and the 4 per cent company; but bear in mind that, side by side with these mutual life-insurance companies are the stock companies, companies which operate for profit, companies which pay no dividends to their policyholders, any savings effected in the course of their business being paid to their stockholders as dividends. These stock companies issue what are known as flat-rate policies, and the flat-rate premium on a policy in a stock company, whole life, age 25, would be in the neighborhood of $14 a thousand, whereas the premium on a policy in a mutual company at the same age for the same amount of insurance would be in the neighborhood of $20. It must be apparent that the mutual company could never compete with the stock company if it could not return a sufficient amount of dividends to its policyholder so that the net cost of his insurance ultimately would be as low as, if not lower than, the cost in the stock company. So what has been referred to here as "free interest" is reserved by the mutual company for distribution among its policyholders as so-called dividends, and they must accumulate to a sufficient amount to enable the mutual company to meet the competition of the stock company on its flat-rate policy.

Mr. SHIPSTEAD. Mr. President——

The PRESIDING OFFICER (Mr. CUTTING in the chair). Does the Senator from Rhode Island yield to the Senator from Minnesota?

Mr. HEBERT. I yield.

Mr. SHIPSTEAD. This so-called free interest is returned to the policyholder. When he puts his money in a mutual company there is returned to him the excess over the expenditures and what is necessary for reserve, and it is not profit at all. Is not that so?

Mr. HEBERT. Of course mutual life-insurance companies are not profit-making organizations; they operate without purpose of profit, and whatever savings are effected by them are reflected in the cost of the insurance to their policyholders.

Mr. SHIPSTEAD. This proposed amendment, it would seem to me, would tax that part of their income as though it were profit when it is not profit at all.

Mr. HEBERT. That would be true, and it would be true in a greater or less degree in proportion as the reserve is higher or lower in different companies.

Mr. SHIPSTEAD. Is it not also true, if the Senator will permit me, that the stock companies are taxed upon what constitutes a profit, from which dividends are distributed to the stockholders?

Mr. HEBERT. Under this bill the stock companies are taxed on the same basis as are the mutual companies, and so it makes no difference in either case whether there are profits or whether there are none. The tax is not based on profits; it is a uniform tax which is collectible and which accumulates whether the companies make a profit or whether they do not. It is not based upon profits at all; it is an arbitrary formula that is incorporated into the bill to provide a uniform taxation basis and a rather stable amount of revenue to the Government.

Assume two companies with equal amounts of insurance in force, let us say $100,000,000 for simplicity; assume that all the insurance is on the ordinary-life plan, issued at age 35, and has been in force 15 years. The reserve in the 3 per cent company would amount actually to $23,328,000; the reserve in the 3½ per cent company would amount to $21,915,000. So it will be seen that a lower reserve has been accumulated by the 3½ per cent company than is maintained by the 3 per cent company, because there is not so great an amount required to accumulate up to a given sum when invested at 3½ per cent interest as when the investment earns but 3 per cent. The investment income at 5 per cent interest on the reserve of the 3 per cent company would amount to $1,166,400.

The income on the reserve of the 3½ per cent company, again assuming the rate to be 5 per cent, would be $1,095,750. The 4 per cent reserve deduction now provided would leave the 3 per cent company a total income subject to the 14 per cent tax of $233,280, and the 3½ per cent company would have $219,150 subject to tax at 14 per cent.

On the other hand, take the same two companies with an interest deduction based upon the actual rate assumed for the accumulation of its reserves. In the 3 per cent reserve company the reserve would be the same as already stated, that is, $23,328,000; investment income would be $1,166,400; the deduction allowed at the actual rate of 3 per cent would amount to $699,840, leaving a taxable income of $466,560, whereas in the 3½ per cent company with deduction for actual interest assumption of 3½ per cent, it would leave a total taxable income of $328,725, or about $137,000 less.

So, Mr. President, I can reach no other conclusion from my study of the amendment as proposed by the committee than that the basis of taxation there provided would be in-

equitable as between the companies operating on different bases of reserve interest assumption. I think that a rate of, say, 3¾ per cent applying to all companies—and, of course, it would apply to the 4 per cent companies as well, but they are negligible, as I have already stated, only about 5 per cent of the entire insurance in force being in those companies—the 3¾ per cent deduction will be equitable, I believe, to all companies and will place them more nearly on the same basis for the purpose of taxation.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment reported by the committee.

Mr. GORE. Mr. President, I assume that Senators have discovered by this debate that the real issue here is between the old and large insurance companies on the one hand and the younger and smaller insurance companies on the other. That is the real issue. There are three groups or classes of insurance companies in this country: The group of 3 per cent companies, which carry 3 per cent interest to their reserves annually, which group comprises many of the large companies; the 3½ per cent group, which includes one or two large companies, and a still larger number of lesser concerns; and the 4 per cent group, which comprises the younger and smaller insurance companies.

The amendment reported by the Senate Finance Committee treats the facts as they are and takes the facts as they are. The 3 per cent concerns it exempts 3 per cent, the 3½ per cent concerns it exempts 3½ per cent, and the 4 per cent companies it exempts 4 per cent. Is there anything irrational or unreasonable in a rule or policy which deals with the facts as they are?

The Senator from Wisconsin has stated that since 1921 all these companies—all three of these groups—have enjoyed or suffered a uniform exemption of 4 per cent. That 4 per cent exemption, as I am informed, was the result of a compromise. The compromise, however, did not stand up, owing to a decision of the Supreme Court.

I think I can illustrate the operation of the Senate committee amendment as contrasted with others. My illustration will not be technical, but I understand it is practical and it will illustrate the point. Take one of each of these categories; assume that each has a reserve of $10,000,000. The 3 per cent company realizes 3 per cent on the $10,000,000, or $500,000; it passes 3 per cent, or $300,000, to its reserve. There is a difference of $200,000. I call that "free interest."

The term is not technical, but it expresses the idea and describes the thing. The proposal is to tax this concern on its $200,000 of free interest. It is true that heretofore it has enjoyed an exemption of 4 per cent—while it passed 3 per cent to its reserve, it had an exemption of 4 per cent—but instead of paying a tax on $200,000 of "free interest," it enjoyed a special privilege and paid taxes on only $100,000 of its "free interest."

Take the 3½ per cent concern with $10,000,000 reserve lent out and yielding 5 per cent, or $500,000. It passed $350,000 to its reserve. It had free interest amounting to $150,000, you might say—net income, in a way. Under the existing law and the old rule it enjoyed an exemption of 4 per cent, or $50,000 more than its free interest; and, like the big concern, instead of paying on $150,000 free interest, it paid on only $100,000 free interest, the same as the larger on the 3 per cent concern.

Take the 4 per cent company. It had $10,000,000 yielding 5 per cent, or $500,000. It was granted an exemption of 4 per cent. It passed the $400,000 to its reserve. It had $100,000 free interest, and paid taxes on every dollar of its free interest.

So that the young, the small, and the struggling company that had only $100,000 free interest paid on every cent of it. The concern that had free interest of $150,000 enjoyed an exemption of $50,000, and paid on only $100,000 of free interest. The 3 per cent concern, enjoying an exemption not only of 3 per cent but of $100,000 additional, paid taxes on $100,000 of its free interest, enjoying an exemption on $100,000. So that each of these three concerns paid taxes on $100,000 of free interest. The big concern and the small concern paid, and paid alike.

Now, of course, as you know, the interest passed to reserve constitutes the fund that belongs to the policyholder. That is the reason it is exempt from taxation. That is the share belonging to the policyholder. The remaining portion belongs to the company, and ought to pay taxes.

The complaint that these concerns pay different taxes is well founded; and they will pay them under the Senate committee amendment. But assume that the United States Steel Corporation has a net income of $200,000,000 a year. Assume that the Bethlehem Steel Co. has a net income of $100,000,000 a year. Assume that the Crucible Steel Co. has a net income of $50,000,000 a year. Can the complaint be heard that a uniform rate on these three concerns would oblige the Steel Corporation to pay more taxes than it ought to pay? Is there any reason why the United States Steel Corporation should not pay a larger total tax on $200,000,000 net profit than the Crucible Steel Co. should pay on $50,000,000 of net profits?

Under the amendment proposed by the Senator from Wisconsin the arbitrary exemption will be three-quarters of 1 per cent, so that the 3 per cent concern will have a free interest of $200,000 and will have an additional exemption of $75,000 added to the $300,000 that it passes to reserve. It will pay on $125,000 free interest only. The 3½ per cent concern will pass $350,000 to reserve, and under the amendment of the Senator from Wisconsin will enjoy an immunity of $25,000 more, which, added to its reserve exemption, will make its total exemption $375,000, so that it will pay on $125,000 exactly like the 3 per cent concern. But the 4 per cent concern has free interest amounting to $100,000, and under a flat rate of 3 per cent would not be allowed to take its total reserve, would not be entitled to $100,000. If it had to submit to three-quarters of 1 per cent it would have to pay on $125,000, too, although its free interest amounted only to $100,000.

That shows the discrepancy in this tax.

We are not subjecting these concerns to an arbitrary tax. We are simply withdrawing a privilege. In the past they have escaped taxation. That immunity is taken away by the Senate committee amendment. That is the complaint.

Mr. HOWELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Johnson	Sheppard
Austin	Couzens	Kean	Shipstead
Bankhead	Cutting	Kendrick	Shortridge
Barbour	Dale	King	Smith
Barkley	Dill	La Follette	Smoot
Bingham	Fess	Lewis	Stephens
Black	Fletcher	Logan	Thomas, Idaho
Blaine	Frazier	McGill	Thomas, Okla.
Bratton	George	McNary	Townsend
Broussard	Glenn	Metcalf	Trammell
Bulkley	Goldsborough	Moses	Tydings
Bulow	Gore	Neely	Vandenberg
Byrnes	Harrison	Norbeck	Wagner
Capper	Hastings	Norris	Walcott
Caraway	Hatfield	Patterson	Walsh, Mass.
Carey	Hayden	Pittman	Walsh, Mont.
Connally	Hebert	Reed	Watson
Coolidge	Howell	Robinson, Ark.	Wheeler
Copeland	Hull	Robinson, Ind.	White

The VICE PRESIDENT. Seventy-six Senators have answered to the roll call. A quorum is present. The question is on the amendment of the Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

Mr. HOWELL. Mr. President, a life-insurance policy is a contract; and that contract provides that a certain proportion of the premium paid shall be placed in a reserve fund. It has been the policy of the Government to relieve that reserve fund from taxation; but that is not all of the reserve fund.

In the contract there is an agreement, a guaranty to add to the reserve fund a certain rate of interest upon the reserve fund. Some policies guarantee to add to the reserve

fund each year 3 per cent; and it has been the policy, and it should be the policy, to treat that 3 per cent added to the reserve fund just exactly as the reserve fund is treated so far as taxation is concerned. Other insurance companies agree to set aside 3½ per cent, and that 3½ per cent, when added to the reserve fund, should be treated in the same way, free from taxation. There are other companies that agree to set aside 4 per cent and add it to the reserve each year, and that 4 per cent should be treated in the same manner.

This amendment, however, provides that if it is a 3 per cent company not only will the reserve plus the 3 per cent guaranteed be relieved from taxation but that three-quarters of 1 per cent more on the reserve shall be relieved of taxation; and in the case of a 3½ per cent company it is provided there shall be one-quarter of 1 per cent on the reserve relieved from taxation, because the contract guaranteed to add only 3½ per cent.

It must be evident that if we want to treat life-insurance companies impartially, they should be entitled to freedom from taxes upon the actual reserve set aside, plus the guaranteed interest actually added to those reserves, and nothing more. That is the proper solution of this problem. If we want to provide, because an insurance company is a 3 per cent company, that three-quarters of a per cent additional upon its reserves shall not be touched by taxation, all well and good. But why should this be done? It is simply granting a special privilege, that is all. This amendment should be rejected.

Mr. LA FOLLETTE. Mr. President, first, this is not an issue between big and little companies. Secondly, the question at issue should be determined from the point of view of the policyholder. A man, we will say aged 25, buys insurance in three respective companies. If he gets a thousand dollars in a mutual 3 per cent company, his initial premium is $20.14. If he gets a thousand dollars in the Provident Mutual, a 3½ per cent company, the initial premium is $17.36. If he takes a thousand dollar policy in a 3½ per cent stock company, the Travelers, his initial premium is $14.72.

There is no such thing from the point of view of the policyholder as "free interest," about which Senators have been talking. The policyholder knows nothing about "free interest." He never heard of it. No insurance student ever heard of it until the debate came up and an attempt was made to introduce the committee amendment into the law.

From the point of view of the policyholder it is absolutely necessary that it should be possible for a company doing a business upon the 3 per cent reserve basis to pay back in the form of dividends to the policyholder—not to the stockholder—a sufficient amount to bring the premiums upon that policy down to a competitive basis with the stock or flat-rate policy.

Mr. President, we are not asking that no increased tax should be taken from these companies. We are asking the Senate in this situation not to impose a tax which is so inequitable in the manner in which it falls upon the various types of companies that it will increase the tax of one company 40 per cent, and of another company 305 per cent.

Therefore, it would be a dangerous thing for the Congress at this time, when the reserves of insurance companies have been suffering during the depression, to upset the basis upon which the tax has been based, and to call upon one company for such an indiscriminate contribution to the increased tax that is asked under both amendments.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. CONNALLY. Let me ask the Senator if he did not present those views and those arguments elaborately to the committee, and, after the most mature consideration, it did not adopt the amendment offered by the Senator from Utah?

Mr. LA FOLLETTE. No, Mr. President; I do not think that is an accurate statement of the facts. They started out to get the actual mean reserve plus a quarter of a per cent. They did not get that, and then they adopted the amendment which is now in the committee bill. I do not think a majority of the members of the committee understood the action that was being taken at that time.

Mr. CONNALLY. The Senator is on the committee; why did he not explain it to the committee?

Mr. LA FOLLETTE. Mr. President, I endeavored to explain it to the committee; but I was always met by the fallacious argument that has been made on the floor here to-night, that this is an issue between big companies and little companies, and which, I submit, is not a fact.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Wisconsin [Mr. LA FOLLETTE] to the amendment of the committee.

Mr. SMOOT. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. WALSH of Massachusetts. Mr. President, I should like to ask the Senator from Wisconsin a question. Under his amendment, I understand the so-called small companies would have no increase in their tax burden.

Mr. LA FOLLETTE. The 4 per cent companies, which do only about 5 per cent of the life-insurance business in the United States to-day, will have no increase in tax whatsoever.

Mr. WALSH of Massachusetts. All other companies will have their taxes increased, some of the increases amounting to 50 per cent of their present tax?

Mr. LA FOLLETTE. Correct. It is impossible to secure absolute equality under the increase in tax, but my amendment would secure a substantial equality in the percentage of increase of tax as to the various types of companies.

Mr. WALSH of Massachusetts. Mr. President, I ask to have printed in the RECORD some communications I have had on this subject.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

NEW ENGLAND MUTUAL LIFE INSURANCE CO.,
Boston, April 18, 1932.

Hon. DAVID I. WALSH,
Washington, D. C.

MY DEAR SENATOR WALSH: I wish to lay before you the views of the New England Mutual Life Insurance Co. relative to House bill 10236, under which the taxes on life-insurance companies as a whole are doubled.

The rate of the tax has been increased to 13½ per cent, the same as other corporations, to which there can be no objection, but the base has also been so increased that the tax burden is not proportionate to other taxable corporations. At present the base is found by deducting 4 per cent of the mean reserves, and in the act as drawn this deduction allowed is reduced to 3½ per cent.

It was understood that there is no intention to tax the life-insurance companies more than will be enough to place them on the same basis as they were before the Supreme Court decided that nontaxable interest should not be included in the calculation. This the companies are willing to concede; and should the Government decide on a deduction of 3¾ per cent, the amount lost through this decision will be fully recovered.

There is a suggestion from some of the western companies to set the deduction at the amount required to maintain reserves plus one-fourth per cent. This may sound technical, but the result would be to so distribute the taxes that the burden would fall on the eastern companies, reserving on a more careful basis of 3 per cent, than upon the western companies, which reserve on a higher rate, and in some instances they would pay no taxes at all.

The Presidents' Association, of which the Massachusetts companies are members, are indorsing the petition for a deduction of 3¾ per cent, and I trust that you will feel that you can properly support this change in the bill.

The material that was used at the meeting held by the Ways and Means Committee is inclosed herewith, and will give you any further information in regard to the situation that you may desire; or, if not, I shall be happy to go into it further with you.

Sincerely yours,

GEORGE WILLARD SMITH,
President.

BERKSHIRE LIFE INSURANCE CO.,
Pittsfield, Mass., April 18, 1932.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR WALSH: The Federal revenue bill as passed by the House of Representatives carries a tax on life-insurance companies more than twice the present income tax.

Federal legislation has taxed life-insurance companies on their interest, dividends, and rents, allowing a deduction for investment expenses and a deduction of 4 per cent of reserves carried for policyholders. The reserves are retained for policyholders and are owned by the policyholders, who may take their share of the reserves at any time by surrendering a policy, or by taking out a policy loan. Because these reserves are not employed for the making of profits but were a fund designed for the protection of policyholders, the companies have been allowed a deduction from

gross income of 4 per cent of the reserves; and because of the nature of life-insurance companies as not existing for profit, the rate of tax on net income has at certain times been 12 per cent, as contrasted with 13 per cent for mercantile corporations.

By increasing the rate of tax from 12 per cent to 13½ per cent and by decreasing the percentage of reserves to be allowed as a deduction from 4 per cent to 3½ per cent, the bill as passed by the House would require payment by the life-insurance companies of more than twice the present tax, and even in the present emergency this seems to us to unduly burden the companies.

In the case of our own company the tax would be more than double the Federal income tax which our company is paying this year.

While we all appreciate that an especial exigency exists this year, calling for great additional income for the United States Government, I trust that the percentages which would make the tax on life insurance more than twice what it is at the present time will not prevail, and that the deduction which is now 4 per cent, if it must be reduced, may be left at 3¾ per cent rather than 3½ per cent, as set forth in the bill as it passed the House of Representatives.

I know that you will give the matter your sympathetic interest; and if you decide that the House bill unduly burdens life insurance, I trust that you may favor a change which would prevent the institution from being unreasonably burdened.

I am, with kind regards, sincerely yours,

FRED. H. RHODES, *President*.

EFFECT OF PENDING FEDERAL REVENUE BILL ON LIFE-INSURANCE COMPANIES

Under the pending Federal revenue bill (H. R. 10236) the income-tax rate on life-insurance companies is increased from 12 per cent to 13½ per cent, as on corporations generally. In addition the method of computing net taxable income is changed so as to materially increase net taxable income as determined under the act without any corresponding increase in earnings. This is accomplished by reducing the present deduction of 4 per cent of the reserves to 3½ per cent. In other words, this change artificially increases net taxable income, although the corporation enjoys no actual increase in net income. We are not objecting to the payment of the same income-tax rate to be paid by other corporations. But we do protest against this proposed broadening of the tax base.

PROPOSED CHANGES WOULD DOUBLE LIFE-INSURANCE TAXES

This change in base (coupled with the increase in the rate) would more than double the aggregate income tax on life-insurance companies on the basis of 1931 returns. Under the measure as passed by the House, life-insurance companies would pay 212 per cent of what they now pay. Appreciating the necessity of balancing the Federal Budget and the desire of Congress to secure revenue sufficient for this purpose, there is no thought on our part to avoid our fair share of the necessary increase of taxes. The present law, by segregating just one portion of a life company's business and requiring the payment of tax whether or not the company actually earns a net income, puts the business in a strait-jacket such as is applied to no other business. For this reason, we submit, the proposed change will result, even in the face of the present emergency, in a disproportionate and unfair increase in the tax on life-insurance policyholders.

PRESENT METHOD OF TAXING LIFE-INSURANCE COMPANIES

The net taxable income of a life-insurance company is determined by a formula, which produces a tax, regardless of whether or not the year's operation result in net earnings in the ordinary sense. In this respect the treatment of life-insurance companies differs from that of other corporations the net taxable income of which has a relation to the net income actually earned. Under the present act a life-insurance company may be required to pay a heavy tax in a year, or in a series of years, when the company actually earns no net income. Since the present method of ascertaining net taxable income was enacted in 1921, some companies have paid taxes in years when they earned no net income. This fundamental difference should be borne in mind in any consideration of the taxation of life-insurance companies. The present method does not favor life-insurance companies but rather the Government.

"GROSS INCOME" DEFINED AS INVESTMENT INCOME

Interest, dividends, and rents constitute the gross income of a life-insurance company under the present act. Premiums are not included in income, since they are in the nature of capital deposits to be subsequently returned to policyholders or beneficiaries. No deduction is allowed for ordinary expenses of doing business (other than investment expenses), nor for payments under policy contracts. No deduction is allowed for investment losses or bad debts, neither is gain from investments included as a part of gross income. If such items were allowed, the net taxable income would be materially altered from year to year and reduced for some years to come. The Government is highly favored by this exclusion.

PRESENT PLAN AVOIDS WIDE FLUCTUATION IN REVENUE

The purpose of Congress in 1921 in adopting this method of establishing the net taxable income of life-insurance companies was to avoid the wide fluctuations in net taxable income experienced in previous years, when the method of determining net taxable income was that applied to other corporations. This result has been achieved.

PRESENT PLAN AND TAX-EXEMPT INTEREST DECISION

The present formula, as enacted in 1921, provided for the deduction of 4 per cent of the mean of the reserve funds required by law (less tax-exempt interest from gross income). This deduction was arrived at by the Ways and Means Committee after careful consideration of all factors involved, such as the elimination of capital gains and losses, and disregard of whether or not the year's operations actually result in net income. It was the purpose not only to adopt a formula producing a dependable net taxable income but also one of simple nature and easily checked by the Government. This avoided many troublesome questions which had resulted in litigation under former acts. It was necessary to permit the deduction of interest on tax-exempt securities from gross income. To nullify this deduction the act of 1921 provided that the deduction of 4 per cent of the mean of the reserve funds should be decreased by the amount of such tax-exempt interest. This nullification of the benefits accruing from the ownership of tax-exempt securities was found unconstitutional by the United States Supreme Court (277 U. S. 508). That decision struck from the act the provision of tax-exempt interest from 4 per cent of the mean of the reserves.

PURPOSE OF CHANGE TO OVERCOME SUPREME COURT DECISION ONLY

It is understood that the purpose of the Ways and Means Committee in making the change in the reserve deductions from 4 to 3½ per cent was to overcome the reduction in Government revenue on account of the United States Supreme Court decision in 1928 (277 U. S. 508). The effect of this decision was to give life-insurance companies the benefit of ownership of tax-exempt securities which previously had been denied.

CHANGE FAR MORE THAN OVERCOMES COURT DECISION—WOULD RETURN MORE THAN TWICE AMOUNT

Reports from 53 companies holding 84.8 per cent of the assets of all United States legal reserve, life-insurance companies show that the reduction in revenue to the Government on account of the Supreme Court decision at the new 13½ per cent tax rate aggregates $4,993,000 annually. (At the present 12 per cent tax rate it aggregates approximately $4,438,000 annually.) Reports from these same companies reveal that under the present law and the existing 12 per cent rate these companies will pay in 1932 on 1931 business $8,704,000 in Federal income taxes. The same companies would have paid $18,456,000 if the present bill with the 3½ per cent reserve deduction and the 13½ per cent rate had been in effect, or an additional tax of $9,752,000. In other words, the proposed change, instead of merely recouping to the Government the reduction in revenue on account of the Supreme Court decision, would actually more than double the tax on life-insurance companies, and thus recoup to the Government more than twice such reduction. It is submitted, therefore, that the change from 4 to 3½ per cent in the reserve deduction should not be allowed to stand in the bill.

If, however, in view of the expressed purpose of the Ways and Means Committee, it is intended that life-insurance companies be made to recompense for the reduction in Government revenue on account of the Supreme Court decision, some change in base is to be made, it is urged that such change be not more than necessary to restore such an amount. Inasmuch as the change in the reserve deduction from 4 to 3.5 per cent, as proposed by the pending bill, would result in a grossly excessive tax—an increase for the 53 companies from $8,704,000 to $18,456,000—it is respectfully urged that the present 4 per cent deduction be not reduced lower than to 3.75 per cent. On a basis of 3.75 per cent reserve deduction, the 53 companies referred to would pay an additional tax of $5,344,000, or more than the amount of the reduction in revenue from the Supreme Court decision.

Following are given income taxes of these companies under the present law and under the various bases herein discussed:

Data of 53 life-insurance companies which have 84.8 per cent of the assets of all United States legal-reserve companies

(Based on 1931 business)

Taxes on present basis (4 per cent deduction—12 per cent rate)	$8,704,000
Taxes that would have been incurred:	
At 4 per cent deduction—13½ per cent rate	9,792,000
At 3¾ per cent deduction—13½ per cent rate	14,048,000
At 3½ per cent deduction—13½ per cent rate	18,456,000

ADDITIONAL POINTS RE H. R. 10236, LIFE-INSURANCE COMPANY TAX

Under present law, 12 per cent on all corporations and 4 per cent upon reserves as a deduction, the Massachusetts Mutual Life tax on 1930 business would be $358,000. With the increase of 1½ per cent, as on corporations generally, and preserving the 4 per cent deduction, the amount of tax would be $403,000 on the same income.

If the provisions in present House bill are mantained, with the 13½ per cent rate and 3½ per cent deduction, same income, the Massachusetts Mutual Life tax would be $642,748.

If the 13½ per cent rate is preserved and a 3¾ per cent deduction permitted, the Massachusetts Mutual Life tax would be $522,877.

This latter method of computing the tax is satisfactory to this company, and I can say that it is satisfactory to the other large Massachusetts companies—Berkshire Life, John Hancock, New England Mutual, and State Mutual. In the case of the Massachusetts Mutual this would be an increase in the present tax of about 43 per cent.

If deduction be on basis of 3½ per cent, as provided in House bill, the increase in Massachusetts Mutual Life tax would be about 70 per cent.

The Life Presidents Association went on record before the Finance Committee yesterday favoring the increase of 1½ per cent in the corporation rate; that is, from 12 per cent to 13½ per cent, and favoring 3¾ per cent in reserves deduction in place of 4 per cent as now permitted, and also in place of the 3½ per cent contained in the House bill. Figures were shown, which were not disputed, that on the basis of 3¾ per cent, with the additional 1½ per cent increase, the amount required to be recaptured by the Government to meet the loss from the National Life Insurance Co. decision would be more than satisfied. It is my belief that the Treasury Department would be in favor of going no further than the necessities require to recapture this loss. Company members of the American life covention, so-called, which is an association of a large number of mutual western, southern, and mid-western companies, most of which are stock companies and therefore profit-making institutions as differentiated from our Massachusetts mutual companies and most of the eastern companies, would have the deduction at a rate equal to the amount necessary to maintain the reserve, whether it be a 3 per cent requirement, 3½ per cent or 4 per cent, with the additional one-half per cent urged for some reason or other. It was stated at the hearing that on such a basis the amount of increase in taxes paid would not satisfy the necessities of the Government to restore the amount lost by reason of the National Life Insurance Co. That in itself is one answer to the American life convention suggestion.

Another answer is that the net result of such a provision would place the entire burden of increase of insurance-company taxation on the so-called 3 per cent companies; that is, those companies which maintain their reserves on an anticipation of 3 per cent earned. Those that are on a 3½ per cent basis would pay no more than now, and those on a 4 per cent basis would pay less than now, thereby making a very unfair distribution of the additional burden on the 3 per cent companies which are made up of the eastern companies, including most of our Massachusetts companies, and, as I have already indicated, would place the burden on the large mutual companies by transferring the added burden from the backs of stock companies who are profit makers. Mutual companies are owned by the policyholders, and the total additional burden of increase should not be placed on the policyholders. The Massachusetts companies alone have 424,000 policyholders in Massachusetts, and all companies are measured 1,286,000 plus, not including industrials, which are, of course, very much larger in number. The Massachusetts companies have 1,600,000 and all companies 5,283,000, in round numbers.

The Massachusetts companies in no way wish to avoid their part of the burdens which are necessitated by present conditions. We believe it is proper that the rate should be increased from 12 to 13½ per cent, and if it is necessary in order to obtain the money required to restore to the Government what it lost by the decision referred to, then 3¾ per cent on reserve deduction is sufficient and there should be no greater increase placed upon the policyholders, where it would finally rest.

If American Life Convention suggestion is adopted—that is, actual reserve interest requirement plus one-half of 1 per cent, Massachusetts Mutual tax would be $591,000.

WESLEY E. MONK,
General Counsel, Massachusetts Mutual Life.

Mr. HEBERT. Mr. President, will the Senator from Wisconsin yield to me?

Mr. LA FOLLETTE. I yield.

Mr. HEBERT. The revenue from this tax at the present time is somewhere in the neighborhood of $8,000,000. I have estimated, and I think pretty accurately, that under the amendment which is now under consideration the revenue of the Government would be nearly $15,000,000. So that there would be an increase of very nearly 100 per cent in taxation under the amendment we are now considering.

Mr. HOWELL. Mr. President, I would like to ask the Senator from Wisconsin whether it is not a fact that there are more 4 per cent companies than there are 3 and 3½ per cent companies?

Mr. LA FOLLETTE. No, Mr. President; that is not my understanding. My understanding is that the 4 per cent companies have in force about 5 per cent of the life insurance business in this country to-day.

Mr. HOWELL. That may be true; but the 4 per cent companies are the numerous companies throughout the Middle West which are growing up and developing.

Mr. LA FOLLETTE. But under this amendment they will have the same exemption they have had under the existing law, which they would have under the committee amendment and under my amendment. If they are on a 4 per cent reserve basis, they will get a 4 per cent exemption.

Mr. HOWELL. But they will not have an exemption upon three-quarters of a per cent earnings of their reserves, as the 3 per cent companies would have.

Mr. LA FOLLETTE. The 4 per cent companies are treated the same under the existing law, the same under the committee amendment, and the same under the committee amendment as it would be amended by my amendment.

Mr. REED. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. REED. Is not this the fact, that the 4 per cent companies are not complaining of the tax we have proposed to put upon them, because it is not at all increased? What they want to do is to increase the taxes on their competitors. Is not that the situation?

Mr. LA FOLLETTE. Out of proportion.

Mr. REED. Out of all proportion to the treatment they themselves get.

Mr. LA FOLLETTE. Correct.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LA FOLLETTE. I yield.

Mr. BARKLEY. The Senator from Rhode Island suggested that there was a 100 per cent increase in the total tax under the Senator's amendment to the committee amendment. What is the increase in the tax, under the committee amendment, over the present law?

Mr. LA FOLLETTE. The increase, under the committee amendment, for the 17 companies, whose tax statement I referred to previously, is 108.2 per cent. The committee amendment, as I recollect it, is estimated to produce about $20,000,000.

Mr. BARKLEY. The Senator's amendment to the committee amendment would increase the amount about seven or eight million dollars?

Mr. LA FOLLETTE. Six million dollars above the existing law.

Mr. BARKLEY. While the committee amendment increases the total tax twelve to fifteen million dollars above the present law?

Mr. LA FOLLETTE. Not over 12.

Mr. CONNALLY. Mr. President, I ask unanimous consent to insert in the RECORD some tables which show the large amount of free interest which the big companies are receiving.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

Comparison of 4 per cent of mean reserves with the amount of interest required to maintain reserves in the case of 10 large life-insurance companies for the years 1921 to 1926, inclusive

Year	4 per cent of mean reserves	Interest required to maintain reserve
1921	$93,095,938.54	(1)
	26,822,868.46	[2] $24,764,733.88
	31,565,232.20	24,100,000.00
	7,920,832.81	5,972,584.00
	17,674,454.97	14,262,120.62
	10,594,419.12	8,357,186.94
	8,162,525.93	(1)
	22,791,040.32	18,406,323.33
	21,283,968.42	(1)
	7,284,296.62	5,207,834.00
1922	43,813,320.06	(1)
	30,661,792.03	28,488,838.16
	17,532,811.53	24,400,000.00
	8,376,211.05	6,326,383.00
	18,824,008.11	[3] 15,178,931.28
1922	11,443,396.58	8,984,247.92
	9,102,255.68	8,517,857.58
	23,142,642.35	18,415,620.24
	22,055,113.78	(1)
	8,174,015.26	6,021,988.00
1923	49,236,319.94	(1)
	35,059,256.89	32,638,004.17
	32,307,448.09	(1)
	8,899,051.76	(1)
	20,051,540.12	16,066,691.41
	12,343,213.88	9,683,865.58
	10,028,050.13	9,359,611.09
	23,424,943.80	(1)
	22,487,304.36	(1)
	9,182,365.70	6,966,876.00

Memorandum to Mr. Chesteen May 31, 1932, L. L. S.

[1] No gain and loss exhibit furnished by taxpayer.
[2] Over $12,000,000; tax, $1,500,000.
[3] Tax over $2,000,000.

Comparison of 4 per cent of mean reserves with the amount of interest required to maintain reserves in the case of 10 large life-insurance companies for the years 1921 to 1926, inclusive—Con.

Year	4 per cent of mean reserves	Interest required to maintain reserve
1924	$55,524,593.29	(1)
	40,400,120.66	$37,528,697.26
	33,666,102.08	25,600,000.00
	9,464,263.03	(1)
	21,406,804.28	17,087,938.01
	13,349,992.90	10,408,821.99
	11,039,217.74	10,387,000.04
	23,866,422.00	18,811,083.77
	23,942,857.81	(1)
	10,428,802.59	8,052,104.00
1925	62,876,333.18	(1)
	46,566,092.27	40,842,949.59
	36,840,345.78	[2]26,875,493.82
	10,102,430.97	(1)
	22,900,169.34	18,162,399.00
	14,430,132.36	11,103,499.09
	12,126,269.28	10,985,553.00
	24,999,216.81	19,931,041.09
	26,184,141.09	(1)
1926	12,076,542.72	(1)
	71,282,791.65	(1)
	53,485,533.08	[3]46,889,434.93
	40,518,038.57	24,900,000.00
	10,833,151.29	[2]8,927,146.00
	24,559,160.30	19,468,162.00
	15,524,109.60	11,975,148.62
	13,360,944.61	12,133,560.00
	26,623,511.35	20,865,721.20
	28,638,692.40	22,836,007.61
		(1)
	213,543,141.20	167,995,180.36
		213,543,141.20
		167,995,180.36
		45,547,960.84

[1] No gain-and-loss exhibit furnished by taxpayers.
[2] Over $10,000,000, tax, $1,250,000.
[3] Over $16,000,000; tax, $2,000,000.

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to present a memorandum and have it printed at this point in the RECORD, which is an answer to the brief of the actuary of the American Life Convention.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MEMORANDUM

More than 75 per cent of all the life insurance in America is carried by mutual companies. More than 50,000,000 of our citizens are insured in these mutual companies. This insurance is divided fairly equal between 3 and 3½ per cent companies.

The statement prepared by the consulting actuary for the American Life Convention, has no logical or practical application to a mutual life-insurance company. It is a fallacy to apply the term "free interest" to mutual life insurance, or to suggest it as a tax base. In fact, there is no such thing as "free interest." (Memo., p. 8.)

Further, the American Life Convention committee does not want the Finance Committee amendment to become a law. They want and expect to get from the conference committee a modification if the Senate adopts the Finance Committee plan. Many of their companies are supporting the La Follette amendment. Every major 3½ per cent company supports it on grounds of equity. The Metropolitan, Prudential, John Hancock, Travelers, Ætna, Provident, Pacific Mutual of Los Angeles, Union Central of Ohio, Bankers Life and Equitable Life of Iowa, and many others indorse it.

The 3 per cent company is the conservative company of life insurance. By using the 3 per cent interest factor it is compelled to charge a higher initial premium than that charged by a company operating on a 3½ per cent interest factor, and, consequently, it has higher reserves. The result is that its interest income from invested reserves, because of the higher reserves, is greater than that of the 3½ per cent company.

The 3 per cent company, or any other participating company, must make a refund or dividend to its policyholders to bring its cost down to the approximate level of the company operating on a stock or nonparticipating plan. As a matter of fact, it sells its insurance under a promise to make such refunds, and its policies provide for them. It might be said that a company is not legally compelled to make such refunds. However that may be, on a competitive basis it would be forced out of business if it did not do so.

In the mutual company the premium which the policyholder pays, and the interest that the company earns on its funds, are the only moneys out of which it can mature its policy, pay the expense of operation, and, by dividends and refunds, reduce its net cost to the level of the nonparticipating or stock company.

The excess interest earning is one of the major factors in the ability of a mutual company to make such refunds or dividends. As the policy ages the excess interest becomes the outstanding factor in dividends or refunds.

As above stated, the 3 per cent company charges a higher initial premium, and brings its cost to a level that permits it to compete by refunds or dividends.

The 3½ per cent company charges a smaller premium because it assumes a higher rate of earning. It consequently is required to pay a smaller refund or dividend to bring its premium or net cost to the level necessary in competition.

The nonparticipating or stock company charges a fixed rate, with no refund or dividend contemplated, and consequently the initial premium is the net premium, and therefore materially lower than the initial premium of the 3 per cent or 3½ per cent participating company.

Let me illustrate: A man, age 25, buys a policy in three representative companies.

One thousand dollars in the Mutual Benefit, an excellent 3 per cent mutual company. His initial premium in that company is $20.14.

One thousand dollars in the Provident Mutual, an excellent 3½ per cent mutual company. His initial premium in that company is $17.36.

One thousand dollars in the Travelers, an excellent 3½ per cent stock company. His initial premium in that company is $14.72.

If these policies were bought in any of the other companies of these classes, the premiums would be about the same.

How long would the Mutual Benefit stay in business if it did not pay a dividend to its policyholder to bring its $20.14 premium to substantially the level of the Travelers' $14.72 premium? Also, the Provident Mutual must, by dividends, if it is to compete, bring its $17.36 to substantially the level of the Travelers' premium.

Where are these two mutual companies to get the money for these dividends? There is no place to get it except from savings and the excess interest earned over and above the amount required for reserve purposes. Again that excess interest is not "free" to be used as the management sees fit. The mutual company must pay dividends or refunds to policyholders or go out of business on a cost basis.

Another fallacy in the actuarial statement of the American Life Convention is the theory that a policyholder in a mutual company pays the tax on interest earnings rather than on the insurance which he owns. The fact is that the interest earning is a mere yardstick adopted for the purpose of measuring the tax that the policyholder, or the company for him, should pay. There is nothing sacred about this particular yardstick, nor is it in general use. Prior to 1921 it was not used by the Federal Government. It was adopted at that time as a convenient measure to stabilize income. It is now used by only two or three States, while other States base the tax on the reserves owned or the premium income of the company or some other base.

The policyholder is not particularly concerned with the formula by which the Government decides how much tax his company pays for him.

He knows that the cost of his insurance in the 3 per cent or the 3½ per cent mutual company is brought to the level of cost in the stock company by dividends and refunds. What he wants to know is how his tax compares with that paid by the policyholder in the other company.

He pays taxes on his insurance—not on "free interest," a thing he knows nothing about. If the tax on his policy of insurance is greater than that of his neighbor who is insured in another company for the same amount, there is discrimination.

The tables prepared by the actuary for the American Life Convention prove that the tax on the 3 per cent and the 3½ per cent policyholder is substantially equal if the deduction is level. They further prove that there is excessive discrimination against the 3 per cent policyholder if the deduction is the actual interest required.

TABLE A

Table A shows the ratio of taxable interest to "free interest," this new, mythical term in life insurance, under the House bill (3½ per cent deduction, uniform to all companies). It shows 75 per cent for the 3 per cent company; 100 per cent for the 3½ per cent company, and 150 per cent for the 4 per cent company, of which there are none.

Let us reduce it to understandable terms, using the figures the consulting actuary for the American life convention shows in his table, and find out what the policyholder who has a policy of life insurance in each of these companies pays. That is the test of equity and fairness. He shows that the policyholder in the 3 per cent company has $15.57 taxable interest; the one in the 3½ per cent company has $14.12 taxable interest. At 14 per cent, the policyholder in the 3 per cent company pays $2.18 in taxes on his policy of insurance, and the policyholder in the 3½ per cent company pays $1.98 on his policy of insurance. The policyholder in the 3 per cent company, stripped of all mythical and technical terms, pays 10 per cent more taxes on his policy than does the policyholder in the 3½ per cent company, on the basis of their own figures. Substantial equality though heavier on the 3 per cent policyholder. Remember the cost after dividend or refund is substantially equal and the maturity value identical.

TABLE B

Table B shows the ratio of taxable interest to "free interest" under the Senate Finance Committee amendment (the actual reserve rate of interest). It shows that each company pays taxes on 100 per cent of its "free interest," so called.

Again, let us strip it down to a commonsense basis and find out what it costs the policyholder in each of these companies to pay his tax on his policy of life insurance.

They show in their table that the 3 per cent policyholder has $20.76 of taxable interest, and the policyholder in the 3½ per cent company has $14.12 of taxable interest. At 14 per cent, the 3 per cent policyholder pays a tax of $2.91 on his policy of insurance, and the 3½ per cent policyholder pays a tax of $1.98 on his policy of insurance.

The 3 per cent policyholder pays a tax that is 47 per cent higher than the 3½ per cent policyholder, and the cost of the insurance to each is practically the same, and the benefit is identical.

TABLE C

Table C shows the ratio of taxable interest to so-called free interest under the present law. It shows the ratio in the 3 per cent company as 50 per cent, and in the 3½ per cent company, 67 per cent. (Four per cent omitted, as no new business is issued on a 4 per cent basis.)

Again let us strip it of mystery and look at it as a practical question. Each policyholder has a policy of life insurance that has, after dividends or refunds, cost him substantially the same amount of money and is worth at maturity, exactly the same amount.

The taxable interest of the 3 per cent policyholder is $10.38 and that of the 3½ per cent policyholder is $9.42. The tax of the 3 per cent policyholder at 14 per cent on his policy, is $1.45, and that of the 3½ per cent policy holder is $1.32. The 3 per cent policyholder pays 9 per cent more than the 3½ per cent policyholder, each owning a policy of insurance that cost substantially the same, and matures for exactly the same amount.

TABLE D

Table D shows ratio of taxable interest to so-called "free interest" under the La Follette amendment. It shows the ratio to be 62½ per cent in the case of the 3 per cent company, and 83 per cent in the case of the 3½ per cent company. (There are no 4 per cent companies.)

Now let us take that apart and see what it means when applied to two policyholders. They each own a policy of life insurance, they have paid substantially the same price for it and the maturity value is identical.

The taxable interest of the 3 per cent policyholder is $12.97, and of the 3½ per cent policyholder, $11.77. The tax at 14 per cent on the 3 per cent policyholder is $1.81, and that of the 3½ per cent policyholder, $1.65. Though the amount of insurance is the same, the cost is practically the same, and the value at maturity is identical, the 3 per cent policyholder pays a tax 9 per cent higher than the 3½ per cent policyholder.

What is the inescapable answer? Under the present law, under the House bill, and under the La Follette amendment (all level deductions) the tax upon each policyholder is substantially equal—a variation of 10 per cent or less.

Under the Finance Committee plan (actual interest) the tax is excessive on the 3 per cent policyholder—47 per cent greater than that of the 3½ per cent policyholder—though each owns the same amount of insurance, costing substantially the same, and maturing for exactly the same amount.

It is asserted in the actuarial statement of the American Life Convention that a comparison of taxes actually paid with insurance in force, total assets, gross income, and payments to policyholders, is irrelevant in determining an equal distribution of the tax. All of the above items are clearly set forth in all company financial statements and in all examination reports. They are accepted as a means of measuring the size and strength of various companies. It has never been the practice to measure the size and strength of a company or its tax-paying ability or obligation by so-called "free interest" which does not appear in any published reports of the companies. Why, then, should it be suggested as the measuring rod for Federal tax payments?

There should be a relationship between the tax paid and assets, business in force, and income. The actuary admits that total investment income is relevant. Based on every one of these items the 3 per cent policyholder pays more on his policy than the 3½ per cent policyholder.

This so-called "free interest" or "marginal interest," which is necessarily larger in a 3 per cent company than a 3½ per cent company, in the first place, is not a profit to the company at all. It is a cushion resulting from conservative operation, which acts as an extra safety factor against unforeseen contingencies and depression times. In the second place, this so-called "free interest" or "marginal interest" is the basis for refunds to policyholders to bring down the net cost of life insurance to a par with 3½ per cent and nonparticipating companies.

To measure the tax on life insurance companies in proportion to so-called "free interest" would be the same as putting a higher automobile-license tax upon the owner of a car which has 4-wheel brakes than one who owns a car having only 2-wheel brakes.

Actuaries sometimes differ as do lawyers. For instance, there is quoted below a telegram from Mr. John K. Gore, vice president and actuary of the Prudential Insurance Co. of America, of Newark, N. J., the second largest company in the world—a 3½ per cent company—which unreservedly indorses the La Follette amendment whose reserves are based on 3½ per cent.

JAMES LEE LOOMIS,

Hotel Washington, Washington, D. C.:

The Prudential believes that the provision in the present law for a uniform percentage of reserve to be allowed as deduction from interest earnings in order to arrive at taxable income for life insurance companies is the most equitable plan. We therefore favor the La Follette amendment providing for a uniform rate of 3¾ per cent except where reserves are actually carried at 4 per cent. We believe that basing the deduction on the valuation rate discriminates unfairly against companies valuing at 3 per cent, and would impose a tax upon such companies out of all proportion to the tax paid by companies such as the Prudential, whose reserves are based on 3½ per cent.

JOHN K. GORE,
Vice President and Actuary,
The Prudential Insurance Co. of America.

Mr. Gore is an actuary with a nation-wide reputation. His company is a 3½ per cent company and it pays a very sizable amount of taxes. On its 1931 business it paid a Federal tax of $1,033,000. Under the La Follette amendment it would have paid $1,972,000. It supports that amendment, as Mr. Gore says, because the level deduction is the "most equitable plan."

Other leading 3½ per cent companies—big and small, stock and mutual—take the same position as Mr. Gore.

Mr. GEORGE. Mr. President, before the roll is called I want to say that I have here a tabulation which has a bearing upon this subject, and I ask unanimous consent to have it put in the RECORD.

I do not desire to discuss the question more than to say this: That this particular provision of the tax measure gave me a considerable degree of anxiety. I studied it as carefully as I could, and I reached the conclusion that the amendment which the Senator from Wisconsin has offered comes nearer to doing justice between the reserve companies.

The VICE PRESIDENT. Is there objection to the request of the Senator from Georgia for the insertion in the RECORD of the table to which he has referred?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of tax under present law—Based upon returns on 1931 business of 54 life insurance companies having 91.1 per cent of assets of all United States legal-reserve life companies—With tax under pending bill as last amended by Senate Finance Committee

Company	Federal tax payable on 1931 business	Tax if the present Senate committee bill is not reviewed	Increase in percentage
3 per cent group:			
Berkshire	$43,520.58	$70,569.66	62.2
Connecticut Mutual	74,520.00	288,400.00	287.0
Equitable, N. Y.	1,081,334.40	2,554,058.80	136.2
Guardian	107,935.93	190,384.88	76.4
Home	92,587.32	178,348.66	92.6
Massachusetts Mutual	358,227.24	721,280.00	101.3
Mutual Benefit	306,676.27	983,261.88	220.6
Mutual, New York	753,733.80	1,835,465.94	143.5
National, Vermont		108,296.16	
N. E. Mutual	204,480.00	471,132.62	130.4
New York Life	642,000.00	2,604,000.00	305.6
Penn Mutual	216,197.37	747,990.46	246.0
Phoenix Mutual	0	110,026.00	
Security Mutual	8,350.92	31,339.00	275.3
State Mutual	114,840.00	240,538.06	109.5
Union Mutual	0	0	
Northwestern Mutual	618,210.00	1,818,210.00	194.1
17 companies	4,622,613.83	12,953,302.12	180.2
3½ per cent group:			
Acacia	16,880.40	41,486.62	145.8
Aetna	0	0	
American Central	0	0	
Atlantic	18,360.00	31,724.00	72.8
Bankers, Iowa	0	0	
Bankers, Nebraska	32,074.89	48,907.74	52.5
Boston Mutual	4,482.74	10,821.43	141.4
Central, Iowa	0	1,934.66	
Colonial	20,563.80	32,851.98	59.8
Columbian	17,328.90	44,716.00	158.0
Connecticut General	38,825.00	157,360.00	305.3
Continental, Delaware	12,008.04	18,990.74	58.2
Continental, Illinois	2,696.40	9,024.82	234.7
Equitable, Iowa	0	5,398.54	
Franklin	4,164.00	23,558.57	465.8
Illinois	22,874.76	47,815.74	109.0
Jefferson	32,400.00	63,000.00	94.4
John Hancock	28,175.39	315,367.64	1,019.3
Life of Virginia	125,078.40	180,079.72	44.0
Lincoln National	16,320.00	44,750.58	174.2
Manhattan	12,180.00	28,357.00	132.8
Metropolitan	2,703,173.76	5,233,248.44	93.6
National L. & A.	0	0	
National, U. S. A.	0	0	
Occidental	3,704.76	6,804.00	83.7
Ohio National	11,024.01	20,247.04	83.7
Old Line	6,168.00	16,217.32	162.9
Pacific Mutual	273,600.00	453,180.00	65.6
Peoria	0	0	
Provident Mutual	233,049.12	396,098.92	70.0
Prudential	1,033,800.00	2,868,045.81	177.4
Reserve Loan	0	957.83	

Comparison of tax under present law—Based upon returns on 1931 business of 54 life insurance companies having 91.1 per cent of assets of all United States legal-reserve life companies—With tax under pending bill as last amended by Senate Finance Committee—Continued

Company	Federal tax payable on 1931 business	Tax if the present Senate committee bill is not reviewed	Increase in percentage
3½ per cent group—Continued.			
Sun, Maryland	$385.24	$5,896.94	1,430.7
Travelers	0	0	
Union Central	0	75,386.92	
United States	6,360.06	9,952.57	56.5
Volunteer	24,012.24	34,043.94	41.8
37 companies	4,699,689.91	10,226,225.51	117.6
54 companies	9,322,303.74	23,179,527.63	148.6

The VICE PRESIDENT. The yeas and nays have been ordered, and the roll will be called.

The legislative clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. Therefore I withhold my vote.

Mr. JONES (when his name was called). Making the same announcement as to my pair and its transfer as before, I vote "nay."

Mr. LEWIS (when his name was called). I am paired with the junior Senator from Minnesota [Mr. SCHALL]. For the present I withhold my vote. Later I may be able to announce a different result.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. In his absence I withhold my vote.

The roll call was concluded.

Mr. FESS. I desire to announce that the senior Senator from Iowa [Mr. BROOKHART] has a general pair with the junior Senator from South Dakota [Mr. BULOW].

The result was anounced—yeas 54, nays 29, as follows:

YEAS—54

Austin	Coolidge	Hebert	Shipstead
Bailey	Copeland	Kean	Shortridge
Bankhead	Costigan	Keyes	Smith
Barbour	Cutting	La Follette	Steiwer
Barkley	Dale	Logan	Stephens
Bingham	Davis	McNary	Thomas, Idaho
Blaine	Dill	Metcalf	Thomas, Okla.
Broussard	Fess	Moses	Tydings
Bulkley	Frazier	Neely	Wagner
Byrnes	George	Norbeck	Walcott
Capper	Glass	Norris	Walsh, Mass.
Caraway	Goldsborough	Nye	White
Carey	Hale	Pittman	
Cohen	Hastings	Reed	

NAYS—29

Ashurst	Harrison	King	Trammell
Black	Hatfield	McGill	Vandenberg
Bratton	Hawes	Oddie	Walsh, Mont.
Connally	Hayden	Patterson	Watson
Couzens	Howell	Robinson, Ark.	Wheeler
Dickinson	Hull	Robinson, Ind.	
Fletcher	Jones	Sheppard	
Gore	Kendrick	Smoot	

NOT VOTING—13

Borah	Johnson	Morrison	Waterman
Brookhart	Lewis	Schall	
Bulow	Long	Swanson	
Glenn	McKellar	Townsend	

So Mr. LA FOLLETTE'S amendment to the amendment of the committee was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment as amended.

The amendment as amended was agreed to.

Mr. GLENN. Mr. President, I send to the desk an amendment which I offer.

The VICE PRESIDENT. Let the amendment be stated for the information of the Senate.

The CHIEF CLERK. On page 16, after line 16, insert a new subsection, as follows:

(f) There shall be levied, collected, and paid for each taxable year upon the amount of income derived through the willful violation of the criminal laws of the United States or of any of the States or Territories thereof a tax of 100 per cent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amounts.

Mr. GLENN. Mr. President, I have been asked to explain the amendment.

Through very efficient and thorough and painstaking investigations by the Internal Revenue Department and the Department of Justice, centered in the Middle West and particularly in the city of Chicago, there have been revelations of huge incomes through deliberate, willful violations of criminal laws of certain States and of the Nation. These are not small matters, but run into net incomes aggregating millions upon millions of dollars, not to one or two persons, but to one syndicate after another, not for 1 year, but for 4 or 5 or 6 or 7 years last past.

The criminal violations out of which these stupendous incomes have been realized are not through the violation of a single criminal law, but through the deliberate, systematic violation of one criminal law after another. Huge incomes have come to citizens and aliens resident in this land from the systematic and thorough organization of white-slave rings, through the organization in large territories of dens of vice and iniquity, through organized gambling syndicates operating in every line, through the violation of every law against gambling—race tracks, policy games, roulette, faro, and all the lines of gambling which have robbed the common laboring men of many of the cities of our land of their wages.

The incomes referred to have come through violations, reaching from coast to coast, of the laws providing for the enforcement of prohibition in this land. There have been disclosures of beer rings, liquor rings, huge profits revealed upon trials unquestionably running into millions and millions of dollars through the sale of liquors and narcotics illegally, and reaching into every line of criminal activity and criminal endeavor.

After these agents have investigated and have uncovered and disclosed these huge profits of great syndicates thoroughly organized, some portion of the illicit gains have been obtained for the Federal Government. The great cry which has gone up among the law-abiding people of the Middle West and of our State and of our great metropolis particularly, is that it is not a line of business and endeavor in the profits of which the Federal Government should share.

I propose by my amendment to change the position of our Government from that of a partner in the profits of these great criminal activities to something entirely different. Instead of sharing in the profits of illegitimate business as we do in the profits of legitimate business and industry and law-abiding persons, instead of placing the Government upon the same basis of a partner in these illegal profits, I propose to change the situation which has caused so much criticism of our Government. Instead of saying that the Federal Government shall be a partner in rum running and beer rings and narcotic selling, gambling, and prostitution and other kinds of vice, I propose that the Government shall confiscate every dollar of such profits if they can be reached—an entirely different attitude and, it seems to me, a sound attitude for the Government to take.

The effect of this amendment will be twofold. First, it would change the position of our Government from that of a partner in vice and crime to that of a confiscator of the profits of vice and crime. Secondly, it will put those who look with some degree of hope for profit through vice and crime and the deliberate violation of the criminal laws in a position where they will pause and hesitate, knowing that they are between two fires; that if they violate the law they must report their earnings and then those earnings will be taken from them 100 per cent; and if they do that, then, of course, there is no financial object in violating the law. Secondly, if they do not report those earnings, and they are discovered, they will be subject to Federal prosecution and to a term in the penitentiary.

Will it not have the twofold tendency of deterring and stopping crime in the first place? And, secondly, and perhaps more important, will it not put our Nation in a better and more honorable and higher position, changing it from the position of one who now shares in the profits of crime to

one who is no longer a partner with the criminal but is a confiscator of all the profits received through such sources?

Mr. KING. Mr. President, will the Senator yield for an inquiry?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. GLENN. I yield.

Mr. KING. As I read the amendment, though I may not have interpreted it correctly, if some person in the State of Illinois or in the State of Iowa violates a license law or the ordinance of a city which forbade him selling potatoes or what not without a license, and he was fined $100 by the magistrate's court for the violation of the ordinance, or even of a State statute, then under the Senator's proposed amendment he would also be fined $100 by the Federal Government. Would not that be the effect of it?

Mr. GLENN. No; in that instance if that were construed as a criminal law, if he made a dollar upon the potatoes which he sold, he would have to report it to the Government and pay it a dollar.

Mr. NORRIS. Oh, Mr. President, he could not make a dollar on a sale of any agricultural product. [Laughter.]

Mr. GLENN. I do not think he could. If he did so, I think he would be entitled to a medal! [Laughter.]

Mr. SMOOT. Mr. President, I just want to say that it seems rather an innovation in our form of government to combat crime through the means of an income tax. It may be well to do it, but it is the first time we have undertaken it. We will get the tax now wherever the income is discovered. I do not see what advantage we are going to have over the plan we already have. Whenever we discover income from crime in any way as outlined by the Senator, we get the tax now.

Mr. ROBINSON of Arkansas. Oh, no, Mr. President; under the present system we take the same tax from the criminal that we would from legitimate business. The proposal of the Senator from Illinois is to make crime unprofitable by confiscating all the earnings of crime.

Mr. SMOOT. In other words, instead of being a partner, we will take it all.

Mr. ROBINSON of Arkansas. Yes; and thus leave no premium on crime.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Illinois.

On a division, the amendment was agreed to.

Mr. COPELAND. Mr. President, I have an amendment to offer, the last one I shall present.

The VICE PRESIDENT. Let the amendment be stated for the information of the Senate.

The CHIEF CLERK. On page 254, line 22, after the word "thereof," insert:

Except waters exploited and advertised to the medical profession exclusively.

Mr. COPELAND. Mr. President, the purpose of the amendment is to exclude from the tax those mineral waters which are not used as beverages but which are prescribed as medicine by the medical profession. There are only a few of them. They are not beverages, and they are not properly included here. The practice of the department in the past has been to consider them as medicinal preparations. For instance, speaking of one of these waters the Treasury Department two years ago said: "It is clearly a medicinal preparation and not a beverage." I am asking that these waters which are prescribed and which are exploited and advertised exclusively to the medical profession and used as medicine shall be excluded from the operation of the tax.

Mr. SMOOT. Mr. President, this same amendment was presented to the committee, and it was decided not only by the department but by every member of the committee that it was absolutely impossible of adoption.

I beg of him to take the matter to conference, and if the conference decides as the Senator has stated I will be entirely satisfied.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I offer an amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 248, line 14 after the word "section," it is proposed to insert "or section 602, relating to the tax on tires and inner tubes."

Mr. SMOOT. I have no objection to that amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BULKLEY. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 264, line 16, after "etc." it is proposed to insert a comma and the words "or section 602, relating to the tax on tires and inner tubes."

Mr. SMOOT. That is the same amendment in a different place?

Mr. BULKLEY. Yes.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BULKLEY. I offer another amendment.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 316, after line 5, it is proposed to insert the following as a new section:

SEC. —. The second sentence of the second paragraph of section 23 of the merchant marine act, 1920, as amended, shall be construed as applying solely to the basis for determining gain or loss from sale or other disposition.

Mr. BULKLEY. Mr. President, I am sure the Senator from Utah realizes the purpose of that amendment.

Mr. SMOOT. I can not accept that amendment, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. BULKLEY. Mr. President, I misunderstood the Senator. I thought he said he was willing to accept the amendment. I have talked to him about it.

Mr. SMOOT. Mr. President, I want to say that, if I understood the reading of the amendment correctly to-night, there has been some little change made in it since I saw it; but if the Senator desires, I will let it go in the bill so that it may go to conference, but I can not say that it will be retained in the bill.

Mr. BULKLEY. Of course, that is all I can ask for at this time.

Mr. REED. Mr. President, the amendment, I think, is wholly unfair. In substance, it provides that if I own an old ship and sell it and invest the money in a new ship, while transaction is nontaxable under the present law, the amendment provides that the basis for depreciation on the new ship is not my original investment but the price paid for the new ship. It "jacks up," so to speak, the basis for depreciation, without there being any taxable transaction in the meantime.

Mr. BULKLEY. I submit that the intent of the merchant marine act was to encourage investments in new ships exactly in that way. The amount of depreciation on the new ship is exactly the same, whether the income tax was paid on the sale of the old ship or not. This simply makes clear that intent. I hope the Senator will not object to it.

Mr. REED. I do not care to prolong the debate.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Ohio.

The amendment was rejected.

Mr. SHEPPARD. Mr. President, I call up the motion entered by me to reconsider the vote by which the Senate rejected the amendment offered by the Senator from New York [Mr. WAGNER] exempting from taxation admissions to the spoken drama when the charge is under $3.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 269——

Mr. WAGNER. Mr. President, the Senator from Utah understands that amendment, but perhaps I can explain it quicker than it can be read.

The VICE PRESIDENT. The amendment was rejected.

Mr. WAGNER. It was rejected by a very close vote, and a number of Senators since have informed me that they did not understand the question.

Mr. SMOOT. If the Senator will ask for a reconsideration of the vote, I am willing to take the amendment to conference.

Mr. NORRIS. I object to a reconsideration.

Mr. SHEPPARD. I move that the vote whereby the amendment was rejected may be reconsidered.

The VICE PRESIDENT. The Chair will put the motion as soon as the amendment has been read.

Mr. NORRIS. Mr. President, who has made the motion?

The VICE PRESIDENT. The Senator from Texas [Mr. SHEPPARD] entered the motion and made the motion. The amendment will be stated.

The CHIEF CLERK. On page 269, line 2, after the word "imposed," it is proposed to strike out the period, insert a colon, and add:

Provided, That in the case of legitimate spoken drama, if the amount paid for admission is less than $3, no tax shall be imposed. As used in this subdivision, the term "legitimate spoken drama" means a spoken play, whether or not set to music or with musical parts or accompaniments, which is a consecutive narrative interpreted by a single set of characters, all necessary to the development of the plot, in two or more acts, the performance consuming more than 1 hour and 45 minutes of time.

Mr. NORRIS and Mr. WAGNER addressed the Chair.

The VICE PRESIDENT. The Senator from Nebraska.

Mr. NORRIS. Mr. President, I want to inquire if the Senator from Texas who makes the motion voted with the prevailing side?

Mr. SHEPPARD. I voted in the affirmative.

Mr. NORRIS. Then I want to be heard. Mr. President, we discussed this proposition quite fully. It is not true that there were just a few Senators here; we had a roll call; the question was debated on both sides at considerable length, much longer, it seemed to me, than the merits of the question would warrant. Now it is proposed to do it over again.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from New York?

Mr. NORRIS. Yes.

Mr. WAGNER. I was going to suggest that, without going through another discussion, we have a roll call upon the question as to whether the vote will be reconsidered. I do not want to delay further the disposition of this question.

Mr. NORRIS. That is the question I am debating. I think I understand the parliamentary situation. There is pending a motion to reconsider; it is debatable, and that is what I am talking about.

It seems to me, Mr. President, when we have once given the consideration which we gave to this question, at this late hour, when we are about to finish our work on this bill, which everybody is very anxious to get through with, that we ought not to waste our time discussing and revoting on and reconsidering amendments of this kind. It has had its day in court; it has had full discussion; and now it is proposed, after we have levied a tax on the little fellow who buys a ticket for 50 cents in order to go to a movie show or to any other kind of a theatrical performance, to relieve from any tax whatever those who are able to pay up to $3.

I myself can not understand why, if one is willing to pay $3 for an admission ticket to a theater, he should be relieved of a tax on it and that we should tax, to the extent of 10 per cent of the admission charge, the man or the boy or the girl who buys a 50-cent ticket.

I do not want to go over the debate again; but, Mr. President, if it is proposed to take up questions of this kind there will be no getting through the bill. There are many other amendments which we have rejected and which are more important than this, but now it is desired to reconsider and debate over again the proposition of levying a tax upon a man who is able to buy a ticket that cost $3. I am not going to debate it now; I simply want to state the proposition; but I do wish to say that if the vote is reconsidered I shall consider it my duty to go into a discussion of it again.

The VICE PRESIDENT. The question is on the motion of the Senator from Texas to reconsider the vote whereby the amendment was rejected.

The motion was rejected.

Mr. WAGNER. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. There have been many motions entered to reconsider votes taken. Evidently many of them will not be called up for action. What will the record show as to their disposition?

The VICE PRESIDENT. The record should be cleared up; they should all be disposed of by being withdrawn without objection, which can be done, or by being acted upon.

Mr. FRAZIER. Mr. President, I wish to call up a motion I made to reconsider the vote on the amendment on page 281, section 726, the stamp tax on sales of produce for future delivery. I wish to make a brief statement about it.

The Ways and Means Committee of the House put in this provision to raise the tax from 1 cent per $100 worth in future trading on farm products to 5 cents per $100 worth. That was for two years. The amendment was stricken out by the Finance Committee. There appeared before the Finance Committee, it seems, three or four grain men and one cotton man in opposition to this provision of the House, but no expert from the Agricultural Department appeared, so far as I can ascertain, before the Finance Committee of the Senate. The expert from the Agricultural Department informed me that 95 per cent of the so-called future trading in farm products is purely speculative, and a 5 per cent tax per hundred dollars would tend to minimize such trading; and I believe it should be minimized.

In 1928, when the tax bill was before this body, there was an amendment offered to impose a tax of 50 cents per hundred dollars, which would have meant the cutting out of future trading. That might have been a little high; but I believe that a 5 per cent tax would raise revenue and would also tend to minimize future trading.

Mr. NORRIS. Mr. President, I should like to ask the Senator a question. I think I remember, but I should like the Senator to inform the Senate, if he can, about the amendment providing a 50 per cent tax.

Mr. FRAZIER. The amendment provided a tax of 50 cents on a hundred dollars' worth.

Mr. NORRIS. That was agreed to by the Senate, was it not?

Mr. FRAZIER. No; it was voted down.

Mr. NORRIS. Let me ask the Senator another question: Was that an amendment to the so-called Caraway bill, or was that an amendment offered by the late Senator Caraway?

Mr. FRAZIER. It was.

Mr. NORRIS. I think the Senate agreed to it.

Mr. FRAZIER. No; it was voted down, but there were twenty-some votes, as I remember, for the amendment. Of course, the rate on that was so high that it would have, in effect, cut out the future trading, and that was the late Senator's object in offering the amendment; but that is not the object of this amendment.

The complaint was made before the Committee on Finance that any tax on futures would be charged up to the producers of the cotton or the grain. That is true only in case of cooperative organizations; and if this reconsideration is agreed to and the Senate committee's amendment is stricken out, I have an amendment prepared which will exempt cooperatives which qualify under the Capper-Volstead Cooperative Act from paying this tax.

Mr. President, sometimes in the Chicago Board of Trade there have been as high as 400 to 1 speculative grain transactions. In other words, where they have only actually bought 50,000,000 bushels of wheat, they have bought and sold as high as 20,000,000,000 bushels, or four hundred times as much as they actually bought of wheat on that market. In the cotton markets, when there have been fourteen or

fifteen million bales of cotton produced in the United States in the year, they have sometimes bought and sold in the speculative market as high as 200,000,000 bales of cotton.

We have been advised by the Farm Board and the Agricultural Department to cut down production; and yet when the farmers of the wheat States take their wheat on the market in the fall of the year, the short sellers will come in and sell as much in short sales as the farmers produce. It has the same effect as it would if the farmers produced the additional millions of bushels of wheat that are sold short on the market; and that forces the price of wheat down.

We have had cases where in two or three days the market has broken as much as 15 or 20 cents because of the short selling on the market. There should be a curb on this short selling, and this 5-cent tax will bring about that curb.

I do not wish to take up the time of the Senate on this matter. I could talk a long time on it, but I should like to see this amendment reconsidered, and the House provision reinstated.

Mr. REED. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Pennsylvania?

Mr. FRAZIER. Yes.

Mr. REED. I myself know nothing whatever about trading in grain, but we were told in the Finance Committee that it is necessary for the millers of wheat to protect themselves by making contracts for future delivery. Is that so?

Mr. FRAZIER. Under the existing conditions they do what is called hedging, but according to experts of the Agricultural Department, only 5 per cent of this so-called future trading is legitimate hedging, and they say that that is a very conservative estimate.

Mr. REED. Is it right for us to put a tax on that legitimate hedging?

Mr. FRAZIER. Of course it is not absolutely necessary for the millers to hedge; that is, when they buy a lot of wheat when it happens to be low, and they think it is going to go up, and then they hedge. If they want to buy the wheat and make it into flour and sell it as they go along, they do not need to hedge. It is just a speculative feature.

Mr. REED. Otherwise, do we not make a gambler in wheat out of every legitimate miller?

Mr. FRAZIER. Oh, no; I would not say that. Of course, the intention of the agricultural bills that are on the calendar now is to tend to stabilize the market of grain and cotton. If that is done, it will do away or largely do away with the necessity of hedging. It will also do away with the future trading to a large extent.

Mr. REED. We have been trying to stabilize it for a long time, but we have never accomplished anything.

Mr. FRAZIER. I know, but the gamblers have been too strong for us.

Mr. SMOOT. Mr. President, I have before me the statement of Siebel Harris, representing the Grain Committee on National Affairs, Minneapolis, Minn.

Mr. FRAZIER. I want to say that the Grain Committee on National Affairs represents the Chamber of Commerce of Minneapolis and the other grain centers.

Mr. SMOOT. I desire to call the attention of the Senate to what the testimony was, and why the Senate committee took the action that it did; and, if the Senator desires me to do so, I can read some more testimony before the committee on the same subject that was not from Minneapolis; but this was the substance of it:

> Mr. HARRIS. Mr. Chairman, I am speaking as chairman of the Grain Committee on National Affairs in opposition to the proposed increase of tax on sales of produce for future delivery, under section 726.
>
> This committee, representing 11 of the leading grain exchanges of the United States and the Grain and Feed Dealers' National Association, desires to protest vigorously against the proposed increase in the tax on sales of produce for future delivery which would increase the tax rom 1 cent or each hundred-dollar value to 5 cents for each hundred dollars. We firmly believe that such an increase would constitute heavy and entirely unwarranted burden on the producer at a time when his condition is already one of extreme distress. It seems inconceivable that Congress should add such a burden to the farmer's woes in view of the fact that Congress has appropriated many millions of dollars for the relief of agriculture and the betterment of the farmer's situation. It is true that the farmer would directly pay a tax only on the amount of grain which is hedged, but under the present machinery of futures markets he would also be subjected to an indirect burden because of the increased difficulty in hedging. The proposed tax would be so heavy that it would greatly hamper the course of trade which makes for a liquid market. This would inevitably increase the cost of hedging, which in turn would be reflected back to producers and consumers alike.

I do not think there is any need of my reading the testimony of other representatives of the Grain Committee on National Affairs.

Mr. CAPPER. Mr. President, this man is one of the leaders of the grain-gambling crowd on the Minneapolis Grain Exchange.

Mr. SMOOT. I do not know why the Senator says that.

Mr. FRAZIER. Why, he says he represents 11 of the leading grain exchanges in the United States.

Mr. SMOOT. Does the Senator say that his testimony here is not correct?

Mr. FRAZIER. Of course I say it is not correct. It is correct from his viewpoint, from the viewpoint of the grain exchanges. They are all opposed to this. They want to gamble. They make more money manipulating the market than the farmers do who raise the wheat.

Mr. SMOOT. Then there is Mr. Cain, representing the Grain Committee on National Affairs of Jacksonville, Ill.; and I could go on and give the statement of the president of the New York Cotton Exchange, Mr. Weld.

Mr. CAPPER. Mr. President, let me ask whether there was any testimony from the Grain Futures Administration of the Department of Agriculture or from the Federal Farm Board?

Mr. SMOOT. I do not remember anyone from the department or the Farm Board coming before the committee.

Mr. CAPPER. I think we ought to have somebody from the Agricultural Department representing the producer.

Mr. SMOOT. They had a chance to come before the committee. They knew the subject was up. They knew what the House had done in the matter.

Mr. FRAZIER. Mr. President, it seems to me just a little strange that the Finance Committee, when a measure of this kind was before them and they were holding hearings, did not call in anyone, or listen to testimony from anyone except the grain and cotton gamblers.

Mr. SMOOT. Mr. President, I want to say that we did not call in any witnesses. The witnesses came voluntarily.

Mr. FRAZIER. That is all very well; but the experts from the Agricultural Department here might have come in.

Mr. COUZENS. Did they appear before the House committee?

Mr. FRAZIER. Yes; they did.

Mr. President, a charge of one-eighth of 1 per cent per bushel is made on future sales by the grain exchanges, by the commission men, and a charge of 1½ cents per bushel is made on sales of actual wheat. I want the Members of the Senate to get that. The farmer who sells a carload of actual wheat is charged by the commission firm 1½ cents a bushel, regardless of the price of the wheat. That has been the rule of the chambers of commerce and the grain trade since 1920; but the speculator who buys or sells a thousand bushels of wheat in futures is only charged one-eighth of 1 cent per bushel. The unfairness of it is obvious. It is entirely in opposition to the welfare of the farmer. They manipulate the markets for the benefit of the grain trade and not for the benefit of the producer.

This tax is legitimate. It should be put in the bill; and I think it should be higher than it is.

Mr. TRAMMELL. Mr. President, we have imposed a tax upon transactions on the stock exchange. We have imposed a tax on admissions to race tracks, where so-called horse-race gambling is indulged in; and I can not see now why we should permit the grain exchanges to go free.

Selling futures on the grain exchanges is nothing more nor less than selling short on the stock exchange. I agree with the Senator who has just spoken on the subject that as a matter of fact it is really very detrimental to the interests

of the agricultural people of the country—the producers. I know of no better source from which we may derive some revenue than to impose this tax upon the selling of futures on the grain exchanges.

I think we should adopt the policy we have adopted in regard to so-called gambling on the stock exchange and, as I have already stated, the so-called gambling at the race tracks. Why should we exempt the grain exchanges?

The VICE PRESIDENT. The question is on the motion of the Senator from North Dakota [Mr. FRAZIER] to reconsider the vote whereby the committee amendment was agreed to.

The motion to reconsider was agreed to.

The VICE PRESIDENT. The question now is on the amendment of the committee.

The amendment of the committee was rejected.

Mr. FRAZIER. Mr. President, I have an amendment to offer to the language of the House text which will exempt cooperatives from the payment of the tax. I send it to the desk and ask to have it stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from North Dakota offers the following amendment:

On page 281, line 15, strike out the period and insert in lieu thereof a semicolon and the following: but the additional tax provided for in this subsection shall not apply in the case of any sale, agreement of sale, or agreement to sell by any cooperative association qualified under the act entitled "An act to authorize associations of producers of agricultural products," approved February 18, 1922.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER].

The amendment was rejected.

Mr. CUTTING. Mr. President, on behalf of the Senator from Arizona [Mr. HAYDEN] and myself, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from New Mexico, on behalf of himself and the Senator from Arizona [Mr. HAYDEN], offers the following amendment:

On page 262, after line 2, insert a new section, as follows:

"SEC. —. EXEMPTION OF ARTICLES MANUFACTURED OR PRODUCED BY INDIANS

"No tax shall be imposed under this title on any article of native Indian handicraft manufactured or produced by Indians on Indian reservations or in Indian schools, or by Indians under the jurisdiction of the United States Government in Alaska."

Mr. SMOOT. Mr. President, I have received a letter from the Secretary of the Interior strongly indorsing this amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BARKLEY. Mr. President, may I have the attention of the Senator from Utah? I desire to call up my motion to reconsider the vote by which the amendment at the bottom of page 286 was adopted. I understand that the Senator from Utah does not object to that.

Mr. SMOOT. That is the cigarette-papers amendment?

Mr. BARKLEY. Yes.

Mr. SMOOT. No; I have not any objection to reconsidering that.

The VICE PRESIDENT. The amendment will be stated.

The Chief Clerk read as follows:

PART VI—TAX ON CIGARETTE PAPERS

SEC. 751. TAX ON CIGARETTE PAPERS

Section 402 of the revenue act of 1926 is amended by inserting after "importer" a comma and the following: "or removed for consumption or sale," and by striking out "more than 25 but."

Mr. SMOOT. Mr. President, there seems to be a misunderstanding, so I am told by a number of Senators, on the vote that was taken. Many of them say that they voted under a misapprehension. Therefore I said to the Senator from Kentucky that I was perfectly willing to have the amendment reconsidered.

The VICE PRESIDENT. The question is on the motion to reconsider.

The motion to reconsider was agreed to.

Mr. BARKLEY. Mr. President, I do not desire to take the time of the Senate to discuss this matter, but this is a tax placed by the committee amendment on small packages of cigarette papers given away with packages of smoking tobacco. The tobacco bears a tax of 18 cents a pound, which is about six times as much as the farmer gets for producing it. It involves quite an important industry that affords a market for tobacco which is very much depressed.

The income derived from it is so small that the Treasury could not even estimate it. We have balanced the Budget, and eliminating this amendment will not unbalance it. I hope the Senate will agree to its elimination in behalf of those who are not able to buy expensive manufactured cigarettes, but who do enjoy the exhilaration of a smoke obtained from a cigarette they affectionately roll with their own fingers.

Mr. REED. Mr. President, the reason why the committee adopted this amendment was that it was found that these tobacco companies are frankly evading the law. We gave them a limitation of 25 sheets, which they could pack in one book, and give it away, and that would be free of tax, and for a time they put a package of 25 sheets in the wrapper of the cheap tobacco. Now they have begun to evade that by putting in two books containing something less than 25 sheets each, but actually giving away with each package of tobacco more sheets than the law allows to be given free in a single book. It was such an obvious evasion of the intent of the Congress that the committee thought the only just thing was to tax all cigarette papers alike, no matter how many sheets were in each package.

Mr. BARKLEY. Mr. President, if the Senator will permit right there, of course it may be questionable whether the United States Government ought to levy any tax on a free package of cigarette paper given away with a package of tobacco; but it certainly seems to me an injustice to provide the possibility of taxing a little package of free paper given away, whether it contains 5 sheets or 10 sheets or 2 sheets. Under this amendment we would tax a package containing two sheets, which would enable a man to roll a cigarette made out of tobacco bought in packages. The income derived by the United States Government from tobacco is $450,000,000 a year, which is three times as much as all the farmers of America obtain for producing that tobacco, and that is all this Government ought to expect out of this one industry.

Mr. REED. We tax the package of matches which are given away free.

Mr. BARKLEY. No; under this bill we tax wooden matches, but not the little books of matches given away with tobacco.

Mr. REED. My understanding of the bill, in the shape in which we find it, is that those are taxed half a cent a thousand.

Mr. BARKLEY. I do not understand that paper matches are taxed at all.

Mr. REED. Oh, yes.

Mr. BARKLEY. Even so, that is quite a different proposition from taxing a package of papers that are made in the United States.

In the first place, it is an important industry in the United States. It affords a market for tobacco, which is very much depressed in price now, and it is very doubtful whether there is any income to be derived from it, because either those who buy the tobacco in packages must receive less tobacco or they have to pay more for a 5-cent package of tobacco.

Mr. REED. The net result of it is that the big tobacco companies are using this device to run out the little fellows who have to pay a tax on the little books of cigarette papers they sell.

Mr. BARKLEY. I am not so certain that the big cigarette manufacturers are not using this tax to try to put out of business those who are making the tobacco that is used by men who are not able to buy expensive cigarettes, in order that they may enjoy the cigarettes they roll themselves.

Mr. REED. The Senator knows that the most expensive types of pipe tobacco are made by the big companies.

The VICE PRESIDENT. The question is on agreeing to the committee amendment, which will be stated.

The CHIEF CLERK. On page 286, line 20, insert:

PART VI—TAX ON CIGARETTE PAPERS

SECTION 751. TAX ON CIGARETTE PAPERS

Section 402 of the revenue act of 1926 is amended by inserting after "importer" a comma and the following: "or removed for consumption or sale," and by striking out "more than 25 but."

Mr. BARKLEY. Mr. President, the meaning of the amendment involved in that language is that, regardless of the number of sheets in a package—2, 5, 10, 15, or anything below 25—this tax applies. I certainly hope the amendment will not be agreed to.

Mr. WALSH of Massachusetts. Mr. President, I have received some protests from manufacturers of these papers in my State. They inform me that until recently this kind of paper was manufactured abroad, but that it is now possible to manufacture it in this country. It has become rather a profitable and successful business.

They inform me that if the limitation which is in the present law is removed it would be ruinous to them, and they are in accord with the views expressed by the Senator from Kentucky in opposition to the committee amendment.

Mr. KING. Mr. President, I would like to ask the Senator from Kentucky a question. I have received some information which seemed to indicate that the principal supporters of this tax are those large manufacturers of cigarettes who want to discourage people who can not buy cigarettes but who roll their own cigarettes from doing so. To what extent is that information correct?

Mr. BARKLEY. I think the Senator's information is correct. Of course, we know that in this country there are millions of men who are out of employment at this time who have been in the habit of smoking. It is rather harsh to ask them to give up that pleasure altogether, and many of them are now resorting to the purchase of tobacco in sacks, and with that tobacco, usually an ounce, costing a nickel, they get a small package of cigarette papers free. The proposal is to tax those people, who are not able to buy the expensive cigarettes, for the privilege of smoking, and tax them for the right even to make their own cigarettes, in their own homes, with their own hands.

It seems to me it is an injustice, and, in addition to what the Senator from Massachusetts has said, I will say that while it is true that the cigarette paper used by the large manufacturers in manufacturing cigarettes is imported, the particular type of paper used by those who roll their own cigarettes is made in the United States, and certainly this burden should not be placed upon a home industry, in addition to placing an unnecessary burden upon those who use this type of tobacco.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

The amendment was rejected.

Mr. SHIPSTEAD. Mr. President, the other day I entered a motion to reconsider the vote by which the amendment offered by the junior Senator from Nebraska [Mr. HOWELL] providing for the exception of the tax on bank checks of less than $5, was rejected. I am informed that if that vote should be reconsidered, and the amendment should be agreed to, it would mean a loss of $40,000,000 of income. I therefore ask unanimous consent that I may be permitted to withdraw the motion to reconsider.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. REED. Mr. President, the matter to which I am about to advert is a trifling one, but I believe it is a just suggestion I have to make.

I understand that down in South Carolina, I think at Charleston, there is a factory which makes briquettes out of what is known as duff, which in this country is called "culm," which is brought from England or Wales. There is only one such factory in the country, brought to my attention by some Pennsylvanians who are interested in this South Carolina establishment.

I am told that there is no possibility of using any competitive American material for the manufacture of these briquettes; that it is utterly impossible, because of freight rates, to use coal from Pennsylvania or Virginia or West Virginia for that purpose; and that the only source of supply available to these people is this very cheap trash which we call "culm" and which they get from Wales.

It seems to me that it would not at all interfere with the adopted policy with regard to coal importations if we should insert an exception to take care of that culm and duff. Therefore I send an amendment to the desk.

The VICE PRESIDENT. The amendment will be reported.

The CHIEF CLERK. On page 243, line 20, after the word "classification," the Senator from Pennsylvania proposes to insert in parentheses the words "except culm and duff."

Mr. REED. It would take unanimous consent, of course, to insert this amendment.

Mr. HARRISON. Mr. President, is the Senator proposing to broaden the tariff with reference to this coal item?

Mr. REED. To narrow it, to remove the tariff from these products.

Mr. HARRISON. In other words, the Senator now wants to take the tariff off something?

Mr. REED. That is correct.

Mr. HARRISON. I hope the unanimous consent will be granted.

The VICE PRESIDENT. Is there objection to a reconsideration of the vote by which the committee amendment was agreed to? The Chair hears none, and the vote is reconsidered. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. HARRISON. Mr. President, if we are going to get the sales-tax proposal before the Senate, I hope it will soon be brought up.

The VICE PRESIDENT. The Chair is ready to recognize anyone who rises.

Mr. WALSH of Massachusetts. Mr. President, I am ready.

The VICE PRESIDENT. The Senator from Massachusetts is recognized.

Mr. WALSH of Massachusetts. I will say that I have held back from offering the amendment so as to give Senators who had amendments to offer an opportunity to do so, it being the impression that after the sales-tax amendment was disposed of there would be a mad rush from the Chamber and Senators would not have a chance to get a hearing. I have been trying to accommodate Senators.

Mr. HARRISON. I know the Senator has been very courteous, and that has been his policy, but I had hoped we might get the amendment up.

Mr. REED. Mr. President, before the Senator presents the amendment, I find one more thing which seems to call for correction.

Mr. WALSH of Massachusetts. I yield.

Mr. REED. It will take only a second to explain it. The committee, like the House of Representatives, backed and filled and reversed itself half a dozen times in regard to the domestic tax on lubricating oil. Finally, quite without intending to do so, it landed a 4-cent domestic tax on lubricating oil, just exactly the same as the import tax, and we now have the paradox that crude petroleum coming into the country is taxed, whereas the highest-priced product made from it remains untaxed.

The Senator from Texas [Mr. CONNALLY] I understood was to offer some corrective amendment, but I am advised that he has not done so. This, again, would require unanimous consent.

Mr. HARRISON. Mr. President, I shall object to unanimous consent to take up the lubricating-oil matter.

Mr. REED. Very well.

Mr. HARRISON. It will be in conference.

Mr. REED. If I can not get unanimous consent, of course I will not make a motion.

Mr. HARRISON. As I said, it will be in conference.

Mr. REED. I see the Senator from Texas now in the Chamber. I will say to him that I was bringing up the question of the differential between the domestic and the imported lubricant. A motion to reconsider has been filed, but I am quite aware of the fact that in the present temper of the Senate it would be impossible to secure the adoption of the motion, so I think we had better let the matter go to conference.

Mr. CONNALLY. On what page is that?

Mr. REED. Page 241, lines 6 to 11. I entered a motion to reconsider in due time.

Mr. CONNALLY. On the imported or the domestic?

Mr. REED. The domestic. A motion to reconsider the vote as to the imported has been voted down, and that is a closed issue, but I refer to the domestic tax. The committee amendment in lines 6 to 11 will be in conference. It may be that some action may be taken there.

Mr. CONNALLY. Mr. President, let me say to the Senator that the spread between the Senate committee bill and the House provision is such that the matter can be adjusted in conference.

Mr. REED. I think so, and that is the best way of treating it. I ask unanimous consent to withdraw my motion to reconsider.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. CONNALLY. Mr. President, allow me to say to the Senator from Pennsylvania that the differential of 2 cents on imported was all that was asked. The Senate has made a differential of 4 cents, and we do not want that much. We can work it out in conference.

Mr. KING. Mr. President, will the Senator from Massachusetts yield to me?

Mr. WALSH of Massachusetts. I yield.

Mr. KING. I submitted a motion to reconsider the vote by which the amendment on page 269, dealing with admission taxes, was agreed to. I made a motion to reconsider the items on page 269, line 1 and line 13, and on page 270, line 25, by which "11" was stricken out and "41" was inserted. I ask permission to withdraw the motion to reconsider.

The PRESIDING OFFICER (Mr. FESS in the chair). Is there objection? The Chair hears none, and the motion is withdrawn.

Mr. WALSH of Massachusetts. Mr. President, I offer the amendment which I send to the desk, and ask to have it reported.

Mr. FESS. Mr. President, since the amendment which is about to be offered by the Senator from Massachusetts seems to be the last one, I ask unanimous consent that all motions to reconsider which have not been called up may be withdrawn.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. WALSH of Massachusetts. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The clerk will report the amendment for the information of the Senate.

Mr. WALSH of Massachusetts. Mr. President, the amendment is a long one, covering 38 printed pages. Most Senators have had it upon their desks several days. I shall be glad to explain it, but unless some Senator desires to have it read, I ask unanimous consent to dispense with the reading of it.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. WALSH of Massachusetts. I now ask unanimous consent that the amendment may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment proposed by Mr. WALSH of Massachusetts is as follows:

On page 241, strike out lines 6 to 11, both inclusive.

On page 245, strike out all after line 4 down to and including line 17 on page 264, except the committee amendment relating to tax on gasoline and the amendment relating to tax on electricity, and insert in lieu thereof the following:

"SEC. 602. GENERAL MANUFACTURERS' EXCISE TAX—IMPOSITION

"(a) There is hereby imposed a tax of 1¾ per cent of the sale price on the sale of every article sold in the United States by the manufacturer or producer thereof, if licensed or required to be licensed under this title, except in the case of—

"(1) Sales by a licensed manufacturer to another licensed manufacturer of articles for further manufacture;

"(2) Sales by a licensed manufacturer to a registered dealer of articles for further manufacture to be resold to a licensed manufacturer or to a registered dealer;

"(3) Sales by a licensed manufacturer to any person of articles for further manufacture to be resold to a licensed manufacturer, but only if such articles are delivered by the first licensed manufacturer to the second licensed manufacturer;

"(4) Sales for exportation;

"(5) Sales to a State or political subdivision thereof, or any agency thereof, of articles for use solely in the exercise of a governmental function; and

"(6) Sales of articles hereinafter specifically exempted and articles taxable under section 601 (c) (2) or (3), relating to tax on brewer's wort, malt sirup, grape concentrate, etc., section —, relating to tax on gasoline.

"(b) In addition to any other tax or duty imposed by law, there is hereby imposed a tax of 1¾ per cent ad valorem on every article imported into the United States, unless—

"(1) The consignee (within the meaning of the tariff act of 1930) is a licensed manufacturer (or his agent) and the article is an article for further manufacture;

"(2) The consignee (within the meaning of such act) is a registered dealer (or his agent) and the article is an article for further manufacture to be sold to a licensed manufacturer or to a registered dealer;

"(3) The article is imported by a State or political subdivision thereof, or any agency thereof, for use solely in the exercise of a governmental function; or

"(4) The article is specifically hereinafter exempted or is taxable under section 601 (c) (2) or (3), relating to tax on brewer's wort, malt sirup, grape concentrate, etc., or section —, relating to tax on gasoline.

"(c) The tax imposed under subsection (b) shall be levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930, and shall be treated for the purposes of all provisions of law relating to the customs revenue as a duty imposed by such act, except that—

"(1) The value on which such tax shall be based shall be the sum of the dutiable value (under section 503 of such act) of the article plus the duties, if any, imposed thereon under any provision of the customs laws;

"(2) For the purposes of section 489 of such act (relating to additional duties in certain cases of undervaluation) such tax shall not be considered an ad valorem rate of duty or a duty based upon or regulated in any manner by the value of the article; and for the purposes of section 336 of such act (the so-called flexible tariff provision) such tax shall not be considered a duty;

"(3) such tax shall not be imposed upon any article imported prior to the date on which this title takes effect;

"(4) no drawback of such tax shall be allowed under section 313 (a), (b), or (f) of the tariff act of 1930 or any provision of law allowing a drawback of customs duties on articles manufactured or produced with the use of duty-paid materials;

"(5) such tax shall be imposed in full notwithstanding any provision of law or treaty granting exemption from or reduction of duties to products of any possession of the United States or of any country; and

"(6) when he deems such action to be in the interest of the revenue, the Secretary may direct that such tax with respect to any class of articles designated by him shall be levied, assessed, collected, and paid in the same manner and subject to the same provisions of law as the tax imposed by subsection (a).

"(d) No tax shall be imposed under this title (except section 601) upon the sale or importation of the following articles:

"(1) Food for human or animal consumption (including those grades and forms of articles chiefly used as food for human or animal consumption in the form in which sold or after processing or as material for such food) and tea and coffee.

"(2) Medicines (other than patent or proprietary medicines).

"(3) Wearing apparel for any part of the body, not including boots or shoes sold for (or, if imported, valued under subsection (c) (1) at) more than $6 a pair, and not including any article sold for (or, if imported, valued under subsection (c) (1) at) more than $35. A suit or dress shall be considered a single article for the purposes of this paragraph.

"(4) Agricultural products.

"(5) Agricultural implements and machinery and parts thereof, and gas and electricity for farm use or for use for irrigation or other agricultural purposes.

"(6) Workmen's hand tools.

"(7) Such grades of articles as are used chiefly for fertilizers, or chiefly as ingredients in the manufacture of fertilizers.

"(8) Any article with respect to which an internal-revenue tax is imposed under existing law.

"(9) Newspapers, magazines, and other periodicals.

"(10) Books, pamphlets, and music, in raised print, used exclusively by or for the blind.

"(11) Textbooks for use in private or public schools or other institutions of learning.

"(12) Bibles, comprising the books of the Old or New Testament, or both.

"(13) Rosaries, chaplets, medals, and similar articles of religious devotion; hymn books, prayer books, and manuals of religious devotion.

"(14) Altars, pulpits, communion tables, baptismal fonts, and shrines; parts thereof; religious statuary and pictures; collection envelopes, plates, and baskets; cassocks, banners, and articles of regalia worn on the person or carried in the hand; tapers, lights, and candles; sanctuary oil; all the foregoing when manufactured exclusively for use in houses of worship.

"(15) Merchant vessels constructed in American shipyards under the provisions of the merchant marine acts of 1920 and 1928, as amended (and all material, equipment, and furnishings therefor), for which the Government has agreed to loan more than 50 per cent of the cost.

"(e) Exemption under this section of sales or importations shall be allowed or granted only upon compliance with the regulations.

"SEC. 603. TAX ON SALES BY REGISTERED DEALERS

"(a) There is hereby imposed on the sale or other disposition by a registered dealer of any article sold to or imported by him free of tax by virtue of his registration, if not sold as an article for further manufacture to a licensed manufacturer or registered dealer, a tax of 1¾ per cent of the price (subject to the provisions of section 604 (a)) at which such article was sold to such registered dealer, plus, in the case of an imported article, the amount of duties imposed thereon under any provision of the customs laws, if not included in such price. If the commissioner determines that the records with respect to any article are inadequate, such article shall be held to be sold otherwise than as an article for further manufacture to a licensed manufacturer or registered dealer.

"(b) If the commissioner determines that it is not necessary in the interests of the revenue to trace the identity of articles of any class in the hands of registered dealers, the regulations may provide a method of determining the proper tax liability of registered dealers with respect to articles of that class without regard to the identity of the individual articles.

"(c) Articles of such classes as the commissioner may prescribe may (in accordance with the regulations) be sold to or imported by registered dealers free of tax when it is impracticable to determine whether or not they will be resold as articles for further manufacture to licensed manufacturers or registered dealers, and the tax provided for in subsection (a) shall be imposed with respect to such articles if not so resold.

"SEC. 604. SALE PRICE

"(a) Generally: In determining the sale price of an article there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this title, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the sale price only if the amount thereof is established to the satisfaction of the commissioner, in accordance with the regulations.

"(b) Sales on consignment: In the case of an article sold on consignment, the sale price shall be the fair manufacturer's price for the article.

"(c) Retail sales by licensed manufacturer: In the case of an article sold by the manufacturer or producer thereof at retail (or directly to the consumer or user), the tax shall (if based on the sale price) be imposed upon the price at which so sold, except that in the case of any such article ordinarily sold at wholesale (or directly to the consumer or user at prices varying with the quantity or character of use) by manufacturers or producers, the tax shall (if based on the sale price) be imposed upon the fair manufacturer's price for the article.

"(d) Installment sales: In the case of a contract for the sale by a licensed manufacturer of an article, wherein it is provided that the sale price shall be paid to the manufacturer by installments, and the title to the article sold does not pass to the purchaser thereof until a future date notwithstanding partial payment by installments, or in the case of a conditional sale, each partial payment shall be regarded as a sale and there shall be imposed upon each payment that part of the tax which is proportionate to the part of the sale price represented by such payment.

"(e) Leases and royalties: If a licensed manufacturer leases an article or transfers the right of using the article but not the title thereto, or imposes a royalty on the use of an article, each payment with respect to the article shall be treated as a sale and the tax shall (if based on the sale price) be imposed upon the amount of such payment. Any such lease, transfer, or imposition of royalty on the use of any article by a registered dealer shall be treated as a sale.

"(f) Manufacture under contract: For the purposes of this title a person who manufactures or produces an article for another person who furnishes materials and retains title thereto, shall be regarded as the manufacturer or producer of the article, and the tax shall be imposed upon the first payment, or, if the tax is based on the sale price and there is more than one payment, the tax shall be imposed pro rata upon each payment; except that the person so furnishing materials shall be regarded as the manufacturer or producer of the article (1) if the article is to be resold by him and the effect of the application of this provision is to require him to be licensed under this title, or (2) if he is a licensed manufacturer.

"(g) Use or transfer of article in special cases: If a manufacturer or producer—

"(1) Uses (including use as material in repair work), otherwise than as an article for further manufacture, an article manufactured or produced by him, or sold to or imported by him free of tax by virtue of his license;

"(2) Transfers the title to an article by gift;

"(3) Transfers the title to, or the right to use, an article to any person (otherwise than through an arm's-length transaction) at less than the fair market price;

"Such use or transfer shall be considered a sale for the purposes of this title, and the sale price shall be the fair manufacturer's price for such article, with allowance for any tax previously paid with respect to any materials used in manufacturing or producing the article.

"(h) For the purposes of this section the fair manufacturer's price for an article shall be a fair manufacturers' or producers' sale price for the article at the place of manufacture or production, as determined by the commissioner, by reference to actual sales or to costs of manufacture or production, or otherwise.

"SEC. 605. OVERPAYMENTS, CREDITS, AND REFUNDS

"(a) A credit against tax under this title, or a refund, may be allowed or made—

"(1) To a licensed manufacturer, in the amount of any tax under this title (except section 601 (c) (4) to (7), inclusive, relating to tax on imported petroleum, coal, lumber, copper, and so forth) which has been paid with respect to an article for further manufacture purchased by him.

"(2) To a manufacturer or producer when he becomes licensed, in the amount of any tax paid under this title (except section 601 (c) (4) to (7), inclusive) with respect to articles for further manufacture on hand when the license is granted.

"(3) To the exporter, in the case of an article sold for exportation or exported for sale, in the amount of any tax paid under this title (except section 601 (c) (4) to (7), inclusive) with respect to the article.

"(4) To a licensed manufacturer or registered dealer who has paid tax under this title with respect to an article, when the sale price on which the tax was based is readjusted by reason of return or repossession of the article or a covering or container, or by a bona fide discount, rebate, or allowance, in the amount of that part of the tax proportionate to the part of the sale price which is refunded or credited.

"(b) Credit or refund under subsection (a) shall be allowed or made only upon compliance with the regulations.

"(c) In no case shall interest be allowed with respect to any amount of tax under this title credited or refunded.

"(d) In no case shall both credit or refund under subsection (a) and remission or drawback under the customs laws of the tax imposed by this title be allowed on account of the exportation of an article.

"(e) No overpayment of tax under this title (except sec. 601 (c) (4) to (7), inclusive, relating to tax on imported petroleum, coal, lumber, copper, etc.) shall be credited or refunded (otherwise than under subsection (a)), in pursuance of a court decision or otherwise, unless the person who paid the tax establishes, in accordance with regulations, (1) that he has not included the tax in the price of the article with respect to which it was imposed, or collected the amount of tax from the vendee or (2) that he has repaid the amount of the tax to the ultimate purchaser of the article, or unless he files with the commissioner written consent of such ultimate purchaser to the allowance of the credit or refund.

"SEC. 606. LICENSED MANUFACTURERS AND REGISTERED DEALERS

"(a) Manufacturers and producers: Every manufacturer or producer (except as hereinafter provided) is hereby required to take out an annual license, in accordance with regulations, and shall pay a fee of $2 therefor. Licenses under this section shall expire upon June 30 of each year.

"(b) Exemptions: No license shall be required (but a license may be granted upon application) in the case of a manufacturer or producer (other than a manufacturer or producer of articles taxable under section 601 (c) (2) or (3), relating to tax on brewer's wort, malt sirup, grape concentrate, etc.)—

"(1) If a farmer, with respect to his agricultural products; or

"(2) if for the preceding year the total sale price of all articles (other than exempt articles) manufactured or produced by him was less than $20,000; or

"(3) if, in the case of a manufacturer or producer not engaged in manufacture or production of articles (other than exempt articles) during the whole of the preceding year, such manufacturer or producer files with the commissioner a statement under oath that to the best of his belief the probable total sale price of all articles (other than exempt articles) to be manufactured or produced by him during the year for which the exemption is claimed will be less than $20,000;

but in the case of any manufacturer or producer exempted under clause (2) or (3) of this subsection, if the commissioner determines, on the basis of sales for any period during the year for which the exemption was granted, that the probable total sale price of all articles (other than exempt articles) manufactured or produced by such manufacturer or producer during such year will not be less than $20,000, or if the total sale price of all articles (other than exempt articles) manufactured or produced and sold by such manufacturer or producer during such year reaches $20,000, such manufacturer or producer shall thereupon be required to be licensed.

"(c) Dealers and importers: A dealer in or importer of articles for further manufacture to be sold to licensed manufacturers or registered dealers may be granted an annual registration by the commissioner, upon application in accordance with regulations and payment of a fee of $100. Registrations under this subsection shall expire upon June 30 of each year.

"(d) Revocation or cancellation of dealer's registration: If the commissioner finds that a registered dealer has violated any provision of law applicable to the tax imposed by this title, he may revoke his registration. If the registration of any registered dealer is revoked, he shall not be entitled to registration within a period of one year after such revocation. The registration of any registered dealer may be canceled upon application by him.

"(e) Tax on revocation, cancellation, or expiration of registration: If a registered dealer's registration is revoked or canceled under subsection (d), or if a registered dealer's registration expires and is not renewed, he shall pay the tax imposed by this title (as if on a taxable sale at the time of revocation, cancellation, or expiration) on all articles purchased or imported by him free of tax by virtue of his registration and not resold by him prior to such revocation, cancellation, or expiration.

"(f) Tax on registered dealer on date title ceases to be in effect: Every dealer or importer registered on the day on which the tax imposed by this title ceases to be in effect shall pay the tax imposed by this title (as if on a taxable sale on such date) on all articles purchased or imported by him free of tax by virtue of his registration and not resold by him on or before such date.

"(g) Tax on expiration of manufacturer's or producer's license: If a manufacturer or producer ceases to be licensed before the date on which the tax imposed by this title ceases to be in effect, he shall pay the tax which would be imposed on a sale to him, as of the date on which he ceases to be licensed, of all articles purchased or imported by him free of tax by virtue of such license and not used as articles for further manufacture in the manufacture or production of articles on the sale of which tax has been imposed under this title prior to such date.

"SEC. 607. RETURNS, RECORDS, AND PAYMENT AND COLLECTION OF TAX

"(a) Every licensed manufacturer or registered dealer and every person liable for any tax under this title (other than tax levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930) shall make monthly returns under oath and pay the tax to the collector for the district in which is located his principal place of business, or if he has no principal place of business in the United States, to the collector at Baltimore, Md. Such returns shall be made on or before the last day of each month for the preceding month, and shall contain such information and be made in such manner as the regulations prescribe.

"(b) The tax shall, without assessment by the commissioner or notice from the collector, be due and payable to the collector at the time for filing the return. If the tax is not paid when due, there shall be added as part of the tax interest at the rate of 1 per cent a month from the time when the tax became due until paid.

"(c) Every licensed manufacturer and registered dealer, and every person liable for any tax imposed by this title (except tax levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930) shall keep such records, render under oath such statements, and comply with such regulations, as the commissioner with the approval of the secretary may from time to time prescribe. Whenever in the judgment of the commissioner necessary, he may require any person, by notice served upon him, to make a return, render under oath such statements, or keep such records as the commissioner deems sufficient to show whether or not such person is liable for tax under this title (except tax levied, assessed, collected, and paid in the same manner as a duty imposed by the tariff act of 1930), and the amount of any such liability. All records required under authority of this section with respect to any sale shall be kept in such manner as to be readily accessible to the commissioner or his agents for a period of four years from the last day of the month after the month in which such sale was made, unless the commissioner authorizes the destruction of such records at an earlier date, or unless an agreement under section 611 determining the amount of liability under this title with respect to such sale is approved by the Secretary or Under Secretary.

"(d) In case any other person acquires from or against a licensed manufacturer or registered dealer, by operation of law or as a result of any transaction not taxable under this title, the right to sell any article, the sale of such article by such person shall be taxable as if made by such licensed manufacturer or registered dealer, and such person shall be liable for the tax.

"SEC. 608. EVASION OF TAX

"(a) Diversion of articles sold for exportation: No article the sale of which has been exempted from tax under section 602 (a) (4) (relating to sales for exportation) shall thereafter be sold for use, or used, in the United States, unless the person so selling or using it pays the tax which would have been imposed on such sale if it had not been so exempted.

"(b) Tax on sales to or importations by licensed manufacturers or registered dealers: If the commissioner finds that payment of tax under this title is being evaded or is likely to be evaded by a licensed manufacturer or registered dealer, or a class of licensed manufacturers or registered dealers, he may require that the tax shall be imposed on the sale to, or the importation by, such licensed manufacturer or registered dealer, or class of licensed manufacturers or registered dealers, of any class of articles (even though articles for further manufacture or for resale to licensed manufacturers or registered dealers as articles for further manufacture). Credit or refund of tax so imposed may be allowed on proof by a licensed manufacturer that such articles have been used as articles for further manufacture in the manufacture or production of articles on the sale of which tax has been paid, or by a registered dealer that such articles have been resold to licensed manufacturers or registered dealers as articles for further manufacture.

"(c) Sale of article purchased as article for further manufacture: If a licensed manufacturer sells an article purchased or imported free of tax by virtue of his license, he shall be liable for tax under this title in the same manner as if such article were an article manufactured or produced by him.

"SEC. 609. TAX ON MANUFACTURER OR PRODUCER NOT LICENSED

"Any manufacturer or producer not licensed or required to be licensed under this title who sells an article and adds to the price any amount as tax under this title on such sale shall be liable for tax under this title equal to such amount; and any such person who sells an article at a price represented to include tax under this title on such sale shall be liable for tax under this title on such sale.

"SEC. 610. CONTRACTS FOR SALE ENTERED INTO BEFORE MARCH 1, 1932—REGULATED RATES

"If any person (1) is subject to governmental regulation with respect to the sale price of an article with respect to which a tax is imposed under this title, or (2) has prior to March 1, 1932, made a contract for the sale on or after the effective date of this title of an article, with respect to the sale of which a tax is imposed by this title, or with respect to which a tax is imposed by this section, and such contract does not permit the adding to the amount to be paid thereunder of the whole of such tax, and does not provide that the vendor shall pay such tax, then the vendee shall, in lieu of the vendor, pay so much of the tax as is not so permitted to be added to the contract price, or the price subject to regulation, as the case may be. If such a contract was made with the United States, no tax shall be imposed under this title.

"(b) The taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated, and shall be collected, returned, and paid to the United States by such vendor in the same manner as provided in section 702. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the commissioner, who shall cause collection of such taxes to be made from the vendee.

"SEC. 611. FINAL AGREEMENTS

"The commissioner (or any officer or employee of the Bureau of Internal Revenue, including the field service, authorized in writing by the commissioner) is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person for whom he acts) in respect of the tax imposed by this title (including the basis or method upon which such liability shall be determined or computed) for any period (past or future) specified in such agreement. If such agreement is approved by the Secretary or the Under Secretary, within such time as may be stated in such agreement, or later agreed to, such agreement shall be final and conclusive, and, except upon a showing of fraud or malfeasance, or misrepresentation of a material fact, (1) the case shall not be reopened as to the matter agreed upon, or the agreement modified, by any officer, employee, or agent of the United States, and (2) in any suit, action, or proceeding, such agreement or any determination, assessment, collection, payment, abatement, refund, or credit made in accordance therewith, shall not be annulled, modified, set aside, or disregarded; except that in its application to sales made after the date on which it is approved or agreed to, such agreement shall be held to be modified to the extent necessary to conform to any change in the law after such date.

"SEC. 612. EFFECT OF CHANGES IN ADMINISTRATIVE DECISIONS

"No amendment or revocation of any regulation, ruling, or decision of the commissioner or Secretary (or any official authorized in writing by either of them to make rulings or decisions which shall be subject to this section), in force at the time of the sale of an article, shall have the effect of increasing the liability under this title of any person with respect to such sale beyond his liability determined in accordance with such regulation, ruling, or decision in force at the time of such sale.

"SEC. 613. APPLICABILITY OF ADMINISTRATIVE PROVISIONS

"All provisions of law (except criminal penalties) applicable in respect of the taxes imposed by section 600 of the revenue act of 1926, shall, in so far as applicable and not inconsistent with this act, be applicable in respect of the tax imposed by this title.

"SEC. 614. PENALTIES

"Any person willfully violating any provision of this title or any provision of law, in respect of the tax imposed by this title, shall (in lieu of any other criminal penalty provided for therein) be fined an amount equal to one-half the amount of tax evaded or not paid or collected and accounted for (or if such amount can not be determined to the satisfaction of the court, or if no tax was evaded or not paid or collected and accounted for, then not more than $1,000), or imprisoned not more than six months, or both, together with the costs of prosecution.

"SEC. 615. EXCLUSION OF TAX FROM GROSS INCOME

"If a licensed manufacturer or registered dealer includes in his gross income for income-tax purposes, any portion of his gross receipts paid to the United States as tax under this title, he shall be allowed such amount as a deduction from gross income for income-tax purposes; but no deduction in respect of such tax shall be otherwise allowed under section 23 (c) or (d) of Title I (income tax).

"SEC. 616. REGULATIONS

"The commissioner, with the approval of the Secretary, shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title in so far as it relates to taxes on sales. The Secretary shall prescribe and publish such regulations as he may deem necessary for the enforcement of this title in so far as it relates to taxes which are to be levied, assessed, collected, and paid in the same manner as duties imposed by the tariff act of 1930.

"SEC. 617. DEFINITIONS

"When used in this title—

"(a) The term 'article' includes commodities of every description, including gases, and also including any commodity (other than electricity) used for producing power, heat, or light; but does not include real property.

"(b) The term 'licensed manufacturer' means a manufacturer or producer licensed or required to be licensed under this title.

"(c) The term 'registered dealer' means a dealer or importer registered under this title.

"(d) The term 'manufacturer or producer' means any person (including a State, political subdivision thereof, or agency thereof) who manufactures or produces any article (but does not include the importer of an article), and includes a printer, publisher, lithographer, engraver, photographer, and producer of motion-picture films.

"(e) The term 'manufacture or produce' includes fabricate, cure, tan, dress, dye, bleach, blend, bottle, can, mix, spin, weave, refine, and process or manipulate in any manner, but does not include repair, nor the cleaning or ginning of cotton, nor the cleaning or threshing of grain, nor the preparation of beverages for consumption on the premises where prepared.

"(f) The term 'article for further manufacture' means only an article (1) which is to be used in, wrought into, attached to, or used as a covering or container for an article to be manufactured or produced for sale which will be subject to tax under this title; or (2) which is consumed in the process of manufacturing or producing such an article, or electricity taxable under section —, relating to tax on electricity, but does not include plant equipment, machinery, or tools.

"(g) The term 'United States,' when used in a geographical sense, includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

"(h) The terms 'imported' and 'importation' means, respectively, brought and bringing into the United States from any port or place outside thereof.

"(i) The terms 'exported' and 'exportation' mean, respectively, shipped and shipment to any port or place outside of the United States or laden and lading as bunker coal, other fuel supplies, ships' stores, sea stores, or legitimate equipment on vessels of war of any foreign nation, vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions.

"(j) The term 'agricultural products' means agricultural (other than forestry) products in the broadest sense, not processed (further than by cleaning and ginning or cleaning and threshing) by any person other than the original producer thereof, or an association of such producers organized and operated on a cooperative basis.

"(k) The term 'farmer' means a producer of agricultural products.

"(l) The term 'exempt article' means an article the sale or importation of which is, under section 602 (d), exempt from tax.

"(m) The term 'regulations' means regulations prescribed under this title by the commissioner and approved by the Secretary.

"SEC. 618. PERSONNEL

"The Secretary is authorized to appoint, in the office of the Assistant Secretary in Charge of Fiscal Offices, two officers at salaries of $9,000 per annum, and in the Bureau of Internal Revenue, one deputy commissioner at a salary of $9,000 per annum, and subject to the classification act of 1923, as amended, such other officers and employees as are necessary to administer the provisions of this title.

"SEC. 619. EFFECTIVE DATE—DATE OF EXPIRATION

"This title shall take effect on the thirtieth day after the date of the enactment of this act, except that sections 606, 611, 616, 618, and this section, shall take effect on the date of the enactment of this act. No sale or importation after June 30, 1934, shall be taxable under this title.

SECTION 620. SHORT TITLE

"This title may be cited as the 'manufacturers' excise tax act of 1932.'"

On page 278, strike out line 1 and down to and including line 16 on page 280.

On page 280, strike out all after line 16 down to and including line 9 on page 281.

On page 281, strike out all after line 21 down to and including line 18 on page 283.

On page 285, line 22, strike out "2 cents" and insert in lieu thereof "1 cent."

On page 310, beginning in line 12, strike out "except other first-class matter on which the rate of postage under existing law is 1 cent for each ounce or fraction thereof" and insert in lieu thereof the following: "except drop letters and other first-class matter mailed for local delivery."

On page 310, strike out all after line 16 down to and including line 7 on page 311.

Mr. WALSH of Massachusetts. Mr. President, the tax bill now before us seeks to raise $1,250,000,000 of additional revenues for the Federal Government. Congress is in substantial agreement that this amount represents the absolute minimum of our requirements if we are to approximately balance the Federal Budget. Even with a billion dollars of additional revenue we shall still, for the time being, have to leave out of our calculations the sinking-fund requirements of our present bonded debt. We shall have to leave out of the calculation additional expenditures which in the present emergency probably can not be avoided; and we are proceeding also with a pledge to put into effect all possible economies in the operation of the Government.

Our problem, therefore—and, indeed, under the circumstances, our duty—is to levy additional taxes of sufficient amount to yield the additional billion dollars.

We have turned first to the question of what increases may properly be made in the rates of tax on individual income and on corporate profits. The House made substantial increases in these rates all along the line, and the Senate has still further increased the rates.

We have refused a proposal to still further increase the rates on individual incomes and to impose the war-time income taxes. We are being asked to reconsider that rejection, and those who favor the war-time income taxes contend that the additional revenues which we require should be obtained in that manner rather than in the form of excise taxes—either special excise taxes or a general excise tax.

They stress the argument that when our citizens pay income taxes they have a full realization of the tax burden, whereas the tax which is collected in the form of an excise tax is concealed; that the former is a direct tax and the latter an indirect tax, and that the direct method is to be preferred.

They contend also that excise taxes will in reality be paid by the same class of our citizens as now pay income taxes, and so, in effect, we are taking the money out of the same pockets, whether we take it in excise taxes or in still higher income taxes. In my judgment, this is a superficial and inaccurate appraisal of the situation. In the first place there are now outstanding in the country twenty billion of tax-exempt securities, and the income from this gigantic aggregation of capital is beyond the reach of any income tax we may impose and contributes nothing to the support of the Government. But we do reach the income from tax-exempt securities through excise taxes. Whatever part of this vast increment of wealth is expended for the purchase of goods, wares, and merchandise—and it may be safely assumed a large part of it is so expended—will be taxed under a general manufacturers' excise tax.

In the second place income received from dividends is not subject to normal income tax. An individual may have an income of as much as five or six thousand dollars annually in the form of dividends and pay no income tax whatever.

In the third place, under present conditions there are great numbers of persons who are living wholly or in part on their capital rather than their income, and their expenditures, which may run into very large amounts, are not reached by any income tax.

In the fourth place hundreds of millions of dollars are tied up in annuities and escape income taxes.

But, in my judgment, the most important reason for choosing a general manufacturers' excise-tax levy in the present emergency instead of looking to still higher income-tax rates as a source of revenue is the fact that it is preferable to elect a certainty rather than an uncertainty in the

matter of our revenues. The manufacturers' excise tax is a certainty. It will take effect immediately. Within 60 days from the enactment of the law the proceeds from this tax will begin to flow into the Treasury.

We have accurate figures as to the consumption of goods, but we have no accurate figures as to future individual incomes. No matter how high we make the income tax we obtain no money from this source until March 15 next year, and what we will obtain then on the basis of any given rate is fraught with a higher degree of uncertainty than ever before. In times like the present, when business has halted, when profits have vanished, when salaries have been cut or stopped altogether, and when large losses have been incurred on every hand, how can we determine what we can obtain in the form of a tax which is levied on net income or on profits?

We have spent much time in debating the question of tariffs, the levying of taxes upon imports. Many of us have strongly opposed the writing of any such tariff items into this revenue bill. But whether for better or for worse, that question, so far as action has yet been taken, has been settled; whatever may be said, it is perfectly apparent that little, if any, revenue from these tariff taxes will accrue to the Government, and it is with the question of raising revenue that we are principally concerned.

We have rejected the proposal to legalize 2.75 per cent beer and to tax it, and thereby obtain very large revenues. Instead we are surreptitiously taxing beer by levying an excise tax at a high rate on wort, an ingredient of home-brew, and upon grape concentrate, which is used in the making of wine. And when we reach this point of the bill, we are still several hundred million dollars short of our goal.

How are we to raise this money? What taxes are we to impose? That is the question, and the only question, which confronts us. With the exception of the proposal to increase the postal rates, which I shall discuss in detail later, we are proposing to levy at a high rate a limited number of excise taxes. Such excise taxes are the only source of revenue open to us. On the one hand, we tax income and profits, and when we go as far in that direction as we can safely go and obtain as much revenue from that source as we may safely obtain, and then find that we must still have additional revenues, we can only turn to excise taxes.

When we come to the question of excise taxes, we have a choice between selecting a few industries and a few products and imposing upon them a tax at a high rate, or taking all industries and all products and imposing on them a tax at a very low rate. The Ways and Means Committee of the House, faced with the necessity of making a choice between special excise taxes at a high rate and a general manufacturers' excise tax at a low rate, chose, without party or partisan considerations, the latter; and the bill as reported to the House, as we all know, carried a general manufacturers' excise tax. When the House itself rejected that tax it had no alternative but to impose high excise taxes on a very considerable number of articles. We have the same decision to make here, and if we are not willing to accept as an emergency measure a general manufacturers' excise tax we, too, must vote for a long series of special manufacturers' excise taxes.

There has been a vast deal of talk about a "sales tax," and the proposal recommended by the House Ways and Means Committee was popularly referred to as the sales tax instead of a manufacturers' excise tax. The amendment providing for a manufacturers' excise tax which I have offered is closely patterned after the manufacturers' excise tax originally in the House bill.

In fairness, it should be said that a general sales tax is an entirely different proposal from the manufacturers' excise tax. A general sales tax, as its very name implies, is a tax imposed every time an article is sold, and many articles are sold over and over again before finally reaching the consumer, with the result that under a general sales tax the consumer pays not one, but three or five or a dozen taxes. The tax is pyramided. No one, so far as I know, has proposed to this Congress a general sales tax. I oppose such a tax.

The manufacturers' excise tax proposal is to lev the tax once, upon the article in its finished state, but at its wholesale selling price, not at the retail price. It is quite true that this tax falls upon the consumer to pa and is therefore a tax upon consumption. But that is true of many of the special excise taxes which have been adopted. The principle is the same. In the final analysis it is a question of whether the consumer shall pay a high tax upon certain articles which he purchases, or a very low tax on a large percentage of his purchases. I say a large percentage of his purchases rather than on all his purchases, because we are proposing to exempt from any tax all food and all clothing, save high-priced shoes, suits, overcoats, and dresses, which are not to be exempted and which are to bear their share of the tax, as they should do, because they are purchased only by the well-to-do.

Before I discuss the present amendment for a general manufacturers' excise tax in detail, I want to direct the attention of the Senate and the country to the nature and effect of the special excise taxes which we have already voted and must impose if we do not accept the general excise tax. The Senate bill proposes taxes on automobiles, on trucks, on automobile tires, tubes, and accessories, at various rates but in substantial amount. The automobile industry insists that automobiles no longer may be classified as a luxury, but that they are in fact an everyday necessity and a vital transportation agency and an essential element in industry. I think we will all agree to that. And so there is no real justification for singling out automobiles, trucks, and tires to bear a special tax burden. We have as an excuse simply that it is a large industry and an easy target for taxation, and that positively it will yield large revenue.

We have now voted to put back into the bill almost all the other special excise taxes which the House was obliged to turn to when the general manufacturers' excise-tax plan was discarded.

We have put back into the bill an excise tax on certain toilet preparations at the rate of 10 per cent, and on furs, and on jewelry, and on radios, and chewing gum, and candies, and soft drinks, and matches, and firearms, and shells, and sporting goods, and cameras. Such special excise taxes are utterly indefensible, except upon the theory that we must have the revenue at any cost. They work the most manifest discriminations. Some of their proponents contend that these are luxury taxes and that, hence, only the rich will pay a tax. We have only to name a list of articles which we have singled out for these special taxes to show the utter absurdity of this contention that these are luxury taxes. If chewing gum, candy, and soft drinks are luxuries, they are the luxuries of the poor. What can we name that is more obviously a necessity than matches?

It seems to me, therefore, that there is little force in the objection raised against the general manufacturers' excise tax; that it is bad because it is a tax upon consumption, when, in fact, we are going to levying many taxes on consumption anyway. The only issue is how and where we shall levy it.

EXEMPTIONS IN AMENDMENT

Let me turn now to the question of what exemptions are to be made if we impose a general manufacturers' excise tax. Obviously, the further we go with exemptions the more we destroy the principle of a general tax and the more it becomes a special tax. And so, if the theory of a general tax at a low rate spread over all industry and all consumption very thinly is sound, we must proceed slowly and guardedly in the matter of exemptions.

The general principle has to give way to what we may regard as the necessities of the situation or to what may be termed "expediency." Under existing conditions in the country, most of us agree that, no matter how heavy taxes we are obliged to levy, no matter how great the necessities of the Government for revenue, it is unconscionable to tax the food and clothing of the poor. And thus, because we can not draw the line between food purchased by the poor and

that purchased by the rich, it is proposed to exempt from tax all food. That is the first exemption in the present amendment, and it is stated in just as broad language as it is possible to devise.

Second. We exempt all clothing, with the single limitation that shoes costing more than $5 a pair and articles of clothing costing more than $35 each are not to be exempt from tax. It is expressly stated that a suit of clothes or a dress, regardless of how many pieces it may consist, shall be regarded as a single article. In fact, therefore, all wearing apparel is exempted from the proposed tax except high-priced shoes and high-priced suits, overcoats, and dresses. I say "high priced" because the $5 figure for shoes and the $35 figure for wearing apparel are not the retail price but the wholesale price, which means, of course, that the only shoes and suits upon which any tax will fall are the sort offered for sale to the consumer at prices very much higher than the $5 and $35 figure.

Third. We propose to exempt all medicines other than patent or proprietary medicines. It seems to me there can be no argument on that point.

Fourth. We propose to exempt all agricultural products, and it will be noted that in the amendment the definition of agricultural products is made in as broad language as possible. In addition to agricultural products we propose to exempt agricultural implements and machinery, and because gas and electricity are included in the range of this general excise tax we specifically exempt all gas and electricity for farm use or for irrigation or other agricultural purposes. Fertilizers and fertilizer ingredients are exempted.

In other words, in the imposition of this tax we are saying first that the food of all persons and the wearing apparel of all persons excepting the wearing apparel of the prosperous are to be exempted from tax and that all agricultural products and most things the farmer employs in the production of his products are to be exempted from tax.

Then we exempt the workman's hand tools in order that the mechanic and the artisan may not feel that we are laying any tax upon the articles which he requires in the earning of his livelihood.

We exempt from this tax any article upon which an internal-revenue tax is now imposed under existing law. The most conspicuous example of this is the present tax on tobacco and cigarettes. Having taxed them once at a high rate we do not propose to tax them a second time.

We exempt newspapers, magazines, and other periodicals. We exempt books and music which is in raised print used exclusively by the blind and textbooks for use in the schools, and Bibles and articles used for religious purposes.

I submit that we have gone as far as we ought to go—and, indeed, it seems to me, as far as we can go—in the range of these exemptions. We have sacrificed a considerable amount of revenue in thus excluding from the tax food and clothing.

It has been said, with some force, that we ought also to exempt household furniture, and the cry has been raised that we are to tax the poor man's bed. It seems to me that the daily necessities of life, the food which must be purchased from day to day in order to sustain life, and the clothing which must be purchased in order to cover the body, are in a class by themselves. If we are to go farther and undertake to exempt household furniture, we open up an almost endless field of exemptions, including the expensive and luxurious furniture of the wealthy. Furthermore, it is almost impossible to administer. To attempt to differentiate between these articles would be almost as difficult as to exempt the low-price food of the worker's family and the expensive food of the affluent.

When we have established the boundary lines of a general manufacturers' excise tax and have determined what articles of commerce are to be included and what are to be excluded from its application, we have next to determine the rate of the tax to be imposed. In the broad aspect of the matter, the question of rate is the question of how much revenue we propose to raise by this tax.

I have been informed by the Treasury Department that under the terms of my amendment a rate of 1 per cent is estimated to yield in revenue the sum of $190,000,000; a rate of 1½ per cent is estimated to yield $287,000,000; a rate of 1¾ per cent is estimated to raise $335,000,000; a rate of 2 per cent, $380,000,000; and so on up the scale. Later estimates have reduced these figures. We should fix the rate at the lowest point consistent with the minimum necessities of the case. That is too obvious to require argument.

The amendment which I have offered specifies a rate of 1¾ per cent, estimated to yield, as I said a moment ago, $335,000,000. That rate represents my own judgment after long and earnest consideration. If we make the rate lower, we are not able to go so far in eliminating other tax items from the bill. If we make the rate higher, we can go further in eliminating other tax items from the bill. There is much that may be said on both sides when it comes to any particular rate.

I believe a fair approach to the whole question is to determine first whether we shall have a general manufacturers' excise tax instead of many special excise taxes; and if we decide that question in the affirmative, then and not until then do we need to decide the question of the rate at which this tax shall be imposed.

On the basis of the rate of 1¾ per cent, estimated to yield $335,000,000, our next step is to determine how this sum shall be applied; that is to say, what taxes provided for in the bill as reported by the Senate committee we can afford to eliminate if we substitute the general manufacturers' excise tax.

First, we propose to eliminate the 3 per cent tax on passenger automobiles, estimated to yield $44,000,000, and the 2 per cent tax on auto trucks, estimated to raise $4,000,000, and the 1 per cent tax on parts and accessories, estimated to raise $7,000,000. These are the rates and amounts provided for in the House bill, and the rates to which the Senate has now tentatively assented.

We are proposing to eliminate the special excise tax on tires and tubes, as finally recommended by the Senate Finance Committee, estimated to yield $33,000,000.

We propose to eliminate other special excise taxes, including proposed taxes on cosmetics, jewelry, furs, sporting goods, cameras, and firearms at the rate of 10 per cent; on mechanical refrigerators at the rate of 5 per cent; on candy and chewing gum at the rate of 2 per cent; on soft drinks at graduated rates; and on matches.

We are proposing to reduce the 2-cent tax on bank checks, estimated to yield $95,000,000, to 1 cent, thereby reducing the yield by one-half, and to eliminate entirely the proposed tax on real-estate conveyances, estimated to yield $10,000,000.

We propose to eliminate entirely the 4-cent transfer tax upon bond transfers which is now contained in the bill. Transfers of shares of stock have long been subject to a Federal tax, but this is the first time it has been proposed to impose a tax on bond transfers. The two taxes do not stand upon the same footing, since all except registered bonds are transferable from hand to hand without the necessity of any record. For this reason a tax on bond transfers is a difficult one to collect, and as a matter of sound public policy it has seemed to me best to avoid a bond transfer tax if we can.

We have proposed to eliminate entirely the tax on lubricating oils, at the rate of 4 cents per gallon, estimated to yield $35,000,000. The levying of such tax should be left to the States as a source of revenue as in the case of gasoline.

I propose to eliminate the tax on oil transported by pipe line. On the basis of a 3 per cent rate as carried in the Senate bill this tax represented an estimated yield of $6,000,000.

The amendment which I have offered also provides for the elimination of the proposed increase in second-class postage rates, which increase was estimated to bring in an additional $5,000,000 in postal receipts, and to exempt from the proposed increase in the first-class letter postage all letters mailed and delivered in the same community. This exemption, with respect to letter mail, makes a difference of $26,000,000, according to Post Office Department estimates.

The total of the estimated revenues of the items in the Senate bill for which it is now proposed to substitute the

general manufacturers' excise tax is $292,800,000. The recapitulation of these items is as follows:

Excise tax on—	
Passenger automobiles, Trucks, Parts and accessories	$55,000,000
Tires and tubes	33,000,000
Chewing gum	1,000,000
Radios	11,000,000
Cosmetics and toilet preparations	12,000,000
Furs	8,000,000
Jewelry	5,000,000
Mechanical refrigerators	6,000,000
Sporting goods	5,000,000
Firearms	2,500,000
Cameras	1,000,000
Matches	5,000,000
Candy	5,000,000
Soft drinks	7,300,000
Bank checks, from 2 cents to 1 cent	47,500,000
Tax on bond transfers	5,000,000
Tax on real-estate conveyances	10,000,000
Tax on oil transported by pipe line	6,000,000
Tax on lubricating oil	35,000,000
Tax on cigarette papers	1,500,000
Elimination of increase in second-class postage rates	5,000,000
Exemption of drop letters in case of first-class postage increase	26,000,000
	292,800,000

The difference between this total of $292,800,000 and $335,000,000, the estimated yield of the general excise tax at the 1¾ per cent rate, will in part offset the revenue which we have sacrificed in raising the exemptions in the case of the admissions tax. With the admissions-tax exemption at 10 cents, as was originally recommended by the Senate Finance Committee, the estimated revenue yield was $110,000,000. With the exemption at 41 cents, which has now been agreed to, the revenue yield is approximately $45,000,000, so that we have a $65,000,000 item to be made up.

Since all these figures were prepared, later estimates have reduced them but have not materially changed the relative ratios. If we eliminate additional items from the bill, we must either increase the rate of the general manufacturers' excise tax or we must pass a bill which falls short of the $1,250,000,000 of additional revenue which is our goal.

The question of the proposed increase in first-class postage rates from 2 cents to 3 cents is one of great consequence. I wish we could avoid any increase in postage rates, and at the outset of our consideration of this bill I entertained the hope that at least we could hold the increase in first-class rates to 2½ cents rather than to 3 cents. But I have come to the conclusion that in view of the amount of additional revenue, which we are obliged to provide under any circumstances and because of the large operating deficit in the Post Office Department, the increase to 3 cents in the first-class postage rate can not very well be avoided. It is proposed to exempt from the increase all letters mailed and delivered within the same town or city. I recognize fully the force of the contention that the postal deficit does not arise from losses sustained in the handling of first-class letter mail, but rather arises from parcel-post matter, costly air mail contracts, and ocean mail contracts, which are in the nature of subsidies to commercial aviation and to the American merchant marine.

I agree that many phases of our Postal Service require reconsideration by Congress, as well as by the Post Office Department, and that our whole policy with respect to subsidies should be reexamined, that perhaps all postal rates ought to be revised. But we ought not delay the passage of the revenue bill on that account. As a practical matter, at the present moment we must either substantially increase postal revenues or we must impose additional taxes in some other direction to make up the deficit in present postal revenues, and it has seemed to me that under such circumstances certainly the most expedient course, and probably the fairest course, is to increase postal revenues, and to obtain this increase by raising the first-class postage rate.

ARGUMENTS AGAINST AMENDMENT

Let us now consider some of the objections most frequently raised to the amendment which I have offered.

One of the chief arguments is a mistaken one, in that it confuses a general sales tax with this proposal of a manufacturers' excise tax. Let us define these two forms of taxation.

A general sales tax, such as is in operation in many countries, particularly in France, is a tax levied on all sales, with the result that a given article, by the time it reaches the consumer, has borne several taxes at the various stages of transfer. For instance, where a general sales tax is levied, a small tax is levied on the producer when he transfers the article to the dealer in raw materials. Another tax is paid by the dealer in raw materials when he transfers or sells the product to the manufacturer; another tax when the manufacturer sells to the wholesaler; and another tax when the wholesaler sells to the retailer; and sometimes a tax when the retailer sells to the consumer.

The manufacturers' excise tax proposed in this amendment leaves one tax only on the finished manufactured article. There is no tax to be paid by the producer of the raw materials or in any of the intermediate stages of transfer or sale. This amendment provides for the issuing by the Federal Government of a license to all manufacturers and producers doing business in excess of $20,000 annually. The purpose of this license is to allow tax-free transfers from manufacturers and producers when the article is to enter into further manufacture or production, with the result that there is no tax until the last manufacturer sells the completed article.

For illustration: Let us take an iron producer. The company operating the mine, under the licensing system, would be able to sell tax free to, say, the smelter which converted the ore into pig iron; then the smelter would be able to sell tax free to a licensed rolling mill, which converted the pig iron into sheet steel. Then, under this system, that mill could sell tax free to, for instance, a manufacturer of automobile bodies, and that manufacturer could sell his bodies tax free to a manufacturer of automobiles. But, when that manufacturer sold the completed automobile to a wholesaler or dealer or user, the tax would then be imposed. That would be a tax on the value of the finished article.

If, along the line, one of these dealers or intermediate manufacturers sold the partly manufactured article to an unlicensed person, so that the tax was payable, and if that article was later purchased from the unlicensed person by a licensed manufacturer, and used in making a finished article on which the tax was imposed, there is provision for a credit of the tax paid on the prior sale, so that in no case is there duplication of the tax on any article.

The advantage of the license system is not only that of prevention of pyramiding the taxes but also it gives a convenient method of determining what sales are taxable and what sales are not taxable.

Take the case of a mill producing textile cloth: The goods which that mill would sell to a licensed manufacturer of automobiles would be exempt, but the finished yard goods that he would sell to a retail store, to be sold to consumers by the yard, would be taxed when sold by the producing mill.

Second. An objection often heard is that this is a tax on the poor man and bears more heavily upon him than upon the well-to-do. The answer to this objection is, first and foremost, that the principal purchases of the so-called poor man are exempt from taxation; namely, his food and clothing. Furthermore, there is no tax upon his rent, as this is a tax upon manufactured articles. This tax might apply to materials used in future buildings, but would not apply to any buildings already constructed. Furthermore, the tax is only temporary, for two years. It does not come with good grace from Senators to object to this tax of 1¾ per cent on lumber when they have already in this bill voted a sales tax of 33⅓ per cent on lumber used in the homes of the poorer classes, through the tariff item of $3 per 1,000 feet of lumber. The same is true of coal, with a tariff tax of about 45 per cent ($2 per ton) on a ton of coal.

Third. A third objection, which is a variation of the same argument, is that the tax is not based on ability to pay, as the income-tax rates are. The answer to this is that it is a tax on ability to pay. The man whose purchases are small and limited absorbs a very small proportion of this tax, assuming that it is transmitted to him when he buys. The wealthy class, outside of those who may be included in the

miser category, spend in proportion to their incomes and therefore are taxed in proportion to their purchases. Furthermore, they pay more, in proportion to their purchases, than the so-called poorer classes, because they buy very much more of the finished articles that are not tax exempt. The poor man spends the great bulk of his money for food, clothing, and rent, while the rich man spends much more of his money for other things. For that reason, a tax is imposed here on clothing that the so-called prosperous class would purchase, while there is no tax on the clothing of the poorer classes.

So far as I am concerned, I would be glad to exempt only the cheaper-priced underwear, socks, ties, and so forth; but this can not be worked out administratively without including exemptions upon the expensive underwear, socks, and ties which the well-to-do purchase in large quantities. Thus it has been necessary, in order to exempt these articles used by the poorer classes, to even extend that exemption to the higher-priced underwear, hats, ties, and other clothing. The amendment permits shoes of less than $5 in wholesale value to be untaxed, and suits, coats, and dresses, and other articles of clothing of less than $35 to go untaxed. The figure 35 is thought to be sufficient to exclude all suits and overcoats retailing under $50. It is to be noted, for instance, that hats are exempt from taxation, but hats costing over $35 would be taxed. This would enable this tax to reach, in addition to the import tax, all expensive clothing imported from abroad or expensive domestic clothing.

The Bureau of Labor Statistics in 1930 conducted a survey of the budgets of 100 families, covering the full year of 1929, of employees of the Ford Motor Co. at Detroit. Each of these families included husband and wife, not less than two nor more than three children.

The average income of the family, based on earnings of $7 per day, in the Ford Motor Co. was $1,711.87. The average expenditures of the 100 families was $1,719.83, leaving an average deficit for all families of $7.96. These expenditures were divided as follows:

Study of 100 families

[Average size of family, 4.5. Average income per family, $1,711.87]

	Average yearly expense	Per cent of yearly expense
Clothing	$210.67	12.2
Food	556.12	32.3
Housing	388.81	22.6
Fuel and light	103.20	6.0
Total		73.1

So by the terms of the general manufacturers' excise tax amendment now before us a family whose income averages $1,711.87, as does that of the Ford worker's family would be exempt from any tax on 73.1 per cent of such income.

The remaining 26.9 per cent of the income of such family was distributed among furniture and house furnishings, life insurance, street-car and bus fares, expenses of sickness, school expenses, cleaning supplies, barber, and miscellaneous.

Fourth. Another objection heard is this: As a temporary measure and for the purpose of balancing the Budget it would be acceptable except that it is likely to become a permanent policy.

The answer to this is that this is limited to two years and will require an affirmative vote of Congress, after the tax has been thoroughly tried out, to have it renewed and established as a fixed principle.

Fifth. Another objection sometimes heard is that this tax, being such an easy revenue producer, is likely to encourage extravagance in governmental expenditures. The best answer to this is that without this tax the Government has reached the peak of extravagance in Government expenditures. Whatever validity this argument may have if the tax remained permanently in force, it can hardly be argued that the introduction of the tax as a temporary necessary measure to meet existing Budget requirements is likely to lead to additional appropriations by the Congress.

It does not seem to me that this argument is entitled to much weight under existing circumstances, in view of the temporary character of this tax and in view of the present drive to reduce Government expenditures.

Sixth. Another objection by people who urge higher income-tax rates is that this tax is unsound and a burden on productive industry; that it bears upon the industry which is struggling along or perhaps losing money, as well as on the prosperous industry.

The answer to this is that the Senate and House have refused to accept any higher income-tax rates than those in the bill on the theory that under existing conditions higher income-tax rates would be too burdensome and would tend to repress the movement to revive business. This means that we must go to some other source for revenue, and, broadly speaking, the only other source is some form of a tax on consumption, as distinguished from income, so that the choice now before us is between a broad general manufacturers' tax resting lightly on all industries and heavy taxes on selected industries, which, in order to raise the necessary revenue, must be imposed at high rates, with a very marked repressive effect upon those industries and, in some cases, a serious disturbance of competitive conditions.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WALSH of Massachusetts. I have concluded.

Mr. SMOOT. I think the Senator ought to call attention to one other immense advantage in the tax he proposes, which is that by changing one figure, if it were adopted, we could either provide an increase or a decrease in revenue. It would be necessary merely to change one figure; that is all.

Mr. TYDINGS. Or one percentage.

Mr. SMOOT. Or one percentage. If the tax, for instance, were 1¾ cents, as provided in the pending amendment, and it were found necessary to secure slight additional revenue, that figure could be changed to 2 cents and we would immediately know just exactly what revenue would be derived from it.

Mr. WALSH of Massachusetts. The statement of the Senator from Utah is entirely correct, and I am glad he has called attention to that additional advantage which would accrue from the adoption of the amendment.

Mr. REED. Mr. President, before the Senator takes his seat, will he permit a question?

Mr. WALSH of Massachusetts. Certainly.

Mr. REED. Last night over a nation-wide broadcast the Senator from Massachusetts made a very remarkable speech on this subject. I wonder if he would permit me to ask that a copy of it be inserted in the RECORD at the conclusion of his remarks of to-night?

Mr. WALSH of Massachusetts. If the Senator thinks it is worthy of that, I shall be glad to have it done.

The VICE PRESIDENT. Without objection, that order will be made.

The address is as follows:

"THE EMERGENCY MANUFACTURERS' EXCISE TAX," SPEECH OF HON. DAVID I. WALSH, UNITED STATES SENATOR FROM MASSACHUSETTS, IN THE NATIONAL RADIO FORUM MAY 30, 1932

This day is consecrated to the memory of our dead, not only those who in life were near and dear to us personally but more particularly in a public way, to the departed heroes who valiantly served our country in her days of trial. To-day millions of us have visited their last resting places and have lovingly strewn upon their graves the fresh blooms with which nature during these spring days has adorned our hillsides and valleys.

Our thoughts have been solemn, serious, and tinged with sadness. Possibly some of us have had stirring in our breasts to-day a feeling of discouragement over the plight which is ours, a feeling which one of our poets expressed when he cried out—

"I am tired of planning and toiling
In the crowded hives of men;
Heart weary of building and spoiling,
And spoiling and building again."

I am sure, however, that the spirit which thrilled and inspired the devoted women who received the message of the angel at the tomb of the risen Christ on Easter morn, "Why seek ye the living

among the dead? He is not here, but is risen," has entered our souls also.

We are not to linger in remorse and despondency at the tomb; our work is among the living, to bear our life burdens with resignation, to perform our daily tasks courageously, actuated by the high ideals that we love to associate with the memory of our dead, and which are, in the last analysis, the most cherished legacy they have bequeathed to us. Faithfulness to ideals, devotion to duty, sacrifice for exalted causes, love of neighbor and country, are the rays of light and hope that emerge from the clouds and mist which separate us from our departed ones.

This Memorial Day finds us greatly disturbed and frightened. Men and women who are willing to work are out of employment. Many business men are in bankruptcy. Many persons have seen their life's savings disappear almost over night in the great fall of quoted prices of goods and securities, and the failure of business organizations and banks. There is more poverty and poignant apprehension of poverty than we believed was ever possible in our hitherto bounteous land.

We grumble over what we regard as the heavy burden of taxation. We are worried and anxious over the ever-increasing expenses of government. We become excited over political differences. We have admittedly deep and grave social problems with which to deal. We must not, we can not minimize these matters, but we should compare them so far as possible with our blessings. If we turn back the pages of our history we will find our present hardships, unbearable as they may seem, not nearly as disastrous as those bravely endured by our forefathers who founded the Nation, or by those who served us on the battlefields. We must not lose the sustaining comfort that our departed possessed. It was their thought and belief, either on the battlefields or in the council halls of the Nation, in the wise guidance and the protecting power of omnipotent God which sustained them. We, too, will find comfort and strength from the same source. Our very troubles should make us realize and understand the futility of our efforts without steadfast reliance in the God of nations.

Let me turn now to the subject of my radio talk. The Congress of the United States is now engaged in grappling with a very grave problem, one fraught with serious consequences as to the immediate future of our country. It is the question of maintaining security and confidence in the credit of our Government. It is the basic undertaking necessary to prevent a further precipitation of the depression and to turn back the tidal wave of despair that surrounds us by establishing hope, confidence, and courage in the business life of the Nation.

That the tax bill now pending before the Congress will result in balancing the Budget, or at least in approaching that end, the public may well feel assured. There is one aspect of the bill now before the Senate on which I want particularly to speak, and I do so only because of my belief that the proposal which I favor would do more than any other which has been under consideration to assure a balanced Budget and a confidence that will assist tremendously in preparing the way for a business revival and for lessening unemployment, substituting hope for fear throughout the Nation.

The problem just now before the Congress is to obtain at least $1,000,000,000 of additional revenue for the Federal Treasury. We have suffered an extraordinary decline in the revenues derived from our existing taxes. The income of the Government has been cut in half, while our expenses have remained at a high level.

In the past taxes on individual incomes and on the profits of business and corporations have furnished the Government with the bulk of its income. We have, to be sure, derived large sums from taxes on imports and from our present taxes on tobacco. But with the decline in trade there has been a large falling off in our revenues from import taxes and at the same time our revenues from individual income and corporate taxes have undergone an extraordinary decline.

We are proposing large increases in income-tax rates and a substantial increase in the tax on the profits of corporations. But from the beginning of the consideration of the present bill it has been perfectly obvious that this source alone could not be relied upon to supply the full measure of our requirements.

It is apparent that under present conditions individual net incomes have undergone a tremendous shrinkage. It is immaterial how high the tax is on profits if there are no profits to tax. The extent to which profits have vanished is graphically revealed by recent figures covering the combined experience of 387 of the great corporations of this country during the first three months of the present year. Corporate profits in 1931 were none too good. We had a depression then, but for the first quarter of 1932 the net profits as shown by this cross-section of the business of the country were 73.8 per cent less than the 1931 record, and in the case of 59 railroads the combined deficit for the first quarter of this year was more than $47,000,000.

In the light of such figures the fallacy of contending that we can balance the Budget by increasing the taxes on incomes and gross profits is clearly exposed. Congress, not from choice but from necessity, has had to turn to new sources of taxation. We are turning to excise taxes to be imposed upon goods or upon services because it is the only remaining avenue of taxation open to the Federal Government. Here, again, as in the case with income taxes and with corporation taxes, our aim should be to impose excise taxes, often called sales taxes, in accordance with capacity to pay, and to distribute them as equitably as possible, with the least oppressive burden upon business or the individual.

The bill which passed the House and the bill in the form now before the Senate does not, in my judgment, accord with that principle. It includes a vast number of special excise taxes. It selects certain industries and certain products to bear this new tax burden. It imposes different rates on different articles and different industries, without consistency or any reasonable theory other than a guess at what the traffic will bear. It is proposed to tax automobiles at one rate, automobile tires at another rate. It is proposed to put a tax on candy and chewing gum and a variable tax on soft drinks. It is proposed to put one tax on furs, another on jewelry, on sporting goods, on toilet goods, and so on.

An illustration of the inequities and indeed the absurdities in which we find ourselves in the imposing of these special excise taxes is furnished by the proposed tax of 4 cents a gallon on lubricating oils. Lubricating oils are used extensively in industry and in motor vehicles. The price of the oils ranges from 8 cents a gallon to $1 a gallon, but the tax is to be 4 cents a gallon regardless of price, which means that we are proposing to put the equivalent of a 50 per cent tax on the oil in industry and a 4 per cent tax on oil used in motor vehicles. Such special excise taxes are utterly indefensible, except upon the theory that we must have the revenue at any cost. They work the most manifest discriminations. They disrupt business and industry and they raise unfair competitive barriers.

The alternative for these so-called selective excise taxes—selected, I may say, at random—is a general excise tax which shall be levied upon all industries alike at a low uniform rate. This, in brief, is my proposal, and it is referred to as the manufacturers' excise tax. It is indeed one kind of sales tax, and so indeed all of the excise taxes in the bill are sales taxes. Indeed all taxes are sales taxes. But in fairness it should be understood that a general turnover sales tax is an entirely different proposal from the emergency manufacturers' excise tax which is now before Congress, and which is embodied in the amendment which I have offered to the Senate bill.

A general turnover sales tax, as its very name implies, is a tax imposed every time an article is sold, and many articles are sold over and over again before finally reaching the consumer, with the result that under a general sales tax the consumer pays not one but three or five or a dozen taxes. The tax is pyramided. No one, so far as I know, has proposed to Congress a turnover sales tax of this character. Personally I am unalterably opposed to any such proposal. A manufacturers' excise tax, on the other hand, is to levy the tax once upon the article in its finished state, but on its wholesale selling price, not on the retail price.

The objection most often raised against a tax of this character is that it is a tax upon the consumer, and to the extent that the tax upon the manufacturer becomes one element, although a very small element, in the total cost of his product, it is true that in many cases this tax will fall upon the consumer, though in my own judgment a manufacturers' tax at as low a rate as we have proposed, namely 1¾ per cent, will be absorbed by the manufacturer in many more cases than the opponents of the tax are ready to admit.

But in order that there may be no departure from the principle of levying a tax on the basis of capacity to pay, and in order that it may not be said that we are levying a tax upon the necessities of life and laying new burdens on those least able to bear them and adding to the hardships of the victims of the depression, the general manufacturers' excise tax, if it be imposed, will exclude all food and articles of clothing except expensive wearing apparel of the rich. Medicines will be exempted; also workingmen's tools, newspapers, and periodicals, and articles for religious worship. In addition, I have proposed to exempt from the tax all products of the farm and all agricultural implements.

It has been repeatedly shown that in the families with incomes of $2,500 or less their food, clothing, and lodging account for more than 70 per cent of their total expenditures. Their other expenditures are for carfares and lunches, recreation, insurance, and savings, doctor bills, dentist bills, papers, magazines, and incidentals, laundry, church contributions—practically none of which are reached by this tax. This leaves one item which may be reached for taxation, namely, household-equipment upkeep, and this is estimated to constitute on the average between 4 and 5 per cent of the family's expense; and on this small item of the family's expenditures, hardly more than $100, we are proposing to levy a tax of 1¾ per cent, or $1.75, yearly on the wholesale value of their purchases. I submit, therefore, that so far as the citizen of limited means is concerned, the burden of the sales tax which we are proposing is infinitesimal.

In the case of the prosperous and the wealthy the contribution which they will make to the Federal Government through the medium of the manufacturers' excise tax will depend on the volume of their expenditures, and I submit that there is no fairer way of measuring their capacity to pay a tax than to measure it by the volume of their purchases, plus the graduated income tax already levied on them.

In a word, the manufacturers' excise tax, because of the exemptions which it carries, will not increase the cost of living to the masses, but it will tax the purchases of the well to do and the rich.

There is one other aspect of our tax problem of high importance which has figured but little in the current discussions of the subject. There are now outstanding $20,000,000,000 of Federal, State, and municipal bonds and notes which are tax exempt and which are beyond the reach of any income tax which Congress

may lawfully impose. In addition to the twenty billions of wholly tax-exempt securities there are twelve billions of Government bonds partially exempt, in that the income therefrom is not subject to the normal tax. From these tax-exempt securities flows a vast annual volume of income which pays practically no tax, a large part of which is beyond the reach of the income tax, and can be reached, if at all, only through the medium of a tax upon expenditures, which is the principle of the manufacturers' excise tax.

In addition to this, the owners of stocks in domestic business corporations received in 1930, according to Treasury figures, over $4,000,000,000 in dividends. We do not levy the normal income tax on such dividends because of the fact that the corporation has already contributed a percentage of its profits out of which dividends are paid. Here is another vast sum of money in the possession of the so-called prosperous classes which we can reach with a consumption tax levied on the expenditure of this money in trade.

Nearly $2,000,000,000 is turned back annually from the treasuries of life-insurance companies to their policyholders in the form of annuities or death losses. This money is not taxable income, but if spent, will help bear the tax burden.

Time does not permit of further amplifying the advantages of a manufacturers' excise tax, but this ought to be said in conclusion, that in the present emergency it is preferable to elect a certainty rather than an uncertainty in the matter of revenues. The manufacturers' excise tax is a certainty. It will take effect immediately. Within 60 days of enactment of the law the proceeds will commence to flow into the Treasury. We have accurate figures as to consumption of goods, but we have no accurate figures as to future individual incomes or future business incomes. No matter how high we make the income tax, we obtain no money from this source until March 15 of next year, and what we will obtain then on a basis of any given rate is fraught with a higher degree of uncertainty than ever before.

The opponents in the Senate of the proposition I have just discussed, together with a few Senators who claim to favor the manufacturers' excise tax, all to the number of 55, signed and filed in the Senate to-day a round robin declaring their unwillingness to vote for any form of a general sales tax. Their explanation for this action is that they desired to prevent "unnecessary prolongation of debate."

This action, most unusual and unprecedented in the history of American legislation, will not forestall the presentation of the amendment providing for a general manufacturers' excise tax. Indeed, I believe when a full realization of the grave crisis in the country is manifest, we can confidently expect the patriotic spirit of Senators to assert itself and effect an abandonment of their pledge, especially when the importance of turning to the manufacturers' excise tax is found to be the surest and best method of balancing the Budget and the surest method of establishing unmistakable confidence in the credit of the United States Government.

The country now understands the issue—a low rate of tax widely distributed, or high taxes narrowly distributed. If we may judge from the avalanche of letters and telegrams and editorial expression on this question in recent weeks from all parts of the country representing all walks of life, wholly nonpartisan and patriotic, motivated only by a desire to assist the Government in this critical hour, we must conclude that the country is overwhelmingly in favor of the general manufacturers' excise tax as the lightest and the most equitable new tax to levy in this emergency.

Mr. REED. Mr. President, I simply want to say that I had expected to make some remarks on this subject, but nothing that I could say could add to the force of what has been so very ably said by the Senator from Massachusetts. I merely want to let the subject go with the statement that many of us agree with every word that he has so capably said.

Mr. GLASS. Mr. President, there was printed in the RECORD of yesterday a list of names of those Senators who thought it would be injudicious to press this proposed manufacturers' sales tax, and my name appeared in the list.

I signed the paper, and I have no regret or apology to make for having signed it, because it was represented that there was a group in the Senate determined upon a protracted discussion and a long delay of ultimate action on the tax bill, and I was not willing that the country should endure, in my view, the disastrous effect of a thing of that sort.

By a careful reading of the introductory lines of that list, it will be noted that no signer of it committed himself against the principle of a manufacturers' sales tax; and I, at least, want my own constituents not to misapprehend the vote that I shall be compelled to cast here because of my signature to that paper. In ordinary circumstances I should unhesitatingly vote for a manufacturers' sales tax.

Mr. DILL. Mr. President, I do not want to take the time of the Senate, but there appeared in yesterday's New York Times a dispatch from Paris regarding the French sales tax. This article reviewed the history of the tax, and its unpopularity there, and its workings there. I ask that it may be printed at this point in the RECORD as part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

[From the New York Times of Monday, May 30, 1932]

FRENCH SALES TAX IS MOST UNPOPULAR—MANUFACTURERS, WHOLESALERS, AND RETAILERS FIND THE MEASURE HURTS THEIR BUSINESS

PARIS, May 29.—There is no more unpopular tax in France than the turnover or sales tax which has been in operation for the past 10 years and has always been regarded as a special, not a permanent, measure. During the last election there was an urgent demand all over the country for the suppression of the tax, for none contributes more to the cost of living and none is more troublesome to commercial life.

During the financial year 1929–30 a total of 1,119,740 manufacturers and wholesale and retail business men paid the tax, which produced 10,803,000,000 francs (about $432,120,000). For each of these taxpayers the amount involved was relatively small, usually about 2 per cent of all sales. But when first the manufacturer, then the wholesaler, and then the retailer has each paid a 2 per cent tax the price of any article to the consumer begins to increase beyond all reason.

In a majority of cases in France the tax is paid monthly on the basis of the previous month's turnover. A special bureau of revenue officers has charge of these tax accounts and the officers have authority to investigate the books of any company or trader suspected of fraud. Most small businesses, like little shopkeepers doing a business of less than $2,000 a year, pay a forfeit.

The tax is not applied to agriculture or merchandise exported either to the colonies or abroad. On the other hand, certain industries, such as soap and oil manufacturers, pay the whole 6 per cent.

In some luxury trades the tax rises as high as 3 or even 6 per cent; and when 6 per cent is added to each sale operation, the cost of de luxe articles is considerably increased over their cost in other countries where the sales tax is not applied.

The French Government officials admit that while the sales tax is excellent as a revenue producer, it has two great disadvantages: First, the cost of collection is considerable and necessitates an increasing revenue staff. Second, the income from the tax fluctuates with the volume of business.

In France, where the amount collected represents one-fifth of the total budget, the result during the past two years of depression has been that the revenue from this tax has fallen far below the estimates, and the decline has been largely responsible for the budget deficit. During the current year the falling off is expected to be even greater.

Mr. BAILEY. Mr. President, I shall not detain the Senate more than five or six minutes, realizing the lateness of the hour and the weariness of us all.

I have voted in the consideration of this tax bill very consistently with the committee report and under the impulse of duty. It seemed to me that it was my duty to support the bill, regardless of personal objections, because it was the only bill before us; it was approved by a great committee; and amendments and discussions tended to delay at a time when I think we all must have realized that expedition was indispensable to the welfare of the country.

I regard a great many of these special excise taxes as obnoxious, as vexatious, and as utterly ineffectual. Now that this amendment is before us, I am put to the choice between what is known as the manufacturers' limited excise tax and this long series of vexatious, obnoxious, injurious, and ineffectual excise taxes.

I shall make my choice according to my judgment. I shall vote for the substitute offered by the senior Senator from Massachusetts. I am going to test the matter with just a few questions and with no discussion of the questions.

Which of the two taxes—or the two sets, if I may use the expression—is the more certain to raise the revenue? Shall we look to the whole superstructure of America's industrial life in this time of uncertainty or shall we look to a few special sources?

Again, which of the two sets will produce the most revenue; a low rate on the manufacturer's output, exclusive of food and of low-priced clothing and of medicine and of fertilizers and of farmers' supplies and of workingmen's tools, all the rest and the remainder of our industrial output being taxed at the point of the finished product—which will raise the most revenue; a tax so broad and universal, or a tax limited to a few articles?

I do not think I have to answer the question. The difference is the difference between a general rain and a street sprinkler.

Which of the two taxes will interfere least with business? That is a matter of primary concern here. The great problem in America to-day is to get money in circulation. So far as I know, there is nothing on earth that will circulate money except profitable enterprise. Which of these two forms of taxation will tend the least to press against the profitableness of enterprise—a low rate on a broad and wide-sweeping structure, a rate of only 1¾ per cent, easily borne and easily absorbed and quick to disappear, or high percentage rates on a series of special subjects of taxation?

Which of the two will give America and the world assurance that the Government of the United States means not just to make a gesture by way of balancing her Budget but means actually to balance it?

It was the senior Senator from Pennsylvania [Mr. REED] the other day who said that all the nations of the earth were looking to the Senate of the United States. I think that is true; but what comes home to me in an hour like this is that 120,000,000 American men and women and children are looking to the Senate. They were looking back yonder, some months ago, with hope, and a little later with expectation, and more recently with impatience, and to-night with wonder and, I fear, with despair.

There are legislators who seem to have a fear of those 120,000,000 men and women and children in America, a proper fear which I would not criticize; but I believe that this American people is to-day as capable of solidarity and of greatness and of faith and of sacrifice as it ever was in all its past, as capable as it was in the great day when we went forth to determine the World War.

I believe, and I would trust myself with that belief, that if we should impose this general, limited, manufacturers' excise tax it would reach out lightly; and even though it touched millions of people, they would rejoice in their opportunity to make a contribution to the welfare of our country in a time like this.

Which would give greater assurance, a low tax on a broad base or high percentages on a narrow base? I do not have to answer the question.

I ask another question, Which of these two forms of taxes would tend to support the program of relief into which we must go within the next few days? I do not hesitate to say that that program can not be projected upon these special taxes, and I do say that it would rest upon a solid foundation if it were based upon this general, light but far-sweeping and broad tax.

Again, which of the two taxes would prove less obnoxious? Consider that for a moment. We are going into the admission-tax business, we are going into the tariff-tax business, we are going into the stamp-tax business, we are going into the conveyance-tax business, we are going into the bank check-tax business, we are going into every conceivable form of nuisance and vexatious taxes. On the other hand, we are offered a tax which would raise quite as much money and raise it more easily and more surely and vex nobody on earth.

Finally, where would the burden of the two taxes fall? I do not hesitate to say, Mr. President, that the burden of this series of excise taxes would fall more heavily on the poor of America than would the burden of the limited manufacturers' excise tax.

Who will pay the tax on gasoline? It is my judgment that if there is one class of men on earth more entitled to use an automobile or truck than another, if there is one class of men to whom the truck or the automobile is more indispensable than to another, it is the farmer. Do they plow their fields to-day, they plow them with gasoline. Do they haul their supplies, their fertilizers, and their implements to the farm, they haul them with gasoline. Do they market their crops, their livestock, their butter, their milk, and their poultry, they market them with gasoline.

When we impose this tax on gasoline we impose a tax of from 5 to 6 or 7 per cent per gallon, 1 cent in 12 or 1 cent in 16, as the price may be, according to locality, upon every gallon that turns the wheels of the farmer's trucks or pulls the farmer's plow or hauls his produce to market at a time when it is well known and when many of us are very often reminded that it is exceedingly doubtful whether there is a farmer in the United States who is making the slightest profit upon his labor from sun to sun and month to month and year to year.

Now consider the bank-check tax. Upon whom does that fall? Does it fall upon the man who has a great bank account, or upon the thousands of people who are trying to save a little in the small bank? At a time when every one of us is undertaking to encourage our people to save money, and to put it in a bank, at a time when the temptation not to put money in banks is a little bit greater than any of us would like to have it, we put a tax upon those who undertake to save money, and we charge them a price for putting their money in the bank, and, at the same time, we put on a campaign urging them to do that very thing.

Who pays the movie tax? The poor. The rich people do not go to movie places. They can find their diversions at Palm Beach or Newport. They can have their grand operas. But if the wives of the poor and the children of the poor are to have surcease from toil and release from the cares of the day, whatever else we may say about the movies, they are the places where the families of the poor can gather for their entertainments.

I could go through the whole list. Who pays the tariff tax? The poor. Who pays the tax on the automobile? All this talk about a man living in luxury because he has an automobile is an absurdity. We see them in the streets wherever we go. An automobile is not a badge of wealth.

Who pays the communication tax? The great middle class of America. Who uses the telephone? Who uses the telegraph? If those institutions depended upon the people of wealth to maintain them, they would not have one-tenth of the mileage they have at the present time.

There is levied a conveyance tax, and a power tax, which will be passed on to the mill and the little home. In my State the cotton mills, which use the power, have been running for a year merely in the interest of keeping their workers alive, not to make money. The cotton mill has ceased to be the picture of an industry in North Carolina. It is the picture of an institution around which are gathered a few people who are kept alive by the operation of the motor and the turning of the spindles.

Mr. President, there are other reasons I could give as to why the Senate should agree to this amendment, but these are enough. I shall vote for this tax, in the assurance that it is the better tax, that it is the wiser tax, that it is the least obnoxious tax, that it is a tax before this body which would rest less heavily upon business than any other tax proposed and rest more lightly upon the poor of the United States.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from Massachusetts [Mr. WALSH].

Mr. WALSH of Massachusetts and Mr. REED called for the yeas and nays, and they were ordered.

Mr. WALSH of Massachusetts. Mr. President, in order that the RECORD may be clear, I would like to refer to the introduction into the RECORD a moment ago by the Senator from Washington [Mr. DILL] of an article from the New York Times pointing out the fact that the sales tax in France was unpopular. The sales tax in France referred to is the turnover tax, which no one is proposing and no one favors in the United States.

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll on agreeing to the amendment of the Senator from Massachusetts.

The Chief Clerk proceeded to call the roll.

Mr. BAILEY (when his name was called). I have a pair on this vote with the Senator from Idaho [Mr. BORAH]. I understand if present he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. DAVIS (when his name was called). I have a pair with the junior Senator from Tennessee [Mr. HULL]. In

his absence I withhold my vote. If that Senator were present, he would vote "nay." If I were at liberty to vote, I would vote "yea."

Mr. LOGAN (when his name was called). On this vote I have a pair with the junior Senator from Minnesota [Mr. SCHALL], who is absent. If he were present, he would vote "nay." If I were permitted to vote, I would vote "yea."

Mr. PATTERSON (when his name was called). On this vote I have a special pair with the senior Senator from Virginia [Mr. SWANSON]. I understand that on this question he would vote "nay" if present. If I were permitted to vote, I would vote "yea."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. In his absence I withhold my vote. If I were permitted to vote, I would vote "yea." If the Senator from Tennessee [Mr. MCKELLAR] were present, he would vote "nay."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the Senator from Colorado [Mr. COSTIGAN] is necessarily detained from the Senate. If present, he would vote "nay."

Mr. DICKINSON. I desire to announce the pair of the senior Senator from Iowa [Mr. BROOKHART] with the senior Senator from Colorado [Mr. WATERMAN]. If the senior Senator from Iowa were present, he would vote "nay"; and if the senior Senator from Colorado were present, he would vote "yea."

Mr. FESS. I wish to announce the following general pairs:

The Senator from North Carolina [Mr. BAILEY] with the Senator from Idaho [Mr. BORAH];

The Senator from Colorado [Mr. WATERMAN] with the Senator from Iowa [Mr. BROOKHART];

The Senator from Illinois [Mr. GLENN] with the Senator from Louisiana [Mr. LONG];

The Senator from Kentucky [Mr. LOGAN] with the Senator from Minnesota [Mr. SCHALL];

The Senator from Pennsylvania [Mr. DAVIS] with the Senator from Tennessee [Mr. HULL];

The Senator from Missouri [Mr. PATTERSON] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from Delaware [Mr. TOWNSEND] with the Senator from Tennessee [Mr. MCKELLAR].

If present and voting, Senators BAILEY, WATERMAN, GLENN, LOGAN, DAVIS, PATTERSON, and TOWNSEND would vote "yea"; and

If present and voting, Senators BORAH, BROOKHART, LONG, SCHALL, HULL, SWANSON, and MCKELLAR would vote "nay."

Mr. GLENN. I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is necessarily absent. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

The result was announced—yeas 27, nays 53, as follows:

YEAS—27

Austin	Fess	Keyes	Vandenberg
Barbour	Goldsborough	Metcalf	Wagner
Bingham	Hale	Moses	Walcott
Broussard	Hastings	Reed	Walsh, Mass.
Coolidge	Hawes	Shortridge	Watson
Copeland	Hebert	Smoot	White
Dale	Kean	Tydings	

NAYS—53

Ashurst	Couzens	Jones	Robinson, Ind.
Bankhead	Cutting	Kendrick	Sheppard
Barkley	Dickinson	King	Shipstead
Black	Dill	La Follette	Smith
Blaine	Fletcher	Lewis	Steiwer
Bratton	Frazier	McGill	Stephens
Bulkley	George	McNary	Thomas, Idaho
Bulow	Glass	Neely	Thomas, Okla.
Byrnes	Gore	Norbeck	Trammell
Capper	Harrison	Norris	Walsh, Mont.
Caraway	Hatfield	Nye	Wheeler
Carey	Hayden	Oddie	
Cohen	Howell	Pittman	
Connally	Johnson	Robinson, Ark.	

NOT VOTING—16

Bailey	Davis	Long	Schall
Borah	Glenn	McKellar	Swanson
Brookhart	Hull	Morrison	Townsend
Costigan	Logan	Patterson	Waterman

So the amendment proposed by Mr. WALSH of Massachusetts was rejected.

Mr. NYE. Mr. President, a brief word is in order explaining why an amendment intended to be proposed by myself, printed and lying on the table, is not being pressed at this time.

It will be recalled that some days ago the question arose as to what prospect there was for the consideration of the so-called three farm organizations bill, which has been reported to the Senate by the Committee on Agriculture and Forestry and is on the calendar. It was this bill which I had offered in the form of an amendment.

I sought to obtain a unanimous-consent agreement that the Congress would not adjourn until there had been a vote recorded upon the measure. It will be remembered that objection was raised. At the time it was suggested that there could be assurance given that opportunity would be afforded before adjournment for a vote on the measure, and because the leadership on each side of the aisle in this Chamber has given such emphatic assurance that we would not be denied an opportunity to vote upon the measure I am declining to offer my proposed amendment at this time.

Mr. LA FOLLETTE. Mr. President, there has been much criticism of the Senate in the press and elsewhere concerning the time which it has consumed in the consideration of the bill now about to pass. It seems appropriate at this time to call attention to the fact that the revenue bill of 1918 took 10 days in the Senate before it passed and was sent to conference. The revenue bill of 1921 took 40 days in the Senate before it was passed and sent to conference. The revenue bill of 1924 took 14 days in the Senate before it was passed and sent to conference. The revenue bill of 1928 took 16 days before it passed the Senate and went to conference. The bill which is now about to be put upon its passage took just 15½ days in the Senate.

I ask that a statement touching the various bills to which I have referred may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement is as follows:

REVENUE BILLS

H. R. 12863. SIXTY-FIFTH CONGRESS

Reported to House, September 3, 1918.
Reported to Senate, December 6, 1918.
Passed Senate, December 23, 1918. } 15 days in Senate.
Conference appointed, December 23, 1918.
Conference report submitted to Senate, February 11, 1919.
Conference report passed the Senate, February 13, 1919.
Approved, February 24, 1919.

H. R. 8245. SIXTY-SEVENTH CONGRESS

Reported to House, August 16, 1921.
Reported to Senate, September 21, 1921.
Recommended, September 26, 1921.
Reported back, September 27, 1921. } 40 days.
Debate started in Senate, September 27, 1921.
Conference appointed, November 7, 1921.
Conference report submitted in Senate, November 21, 1921; agreed to, November 23, 1921.
Approved, November 23, 1921.

H. R. 6715. SIXTY-EIGHTH CONGRESS

Reported in House, February 11, 1924.
Reported to Senate, April 10, 1924.
Debate began in Senate, April 24, 1924. } 14 days.
Passed the Senate, May 10, 1924.
Conference report submitted to Senate, May 22, 1924.
Conference report agreed to in Senate, May 24, 1924.
Approved, June 2, 1924.

H. R. 1. SIXTY-NINTH CONGRESS

Reported to House, December 7, 1925.
Reported to Senate, January 27, 1926. } 14 days.
Passed the Senate, February 12, 1926.
Conference appointed, February 12, 1926.
Conference report submitted to Senate, February 24, 1926.
Conference report agreed to in Senate, February 24, 1926.
Approved, February 26, 1926.

H. R. 1. SEVENTIETH CONGRESS

Reported to House, December 7, 1927.
Reported to Senate, May 1, 1928.
Debate began in Senate, May 3, 1928. } 16 days.
Passed Senate, May 21, 1928.
Conference report submitted, May 25, 1928.
Conference report agreed to in Senate, May 25, 1928.
Approved, May 29, 1928.

H. R. 10236. SEVENTY-SECOND CONGRESS (PENDING BILL)
Reported to House, March 8, 1932.
Debate began in House, March 10, 1932.
Passed the House, April 1, 1932.
Referred to Finance Committee, April 4, 1932. } To May 30, inclusive, 15½ days.
Reported to Senate, May 11, 1932. }
Opening speech in Senate, May 13, 1932. }

Mr. TYDINGS. Mr. President, I wish to say just a word with reference to my vote on the pending measure. If the roll is called, I shall not vote for the bill for two reasons—first of all because it contains tariff items which I think are absolutely indefensible; and, secondly, because, in my judgment, the Budget is not balanced with the revenue we now have with the defeat of the sales tax.

I feel that when the next fiscal year comes we shall be in the position of having told the country that we have balanced the Budget only to have the country undeceived within the next 30 or 60 days. In the face of that unbalanced Budget, we are going out to sell relief bonds to the country in an unbalanced Budget market which ultimately are going to cost the American taxpayer much more than he believes.

Therefore not being able to vote for the bill and wishing that I could correct it, I am going to ask that when the roll is called I may be excused from voting, as I do not wish to vote to pass the bill when revenue of some kind may be needed. I ask unanimous consent that I may answer "present" when the roll is called.

The VICE PRESIDENT. Is there objection?

Mr. REED. Mr. President, reserving the right to object, I want to enter a most emphatic dissent to what the Senator has just said. We are assured by the Treasury that we have amply provided for the needs of the Government in the coming fiscal year; that the estimate takes account of all the falling off of business up to the present time; that we can depend upon it that the Budget is balanced, provided only that we shall stand substantially for the economy bill which our nonpartisan and bipartisan committee is now getting ready to report. I believe that most of us feel in the utmost sincerity, whether or not we agree upon the details of the bill, that we have produced a bill that does honestly balance the National Budget.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Virginia?

Mr. REED. I yield.

Mr. GLASS. I wondered how the Senator from Pennsylvania could speak so confidently about the matter. Certainly we will not have balanced the Budget unless we do pass the economy bill practically as it is presented, and inasmuch as there has been quite a decided division in the committee itself, nobody can assure the country that we are going to pass the economy bill practically as it is presented. I frankly say I do not believe we will have balanced the Budget even if we pass the economy bill, and I do not intend to vote for the pending bill, because, as the Senator from Maryland [Mr. TYDINGS] so amply expressed it, it contains tariff taxes that are indefensible.

Mr. REED. Regardless of whether or not the Senator thinks the tariff taxes are defensible, assuming that we go through with the next step and pass an economy bill carrying substantially $300,000,000 worth of savings—and that I understand is what the committee proposes to submit—the American people may rest assured that the Budget is balanced.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maryland? The Chair hears none, and the Senator is excused from voting.

Mr. PITTMAN. Mr. President, there will be one fortunate thing resulting, and that is that if the entire program of economy is not adopted, we shall still be in session to enact some other legislation. The danger of the situation was that we would be deceived to adjourn and not be here for the purpose of doing those things which are essential to provide the Government with revenue.

At the time some of the press of the country was criticizing the Congress for delay, Congress was giving careful thought and study to whether the estimates of the Treasury Department were correct and whether the funds proposed to be raised through the measures considered by Congress would "balance the Budget," as it has come to be called. It was discovered by the other House that the estimates of the Treasury Department were incorrect. That was called to the attention of the Treasury Department, and further estimates were required and were given. Had Congress passed the bill as recommended by the Treasury Department at that time and adjourned and gone home, it would have been essential for the President of the United States to call a special session of Congress.

Again the committee reported to the Senate a bill carrying the funds recommended by the Secretary of the Treasury, Mr. Ogden Mills, two or three weeks ago. Members of the committee, including the Senator from Pennsylvania [Mr. REED] and myself, did not believe that it would raise the necessary funds. It was the discussion and consideration of that matter by this body which finally led to the new estimate by the Treasury Department on yesterday disclosing the fact that it would require $285,000,000 more than believed necessary at the time of the previous estimate made by the Secretary of the Treasury.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. PITTMAN. Certainly.

Mr. REED. There was not the slightest hesitation in facing the facts when we did not believe that the bill as it stood yesterday did balance the Budget?

Mr. PITTMAN. Not the slightest. I am simply stating this in defense of the Senate. Members of this body did not believe that the excise taxes then proposed would raise sufficient revenue to "balance the Budget," as it is called, and therefore the position of Senators was insisted upon in spite of the fact that some of the great financiers of the country and some of the press of the country insisted that we should vote the bill through as it was given to us. If we had voted as it was insisted we should do, the minute the bill was reported out of the Finance Committee and as it was, and had then adjourned, we would have left here with a known deficit of $285,000,000, even including the economy reductions.

So I say it is a fortunate thing that both the House of Representatives and the United States Senate used their judgment and had the courage to back that judgment and not adjourn and go home and then probably have to be called back here again in special session. Now, we will vote to pass the revenue bill, and we will vote for the economy measure. If that is passed in the form provided, the Budget will probably be substantially balanced. If we do not do that, we are still here for the purpose of raising additional funds from some other source.

Mr. COPELAND. Mr. President, I should like to ask the Senator from Utah how much revenue we have provided to-day by what we have done?

Mr. SMOOT. I believe it is $281,000,000.

Mr. COPELAND. What economies must we exercise, then, in order to fully balance the Budget?

Mr. SMOOT. Approximately $300,000,000.

Mr. COPELAND. The bill which will be presented by the Economy Committee carries $238,000,000.

Mr. SMOOT. It carries $231,000,000.

Mr. GLASS. It provides for $231,000,000.

Mr. REED. But there are other economies to be made through the appropriation bills.

The VICE PRESIDENT. The Chair again expresses the hope that Senators desiring to interrupt will first address the Chair. There can be no order unless that is done. The Senator from New York has the floor.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Virginia?

Mr. COPELAND. I yield.

Mr. GLASS. The economy bill, as the Senator knows, carries an estimated saving of $231,000,000. There are several provisions of the bill that are vehemently controverted, involving in one instance alone some $51,000,000, that may be stricken out here in the Senate.

Mr. COPELAND. Mr. President, even though it is late and we are anxious to go, I do think we ought to know the facts about it. The total amount was $289,000,000 and $51,000,000 we agreed not to report, so we have $238,000,000 now. I want to ask the Senator from Pennsylvania or the Senator from Utah how we are going to get the remainder necessary fully to balance the Budget?

Mr. REED. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. REED. We are going to get it by the economies to be made in many appropriation bills that are to come right along.

Mr. COPELAND. I take it, from what the Senator says, that, in order to have the Budget fully balanced, we shall have to bring about economies to the extent of $300,000,000. Is that correct?

Mr. REED. Between $250,000,000 and $300,000,000. I do not carry the exact figures in my head.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Utah?

Mr. COPELAND. I yield.

Mr. KING. It seems to me that if the Economy Committee does its duty—and I do not want to be critical at all—it will report a saving of at least $300,000,000; and if it does not do that, then we shall have the appropriation bills before us, and we can very easily bring about economies of from $50,000,000 to $100,000,000 in considering them.

Mr. COPELAND. Mr. President, I want to say——

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I shall yield in a moment. I want to say for the bipartisan committee, which reported to-day to the full Appropriations Committee, that it has done a fine piece of work and it ought to be complimented. I am sorry that the reductions recommended by them are not greater and that it will be necessary for us to pare the appropriation bills considerably in order to provide the necessary additional saving required to balance the Budget. It would not be right for us to think that by the measure we have passed to-night we shall have raised sufficient money to balance the Budget.

The VICE PRESIDENT. The question is——

SEVERAL SENATORS. Vote! Vote!

The VICE PRESIDENT. Let the Chair make a statement of the question. The question is, Shall the amendments be ordered engrossed and the bill to be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been requested. Is the demand seconded?

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GLENN (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. LONG], who is unavoidably absent. I am advised that, if present, he would vote as I intend to vote. Therefore I feel at liberty to vote, and vote "yea."

Mr. JONES (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON]. I transfer that pair to the Senator from Colorado [Mr. WATERMAN], and will vote. I vote "yea."

Mr. THOMAS of Oklahoma (when his name was called). On this question I have a pair with the junior Senator from Minnesota [Mr. SCHALL]. Not knowing how he would vote, I withhold my vote.

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Tennessee [Mr. MCKELLAR]. Not knowing how he would vote, I withhold my vote.

Mr. TYDINGS (when his name was called). Under the unanimous-consent agreement of a few moments ago, I ask to be recorded as "present."

The VICE PRESIDENT. The Senator from Maryland will be so recorded.

The roll call was concluded.

Mr. FESS. I wish to announce that the Senator from Colorado [Mr. WATERMAN] and the Senator from Minnesota [Mr. SCHALL], if present, would vote "yea."

I also wish to announce that the Senator from Iowa [Mr. BROOKHART] has a general pair with the Senator from Tennessee [Mr. HULL].

The result was announced—yeas 72, nays 11, as follows:

YEAS—72

Ashurst	Couzens	Howell	Pittman
Austin	Cutting	Johnson	Reed
Bailey	Dale	Jones	Robinson, Ark.
Bankhead	Davis	Kean	Robinson, Ind.
Barbour	Dickinson	Kendrick	Sheppard
Barkley	Dill	Keyes	Shortridge
Bingham	Fess	King	Smoot
Bratton	Fletcher	La Follette	Steiwer
Broussard	Frazier	Lewis	Stephens
Bulkley	George	McGill	Thomas, Idaho
Byrnes	Glenn	McNary	Vandenberg
Capper	Goldsborough	Metcalf	Wagner
Caraway	Hale	Moses	Walcott
Carey	Harrison	Neely	Walsh, Mass.
Cohen	Hastings	Norris	Walsh, Mont.
Connally	Hatfield	Nye	Watson
Coolidge	Hayden	Oddie	Wheeler
Copeland	Hebert	Patterson	White

NAYS—11

Black	Costigan	Hawes	Smith
Blaine	Glass	Norbeck	Trammell
Bulow	Gore	Shipstead	

NOT VOTING—12

Borah	Logan	Morrison	Thomas, Okla.
Brookhart	Long	Schall	Townsend
Hull	McKellar	Swanson	Waterman

ANSWERED "PRESENT"—1

Tydings

So the bill was passed.

Mr. SMOOT. I move that the Senate insist upon its amendments, ask for a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. SMOOT, Mr. WATSON, Mr. REED, Mr. HARRISON, and Mr. KING conferees on the part of the Senate.

EXECUTIVE REPORTS OF THE COMMITTEE ON NAVAL AFFAIRS

As in executive session,

Mr. HALE, from the Committee on Naval Affairs, reported favorably sundry nominations of midshipmen to be second lieutenants in the Marine Corps, which were placed on the Executive Calendar.

FARM AND LABOR RELIEF

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD several editorials appearing in the American Labor Banner dealing with the subject of depreciated currency.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorials are as follows:

[Editorial from American Labor Banner, May 28, 1932]

LABOR AND FARMER DEPENDENT UPON SENATE FOR HELP

Hundreds of thousands of skilled American workers who are either without employment or justly fearful of being deprived of employment opportunity, due entirely to the effects of the depreciated currencies of those foreign countries from which we yearly import many millions of dollars' worth of articles which are competitive in the American market with the products of American workers, anxiously await the action of the United States Senate.

Not only are hundreds of thousands of American workers apprehensive over the loss of their employment opportunity, but they do not understand the hesitancy of the Senate to enact this legislation which will help protect the employment of American workers and at the same time positively add more than one hundred and twenty-five additional millions of dollars in revenue to the Treasury each year. There are many items in the pending tax bill which no one will suggest will yield a total of $125,000,000 in taxes each year.

Of course, this would place a burden on the shoulders of foreigners instead of Americans. Surely, such can not be the answer to the hesitancy of those Senators who are inclined to vote against an amendment to the tax bill which would instruct the Treasury Department to collect as a surtax the difference between the

normal or gold value of imported articles and the present depreciated value of foreign currencies?

Legislation such as is requested by American labor and American farmers would help all sections of the country. The products of the factories of New England would be helped, but so also would the products of factories of all other sections of our country. The products of the Southland would also be helped in that commodities from Japan and India, and from other countries, the currency of which has depreciated, which compete in the American market with the products of the South, would also be taxed. At the present time articles and commodities imported from Japan, India, England, to mention but a few of those nations, the currencies of which have depreciated some 30 per cent, would be taxed to that extent. Surely such action is most desirable at this time.

While American shop and factory production has declined more than 40 per cent, imports of articles and commodities from those countries which have gone off the gold standard and the currencies of which have depreciated as high as 35 per cent, have decreased only 10 per cent.

The tariff group of the American Federation of Labor and the American Farm Bureau Federation have jointly appealed to the Senate to pass an amendment such as is herein suggested.

Senator DAVID A. REED has presented an amendment which, with the elimination of a few words, would greatly help American workers in that it would insure to American workers an opportunity of employment, would provide a market in America for the products of American farms, and would add not less than $125,000,000 yearly to the Treasury, and would thus help to balance the Budget.

Labor and farmer are both looking for constructive action on the part of those Senators who are actually interested in helping to provide employment for American workers, to provide a purchasing market for the products of the American farmers, and which will not add any additional tax on American products or American taxpayers.

[Editorial from American Labor Banner, May 14, 1932]

AMERICANISM *v.* ALIEN INFLUENCES

The United States Senate has under consideration and pending before it a revenue bill through which it is intended to raise more than $1,000,000,000 in taxes.

This bill has many faults. It is the result of considerable deliberation on the part of members of the Finance Committee and no doubt represents an honest effort on the part of the members of the Finance Committee to draft a revenue bill which would secure the support of a sufficient number of votes in the Senate to pass.

There are many millions of American workers totally unemployed. There are additional millions working on part time. The army of the unemployed is increasing instead of decreasing.

Congress itself is partly to blame for many thousands being unemployed and will be more responsible in later months as additional hundreds of thousands of workers find that they have been denied employment.

Congress claims that it is looking for taxes. Why is it that they have deliberately overlooked the collection of more than $125,000,000 in customs taxes which Congress intended should be collected? Why should aliens be allowed to pay customs taxes on the basis of the values of depreciated currency and expect Americans to pay their taxes on gold basis?

Congressional leaders insist that America remain on the gold standard. With this we have no complaint. Yet, with 11 or 12, and perhaps more, foreign nations off the gold standard and shipping their products into America, securing entry on the payments of customs duties of some 30 per cent less than Congress intended should be collected has resulted in the loss of employment of many hundreds of thousands of American workers.

The Treasury will secure yearly an additional $125,000,000 in taxes by the Senate writing into the pending revenue bill directions to the Treasury Department to collect customs duties on the basis of the normal or gold values of foreign currencies. Hundreds of thousands of skilled American workers will retain or secure profitable employment if this action is taken. Such action does not call for the increasing or the decreasing of any tariff rate.

Surely, the benefits which are to be derived from such action on the part of the Senate warrant American workers wondering why this action is not taken.

Foreign nations, with goods to sell, international bankers with money to collect from foreigners who offer merchandise in payment instead of cash, naturally are opposed to the action which labor has asked the Members of the Senate to take.

Those Members of the Senate who are sincerely interested in Americanism, who are sincerely interested in helping American workers find employment, who are interested solely in the success and prosperity of their own country should not hesitate to comply with labor's request.

[Editorial from American Labor Banner, April 30, 1932]

WILL THE SENATE RISE TO THE OCCASION?

Labor, seeking to retain continued employment for American workers and to obtain employment opportunities for the millions of workers unable to secure employment, has appealed to the members of the Senate Finance Committee for the insertion of language in the revenue bill which will protect the employment opportunities of hundreds of thousands of American industrial workers.

Every thoughtful citizen, interested in the welfare of America, hesitates to think of what will happen in the industrial centers of our country next winter unless something is done to correct the present deplorable conditions, which are steadily growing worse.

Unemployed workers, with families destitute and hungry, with community chests empty, private charities and cities and towns unable to continue to extend relief, will not hesitate to take desperate means to help themselves and their starving families.

American labor can well question the Americanism of those who so willingly extend aid to foreign governments, but who refuse to help their own countrymen.

There is no political question involved in labor's requests.

Compliance with labor's request will not mean any change in any tariff rate; it does not necessarily mean any discussion of tariff rates or policies.

Labor has pointed out two practical methods by which Congress can materially provide profitable employment for millions of American industrial workers.

First. Protect the employment opportunities of American workers by eliminating the present handicap on the sale of the products of American workers caused by the depreciation of foreign currencies. This will help American labor and will help the Treasury by forcing the payment of customs duties which Congress intended on dutiable goods.

Second. Legalize the manufacture and sale of 2.75 per cent nonintoxicating beer which will provide almost instant employment for hundreds of thousands of unemployed American workers, will eliminate the control of Government and public officials by gangsterism, and will permit of the collection of hundreds of millions of dollars in taxes by the Federal, State, and city governments.

Labor will watch with great interest the answer which the Senate will make to labor's constructive suggestions.

[Editorial from American Labor Banner, April 16, 1932]

DEPRECIATED FOREIGN CURRENCIES AND ITS EFFECT IN ENFORCED IDLENESS OF AMERICAN WORKERS

Hundreds of thousands of idle and distressed American workers everywhere are amazed at the seeming willingness of Congress to permit America to continue to be used as the virtual dumping ground for the products of the underpaid workers of foreign countries.

With the currencies of England, Japan, and other nations now off the gold standard selling in the world markets for only 70 per cent or less of their normal value, American importers and international bankers, interested solely in exploitation for their personal enrichment, have found it profitable to increase quantity imports of the products of foreign labor, while American workers, millions of them with hungry mouths to feed, are unable to secure work.

Despite the present depression, Government figures show that our decline in quantity imports, as compared with a year ago, is only 10 per cent. Compare this decline in quantity imports—quantity means employment to workers—with the decline of from 50 to 80 per cent in our American industrial productivity, and it won't take any expert to realize why hundreds of thousands of American workers are dependent upon public or private charity.

The workers are asking, "Why doesn't Congress act now? Why should an American Congress hesitate to adopt legislation specifying that the products of American labor be given preference in the American market?"

The Senate Finance Committee has the opportunity to render a real service in the way of providing employment opportunity for American workers. The Finance Committee can recommend and Congress will accept the recommendation that the Treasury Department be directed, in the pending revenue bill, to enforce the intent of Congress, as made plain in the present tariff act, and collect customs duties on the basis of the normal value of foreign currencies. This action would immediately remove some of the advantages now employed by the importers of the products of foreign labor through the depreciation of foreign currencies.

To illustrate, the imports from England of only five commodities were landed at American ports last December and delivered to American importers at a direct loss of revenue to the United States Treasury of some $250,000, due entirely to the depreciation of English money. This means a loss in revenue of more than $3,000,000 in revenue each year on these five items alone.

Instead of the imposition of nuisance taxes to raise revenue, why not collect from the importers of the products of foreigr workers the customs duties which Congress has called for?

In addition to the loss of revenue to the Government, these commodities, the product of foreign labor, could be sold to American wholesale and retail merchants, with a profit to the American importers, at prices which are less than the cost of producing similar articles the product of American labor.

The action which we suggest does not necessitate the changing of any tariff rates at this time.

We sincerely hope that the members of the Finance Committee will help American labor; will help American industries; will help the Treasury Department by placing in the pending revenue bill the suggestion we have made.

We agree that the Budget shall be balanced.

We believe that the Budget can be balanced with more profit to the American people as a whole if Congress will remove the

present handicap placed on American labor and American industry by directing the Treasury to collect customs duties on the basis of the normal value of foreign currencies.

ADJOURNMENT

Mr. McNARY. I move that the Senate adjourn until 12 o'clock noon to-day.

The motion was agreed to; and (at 12 o'clock and 25 minutes a. m., Wednesday, June 1, 1932) the Senate adjourned until 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 31 (legislative day of May 9), 1932

POSTMASTERS

ARKANSAS

Searcy Elrod to be postmaster at Rison, Ark., in place of W. E. Edwards. Incumbent's commission expired April 23, 1932.

CALIFORNIA

Richard G. Power to be postmaster at Colusa, Calif., in place of R. G. Power. Incumbent's commission expired December 17, 1931.

FLORIDA

Allen M. Steen to be postmaster at Gainesville, Fla., in place of L. C. Lynch, deceased.

Clara D. Wheeler to be postmaster at Seffner, Fla., in place of C. D. Wheeler. Incumbent's commission expired March 3, 1931.

GEORGIA

Louis P. Cross to be postmaster at Clayton, Ga., in place of W. R. Cannon. Incumbent's commission expired May 17, 1930.

Pleasant N. Little to be postmaster at Madison, Ga., in place of P. N. Little. Incumbent's commission expired February 5, 1931.

Ella M. Withrow to be postmaster at Odum, Ga., in place of E. M. Withrow. Incumbent's commission expired May 26, 1932.

Edgar H. Lawson to be postmaster at Sandersville, Ga., in place of E. H. Lawson. Incumbent's commission expired January 28, 1931.

Lurline M. Overstreet to be postmaster at Sylvania, Ga., in place of H. C. Overstreet. Incumbent's commission expired March 3, 1929.

ILLINOIS

August Kalbitz to be postmaster at Red Bud, Ill., in place of August Kalbitz. Incumbent's commission expired May 17, 1932.

Ira D. Lakin to be postmaster at Vandalia, Ill., in place of I. D. Lakin. Incumbent's commission expired May 26, 1932.

INDIANA

Kenneth L. Cox to be postmaster at Darlington, Ind., in place of H. M. Weliever. Incumbent's commission expired January 11, 1932.

Orval O. Brown to be postmaster at Ewing, Ind., in place of G. F. Johnson. Incumbent's commission expired February 27, 1930.

Gladys M. Douthett to be postmaster at Highland, Ind. Office became presidential July 1, 1931.

KANSAS

Elizabeth C. Bittmann to be postmaster at Independence, Kans., in place of C. A. Connelly, resigned.

KENTUCKY

George C. Cross to be postmaster at Louisville, Ky., in place of Aubrey Cossar, deceased.

MARYLAND

Herbert R. Butts to be postmaster at Marydel, Md., in place of H. B. H. Moore. Incumbent's commission expired February 29, 1932.

MASSACHUSETTS

Alphonse E. Roberts to be postmaster at Chicopee Falls, Mass., in place of C. L. Wright, removed.

Maynard D. Ellis to be postmaster at Woronoco, Mass., in place of W. O. Johnson, resigned.

MINNESOTA

Herbert T. Behm to be postmaster at Lake Lillian, Minn., in place of M. C. Anderson, deceased.

Henry E. Day to be postmaster at Raymond, Minn., in place of H. E. Day. Incumbent's commission expired May 14, 1932.

MISSISSIPPI

Albert P. Wilson to be postmaster at Monticello, Miss., in place of A. P. Wilson. Incumbent's commission expired December 16, 1930.

MISSOURI

William L. Simmerman to be postmaster at Centerview, Mo., in place of W. L. Shipp. Incumbent's commission expired December 19, 1931.

Albert L. Owens to be postmaster at Marionville, Mo., in place of W. A. Barris. Incumbent's commission expired February 6, 1930.

Hilles R. Leslie to be postmaster at Memphis, Mo., in place of H. H. Jones. Incumbent's commission expired January 13, 1932.

John B. Chipp to be postmaster at New Hampton, Mo., in place of R. R. Kelly. Incumbent's commission expired January 13, 1932.

Herbert Burfeind to be postmaster at Sweet Springs, Mo., in place of W. E. Andrew. Incumbent's commission expired January 13, 1932.

NEBRASKA

George Beardsley to be postmaster at Clarks, Nebr., in place of George Beardsley. Incumbent's commission expired February 14, 1931.

Sterling C. Lathen to be postmaster at Grand Island, Nebr., in place of A. J. Baumann. Incumbent's commission expired January 9, 1932.

NEVADA

John G. Eaby to be postmaster at Kimberly, Nev., in place of F. J. Hart, deceased.

NEW HAMPSHIRE

Charles F. Southard to be postmaster at North Haverhill, N. H., in place of C. F. Southard. Incumbent's commission expired February 27, 1932.

Thomas H. Dearborn to be postmaster at Dover, N. H., in place of T. H. Dearborn. Incumbent's commission expired May 8, 1932.

NEW JERSEY

Abram R. Bates to be postmaster at Allentown, N. J., in place of A. R. Bates. Incumbent's commission expired December 19, 1931.

Alfred H. Grant to be postmaster at Forked River, N. J. Office became presidential July 1, 1931.

OKLAHOMA

Harry L. Zimmerman to be postmaster at Antlers, Okla., in place of L. C. Sharp. Incumbent's commission expired March 11, 1930.

Aaron Drumright to be postmaster at Drumright, Okla., in place of J. W. Pinkston, deceased.

Jeane H. Sisson to be postmaster at Mounds, Okla., in place of J. H. Sisson. Incumbent's commission expired May 26, 1932.

OREGON

George B. Bourhill to be postmaster at Moro, Oreg., in place of G. B. Bourhill. Incumbent's commission expired May 5, 1932.

James B. Kirk to be postmaster at The Dalles, Oreg., in place of J. B. Kirk. Incumbent's commission expired May 29, 1932.

PENNSYLVANIA

Warren F. Simrell to be postmaster at Hallstead, Pa., in place of I. M. Tiffany. Incumbent's commission expired January 14, 1932.

Claude W. Keiser to be postmaster at Lykens, Pa., in place of C. W. Keiser. Incumbent's commission expired January 13, 1932.

William H. Law to be postmaster at Koppel, Pa., in place of W. H. Law. Incumbent's commission expired February 2, 1932.

Leroy W. Keisling to be postmaster at Valley View, Pa., in place of L. W. Keisling. Incumbent's commission expired May 26, 1932.

SOUTH CAROLINA

Thomas B. Horton to be postmaster at Heath Springs, S. C., in place of A. P. Horton. Incumbent's commission expired February 2, 1932.

Mamie C. Spears to be postmaster at Lamar, S. C., in place of E. L. Spears, removed.

Henry J. Bailey to be postmaster at Springfield, S. C., in place of G. L. Smith. Incumbent's commission expired February 21, 1932.

SOUTH DAKOTA

Martha E. Bates to be postmaster at Lake Preston, S. Dak., in place of L. J. Bates, deceased.

TENNESSEE

Charles W. Moore, jr., to be postmaster at Lawrenceburg, Tenn., in place of Joe Sims. Incumbent's commission expired March 21, 1932.

TEXAS

Harvey B. Savage to be postmaster at Honey Grove, Tex., in place of M. B. Adamson, resigned.

Vivian A. Long to be postmaster at Naples, Tex., in place of S. P. Lunday. Incumbent's commission expired December 11, 1930.

Thomas J. Darling to be postmaster at Temple, Tex., in place of T. J. Darling. Incumbent's commission expired December 17, 1929.

WEST VIRGINIA

Michael H. Duncan to be postmaster at Crumpler, W. Va., in place of M. H. Duncan. Incumbent's commission expired April 23, 1932.

WYOMING

William L. Wallace to be postmaster at Rawlins, Wyo., in place of J. A. Hobbs, resigned.

HOUSE OF REPRESENTATIVES

TUESDAY, MAY 31, 1932

The House met at 12 o'clock noon.

The Rev. Francis J. Hurney, pastor of the Immaculate Conception Church of Washington, D. C., offered the following prayer:

O God, the Creator and Ruler of the Universe, we bow our heads before Thee in acknowledgment of Thy sovereignty and in gratitude for Thy divine providence which watches over us lovingly in Thy rule.

We beseech Thee send Thy divine light to direct the deliberations of this Congress, which more than any other in our history is faced with problems upon whose solution depends the welfare of our people.

In calling for a world-wide supplication to Thy throne, Pius XI has voiced the distress of nations in these words: "Distress has increased, the number of unemployed has grown in practically all parts, and subversive elements are making use of the fact for their propaganda; hence public order is threatened more and more and the peril of terrorism and anarchy hangs over society more than ever."

In this our extremity we send forth to the gates of heaven a cry of supplication that in all decisions made by this august body, devoted as they are to the best interests of Thee and our country, Thou wilt lead and guide and guard.

This we ask through Jesus Christ Thy Son. Amen.

The Journal of the proceedings of Friday, May 27, 1932, was read and approved.

RESIGNATION OF A MEMBER

The SPEAKER. The Chair lays before the House the following communication:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., May 31, 1932.

Hon. JOHN N. GARNER,
Speaker of the House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: I hereby resign my office as Representative in the Congress of the United States from the sixth district of Pennsylvania.

With great respect, I am, very truly yours,

GEO. A. WELSH.

BOARD OF VISITORS TO MILITARY ACADEMY

The SPEAKER. The Chair lays before the House a further communication:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D. C., May 29, 1932.

Hon. JOHN N. GARNER,
Speaker of the House of Representatives,
Washington, D. C.

MY DEAR MR. SPEAKER: Pursuant to law, I am advising you by the attached list of names of the members of the Committee on Military Affairs of the House of Representatives who have been designated by me to constitute on the part of that committee the Board of Visitors to the United States Military Academy at West Point for the current year, 1932.

With great respect, I am, yours truly,

J. J. McSWAIN.

MEMBERS OF BOARD OF VISITORS TO UNITED STATES MILITARY ACADEMY FROM THE COMMITTEE ON MILITARY AFFAIRS OF THE HOUSE OF REPRESENTATIVES

John J. McSwain, Lister Hill, Jed Johnson, Paul J. Kvale, Thomas C. Cochran, William H. Stafford, Charles A. Wolverton.

LETTER FROM THE SECRETARY OF THE TREASURY

The SPEAKER. The Chair lays before the House a further communication:

TREASURY DEPARTMENT,
Washington, May 26, 1932.

DEAR MR. SPEAKER: I am in receipt of House Resolution 213, dated May 14, 1932, requesting that if not incompatible with the public interest I submit to the House of Representatives, as soon as practicable, all the testimony, evidence, exhibits, documents, and records presented in or pertaining to the investigation conducted under the authority of the antidumping act, 1921, relating to the importation of ammonium sulphate.

In passing the antidumping act the Congress decided to provide that the initial decisions as to the existence of dumping should be made by the Secretary of the Treasury in accordance with administrative procedure. It has been the practice of the department in acting under this statute to treat all information furnished by interested persons as confidential and not to disclose it unless such persons consent to the disclosure. This practice is founded upon the necessity for the department to obtain complete information concerning manufacturers' and importers' business transactions which it would be practically impossible to obtain if those furnishing the information did not understand it would be treated as confidential and not divulged without their consent.

As consent has not been given to the disclosure of the information contained in the record before the Treasury Department, I am of the opinion that it would be incompatible with the public interest to comply with the request contained in the resolution.

Very truly yours,

OGDEN L. MILLS,
Secretary of the Treasury.

The SPEAKER. Referred to the Ways and Means Committee and ordered printed.

COMMON SENSE IN GOVERNMENT

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by printing the speech of ex-Senator James A. Reed delivered at St. Louis, Mo.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

ADDRESS OF HON. JAMES A. REED AT DINNER GIVEN BY MISSOURI DEMOCRATIC DELEGATION, CORONADA HOTEL, ST. LOUIS, MO., MAY 14, 1932

Mr. DICKINSON. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following:

Common sense is merely sound judgment applied to existing conditions of life.

Common-sense government does not undertake to create impossible Utopias or waste its energies in vain attempts to remake the world or to alter the course of human nature. It deals with conditions as they exist and seeks in a practical way to produce the best possible result with the materials at hand.

Common sense in government, to my mind, requires a return to the original principles upon which this Nation was founded.

To appreciate how far we have departed from the old fundamentals, consider the basic difference between despotic and free government.

PATERNALISM

Always there have been two opposing theories of government—the paternalistic and the individualistic.

Paternalism is based upon the dogma that the people are incapable of properly regulating their lives or governing themselves; that from the cradle to the grave men should be ward and slave of government.

That was the creed of all despotisms which have cursed the earth.

The individualist asserts that man is entitled to control his own affairs, and that government was created to protect him in his right to life, liberty, and the pursuit of happiness. That was the creed of the founders of this Republic.

Regardless of its name, a government which interferes with these natural rights and assumes the prerogative of paternalism is, to that extent, despotic.

There are men in public life constantly invoking the memory of Jefferson, of Jackson, and of Lincoln in support of doctrines which must cause these mighty dead to rest uneasy in their graves.

Jefferson taught that it was the business of government to protect the individual so that he could exercise his natural talents and just desires without official oppression or private despoliation; that government should, therefore, be simple and its powers strictly limited.

He held that nation best governed whose people were least governed. He maintained that the government of a free people must be purely protective; that it never should be regulatory.

Governmental paternalism and individual liberty can not exist at the same time.

A paternalistic government is necessarily oppressive. In order for government to confer benefactions upon a part of the people it must, of necessity, wrongfully take the property of the rest of the people. That is robbery.

In order for government to regulate the business, lives, or habits of the people it must substitute for the free will of the citizen the command of those clothed with temporary power. That is tyranny. Such was the prerogative asserted by kings and emperors.

If these principles are unsound, then the teachings of the fathers of the Republic are false—man is incapable of self-government—and liberty is a foolish dream.

But if they are sound, it follows that paternalism can not be tolerated in the government of a free people.

The intelligent student of recent years must realize that we have lost sight of the old landmarks and are drifting upon the seas of paternalism toward the reefs of socialism and bolshevism.

By insensible processes we have come to regard the Federal Government as one of unlimited authority, possessed of exhaustless resources and endowed with infallible wisdom.

Without so admitting we are nevertheless acting upon the theory that the Federal Government should stand as guardian at large for the entire population.

Similarly a persistent effort is being made to have the United States assume guardianship over "all nations, and kindreds, and people, and tongues of the earth."

The country is overrun with quacks, political, professional, and legislative, each ready to prescribe remedies for all ills which afflict us in particular and mankind in general.

Almost without exception these "remedies" are more deadly than any disease with which we are or can be afflicted.

Many people look upon Uncle Sam as a "brother bountiful," possessed of an inexhaustible treasury created by magic and endowed with Divine wisdom.

The executive and legislative agencies of Government seem obsessed with the same philosophy, and act as though "money grows upon trees" and the Government "owns the forests of the world."

Manifestly the danger of our Government blundering into the morass of socialism and bolshevism was never so menacing as at the present hour.

Abandoning the calm courage and deliberate judgment so essential in times of stress or danger we have given way to excitement and hysteria. We are ready to disown the Constitution and embrace any heresy proposed, without pausing to consider its poisonous nature.

Admitting that industry and commerce are sick, I yet assert that the patients can not be cured by dosing them with poisonous nostrums proposed by demagogue agitators, socialist propagandists, and bolshevist doctrinaires.

Witness the spectacle: A prominent conservative Senator is, from the floor of the Senate, declaring to all the world:

"What the United States needs is a Mussolini."

Behold again: A radical Senator is asserting to his people upon the hustings:

"The power of taxation should be employed to redistribute the wealth of this country."

The first proposition means the death of liberty, the substitution of the arbitrary dictation of one man for the sovereign will of 125,000,000 free men and free women.

The second means the confiscation and largely the destruction by the Government of all forms of private property. It is in some respects more extreme and foolish than anything advocated by Lenin, Trotsky, or Stalin.

These are not mere individual utterances. The former has to some extent been indorsed by a portion of the press. The latter has found support in principle by Members of Congress who advocate extreme and confiscatory taxes.

The advocates of such un-American doctrines have their remedy. They can emigrate to Italy, don black shirts, and swear allegiance to Mussolini, or they may find a welcome under the red flag of Russia. It is only a matter of choice.

I am not disturbed by such foolish maunderings. The American people love their institutions, are passionately proud of their liberties, and have the common sense to reject with contempt all such doctrines and all such teachers.

Bad as conditions are, our situation is far from hopeless. We have the richest land in the world, and, non obstante the financial calamities, we possess more wealth than any nation. So advantaged, we are certain to triumph over adversity.

In due course of time prosperity will return. But the return to prosperity will come from the grass roots.

We are suffering not from a want of the necessities and even the luxuries of life but from a disarrangement and temporary paralysis of the economic machinery. That unfortunate condition may be largely traced to governmental blunders, both domestic and foreign.

The condition is aggravated by the intemperate agitation and fallacious schemes of the administration and Congress.

It is laid down among the fundamentals that wealth can not be created by law. If it could, we would assemble our legislative bodies, all quit work, and foregather at the public feed trough.

Per contra, government is primarily a pauper. It possesses nothing save that which it has, by force of law, taken from the people.

Government lives upon the people. The people can not live upon that which government takes from them.

Money is the coined sweat of labor. For every dollar of wealth, somebody's back has bent in toil, somebody has endured the agony of effort.

No government can promote prosperity by taxing the people to death.

All taxes, in the last analysis, are drawn from the veins of industry.

Excessive taxes inevitably result in limiting production and consumption, in closing down mills and factories, and in the consequent discharge of labor.

No greater calamity can befall our laboring class than, by excessive taxation, to so handicap productive agencies that they can not gain and hold a fair share of the world's business.

But while government can not produce wealth, it can waste the taxes wrung from the people. It can limit production, interfere with business, discourage enterprise and destroy that confidence essential to prosperity.

A candid examination of some of the causes of our present difficulties (and I can only refer to a few) will, I think, demonstrate that the major difficulties of the world are directly traceable to bad government.

Regardless of primary responsibility, the World War must be attributed to the mistakes of one or several governments.

It disrupted the financial and economic structure of the world.

It brought in its wake a new brood of pestilential evils.

The creative power of Germany was largely impaired. Austria was dismembered. Little states and little governments were set up.

Each of these governments at once erected tariff barriers so high as to make commerce difficult or impossible.

So that all European nations find their industries crippled and their trade territory impaired or disrupted.

Upon our part, we foolishly enacted a tariff substantially prohibitive. Retaliatory tariffs have largely barred us from the markets of Europe. Canada, our best customer and neighbor, is closing the door in our face.

The effect of these exorbitant tariff barriers is to block the highways of the world at the borders of each state.

Industrial paralysis, partial or total, was and is the inevitable result.

When we built our tariff wall we forgot that a wall which keeps out the products of the other countries keeps in the products of our own country.

In a word, when we discriminated against other countries we discriminated against ourselves.

American industry can not be fully revived, American labor can not be fully employed, until we are able to sell our surplus in the markets of the world. And that can not be accomplished as long as we refuse to buy from those to whom we would sell.

As a direct result of the false policy referred to, the very companies and individuals who have clamored that we must not subject American labor and capital to competition with foreign capital and labor are establishing great factories in every foreign land and employing the labor of those countries to supply the world market, thus cutting off our foreign market and correspondingly limiting the employment of American labor.

During and immediately succeeding the war our international bankers and financiers flooded the United States with foreign bonds and securities.

We sent abroad something like $17,000,000,000 to be loaned upon these securities. Thus we drained our country of that immense sum, which ought to have been invested at home.

An enormous portion of these bonds has either been defaulted or has fallen in price, their holders have lost billions of dollars, and the investment capital of the country is, to that extent, impaired.

In order to support these privately owned debts, their holders, headed by the international bankers, advocated the cancellation of the debts owed by foreign governments to the United States.

To get the money so loaned our Government borrowed from our people approximately $22,000,000,000.

Upon that stupendous sum we must pay interest and principal.

Yielding to the demands of the international bankers, the administration and Congress canceled substantially $11,000,000,000 of the foreign debt and postponed the payment of the principal for periods running as high as 66 years.

We thus transferred from the shoulders of European peoples to the backs of the American people a burden of $11,000,000,000 of principal and an annual interest charge of $500,000,000.

The pretense was that foreign governments were unable to pay.

But they can and do maintain standing armies and navies greater than existed before the World War.

Italy was let off for 21 cents on the dollar, upon the claim that she was bankrupt, but the dictator of Italy is expending countless millions of dollars in restoring the glories of ancient Rome and is rattling his sword in the ears of Europe.

Recently, when we were confronted with a deficit of $3,000,000,000, we graciously granted a moratorium on the payment of $270,000,000 (then due under the settlement) to Great Britain, France, and Italy, upon condition that they grant a similar moratorium to Germany.

In effect, our debtors are out nothing, and we assume the burden of carrying the German reparations for 12 months.

That sort of business accounts, in part, for our present financial difficulties.

The prohibitory laws destroyed the sixth largest industry of the United States, rendered obsolete and practically useless properties worth from twelve to fifteen billions of dollars, turned thousands of men out of employment, and deprived farmers of a market for millions of bushels of grain.

Regardless of the merits or demerits of prohibition, that sort of a surgical operation can not be performed upon the economic body without producing serious consequences.

That same law deprived the Federal Government, the States, and municipalitees of an annual revenue of more than one thousand million dollars.

Worse still, we turned the profits of the liquor business into the pockets of the bootlegger and the criminal.

In the enforcement of that law we expend per annum directly from fifty-five to sixty millions of dollars and indirectly from two hundred to three hundred millions.

TRUSTS AND COMBINATIONS

Succeeding the war the Department of Justice loafed on the job while illegal combinations and conspiracies established monopolies, restrained trade, and, by unfair and oppressive practices, destroyed thousands of smaller industries.

Such combinations are the creatures of the law and yet, paradoxically, exist in violation of the law.

The magnitude of these combinations is in itself a menace, because their fall disturbs the entire financial structure. Their practices are abominable. They pollute politics, buy favors, bribe officials, corrupt governments, destroy rivals, and rob the people.

Two illustrations will suffice to graphically illustrate some of the operations of the masters of many great combinations:

The Insull combination controlled more than 5,000 utilities located in 32 States. It was capitalized at over $3,000,000,000.

The Radio Corporation of America was organized to monopolize aerial communication throughout the world. The hope of monopoly profits constituted almost its entire assets.

The masters of these and of many other great combinations rigged the market and unloaded their stocks upon millions of people at wildly unreasonable prices, with the result that the capital of banks and the fortunes of individuals were jeopardized, impaired, and destroyed.

The shock paralyzed industry and resulted in the discharge of millions of labor.

Such organizations are as dangerous in our midst as the camp of a hostile army.

If we are to restore sound conditions the law must be enforced and these illegal and dangerous conspiracies must be rendered impossible.

This is no attack upon honest capital. It is merely a demand that piracy shall be exterminated, so that the freedom of the industrial and economic seas shall be restored.

RESPONSIBILITY OF THE ADMINISTRATION

Recognizing the dangerous conditions, especially those arising from the insane speculations of the market, students of finance and some important and honest financiers and industrialists sounded repeated warnings.

Their admonitions were at once negatived by the highest Government officials and the leaders of the Republican Party, who thereby encouraged the bulls as they rampaged through the bond and stock markets and, accordingly, are largely to blame for the subsequent disaster.

At the very apex of the speculative craze, President Coolidge assured the people that everything was safe, that "prosperity is here to stay," and advised them "not to sell our country short."

He specifically sanctioned pouring the vast resources of the Federal reserve banks into the already crazed market.

In his final message, written at a time when the stock exchange was running wild, Mr. Coolidge asserted:

"The country can regard the present with satisfaction, and anticipate the future with optimism."

Prior to that utterance, and persistently throughout the campaign of 1928, the administration and others, including the Vice President, declared that prosperity would continue if the Republican ticket was elected.

Mr. Otto Kahn was brought forward to declare that Mr. Hoover, through the Department of Commerce, has—

"secured the employment of 5,000,000 laborers, * * * and * * * done much to aid in widely diffusing prosperity, which has * * * filled the pockets of the people."

A month later Mr. Hoover modestly gave the credit to the Republican Party, of which he, of course, was the supreme constituent. He proclaimed:

"The Republican Party has restored 5,000,000 workers to employment and produced a fundamental program which made that employment secure."

In his acceptance speech Mr. Hoover said:

"The poorhouse is vanishing from amongst us. We shall soon, with the help of God, be in sight of the day when poverty will be banished from this Nation."

Evidently God declined the partnership.

These statements were made when speculation had reached the degree of insanity. They helped to toll into the gambling hells millions of people who were thereby reduced to poverty.

Because of these official assurances, the bulls realized incalculable fortunes.

I assert that to boom the sale of a rotten stock, or of any stock at a fictitious value, is just as wicked as to lead a bear raid against honest securities.

After the collapse, Mr. Hoover told us prosperity was "just around the corner." Somebody keeps moving the corner.

In December, 1930, Mr. Hoover in a lucid interval announced this common-sense doctrine:

"Economic depression can not be cured by legislative action or executive pronouncement."

That was a complete repudiation of everything he had said before and of all his party had for 40 years claimed.

If common sense had been followed, the Government would have, at once, inaugurated a policy of rigid economy and reduced the burden of taxation. It would have recognized that to take from the citizen, struggling to maintain his business, a large share of his earnings was as injurious as the bleeding of a patient already exhausted by wounds.

HIGH TAXES AND INCREASED EXPENDITURES

Common sense recognizes that taxes are a tribute levied upon industry, and that in proportion to the amount levied, production is arrested and the employment of labor reduced.

Within a few weeks, after having declared that "Economic depression can not be cured by legislative action or executive pronouncement," we find Mr. Hoover attempting to do that very thing.

He demanded that the already overburdened Treasury should be further crippled by the expenditure of huge sums of money in the erection of palatial Government buildings, and in crowding forward a program of public works which had been intended to be distributed over a period of many years.

That is to say, the Budget was to be balanced and the deficit in the Treasury cured by incurring huge and unnecessary expenditures.

In the city of Washington, buildings were torn down and magnificent structures, rivaling extravagance of ancient and medieval monarchs, were projected and built.

We are erecting post offices and courthouses all over the United States, renting jails, and enlarging penitentiaries.

From Great Britain to Japan, in Arabia and distant parts of the earth we are erecting palaces in which to house the defeated politicians who represent us in foreign lands.

The structures thus created are not only nonproductive, but incur a perpetual expense.

The pretense was that the Government was thereby furnishing employment for American labor. Accordingly, it took the money from those who were employing labor, and impaired their ability to continue that employment.

There probably never was a more complete abandonment of practical common sense than, in a time of great depression and distress, and with a Budget unbalanced, to increase the gap between expenses and receipts by sinking the public revenues in nonproductive and ornate palaces.

SO-CALLED FARM RELIEF

We gave $500,000,000 to a board dominated by the Secretary of Agriculture.

The money has been largely expended, farm prices have been destroyed, and wheat and livestock driven to the lowest prices known in the past hundred years.

When we remember that this money was largely expended under the direction of the Secretary of Agriculture, and that he is the author of the intelligent statement, "Droughts are a blessing to the farmer," we can readily understand why the Farm Board operations have been calamitous.

The accumulation of 300,000,000 bushels of wheat by the Farm Board, with the threat to dump it upon the market, necessarily broke the price of wheat throughout the world.

DESTRUCTION OF CONFIDENCE

The market crash and subsequent acts of our rulers destroyed confidence. Investment and enterprise were chilled, buyers became afraid to buy, manufacturers to produce, shippers to ship, builders to build, lenders of money to lend, and labor by the millions walk the streets in search of work.

Restore confidence and the wheels of industry will begin to revolve and business will revive. But confidence can not be restored by the adoption of the devices of the socialists, the communists, or the bolshevists.

SOCIALISTIC REMEDIES

This country is not ready to adopt the doctrine of Karl Marx or of Lenin and Stalin.

Confidence can not spring from the granting of Government privileges and favors. Such acts are, in their essence, socialistic and communistic.

Tariff is an indirect tribute levied upon all of the people for the benefit of a favored class.

Likewise the so-called farm relief involves the taxation of all the people in an attempt to benefit a part of the people by raising the price of farm products.

The proposal of a Missouri senatorial candidate for the creation of a "nonemployment fund" is, in essence the dole system, which has brought disaster wherever tried. The dole, old-age pensions, and kindred schemes, including the attempts to regulate childbirth and child bearing, are all of the same kidney.

They are essentially paternalistic—in essence, socialistic—and in some cases hardly distinguishable from bolshevism. They involve the thought that individualism is a failure and that the citizen must become the ward of the Government. Ex necessitate that means that the citizen must surrender his independence and become subject to the dictates of rulers.

All such devices involve the levying of burdensome taxation upon all producers. If carried into execution they will here, as they have in Europe, destroy the capacity of the employers of labor to keep labor employed.

They will make the Federal Government a sort af almshouse and transform the independent citizen into a ward of the state.

Neither can confidence be restored by preaching the doctrine that our civilization and our entire economic system is a failure, and that we should begin a series of experiments in the hope that we may blunder upon a remedy.

Such covert and indefinite statements are only calculated to increase the existing alarm. Thoughtful men inquire who is to perform these experiments. Upon what class of the people are the experimental operations to be performed? Will the patient get well or expire under the knife of the political surgeon?

I deny the right of any man, of the Congress, or of the President to experiment upon the American people. The people will close their wounds if demagogues and experimenters will retire and give them the opportunity. And they will preserve the Republic in fact as well as in name.

I again affirm that you can not make the people rich by taxing them to death.

You can not promote labor by closing the mills and factories in which labor is employed.

You can not restore prosperity by frightening every man to death who has a dollar.

Prosperity can not be created by the Federal Government. It must, I say again, come from the grass roots.

Our public officials are largely engaged in preaching the doctrine of "defeatism." Their wailings postpone the return of confidence.

Our conditions are bad, but they are being vastly exaggerated.

Men are to-day afraid to buy property, to make investments, to enlarge enterprises, or to do anything necessary to start again the wheels of production. The condition is not permanent.

Just now everybody is frightened by wild, speculative, and confiscatory governmental schemes.

If the menace of Washington could be removed I believe the people would take a long breath and industry would begin to revive.

This country is so great that it can not be permanently ruined, even by legislative or executive foolishness. It may be injured but it can not be destroyed.

I appeal for the return of common sense in government;

For the rejection of all revolutionary, socialistic, and bolshevistic doctrines and "remedies";

For employing the authority of the Government to protect the liberties of the people;

For the discharge of a swarm of tax eaters, of snoopers, and of spies;

For the abolition of boards and bureaus which devour the substance of the people; and

For the return to the States of the powers and duties originally there lodged by the Constitution of the United States.

Out of the present valley of depression the mighty energies of our people will ultimately carry us to the plains of prosperity and hope.

The flag still flies, and it will remain the flag of the Republic—the ensign of individual liberty.

THE LATE HON. WILLIAM D. VANDIVER

Mr. NELSON of Missouri. Mr. Speaker, it is with sorrow that I am called upon to announce the death of Col. William D. Vandiver at his home in Columbia, Mo., on yesterday. Colonel Vandiver was born near Moorefield, Hardy County, Va. (now W. Va.), March 30, 1854, attended the common schools, and was graduated from Central College, Fayette, Mo., in 1877. He studied law and was later elected professor of natural sciences in Bellevue Institute, Caledonia, Mo., and soon became its president. Following this, he accepted the chair of science in the State normal school at Cape Girardeau, Mo., in 1889, and became its president in 1893. He was elected as a Democrat to the Fifty-fifth and to the three succeeding Congresses (March 4, 1897–March 3, 1905) and was not a candidate for renomination in 1904. He was chairman of the State executive committee in 1904; was a delegate to the Democratic National Convention at St. Louis in 1904 which nominated Alton B. Parker for President and Henry G. Davis for Vice President; was State insurance commissioner of Missouri in 1905–1909; delegate to the Democratic State conventions in 1896, 1898, 1918, and 1920, and served as chairman in 1918; vice president of the Central States Life Insurance Co., 1910–1912; Assistant Treasurer of the United States (in charge of Subtreasury in St. Louis), 1913–1921. He was president of the Missouri Society Sons of the American Revolution 1919–1921.

Colonel Vandiver was a man of fine mind and of distinguished appearance, much resembling Mark Twain. A popular platform speaker, Colonel Vandiver is said to have been the author of the Missouri "show me" slogan. The late Speaker Champ Clark credited him with originating the expression in an impromptu address delivered before a Philadelphia club in 1899: "I come from the country that raises corn, cotton, cockleburs, and Democrats; I'm from Missouri," he said, "and you've got to show me." While others have claimed credit for the authorship of this expression, now known the world over, it is generally believed that Mr. Vandiver was the first to give public utterance to it. He was a historian of ability and did much to develop an interest in local history and in the study of the history of his State.

HON. FELIX CORDOVA DAVILA

Mr. HOOPER. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOOPER. Mr. Speaker, my good and distinguished friend, Mr. HARE, chairman of the Insular Affairs Committee of the House of Representatives, has asked me to say something to-day about another very distinguished man who recently left the House of Representatives, Hon. Felix Cordova Davila, who for a number of years very ably represented his island in this House.

In these closing days of the session it has been thought fitting by our committee that some brief memorial to his very distinguished services should find a permanent place in the CONGRESSIONAL RECORD.

Judge Davila is in simple truth a distinguished man, distinguished in his profession as a lawyer, in his love of and service to literature, and in the arduous work which he performed here on behalf of his beloved island. As a young man he saw the sovereignty of Puerto Rico transferred from Spain to the United States. He, like all of the people of that island, transferred gladly, willingly, and enthusiastically his allegiance to the United States. We know too little of Puerto Rico. We know too little of its people. It is an integral part of the United States, just as is the District of Columbia. Judge Davila felt that that island should be the connecting link between the English-speaking Republic of the north and the Latin countries to the south. It is their hope that Puerto Rico should act in a way as an interpreter between the people of the two continents.

Felix Cordova Davila was born in Vega Baja, P. R., November 20, 1878. He received his primary education in the public schools of Manati, P. R. When 20 years of age, came to the United States and in the city of Washington, D. C., entered the National University law school; graduated from this institution with the degrees of bachelor and master of laws; returned to Puerto Rico, and after being admitted to the supreme court of the island undertook the practice of the law. In 1904 was appointed judge of the court of Caguas, and subsequently in the same year judge of the municipal court of Manatí, serving in this capacity until 1908. The

same year he was renominated as judge of the municipal court of Manatí; also nominated as candidate for the House of Representatives of Puerto Rico, but declined both offices. He was appointed temporary district attorney for the district of Aguadilla; served in this capacity for a short time, and was then successively appointed judge for the district court of Guayama, district court of Arecibo, and finally for the first section of the district court of San Juan, serving in this capacity for a period of over 12 years. Because of his reputation as a poet, he was selected as a member of the Antillian Academy. In 1917 was elected by a large majority as Resident Commissioner from Puerto Rico to the United States to succeed Hon. Luis Muñoz Rivera, and was reelected at each succeeding election, namely, 1920, 1924, and 1928, having served in this capacity for a period of 15 years; was nominated by the President to be associate justice of the Supreme Court of Puerto Rico, March 3, 1932. He was confirmed by the Senate March 17 and resigned as Resident Commissioner April 11, 1932.

Mr. Davila has served his island and the Nation of which it is a part well and patriotically. I am sure the membership of this House wish him happiness, prosperity, and continued usefulness in the high office to which he has been called.

MEMORIAL DAY ADDRESS

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a memorial address delivered yesterday at Arlington by ex-Senator James A. Reed.

The SPEAKER. Is there objection?

There was no objection.

Mr. DICKINSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address of Hon. James A. Reed at national memorial services, Arlington National Cemetery, May 30, 1932:

ADDRESS OF HON. JAMES A. REED AT NATIONAL MEMORIAL SERVICES, ARLINGTON NATIONAL CEMETERY, MAY 30, 1932

Liberty was born upon the battlefields of the Revolution.

It was proclaimed in the thunders of Washington's cannon.

It was baptized in the blood of soldiers who died that we might all be free.

Seventeen hundred and seventy-six marked the beginning of the age of freedom.

Back of that stretched a night of a thousand years.

Through its darkness man groped his hopeless way, wearing the triple chains of ignorance, of superstition, and of fear.

The light of the renaissance had begun to penetrate the gloom. Here and there heroic souls had risen in revolt to fall before the sword of tyranny.

But 1776 witnessed the first great rally of a race of men who chose death rather than submit to tyranny.

Without an army or a ship of war they dared defy the mightiest empire of earth—the mistress of the seven seas.

A courage more sublime has never glorified the page of time.

Whence came this valor of battle and of sacrifice?

It was gained in the solitude of the New World by men who, in its conflicts, came to know that all men stand on equal ground.

Amidst the vastness they caught the spirit of independence and came to hate a master and to despise a slave.

Their minds penetrated the false philosophy of the past and exposed the shams of tradition, hoary with age.

They refused to answer the commands of a petty and distant individual who happened to be crowned a king.

The embers of rebellion glowing in their hearts burst into flame upon the hills of Massachusetts, the mountains of Virginia, and amidst the groves of the Southland.

At those fires the torches of liberty have been lighted, to be borne around the world.

We then declared—

All men to be free and equal.

That we would forever defend our shores against a foreign foe.

That we would keep free from entanglements with alien powers.

Pursuing these policies, we have become the mightiest of nations. Our shores are washed by the waves of two oceans. And from the homes of a hundred and twenty-five million people shine the lights of liberty at eventide.

Although a cloud may now and then obscure the sun and cast a passing shadow, our twilight is more luminous than the full day in other lands.

We are amalgamating many races. And if it be true that the dominant characteristics survive in mingled offspring, then we can, in part, account for the splendid achievements of the past and confidently anticipate a day when the American shall embrace in his character the sturdy courage of the Briton, the philosophy of the German, the artistry of France, the music of Italy, and the aspirations of all.

Dreamers may dream the dreams and poets sing the songs of an eternal peace—prophets proclaim a millennium which does not come.

Pale and anæmic pacifists denounce the soldier who stands guard upon our shores and gives protection to our homes.

But it was men with iron in their souls who gave us all the liberty we have.

They were the pioneers who led the march.

Their gallant swords struck off the shackles tyranny had forged and loosed the limbs of men.

From their supreme and holy sacrifice—from their red blood, the flowers of freedom spring.

Dreamers may dream their dreams and universal congresses write their thousand pledges of eternal amity.

These are but paper pacts quickly consumed in hatred's smoldering fires.

So long as flames of human passion burn and barbarious races arm for carnage, slaughter, and for spoils, wise men will put no faith in paper barricades.

On the stout hearts and the unyielding swords of our own gallant sons we must rely.

For those who marched with aching hearts from myriad homes; who parted from their loved ones with tear-dimmed eyes; who entered camp and field with hearts steeled against the tremors of fear; who looked death in the face and knew the price they paid; who gave their lives that this great country should maintain its dignity and place amidst the constellations of the earth, and that we should remain secure in the possession of our rights and privileges;

For all of these—and for all those who endured the fatigues of the march, the rigors of the camp, the horrors of the hospital, the agonies of sickness, and who yet survive, bearing their sufferings through the long years of life;

For these—for all of these—a grateful Nation gives its cheers, mingled with reverence and tears.

The spirit of '76 has never died.

It inspired Jackson's frontiersmen as they manned the cotton bales at New Orleans.

It led the hosts of Scott as they stormed Chapultepec's dizzy heights, and Roosevelt's men when they charged at San Juan Hill.

It hovered over Grant and Lee as they led their embattled hosts in deadly conflicts of the Civil War.

It guided the ships of Dewey through the waters of Manila Bay.

It was with Schley as he sunk the Spanish fleet off Santiago.

It thrilled the hearts of Pershing's hosts as they rolled back the tide of German valor on the fields of France.

The heroism of the past pales before that exhibited ten thousand times in the World War.

Not Horatius at the bridge; not Leonidas at Thermopylæ; not Achilles at the walls of troy; not Richard Cœur de Lion at Acre—so long the theme of song and eloquence—can be compared with the courage of those who amidst the clouds, thousands of feet above the earth, with none to witness or to give encouragement, went unflinchingly to single combat and to death.

Nor does it bear comparison with that valor which coolly followed a barrage of bursting shells through poisoned gases, which like the breath of myriad serpents, silently crept across the field, stole into trenches, and burned out the lungs and lives of men.

The foot-to-foot and shield-to-shield conflicts of Cæsar's legions can not measure up with the charge at St. Mihiel or the Battles of the Argonne, where German discipline and valor broke upon the bayonets of half-trained lads, reared in the atmosphere of freedom beneath the Stars and Stripes.

Let us keep to the old faith—let us walk the straight road which has led from infancy to proud and glorious manhood.

The spirit of '76 still lives.

So long as it shall be the guide and inspiration of our land our liberties will be secure.

And our proud flag, baptized in valorous blood and tender tears, will still proclaim to all the world the puissance of America—the freedom and dignity of men.

UNITED STATES ROANOKE COLONY COMMISSION

Mr. BANKHEAD. Mr. Speaker, at the request of the chairman of the Committee on Rules I call up for immediate consideration House Resolution 172, providing for the consideration of House Concurrent Resolution 26, a concurrent resolution to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C.

The SPEAKER. The gentleman from Alabama calls up a resolution, which the Clerk will report.

The Clerk read the resolution, as follows:

House Resolution 172

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Concurrent Resolution 26, to establish a commission to be known as the United States Roanoke Colony Commission.

That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes—to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Library—the resolution shall be read for amendment under the 5-minute rule.

At the conclusion of the reading of the resolution for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution, and any amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. BANKHEAD. Yes.

Mr. BLANTON. What charge is this commission going to make upon the Treasury of the United States?

Mr. BANKHEAD. I will state to the gentleman that that matter will be fully disclosed by the gentleman from North Carolina, the author of this resolution, in just a few moments.

Mr. BLANTON. Could the gentleman give us an approximate idea?

Mr. BANKHEAD. Will not the gentleman wait for just a moment until he can hear from the gentleman from North Carolina? I am not as familiar with it as the author and I am sure he will give a full explanation.

Mr. BLANTON. The only reason I ask about the expense is that we have here now just a handful of Members present. If it is going to make any big charge on the Treasury, I want to get a quorum present.

Mr. BANKHEAD. I can assure the gentleman that it is not contemplated and will not be countenanced.

The resolution was agreed to.

Mr. BANKHEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of House Concurrent Resolution 26, to establish a commission to be known as the United States Roanoke Colony Commission to report a plan and program for the celebration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of House Concurrent Resolution 26, with Mr. BLACK in the chair.

The Clerk read the concurrent resolution, as follows:

House Concurrent Resolution 26

Resolved by the House of Representatives (the Senate concurring), That there is hereby established a commission to be known as the United States Roanoke Colony Commission (hereinafter referred to as the commission), and to be composed of six commissioners, as follows: Three Senators to be appointed by the President of the Senate, and three Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. The commissioners shall serve without compensation and shall select a chairman from among their number.

SEC. 2. That it shall be the duty of the commissioners to prepare and report a plan or plans and a program for the commemoration in 1934 of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America on Roanoke Island, N. C., with an estimate of the probable cost; to give due and proper consideration to such plan or plans as may be submitted to them for such celebration; to confer with such civic associations and organizations, and with such other commissions, Federal, State, and municipal, as may be appointed for purposes similar to the purpose of this resolution, and to take such steps as may be necessary to secure the coordination and correlation of plans prepared by such commissions; and to do all such other things as may be necessary to carry into full effect the intents and purposes of this resolution.

SEC. 3. That the commission, after selecting a chairman and a vice chairman from among their members, may employ a secretary and such other assistants as may be needed for clerical work connected with the duties of the commission: *Provided*, That said commission can so arrange that no part of the pay or expenses of such secretary and other assistants, if any, shall be paid by the United States.

SEC. 4. The commissioners shall receive no compensation for their services but shall be paid their actual and necessary traveling, hotel, and other expenses incurred in the discharge of their duties, and the same shall be paid out of the contingent funds of the House and Senate.

SEC. 5. That the said commission be, and the same is hereby, authorized to call upon the Commission of Fine Arts, in Washington, for their assistance and advice in connection with any plan or plans that may be submitted or considered, and the said Commission of Fine Arts is directed to render such assistance and advice as its other duties may permit and as may be within its power.

SEC. 6. That the commission shall, on or before the 15th day of December, 1932, make a report to the Congress in order that enabling legislation may be enacted.

SEC. 7. That the commission hereby created shall expire within one year after the expiration of the celebration.

SEC. 8. That this concurrent resolution shall take effect immediately.

Mr. GILBERT. Mr. Chairman, I yield the time under my control to the gentleman from North Carolina [Mr. WARREN].

Mr. WARREN. Mr. Chairman, the resolution so clearly states its purpose, I do not care to take up any of the time of the committee unless some gentleman desires additional information about it.

Mr. STAFFORD. Will the gentleman yield?

Mr. WARREN. Certainly.

Mr. STAFFORD. Can the gentleman inform the committee of the amount of money that will likely be imposed upon the National Treasury if this resolution is passed?

Mr. WARREN. Under this particular resolution I can not conceive of any expenditure being made. If the commission set up by the resolution should report back next December, recommending some contribution, of course, an appropriation would be asked. I would like to say to the gentleman, and I say this voluntarily, we would only ask for a small, modest contribution on the part of the Federal Government. If this commission were to come in here next December asking for any extravagant or unnecessary sum, I should join my friend in opposing it.

Mr. STAFFORD. It is not the purpose then for this commission to provide for the erection of public buildings as a permanent memorial commemorating what the resolution refers to as the founding of English-speaking civilization on Roanoke Island?

Mr. WARREN. No; as the gentleman will observe, this is the oldest possible anniversary we can celebrate in America.

Mr. STAFFORD. I thought the landing of the English colonists at Jamestown in 1606 was the oldest.

Mr. WARREN. The settlement on Roanoke Island was in 1584. I am sure the gentleman——

Mr. STAFFORD. No; I am very frank to confess that I was unaware of the fact there was a settlement that antedated the landing at Jamestown in 1606. I may say in this connection that I have studied colonial history rather closely in times past, and, perhaps, the gentleman can give us some information that will confirm his statement that the landing at Jamestown was not entitled to the honor of being termed the founding of English civilization on this continent.

Mr. WARREN. The history of Roanoke Colony is one of the most thrilling events in American history. Sir Walter Raleigh sent out three colonies and they all landed at Roanoke Island, N. C. The last colony was under Gov. John White. It completely disappeared from the face of the earth. The first child of English-speaking parentage, Virginia Dare, was born there, and the first Christian baptism to be held on American soil also occurred there.

Mr. STAFFORD. One further question. Have the local authorities or the State authorities initiated any movement to commemorate this three hundred and fiftieth anniversary?

Mr. WARREN. I will say to the gentleman that about seven years ago we had the British ambassador, Sir Esme Howard, come there and we had to get all the people there by boat. We carried 5,000 people to that island, which is the county seat of that county. The State of North Carolina has bridged its sounds and built a magnificent hard-surfaced highway down the beach of North Carolina, which places this spot in easy access to the Nation. Several years ago a tablet in commemoration of the first white child born in the Nation was erected by Congress at this spot.

Mr. STAFFORD. My question was whether the State or local authorities had initiated any movement commemorating this three hundred and fiftieth anniversary.

Mr. WARREN. Yes; and Paul Green, a noted playwright, is now writing a play to be used for that occasion.

Mr. STAFFORD. Is there any movement under way whereby the State is to appropriate any money or appoint a commission for this purpose?

Mr. WARREN. No appropriation, but a commission has already been appointed.

Mr. TARVER. Will the gentleman from North Carolina now yield?

Mr. WARREN. Certainly.

Mr. TARVER. In view of the fact that this colony was only an abortive effort and all traces of it soon passed away, how can it properly be referred to, as stated in the resolution, as the birth of English-speaking civilization in America? Does the gentleman think the Congress should pass a resolution making any such statement as that with reference to this lost colony of Roanoke, which left no trace whatever upon our civilization?

Mr. WARREN. Of course I do, because they lived there several years. They had a governor and children were born there.

Mr. TARVER. No descendants of those children survive in this country.

Mr. WARREN. We have the name of every single man, woman, and child who was there in the colony and who disappeared. They all disappeared except the governor, who returned to England.

Mr. TARVER. May I ask one further question? The gentleman said this resolution would entail no expense. I call the gentleman's attention to the recitals in section 4 authorizing payment of hotel bills, traveling expenses, and other expenses without limit incurred by these so-called commissioners and ask the gentleman whether that section does not authorize a rather unlimited expense to be charged against the contingent fund of the House.

Mr. WARREN. I said I could not conceive of any expense occurring under this resolution. If the resolution is adopted there will be three Members of the House and three Members of the Senate appointed.

Mr. UNDERHILL. Can the gentleman assure the House that Senator NYE will not be appointed on this commission?

Mr. WARREN. I would prefer not to answer that.

Mr. BLANTON. Will the gentleman yield?

Mr. WARREN. Certainly.

Mr. BLANTON. The main thing about this resolution that alarms me is the establishment of a new commission. I am with the gentleman about commemorating such events, but the thing the American people are most vitally concerned about just now is meeting the harrassing problems of the present emergency. Thousands of farmers are being turned out of their homes every day by foreclosure of mortgages against their farms.

They are pleading for some relief. I can not see the wisdom of passing such a resolution at this particular time until we grant some relief to the farmers who are losing their homes. This commission when once appointed will gather moss as it goes like a rolling snowball going down hill, and the first thing we know there will be a big expense attached to it.

Mr. WARREN. I assure the gentleman from Texas that there will not, and I invite him next December, if they come in and ask for a big appropriation, to oppose it, and he will find me joining with him.

Mr. BLANTON. As one member of the Committee on Appropriations I am going to oppose any and all new commissions to be appointed until we get on a sound financial basis. I do not intend to vote for any new commission or any new bureau until we get out of this depression.

Mr. UNDERHILL. I do not know that this will interest us, but there is one phrase in the resolution that is fundamentally unsound, and although the money to be expended under the resolution is by popular subscription, I suppose, you provide for a secretary and such other clerical assistants as may be needed connected with the duties of the commission. Under that they can go the limit and do as they have heretofore—ask that it be taken out of the Treasury of the United States.

Mr. WARREN. This is an exact copy of the Yorktown resolution. I assure the gentleman that I do not think there will be any expense under this resolution.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. COCHRAN of Missouri. I call the attention of the gentleman from Massachusetts to the proviso under section 3, which says:

> The said commission can so arrange that no part of the pay or expenses of such secretary and other assistants, if any, shall be paid by the United States.

Mr. UNDERHILL. I know; it says, "can" so arrange. It does not say "shall."

Mr. COCHRAN of Missouri. I want to ask the gentleman from North Carolina, Is it not a fact that the fort constructed by Sir Walter Raleigh still stands at this spot?

Mr. WARREN. Yes; I was going to state to the gentleman from Wisconsin that the outline of Raleigh's original fort constructed there in 1584 is still plainly visible.

Mr. STAFFORD. I am rather surprised that we are to celebrate the birth on Roanoke Island of English-speaking civilization in America, which apparently was abortive and got nowhere, instead of at Jamestown.

Mr. WARREN. This made Jamestown possible.

Mr. PARKS. Is there any limitation in the resolution as to the amount of expense?

Mr. WARREN. This resolution simply authorizes the appointment of a commission consisting of three Members of each House to report back here in December as to whether or not there shall be any participation in the celebration.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. WARREN. I yield.

Mr. HILL of Alabama. The gentleman said that this made Jamestown possible. Will the gentleman elaborate that a little?

Mr. WARREN. I think the efforts of Raleigh invited others. I think we are all agreed on that. They were all attempting to find some lodgment along the North Carolina and Virginia coast.

The CHAIRMAN. If there is no other time desired, the Clerk will read the bill.

The Clerk read the bill for amendment under the 5-minute rule.

Under the rule the committee rose; and the Speaker having resumed the chair, Mr. BLACK, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House Concurrent Resolution 26, and had directed him to report the same back with the recommendation that it pass.

The SPEAKER. The question is on the passage of the resolution.

The resolution was passed.

On motion of Mr. GILBERT, a motion to reconsider the vote whereby the resolution was passed was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HESS, for the balance of the week, on account of official business.

GOVERNMENT COMPETITION WITH PRIVATE ENTERPRISE

Mr. POU. Mr. Speaker, I call up House Resolution 235, which I send to the desk and ask to have read.

The Clerk read as follows:

House Resolution 235

Resolved, That the Speaker of the House of Representatives be, and he is hereby, authorized to appoint a special committee to be composed of five members for the purpose of investigating Government competition with private enterprise and all other questions in relation thereto that would aid the Congress in any necessary remedial legislation. The committee shall report to the House not later than December 15, 1932, the result of its investigation, together with such recommendations for legislation as it deems advisable.

That said special committee or any subcommittee thereof is authorized to sit and act at such times and places within the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to employ such experts,

and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, by subpœna or otherwise, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary, and such expenses thereof shall be paid on vouchers ordered by said committee and approved by the chairman thereof. Subpœnas shall be issued under the signature of the chairman and shall be served by any person designated by him. The chairman of the committee or any member thereof may administer oaths to witnesses. Every person who, having been summoned as a witness by authority of said committee, or any subcommittee thereof, willfully makes default, or who, having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties provided by section 102 of the Revised Statutes of the United States.

Mr. POU. Mr. Speaker, how much time does the gentleman from Indiana [Mr. PURNELL] wish?

Mr. PURNELL. Mr. Speaker, I have had no requests for time, but ask the gentleman to yield me the usual amount in case he is going to use some himself.

Mr. POU. Mr. Speaker, this resolution speaks for itself. There has been throughout the country widespread complaint concerning the activities and practices of the Government in competing with private enterprise. A most surprising exhibit was made to the Committee on Rules. It was shown by our colleague, Mr. SHANNON, that the Government is now engaged in varied enterprises in competition with legitimate business. He had an exhibit there very surprising to me showing that anyone could go into Federal Government stores and not only buy what was necessary for the Army and the Navy but numerous articles which could not possibly be necessary.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. BLANTON. The Congress has known for years that officers of the Army and Navy are allowed to buy everything they want at these Government supply stores and that these Army and Navy stores are run at a tremendous loss to the Government all the time. They can buy anything on earth down there. They even buy their fuel for their homes. We all know these things. After we appoint this commission and it spends a lot of money to get the facts we now know, if any move is ever made to stop it, the gentleman will find the Army and Navy Club here and the Navy League and the big Army and Navy Members of the House endeavoring to stop any move to do away with these stores. It occurs to me that if we went to work here and passed a resolution to abolish these stores and stopped this rather than spend the money and this waste of time in appointing a useless commission, we would serve the country better.

Mr. POU. Mr. Speaker, the very point is that the country does not know about this. If the country at large knew what is taking place, I think the country would rise up in protest and stop it. There is a legitimate line of demarcation beyond which the Government ought not to trespass. The purpose of this resolution is to appoint this committee in order to ascertain, if possible, what the legitimate activities of the Government ought to be and what activities are not legitimate.

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield?

Mr. POU. I would rather not yield. I would rather the gentleman question the author of the bill. It seems to me that this resolution ought to pass.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield me two or three minutes?

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, I do not care to add anything to what has already been so well said by the chairman of the Committee on Rules. However, in order to show that this is a matter of great importance, and that it has impressed itself upon the most responsible and representative business organization of the country, for the purpose of the RECORD I ask unanimous consent that the Clerk may read a copy of the letter which I send to the desk, addressed to the chairman of the Committee on Rules, together with the resolution passed by the United States Chamber of Commerce upon this question.

The SPEAKER pro tempore (Mr. BLACK). Without objection, the Clerk will read.

The Clerk read as follows:

MAY 28, 1932.

Hon. EDWARD W. POU,
Chairman Committee on Rules,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: The action taken by your committee in reporting favorably House Resolution 235 is very gratifying to the membership of the Chamber of Commerce of the United States. It is our hope that the House will act promptly and that the committee which is to inquire into all phases of Government competition will soon be in a position to proceed with its task.

Our organization made its latest expression relating to Government competition on May 20. I attach a copy.

Very truly yours,

——— ———, *President.*

Resolution adopted at the twentieth annual meeting of the Chamber of Commerce of the United States, San Francisco, Calif., May 20, 1932

GOVERNMENT COMPETITION

The earnest position of the Chamber of Commerce of the United States against the Government engaging in any form of business enterprise in competition with its citizens has been repeatedly expressed. Since the last annual meeting the membership has been enlisted in a survey of the forms and extent of Government competition. Much information has thus been brought together and placed at the disposal of the special committee which was appointed by the board of directors to study the subject in all of its phases. This committee has submitted a progress report and will shortly present its considered recommendations.

This report will be very timely because of the pressing need for economy in Government spending and in view of the increasing burdens of taxation. While the committee in its progress report found it impossible to determine exactly the cost of business activities of the Federal Government, it is certain that reported losses and deficits are extensive. Large sums are now spent by the Federal Government upon business and commercial ventures of its own. In addition to direct losses, there are at once detriments to private citizens engaged in lawful pursuits, and important losses to the Government by reason of its deprivation of revenues which would be derived from these enterprises if conducted by citizens and taxpayers.

Mr. BANKHEAD. Mr. Speaker, I think the Clerk did not read the name signed to the letter.

The SPEAKER pro tempore. There is no signature to the letter.

Mr. PURNELL. Mr. Speaker, as a member of the Committee on Rules I received a copy of this letter which was signed by the president of the United States Chamber of Commerce.

Mr. POU. Mr. Speaker, I yield 15 minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Speaker, it is utterly impossible to comprehensively present, in 15 minutes, the subject of governmental competition with private enterprise. The purpose of requesting the appointment of a special committee is to give to those citizens throughout the United States who have been and are oppressed by Government in business an opportunity to be heard. This is an accumulation of many, many years. Government, through its agencies, may reach out and take from the small man in trade his means of livelihood. Unless a special committee is appointed under this resolution to give a hearing to the restaurant man, to the laundryman, to the livestock man, to the coal man, and to the thousands of others who have been oppressed by these governmental activities, I see little hope for anything being done to ameliorate the situation.

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. Yes.

Mr. UNDERHILL. Is it proposed to make a part of this investigation the express and freight business carried on under the guise of the parcel post, also the maternity care, which is in competition with the doctors of the Nation?

Mr. SHANNON. If the gentleman will give me a reasonable length of time to discuss the matter, I think I can answer his questions fully. The committee gave three days to the hearings on the resolution. When we first went before the Committee on Rules there was some little opposition, but at the conclusion of our last hearing every member of that committee voted for this resolution. So you can see the importance of it. I think it is a very broad resolution. In fact, it is a better resolution than the one I originally

introduced, because my resolution was based primarily on Government activities in Kansas City alone, where a restaurant is being operated in the Federal reserve building, where it is contemplated to install a restaurant in the new post office building, and where space is being rented in a Government building in competition with local realty owners.

The thing that is pleasant about this is its nonpartisan nature. I attended a meeting at the Kansas City Stockyards a few weeks ago. A gentleman stepped up to me and said, "I am chairman of this meeting, and I am here so as to take politics out of it. You know that I did not vote for you, and I may not vote for you the next time, but I want the world to know that we stand as one in trying to protect our business from governmental invasions."

Members of the Chamber of Commerce of Leavenworth, Kans., called on me. They said, "There is a terrible condition existing in our little community. Our merchants are being destroyed every day by the so-called post stores. They can not compete with them."

Post stores are relics of the old sutler system, when the Army was out on the plains or in the mountains or the fields of battle, far removed from civic centers, and sutler stores were established to furnish accommodations for those in the service. Fort Leavenworth is within a few blocks of the town of Leavenworth and a few miles from Kansas City, St. Joseph, and Atchison.

One of the citizens of Leavenworth wrote me to come to his aid. He said:

> I have a little jewelry store, which is my sole support. A civil-service employee comes in and asks if I have a Seth Thomas clock. I show him one. He takes the number, then walks across the street to the Government post and buys the same clock for less than I can sell it to him. If the post does not have it in stock, it is ordered.

He says that this makes bolshevists. Then, fine, good man that he is, he concludes his letter with this line:

> Oh, let God give Congress the strength to investigate this question and forever stop it.

These merchants at Leavenworth do not want something temporary.

You can not buy a paper of pins up there to-day as a result of the introduction of this resolution; but 10 days ago you could have bought a paper of pins, or you could have bought a furnace for the house, or you could have bought a piano—anything under the sun. At Leavenworth they say, "We want this thing settled once and forever."

This resolution provides that the special committee shall report back to the next session of Congress. No standing committee can do this work well, because it does not have the time.

I said to the committee from Leavenworth, "Tell me something; what will they sell you at Leavenworth?" They said, "Anything." So my clerk went up there, and the first thing she was told to get was cigarettes. She bought two packages of cigarettes at the post. She paid 15 cents for these and came right out and bought two of the same brand from a Leavenworth merchant and had to pay 17 cents. She had to pay the State tax in the State of Kansas but did not have to pay it at the fort. These are not supplies merely for the members of the Army. They are goods which are sold to anybody, no matter where they are from.

The next thing she bought was this bottle of cologne. The next was a handkerchief. Next she bought this—I never yet have found out what they wanted to sell this at the fort for unless it was to deceive the enemy in case it came there. [Applause and laughter.]

Mr. PARKS. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. PARKS. I just wanted to ask the gentleman where he got that garment and what it is?

Mr. SHANNON. I got it at Fort Leavenworth, Kans., at the fort.

Mr. KELLER. It is a pajama suit, is it not?

Mr. SHANNON. Yes; feminine.

It is contemplated at this moment to put restaurants in 32 new post-office buildings.

The gentleman from Washington [Mr. HORR] has a story with reference to the laundrymen at Bremerton, Wash., far from my district.

I thought I would go out on a little shopping trip of my own here in Washington, so I went down to different places in the city, and after visiting them I sent a young man out, and when he came back he brought this suit of clothes, purchased at a Government institution at Bolling Field. He bought this shirt at a Government institution at 1800 C Street. Then, in addition to that, he bought this belt, and he bought this necktie also at 1800 C Street. Then he topped off the morning's work by buying a pair of shoes at Bolling Field. These shoes were made in England, as you will see stamped on the sole.

Mr. COX. What was the cost of them?

Mr. SHANNON. I am not sure. I think it was $4.85. I want you to see the box. It reads, "Pride of England's Shoe Craft." Just at that time I received a letter from a great shoe factory in St. Louis. The manager wrote:

> Can not something be done to stop the Government from making shoes at Leavenworth and competing with us in the Indian reservations?

I went up to Eighteenth and C Streets and I bought canned chicken and crab meat. I bought stockings and soap, and I bought collars, and I bought Listerine. Then I bought these four bottles. They read like this: "Rum. Contents of bottle sufficient to flavor 1 gallon." I do not know whether it is rain water or tea, but the assumption is that this imparts the flavor of rum to homemade liquor. An accommodating clerk there told me, "We have a great demand for this. Everybody is buying it."

Mr. COX. Read the names on the rest of these.

Mr. SHANNON. Gin, rum, rye——

Mr. MILLER. Where is this place?

Mr. SHANNON. Eighteenth and C Streets.

It is impossible to cover this subject in 15 minutes. It would really make an hour's interesting discussion. I hope the committee will be composed of men who will treat the subject seriously and give a patient hearing to those who are being oppressed.

Just think of it! The musicians protest against Army bands being sent out on money-making trips. Then we have factories of all kinds joining the chorus of complaints. The gentleman from Pennsylvania [Mr. STOKES] came to me and said: "We have in the city of Scranton a varnish factory, and they appeal to us to close the competing Government factory at Norfolk, Va., because it is ruining them."

We have protests from 20 different cities at this time on Government competition with private laundries, but the experience in the city of Washington will be sufficient for all. Fort Myer sends Government wagons over to gather up the Army officers' clothes, and incidentally the clothes of all their neighbors and friends, and later they whisper, "We get our work done 30 per cent cheaper." The laundrymen of Washington say: "Of course, you do. We have to pay rent; we have to pay labor; we have to equip our plants and pay for everything that is necessary for our privately conducted business."

In Leavenworth the merchants say, "If all of this is done for the personnel of the Army, then you ought to consider us. The Government pays those men good wages, and then after they have served a certain length of time they are retired on two-thirds pay; but we still have to fight for a living."

Mr. SNELL. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. SNELL. Do I understand from the gentleman's position on this resolution he is opposed to the Government being in business and competing with private industry?

Mr. SHANNON. Yes.

Mr. SNELL. Then why did the gentleman vote for Muscle Shoals?

Mr. SHANNON. I voted for Muscle Shoals, I may say to the gentleman from New York, for the reason the question involved the rights of many concerning the use of that great property and the later use of the power. There may be something in what the gentleman says.

Mr. SNELL. I would think there was something in what I say, because it puts a tax burden on the American people of from $60,000,000 to $100,000,000 to put the Government in business, yet the gentleman complains because the Government washes a few clothes for somebody in competition with a private laundry.

Mr. COX. Will the gentleman from Missouri permit a suggestion?

Mr. SHANNON. Certainly.

Mr. COX. I have no desire to draw the gentleman from the question propounded by the gentleman from New York [Mr. SNELL], but when the gentleman appeared before the Rules Committee he had a very important piece of evidence in the nature of advertising matter calling the public's attention to sales' days when they were putting on special bargains.

Mr. SNELL. Before the gentleman gets too far afield he better answer my question.

Mr. COX. I think he answered it quite satisfactorily.

Mr. RICH. There may be such a thing as voting for one particular thing and then getting off the track. I think the gentleman is on the right track now and I hope he will press this resolution to a conclusion, because we have too much Government in business. I think the quicker we help get it out of business the better. If we can muster enough votes to help the gentleman, we will do something really worth while.

Mr. BLANTON. If the gentleman will offer a resolution to stop this we will vote for it.

Mr. SHANNON. That has been done.

Mr. Cox a moment ago referred to a piece of advertising sent out under the heading, "The Command and General Staff School, Fort Leavenworth, Kans., Information Bulletin No. 136, February 12, 1932." Among the articles advertised are the following:

Women's exchange: Framed oil paintings (desert scenes); one 6 inches by 7½ inches at $2; one 8 inches by 11 inches at $4. Work is well done and colorful. Come in and see the hand-made children's clothes, priced $1 and up. Beautifully made.

Post exchange specials for Friday and Saturday. Sale starts Friday noon. Grocery department: Fresh country eggs, dozen 15 cents; pure creamery butter, 24 cents; red pitted cherries, gallon 47 cents; Campfire marshmallows, 1-pound package 16 cents; Heinz catsup, 3 bottles 57 cents; Heinz plum and fig pudding, 1-pound tins 2 for 55 cents; Hawaiian pineapple, No. 2½ cans 15 cents; Pickwick cocoa, 2 pounds 25 cents; grapefruit, large size, each 6 cents, dozen 66 cents, half crate (27 grapefruit), $1.46; cooking and eating apples (Winesap), per bushel 89 cents; Roman beauty apples, bushel $1.46; lemons, dozen 19 cents; mushrooms, 26 cents; cooking apples, 7 pounds 25 cents; whipping cream, one-half pint 15 cents; head lettuce, 5 cents; leaf lettuce, 10 cents; dwarf celery, 11 cents; large celery, 12 cents; carrots, 2 bunches 15 cents; beets, 2 bunches 15 cents; turnips, 9 cents; radishes, 3 bunches 10 cents; green onions, 3 bunches 10 cents; spinach, 3 pounds 25 cents; tomatoes, 2 pounds 25 cents; cauliflower, 15 cents; sweetpotatoes, 10 pounds 32 cents; new potatoes, 6 pounds 25 cents; potatoes, 10 pounds 18 cents; peas, 17 cents; green beans, 10 cents; green peppers, 3 pounds 10 cents; Brussels sprouts, 15 cents; broccoli, 15 cents; avocados, 25 cents; bananas, dozen 15 cents; eating apples, 35 cents.

And so forth.

Now, Mr. Speaker, those engaged in the insurance business make complaint. They say they can not compete with Government insurance rates.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the gentleman five minutes of my time.

Mr. POU. Mr. Speaker, I yield the gentleman from Missouri six minutes.

Mr. SHANNON. Mr. Speaker, let me read from a radio address made by Merle Thorpe, editor of the Nation's Business, on March 3, 1932:

I have before me a list of eighty-odd undertakings in which the Federal Government is competing with private industry, which, of course, must furnish, through taxes, part of the money to make this competition possible.

That is the contention of the man in trade, that he has to face the Government in business, and in facing it he faces a competitor who has a special sales place, has no taxes to pay, and really no overhead to pay. This question was considered by the chamber of commerce in San Francisco. They passed a resolution on the subject. At the same moment in the city of Louisville the retail coal dealers got together and entered a protest against Government buildings being used as places for the sale of coal. Then came a letter from Oklahoma in which it was stated that an agency of the Government had taken over coal mines and had ruined the local coal industry.

I hope you will bear with me just a little longer. Here is a protest from the retail grocers of Seattle, Wash.

Mr. DE PRIEST. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. DE PRIEST. Will the gentleman give us some idea about what this investigation will cost?

Mr. SHANNON. I do not know; but any reasonable sum would be well spent.

Mr. DE PRIEST. I think the gentleman has a good resolution.

Mr. SHANNON. I have no idea what it will cost. Not having had much experience with these things, I do not know, but any reasonable amount, $15,000 or $20,000, would be well spent, so that this Congress would know at its next session how to handle this question.

I want to read a resolution adopted by the Washington Retail Grocers, an association in Seattle. They are protesting against the destruction of their business.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. TAYLOR of Tennessee. Has the gentleman had any protest from the private printing industry of the country as to the Government engaging in printing work?

Mr. SHANNON. I have received many complaints, any number of them.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. COCHRAN of Missouri. The gentleman called attention to the fact that these shoes were made in England. I want to call his attention to the fact that this hat was also made in England.

Mr. SHANNON. I did not know that.

Mr. EATON of Colorado. Does the gentleman know how much gasoline is sold in this way for private consumption?

Mr. SHANNON. Many such complaints have come from all over the country. The quantity runs into thousands and thousands of gallons every day.

Mr. EATON of Colorado. Has the gentleman the figures, or will be put in the RECORD an estimate, showing the amount of tax which the States lose in that way?

Mr. SHANNON. I have no idea.

Mr. EATON of Colorado. That information is available.

Mr. SHANNON. Perhaps it is. However, the only way you can get at it is by having this investigation made. You can then procure all of this information and be prepared to pass adequate remedial legislation.

Mr. DYER. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. DYER. The gentleman, of course, can not in the short time he has touch upon this great subject. The gentleman has not spoken about the beef industry, and he has not referred to the groceries which are sold in all of the Army posts to Army officers, and probably to all of their relatives.

Mr. SHANNON. If you will pass this resolution you will be able to get at all of those facts.

Mr. RICH. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. RICH. I have many complaints from manufacturers in my district who are complaining about divisions of the Army which are engaged in competition with private business. They are taking business away from private enterprise when it should go to private enterprise instead of

being handled by the Government. I will be glad to see the gentleman have this resolution put through.

Mr. SHANNON. I thank the gentleman. Let me touch another phase of this. I have here protests from coal men who object to post offices being used as organizing points at which to sell goods. I went over and looked at this great restaurant in the Commerce Building and I found it has a seating capacity of 2,500. I asked the purpose of it and was told that it makes for efficiency. The clerks, I was told, have only half an hour for their lunch. I said, "That may be all right, but why do you serve breakfast in this room?" They said they did not know the purpose of it. I said, "Would it not be as well to have these clerks eat at home, whether they live in Virginia, Maryland, or in the District of Columbia, and thus help the local grocer, or else patronize the local restaurants?" Then I went into the Revenue Building, and I found the same thing.

A Washington merchant timidly handed me this letter. I will not take the time to read more than an excerpt therefrom. The Manufacturers' Association wrote to the Interstate Commerce Commission and complained about that department being used for commercial purposes, and then this was the reply.

[Here the gavel fell.]

Mr. DYER. Mr. Speaker, I yield the gentleman one minute. I would yield the gentleman five minutes if the gentleman from Indiana would let me have it.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. PURNELL] is in control of the remaining time.

Mr. PURNELL. Mr. Speaker, I have some requests for time, and so far as I am concerned, I think the gentleman has made out his case. However, I yield the gentleman one minute.

Mr. SHANNON. The reply of the bureau clerk was this:

> In reply, would advise you there is in existence an organization known as the Incomco Club. The idea of this organization is to greatly improve the morale among the employees.

And then at the end he gives this excuse:

> Time so spent, however, in the use of Government clerks is entirely in the interests of the morale of the commission.

This is the kind of stuff that the merchants have to face, and I hope this Congress will handle it in a way that all over the Nation those engaged in trade will be furnished relief.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. SHANNON. I yield to the gentleman from New York.

Mr. CLARKE of New York. Is the gentleman's resolution broad enough so that we can also get after the Farm Board to find out whether they are indirectly competing with business?

Mr. SHANNON. It is a very broad resolution and I would think it covered that.

Mr. GLOVER. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. GLOVER. The gentleman exhibited a pair of shoes that show on the inside, as well as the outside, that they were made in England. Is that shoe sold by them at a less price than the American shoe?

Mr. SHANNON. Four dollars and eighty-five cents, I think, is the price.

Mr. KELLER. Is that cheaper than an American shoe would be?

Mr. SHANNON. I do not know.

Mr. PURNELL. Mr. Speaker, I have no desire to take up any time personally. I have some requests for time, and I merely want to say that this resolution comes from the Committee on Rules with the unanimous support of that committee; and speaking for myself personally, I am in hearty sympathy with the purposes of the resolution. However, I should like very much to have had the resolution provide some curb on expenditures in order that the committee might not go too far afield and tax the Treasury too much.

Mr. BACON. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. BACON. Does the gentleman from Indiana think this resolution is sufficiently broad to go into a great many activities throughout the country where the Government is competing with private business?

Mr. SNELL. Yes; from Muscle Shoals down.

Mr. BACON. As the gentleman well knows, the Navy maintains a factory for the manufacture of clothing, whereas in former times they used to call for bids on a competitive basis, and the Government to-day is spending a good deal more for its clothing than it paid in the past when the Navy bought its clothing following competitive bids from private manufacturers.

Mr. PURNELL. I may say to the gentleman that some years ago I made an attempt to break up that practice, but I did not get anywhere with it.

I now yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, so far as the subject matter of this resolution is concerned, I am not in opposition to it; but considering the source from which it comes, I think there must be something hidden in the resolution itself that ought to be investigated.

What has happened in the last few weeks that has so changed the Democratic majority in its attitude toward putting the Government in business? When we had the Muscle Shoals proposition before us, which provided for putting the Government into business in the manufacture of fertilizer in competition with private industry, and also providing from $60,000,000 to $100,000,000 in putting the Government into this new business in competition with private industries, I find that five of the eight members of the Democratic Rules Committee voted in favor of it, one voted against it, one voted present, and one member was absent.

I find that the gentleman who is so much disturbed here to-day about the Government being in business also voted to put the Government in business at Muscle Shoals. I am wondering just what has happened and why the Members on that side are so much disturbed about the Government doing a little laundering or running a little grocery business at the various posts in the country.

Mr. O'CONNOR. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. O'CONNOR. If my memory serves me correctly, the gentleman from New York now speaking on the other side of the aisle voted to put the Government in wheat and cotton business. [Laughter and applause.]

Mr. SNELL. Certainly not; we voted to help out our farmers; that is all. We did not put the Government in business.

The gentleman from New York has been consistent all the way through in keeping the Government out of business, and you can follow his record here for 18 years and you will find that he has consistently voted against it.

Now, I am wondering what has happened on the other side. I am wondering what the gentleman from Kansas City has to say about the barge line on the Mississippi, and whether he wants that done away with because it competes with private business.

Mr. PARKS. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. PARKS. I am sure the gentleman would not make a statement that is misleading——

Mr. SNELL. No; and if I have, I will apologize.

Mr. PARKS. The gentleman knows that there is not a barge line on any river of the United States that is in competition with private business. For instance, the Government has refused to go into the barge-line business on the Ohio River because we have a private barge line there; and just as soon as any private enterprise is willing to take over the barge line on the Mississippi River, under the bill we have passed, the Government has said that we are willing to turn it over to them.

Mr. SNELL. The gentleman knows very well that no private corporation will ever take it over from the Government, and we will always be in business there.

Mr. PARKS. Does the gentleman wish to deny to the people the privilege of having barge lines?

Mr. SNELL. No; I simply want to know the attitude of you gentlemen as to certain propositions in your own home towns. If it is in competition with your own people, you are against it.

Mr. RICH. Does not the gentleman think that the Republicans could join with the Democrats in keeping the Government out of business?

Mr. SNELL. I will join them if they will join with us in keeping it all out.

Mr. HARLAN. Is it contemplated that an amendment will be offered to the bill limiting expenses?

Mr. SNELL. You have got the most far-reaching resolution that has been offered in the House for a great many years. If they do all that they have a right to do under this resolution, they could investigate everything from Alaska to Miami at a cost of half a billion dollars before they get through. I am in sympathy with the attempt, but I call attention to this remarkable situation.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SNELL. I yield.

Mr. LAGUARDIA. The gentleman from New York will distinguish between a public necessity where the use is universal, where the public has no opportunity of receiving the benefits of competition, like public service, electric light, and so forth——

Mr. SNELL. Oh, that does not apply here.

Mr. LAGUARDIA. The difference between that and a little peanut-stand proposition like this. There is a great distinction.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield the balance of my time to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Speaker, I want to say that I am very much in favor of the resolution, if it goes to a certain extent. I do not see any reason why the Government should go into the business of selling such things as these—bottles, shoes, shirts, hats, pajamas, and so forth—in competition with the small merchant. The gentleman from Missouri [Mr. SHANNON] has covered this competition with the small merchants and little stores and I am not going to say anything further on that score.

He has brought in, however, the question of paint at the Norfolk Navy Yard. That is an entirely different question. We have to repair these ships and paint the bottoms, and we employ civilians to make and put the paint on. It is economy for the Government; it employs just as many men, and it is only used in Government navy yards. That is entirely different from the operation of stores in competition with merchants.

Mr. BLAND. Will the gentleman yield?

Mr. LANKFORD of Virginia. I yield.

Mr. BLAND. I hope the gentleman will be able to stop competition with private shipyards in building Government vessels by the Government.

Mr. LANKFORD of Virginia. I expected the gentleman might ask that question, but I can not agree with him.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. JOHNSON of Washington. Does the gentleman think that this resolution would authorize them to go to Ohio and investigate the printing by the Government of cards and stamped envelopes in competition with private business?

Mr. LANKFORD of Virginia. This committee is going to have a big job, and it might do that.

Mr. GARBER. Mr. Speaker, will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. GARBER. Does the gentleman think the Rules Committee is fair to this House in reporting a resolution that gives carte blanche authority to this committee to draw on the Treasury of the United States for expenses of all kinds without any limit?

Mr. LANKFORD of Virginia. I think we should have had notice of this. The gentleman from New York [Mr. SNELL] has spoken of a number of things into which this committee could go. The first I heard of it was this morning, and I do not really know enough about it to discuss it, though I do know that the sale of these things has been brought to my attention.

Mr. GARBER. Should there not be some limit on the expenses to be incurred?

Mr. LANKFORD of Virginia. I think there should.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. LANKFORD of Virginia. Yes.

Mr. COCHRAN of Missouri. The gentleman from Oklahoma [Mr. GARBER] will probably understand that before this committee is going to spend any money it must get an appropriation from the Committee on Accounts. I am absolutely in favor of the resolution, but the Committee on Accounts is not going to give the special committee any $40,000 or $50,000 as some seem to be alarmed about? I think they will get a reasonable amount. I am a member of the Committee on Accounts, and I am sure that committee will not waste the public money. It never has.

Mr. GARBER. Should we not take into consideration, in passing this resolution, the amount of expenses the committee will incur?

Mr. LANKFORD of Virginia. I doubt if we could determine how much would be necessary at this moment.

Mr. COX. Let me say for the benefit of the gentleman from Oklahoma, when the hearing on the application for this rule was had before the Committee on Rules it was not contemplated that any considerable expenditure of money would be made necessary. The nature of the investigation is such that the resolution had to be broad. It is not for the purpose of making it possible for the committee to incur large expenditures, but for giving the committee power to direct the investigation to matters about which the committee was not informed.

Mr. GARBER. Right in that connection, the power to investigate extends to the power to encourage expenses, and why should not the matter, in respect to the investigation, be given to the House, so far as the amount of expense is concerned?

Mr. POU. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, if the gentleman from Missouri [Mr. SHANNON] or the Committee on Rules will present a resolution to stop the sale of these goods by the Government in Army commissaries and Navy stores I shall vote to stop it without hesitation, but I can not support a resolution of this kind that will only waste money and do a futile thing. If they get any information, they will not have any more than we already have. We know that this is being done. What is the use of spending money to ascertain what we know already? This committee, or any member of it as a subcommittee, can travel all over the United States from Maine to Seattle and Florida and you will have to pay the bill. I am not in favor of it. You have to pay the expenses of it. You are authorizing them to incur expenses here, and you are going to have to appropriate the money to pay for it. I am not in favor of it. It is doing a foolish thing. Why do they not bring in a resolution and stop this now? We know that these commissaries and naval stores are selling these things all of the time and that they have been doing it.

Mr. COX rose.

Mr. BLANTON. Just a moment. When you bring the resolution in here after you have spent this money to get the information that we already have, and the purpose of the resolution is to stop the sale of these things, you will find our good friend from Oregon, General MARTIN, representing his big Regular Army, and General CHIPERFIELD coming in here, and they will obstruct every effort you make to pass it. The great Army and Navy Club, the great Navy League, will come in here and exert their influence, and they will have this gallery full of their satellites. They will stop you with their propaganda and their lobbying. I want to

begin my fight right. Let us bring in a proper resolution here right now and stop it; let us pass such a resolution into law before the Congress adjourns and not send good money after bad.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COX. Would the gentleman be interested in preparing or introducing such a resolution, or may I inquire whether the gentleman has sufficient information on which to draw such a resolution?

Mr. BLANTON. Certainly I have, and all of us have, but how far would it get?

Mr. COX. This resolution has gotten this far. Probably the gentleman could get his before the House.

Mr. BLANTON. If such a resolution were brought in, the gentleman knows what would happen to it. This same lobby that stopped the consolidation of the Army and the Navy Departments, which would have saved $100,000,000 here in expenses to the people, would come in here and stop it. You would find my friend from South Dakota over there [Mr. WILLIAMSON], who at first was for consolidation, jumping in here; and when you would have a teller vote he would vote against it through the tellers just as he did; and then when you had a roll call he would vote for it. You would find that happening here again. It is that infernal Army and Navy influence here. It is that insidious lobby here by the Army and the Navy generals and admirals that stops good legislation like this from passing. Why does not this committee bring in a resolution that will accomplish the thing they have in mind? What better argument would you want than this bunch of stuff here that our friend from Missouri [Mr. SHANNON] has shown before us to pass a resolution of that kind? He has convinced me that it ought to stop, and he has convinced you that it ought to stop. Why do you not change this and pass a 10-line resolution here and say that they shall stop it? Then I will be with you. If the gentleman from North Carolina [Mr. POU] would authorize me to offer an amendment of that kind, I would offer it. Under the rules, I can not offer an amendment unless the chairman of the Rules Committee yields to me for that purpose. He has yielded to me only for the purpose of speaking against the resolution. If I were to attempt to offer an amendment, he would stop me immediately and move the previous question, which stops all amendments and all discussion. No Member here can offer an amendment, because he will not yield for that purpose. The gentleman from North Carolina [Mr. POU] can put this matter to a vote at any moment he chooses by moving the previous question.

If he would give me authority to do so, I would offer an amendment with some teeth in it that would stop these Army and Navy stores and abolish them, and you would not have to spend money to investigate them.

Mr. POU. Nobody knows better than the gentleman from Texas that the Rules Committee is not a legislative committee and has no jurisdiction to report out such a resolution.

Mr. BLANTON. But if the gentleman would authorize me to offer an amendment, I do not think a point of order would be made against it, and I would offer an amendment of about 10 lines that would stop it and stop it now, and we would not be required to spend all of this money.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. PURNELL. Mr. Speaker, I yield three minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I am in favor of this resolution. I think there should be a thorough investigation. The gentleman from Texas [Mr. BLANTON] sought to give the House the impression that this committee could spend all the money it desired. The gentleman is too well informed upon the rules of this House not to know that before this committee can function it must get an appropriation from the Committee on Accounts, and when the committee is named, that committee will appear before the Committee on Accounts and make a request for an appropriation. I can say to the gentleman from Texas, and I think the gentleman well knows, that the Committee on Accounts is not quite as liberal in giving money to special committees as some other committees in another body. Mr. SHANNON's information just presented only scratches the surface. A few days ago I added to the Army appropriation bill an amendment which prohibited the manufacture of clothes for enlisted men in a clothing shop operated by the Army in Philadelphia. I have had a hundred people on my back since that amendment was carried in that bill, despite the fact that the Army figures showed that on a garment which cost $3 or less to make, the private contractor was willing to make it for 91 cents less than the Government could make it for.

As I say, what you have heard to-day simply scratches the surface. This committee will bring real information back to the House and the House will in the end take the Government out of business. They will go up to that line of demarcation which the gentleman from North Carolina [Mr. POU] has pointed out, and say what should be stopped and what should not be stopped. The Government has no right to compete with the taxpayers who sustain the Government.

I hope the resolution will be adopted and a report made by the committee. [Applause.]

Mr. POU. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BLACK). The question is on the passage of the resolution.

Mr. FRENCH. Mr. Speaker, I offer an amendment which I send to the desk.

The SPEAKER pro tempore. The previous question has been ordered. The previous question having been ordered, no amendment is in order at this time.

Mr. FRENCH. Mr. Speaker, let me make inquiry. I understand that all debate is cut off on the resolution, but a Member has the privilege of offering an amendment.

The SPEAKER pro tempore. Under the rules of the House, not only is debate cut off but all power to offer amendments is cut off by the ordering of the previous question.

Mr. FRENCH. The Speaker is quite right. I have confused the motion for the previous question with the common motion to close debate. I desired to offer an amendment which would limit the expenditure.

The SPEAKER pro tempore. The gentleman might have opposed the previous question.

Mr. PARKS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. PARKS. The gentleman from Idaho suggests an amendment that is out of order, but would it not be in order to move to recommit the resolution with an amendment?

The SPEAKER pro tempore. A motion to recommit a special rule from the Committee on Rules is not in order.

The question is on the passage of the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 65, noes 32.

Mr. BLANTON. Mr. Speaker, I object to the vote on the ground that there is not a quorum present, and I make the point that there is not a quorum present.

The SPEAKER pro tempore. The Chair will count. Evidently there is not a quorum present.

The Doorkeeper will close the doors; the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 177, nays 128, not voting 126, as follows:

[Roll No. 87]

YEAS—177

Auf der Heide	Brand, Ga.	Carden	Cole, Iowa
Ayres	Briggs	Carter, Wyo.	Cole, Md.
Bacon	Browning	Cartwright	Collins
Baldrige	Buchanan	Cary	Condon
Bankhead	Bulwinkle	Celler	Connery
Barton	Burdick	Chavez	Cooper, Tenn.
Black	Burtness	Chindblom	Corning
Bland	Butler	Christopherson	Cox
Boehne	Campbell, Iowa	Clark, N. C.	Crail
Boileau	Canfield	Clarke, N. Y.	Crisp
Boland	Cannon	Cochran, Mo.	Cross

Crosser	Hill, Wash.	McGugin	Rich
Crowe	Hoch	McKeown	Sabath
Delaney	Hope	McLaughlin	Sandlin
DeRouen	Horr	McMillan	Schafer
Dickinson	Houston, Del.	McSwain	Schuetz
Dickstein	Howard	Major	Shannon
Dies	Jacobsen	Maloney	Sinclair
Dominick	James	Manlove	Somers, N. Y.
Doughton	Jenkins	Mansfield	Stafford
Doxey	Johnson, Mo.	Martin, Mass.	Stewart
Dyer	Johnson, Okla.	May	Strong, Kans.
Ellzey	Johnson, Tex.	Milligan	Sumners, Tex.
Eslick	Kading	Mobley	Sutphin
Fernandez	Keller	Moore, Ky.	Swank
Fiesinger	Kelly, Ill.	Morehead	Taylor, Colo.
Fishburne	Kemp	Mouser	Taylor, Tenn.
Fitzpatrick	Ketcham	Nelson, Mo.	Thatcher
Foss	Kleberg	Niedringhaus	Thomason
Fuller	Kniffin	Norton, Nebr.	Thurston
Gambrill	Knutson	O'Connor	Underhill
Gilbert	Kunz	Oliver, Ala.	Vinson, Ga.
Glover	Kvale	Overton	Vinson, Ky.
Goldsborough	LaGuardia	Parker, Ga.	Warren
Green	Lambertson	Parsons	Weaver
Greenwood	Lanham	Pettengill	West
Griffin	Lankford, Va.	Polk	Whittington
Griswold	Larrabee	Pou	Wilson
Guyer	Leavitt	Purnell	Wolcott
Hall, Miss.	Lichtenwalner	Ragon	Wolverton
Hall, N. Dak.	Lonergan	Rainey	Wood, Ga.
Harlan	Lozier	Ramspeck	Wright
Hart	McClintock, Ohio	Rankin	
Hastings	McCormack	Rayburn	
Hill, Ala.	McFadden	Reilly	

NAYS—128

Adkins	Frear	Kurtz	Smith, Idaho
Aldrich	Free	Lehlbach	Smith, W. Va.
Almon	French	Loofbourow	Snell
Amlie	Fulmer	Luce	Snow
Andresen	Garber	Ludlow	Sparks
Arentz	Gibson	McLeod	Stalker
Arnold	Goss	Magrady	Steagall
Bacharach	Hadley	Mapes	Strong, Pa.
Bachmann	Haines	Martin, Oreg.	Stull
Barbour	Hall, Ill.	Michener	Summers, Wash.
Blanton	Hancock, N. Y.	Millard	Swanson
Bolton	Hardy	Montague	Swick
Cable	Hare	Moore, Ohio	Swing
Campbell, Pa.	Hartley	Nelson, Me.	Taber
Chiperfield	Haugen	Nolan	Tarver
Clague	Hawley	Parker, N. Y.	Temple
Clancy	Hogg, Ind.	Parks	Tilson
Colton	Hogg, W. Va.	Partridge	Timberlake
Cooke	Holaday	Patman	Tinkham
Coyle	Hollister	Person	Wason
Culkin	Holmes	Pittenger	Watson
Curry	Hooper	Pratt, Harcourt J.	Weeks
Dallinger	Hornor	Reed, N. Y.	Welch, Calif.
Darrow	Huddleston	Robinson	White
Davis	Johnson, S. Dak.	Rogers, Mass.	Whitley
De Priest	Johnson, Wash.	Sanders, N. Y.	Wigglesworth
Dowell	Jones	Sanders, Tex.	Williamson
Eaton, Colo.	Kahn	Seger	Wingo
Englebright	Kelly, Pa.	Selvig	Woodruff
Erk	Kendall	Shott	Woodrum
Finley	Kinzer	Shreve	Wyant
Flannagan	Kopp	Simmons	Yates

NOT VOTING—126

Abernethy	Cullen	Igoe	Prall
Allen	Davenport	Jeffers	Pratt, Ruth
Allgood	Dieterich	Johnson, Ill.	Ramseyer
Andrew, Mass.	Disney	Karch	Ransley
Andrews, N. Y.	Douglas, Ariz.	Kennedy	Reid, Ill.
Beam	Douglass, Mass.	Kerr	Rogers, N. H.
Beck	Doutrich	Lambeth	Romjue
Beedy	Drane	Lamneck	Rudd
Bloom	Drewry	Lankford, Ga.	Schneider
Bohn	Driver	Larsen	Seiberling
Bowman	Eaton, N. J.	Lea	Shallenberger
Boylan	Estep	Lewis	Sirovich
Brand, Ohio	Evans, Calif.	Lindsay	Smith, Va.
Britten	Evans, Mont.	Linthicum	Spence
Brumm	Fish	Lovette	Stevenson
Brunner	Freeman	McClintic, Okla.	Stokes
Buckbee	Fulbright	McDuffie	Sullivan, N. Y.
Burch	Garrett	McReynolds	Sullivan, Pa.
Busby	Gasque	Maas	Sweeney
Byrns	Gavagan	Mead	Tierney
Carley	Gifford	Miller	Treadway
Carter, Calif.	Gilchrist	Mitchell	Tucker
Cavicchia	Gillen	Montet	Turpin
Chapman	Golder	Murphy	Underwood
Chase	Goodwin	Nelson, Wis.	Williams, Mo.
Christgau	Granfield	Norton, N. J.	Williams, Tex.
Cochran, Pa.	Gregory	Oliver, N. Y.	Withrow
Collier	Hancock, N. C.	Owen	Wolfenden
Connolly	Hess	Palmisano	Wood, Ind.
Cooper, Ohio	Hopkins	Patterson	Yon
Crowther	Hull, Morton D.	Peavey	
Crump	Hull, William E.	Perkins	

So the resolution was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Cullen with Mr. Beck.
Mr. McDuffie with Mr. Hopkins.
Mr. Sweeney with Mr. Buckbee.
Mr. Busby with Mr. Evans of California.
Mr. Mead with Mr. Treadway.
Mr. Stevenson with Mr. Perkins.
Mr. Underwood with Mr. Hess.
Mr. Prall with Mr. Goodwin.
Mr. Drewry with Mr. Gifford.
Mr. Gavagan with Mr. Wood of Indiana.
Mr. Romjue with Mr. Estep.
Mr. Disney with Mr. Crowther.
Mr. Rudd with Mr. Reid of Illinois.
Mr. Lambeth with Mr. Murphy.
Mr. Shallenberger with Mr. Ransley.
Mr. Allgood with Mr. Connolly.
Mr. Boylan with Mr. Bohn.
Mr. Tucker with Mr. Allen.
Mr. Collier with Mr. Beedy.
Mr. Lindsay with Mr. Stokes.
Mr. Williams of Texas with Mr. Withrow.
Mr. Montet with Mr. Golder.
Mr. Evans of Montana with Mr. William E. Hull.
Mrs. Owen with Mr. Bowman.
Mr. Linthicum with Mrs. Pratt.
Mr. Smith of Virginia with Mr. Cavicchia.
Mr. Lewis with Mr. Doutrich.
Mrs. Norton with Mr. Turpin.
Mr. Abernethy with Mr. Ramseyer.
Mr. Karch with Mr. Andrew of Massachusetts.
Mr. Gregory with Mr. Lovette.
Mr. Hancock of North Carolina with Mr. Wolfenden.
Mr. Bloom with Mr. Fish.
Mr. Williams of Missouri with Mr. Gilchrist.
Mr. Sullivan of New York with Mr. Brumm.
Mr. Yon with Mr. Peavey.
Mr. Chapman with Mr. Carter of California.
Mr. Douglas of Arizona with Mr. Morton D. Hull.
Mr. Patterson with Mr. Andrews of New York.
Mr. Granfield with Mr. Christgau.
Mr. Fulbright with Mr. Freeman.
Mr. Oliver of New York with Mr. Cooper of Ohio.
Mr. Driver with Mr. Eaton of New Jersey.
Mr. Rogers with Mr. Davenport.
Mr. Gasque with Mr. Sullivan of Pennsylvania.
Mr. Palmisano with Mr. Maas.
Mr. Garrett with Mr. Seiberling.
Mr. Mitchell with Mr. Nelson of Wisconsin.
Mr. McClintic of Oklahoma with Mr. Schneider.
Mr. Byrns with Mr. Johnson of Illinois.
Mr. Sirovich with Mr. Brand of Ohio.
Mr. Brunner with Mr. Chase.
Mr. McReynolds with Mr. Cochran of Pennsylvania.
Mr. Dieterich with Mr. Gillen.
Mr. Drane with Mr. Spence.
Mr. Tierney with Mr. Carley.
Mr. Beam with Mr. Larsen.
Mr. Kennedy with Mr. Igoe.
Mr. Lamneck with Mr. Burch.
Mr. Lankford of Georgia with Mr. Miller.

The result of the vote was announced as above recorded.

The doors were opened.

Mr. POU. Mr. Speaker, I move that the motion to reconsider be laid on the table.

The motion was agreed to.

EXEMPTING FROM THE QUOTA FATHERS AND MOTHERS OVER 60 YEARS OF AGE OF UNITED STATES CITIZENS

Mr. O'CONNOR. Mr. Speaker, I call up the resolution (H. Res. 211) for the consideration of H. R. 8174, a bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens.

The SPEAKER. The gentleman from New York [Mr. O'CONNOR] calls up House Resolution 211, which the Clerk will report.

The Clerk read as follows:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8174, "A bill to exempt from the quota fathers and mothers over 60 years of age of United States citizens."

That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and any amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Will the gentleman from Indiana indicate how much time he desires?

Mr. PURNELL. I will ask the gentleman from New York to give me the usual time.

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman from Indiana 30 minutes.

Mr. Speaker, this is a report of the Rules Committee, which, as I recall, was unanimous, making in order the consideration of H. R. 8174, an amendment to the immigration act which would exempt from the quota provisions of that act fathers and mothers over 60 years of age of United States citizens.

It was represented to the Rules Committee that there were only some 200 of these parents of United States citizens. Of course, they would have to qualify under the other provisions of our immigration law as to their health and character, and they would also have to show that they would not become public charges; that if they did not have their own means of support there was some one in this country who could adequately take care of them; and they also must not compete with American labor.

The Rules Committee was convinced that under the circumstances, with the small number of persons involved and the precautions thrown around the entrance of these few people, and the fact they were the aged parents of American citizens, their entry was justified, and the Rules Committee recommended the consideration of the bill.

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Speaker, the rule provides for the consideration of H. R. 8174, a bill to exempt from the immigration quotas the fathers and mothers, over 60 years of age, of citizens of the United States. That is to say, this bill if enacted into law would admit outside of the quota restrictions the aged fathers and mothers of American citizens provided they were over 60 years of age. The gentleman from Ohio [Mr. JENKINS], a member of the Immigration Committee, will offer an amendment which will strike out all after the enacting clause and which provides that the fathers and mothers shall be admitted within the quota without any age limit whatever. His amendment will provide also that from the few countries where there are not sufficient quotas to take care of the fathers and mothers one year shall be allowed for the coming of all such as excess quota. In his opinion, and that of a number of others on the committee, the amendment will clean up this matter, which has been pending for a long time. It will not disturb the quota system. It is more generous to the fathers and mothers, we think, than the bill of the chairman, the gentleman from New York [Mr. DICKSTEIN]. It stops the endless chain; it keeps restriction of immigration within the bounds set by the 1924 act, and provides a way for the fathers and mothers to come as excess quota from a few southeast European countries where there is an excess of these relatives.

If this amendment which will be offered under the 5-minute rule is adopted, I propose to offer still another amendment which I hope the chairman of the committee will accept. I have not had time to show it to him.

The second amendment I want to offer is for the reason, in my opinion, a considerable amount of the charge of distress and failure to let the close relatives come here within quotas is caused not by absence of places in the quotas, because the quotas are not exceeded except in the case of five countries, but is caused by the strict enforcement of the clause of the immigration act of 1917 which prohibits aliens from coming here who might become public charges. This section began to be applied rigidly some two and a half years ago on account of unemployment conditions in the country, increase of bread lines, and the like, and is properly enforced as to proposed new stock in immigrants who are without funds and who, if admitted, would add to the distress and unemployment here. But I am inclined to think that the consuls of the State Department have been a little too rigid in applying the public-charge clause against certain of these immediate relatives; that is, fathers and mothers, husbands or wives, and minor children under 18.

So if we can save the general-quota structure of the 1924 act by providing for admission of fathers and mothers within the legal quotas, and with one year's time, which would take care of those from Bessarabia, Turkey, Syria, and Armenia, we will clean the slate and will not be disturbed by the recurrence of the present situation. We have a more generous proposal, in my opinion, than the bill offered by the committee.

The amendment I want to offer after the Jenkins's amendment has been adopted will be as a new paragraph, to the effect that the Secretary of State shall instruct the various consular officers of the United States that in determining applications for admission as immigrants of an alien wife, husband, minor children, or parents, consideration shall be given to the moral and legal obligations in such relationships and to the natural inclination of such applicants to take steps to prevent such immediate relatives from becoming public charges.

In my opinion an amendment of that kind would be in the nature of a suggestion to the State Department that it might, as far as reasonably possible, relax the rules with regard to the danger of becoming a public charge, in so far as they could do so, in the case of fathers and mothers of citizens, minor children of the same, and wives of husbands. Of course, it is not intended to invite those who will become public charges within a short time. But the main proposal is an amendment which will keep this all within the quotas. This will be generous, liberal, and humane, and the proponent of it, Mr. JENKINS, should have some time in which to discuss it.

[Here the gavel fell.]

Mr. GREEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. GREEN. I notice the rule provides for one hour of general debate, one-half to be controlled by the minority and one-half by the chairman of the committee. I want to find out whether those on the majority side who are opposed to the bill will be given any time.

Mr. O'CONNOR. While the rule itself provides that the time be equally divided between the chairman and ranking minority member, it has always been the practice that both sides will yield to the proponents and to the opposition. I am sure that from one side or the other the gentleman from Florida, if he is opposed to the bill, can get some time.

The SPEAKER pro tempore. The Chair believes that the rule speaks for itself in that particular.

Mr. O'CONNOR. Mr. Speaker, I want to say a word in connection with the suggestions made by the gentleman from Washington. We understood when this matter was before the Rules Committee that it was a report from the Immigration Committee, with only one dissenting vote. I do not recall that any suggestions were then made before the Rules Committee that any change would be suggested in this bill. I have no knowledge of the relative merits of the two propositions, but I do want to call attention to the method of procedure. Last week we had a similar example, when something unusual happened with the copyright bill. When a bill comes before the Rules Committee, and the Rules Committee is not informed that substitutes or radical amendments are to be offered, I submit it is unfair to that committee. The bill that was considered by the Rules Committee should be the bill which is taken up in the House, unless something very exceptional has occurred between the hearing before the Rules Committee and the consideration of the bill in the House. Therefore, I think the amendments which have been suggested should be explained as coming within this category.

Mr. JOHNSON of Washington. I will say to the gentleman that I try to keep informed about the doings of the various committees, particularly the Rules Committee. It may have been my own fault, but, unfortunately, I was not aware of the hearing before the Rules Committee on this particular bill. No information or notice reached me. I was anxious to appear before that committee.

Mr. LAGUARDIA. Is there a minority report?

Mr. JOHNSON of Washington. There is.

Mr. O'CONNOR. Signed by one Member, I understand.

Mr. JOHNSON of Washington. But he represented numerous other Members. I would like to say to the gentleman that I am sincerely hoping that we can pass this bill without an immigration struggle. I firmly believe the plan offered by the Jenkins amendment, which will be explained later in detail, is more humane, more certain to be effective, and will be more popular because of the elimination of the age limit entirely, than the chairman's own bill.

Mr. O'CONNOR. I have no knowledge as to whether it is a better plan or not. I just wanted to call the attention of the House to the danger of considering legislation in this manner, of bringing in one bill under a special rule, after the Rules Committee has considered the effect of that bill, and then when it gets to the House to have members of the committee propose an entirely new substitute. The substitute may be preferable, as I say, but I have no knowledge of that, and do not believe such a procedure should be tolerated.

Mr. JOHNSON of Washington. I would have been delighted to appear before the committee, and I have filed requests with the committee to appear on other immigration bills. The gentleman knows that this particular matter was on the calendar in past Congresses. I hope there is no feeling that one wants his plan or that another wants his plan. I am as anxious to take care of these fathers and mothers as anybody, but under an orderly plan.

Mr. O'CONNOR. There is no feeling in the matter.

Mr. JOHNSON of Washington. I tried to speak with the gentleman before the meeting to-day, but he was busy, and, as the gentleman knows, these things often come up suddenly as a session draws to a close.

Mr. O'CONNOR. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I want to congratulate the gentleman from Washington [Mr. JOHNSON] for making the statement he has made. This resolution makes in order a very humane amendment to the immigration law. All this amendment does is to permit the fathers and mothers of American citizens, who are over 60 years of age—some of whom are parents of those who served during the late World War—to come into this country outside of the quota. The number will be very small, and I can not see how any man who has any heart or any feeling or who believes in justice could be opposed to this provision.

Mr. GREEN. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. GREEN. The gentleman is aware that when fathers and mothers are taken from the quota, 5,000 or 6,000 a year will be taken from the quota?

Mr. SABATH. I can not yield further. I was gentleman enough to yield to the gentleman for a question.

Mr. GREEN. I was going to ask a question.

Mr. SABATH. But not for a speech. The gentleman immediately made an erroneous statement. He said it would admit 5,000 or 6,000 of these fathers and mothers. The gentleman is too prone to listen to some of those people who make these unjustifiable and erroneous charges.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. SABATH. Yes.

Mr. COLE of Iowa. How many will be eligible for entry?

Mr. SABATH. I presume there may be 200 or 300 or 500.

Mr. COLE of Iowa. Has an effort been made to ascertain the number?

Mr. SABATH. Yes. The department says it will be only 200 or 300; but let us say it will be 1,000. They are the parents of American citizens who can not and will not compete with American labor. They will become consumers. Is there anyone who will say to an American citizen who wishes to provide for his father and mother, his aged parents, "No; you can not provide for your father and mother"?

Unfortunately, there are some who will; but whenever we find a man who is ready to take care of his aged parents without any cost to the Government and who is willing to give a bond guaranteeing that they will not become charges upon the country, how can anyone say, "No; we will not grant American citizens the privilege of bringing their fathers and mothers, although they are ready to guarantee to provide for them as long as they live"?

Mr. JOHNSON of Washington rose.

Mr. SABATH. I yield to the gentleman from Washington.

Mr. JOHNSON of Washington. I would like to ask the gentleman if we can get an understanding about this matter. What possible objection can there be to bringing in these fathers and mothers within the quota?

Mr. SABATH. I will answer that question. Only five minutes ago the gentleman from Washington himself complained about the stringent rule adopted by the department whereby people are refused admission, notwithstanding the fact that under the law they have the right to come here. It is an inhumane rule that has been issued by the President.

Mr. JOHNSON of Washington. The gentleman is quite wrong.

[Here the gavel fell.]

Mr. O'CONNOR. I yield the gentleman two additional minutes.

Mr. JOHNSON of Washington. Let us get this right. My opinion is that, no matter whether they are excess quota or within the quota, the regulation of the department with respect to becoming a public charge still prevails; and I said I would offer an amendment later, in case we adopted an amendment bringing them all within the quota, by which a finger would point to the fact that less restriction should apply to the provision with respect to becoming public charges. It is entirely a humane proposition.

Mr. SABATH. The gentleman heard what I said about his statement. I complimented the gentleman upon the fact that he appreciates the conditions that exist; but if we amend this bill then these unfortunate parents will be again at the mercy of the inhumane gentlemen who represent our country in foreign lands. We must bear one thing in mind: If we put them within the quota, the quota of some of the countries is only 100, and in many of the countries these people will have to wait 5, 8, and even 10 years before they will be reached under the quota. This is the reason an effort is being made to let them in outside of the quota. In a majority of instances many of them have already waited 5 or 6 or 8 or 10 years; and, if we do not pass the bill as it is now, they will have to wait perhaps another 5 or 10 years, and then because of old age may have no chance to enter at all. So I say that decency and humanity demand that we pass this bill just as it is and not adopt any amendments.

[Here the gavel fell.]

Mr. PURNELL. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, consideration of humanizing the immigration law without in any way tearing down the bars has been before the House for some time. My colleague the gentleman from New York [Mr. DICKSTEIN] has labored very patiently and has brought out a bill which I believe will entirely clear up the situation.

The suggestion made by the gentleman from Washington [Mr. JOHNSON], who is also an expert on immigration, to give instructions to our consular representatives I do not believe would be effective; in fact, I believe it is the intention of the author of the bill, and of the committee, that while the parents are exempted from the quota they must qualify in every other respect, and the children must show, affirmatively, that the parents will not be permitted to become public charges.

As to the attitude of the consular officers, as has been suggested, I agree they have been in many instances arbitrary. If there could be uniform rules and reasonable requirements, the administration of the law could be carried on properly, particularly in these times of economic stress.

So it seems to me the parents who are now waiting and who have been waiting for many years and can qualify under the bill should be allowed to come in. They must first be the parents of American citizens, and, secondly, the children must show affirmatively that they are able and willing to provide for their parents. These conditions being met, the bill in no way, directly or remotely, will disturb labor conditions in this country.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. JOHNSON of Washington. I think the pinch is not a lack of holes in the quota, but the fact that the parents can not show that the children are really going to support them. My suggestion is only a supplemental one, and I said it would only be a guidepost to the State Department. I think this debate will perhaps serve the purpose. I am trying to secure a little less rigidity where the son can make a showing that he can support his people for a year or so. I can not guarantee that I will support my family for the next year, or the year after, but I shall try.

Mr. LAGUARDIA. I think the Government is entitled not only to a showing but reasonable assurance that these parents will be reasonably cared for.

Mr. JOHNSON of Washington. That is the law.

Mr. LAGUARDIA. In my State support of parents is compulsory, and we can compel a child to support his parents. I think this is so in many States; and when we are granting nonquota status I think a provision requiring them to show affirmatively that they will be properly cared for is wholesome and necessary, and if we can give them a nonquota status, that ought to clear up the situation. The rule should be adopted.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Speaker, this amendment proposed by my colleague is merely for the purpose of destroying this legislation. He says his amendment is more liberal than mine. This is the first time since I have been in this Congress and on the Committee on Immigration that I have heard a statement made by my good colleague, Mr. JOHNSON, that he is more liberal than I. We do not want any liberality; we are coming to this Congress for justice, to remove a discrimination that has been on the statute books for almost 10 years.

Everyone concedes that we are discriminating against aged parents, and not one solitary move has been made in all these years to bring in these old people together. Why?

In some countries it will take a hundred years before their quota number will be reached. In other countries it will take 40 years or 30 years. There are about 200 that have been waiting on the quota list now for 10 years.

It would be almost impossible for these aged parents ever to see their children who are American citizens. At least 30 died in the last 3 or 4 years without having reached their quota, and who have not seen their children for 20 years.

Now, ladies and gentlemen of this Congress, do you want to go on record as saying to the American son that he is not permitted to bring in his aged father over 60 years of age because he happened to be born in Syria or England or some other country? Are you prepared to say to a son or daughter who is an American citizen that he or she shall be deprived of the love and affection of these aged parents?

Ladies and gentlemen of this Congress, this is not a case where we are trying to open the gates of immigration. This is a case that will keep families together, and the money that is being sent to foreign countries for the support of these aged people will remain in the United States.

Let me give you an example, which you can verify: A case where a man has been waiting for the quota almost 11 years in Syria. Finally the mother died waiting for the quota. They brought the father to Habana, where he has been burning under the torrid sun for three years.

The children are worth thousands of dollars, so that there is no danger that the parents will become a charge. Still they can not get the father in, although he is over 81 years of age. Why? Because the quota of Syria has been full.

Now, this only affects from 100 to 195. They must comply with the law and all the rules and regulations of the department. They must be physically able, and the son must prove that he is financially responsible to provide and look out for his aged parents.

The Commissioner General of Immigration is for this proposition 100 per cent. Every humane society supports it, almost everyone I know supports it except my good friend Mr. JENKINS. What is his objection? He wants to amend the bill and make it 65 years of age.

Here it is on page 4 of the printed hearings:

Mr. RUTHERFORD. Practically few, if any, corporations will employ anybody over 55 years of age.

Mr. JENKINS. Raise it to 65 and you remedy that.

Then, Mr. Speaker, the question of letting down the bars by this bill in favor of minor children by admitting these aged parents was considered. I read again from the printed hearings, on pages 4 and 5:

Mr. DIES. Have we any assurance not to admit large numbers of them?

Mr. HULL (the Commissioner General of Immigration). We certainly have the limitation in so far as it must meet the approval of the bureau, and the department is much opposed to bringing in such children.

Mr. JENKINS. No children ordinarily are born of parents after they are 50 years of age; but a man 65 may be married to a woman of 25, have a horde of children, and they can come in.

I think that he ought to be complimented—a man 65 years of age, marrying a girl 25 years old, and having a horde of children—and that is the opposition to this bill! The proposed amendment is nothing but a move to destroy this humane piece of legislation. I very seldom get on the floor and appeal to you for any particular legislation, but I ask you to do a human act to-day and pass this bill and bring these old people in without any more red tape, such as we have been having for 11 years.

Mr. MILLARD. This is practically a unanimous report from the gentleman's committee?

Mr. DICKSTEIN. Yes; except as to the gentleman from Ohio [Mr. JENKINS], who has filed minority views.

Mr. PURNELL. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Speaker, the opposition to this bill is not captious at all. It is not as trivial as my good friend, the chairman of the committee, Mr. DICKSTEIN, would have you believe. He read only one little question and answer from the record of the hearings, and what he read is immaterial. There is a basic proposition involved here. It is an important proposition, and this is what it is: Are we going to let down the bars? Are we going to change and increase the quotas? I know there are a great many Members here who have publicly taken the position, time and time again, that they are not in favor of letting down the bars any further. What is the use of letting down the bars when it is not necessary? This legislation is not necessary at all, and it is not a matter of humanity. There is no great demand for this change.

For the benefit of the Committee on Rules, I should state that I do not know why some of us who were opposed to this bill were not before the Committee on Rules. I had no invitation. If I did get an invitation or notice, then I was away when the hearing was had. I am making no complaint at not having been notified.

Mr. GREEN. I would like to say in that connection that I have violently opposed this bill from the beginning to end, in committee and otherwise, and I did not know when the Rules Committee met.

Mr. O'CONNOR. Of course I had nothing to do with notifying Members, but I understand the gentleman from Ohio was out of the city at that time.

Mr. LANKFORD of Virginia. Mr. Speaker, will the gentleman yield?

Mr. JENKINS. Yes.

Mr. LANKFORD of Virginia. Did the committee consider letting these come in within the quota, giving them preference?

Mr. JENKINS. Yes; that is what my amendment proposes to do.

Mr. LANKFORD of Virginia. How about the children—unmarried children 21 years of age?

Mr. SABATH. That is the present law.

Mr. JENKINS. Further, with reference to the minority views, this is only a matter of detail, but I filed minority views; and several members of the Committee on Immigration—I do not know how many, five or six—told me that they would like to sign the minority views with me, but when it came time to file them we were in a hurry, and I filed them without getting the signature of other Members and let it go at that. I do not know who they were, but it is a small matter. What is the meat of this matter? Under the present law 153,000 immigrants can come in under the quota each year. That is the limit.

That is the total European quota, 153,000 a year. Since the application by immigration officials of more stringent tests for entry by immigrants the number has been decreased greatly; only a small percentage comes in now, but when business conditions become normal again the number will jump up again.

Mr. SABATH. Will the gentleman state how many did come in last year?

Mr. JENKINS. I do not yield.

Mr. SABATH. The gentleman does not mean to mislead the House?

Mr. JENKINS. No. I stated positively that not nearly that many came in. This is due to the foresight and statesmanship of Mr. Hoover in promulgating an order to the immigration authorities to be more strict. Now, let us consider the nonquota immigrants. Under the present law 261,000 people can come in each year nonquota. We have so many exceptions to the quotas that exceptions predominate and outweigh and outnumber the quota itself. Our policy has been to keep these exceptions down, to keep the quota down and to keep as many people within the quota as possible; and, in order to do that, about four years ago we adopted what I think was a very fine plan, which provides preferences within the quota. That is the solution of this whole proposition. Under the present law we divide preferences within the quota in this way. We take 50 per cent within the quota and make a preference and divide that 50 per cent among the fathers and mothers and among the husbands married after June 1, 1928.

The rest of the quota, or the other 50 per cent, goes to the farmers. For years members of the committee have been wanting to do away with the preference of the farmers. The farmers say there are enough farmers now, but there are a few Members in the other body who have been for years guarding this privilege to the farmers. Here is what we propose to do in my amendment: We propose to take the whole preference and give it to fathers and mothers, and do away with the matter of the husbands, because it is not necessary, inasmuch as we passed a bill through the House putting husbands outside the quota, which bill is now in the Senate. We will take the whole preference and give it to the fathers and mothers.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. PURNELL. Mr. Speaker, I yield five minutes more to the gentleman.

Mr. JENKINS. Mention has been made here that there are some countries in which the list of fathers and mothers desiring to come is so long as not to be reached for 60 years. That is not the fact. There may be many a father and mother who can never come in because they are not physically fit. The father may be an imbecile or in such physical condition that he could not come in at all, and there are thousands of other people who stand in line and who can not come because of some good reason or another. Let me give you these statistics furnished by the Department of State, and the statistics are correct. There are only five countries that are at all embarrassed now. In other words, there are fathers and mothers in only five countries standing back now. If you read my minority views, you will see what they are. There are a few standing back that have been rejected, and I can give you the figures on this, but in no country under the present law except two is there any waiting list, and those who have been rejected may have to stay back forever.

These countries are Rumania and Turkey. Everybody can come in from either Rumania or Turkey within three or three and one-half years, under the present law, but my amendment proposes to take away the preference to the farmers and the preference to the husbands, and give the total preference to the fathers and mothers. When this is done the fathers and mothers eligible will be able to come from all quota countries.

Mr. BANKHEAD. Will the gentleman yield for a brief question?

Mr. JENKINS. I yield.

Mr. BANKHEAD. Was this proposition which the gentleman is discussing raised in the committee when this bill was under consideration?

Mr. JENKINS. I do not know. I was not before the Committee on Rules.

Mr. BANKHEAD. I mean before the Committee on Immigration.

Mr. JENKINS. Certainly.

Mr. BANKHEAD. And the committee voted against it?

Mr. JENKINS. Now, with reference to the vote of the committee, there has been a feeling in the committee all the time, ever since four years ago when a bill was adopted to do away with all the clamor about separation of families, to do everything within reason to bring families together. There was never any very bitter opposition with reference to the fathers and mothers, except on the cardinal proposition that we should not lay down the bars and go outside the quota. That was brought up specifically by myself at different times. I do not know whether I was present at the time the final vote was taken. I find several other Members do not know whether they were present when the vote was taken. I can not give the gentleman the exact facts on that proposition. If a vote was taken I do not know and neither do I know the result. I know that I have always been against letting down the bars.

Let me go back to the proposition I was discussing. If my amendment is adopted, the fathers and mothers in every quota country who are eligible to come in will be able to come. At present there are two countries in which the active demand for entrance by fathers and mothers of American citizens exceeds the quota. What does my amendment propose in these two countries? It proposes that if the quota is not sufficient to meet the demand and that there is a waiting list, that all those eligible to come may be permitted to come if they come within one year after the passage of this act, and such surplus will come in in addition to the quota number. The records show that this number will be very small, probably not more than 200. The object of that is to clear up this clamoring about fathers and mothers and let every person everywhere who is a father or mother of American citizens, who is qualified to come into this country, come in if they can within one year.

The ranking member of the committee, Mr. JOHNSON of Washington, was right when he said that our bill is a fairer bill and more liberal than the bill of the chairman himself, because the chairman's bill restricts these fathers and mothers to those over 60 years of age. My amendment fixes no age limit, but keeps them within the quota. Suppose a father is 61 years of age and a mother is 55. Then where are we? The father can come in and the mother can not. An age-limit restriction will work unfairness. Then the cry will come to reduce the age limit down to 55. My amendment does not limit the age at all, but it says, "We will bring in all the fathers and mothers within one year who are qualified to come in, and after that they will have to come in under the quota limitations.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no further requests for time.

Mr. O'CONNOR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BLACK). The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. O'CONNOR. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8174) to exempt from the quota fathers and mothers over 60 years of age of United States citizens.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8174, with Mr. BANKHEAD in the chair.

The Clerk read the title of the bill.

Mr. DICKSTEIN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DICKSTEIN. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I hope the members of the committee will give sympathetic consideration to this bill, H. R. 8174. We have often been told, and it will permit of repetition, that all civilization revolves around family life, and if we strike at the family we strike at that civilization—its base.

Particularly we who come from the city districts are constantly importuned by people who camp on our doorsteps, begging and craving some help and assistance in the union of families, and we can not lend deaf ears to those persons. It would be cruel to do so. We strive with might and main, knocking at impenetrable doors, to get those families united.

Here is an opportunity to do something really and truly charitable, and yet that which does not depart from American traditions or institutions. We have always given asylum to the lowly, the tempest tossed, pioneering immigrant. Let us help unite with their fathers and mothers those already in.

We have situations where the ocean divides these families, and cruel law keeps them permanently asunder. This bill simply changes the classification of aged parents from preference status to nonquota status—allows parents over 60 years of age to come outside of the quota.

At present parents of American citizens are granted preferences in the quota. But in several countries the quotas are so small that preferences are meaningless. In other countries those on the waiting list are so numerous that preference again becomes meaningless. Citizens can easily bring in their English parents, because the quota is large—half the quota is taken up by those with preferential status, like aged parents. In the case of countries of southern and eastern Europe the delay is indefinite, because quotas are inconsequential or because those on the waiting list exhaust the preferences within larger quotas for 10 or more years to come. The Rumanian quota is 295. Fifty per cent, or 147 roughly, is available for preference. But 1,156 want to come as preferential aliens, including aged parents. Only 147 can come each year. It will take almost eight years to bring them over. Suppose your aged mother or father were involved. Would you want to wait eight years to get them? You would not wish to suffer for them that long.

Commissioner General of Immigration Hull rightly approves of the bill. He indicated at the hearings that comparatively few would enter, and that, therefore, no violence was being done to the principle of immigration restriction. In part, he said:

> Economically, it would be a good thing, and from a committee standpoint I think it is unquestionably a good thing. I can not see any reason why a parent, with a child in this country who has money to support his father or his mother, should not be permitted to come here. It is uneconomical to send that money to foreign countries to support these parents.

Bringing in these aged parents would not affect American workingmen. No jobs would be taken from them. No one employs a man over 60 years of age. Surely women above 60 are not employed.

Furthermore, no parents could come in unless the children guaranteed their support. That support usually excludes their being employed. There would be more mouths to feed; more backs to clothe. Consumer demand would be increased. That in effect would help American labor.

I have been in this House for almost 10 years, and the vital objection to liberal immigration laws has always been this, "We do not want any more new stocks; we do not want any more new roots; no more new families." This bill will not give any more new stocks and will not give any more new roots. No more new families will have been started if this bill is passed. There should not be the fear of spreading the alien blood strains or streams amongst our people.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. CELLER. We are dealing with human souls in this situation. They can not be dealt with as sacks of potatoes or bushels of wheat. The quota system does that. Parents, husbands, wives, and children of citizens can not and should not be quota-ed or quartered. They should be completely united.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. JOHNSON of Washington. I want to be very fair, but I want to call attention to the fact that the probabilities are that if fathers and mothers are admitted outside the quota, we will have next-stock immigrants.

Mr. CELLER. Does the gentleman mean to tell me that when you admit into this country persons over 60 years of age that you are admitting new stocks—that is, the potentialities of new families?

Mr. JOHNSON of Washington. No.

Mr. CELLER. That would be flying in the face of recognized biological knowledge generally. It is a pretty far-fetched argument. Of course, an old man of, say, 65 might marry a flapper and have children by her. There will be mighty few such cases. I am willing to take a chance. The Bible says Isaac was born when Abraham was 109. But times have changed. There is not much chance of men or women of the ages contemplated in this bill having many, if any, new children.

Mr. JOHNSON of Washington. The gentleman misunderstands me. It opens the door as a whole.

The CHAIRMAN. The time of the gentleman from New York [Mr. CELLER] has expired.

Mr. JOHNSON of Washington. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. CABLE].

Mr. CABLE. Permit me to call to your attention the fact that we are continually naturalizing aliens in the United States.

During the year 1930, 169,377 aliens became citizens of the United States under the naturalization law. Those 169,000 aliens have a right under the present law to bring in their fathers and mothers as members of a preferential class. In 1931, 143,495 aliens became citizens. It is reasonable to believe that at least 10 per cent of the aliens who became citizens have a father or a mother in Europe so you can readily see there will be no end to the chain of those seeking to come to the United States as a parent of a citizen.

This is not a question of 200 or 300 parents in Europe who desire to come to this country. As we naturalize, we transfer from one class to another the parents of the new-made citizens.

The difference between the bill of the chairman of the committee [Mr. DICKSTEIN] and that of the gentleman from Ohio [Mr. JENKINS] is this, we have a quota of 153,000 who may come here each year from foreign countries. Incidentally, about 98,000 came in last year, the lowest year on net immigration of any since the Civil War. About 35,000 net came to the United States. However, when times get better and they are able to come in, notwithstanding the likely to be public charge provision, we will have annually 15,000 or 20,000 additional fathers and mothers of American citizens knocking at our doors under the bill of the chairman, because they will be exempt from the quota.

If the bill of the gentleman from Ohio [Mr. JENKINS] is enacted for one year all those parents of American citizens who desire to come will have the right to do so notwithstanding the quota.

Mr. CELLER. Will the gentleman yield?

Mr. CABLE. I yield.

Mr. CELLER. Does the gentleman think it would be fair to treat the children and the parents differently during this year or next year than they may be treated 15 years from now?

Mr. CABLE. I do. If it is going to be a conflict between these parents and the American workmen, I say it is our duty to look after the American workmen.

Mr. CELLER. Does the gentleman think a person 60 years of age or over would conflict with the aims, wishes, and desires of American workmen?

Mr. CABLE. I will venture to say that most of the men who come in who are over 60 years old are able to work.

The bill of the chairman of the committee seeks to enlarge the quota which was established in 1924 by an overwhelming vote of the House. In my opinion it would permit 10,000, 15,000, or 20,000 now restricted by the quota to be admitted annually without regard to the quota. We will have 150,000 or 200,000 aliens naturalized year after year, and when they become citizens, under the provisions of the chairman's bill, their parents would come in outside the quota.

So the question as between the two bills is this: Do you desire to increase the present quota of 153,000 established under the bill of the gentleman from Washington [Mr. JOHNSON] when he was chairman of the committee, to one hundred and sixty, one hundred and seventy, or one hundred and eighty thousand, by transferring from quota to nonquota, or do you want to say that as a humane move you will let the parents of every American citizen who wish to come in within the next year to do so notwithstanding the quota?

Mr. DICKSTEIN. Will the gentleman yield?

Mr. CABLE. I yield.

Mr. DICKSTEIN. In the amendment no age limit has been fixed for the father or mother. Under the committee bill the age is fixed at 60 years.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I yield the gentleman from Ohio [Mr. CABLE] two additional minutes.

Mr. CABLE. I will say to the gentleman from New York that the bill of the gentleman from Ohio [Mr. JENKINS] is more liberal, so far as age of parents is concerned, than the bill of the gentleman from New York, because in the latter bill an age limit of 65 is fixed, whereas in the Jenkins bill there is no age limit. The Jenkins bill makes it possible for the parent of an American citizen, who may be 45 or 50 years of age, to come to the United States notwithstanding that age.

Mr. DICKSTEIN. Does not the gentleman from Ohio know that the very men who are proposing this amendment voted down every age that was proposed by the committee and finally insisted upon 65 years as the age limit; that they would not accept 45 years of age; they would not accept 50 years of age? Does not the gentleman know that is the fact?

Mr. CABLE. In my opinion, it is more important to save the quota Congress established by an overwhelming vote than it is to quibble over age limits.

Mr. SABATH. Will the gentleman yield?

Mr. CABLE. I yield.

Mr. SABATH. The gentleman from Ohio favors the Jenkins amendment because it is more liberal. Is that right?

Mr. CABLE. I did not say that. I said it protects the quota.

Mr. SABATH. That is what I understood the gentleman to say.

Mr. CABLE. No; it is more liberal as to the age at which parents may come to the United States, but it protects the sanctity of the quota established by Congress in our restrictive immigration act of 1924.

Mr. SABATH. I thought the gentleman was mistaken when he made that statement.

Mr. GARBER. Will the gentleman yield?

Mr. CABLE. I yield.

Mr. GARBER. It lifts the quota, as I understand it, to the extent of one year.

Mr. CABLE. As to parents of American citizens; yes.

Mr. JOHNSON of Washington. For one year's time.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I yield the gentleman from Ohio one additional minute.

Mr. CABLE. For one year under the Jenkins amendment the fathers and mothers of American citizens may come to the United States, notwithstanding the quota; but when the year has expired the quota goes back to 153,000, where it is now and where it should be maintained or reduced.

Mr. DICKSTEIN. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, I favor the bill as reported by the Immigration Committee. The preceding speaker let the cat out of the bag. The speakers prior to his address indicated that if we would adopt the amendment which is to be offered by the gentleman from Ohio [Mr. JENKINS] all the fathers and mothers over 60 would be taken care of under the quota and could join their sons and daughters in this country who are American citizens. Then comes along the third batter, the gentleman from Ohio [Mr. CABLE], and he approaches his opposition to the bill as reported from a different premise, indicating that if the bill as reported were enacted into law there would be a flood of these fathers and mothers 60 years of age and over coming into this country. But, my Republican colleagues, I hope you will not follow the Republican members of the Immigration Committee who are now talking, bleeding, and dying in the name of preserving our immigration laws. You older Members will recollect that when a multimillionaire milk producer from the State of Connecticut could not bring his wife in here under the immigration law because she had been convicted of three criminal charges, the Republican members of the Immigration Committee, including some who are to-day crying to preserve the quota, reported a bill, a special privilege bill, if you please, and spoke in favor of it on the floor of the House. They asked for an amendment of the immigration law so that this multimillionaire could bring in his wife, notwithstanding the fact that she was a criminal and had been convicted on three different occasions. I refer to the Ulrich bill (S. 3691), passed in the Seventy-first Congress.

If you gentlemen wanted to preserve the integrity of our immigration laws and the quota, you had an opportunity at that time.

But now, my friends, let us look at the economic side of this question. The gentleman from Ohio [Mr. CABLE] is fearful that if this bill was enacted as reported by the committee, a multitude of fathers and mothers 60 years of age or over would come into this country and thereby destroy the principles of the immigration quotas. Now, just reason with yourselves. How many of those aged parents 60 years of age and over will compete with American workers should they be permitted to join their American-citizen sons and daughters in this country?

I am one of those who have supported a restrictive nondiscriminatory immigration law in order to protect the workers of America from the unfair competition of cheap foreign labor. On an identical basis I have supported a protective tariff in order to protect the workers of America and the industries of America from the unfair competition of cheaply produced foreign importations.

What is the difference whether you repeal the immigration law and allow the many millions who are now knocking at our doors to come into this country and compete at low wages with the American workers, or whether you destroy the protective tariff, like some of our demagogic Democratic brethren attempt to do, and allow millions of workers on the farms and in the factories in foreign lands to send their products into America to compete with the products of

American labor and American industries without proper tariff protection?

We know that the sons and daughters who are citizens of this country will support their aged parents, whether they are here or in foreign lands. For the best interests of our workers and our people and our surplus, would it not be better to permit those American-citizen sons and daughters to bring their fathers and mothers over 60 years of age into this country and support them here, consuming the products of the American farms and American industries, rather than to permit good, hard cash to go from these sons and daughters to foreign lands in order to support their parents abroad?

I sincerely hope this bill will be enacted as recommended by the committee. [Applause.]

Mr. JOHNSON of Washington. Mr. Chairman, I yield myself five minutes. I shall endeavor to make another statement and try to make the proposal as clear as possible.

WHAT THE JENKINS AMENDMENT PROPOSES TO DO

The situation seems to create two classes or divisions—those who believe it would be better to permit the relatives, particularly the fathers and mothers, to come within the quotas, which are now about 153,000 for European countries, and being used to a very small degree only, and those who believe that these parents should come nonquota, leaving the quotas open for new immigrants if the time comes again when immigration wants to flow into this country up to that limit.

There is nothing to be really disturbed about. The only two countries, as the gentleman from Ohio stated, where there is a surplus of fathers and mothers trying to come to children here are Rumania and Turkey. Rumania has a quota of 295 openings for new immigrants, under which fathers and mothers can now come, and the 50 per cent preference would be 147. In Rumania the persons who want to come to the United States are 515. Presumably they are mostly relatives. Turkey has a quota of 226. She has 354 on the active register trying to get here and 1,506 on the inactive register. They have tried and tried but have quit because they are not now ready, do not have the money, or for some other reason.

Those of us behind the Jenkins amendment believe that general immigration will be at such a low ebb for a number of years that all these relatives can come freely within the quota. So we have no age limit at all for parents. Why? Because parents in England, Wales, and Germany, as well as other countries, except the few countries I have named, can now come within the quota.

We are providing to relieve the excess of demand in the small-quota countries, like Rumania, Turkey, Syria, and Bessarabia, and we grant one year for the parents in these countries to catch up, regardless of quota, because there will only be a few hundred at best. That being so, why should we have an age limit if we want to do the humane thing where the quotas are not enough for the fathers and mothers? After we have relieved this situation, it is our belief that the thing will run smoothly. Limited immigration will in itself reduce the appeal for fathers and mothers. By the relief we offer through the Jenkins amendment the excess arrival for one year from Turkey, Armenia, and Syria will not be enough to make many additions to the bread lines, even if hopeful sons and daughters can not support the parents as they now think they can. But if you keep nipping away at this immigration act and putting more and more people under the nonquota provision, pretty soon you will not have many worth-while immigration restrictions, although the demand in this country to-day is for more and more restriction. We all know that.

Th distinguished gentleman from Alabama [Mr. BANKHEAD], now occupying the chair, asked a few minutes ago what was the trouble in the committee. Let me say to him that for years there has been considerable discussion whenever immigration restriction and relief of relatives has been considered. The question has been always before us, who shall be first, the wives or the parents. The wives were taken care of some time ago under the Jenkins preference plan. The others were left, and now the gentleman from Ohio [Mr. JENKINS] will offer an amendment to clear up that situation, wipe the slate clean, give an opportunity to previous amendments to the law by the gentleman from Ohio [Mr. JENKINS]. He has specialized on this phase of immigration. He has been right, and he is right now. Do not let your immigration restriction act be nipped and torn down piece by piece. We contend that the amendment is correct, proper, and generous. We want to help the parents as far as possible.

This is an old, old struggle where one side wants just as many places for new immigrants to come in as possible, hard times or no hard times, and the other side which contends that we have enough exemptions. The question is whether, in order to let a few relatives join their families, you want to open new quota opportunities for more immigrants.

Mr. DICKSTEIN. Mr. Chairman, I yield two minutes to the gentleman from New York [Mr. MILLARD].

Mr. MILLARD. Mr. Chairman, I am a new member of the Committee on Immigration and Naturalization. We gave this bill very deep consideration and I have based my opinion on the testimony before the committee.

The measure was recommended by the Department of Labor, it was recommended by the Commissioner General of Immigration, and therefore on that testimony I favor the bill. I believe it is humane. I believe any competition with the laboring men of this country by alien parents over 60 years of age whose children are American citizens would be inconsequential.

I am a strong restrictionist, but I am for this bill because it will alleviate many hardships due to the separation of families. [Applause.]

Mr. DICKSTEIN. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. COOKE].

Mr. COOKE. Mr. Chairman, I agree with the gentleman from Washington that this legislation falls into two general classes, but I do not quite agree with the classification that he makes. In all sincerity I am for this bill, but I do believe there is a movement on foot to destroy the force of the bill.

One class is desirous of having the fathers and mothers of American citizens brought into this country, while the opponents of the bill and those who seek to amend are desirous of having no legislation of this kind passed at this session.

The bill has gone through the Committee on Immigration. It has been very carefully considered in every detail. I do not know of any reason why at this late date we should be so terribly concerned about destroying the quota figures when that objection did not prevail when the bill was considered in the committee.

The gentleman from Ohio [Mr. CABLE] states that some tens of thousands of people will be brought into this country if the bill is passed. I do not like to dispute those figures, but I question that statement very much.

The people we are seeking to bring in are not competitors in the labor market, and the idea of a quota law in the first place was to exclude from this country people who might come in and compete in the labor market with our own people.

We are bringing in people 60 years of age. They come here just for a few years for the purpose of basking in the friendship and protection of the hearthstones of their families. They are fathers and mothers of American citizens, and I say to you that many of us who are seated in this House to-day can look back a short time when perhaps our fathers and mothers were in the old country and were desirous of coming here and we were desirous of giving them our protection and care. These people, as I have said, come here to live just a few years in the sanctity and security of their son's or daughter's home and then to die. They are to be consumers. They are not people who will be taking something from us. They are now taking something from us, because, monthly, great sums of money are sent to the old countries for the support and maintenance of these old people. Let us bring them here and at the same time do a

just and an equitable and a humane thing, a thing we should have done years ago when this bill was first passed.

Let us add to the wealth of the country by bringing these people here and letting them be supported by their sons and daughters. This is not a bill that is going to let in tens of thousands, but is only going to let in those who are able to pay their way or those who have sons and daughters who will pay their way.

[Here the gavel fell.]

Mr. JOHNSON of Washington. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, at the expense of being tedious, I feel I should respond to my good friend from Wisconsin [Mr. SCHAFER] just to say in that connection that when he was fighting so valiantly with reference to the famous Ulrich case about which he talked he will remember that I was with him. He and I together waged an unsuccessful fight, but it was a warm fight, and we deserved to win, for we were right.

Mr. SCHAFER. I will say that the gentleman helped to lead that fight on the bill, but the gentleman's colleagues who are with him to-day were on the opposite side of the fence.

Mr. JENKINS. Just one word further. I think my good friend the gentleman from Wisconsin [Mr. SCHAFER], if he had understood thoroughly the remarks of the gentleman from Ohio [Mr. CABLE] and myself, would be right with us on this proposition, because this is a proposition that is right in line with the famous Ulrich case.

I have only one other proposition to advance. As my friend and colleague the gentleman from Ohio [Mr. CABLE] has stated, if the bill as proposed by the chairman of the committee should pass, it will open the door to a great many more immigrants.

Let me illustrate: Take the German quota—I can not give you the exact figures, but it is over 25,000 a year. I suppose there are about 3,000 coming in from Germany under the new regulations. Out of that 3,000 there will probably be 500 fathers and mothers. If this bill should pass, all of these fathers and mothers would go out of the quota and their places would be filled up by new stock, and the quota would be augmented by that number. It would open up the quota to that many. I think my good friend from Wisconsin will be with us yet on this bill.

Now, one minute further. I find that some Members did not understand my first remarks with reference to the farmers. Here is the situation—the preference for the farmers is not eliminated. Here is what we do. We give the first preference to the fathers and mothers, if necessary, and then if there is any country in which the fathers and mothers do not consume all of the quota, the farmers will come in up to a certain percentage.

Mr. BURTNESS. What is that percentage?

Mr. JENKINS. Twelve and one-half per cent.

Mr. BURTNESS. After the fathers and mothers preference has been exhausted?

Mr. JENKINS. Twelve and one-half per cent of the original quota.

Mr. BURTNESS. Under the present law there is no priority between the various classifications given preference under the quota.

Mr. JENKINS. That is right.

Mr. BURTNESS. Of course, in the substitute you intend to offer, which I understand follows substantially H. R. 12354, you are proposing to change that feature of the immigration law which has not been particularly discussed here to-day, namely, the preference or priority rights of various classifications in the nonquota provision.

Mr. JENKINS. Yes; I might say in answer to the gentleman's observation that in the small countries we are giving a preference to the fathers and mothers. The fathers and mothers coming from Norway, Sweden, Belgium, and Germany, there is no stress in those countries for the fathers and mothers at all, and neither is there any in regard to the farmers. The quota takes care of them. But in the two small countries in southern Europe there is a stress coming from the fathers and mothers and relatives.

Mr. BURTNESS. Let me ask the gentleman another question. In regard to the preference to those skilled in agriculture, suppose in one of the countries in which there is a quota of more than 300, where the agricultural preference applies, there is no stress there in connection with the aged parents of citizens of the United States, why limit those skilled in agriculture under your proposition to 12½ per cent of the total quota?

Mr. JENKINS. I will say that the reason we put that limit in is that we had to put in some limit, because another preference comes in after the farmers, and that is in response to a clamor heard all over the country three or four years ago to reunite families. That class is the class of aliens who have declared their intention to become citizens and who have taken out their first papers. The present law provides that they should be preferred after the farmers to bring in their wives and children. To give them some chance we must limit the number of farmer preferences.

Mr. BURTNESS. The gentleman refers to children of aliens who have been admitted permanently?

Mr. JENKINS. Yes; wives and children.

Mr. BURTNESS. There is, of course, also a preference for that class.

The gentleman's proposed substitute has considerable merit to it, but it raises the important issue of whether the Congress stands ready to-day and can legislate intelligently in determining the priorities to be given to these three preference classes within the quota provision when now they all have somewhat an equal chance, and the consuls can pass on the matter in accordance with the facts at hand in each individual case. I have some doubt of the advisability of raising that question now.

Mr. JENKINS. I think that, if we look over the record and see how many farmers come from this class, we will see that 12½ per cent will fully take care of them.

Mr. BURTNESS. Oh, 1 per cent will adequately take care of them as conditions are at present, but that was not the case when it was reasonably profitable for people to engage in agriculture. Of course I assume that this legislation is not purely emergency legislation but is permanent, and we should consider the future as well as the present.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. DICKSTEIN. Mr. Chairman, I yield myself three minutes. I was very glad indeed that the gentleman from North Dakota [Mr. BURTNESS] asked the question he did. This amendment was introduced in the form of a bill on the 27th of May, 1932. The bill under consideration was introduced seven months ago. I did not know about this proposed amendment, except that Mr. JENKINS or Mr. JOHNSON last night got busy and sent out notices in a quiet way to some Members that they were going to propose an amendment, without even giving me, as the chairman of the committee, the benefit of looking at their amendment. If it were any good, I would accept it. Now, at this last minute, they propose it. You take a country with a quota of 100. You only permitted 50 per cent for fathers and mothers, certain husbands, farmers, their wives, and their minor children. In this proposed amendment, on page 2, they fix 12½ per cent for farmers. Is that what they call fair and liberal legislation?

Mr. FOSS. Is there any evidence of any scarcity of farmers in this country to-day?

Mr. DICKSTEIN. None at all. In fact, I was ready to repeal that provision long ago, but they would not let me repeal that provision. What is the purpose of putting in the provision of 12½ per cent of the quota for farmers when the present law has no limitation on the first 50 per cent of the quota? Who has a better chance to get to the consul, an old man who has probably been waiting there for years or a young alien farmer full of vim and vigor? He will get a better opportunity, and yet they give the

farmer 12½ per cent! What is the purpose of it? The purpose is to destroy this legislation, and nothing else.

Mr. FOSS. As a matter of fact, there ought to be more of our young men on the farms.

Mr. DICKSTEIN. Absolutely; and I assure gentlemen that if I knew that one of these old men would take away one job from anybody, I would be the first to keep him out of this country.

The CHAIRMAN. The time of the gentleman has expired. There being no further requests for time the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subdivision (a) of section 4 of the immigration act of 1924, as amended (U. S. C., Supp. V, title 8, sec. 204 (a)), is amended to read as follows:

"(a) An immigrant who is the unmarried child under 21 years of age, or the wife of a citizen of the United States, or the husband of a citizen of the United States by a marriage occurring prior to June 1, 1928, or the father or the mother of a citizen of the United States, if such father or mother is over 60 years of age."

Mr. GREEN. Mr. Chairman, I offer the following amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. GREEN: Page 1, strike out the enacting clause.

Mr. GREEN. Mr. Chairman, inasmuch as all the time was not consumed, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. DICKSTEIN. I object.

Mr. GREEN. I am not surprised at this objection. I rather think there will be more time consumed before this bill is passed than the five minutes that I request. Several minutes were remaining on each side of the aisle, and several minutes to be consumed on the rule. I requested time to explain the bill as I see it, but the chairman objects, and I utilize the House rules. I have opposed this bill ever since I have been a member of the committee, and with the help of colleagues we have been able heretofore to prevent the passage of this bill. In the committee I was joined by several of my Democratic and Republican colleagues in opposition to the bill. We had all expected to join in the minority report, but this report was not offered to us. I admonish my colleagues that if you are for immigration restriction you should vote against this bill. Practically all of the patriotic organizations of our country, all of those who are for restrictions, are opposed to this bill. This bill is the result of years of effort by the alien bloc to break down our immigration laws. When you remove parents from the quota you leave room for others to take their place in the quota. If your organganized-labor groups want you to admit more men to compete with them, then vote for this bill. If you want to add to the 8,000,000 now unemployed in this country, vote for this bill. If you want to tear down the immigration laws, vote for this bill.

We restrictionists have been unable to get our restriction bills brought to the floor for action, but bills for liberalization of our immigration laws are coming up in rapid succession. The other day the House passed the aliens' unemployed husbands' bill. Now, here is this bill to let the unemployed parents come in. The proponents of this legislation plead for the reuniting of families, as though America had separated them. But do you realize that when their children came here they knew what the provisions of immigration laws were? They abandoned their parents and left them in a foreign land. Now they undertake to say that the laws of the United States and that the American citizens have discriminated against those who have been left behind. They voluntarily abandoned their parents when they came here; the Congress did not separate them. But that is not the whole story. When I asked the direct question of the State Department, "How many eligible parents are now barred from coming in under the existing law?" they refused to say that the number exceeded 50. I refer you to the hearings. Do not take my word for it, because these figures may be disputed. The officials of the Department of State and the Department of Labor are in a position to know the number now eligible to enter, but who are in countries with exhausted quotas. They told our committee that such cases would not exceed 50. Are we to upset our immigration laws to let in 25 Turks and 25 Rumanians? These are the two countries with filled quotas. This bill would remove from the quota all eligible parents of all quota countries, and all of this to benefit not more than 50 Turks and Rumanians. I believe these are the two small countries with filled parents' quota.

Our Nation is a restriction Nation. I ask you, as restrictionists, if it is worth the price you are paying? When these aliens came here we gave them the protection of the American flag and permitted them to have the privileges of our institutions and industries. In fact, they have enjoyed rights and protection and have become citizens, many of them good citizens; but we did not separate them from their parents. They did it themselves, and if they are not satisfied let them return to their native lands.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. GREEN. Mr. Chairman, I renew my request to proceed for five additional minutes.

Mr. DICKSTEIN. Mr. Chairman, I withdraw the objection I previously made if the gentleman wishes to explain the bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GREEN. Our chairman, though he and I have different views on immigration, is fair in not objecting to the additional time and I appreciate it. Our Nation has been liberal and considerate in making its immigration laws. Practically all worthy cases are now taken care of under the preference given parents under the quota. My friends, the Department of State has its representative in the foreign countries. They accept and pass upon applications of alien parents. They say that there are only a few parents in two small countries who can not promptly come to America if they so desire and if they meet the other requirements.

Examine the hearings before the Committee on Immigration, and those of you who are for restriction, do not be misled into voting for this subterfuge. The remote purpose of the bill is to break down our immigration laws. I hope there will be a record vote on this bill and that it will be spread throughout our entire country. It should be. My friends, I am thinking of the 8,000,000 people in our land who are to-day begging the Congress to provide employment for them in order that they may not beg at the hands of charity. They want employment.

Mr. BLANTON. Will the gentleman yield?

Mr. GREEN. Not just now.

We have in our midst to-day several hundred worthy men who some 15 years ago answered the call of our Nation, and they are here to-day asking that the Congress appropriate money to pay their adjusted-service certificates because they can not obtain employment. Are we to bring in another horde of aliens to take the positions which these ex-service men are asking of the Congress? They are begging for employment, and always ready to fight and work for their Government. Now is the time to choose between American unemployed citizens and more aliens. I shall vote against the bill and for American labor. This bill is one of the first wedges driven at the heart of our immigration laws. If we should pass this bill the alien bloc would be encouraged and their cause given great impetus.

I hope this bill will not be approved. I hope you will strike the enacting clause from it. If you fail to do that, then I hope you will accept the Jenkins amendment. You can not amend any bill sufficiently, which has for its purpose the tearing down of our immigration laws, to obtain my support.

We now have some 13,000,000 foreign born in our Nation and some 25,000,000 of foreign parentage. Yes; already too many; too many colors and creeds. America will do exceedingly well to Americanize those already here before letting in another horde. Racketeers and gangsters and those

who are undertaking to destroy our Government by force, nearly all of them are foreigners. Read the crimes reported in the daily press and note the ever-increasing number of foreign criminals. In December, 1931, I believe, we had a demonstration here in front of the Capitol. The police had to dislodge them with tear gas. It is said that they were nearly 100 aliens.

My friends, you are encouraging communism. You are encouraging the overthrow of your Government by force. You are encouraging many of the things inimical to American institutions when you vote to repeal your immigration laws during these times of unrest. Those parents who would come in under this bill would, most of them, be good citizens, but I am speaking as a general immigration policy. Some of our very best citizens are of foreign birth. These are not the ones I am meaning. If parents are taken from the quota, others take their place within the quota, and this is no time to weaken our immigration laws.

I am opposed to it.

The CHAIRMAN. The time of the gentleman from Florida has again expired.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I suppose I should be reluctant to take the floor after listening to the burst of oratory of the distinguished gentleman from Florida [Mr. GREEN]. Oh, he sympathized with the workers of this country. I yield now to ask the gentleman from Florida [Mr. GREEN] what practical difference is there between allowing aliens raising grapefruit and other citrus fruit in Rumania and Turkey to send that fruit to this country without adequate tariff protection than in allowing the aliens themselves to come over here and grow the citrus fruit on American soil?

Mr. GREEN. My reply to that is that if you look at it from a dollars and cents standpoint there is not much difference, but I am looking at our American institutions.

Mr. SCHAFER. What practical difference is there?

Mr. GREEN. One is a question of dollars and cents. The other is governed by every tradition of our American Government.

Mr. SCHAFER. To hear the gentleman from Florida talk about the traditions of Government would make one think he and all of his ancestors were born and raised in this country. His ancestors were aliens at some time. I do not believe he claims that the American Indians, the only real Americans, were his ancestors.

It makes me sick and tired to hear so-called statesmen from some of the Southern States where the notorious organization, the Ku-Klux-Klan, that preached against aliens, used to go out in the dark of night wearing a white sheet, a hood, and a mask, talk about our sacred institutions and in opposition to all aliens. To hear them so talk you would necessarily have to believe that they were absolute descendants of American Indians, who are the only real Americans in the first instance.

Now, gentlemen, there is not a particle of difference between repealing the immigration law and allowing millions of able-bodied workers to come into America and work in the factories and on the farms of America raising grapefruit, oranges, and tomatoes, and so forth, in the gentleman's district in Florida than it is to let them work on the farms and in the factories across the pond and send their products into America to compete with the products of American workers and American farmers without proper tariff protection.

The southern Democrats, particularly those below the Mason-Dixon line, are not consistent. Of course, we know you are demagogues on the tariff. You bitterly condemn the Hawley-Smoot tariff bill. Your keynoter for the Democratic National Convention has claimed to be strongly opposed to the protective tariff, but he verily suffered, bled, and died in supporting an embargo tariff on oil and coal importations.

Mr. GREEN and Mr. BULWINKLE rose.

Mr. SCHAFER. I yield to the gentleman.

Mr. GREEN. Did I vote for the tariff?

Mr. BULWINKLE. To whom does the gentleman from Wisconsin yield?

Mr. SCHAFER. I yield to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Will the gentleman, in speaking of consistency, tell me who elected him in Wisconsin?

Mr. SCHAFER. The people of the fourth congressional district of Wisconsin elected me. They do not fall for your Democratic demagogy and promises, promising everything under the sun, the way your Democratic voters in the South fall. The people of my district want results, not promises which are not kept, and in many cases can not be kept, because they are inconsistent.

Mr. BULWINKLE. Will the gentleman tell me whether he came here as an organization Republican or as a La Follette Republican?

Mr. SCHAFER. I am a Republican, and I supported old Bob La Follette until he passed on. I do not, however, follow some of his former followers who, in the name of the late Senator, asked that JOE ROBINSON be elected Vice President although he was the most bitter enemy the late Senator La Follette had when he was making a fight for his very political existence under the Democratic administration of Woodrow Wilson.

Mr. BULWINKLE. Is the gentleman consistent?

Mr. SCHAFER. Yes; the gentleman is consistent. But your Democrats who have been denouncing the protective tariff of the Hawley-Smoot bill and who now claim to be for the protection of American workers on immigration are inconsistent. You have selected for your keynoter at the Democratic convention an oil and coal embargo-tariff Senator, and he will no doubt get up on the floor of your convention and make some more promises about reducing tariffs to bring back prosperity to the dear people who have been fooled by the Democratic demagoguery. He will no doubt attack the Hawley-Smoot tariff bill although he was one of the strongest supporters of the oil and coal tariff embargo in the revenue bill.

Look at the roll calls in the House and Senate on the votes of your Democratic leaders who claim to have been opposing tariffs. Those leaders voted for embargo tariffs to protect the products of your various Democratic States.

Mr. BLANTON. Will the gentleman yield?

Mr. SCHAFER. Yes. The gentleman is for a tariff on oil.

Mr. BLANTON. Certainly. Is the gentleman for or against socialism?

[Here the gavel fell.]

Mr. SCHAFER. Mr. Chairman, I ask unanimous consent that I may proceed for one additional minute.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to proceed for one additional minute. Is there objection?

Mr. BLANTON. Reserving the right to object—and I shall not—I think the gentleman should use that time in telling us whether he is for or against socialism.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHAFER. The gentleman from Texas must have just come in the Hall. We are not debating socialism.

Mr. BLANTON. I am always here. I have been listening to the gentleman all the time. Is the gentleman for or against socialism?

Mr. SCHAFER. We are talking about immigration and the tariff. But the gentleman from Texas is one of these Democratic colleagues who strut forth and tell the American people what a monstrosity the Hawley-Smoot protective tariff bill is, how it caused all the troubles in this Nation and the nations of the world, but when they want an embargo tariff on antimony or antimony oxide or oil to protect the products of Texas the gentleman from Texas is right on the job with the other Democratic leaders from Texas asking for embargo tariffs.

Mr. BLANTON. Is the gentleman for or against socialism?

Mr. SCHAFER. The gentleman from Texas only asks that facetious question because he can not find an answer for his inconsistent position.

Mr. BLANTON. Is the gentleman for or against socialism?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The question was taken; and on a division (demanded by Mr. GREEN) there were—ayes 2, noes 65.

So the amendment was rejected.

Mr. JENKINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: Page 1, strike out all of lines 3 to 11, inclusive, and insert in lieu thereof the following:

"SEC. 6. (a) Immigration visas to quota immigrants shall be issued in each fiscal year as follows and in the following order of priority:

"(1) Quota immigrants of each nationality who are the fathers or the mothers of citizens of the United States who are 21 years of age or over. For a period of 12 months after the enactment of this act nonquota immigration visas may be issued to the fathers or the mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visas before the expiration of such time due to exhaustion of the quota.

"(2) In the case of any nationality the quota of which is 300 or more, quota immigrants who are skilled in agriculture, and the wives and the dependent children under 18 years of age of such immigrants skilled in agriculture, if accompanying or following to join them, but the number admissible under the preference provided in this paragraph shall not exceed 12½ per cent of the total quota.

"(3) Quota immigrants of each nationality who are the unmarried children under 21 years of age, or the wives of alien residents of the United States who were lawfully admitted to the United States for permanent residence.

"(4) Any portion of the quota of any nationality for such year not required for the issuance of immigration visas to the classes specified in paragraphs (1), (2), and (3) shall be made available in such year for the issuance of immigration visas to other quota immigrants of such nationality.

"(b) The preference provided in subdivision (a) shall, in the case of quota immigrants of any nationality, be given in the calendar month in which the preference is established, if the number of immigration visas which may be issued in such month to quota immigrants of such nationality has not already been issued, otherwise in the next calendar month."

Mr. STAFFORD. Mr. Chairman, I make the point of order that the amendment offered by the gentleman from Ohio is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. JENKINS. Mr. Chairman, I offer another amendment. On page 1, strike out all after the enacting clause.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: Beginning on page 1, with line 3, strike out all of page 1, ending in line 11.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio, to strike out all of the language in the bill after the enacting clause.

Mr. BURTNESS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BURTNESS. I understand the gentleman's amendment to be to strike out all of page 1, which is the same thing as striking out section 1.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: Beginning on page 1, with line 3, strike out all of page 1, ending in line 11.

Mr. BLANTON. Mr. Chairman, I ask recognition on the amendment. Mr. Chairman, I was in favor of the first Jenkins amendment, which was ruled out of order.

If we are going to permit these European fathers and mothers to come into the United States at all—and I am against it—they should be charged to the quotas now authorized and they should come out of the regular quota. It is ridiculously absurd to continue to let foreigners come into the United States when there are 7,000,000 heads of American families walking the streets without jobs. [Applause.] If you had kept these foreigners out of the United States for the last 15 years there would not have been anybody out of jobs now. Does anybody deny that?

Mr. SABATH. Yes; I do.

Mr. BLANTON. They have been coming in here by the thousands beyond the quota authorizations every month in the year. They come through Canada; they come through Mexico; they are smuggled in here on the Pacific coast; and they are smuggled in here on the Atlantic coast. I am for the American citizen here without a job first. [Applause.] I am for looking after him. I am for the Jenkins amendment to strike out the balance of this bill after the enacting clause. Why will we not do it?

Mr. JENKINS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. JENKINS. Does the gentleman understand that I propose to ask that my amendment be made to section 2, because then I think it will be held germane and not subject to a point of order?

Mr. BLANTON. I thought the gentleman offered his amendment to strike out all after the enacting clause in good faith.

Mr. JENKINS. To the first paragraph only.

Mr. BLANTON. I am still with the gentleman. I am going to vote for his amendment. I am more in favor of looking after the people in Wisconsin without jobs than I am after people in Europe. I am more in favor of looking out for the good people in Milwaukee, who are the friends of the former senior Bob La Follette, than I am for looking out for the people in Europe.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. Always to the gentleman from Wisconsin.

Mr. SCHAFER. The gentleman did not vote the way he talks now when our people wanted a tariff to protect the workers in our industries in Milwaukee and when we wanted beer, which alone would put 30,000 of our people to work at once.

Mr. BLANTON. That could have been made a fair question but it was not properly put. I am against beer. I am for the eighteenth amendment. But I have voted for every single move here to equalize the cost of production on every lawful commodity in this country as against every foreign country and the gentleman can not deny that, but I am not for subsidies that enrich the few and make the many poor. I am for a proper equalizing tariff that properly protects every American industry and upholds the American standard of living, but I am against all subsidies.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLANTON. I can not yield further. When the gentleman first came here there was not a better socialist in the Congress than the gentleman, except Meyer London. Meyer was a theoretical socialist as well as a practical one, but the gentleman soon became a socialist without being either theoretical or practical. [Laughter.] He recently has been getting away from socialism. At one time he has tried to be a conservative Republican and at another time he has posed as a radical Republican. Which is he now? I yield to my friend. Is he for or against socialism? Will he answer me that question in my time? He is a brave man, why does he not get up and answer?

Mr. SCHAFER. I will answer the gentleman by saying that I am opposed to socialism, and I also want to say that when we had a tariff on shoes and leather pending in the House the gentleman voted against it, and to-day we have 5,000 men out of jobs because the largest leather factories in our State are closed.

Mr. BLANTON. The gentleman is entirely mistaken. I voted for a tariff on both hides and leather. The gentleman is mistaken in saying that I voted against same. Now, I want to say this: The followers of the junior BOB LA FOL-

LETTE in Wisconsin and Milwaukee are the same people who used to follow the senior Bob La Follette. Is the gentleman for or against them?

[Here the gavel fell.]

Mr. SABATH. Mr. Chairman, I rise in opposition to the amendment.

Poor, unfortunate fathers and mothers of American citizens are obliged to suffer on account of the gentlemen from Texas and Florida and one or two others who do not seem to understand or realize conditions. One of them will try to make this House and the country believe that there is a tremendous immigration to this country. I hold here the reports of the Commissioner of Immigration and the Secretary of Labor, which show that in the fiscal year 1931 there were 10,237 foreigners who came to the United States above the number that had left this country.

The gentleman from Florida would have you believe that we are receiving millions of them and that millions are coming over the Canadian border and over the Mexican border and that the country is suffering to-day because of the tremendous immigration in the last 10 years. The immigration in the last 10 or 12 years has been almost nil. I do not think the yearly average is more than 20,000 or 25,000, and they are mostly children or parents or relatives of those who are here and do not take the places of American wage earners.

Mr. CABLE. Will the gentleman yield?

Mr. SABATH. No; I can not yield.

The gentleman from Texas is very much interested in the American wage earner. I have been here for many years and I well recall how the gentleman has voted on questions affecting organized labor. Almost invariably, the gentleman is on the other side. I know that during the 25 years I have been here, I have voted for every proposition that would be helpful and beneficial to the American wage earner. But I have a heart, and I believe this great Nation of ours should not be so small as to say to a few hundred parents of American citizens, some of them parents of boys who enlisted during a time when many gentlemen, who are opposed to these humane provisions, found it convenient to offer excuses, and who fought for our country, "You can not enter this country." I wish I had the time to go into this a little more thoroughly.

The gentleman from Ohio states that this law will grant relief to only a few parents in about three countries. The gentleman fails to name the other countries whose quota is 100, and he desires to have these people wait until they are reached under the quota. Here are some of the countries that have a limit of 100: Albania, Armenia, Australia, Bulgaria, Estonia, Iceland, India, Lichtenstein, Lithuania, Luxemburg, New Zealand, Persia, and a few other countries.

Mr. JOHNSON of Washington. The gentleman does not pretend that there is any demand in those countries at all from such relatives?

Mr. SABATH. This is not for relatives. This is merely to permit the parents of American citizens to come here outside of the quota. That is all that this bill provides for. Please do not try to mislead the membership of the House.

This is not an immigration question. This is not a question permitting thousands upon thousands to come here to take the places of American wage earners. This is simply a bill that would provide for the reunion of parents with their children, their sons and daughters, who are in a position to provide for and protect them; and their sons and daughters are desirous of doing this without any expense to the Government. Whenever you will find a son or a daughter willing, yes, anxious, to provide for his or her aged parents, you will find that he or she possesses the attributes that stand for the highest citizenship. Oh, I wish that the same could be said of the professional restrictionists who can be found lobbying around the corridors of the Capitol when immigration matters are being considered, and for whom the gentlemen from Florida [Mr. GREEN], Ohio [Mr. JENKINS], and Texas [Mr. BLANTON] speak.

Some of these gentlemen in their prejudices have endeavored to insinuate and charge that the present crisis is due to the immigration, notwithstanding the fact that within the last 18 years immigration was stringently restricted and only slightly exceeded the emigration. I regret that I have not the statistics before me which I could submit to this House showing the actual figures on immigration and emigration since the beginning of the World War.

And I wish that I could have the time necessary to compile statistics showing the amount of employment and the scale of wages during the years when immigration was at its height and the scale of wages and the amount of unemployment after the cessation of immigration. If that were possible, I am confident that the figures would clearly demonstrate that immigration has been helpful and beneficial; that it has helped to increase production on the one hand, and, on the other hand, tremendously increased the consumption, and thereby has increased and stimulated the business of the Nation.

It has often been stated that our surplus or export amounts to only 5 per cent, or possibly 6 per cent, of the production and the consumption in the United States. If the population in the last 18 years had increased by 5 per cent or 6 per cent, we would not be dependent upon the export or surplus, and could easily absorb it right in our own country.

I fully appreciate that this is not the time, especially when we have close to 10,000,000 people out of employment, to speak on this subject; nevertheless, I venture to predict that in the years to come unbiased economists will verify the correctness of my views on this all-important subject. But I am fully aware of the fact that the professional restrictionists will continue to impose their views on the majority of the American people for many years to come in precisely the same way that the professional prohibitionists have imposed their views on the people of the country. And it has taken the American people nearly 13 years to realize that they have been imposed upon by the prohibitionists, and I take it that it will take even longer than that for the people to realize that they have also been imposed upon by the professional restrictionists. Some day, when time permits, I shall try to give this House and the country a few facts and figures, but only, however, for the purpose of giving this question the consideration which, I believe, it rightfully deserves.

The CHAIRMAN. The question is on the motion of the gentleman from Ohio [Mr. JENKINS] to strike out the language of the first section.

The question was taken; and on a division (demanded by Mr. JOHNSON of Washington) there were—ayes 40, noes 38.

Mr. DICKSTEIN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. DICKSTEIN and Mr. JENKINS.

The committee again divided; and the tellers reported that there were—ayes 67, noes 44.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 2. Paragraph (1) of subdivision (a) of section 6 of the immigration act of 1924, as amended (U. S. C., Supp. V, title 8, sec. 206 (a) (1)), is amended to read as follows:

"(1) Fifty per cent of the quota of each nationality for such year shall be made available in such year for the issuance of immigration visas to the following classes of immigrants, without priority of preference as between such classes: (A) Quota immigrants who are the fathers or the mothers not over 60 years of age, or the husbands by marriage occurring after May 31, 1928, of citizens of the United States who are 21 years of age or over; and (B) in the case of any nationality the quota for which is 300 or more, quota immigrants who are skilled in agriculture, and the wives, and the dependent children under the age of 18 years, of such immigrants skilled in agriculture, if accompanying or following to join them."

Mr. JENKINS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: On page 2, strike out all of lines 1 to 17, inclusive, and insert in lieu thereof the following: "That section 6 of the immigration act of 1924, as amended, is amended to read as follows:

"'SEC. 6. (a) Immigration visas to quota immigrants shall be issued in each fiscal year as follows and in the following order of priority:

"'(1) Quota immigrants of each nationality who are the fathers or the mothers of citizens of the United States who are 21 years of age or over. For a period of 12 months after the enactment of this act nonquota immigration visas may be issued to the fathers or the mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visas before the expiration of such time due to exhaustion of the quota.

"'(2) In the case of any nationality the quota of which is 300 or more, quota immigrants who are skilled in agriculture, and the wives and the dependent children under 18 years of age of such immigrants skilled in agriculture, if accompanying or following to join them, but the number admissible under the preference provided in this paragraph shall not exceed 12½ per cent of the total quota.

"'(3) Quota immigrants of each nationality who are the unmarried children under 21 years of age, or the wives, of alien residents of the United States who were lawfully admitted to the United States for permanent residence.

"'(4) Any portion of the quota of any nationality for such year not required for the issuance of immigration visas to the classes specified in paragraphs (1), (2), and (3) shall be made available in such year for the issuance of immigration visas to other quota immigrants of such nationality.

"'(b) The preference provided in subdivision (a) shall, in the case of quota immigrants of any nationality, be given in the calendar month in which the preference is established, if the number of immigration visas which may be issued in such month to quota immigrants of such nationality has not already been issued, otherwise in the next calendar month.'"

Mr. STAFFORD. Mr. Chairman, I make the point of order that the amendment is not germane, and I would like to be heard if the Chair has any question about it.

The CHAIRMAN. The Chair will be glad to hear the gentleman from Wisconsin.

Mr. STAFFORD. Mr. Chairman, as the Chair will notice from the report, where there are comparative prints of what the changes are in existing law, the Chair will notice that this bill, as reported from the committee, refers to only one generic class of immigrants, namely, the fathers and mothers of citizens of the United States over 60 years of age. The first section refers to those mothers and fathers in the nonquota class. The second section under consideration refers to those fathers and mothers under the quota class.

Now, the pending amendment goes much further and seeks to change existing law in other particulars.

I notice one where it seeks to change existing law in other than that particular, and that is as to the application of the 50 per cent rule to those immigrants who come to our shores to follow agricultural pursuits.

There is no restriction, no purpose to change existing law, so far as the other classes are concerned under the 50 per cent quota in this section. This new bill, so far as it undertakes to amend it, merely extends the quota exemption as far as the 50 per cent applies to the fathers and mothers over 60 years of age.

Under existing law, page 4 of the compiled laws, there are three different subsections granting preferential consideration to various classes. The amendment seeks to change fundamentally the applicable provisions of other sections.

It is fundamental—and there are quite a number of decisions to support it—that where a committee reports a bill changing existing law only in one particular, it is not within the range of consideration for the committee to consider other matters.

I will agree that it has the right to change the age limit of fathers and mothers, the only generic class that is before the House for consideration.

This amendment violates the recognized principle that we shall not launch on the consideration of other matters from that which the committee has considered.

Mr. JENKINS. Mr. Chairman, the original law which is sought to be amended here by the bill introduced by the chairman deals with four classes of people. He seeks to amend that section, and he seeks to amend it by referring to only two classes of people.

I maintain that when he seeks to amend that by dealing with two classes and ignoring two classes that any amendment that would deal with all four of the classes would be germane.

For instance, there are four classes. The first is the fathers and mothers; second, husbands who married since June, 1928. He does not touch that at all. If he leaves the bill the way it is there would be one or two classifications not touched at all, and the bill would not be complete.

My amendment to the second section deals with the same people, but deals not in section 1 under the old law, but I put them into two paragraphs, not in two sections. My amendment deals with the whole paragraph, of which his bill only deals with a part. The part that he does not deal with is germane to the part with which he does deal, and I maintain that when I seek to deal with both parts that my amendment is germane.

I put the fathers and mothers in one so that they might have the first preference. He seeks to determine the preference, and I seek to determine the preference. He determines in one way and I in another, which is entirely germane. He seeks to dispose of the farmers and I seek to dispose of the farmers, which is entirely germane. Other matters in the section would have to rise and fall. He does not deal with them. I deal with them, but I do not change them in any way. I go on farther down in section 6, which he would have to do in order to make his bill complete, otherwise it is senseless and does not reach the situation at all, because when he repeals paragraph 1 in section 6 he leaves two or three administrative paragraphs that refer to one without any explanation; he emasculates the section so that it will mean nothing. All I do is to take the same people that he does. I deal with them and I run them through just exactly as the old law runs them through, without any deviation. I maintain my amendment is germane to everything contained in section 6.

The CHAIRMAN. The Chair is ready to rule. The bill as originally offered by the committee undertakes to amend two sections of the immigration law—section 6 and section 4. If the gentleman from Ohio had chosen in the first place to offer his proposed amendment as a substitute for the entire bill, with notice that if the amendment was agreed to he would then move to strike out the remaining section, he would have offered a germane amendment in the nature of a substitute to the entire bill, in the opinion of the Chair; but the gentleman from Ohio chose to offer his amendment as an amendment to section 1 of the bill. The Chair held on the interposition of a point of order that it was not germane. Thereupon the gentleman from Ohio elected to move to strike out section 1 of the bill. That motion prevailed, so that there is now left for the consideration of the committee only section 2 of the bill, and for the reason stated by the gentleman from Wisconsin [Mr. STAFFORD], in his argument, that section undertakes only to deal with one class of persons, whereas the proposed amendment of the gentleman from Ohio seeks to enlarge the field of operation of the section now in the bill and include other people in the proviso. The Chair is of opinion that it is not germane because it deals with a number of subjects other than that provided in the section of the bill now before the committee, and the Chair sustains the point of order.

Mr. JENKINS. Mr. Chairman, I offer the same amendment, eliminating therefrom subsections (3), (4), and (b).

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. JENKINS: On page 2, strike out all of lines 1 to 17, inclusive, and insert in lieu thereof the following:

"That section 6 of the immigration act of 1924, as amended by section 3 of joint resolution, approved May 29, 1928 (45 Stat. 1009), effective July 1, 1928, is amended to read as follows:

"'SEC. 6. (a) Immigration visas to quota immigrants shall be issued in each fiscal year as follows and in the following order of priority:

"'(1) Quota immigrants of each nationality who are the fathers or the mothers of citizens of the United States who are 21 years of age or over. For a period of 12 months after the enactment of this act nonquota immigration visas may be issued to the fathers or the mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visas before the expiration of such time due to exhaustion of the quota.

"'(2) In the case of any nationality the quota of which is 300 or more, quota immigrants who are skilled in agriculture, and the wives and the dependent children under 18 years of age of such immigrants skilled in agriculture, if accompanying or fol-

lowing to join them, but the number admissible under the preference provided in this paragraph shall not exceed 12½ per cent of the total quota.'"

Mr. STAFFORD. Mr. Chairman, I make the point of order that it is not germane in that the amendment just offered affects a different class of immigrants to that under consideration before the committee, namely, mothers and fathers of American citizens. It affects a class which the committee has in no wise sought to amend by any amendment, the number that may be admitted into this country who are skilled in agriculture. It restricts the number in that particular to 12½ per cent and violates the rule that the committee is considering a subject foreign to that which was given consideration by the committee.

The CHAIRMAN. The Chair will hear the gentleman from Ohio.

Mr. JENKINS. Mr. Chairman, my idea is that there is no question but that my amendment is germane with reference to fathers and mothers, but with reference to farmers the question would be on the 12½ per cent. If the Chair should rule that that is not germane, then I expect to offer another amendment eliminating that, but I maintain that the committee in its proposed amendment seeks to take the fathers and mothers over 60 years of age outside of the preference. When he does that he changes the preference of the farmer—he modifies it—and I maintain that if he modifies the status of the farmers, then my amendment would be germane to modify it also. That is what I seek to do.

The CHAIRMAN. The Chair is of opinion that the first paragraph of the gentleman's last amendment would be entirely germane; but for the reason stated in the former opinion of the Chair on the other point of order, the Chair is of opinion that paragraph 2 of the amendment comes within the inhibition suggested by the Chair in his former ruling and for that reason sustains the point of order.

Mr. JENKINS. Then, Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

On page 2, strike out all of section 2 down to and including line 12 and insert in lieu thereof the following:

"That section 6 of the immigration act of 1924, as amended by section 3 of joint resolution, approved May 29, 1928 (45 Stat. 1009), effective July 1, 1928, is amended to read as follows:

"'SEC. 6. (a) Immigration visas to quota immigrants shall be issued in each fiscal year as follows and in the following order of priority:

"'(1) Quota immigrants of each nationality who are the fathers or the mothers of citizens of the United States who are 21 years of age or over. For a period of 12 months after the enactment of this act nonquota immigration visas may be issued to the fathers or the mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visas before the expiration of such time due to exhaustion of the quota.'"

Mr. STAFFORD. Mr. Chairman, I make the point of order that the amendment is not germane, for the reason that section 6 of existing law relates only to quota immigrants. The amendment offered by the gentleman from Ohio applies also to nonquota immigrants. The amendment of section 6, as submitted by the committee, applies only to quota immigrants. Following the ruling of the Chair a moment ago, when he suggested to the gentleman from Ohio that if he had offered his original bill with notice that he would offer it as a substitute to strike out the other section, the amendment now offered is not germane. In this instance the committee has voted not to consider any proposal toward amendment of the nonquota status by striking out section 1, which related to section 4. Now the gentleman from Ohio, by circumlocution, attempts to accomplish an amendment applying to the nonquota status, and for that reason the amendment is not germane.

The CHAIRMAN (Mr. BANKHEAD). The Chair is inclined to disagree with the gentleman from Wisconsin, and overrules the point of order.

Mr. JENKINS. Mr. Chairman, the parliamentary situation in which this bill finds itself now is this: That my efforts to clarify matters of administration, which I hold are not at all vital, are out of the bill because the Chair has sustained the point of order, and it now leaves us with the kernel of the whole situation.

The controversy is whether or not fathers and mothers shall be kept within the quota or put outside the quota. The committee's bill sought to put fathers and mothers outside the quota; and my amendment now puts them in the quota, but provides that in any country where the quota is not sufficient, for one year's time, if anybody is denied because of the failure to be reached by the quota, that father and mother can step up and claim their right to come in. The ultimate result will be that every country in the world will be cleared up and they will then all be on the same basis; and when anyone seeks admission from any country in the world where the quota applies, the first preference will be given to fathers and mothers of American citizens, regardless of how old they are, because, as I explained awhile ago, the committee bill limits the age to 60 years. If a father was 61 and his wife was 59, the wife could not come in under the provision of the bill. By my amendment all those inequalities are wiped out and they can come in under this bill.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. LAGUARDIA. The 12-month period provided in the gentleman's amendment is the time within which such nonquota visa may be obtained?

Mr. JENKINS. Yes.

Mr. LAGUARDIA. Not necessarily the arrival here?

Mr. JOHNSON of Washington. No. There are four months extra under the law.

Mr. STAFFORD. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. STAFFORD. If our foreign consular representative will apply existing quota regulations to eligible immigrants, to these deserving fathers and mothers, how many will be admitted under the gentleman's proposal?

Mr. JENKINS. All of them will be admitted.

Mr. STAFFORD. Why so? The law to-day makes it mandatory to admit such part of quota immigrants, and yet the State Department is absolutely violating the law by barring those immigrants.

Mr. JENKINS. I agree in part with the gentleman on that.

Mr. STAFFORD. No; the gentleman does not agree with me, because I do not believe the gentleman believes in meeting the full quota allowance and I do.

Mr. JENKINS. The gentleman answers his own question, then.

Mr. LAGUARDIA. Will the gentleman yield further?

Mr. JENKINS. I yield.

Mr. LAGUARDIA. What happens to husbands of American citizens, provided for in the chairman's bill. That is out now?

Mr. JENKINS. Yes. There was a bill passed in the House which provided that all husbands married since June 1, 1928, came in under the law. That is already passed the House.

Mr. HASTINGS. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. HASTINGS. With the exception of this one year, then, they must come within the quota class?

Mr. JENKINS. That is it exactly, and then only those who are qualified but can not be reached by the quota can come in outside the quota for that year.

Mr. GRIFFIN. Will the gentleman yield?

Mr. JENKINS. I yield.

Mr. GRIFFIN. What happens to the husbands and wives of those who were married prior to June, 1928?

Mr. JENKINS. The husbands come in without any quota restriction now.

Mr. HOCH. Mr. Chairman, I move to strike out the last word.

I am in sympathy with the gentleman's amendment, but I am uncertain as to the effect of the amendment in the form in which it is offered. I understood the amendment to provide that section 6 of the immigration act of 1924

shall be amended to read as follows. If the amendment is adopted in that form, it will entirely wipe out paragraphs 2, 3, and subdivision (b) of the present law. It is not the intention of the gentleman to do that?

Mr. JENKINS. No; it is not. My intention is that that should apply only to paragraph 1 of the present law.

Mr. HOCH. Then the gentleman should modify his amendment and provide that paragraph 1 of subdivision (a) shall read as follows.

Mr. JENKINS. Mr. Chairman, I ask unanimous consent to modify the amendment which I offered accordingly, to provide that paragraph 1 of subdivision (a) shall read as follows.

I thank the gentleman for his suggestion.

The CHAIRMAN. The gentleman asks unanimous consent to modify his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment as modified.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. BURTNESS. Does the gentleman not propose to simply amend the paragraph referred to of section 6, so that there should be provided that such and such a paragraph of such and such section be amended as follows, so as to leave all the other sections in the paragraph intact as now carried in the present law?

Mr. JENKINS. Exactly. I would amend subsection 1 of subsection (a) so that it would read as follows:

SEC. 6 (a).

Mr. STAFFORD. I would suggest, if the gentleman will permit, that the gentleman use the language of the committee bill, that subdivision (a) of section 6 of the immigration act of 1924 is amended to read as follows: "(1)" and then put in the language of the amendment.

Mr. JENKINS. That is what I meant to do exactly.

Mr. Chairman, I now submit the amendment.

The Clerk read as follows:

Amendment by Mr. JENKINS: On page 2, beginning with line 5, strike out all of line 5 down to and including line 12, and insert in lieu thereof the following:

"(1) Quota immigrants of each nationality who are the fathers or the mothers of citizens of the United States who are 21 years of age or over for a period of 12 months after the enactment of this act nonquota immigration visés may be issued to fathers or to mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visés before the expiration of such time due to exhaustion of the quota."

Mr. GREEN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Substitute offered by Mr. GREEN: Strike out all of page 2.

The CHAIRMAN. The Chair will state to the gentleman from Florida that, in the opinion of the Chair, this is not a substitute for the pending amendment.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do so solely for the purpose of following out the suggestion made by the gentleman from Wisconsin [Mr. STAFFORD]. He stated the methods employed by American consuls in accordance with the rulings of the State Department on passing on applications for visas. The gentleman is quite right in his statement of extreme abuses and ridiculous rulings. I agree consuls should under the law probably look into the financial condition of prospective immigrants as well as the financial condition of the relatives as to whether or not the applicant is likely to become a public charge. Any reasonable inquiry I believe is within the scope of the law and quite proper under present economic conditions. But there have been some grave abuses; in fact, too many. For instance, there is a case where the applicant was required by the American consul to show that her relatives were able to provide for her. The family sent tax receipts on real estate, income-tax receipts, bank statements, affidavits, and after that was submitted the papers were returned to the applicant on the ground that consul could not determine if the financial condition of the relatives was the same at that time as they were when the affidavits were made. It was only a matter of getting the papers from New York to the country in Europe. Now, clearly such an attitude is not only unreasonable but contrary to law. There should be some recourse for such an unfair treatment of cases.

Another case was where an American consul in South America held that an alien who desired to come here as a visitor must exhibit $2,500 at least before a visitor's visa could be given to her. The family in New York sent $2,500 down there and the visa was refused because the consul stated that she might remain permanently.

It is such abuses, such extreme constructions of the administration of the law that are creating the difficulties. Such conditions should be corrected. It is quite within the power of the Secretary of State to establish some uniformity of administration and put an end to abuse of power and discrimination.

Mr. JOHNSON of Washington. Of course, that is not the law.

Mr. LAGUARDIA. That is not the law.

Mr. JOHNSON of Washington. In the last case, wanting to come in as a visitor, she could have put up a bond. There must have been some misunderstanding there.

Mr. LAGUARDIA. She could not put up a bond in a foreign country. There are innumerable such cases——

Mr. JOHNSON of Washington. She could under an order.

Mr. LAGUARDIA. It is not the fault of the law in these cases; it is the fault of an extreme ruling with exaggerated and unreasonable administration.

Mr. JOHNSON of Washington. If the gentleman will help me, I would like to look into that case.

Mr. LAGUARDIA. I would be glad to have the gentleman do so.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last two words.

I am taking the floor to call the attention of the author of the amendment to the fact that I question whether he has the amendment in the form he wishes it submitted for a vote. The gentleman will notice that the committee language carries out existing law, and that in the lines from 5 to 9, on page 2, 50 per cent of the quota of each nationality for such year shall be made available in such year, and so forth.

I think the gentleman does not intend to strike out entirely that reference to the 50 per cent quota and that his amendment should be as a substitute for (a) of existing law.

If I am in error, I will withdraw the suggestion.

Mr. JENKINS. I think the gentleman is right about that, and I have asked that paragraph (a) be made a part of the amendment.

Mr. STAFFORD. No; I am speaking of that part of existing law which is found in the committee language which states that 50 per cent of the quota of each nationality for such year shall be made available in such year for the issuance of immigration visas to the following classes of immigrants, without priority of preference as between such classes.

Mr. JENKINS. Will the gentleman yield there?

Mr. STAFFORD. Certainly.

Mr. JENKINS. It made no reference to the 50 per cent. The real heart of my amendment is that we set aside the 50 per cent and give them 100 per cent.

Mr. STAFFORD. Then I stand corrected. The gentleman wishes to modify his amendment?

Mr. JENKINS. Yes; I have modified it.

Mr. STAFFORD. I ask to have the amendment reported as corrected, leaving in subdivision (a).

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

On page 2, beginning with line 5, strike out down to and including line 12, and insert the following:

"(a) Immigration visas to quota immigrants shall be issued in each fiscal year as follows and in the following order of priority: (1) Quota immigrants of each nationality who are the fathers or mothers of citizens of the United States who are 21 years of age or over for a period of 12 months after the enactment of this act nonquota immigration visas may be issued to the fathers or the mothers of citizens of the United States who are 21 years of age or over if such fathers or mothers are not able to procure quota immigration visas before the expiration of such time due to exhaustion of the quota."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. JENKINS].

The amendment was agreed to.

Mr. HOCH. Mr. Chairman, I offer an amendment. On page 2, line 1, before the word "paragraph," insert the words "Paragraph (a)."

The CHAIRMAN. The gentleman from Kansas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOCH: Page 2, line 1, before the word "paragraph," insert the words "Paragraph (a)."

Mr. HOCH. Mr. Chairman, just a word in explanation. As I read the bill in the form it now is in we would have two paragraphs (a) in the law, because it provides that "Paragraph (1) is amended to read as follows."

The amendment offered by the gentleman from Ohio started out with paragraph (a), and the purpose of the amendment which I have offered is to straighten out the text.

Mr. DICKSTEIN. Paragraph (a) is in the law now.

Mr. HOCH. Precisely so; but if you do not insert that in the first part of the Jenkins amendment, you will have two paragraphs (a) in the law.

Mr. STAFFORD. Will the gentleman yield?

Mr. HOCH. Yes.

Mr. STAFFORD. Paragraph (a) also includes subparagraphs (2) and (3), and it is the intention of the chairman of the committee to have those paragraphs remain.

Mr. HOCH. Yes; but it says "Paragraph (a) paragraph (1) is amended to read as follows:" That leaves in the other paragraphs.

Mr. JENKINS. I will accept the amendment.

Mr. BURTNESS. Will the gentleman yield?

Mr. HOCH. Yes.

Mr. BURTNESS. I think before the gentleman from Ohio accepts that amendment he wants to give very careful consideration to the suggestion made by the gentleman from Wisconsin [Mr. STAFFORD]. I think it presents a very serious question as to whether or not the amendment now proposed by the gentleman from Kansas [Mr. HOCH] would not entirely eliminate subdivisions (2) and (3), or whatever numbers they are, within paragraph (1).

Mr. JENKINS. It does not touch them.

Mr. BURTNESS. I know it is the gentleman's idea not to touch them; but if I understand it correctly, the gentleman suggests language that would read: "Paragraph (a) paragraph (1) of subdivision (a) of section 6," and so on, is amended to read as follows.

Mr. HOCH. It does not amend all of the paragraph. It only amends paragraphs (a) and (1). At least, that is the intention, though I agree it is not very well worded. But without something of this sort we will have two paragraphs (a) in the law.

Mr. BURTNESS. Then it does not add anything to what is already in the committee bill and which has been left by the amendment already adopted, which is to the effect that paragraph (1) of subdivision (a) of section 6 is amended to read as follows:

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. HOCH: On page 2, line 1, after "Sec. 2" and before the word "paragraph," insert the words "Paragraph (a)," so it will read:

"SEC. 2. Paragraph (a), paragraph (1) of subdivision (a) of section 6 of the immigration act of 1924"—

And so forth.

Mr. DICKSTEIN. Mr. Chairman, I rise in opposition to this amendment. I think my friends are getting away from the point in making these amendments. As I understand, the amendment now proposed is, on page 2, in line 1, after the word and figure "Sec. 2," insert the following: "(A)." The purpose as expressed is not very clear. However, I call the attention of the gentleman proposing this amendment that it is absolutely unnecessary, for the reason that, on page 2, lines 1 to 4, inclusive, state the purpose of this part of this bill as now amended; whereas the balance of the page, in its amended form, gives the reading of the amended law as proposed by this bill. The amendment proposed from line 5 onward through the bill, in fact, amends the whole of paragraph (1) of subdivision (a) of section 6 of the immigration act of 1924 and does not, as is apparently now proposed, amend only subsection (A) of paragraph (1) of subdivision (a) of section 6.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOCH].

Mr. STAFFORD. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection.

The Clerk again read the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOCH].

The amendment was rejected.

Mr. GREEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Florida offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. GREEN: Strike out all of page 2.

Mr. GREEN. Mr. Chairman, I shall not consume all of the five minutes allotted to me. None of us seem to understand the amendments which have been put in the bill. The author of the amendments has worked on them to a considerable extent, and I do not like to vote for a bill unless I know what is in it. I have studied the bill and I have studied this subject. I want to restrict and the gentleman from Ohio wants to restrict. I think the thing to do is to knock out this section and recommit the bill.

Mr. JOHNSON of Washington. I hope the gentleman will not insist on that. We want to take care of these fathers and mothers. I think the gentleman from Ohio has perfected his amendment.

Mr. GREEN. The gentleman knows this is no way to write an immigration bill. He knows how carefully they have to be drawn by our legislative counsel—with much care and accuracy. I think we should delay the matter for the present and send the bill back to the committee for further study and perfection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. GREEN].

The amendment was rejected.

Mr. JOHNSON of Washington. Mr. Chairman, I offer an amendment as a new section.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington: At the end of the bill insert a new section, as follows:

"SEC. 2. The Secretary of State shall instruct the various consular officers of the United States that in determining the application for admission as immigrants of alien wives, husbands, minor children, and parents, consideration shall be given to the moral and legal obligations in such relationships and to the natural inclination of such applicants to take steps to prevent such immediate relatives from becoming public charges, if at all able to do so."

Mr. DICKSTEIN. Mr. Chairman, I make a point of order against the amendment.

Mr. JOHNSON of Washington. The amendment is subject to a point of order, but will not the gentleman withhold it a moment?

Mr. DICKSTEIN. We are making a farce out of the entire bill. The gentleman has a separate bill to take care of the situation covered by his amendment, and I respectfully submit that the amendment is not germane to the bill. It does not deal with the subject matter of the bill and does not involve the quota situation.

Mr. JOHNSON of Washington. Will the gentleman withhold his point of order?

Mr. DICKSTEIN. All right.

Mr. JOHNSON of Washington. The gentleman will agree that there has been some criticism of the fact that the State Department has been unnecessarily severe in regard to its construction of the "likely of becoming a public charge" provision with respect to certain classes of relatives. The amendment contains directions to the Secretary of State to consider the legal requirements with respect to the moral requirements and the natural attitude of a man toward his relatives; and while I admit the amendment is subject to a point of order, I think it will be helpful if we want to bring in these relatives.

Mr. STAFFORD. If the gentleman will permit, what does the gentleman compass in the words "natural inclination"?

Mr. JOHNSON of Washington. I have used the exact words of the instructions of the State Department.

Mr. DICKSTEIN. Mr. Chairman, I make the point of order.

The CHAIRMAN. The Chair sustains the point of order.

If there are no further amendments, under the rule the committee rises.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BANKHEAD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 8174) to exempt from the quota fathers and mothers over 60 years of age of United States citizens, under the rule he reported the same back with sundry amendments.

The SPEAKER. Under the rule the previous question is ordered.

Mr. GREEN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. GREEN. At the proper time I would like to offer a motion to recommit and I would like to know whether that time has arrived.

The SPEAKER. The proper time to offer a motion to recommit has not arrived.

Is a separate vote demanded on any amendment?

Mr. STAFFORD. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER (after counting). On hundred and twenty-seven Members present; not a quorum.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. Under the rule under which we have been operating, as I understand, the previous question has been ordered.

The SPEAKER. That is correct.

Mr. BANKHEAD. And if the House should now adjourn, conclusion of consideration of the bill would be the pending order for to-morrow?

The SPEAKER. That is correct.

EXTENSION OF REMARKS—UNEMPLOYMENT AND RELIEF FOR THE NEEDY

Mr. McCORMACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech recently delivered by my colleague from Massachusetts, Mr. CONNERY:

RADIO ADDRESS OF HON. WILLIAM P. CONNERY, JR., OF MASSACHUSETTS, CHAIRMAN HOUSE LABOR COMMITTEE, FRIDAY, MAY 27

As you know, my friends of the radio audience, Congress has of late been much concerned with the problem of unemployment and of relief for the needy. Numerous bills have been introduced in the Senate and House to aid the jobless and the hungry, and unquestionably one or more of these bills will be adopted, for there is every disposition on the part of the National Legislature to do its full duty for those citizens who are in desperate need at this time of crisis. As chairman of the House Committee on Labor, I have had exceptional opportunities to know the facts in regard to present conditions, and it has been my duty, a duty I have welcomed, to study the many relief proposals in the light of this knowledge. It is my conclusion, reached after a rather thorough investigation, that a great public-works program, financed in part by a Federal bond issue, offers the best means of lifting the United States out of its 3-year slump, since such a program would provide promptly the first and greatest essential—jobs for the unemployed.

I feel that that is the first and greatest need not only because the material needs of our people must be satisfied, but because the man who has a job is not only an asset to himself but to the Nation. That is true in a number of ways. In the first place, the man who is steadily employed is self-supporting—he can care for his family. That in itself is a help to the community, but even more, it is a help to him. He gains in self-respect once he knows that he owes nothing to any factor other than his own efforts. No honest, able, intelligent man likes to accept charity or any substitute for it except as a last resort. He prefers to pay his own way.

Moreover, the man who is employed is creating goods of value to the community. He may be building homes or public buildings; he may be raising wheat or cotton. Whatever he is doing, the consciousness that he is supplying a need is a good thing for him, and the wealth he produces is a good thing for the Nation.

Not everyone has realized, I am afraid, that perhaps the greatest and most serious losses of the depression—because they are irreplaceable—are not the losses due to chaos in the stock market and to the destruction of real-estate values, but the losses of potential creative effort which is not utilized, and the losses of numan efficiency due to lowered morale and lowered physical and mental condition resulting from unemployment.

If the eight to ten millions of men who are unemployed to-day were busy at work, the goods they produced would be a substantial addition to the national wealth. Those goods, exchanged for others, would mean revived trade and industry, and prosperity would not be a state merely to be hopefully awaited—it would be a condition affecting a very large element of our population.

There was a feeling in the earlier stages of the crisis that matters would right themselves. Probably that was the basis for much of the ill-considered optimism that has been propounded from various sources during the last three years. Now we are beginning to realize that matters will not necessarily right themselves, and that sound, capable, consistent planning is necessary to right them.

We can not get out of the depression by letting things slide. We can not hypnotize ourselves into the belief that everything is sweetness and light. We have tried letting things slide—we have tried Coueism—for three years, with the result that most of us are considerably poorer than we were when the sliding process began.

I would like to call your attention to a matter that has not received the attention it has deserved, and that is the failure of the public authority to extend the protection it owes to those who need it most. I mean to the growing children of this country.

We know, unfortunately, that too many of these boys and girls are growing up underfed and undernourished, deprived of normal opportunities for physical growth and development. But the public generally does not realize to what an alarming extent their opportunities for mental growth and development have been limited during this period of depression.

The District of Columbia is one of the few civic units in this country, at the present time, where educational standards are being maintained at normal. Elsewhere, too generally, the depression is being made the excuse for a lowering of standards, the net effect of which will be to hamper the growing child when the time comes for him to make his own way in the world.

May I interpose just a word here to point out that while the New England States, from which section I come, have in some respects been hit pretty hard by the abnormal economic conditions, New England is likewise holding firmly to the maintenance of educational standards. Public education is a tradition of New England, and it will be upheld, I am confident, at any cost.

But in one State, for example Arkansas, 750 schools were closed in the middle of the present year, according to press reports that reached Washington in February. These schools represent about 2,000 teachers and 36,000 pupils.

The plight of the Chicago school-teachers, who have remained faithfully at their posts in spite of the inability of the city to pay them, is known to the entire Nation. But it is not so generally known that in many cities cuts of 50 per cent in the salaries of teachers and supervisors have been made, and that 25 per cent cuts have been relatively common.

In too many communities classes have been enlarged beyond the point of efficient teaching in order to place more work on fewer teachers; and, too generally, expenses are being cut regardless of school efficiency.

I mention these points because they illustrate, I believe, a tendency that is fundamentally wrong. If we resign ourselves to lower standards of living and education, if we accept them without a contest, who knows how far downward the process may continue? We must make the fight here and now to retain the standard of well-being to which the great resources of this country entitle us.

The protection of the National Government must extend to the health and well-being of all. It should assure a reasonable minimum of health and security to every adult, and an opportunity for every child to grow up healthy in mind and body. We shall have failed lamentably in our duty if there is any neglect of the welfare of our boys and girls.

We have seen that we can not count upon matters to right themselves. That truth has at last, I think, been borne in even upon those most reluctant to see the light. At last the realization has come that the task is one that calls for intelligent planning.

Mr. William Randolph Hearst saw that more than a year ago and devised his plan for a $5,000,000,000 bond issue on the basis

of recommendations by a group of nationally known economists. The time has come when that plan, or one substantially like it, must be put into effect, or I fear that our future may be very dark indeed.

Mr. Hearst is not, and, as I understand it, never has been, insistent that his plan be adopted just as his economists devised it. He wants only that the principle be recognized as vital to business recovery, and that ample funds be provided to bring it to realization. I believe that as men in public office become more familiar with the implications of the present crisis they realize that the principle of his plan is 100 per cent sound.

I believe the plan Mr. Hearst has sponsored would lift us out of our present travail. But I believe that adoption of that plan should be only a first step, to the end that we may never again feel the disrupting effects of so great an economic fabric, a conscious planning for the future, just as this plan has been devised for the immediate payment.

It seems inevitable that if we are to guard against depressions in the future we must grant labor a greater share in the industrial product. That can be achieved through the institution everywhere of the 5-day week and the 6-hour day. That is a practical program and desirable from every point of view.

War-time experience showed us that with millions of men in the Army and other millions of workers, both men and women, bent purely on producing goods meant for destruction it was still possible for us to produce everything we needed for the comfort and happiness of our people. The only industry that really lagged at that time was housing, and that lag was apparent rather than real, for had the labor expended on Government housing projects been utilized elsewhere the record would probably have been close to normal.

Our working men and women can produce in a 30-hour week all our population requires, and with that reduction in working hours they will have the opportunity to lead richer and fuller lives than they have ever known before.

To end the depression, ladies and gentlemen, I urge the $5,000,000,000 prosperity loan; to prevent depressions in the future, I urge the 5-day week and the 6-hour day.

I do not think there would be any difficulty about marketing a $2,000,000,000 bond issue for the promotion of public works, which would provide jobs for millions. Through the Reconstruction Finance Corporation additional credit facilities amounting to $2,700,000,000 could be easily arranged for loans to aid agriculture, commerce, and industry. Such loans should be made to States and political subdivisions of States and to any individual, trust, or estate, partnership, corporation (public, quasi-public, or private), upon the placing of proper collateral with the Reconstruction Finance Corporation. Three hundred million dollars for direct relief should be appropriated, to be available until July 1, 1933, to the President of the United States for the relief of persons residing in the United States who may be in need of the necessaries of life.

The President should have authority to use and employ such agencies as he may create for that purpose, or as may already exist and should have the power to disperse the same either as gifts or loans or money or of supplies to the beneficiaries. This would give the President an emergency fund which he could use to prevent actual hunger and starvation.

Government bonds are the safest of all investments, and ample funds are available if only sound investments can be found. Banks generally are in an extreme condition with respect to the liquidity of their assets. The financing could be done by a direct bond issue and by extending credit through the Reconstruction Finance Corporation.

Restoration of millions of men to the ranks of the employed would mean an immediate demand for all manner of commodities. The public-works program in itself would stimulate business activity in many lines, and the human needs of the employed men, which they are now forced to forego, would add tremendously to the body of trade. If we put $5,000,000,000 into circulation, that certainly ought to prove sufficient stimulus to revive business. Surely it is the most practicable method the Federal Government can undertake.

Those who fear for the credit of the Federal Government are much too apprehensive. Uncle Sam's credit is as solid as a rock, and if anyone questions it, let him compile a few comparative figures showing where the United States stands by comparison with other nations.

The statement has been made on excellent authority within the last week that the United States might increase its national debt by $40,000,000,000—not merely five billions—without yet attaining a per capita debt equal to that of Great Britain. Yet to-day we are told, and with apparent truth, that economic conditions in Great Britain are somewhat better than they are in this country.

It seems to me definitely clear that the Federal Government must act in this emergency to provide jobs and to restore business to normal. A program of public works provides the most feasible method, and their financing through a Federal bond issue is eminently practicable. My suggestion is that we do not stint the amount of the bond issue, for until remedial measures are taken each passing day makes the need greater.

The demand for relief legislation is paramount. People will not tolerate much further delay.

Congress must not and can not forsake its duty to the country by failing to pass legislation for relief before it adjourns. And no political aspirations or party callings should block it in its objective if we are to convince the American people that government of the people, for the people, and by the people is a reality and not merely a euphonious phrase.

ADJOURNMENT

Mr. BANKHEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p. m.) the House adjourned until to-morrow, Wednesday, June 1, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, June 1, 1932, as reported to the floor leader by clerks of the several committees:

WAYS AND MEANS

(10 a. m.)

Hearings—Garner relief bill.

IRRIGATION AND RECLAMATION

(10 a. m.

Hearings—Columbia River Basin project.

RULES

(10.30 a. m.)

Hearings—Home loan bank bill.

PUBLIC LANDS

(10.30 a. m.)

Hearings—Grazing bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

593. A letter from the Secretary of War, transmitting a report dated May 26, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Weymouth Back River, Mass.; to the Committee on Rivers and Harbors.

594. A letter from the Secretary of War, transmitting a report dated May 26, 1932, from the Chief of Engineers, United States Army, on preliminary examination and survey of Galveston Harbor and Channel, Tex., also including therein the San Jacinto Reservation, with a view to placing or disposal of dredged or other material in such manner as to improve the said reservation; to the Committee on Rivers and Harbors.

595. A communication from the President of the United States, transmitting for the consideration of Congress, and without revision, supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, for the fiscal year 1932 (H. Doc. No. 346); to the Committee on Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PATMAN: Committee on the District of Columbia. H. R. 8995. A bill to authorize the Commissioners of the District of Columbia to readjust and close streets, roads, highways, or alleys in the District of Columbia rendered useless or unnecessary, and for other purposes, with amendment (Rept. No. 1455). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. House Resolution 239. A resolution providing that a special committee be appointed to inquire into the official conduct of Harold Louderback, a district judge of the United States District Court for the Northern District of California; without amendment (Rept. No. 1461). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SCHAFER: Committee on Claims. H. R. 3584. A bill for the relief of R. Gilbertsen; without amendment (Rept. No. 1456). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 11165. A bill for the relief of George B. Beaver; without amendment (Rept. No. 1457). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. S. 1088. An act for the relief of Cornelia Claiborne; without amendment (Rept. No. 1458). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 3191. An act for the relief of Anne B. Slocum; without amendment (Rept. No. 1459). Referred to the Committee of the Whole House.

Mrs. KAHN: Committee on Military Affairs. Senate Joint Resolution 165. A joint resolution authorizing the President of the United States to present the distinguished-flying cross to Amelia Earhart Putnam; with amendment (Rept. No. 1460). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIMMONS: A bill (H. R. 12387) to authorize the payment of 25 per cent of the receipts from Federal wildlife refuges under the administration of the Secretary of Agriculture to the States for the benefit of county public schools and roads, and to provide for the disposal of surplus animals, products, and privileges in connection with the administration of such refuges; to the Committee on Agriculture.

By Mr. LEAVITT: A bill (H. R. 12388) to amend the World War veterans' act, 1924, as amended; to the Committee on World War Veterans' Legislation.

By Mr. DISNEY: A bill (H. R. 12389) extending the period of limitations for the relief of restricted Indian wards of the United States; to the Committee on Indian Affairs.

Also (by request): A bill (H. R. 12390) to provide direct aid or relief of any or all home owners of the United States through home-mortgage loans, to provide for the administration thereof through the Post Office Department of the United States, to fix the terms and conditions of said first-mortgage loans, and to provide funds to effect the purposes of this act; to the Committee on Banking and Currency.

By Mr. HASTINGS: Joint resolution (H. J. Res. 409) to carry out certain obligations to certain enrolled Indians under tribal agreement; to the Committee on Indian Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Louisiana, memorializing Congress to pass the necessary legislation to have cotton sold by net weight in place and instead of gross weight, as all other commodities are sold in the United States at this time; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRAIL: A bill (H. R. 12391) granting a pension to Elizabeth A. Coley; to the Committee on Invalid Pensions.

By Mr. JONES: A bill (H. R. 12392) granting an increase of pension to Camely Arnold; to the Committee on Invalid Pensions.

By Mr. LICHTENWALNER: A bill (H. R. 12393) granting an increase of pension to Fietta Arnold; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 12394) granting an increase pension to Mary E. Ramsay; to the Committee on Invalid Pensions.

By Mr. McCLINTOCK of Ohio: A bill (H. R. 12395) granting an increase of pension to Arte M. Camp; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 12396) granting a pension to Ella Woodward; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H. R. 12397) granting an increase of pension to Louise E. S. Clark; to the Committee on Invalid Pensions.

By Mr. MAY: A bill (H. R. 12398) granting a pension to Walter B. Ward; to the Committee on Pensions.

Also, a bill (H. R. 12399) granting a pension to George W. Kinney; to the Committee on Pensions.

By Mr. PARSONS: A bill (H. R. 12400) granting an increase of pension to Mary E. Freeman; to the Committee on Invalid Pensions.

By Mr. SHANNON: A bill (H. R. 12401) for the relief of Harry W. Hall; to the Committee on Military Affairs.

By Mr. SMITH of West Virginia: A bill (H. R. 12402) granting a pension to Herman E. Downey; to the Committee on Pensions.

By Mr. TARVER: A bill (H. R. 12403) granting a pension to James A. Thompson; to the Committee on Pensions.

By Mr. THATCHER: A bill (H. R. 12404) granting a pension to Linnie Hardin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12405) granting a pension to Lou Strother; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

8047. By Mr. AMLIE: Memorial of the Common Council of the City of Racine, Wis., urging the Government to pass public works and other relief measures; to the Committee on Ways and Means.

8048. Also, memorial of the Common Council of the City of Milwaukee, urging a $5,000,000,000 public-works program for unemployment relief; to the Committee on Ways and Means.

8049. By Mr. CRAIL: Petition of board of directors of the Chamber of Commerce of Beverly Hills, Calif., urging that the principle of the regulation of the transportation of both freight and passengers for commercial purposes in interstate commerce is a correct principle and that the Congress of the United States should enact such legislation as will effectively bring such transportation under proper and reasonable regulation; to the Committee on Interstate and Foreign Commerce.

8050. Also, petition of board of directors of the Chamber of Commerce of San Pedro, Calif., urging that reasonable and proper regulations, without resorting to extreme measures, will benefit all concerned and, therefore, that all motor vehicles operating for compensation as interstate carriers should be regulated in the public interest; to the Committee on Interstate and Foreign Commerce.

8051. Also, petition of Los Angeles Engineering Council of Founder Societies, indorsing in principle House bill 6187, providing for the employment of architects and engineers outside of the Treasury Department, and urging support of that bill when it shall come up for action; to the Committee on Public Buildings and Grounds.

8052. Also, petition of Olympic Post, No. 2713, Veterans of Foreign Wars, Los Angeles, Calif., indorsing House bill 11550, known as the Crail uniform pension bill for disabilities incurred in war service, and further arguments for the same; to the Committee on World War Veterans' Legislation.

8053. Also, petition of board of public works of the city of Los Angeles, Calif., requesting immediate action by the Congress of the United States on relief legislation, including the $5,000,000,000 prosperity loan; to the Committee on Ways and Means.

8054. Also, petition of German-American League of Southern California, recommending the $5,000,000,000 bond issue for public works and loans to municipalities, counties, and States, and recommending the immediate payment of soldiers' bonus to World War veterans as the first necessary step to relieve the Nation from the present economic distress; to the Committee on Ways and Means.

8055. By Mr. DARROW: Memorial of the Philadelphia Board of Trade, opposing Senate bill 2935, providing for the regulation of interstate and foreign commerce in bituminous coal; to the Committee on Interstate and Foreign Commerce.

8056. By Mr. LINDSAY: Petition of New York State Builders Branch of the Associated General Contractors of America, Albany, N. Y., urging the passage of the Metcalf bill, S. 3847; to the Committee on Labor.

8057. Also, petition of the Associated General Contractors of America (Inc.), Washington, D. C., recommending the passage of Senate bill 3847; to the Committee on Labor.

8058. Also, petition of the Mississippi Valley Association, St. Louis, Mo., favoring public-works construction to relieve unemployment; to the Committee on Ways and Means.

8059. Also, petition of the Chamber of Commerce of the State of New York, urging the adoption of a general sales tax; to the Committee on Ways and Means.

8060. Also, petition of Charles J. Harris, White Plains, N. Y., opposing duty on softwood lumber; to the Committee on Ways and Means.

8061. Also, petition of Philadelphia Chamber of Commerce, upon recommendation of its merchant marine committee, favoring the development of localized projects rather than to foster a national policy; to the Committee on Merchant Marine, Radio, and Fisheries.

8062. Also, petition of the American Hotel Association, committee on prohibition, New York City, favoring the repeal of the eighteenth amendment; to the Committee on the Judiciary.

8063. Also, petition of H. H. Primavese, 19 Grace Court, Brooklyn, N. Y., favoring the sales tax to balance the Budget; to the Committee on Ways and Means.

8064. Also, petition of the National Retail Hardware Association, Indianapolis, favoring the reduction of Federal expenditures; to the Committee on Economy.

8065. By Mr. RUDD: Petition of the Mississippi Valley Association, St. Louis, favoring the public-works construction to relieve unemployment; to the Committee on Ways and Means.

8066. Also, petition of the Jamaica National Bank, Jamaica, N. Y., opposing the proposed stamp tax on bank checks and favoring as a substitute for the proposed tax a stamp tax similar to the one imposed during the Spanish-American War; to the Committee on Ways and Means.

8067. Also, petition of the Associated General Contractors of America, favoring the passage of Connery and Metcalf bills; to the Committee on Labor.

8068. Also, petition of the New York State Builders Branch, Associated General Contractors of America (Inc.), Utica, N. Y., favoring the passage of the Metcalf and Connery bills; to the Committee on Labor.

8069. Also, petition of Philadelphia Chamber of Commerce, Philadelphia, Pa., favoring the $500,000,000 expenditure for the development of localized projects for the benefit of certain portions of the country; to the Committee on Ways and Means.

8070. Also, petition of the Chamber of Commerce of the State of New York, favoring a Federal consumption tax; to the Committee on Ways and Means.

8071. By Mr. SWICK: Petition of Rev. Guy M. Wilson and 83 members of Oak Grove Lutheran Church, Zelienope, Butler County, Pa., urging that the preamble of the Constitution of the United States be amended to read as follows: "We, the people of the United States, devoutly recognizing the authority and law of Jesus Christ, the Savior and King of Nations," etc.; to the Committee on the Judiciary.

8072. By Mr. WIGGLESWORTH: Petitions of members of the First Congregational Church, the North Congregational Church, the First Baptist Church, the Church of New Jerusalem, and the Methodist Episcopal Church, all of Abington, Mass., requesting that the eighteenth amendment to the Constitution be strictly enforced; to the Committee on the Judiciary.